

Tuesday, 9 December 2025]

No 216—2025] SECOND SESSION, SEVENTH PARLIAMENT

PARLIAMENT

OF THE

REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

TUESDAY, 9 DECEMBER 2025

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ANNOUNCEMENTS

National Assembly

The Speaker

1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Standing Committee on Finance** for consideration and report:
 - (a) Erratum to the Annual Performance Plan of the Financial Services Providers Ombud (FAIS Ombud) for 2025/26.
- (2) The following paper is referred to the **Standing Committee on Finance**:
 - (a) Ombud Council Rules for the Pension Funds Adjudicator, 2026: Rules setting out practical procedural matters regarding the operations of the Pension Funds Adjudicator, issued in terms of section 201 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017).
- (3) The following papers are referred to the **Portfolio Committee on Forestry, Fisheries and Environment** for consideration and report:
 - (a) Mid-term Review of the Annual Performance Plan of the South African National Biodiversity Institute (SANBI) for 2025/2026.
 - (b) Mid-term Review of the Annual Performance Plan of the South African Weather Service for 2025/2026.
 - (c) Mid-term Review of the Annual Performance Plan of the South African National Parks for 2025/2026.
 - (d) Mid-term Review of the Annual Performance Plan of the iSimangaliso Wetland Park Authority for 2025/26.

National Council of Provinces

The Chairperson

1. Referral to Committees of papers tabled

- (1) The following paper is referred to the **Select Committee on Economic Development and Trade** for consideration and report.
- (a) Report of the Competition Commission on the Media and Digital Platforms Market Inquiry (MDPMI) – November 2025.
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TABLINGS

National Council of Provinces

1. The Chairperson

- (a) REPORT ON THE APPOINTMENT OF THE TECHNOLOGY INNOVATION AGENCY BOARD

Referred to the **Select Committee on Education, Sciences and Creative Industries** for information.

- (b) REPORT ON THE APPOINTMENT OF THE HUMAN SCIENCES RESEARCH COUNCIL BOARD

Referred to the **Select Committee on Education, Sciences and Creative Industries** for information.

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Social Development (hereinafter referred to as the Committee) on the list of recommended candidates to serve on the Independent Tribunal for Social Assistance Appeals, dated 3 December 2025.

Having considered the referral by the Speaker of the National Assembly, of the letter and list of recommended candidates to fill vacancies in the Independent Tribunal for Social Assistance Appeals, in terms of the Social Assistance Act (No 13 of 2004) dated 02 November 2025, the Portfolio Committee on Social Development, reports as follows:

The Department of Social Development briefed the Committee on 3 December 2025, on the recommended candidates to serve on the Independent Tribunal for Social Assistance Appeals. This is in accordance to Section 18 of the Social Assistance Act, 2004 (as amended) which states:

“The Minister must, after consultation with Parliament, appoint an Independent Tribunal comprised of appropriately qualified persons, as may be prescribed, to serve as members of the Independent Tribunal, to consider appeals against decisions of the Agency.”

The Portfolio Committee on Social Development, having deliberated on and considered the subject of the list of recommended candidates to serve on the Independent Tribunal for Social Assistance Appeals, reports that it agrees to the recommended list of candidates to serve on the Independent Tribunal for Social Assistance Appeals as follows:

LEGAL PRACTITIONERS:

1. Ms Leso JT

2. Mr Lessing AT
3. Mr Mabuli K
4. Ms Mashiane FM
5. Ms Moonsamy P
6. Mr Pato BS
7. Ms Kuzwayo NZ
8. Ms Zulu SN
9. Mr Nevondwe LT
10. Ms Kara HB
11. Mr Nkele TA
12. Mr Phale NM

Medical Practitioners:

1. Dr Kgomo KT
2. Dr Khanyile ZT
3. Dr Pooe I
4. Dr Putuka NN
5. Dr Nyilende LM
6. Dr Khumalo MD
7. Dr Lugongolo BTT
8. Dr Ngozo ZG
9. Dr Mzana Q

Civil Society Member (Technically Skilled):

Ms Masters AF

Therefore, the recommended candidates for appointment as members of the Tribunal are 12 legal practitioners, 9 medical practitioners, and 1 technically skilled member of civil society.

Report to be considered.

2. Report of the Portfolio Committee on Social Development on a petition from Western Cape senior citizens on a petition for Parliament to consider their grievances towards SASSA to assist them with the payment of their SASSA grants and related matters, 03 December 2025

1. Introduction

The Portfolio Committee received a petition referred to it from the Office of the Speaker on 12 September 2025. On 05 November 2025, the Committee received a presentation on the petition from Mr Isaac. It also received a response from the Department of Social Development and the South African Social Security Agency (SASSA).

The Constitution in Section 56 (d) and 69 (d) provides for petitions to be brought to Parliament. It provides for the National Assembly (NA) and the National Council of Provinces (NCOP) to receive petitions, representations or submissions from any interested persons or institutions.

Chapter 14 of the Rules of the National Assembly (9th edition), Rule 337 (d) makes provision for the Speaker to table written instruments including special petitions and other petitions of a general nature.

2. Presentation of the petition

Mr van Wyk took the Committee through the above-mentioned subject matter. The presenter informed the Committee that the engagement was a result of a march of elderly people to Parliament of 26 August 2025. Their aim was to highlight ongoing hardships experienced by elderly social grant beneficiaries and to request urgent intervention.

The grievances arise from widespread frustration among seniors from communities including Ravensmead, Elsies River, Khayelitsha, Hanover Park, and Langa. These communities report systemic service delivery failures that undermine the well-being and dignity of older persons dependent on social assistance.

Issues of poor treatment of seniors was highlighted by the presenter which included (i) disrespectful behaviour and mistreatment at SASSA offices and pay points, (ii) security personnel acting with hostility rather than support and (iii) absence of mechanisms to report or address staff misconduct.

With respect to the non-payment and delays of social grants, the presenter highlighted the frequent late payments and unexplained withholding of grants resulting in socio-economic hardships including hunger, debt, and emotional distress. Another aspect is the extended waiting periods for reinstatements with poor communication.

Regarding the unfair review and appeals, it was reported that suspensions of social grants without formal notification and appeals take excessively long (months or years). There is also a lack of transparent or accessible system for beneficiaries to track review or appeal status.

The petitioner submitted a request to the Committee for an increase of the Old Age Grant to R5,000 per month, adjusted annually for inflation (minimum 6%). He also submitted a request that Postbank should be replaced with the five major commercial banks to improve reliability and prevent recurring payment system failures. To deal with challenges pertaining to an unbecoming conduct of SASSA official towards grant beneficiaries, the petitioner proposed a mandatory customer-care and sensitivity training must be provided to all SASSA frontline staff. There should also be implementation of visible disciplinary processes for misconduct. The petitioner recommended that written explanations for all reviews and suspensions should be communicated to grant beneficiaries. In addition, SASSA should develop an SMS notifications and an appeal-tracking system for beneficiaries.

3. Presentation by Department of Social Development (DSD) and the South African Social Security Agency (SASSA) in response to the petition

Mr Themba Matlou, CEO, SASSA, presented the responses to concerns raised by the elderly on behalf of the DSD and SASSA. He stated that it was important to emphasise that social grant amounts are set based on legislative and policy frameworks, fiscal sustainability, and are done in consultation with the National Treasury and other ministries. Actuarial valuations and economic projections support the decisions.

The legislative mandates and policy frameworks are implemented to ensure fairness and transparency. The DSD and SASSA acknowledged the concerns raised by the petitioners and were committed to improving client interaction by introducing enhanced service delivery models with a focus on vulnerable groups. SASSA encouraged continuous engagement with stakeholders to strengthen service delivery and was in support of policy and legislative proposals to enhance the dignity and protection of older beneficiaries.

4. Committee deliberations and findings

The Committee emphasised the need to avoid politicising the petition, noting that the concerns raised by older persons should be addressed objectively and within the mandate of the Committee.

The Committee noted persistent service delivery challenges at SASSA offices, including long queues, slow processes, and negative staff attitudes, which continue to affect beneficiaries' dignity and access to services.

It highlighted the need for an ombudsman mechanism to provide an independent avenue for beneficiaries to lodge and resolve complaints effectively.

The Committee raised concerns about the outdated information on the SASSA website, particularly regarding means tests and other eligibility criteria, which contributes to confusion among beneficiaries.

It stressed the importance of municipal rebates for pensioners, including on electricity, water, sanitation, and property rates, to alleviate financial pressure on older persons.

The Committee expressed a concern that grant increases have not kept pace with the rising cost of living, especially food inflation, leaving many older persons unable to meet basic needs.

The Committee underscored the importance of compassion and cultural sensitivity among frontline staff, noting that respectful treatment of beneficiaries is essential for maintaining trust in the social protection system.

5. Committee recommendations

Department of Social Development (DSD)

- The Minister of Social Development should engage with the Minister of Finance to engage on urgent review the Older Persons Grant value in line with inflation and rising food costs.
- The Minister should ensure that the department accelerates work on the Basic Income Grant (BIG) to improve household income stability.
- The Minister should hold engagements with the Minister of Cooperative Governance and Traditional Affairs (CoGTA) to ensure that municipalities implement or expand rebates for pensioners on essential municipal services, including electricity, water, sanitation, and property rates, to ease the financial burden on older persons.
- The Minister should ensure that the department develops and implements supplementary relief programmes for older persons who support unemployed family members, given the financial pressures on multigenerational households.

South African Social Security Agency (SASSA)

- The Minister should ensure that SASSA to updates website with correct information on means test thresholds and grant amounts for 2025-2026. In addition, it should update all subsidiary portals with the latest booklet information.
- The Minister should ensure that SASSA fully implements the ongoing customer-care and cultural-sensitivity training to all frontline staff and security personnel, to improve beneficiary experience and promote respectful and dignified service delivery.

6. Resolutions

- SASSA must provide monthly progress reports on long queues, kiosk performance, and communication strategies.
- The Independent Appeals Tribunal should accelerate appeals processing and report quarterly to the Committee.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON SOCIAL DEVELOPMENT ON THE OVERSIGHT VISIT TO KWAZULU NATAL PROVINCE TO SASSA KZN AND THE NDA REGIONAL OFFICES, SASSA LOCAL OFFICES IN STANGER AND IN MANDENI AND NDA FUNDED PROJECTS, DATED 03 DECEMBER 2025

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1. INTRODUCTION AND BACKGROUND

The Oversight Priority Plan (OPP) identifies seven (7) broad thematic outcomes for oversight areas in line with the strategic documents of government (NDP, MTDP and GNU 2024 priorities). One of the thematic areas identified by the OPP is Infrastructure Development, which encompasses Information and Communication Technology (ICT) as an oversight issue. The Portfolio Committee on Social Development is one of the committees that were identified to implement the OPP. This was because it conducts oversight over the South African Social Security Agency (SASSA), an entity of the Department of Social Development. SASSA is in the process of implementing its Modernisation Plan over the current medium term period in its 5 Year Strategic Plan, 2025 - 2030. The Modernisation Plan includes digitisation of social grants administration processes, which include Online Grants Applications System, income verification of beneficiaries and biometric verification and registration of beneficiaries, migration from legacy systems to web based system (storage of beneficiary files), cyber range security, queue management.

Related to the modernisation of SASSA processes, was a decision taken by SASSA and Postbank in November 2023, to close the Over the Counter Services that were provided by the South African Post Office (SAPO), due to the liquidation of SAPO and the Cash Pay Points, due to high cost of this channel and safety concern for beneficiaries. All types of social grants are now paid via bank accounts of beneficiaries' choice.

As of 01 September 2025, SASSA commenced with the roll out of biometric verification of beneficiaries and income verification. Prior to the commencement, the Portfolio Committee took a decision to conduct regular oversight over the implementation of the verification process and align it with the National Treasury requirement for quarterly reporting by SASSA of progress made. On 17 September 2025, the Committee received a presentation from SASSA on its first quarter progress report. The second quarter report will be submitted to National Treasury and presented to the Committee at the end of October 2025.

To implement the OPP, The Portfolio Committee conducted an oversight visit to KwaZulu Natal Province from 14 to 16 October 2025. During the visit, the Committee received presentations from the regional South African Social Security Agency (SASSA) and the regional National Development Agency (NDA) on their overall work in the province.

The Committee also visited the Stanger and Mandeni SASSA local offices to engage with officials and obtain firsthand evidence on the roll out of the digital income verification process and biometric registration of social grant beneficiaries and other online processes.

On 15 October the Committee held stakeholder engagement with selected social grants beneficiaries, older persons, people with disabilities, youth and care givers (children's grant recipients), local traditional leaders and faith-based representatives.

The Committee also conducted a site visit to the NDA funded project, Qalekhaya Shining Star Cooperative. The Cooperative operates within the manufacturing and food security sectors and primarily targets unemployed women and youth.

The Committee's oversight focus on SASSA, and the NDA aligns with Parliament's strategic objective for Committees to expand their oversight to public entities of the departments. The two entities play a crucial role towards the realisation of the Medium Term Development Plan (MTDP)'s Priority 1: Advancing inclusive growth and job creation (NDA through grant funding to CSOs) and Priority 2: Reduce poverty and tackle the high cost of living (SASSA through the Social Assistance Programme and the NDA through grant funding to CSOs).

The Department of Social Development is in the process of developing a Policy of Linking Social Grants Beneficiaries to government services and the Policy on Basic Income Support, which will also include a component of linking beneficiaries to economic opportunities. In its 5 Year Strategic Plan (2025 -2030), the NDA affirms that as a development agency in the social development portfolio it has a critical role to play in the drive *“to ease the fiscal burden imposed by by spiking social security interventions such as the Social Relief of Distress grant which is provided to close to 17 million unemployed South Africans.”*¹

The following were the key findings the Committee made in relation to the Oversight Priority Plan and the Strategic Objective priorities of Parliament:

SASSA:

- The local offices visited in Stanger and Mandeni had the necessary IT infrastructure needed to implement the income and registration verification as well as SASSA's modernisation plan. However, the Committee noted that there are 10 systems SASSA utilises to process social grants applications and verification – 1) Prosense, 2) Queue

¹ NDA (2025)

Management System (QMS), 3) Customer Portal, 4) Employee Portal, 5) Medical Practitioners Portal, 6) Appworks, 7) SOCPEN, 8) EMAST, 9) Customer Care application, and 10) Beneficiary Biometric Enrolment (BBE). These systems are operated from various work stations.

- SASSA has 82 operational local offices with Guest Wi-Fi and KIOSK for clients' self-service. Bandwidth has been enhanced in 77 local offices to increase the speed of application process. A total of 55 local offices have Queue Management System (QMS) infrastructure for efficiency (38 fully implemented and operational, 17 to be operational by end of 3rd quarter of 2025/2026). A total of 27 outstanding local offices will implement QMS in the 4th quarter of 2025/2026.
- All local offices use the SOCPEN and Beneficiary Records Management system (BRM) to capture files after they have been uploaded. The captured documents are scanned onto the systems. The Beneficiary Records Management system enables local offices to manage and track movement of physical beneficiary files.
- The local offices frequently experience network challenges, connectivity, and system downtimes, affecting key platforms such as the Employee Portal, AppWorks, and BBE. When any of these systems are unavailable, staff are unable to complete applications for social grants which further exacerbated delays in the finalization of the applications and can cause undue hardships.
- SASSA KZN does not own any office buildings. Offices are rented through the Department of Public Works and Infrastructure, Municipalities, Thusong Centers and shared offices with other government departments (Department of Social Development, Department of Justice and Constitutional Development). SASSA KZN shares forty-two (42) offices with Department of Social Development and three (3) offices with Department of Justice and Constitutional Development. There are delays by National Department of Public Works and Infrastructure in procuring office accommodation.
- There are 10 local offices that are operating from park homes (prefabricated structures). These are in Harding, Ixopo, Hlanganani, Camperdown, Lamontville, Wentworth, Melmoth, Vryheid, Utrecht, and Kranskop.

- People with medical and mental health conditions and who are unemployed are disqualified by SASSA affiliated doctors from applying for the disability grants (Temporary Disability Grant and Disability Grant). This causes a lot of hardship and distress to these applicants because some of them need to adhere to a strict diet. Without any form of income, they are not able to adhere to the prescribed diet.

NDA

- To implement the NDA Turnaround Strategy, that refocuses the NDA funding model to extend to the Community Owned Enterprises (COEs), the NDA regional office is funding and supporting COEs in six (6) districts – uMgungundlovu, uMzinyathi, Amajuba, uMkhanyakude, King Cetshwayo and Zululand. The COEs are involved in bakery, agriculture, textile, crop production, poultry and bead work.
- The NDA Office is operating with an insufficient staff complement, resulting in a shortage of personnel across districts. In some cases, a single staff member is responsible for servicing an entire district, which places significant strain on operations and limits the Agency's ability to effectively implement and monitor projects at community level.
- With the limited budget allocation, it becomes difficult to partner with government departments because they argue that the NDA budget is minimal for the kind of project it envisages. The District Development Model (DDM) partners are often unwilling to partner financially if there is no financial commitment from the NDA.

The NDA has a total budget of about R200 million and 70% of it goes for salaries, with 167 officials. The limited funding has hindered the NDA from massifying its projects. Ideally, the NDA should have district offices just as SASSA does. The NDA funding is ringfenced by National Treasury (NT) in its budget allocation to DSD. There has been an attempt to change this but to no avail. The NDA was initially directly funded by National Treasury as a national conduit for poverty alleviation. It was moved to DSD when it started receiving donor funding. National Treasury is still of the view that the NDA should mobilise funding from donor funding.

2. OBJECTIVES OF THE OVERSIGHT VISIT

- To meet with SASSA regional office in KZN to receive an overall presentation on the work of SASSA in the province.
- To meet with NDA regional office in KZN to receive an overall presentation on the work of the NDA in the province.
- Conduct oversight visit to SASSA local office in Stanger and in Mandeni to engage with officials and observe operations.
- To hold a stakeholder engagement with selected social grants beneficiaries - older persons and people with disabilities, youth and care givers to receive feedback on services provided by SASSA and the impact of the closure of cash pay points.
- Conduct site visits to the NDA funded projects to receive a briefing on the programmes they are implementing and their impact, funding, budget expenditure, challenges and successes.

3. DELEGATION

The delegation of the PC of Social Development comprised of Members of Parliament and support staff from Parliament:

Members of Parliament:

- MS B S Masango (Democratic Alliance) (Chairperson)
- Ms M P Makgato (African National Congress)
- Mr K S Ramaila (African National Congress)
- Ms K C Tlhong (African National Congress)
- Ms ALA Abrahams (Democratic Alliance)
- Ms N Mtshweni (Umkhonto Wesizwe Party)
- Rev M B Gcwabaza (Umkhonto Wesizwe Party)

district offices and 82 local offices, employing 1,063 frontline staff. The regional structure is being realigned to match district municipality boundaries.

Modernisation and ICT improvements: SASSA reported that the Beneficiary Biometric Enrolment (BBE) was fully implemented from 1 September 2025. A total of 901 officials were trained on BBE to deal with migration of legacy files. However, 748 were accredited to do migration and 153 officials were not accredited so that they can deal with files backlog.

Queue Management Systems (QMS): was installed in 55 offices and the full rollout was expected by the end of the 2025/26 financial year. Web-Based Scanning System was implemented in all local offices to digitise records and manage physical file movements through The Document Warehouse (TDW).

Beneficiary Verification and File Migration: a total of 184 828 reviews were identified which included credit bureau cases where beneficiaries were identified as economically active while receiving social grants, beneficiaries with multiple accounts, and duplicate ID numbers (Quad 7- & 13-digit number). At the time of the oversight visit, a total of 77 287 reviews were conducted which translated to 77% completion rate. The balance of 107 541 under review will be completed by the end of financial year. A total of 38 officials were allocated for Reviews at Records Management Centre. Legacy files are being digitised during reviews or new applications. TDW manages file storage, with a new contract will be finalised before December 2025.

Infrastructure and Facilities: SASSA KZN does not own office buildings; offices are rented or shared with other departments. SASSA KZN shares forty-two (42) offices with Department of Social Development and three (3) offices with Department of Justice and Constitutional Development. Some offices are operating in park homes, and some offices are sharing office with Department of Social Development. This is a major challenge for SASSA because SASSA legislation does not allow SASSA to build their own offices even if tribal land has been allocated. This can be remedied by amending the legislation. The Mandeni Office has been operating from a park home since the inception of SASSA, a matter that has been under continuous discussion with the Department of Public Works and Infrastructure (DPWI) without resolution. This situation has negatively affected service delivery, as the office lacks adequate dignity facilities for beneficiaries. Other local offices also face infrastructure-related challenges, including double-storey buildings without lift access, which poses difficulties for elderly and disabled beneficiaries. In addition, electricity supply disruptions have occurred in

offices where disputes between landlords and municipalities over utility payments remain unresolved. Some offices further experience inconsistent water supply, compromising both working conditions and service quality.

Dignity facilities for beneficiaries: From 2023/2024 financial year, SASSA has embarked on Local Office Improvement Project (LOIP) focusing on alternative energy supply, branding, network connectivity, dignity services and physical accessibility. During this period thirteen (13) offices have been improved in line with the areas identified under LOIP. Alternative energy to sixty-four (64) offices installed to assist in business continuity during power outages. Water tanks, pumps and connection in twenty-two (22) offices also installed in 2024/2025 financial year.

Financial Performance (as of 30 September 2025)

The Regional Office received a budget allocation of R1.036 billion and as of 30 September it had expenditure of R474.5 million (46%). For Compensation of Employees it was allocated a budget of R707.5 million and as of 30 September, it had spent R339.2 million (48%), which was within the benchmark of the reporting period. On Goods and Services, the Regional Office had spent R139.9 million (48%), with the majority of the classification within 50% benchmark for the end of September 2025, except Municipal Services, Stationery, Records Management Fees, Securities and Municipal Services. Moreover, there was underspending on the training. At the time of reporting spending was only 9%. For Municipal Services, it was allocated a budget of R12 million, and the expenditure was already 81% at the time of reporting. The overspending on this item was attributed to previous year's payment for the municipal services. Moreover, overspending on this item was attributed to the migration of payments from Department of Public Works and Infrastructure to municipalities. As a result SASSA has to pay directly to municipalities and there is accrual bill from previous financial years that were to be paid.

Statistical information on social grants

The table below, provides a statistical information on social grants as at 30 September 2025.

Statistical information on social grants as at 30 September 2025

ACTIVE GRANTS IN THE ILEMBE DISTRICT MUNICIPALITY - KWAZULU NATAL		
GRANT TYPE	NO. OF GRANTS PAID	MONETARY VALUE
Care Dependency Grant	2,284	R5,276,040
Child Support Grant	158,856	R88,959,360
Disability Grant	12,867	R29,722,770

Challenges

It was reported that SASSA continues to face several challenges that adversely impact on its ability to deliver services effectively. The following are some of the key challenges confronting it:

- Non-alignment with district boundaries.
- Inadequate office space and shared facilities.
- Power interruptions and limited backup capacity in some offices.
- Delays in file migration and system downtime affecting BBE performance.
- Occupational Health & Safety Issues.
- Lack of update on beneficiary contact details.
- Lack of understanding of appeals outcomes by beneficiaries.

4.3 Committee deliberations and responses on issues emanating from the presentation

- **Social Grants and Teenage Pregnancy:** The Committee noted with concern the high number of teenage pregnancies in KwaZulu-Natal and enquired whether SASSA maintains records of teen mothers who are recipients of the Child Support Grant (CSG). Members further asked whether 18-year-old learners who are still at school are assisted to apply for the Social Relief of Distress (SRD) grant.

The Committee also expressed concern regarding reports that some health care workers impose personal or cultural beliefs when interacting with young pregnant mothers, particularly suggesting that “the child should have abstained.” Members emphasised that such attitudes may hinder access to essential social assistance and called for greater sensitivity and professionalism from health practitioners when dealing with young beneficiaries.

SASSA indicated that for 18-year-old beneficiaries, officials actively share relevant information in schools to ensure that young people understand their rights and

obligations. Additionally, SASSA engages in public education campaigns, including radio interviews, to raise awareness and provide guidance to the broader community on social grant processes and responsibilities.

- **Fraudulent ID, low intake of 0-2 years:** the Committee wanted to know if the Regional Office has a partnership with the Department of Home Affairs (DHA) to address undocumented children. The Committee raised concerns regarding Identity Document (ID) fraud in social grant applications and emphasised the need for stronger verification and security mechanisms to prevent such incidents.

SASSA reported that it works in collaboration with the Department of Home Affairs at hospital registration sites to facilitate the registration of children at birth. However, challenges arise in cases where children are born at home, as their applications are made directly at SASSA offices, where instances of fraudulent birth certificates are more common. To mitigate this risk, SASSA maintains close working relations with DHA, including through direct communication channels such as WhatsApp exchanges, to verify the authenticity of documents and strengthen the integrity of the registration process.

- **Indigent families:** Members also raised the issue of indigent families who are entirely dependent on SASSA grants for their livelihood and noted the absence of relief mechanisms when a family member who is a grant recipient passes away. The Committee emphasised the need for SASSA to develop support and intervention measures to assist such families during these difficult periods, ensuring continuity of social protection.
- **Safety and security measures for beneficiaries:** The Committee raised concern about the hijacking of SASSA vehicles and inquired whether these are isolated incidents or part of a broader security threat. The Committee inquired about the frequency of attacks on SASSA officials and asked whether officials are being attacked while conducting home visits. It further noted reports of intimidation of doctors involved in the grant assessment process and requested clarity on the measures SASSA is implementing to address and prevent such incidents, ensuring the safety of both staff and service providers.

SASSA indicated that it relies on tracker systems and the South African Police Service (SAPS) for security support when necessary. However, there are no police escorts provided for home visits, which exposes officials to potential safety risks. The offices primarily depend on private security officers, who are not armed, thereby limiting their capacity to respond effectively in high-risk situations.

- **Cancellation of grants:** The Committee sought clarity on the process used to select beneficiaries for grant reviews, noting that some beneficiaries experience difficulties in having their grants cancelled even when they no longer qualify. Members requested an explanation of how the review system identifies and processes cases to ensure fairness, accuracy, and efficiency.

There is a need for a tracking mechanism that ensures that eligible beneficiaries receive their grants. There is also a need to track beneficiaries of co-operatives funded by the NDA. There is also a need to assess if it is really compulsory for grants to be paid through a state bank.

- **School uniforms:** The Committee raised concerns about the distribution of school uniforms and the role of co-operatives in the process. Members questioned whether the co-operatives are fully benefiting from government contracts or if the involvement of middlemen is leading to inflated prices, thereby undermining the intended goal of community empowerment and local economic development.

SASSA noted the emergence of “school uniform mafias” as a growing challenge in the implementation of the school uniform programme. The Agency emphasised that it has adhered to all tender and Supply Chain Management (SCM) processes and has not been found wanting in this regard. The challenge arises from the limited capacity of some co-operatives to meet National Treasury requirements. To address this, co-operatives are permitted to partner with more established or developed co-operatives to strengthen delivery capacity. There is a set percentage allocation stipulating the portion of work to be performed by the primary co-operative and the portion assigned to the co-opted co-operative, to ensure compliance while promoting inclusion and empowerment of smaller co-operatives.

- **Queue management system:** The Committee wanted to know out how SASSA was addressing the challenge of long queues.

SASSA reported the presence of queue hawkers and the introduction of express queues at some offices to manage client flow, particularly for general enquiries. The queue hawkers assist in identifying clients who require quick or basic services, allowing them to be directed to the express queue. This approach aims to reduce congestion and improve service efficiency, although it may require closer oversight to ensure fairness and prevent exploitation.

Biometric Beneficiary Enrolment (BBE): the Committee wanted to know if the Biometric Beneficiary Enrolment (BBE) system had already yielded any measurable benefits in fraud reduction by preventing duplication, fraudulent grants and queue reduction. In terms of beneficiary satisfaction, will it improve attitudes due to smoother processes?

- **Infrastructure capacity assessment:** It also wanted to know when was the last structural audit conducted by the Department of Labour to assess infrastructure capacity and compliance with occupational health and safety standards.

SASSA indicated that it cannot confirm that all of its offices possess valid Occupational Health and Safety (OHS) certificates. The OHS compliance process is conducted by the Department of Public Works and Infrastructure (DPWI), and SASSA operates on the understanding that all assessments have been completed. The Agency typically becomes aware of OHS findings only when formal assessments are communicated by the Department of Labour.

- **Capital expenditure and accruals:** the Committee further wanted to know how the Regional Office planned to address the high level of accruals, which stood at 27%, a concerning figure.

With regard to the 27% accruals, SASSA explained that it received assets towards the end of the previous financial year and they had to be added in the register. It was only in the current financial year that it received a budget for these assets and so there will not be over expenditure. With security expenditure, the analysis did reveal that the budget will be depleted by February 2026. The initial budget did not take into consideration the inflation and CIRA increase. For DPWI, SASSA is waiting for the amount that will be shifted to municipalities. The budget for stationary was done on the assumption that SASSA is going digital. There were funds that were shifted from

savings due to austerity measures. All local offices were provided with bulk printers that do not print in colour.

- **Climatic conditions and disaster management:** The Committee noted that the Eastern Cape and KwaZulu-Natal had recently been impacted by flooding. It enquired about the disaster management mechanisms that have been developed to respond to such events, particularly regarding the budgetary provisions and contingency plans in place to prepare for and mitigate the impact of future disasters.

SASSA reported that KwaZulu-Natal has 11 service providers contracted through Supply Chain Management (SCM) processes to provide disaster relief interventions. These service providers assist in ensuring a coordinated and timely response to disaster-affected communities in the province.

- **Time gap between reporting of death and payment suspension:** The Committee sought clarity on the time gap between the reporting of a beneficiary's death and the termination of payments. It enquired whether there are established norms and standards that define a standard time frame within which payments should be stopped following the official notification of death, to prevent erroneous or fraudulent disbursements.

SASSA indicated that once a death is registered with the Department of Home Affairs the information is immediately communicated to SASSA through an integrated system. The main challenge arises in cases where a beneficiary passes away after the monthly payment has already been processed. There is a system and a prescribed form that allows family members to acknowledge and sign for the payment received after the beneficiary's death. Through the ongoing review process, SASSA has identified several cases of post-death payments where families failed to report the death timeously, leading to recovery and compliance interventions.

- **Temporary disability grant:** The Committee noted concerns regarding the Temporary Disability Grant (TDG), specifically that payments are arbitrarily stopped for a significant number of beneficiaries, leaving them destitute. SASSA was requested to clarify how it conducts investigations when it identifies beneficiaries whose grant payments have been discontinued, including the processes used to verify eligibility, rectify erroneous stoppages, and restore payments in a timely manner.

SASSA explained that The Social Assistance Act and accompanying guidelines provide specific criteria for awarding the Temporary Disability Grant (TDG). The guidelines outline the aspects that medical practitioners should assess, such as compliance with prescribed medication. Beneficiaries who comply with treatment requirements may be considered fit to enter the job market. Importantly, the framework also includes a provision to appeal the termination of the grant, allowing beneficiaries to challenge decisions and seek reinstatement if they believe the discontinuation was unjustified.

- **Food security:** The Committee enquired whether the province has established Food Banks, and if so, how individuals and households benefit from them. Also, what criteria is used to register members and eligibility to receive g food vouchers?

The Committee further noted that malnutrition remains a significant challenge in South Africa and enquired whether the Regional Office is implementing any initiatives to address malnutrition and stunting among vulnerable populations, particularly children.

SASSA reported that Food Banks are no longer in existence. DSD implements Community Nutrition and Development Centres (CNDCs) which are meant to assist social grants beneficiaries as adopted from Brazilian model. Food vouchers were given as an interim measure if SASSA had made an error in the application process, as a temporary social relief of distress directed by legislation. Natjoint identified Department of Cooperative, Governance and Traditional Affairs (COGTA) as the lead department, which is supposed to draft a response report. Then a provincial chairperson issues a letter to DSD and SASSA for intervention. However, due to the excitement during a disaster, there is a spontaneous response without following proper legislative and policy procedures. All these challenges require proper implementation of policies and legislation.

With regard to the issue of addressing child malnutrition, SASSA responded that addressing child malnutrition requires legislative provisions compelling non-profit organisations (NPOs) to report on the nutritional value and adequacy of the meals they provide. This measure would enhance accountability and ensure that nutritional interventions meet required health standards.

Community feedback: The Committee highlighted the importance of community feedback in improving service delivery. It enquired how often SASSA collects feedback from communities. SASSA reported that local offices have suggestion boxes but are

mostly not used by beneficiaries. Most feedback comes in the forms of phone calls to radio stations when SASSA is granted free slots by mainstream radio stations. SASSA is also part of traditional imbizos and through churches. SASSA also uses ICROP (Integrated Community Registration Outreach Programme).

- **Staff capacity:** The Committee noted that the Department of Social Development had reported that SASSA operates at 55% staff capacity. It wanted to know the staff capacity for the Regional Office.

SASSA confirmed that it is expected to operate at 50% staff capacity, although this figure fluctuates due to attrition. To address staffing gaps, regional offices have been delegated authority to fill frontline service delivery posts, ensuring continuity of operations and service to beneficiaries.

- **Means Test:** The Committee raised a concern that the means test on the Old Age Grant excludes spouses of government officials and that has adversely affected a lot of people.

SASSA explained that the means test policy regulates income and asset thresholds to determine eligibility for social assistance. The assessment is based on the value of assets and income within a household, in line with the Social Assistance Act and accompanying regulations.

4.4 Site visit at Stanger SASSA local office

The Committee visited the Stanger SASSA Local Office to observe the social grant application processes and systems. The delegation obtained first-hand insight into the 10 systems used, from the initial capturing of a grant application through to its approval.

The Committee did a walk about from the customer care area, and the waiting room, and proceeded through the different service points until the filing room, where beneficiary records are stored.

5. MEETING WITH STAKEHOLDERS IN MANDENI LOCAL MUNICIPALITY

On 15 October the Committee held stakeholder engagement with selected social grants beneficiaries, older persons and people with disabilities, youth and care givers, children's grant recipients, local traditional leaders.

The following key issues and concerns were raised by grant beneficiaries during the engagement with SASSA:

- **Verification process:** a concern was raised by a beneficiary of a child's grant. The payment of the grant was halted because it was found that she was an employee of a company as a Director, but she left in 2011 because she refused sexual advances from her manager. She has never resigned as a Director.

SASSA explained to the beneficiaries that it is done in line with National Treasury conditions to eliminate ineligible beneficiaries. People with registered companies, who are working with government, people who appear on Credit Bureau are not eligible for social grants. SASSA assist those who want to be deregistered as Directors.

- **Closure of pay points:** various concerns were raised over the closure of pay points. Beneficiaries have to travel long distances to Mandeni to receive their grants. They spend between R50 – R100 on taxi fare to Mandeni. They also have to pay additional fare for big grocery items. Older persons are not able to travel to Mandeni. The pay date comes when most people already do not have money. They have to borrow money from money lenders because social grants are not sustainable for the whole month. They are forced to borrow money to travel to Mandeni to receive their social grants. Local traders who used to trade at pay points lost their financial income after the closure of pay points. There are instances where grants are not accessible at ATMs and beneficiaries have to travel back home with no money and have to travel again to Mandeni when they are told grants are available.

Pay points were places of gathering for people even traditional leaders and older persons. Also, pay points were like markets because of variety of products that were sold. Local traders were able to educate their children from the money they generated from selling at pay points. Also, beneficiaries used to receive the full value of their grants unlike at retailers where they are forced to buy to access their grants.

Traditional leaders learned that pay points were closed because of limited number of people at a particular pay point. It was not because of safety concerns. Pay points should

be re-opened at local retailers because beneficiaries will be able to buy their groceries after receiving their grants.

SASSA explained that R35 000 was paid for security per pay points. Money saved from the closure funded the budget for the SRD grant. Pay points were closed due to safety reasons. There was also a lot of death when there were robberies at the pay points.

- **Grant-in-aid:** applicants are denied from applying for the grant even though they are sick. SASSA informs people that age requirement is 75 years and older.
- SASSA explained that Grant-in-aid is paid to care givers of people with disabilities, in addition to the Disability Grant. Legislation sets the eligibility age of 75 but a person below the age of 75 that looks after frail beneficiaries are eligible for grant-in-aid.
- **SRD grant:** applicants receive notification that the grant is paid but they do not receive it.
- **Child Support Grant:** applicants are given enough information on the source documents required. It was requested that beneficiaries should be given at once all the documents that are needed. In that way applicants would not have to spend a lot of money on travel costs.

Disability grant: People with disabilities are not catered for in terms of ablution facilities. Also, they have to travel long distances to access their grants because the pay point was closed at Ngudwini. It is difficult for older persons and people with disabilities to use public transport. A concern was raised that applicants with mental health illness are evaluated orally and that may not be a useful method. They are disqualified if they answer the assessment questions incorrectly. People with chronic illnesses are disqualified from social assistance even though the illnesses require them to be on a special diet, which they cannot afford because they are not employed.

SASSA explained that general practitioners make diagnosis for chronic illness. If SASSA doctors do not agree on the diagnosis, cases are referred to specialist doctors in Pretoria through an appeal process to make a final assessment. There is no SASSA official who has a right to disqualify applicants because of their age. There is a challenge of doctors who make fraudulent assessments, who at times collude with members of the people. People with mental illness can approach traditional leaders who know about their illness to verify it.

- **Transportation:** public transport between Mandeni and surrounding villages is not enough. People very early in the morning and go back late afternoon. This means people have to stay in Mandeni the whole day. If a person misses the public transport, he/she is forced to stay over at Mandeni. Those who do not have family members at Mandeni are forced to sleep over at the police station.
- **Means test:** spouses of government officials are not eligible for social assistance. This creates dependency to working spouses.
- SASSA explained that Regulations specify an income threshold of R250 000 a month for married people. If the threshold is below R250 000, SASSA can pay a minimal grant.
- **Undocumented children** grandparents are not able to apply for their grandchildren birth certificates. Even though grandchildren are enrolled at school, and it is concerning that they will reach grade 12 without birth certificates. Grandparents are told to go to the Department of Home Affairs for an interview in Stanger. This is problematic because some grandparents are not literate.
- **SASSA contracted doctors:** doctors at hospitals diagnose chronic disease but SASSA doctors' assessment disqualify these applicants from the Disability Grant. Applicants are informed to re-apply after 6 months. When they re-apply they are still disqualified. For how long recipients of the disability grant need to re-new their grants?
- **Unemployable 35 year olds and older:** these people and their grandchildren depend on the Old Age Grant of their parents. Employment opportunities should be created for the age cohort. There are graduates who are not able to find employment. Government should create employment opportunities for unemployed graduates. The SRD grant is not enough. It was recommended that it should be increased to at least R1000.
- **SASSA service:** service is very poor at SASSA offices. Officials spent time on their cell phones. They tell people they cannot assist them because they are on lunch. This results in long queues.
- **Payment date:** a concern was raised that the Old Age Grant is paid around 5 or 6th of the month and by that time beneficiaries have depleted all their funds.

SASSA explained that dates are staggered between grant types. Banks are not able to keep money for grants over the weekend to eliminate risk and cases of fraud.

- **Safety:** older persons have to stand in long queues at ATMs. That makes them vulnerable to being robbed. robbed.

5.1 Site visit to Mandeni SASSA Local office

The Mandeni local office was established in April 1998 and located at 101 Nkonjani Road in Sundumbili, under the Mandeni Local Municipality. It serves all 18 wards of the municipality, which has a population of 180,939 (as per 2022 populations statistics). The office currently has a total of 64,981 active social grants beneficiaries, representing 36% of the local population. Through its work, the Mandeni local office plays a vital role in alleviating poverty and restoring human dignity in the community.

Since its establishment, the Mandeni local office has been operating in three (3) park homes, with a total of six (6) offices. In June 2012, SASSA sent a Procurement Instruction to Department of Public Works requesting for alternative accommodation however to date nothing materialized.

In August 2025, SASSA received authority from the Minister of Social Development to deviate from the normal procurement process. This will enable SASSA to procure space from privately owned properties. SASSA is currently in process of identifying the budget for the new office accommodation project.

The office staff complement consists of nine (9) permanent officials and two contract workers. The ideal staff complement is 23 permanent officials.

The challenges facing the park homes include the following:

- Limited office space which also poses a challenge for wheelchair bound clients.
- Open and undignified waiting area.
- Sensitive to extreme weather conditions.
- Poor ventilation.
- Unstable floors.
- Work/process flow is compromised.

- Privacy and confidentiality is highly compromised as workstations are too close to each other.
- Challenges with installation of ICT equipment – the layout does not support the full installation of the Queue Management System.
- Security risk for Agency’s assets.

The Committee proceeded with site inspections to observe the services provided to grant beneficiaries from customer care until the filing of records.

6. MEETING AT NATIONAL DEVELOPMENT AGENCY (NDA) REGIONAL OFFICE

6.1 Presentation by the National Development Agency

The presentation outlined the NDA's operations in KwaZulu-Natal, focusing on the Annual Performance Plan (APP) performance update. The province is bordering the Indian Ocean, Eastern Cape, Free State, Eswatini, and Mozambique, known as the garden province of South Africa. It is subdivided into 10 district municipalities and 43 local municipalities, with main economic activities in agriculture, manufacturing, and tourism. The demographics of the province comprise of 87% Black, 8% Indian, 4% white, 1% coloured, with 52% females and 48% males.

The new NDA Turnaround Strategy emphasized the shift from cooperatives to Community-Owned Enterprises (COEs), requiring a mindset change. A total of six (6) COEs were established in Umkhanyakude District, King Cetshwayo District, Umgungundlovu District, Umzinyathi District, Amajuba District and Zululand District, focusing on bakery, agriculture and textile (sewing), crop production, poultry and bead work.

For the 2024/2025, financial year, the Regional Office funded a total of 15 Civil Society Organisations (CSOs), rendering various services within the mandate of the NDA of poverty eradication and income generation.

Challenges:

- The Regional Office raised the following challenges it is faced with: The Office is operating with an insufficient staff complement, resulting in a shortage of personnel

across districts. In some cases, a single staff member is responsible for servicing an entire district, which places significant strain on operations and limits the Agency's ability to effectively implement and monitor projects at community level.

- With the limited budget allocation, it becomes difficult to partner with government departments because they argue the NDA budget is minimal for the kind of project it envisages. District Development Model (DDM) partners are often unwilling to partner financially if there is no financial commitment from NDA. As a result, the NDA has lost on a number of opportunities.
- Branding challenges are addressed by including branding costs in project proposals to ensure proper recognition of NDA's role.
- Challenges with Itala as a fund manager. The liquidation process of the Itala resulted in NDA funds for projects being locked and projects being unable to access funds.

6.2 Deliberations

- Approximately 50% of KwaZulu-Natal's population depends on social assistance programme, this indicates a high level of poverty and vulnerability, with many individuals living below the low food poverty line. In this context, the NDA-funded Civil Society Organisations (CSOs) play a critical developmental role that extends beyond welfare support.
- The Committee asked how can ordinary people access the NDA and get more information.?

The NDA explained that it approaches communities. In some instances, DSD and SASSA refer people. It also piggybacks on Integrated Community Outreach Programme (ICROP) to identify people. It also works through war rooms. It also conducts community engagements and educate people on how to start a project.

- The Committee asked whether the NDA conducts market analysis or feasibility studies to determine which agricultural products are in demand or are in short supply. This would enable the Agency to advise beneficiaries on viable agricultural production opportunities and ensure that funded projects are both market-responsive and sustainable.

The NDA reported that it provides advice on different adventures or products that COEs can venture into. In such cases, it becomes important for the NDA to assist in changing their mindset.

- The Committee requested the NDA to provide the total number of SASSA beneficiaries participating in all its funded projects.

The NDA reported that it had started linking SASSA beneficiaries ID numbers so that they can be linked to the NDA. The statistics will be forwarded to the Committee.

- The Committee sought clarification on the process of registering Cooperatives (COEs) to be funded by the NDA.
- The Committee needs to make an intervention on the limited budget allocation of the NDA so that it can implement its legislative mandate. It can do this if it receives comprehensive information from the NDA on the impact of its work. This will enable the Committee to quantify the NDA's impact in relation to poverty eradication so that it can make a recommendation to National Treasury.

The national NDA reported that its total budget is about R200 million and 70% of it goes for salaries, with 167 officials. This affects NDA support to the projects as it takes time to develop projects. It becomes very difficult for officials to visit beneficiaries. The limited funding has hindered the NDA from massifying its projects. Ideally, the NDA should have district offices just as SASSA does.

The NDA funding is ringfenced by National Treasury (NT) in its budget allocation to DSD. There has been attempt to change this but to no avail. The NDA was initially directly funded by National Treasury as a national conduit for poverty alleviation. It was moved to DSD when it started receiving donor funding. National Treasury is still of the view that the NDA should mobilise funding from donor funding. The NDA has been mobilising donor funding, hence in 2024/2025 financial year it managed to raise R74 million.

To address the challenge of capacity constraints, the NDA has initiated a process of engaging with the Department of Social Development to access unemployed social work graduates. The Department advised that social workers need to be paid at a certain salary level.

It also initiated a process of engaging the Department of Labour and Employment to access an unemployment database, in which all unemployed South Africans have to submit their names. The database also disaggregates their salary levels. Various organisations approach Department of Labour and Employment to identify the skills sets they need.

With regard to its impact, the NDA reported that most of its projects have immediate impact because projects immediately hire workers. Most of the projects presented are income generation, which then translate to financial support to families. Agriculture projects are seasonal, and this fluctuates the number of people employed. There are also skills benefits because some beneficiaries manage to get employment post funding period. The NDA will start to compile statistical analysis of the outcome impact.

- The Committee enquired whether the primary co-operatives supported by the NDA also include school co-operatives, and how these co-operatives are selected.
- The Committee also further asked if the NDA's funding model provides support to co-operatives for only one year, and if so, what is the rationale behind this limitation. The Committee noted that COEs are registered as co-operatives with the Companies and Intellectual Property Commission (CIPC) and operate at different levels with some functioning as primary and others as secondary co-operatives.

The NDA explained that COEs are registered as co-operatives with the Companies and Intellectual Property Commission (CIPC) and operate at different levels with some functioning as primary and others as secondary co-operatives. With the implementation of the District Development Model (DDM), the NDA has observed increased partnerships between co-operatives and community structures.

The funding of the COEs varies according to the projects they run. One project can be funded for various projects they embark on as they develop.

- The Committee enquired how frequently NDA officials conduct visits to funded projects and beneficiary communities.
- The Committee commended the NDA for successfully disbursing 95% of its grant funding allocation.
- The Committee requested clarity on the stipends or salaries paid to project beneficiaries.

The NDA clarified that funded CSOs are not paid salaries but they earn salary from proceeds and interest earned from their projects. The NDA provides capacity to the CSOs. It also assists individuals and CSOs to register their organisations.

- The Committee wanted to know if the NDA has arrangements with community radio stations to conduct education and awareness to the public about its work and other opportunities available.
- The Committee welcomed the NDA's attempts of leveraging with other government departments and other private donors. It advised the NDA to also consider leveraging on targeting SRD Grant beneficiaries.

The NDA reported that it had already started work on obtaining SRD grant beneficiaries data. The challenge is that the SRD grant policy excludes beneficiaries who are on the social assistance programme once they get involved in income generation activities. This has a potential of discouraging beneficiaries from exiting social grants which provide consistent access to income to venturing into starting projects, which take time to develop and generate income.

- The Committee wanted to know if the NDA had been approached by organisations whose funding was affected by the withdrawal of the President's Emergency Plan for Aids Relief (PEPFAR) funding.

The NDA explained that it had been approached by people who were affected by the withdrawal of PEPFAR. There were also NPOs that were affected by government stopping their funding. The NDA then supports them on how to start income generation projects.

6.3 Site visit to Qalekhaya Shining Star Cooperative

On 16 October 2025, the Portfolio Committee conducted an oversight visit to Qalekhaya–Shining Star Primary Cooperative, located in Ezindophi Village, under the Umlalazi Municipality in KwaZulu-Natal. The Cooperative operates within the manufacturing and food security sectors and primarily targets unemployed women and youth. It was established in 2005 and was legally registered in 2007. Qalekhaya aims to create employment opportunities,

combat poverty, and address social challenges such as gender-based violence (GBV) through skills development and community empowerment initiatives.

The Cooperative has benefited from several funding interventions by the National Development Agency (NDA). In 2021, the NDA allocated R548 887.50 towards the purchase of equipment and materials to enhance furniture production, including school desks, coffins, and benches. A further grant of R399 837.41 was approved in March 2025 for Shining Star's sewing project, which focuses on empowering GBV survivors through vocational training and employment.

The NDA's partnership also enabled the Cooperative to implement the One-Home-One-Garden initiative during the COVID-19 pandemic, addressing food insecurity and malnutrition within the surrounding communities. This initiative has resulted in increased vegetable production and income generation for local households. The Cooperative has established partnerships with various stakeholders, including EDTEA (Department of Economic Development, Tourism and Environmental Affairs), KwaZulu-Natal Wildlife, the Department of Agriculture, and private sector entities such as Ackermans, Mr Price, Spar, and Nando's.

7. COMMITTEE RECOMMENDATIONS

Department of Social Development and the South African Social Security Agency (DSD/SASSA)

- The Minister should ensure that an interministerial collaboration is established between the Department of Social Development, SASSA, the Department of Public Works and Infrastructure to address the infrastructure challenges at SASSA, including Occupational Health and Safety issues. It is worrying that since SASSA's establishment in 2006, there are still local offices that operate from Park Homes (prefab structures).
- The Minister should also ensure that the Department develops legislative and/or policy mechanisms that will enable SASSA to build its own offices if it manages to secure vacant land.

- The Minister should also ensure that SASSA explores ways to integrate its 10 step verification systems to improve efficiency and eliminate the challenge of downtime, which affects service delivery.
- The Minister should ensure that SASSA within the 2025/2026 financial year finalises the Alternative Payment Access (APA) solution, that aims to redress the impact of the closure of pay points, particularly in rural areas.
- The Minister should ensure that SASSA conducts quarterly community feedback sessions to assess service quality and beneficiary satisfaction as well as awareness campaigns on available grants and their eligibility criteria.
- The Minister should ensure that SASSA within the 2025/2026 financial year expedites the rollout of the Queue Management System (QMS) to all remaining offices to reduce waiting times and improve service efficiency.
- The Minister should ensure that SASSA uniformly applies norms and standards for the termination of payments of social grants after the death of a beneficiary across all social grants types.

The Minister should ensure that SASSA forges formal collaborations with the Departments of Home Affairs and Health to ensure early registration of newborns so that those eligible for children's grants can be enrolled.

- The Minister should ensure that the Department reviews and amend the Social Assistance Regulations pertaining to the eligibility criteria for the Disability Grant and the Temporary Disability Grant to address the exclusion of the unemployed applicants and beneficiaries who have medical and mental health conditions.

National Development Agency (NDA)

- The Minister should ensure that the NDA is stabilised through the filling of critical posts (CEO, CFO and other senior positions), implementation of the Turnaround Strategy and finalisation of the reviewed organisational structure. These are critical to ensure that the NDA operates on a funding model that is aligned to its legislative mandate and human resource constraints are addressed.

- The Minister should also ensure that at an interministerial level between DSD, NDA and National Treasury the budget allocation of the NDA is addressed. It is concerning that the NDA continues to be underfunded despite its critical legislative mandate.
- The Minister of Social Development should ensure that the NDA expedites the appointment of the NDA board before end of December 2025, when the term of the current board expires. Failure to do so may lead to the lapse of governance, as it did during the 6th Administration.
- The Minister should ensure that the NDA targets poverty-stricken communities, especially those with high levels of child malnutrition, using a similar approach applied in supporting GBV survivors and widows.
- The Minister should ensure that the NDA strengthens capacity-building programmes for both primary and secondary co-operatives to ensure compliance with governance, financial management, and reporting standards.

Report to be considered

Reference List

1. National Development Agency, (2025), Strategic Plan 2025 – 2030. Pretoria. South Africa

4. REPORT OF THE PORTFOLIO COMMITTEE ON FORESTRY, FISHERIES AND THE ENVIRONMENT ON AN OVERSIGHT TO THE NORTH WEST PROVINCE FROM 13 TO 17 OCTOBER 2025, DATED, ADOPTED ON 09 DECEMBER 2025

The Portfolio Committee on Forestry, Fisheries, and the Environment, having conducted an oversight visit to North West Province from 13 to 17 October 2025, reports as follows:

1 INTRODUCTION

The Portfolio Committee on Forestry, Fisheries, and the Environment resolved to undertake an oversight visit to the North West Province as part of a broader mandate from 13 to 17 October 2025, as well as to address critical shortcomings identified in the briefings on elephant population management and understand the implementation of integrated waste management in the province. This visit was not only a follow-up on Parliament's mandate but also a crucial step towards ensuring accountability, progress, and sustainable outcomes in key areas, including waste management, environmental management, community upliftment, and economic transformation.

The Committee's initial briefings on 10th June and 16th September regarding elephant management at Madikwe and Pilanesberg revealed serious issues of mismanagement and compromised wildlife welfare. The condition of these reserves was deteriorating, leading to the decline of iconic species such as elephants, zebras, and giraffes, and negatively impacting other species that depend on trees, including birds. Already, 75 elephants had died from starvation or were euthanised to prevent suffering, damaging the tourism sector's reputation due to emaciated animals. The elephant population grew from 219 in 1992 to 1 633 in 2024, surpassing the initial cap of 250, which was later increased to 500 in Madikwe. In Pilanesberg, the current elephant population of 457 exceeds the cap of 200.

Additionally, the Committee focused on waste management in the country and had metropolitan municipalities report on their implementation of Integrated Waste Management. The overview provided by the Department of Forestry, Fisheries and the Environment, as well as the Auditor General of South Africa, indicated that all inspected landfill sites in the 2023/24 financial year

were non-compliant, and North-West Province failed to meet the standards set by the National Integrated Waste Management Plan. The Portfolio Committee planned to visit Rustenburg to assess the progress of implementation. Wildlife and waste management issues in the North-West directly conflict with Section 24 of the Constitution, which guarantees environmental rights and the sustainable use of ecosystems for current and future generations.

1.1 Significance of the Oversight Visit

By conducting visits in the North West Province, the Committee can directly assess the performance of government departments and agencies in the environmental portfolio, identify challenges, and ensure that public funds are used effectively and efficiently. Additionally, oversight visits enable the Committee to engage with stakeholders, including concessioners, landowners, civil society organisations, and affected communities, to gain firsthand insights into the impact of government biodiversity and waste management policies and programmes.

1.2 Objectives of the oversight visit

The oversight visit from the Committee aimed to:

- Investigate the causes and impacts of excessive elephant populations in Madikwe and Pilanesberg, including the failure of Provincial oversight mechanisms, and assess the effects on vegetation and species diversity due to overpopulation.
- Assess the Provincial Elephant Task Team (PETT) reports, including proposed short-, medium-, and long-term interventions to stabilise elephant populations and restore ecosystem health.
- Review progress on the North West Wildlife Economy Strategy, especially regarding beneficiation for historically disadvantaged communities, including employment and business opportunities.
- Assess the Madikwe and Pilanesberg concession agreements, community inclusion, and revenue generation and sharing. This includes engaging with concessioners to understand their role in promoting sustainable wildlife practices and ethical, inclusive economic development, while also calling for reforms to evergreen contracts and Exclusive Use Zones.
- Conduct a site visit to Madikwe and Pilanesberg Game Reserves.

- Assess the state of waste management and landfill sites in the North West Province, with a specific focus on infrastructure, enforcement, and circular economy initiatives in Rustenburg Local Municipality.

1.3 Composition of the Delegation

A multiparty delegation of eight Committee Members, supported by various Parliamentary staff, participated in the oversight visit (Table 1).

Table 1: Portfolio Committee delegation during the oversight

Members of Parliament	Political Party
Hon Ms N Gantscho - (<i>Leader of the delegation</i>) Hon Ms K Bilankulu Hon Ms N Makasi	African National Congress
Hon Mr A de Blocq van Scheltinga Hon Mr W Peach	Democratic Alliance
Hon Mr S Mkhize Hon Mr A Themba	uMkhonto weSizwe Party
Hon Ms S Peters	Patriotic Alliance

1.4 Officials and Stakeholders

Table 2: Parliamentary officials supporting during the oversight

Ms T Madubela	Committee Secretary
Mr N Ginindza	Content Advisor
Mr D Arendse	Committee Assistant
Ms N Dumakude	Committee Researcher
Mr S Vanqa Mr D Scholtz	Protection Services

Officials from the Department of Forestry, Fisheries, and the Environment (DFFE or the Department), North West Department of Economic Development, Environment, Conservation and Tourism (DEDECT), the NW Parks and Tourism Board (NWPTB), and the Management of the Madikwe Game Reserve (MGR), Management of Pilanesberg Game Reserve, Rustenburg Municipality, People's and Parks and Concessioners.

2 BRIEFINGS

Hon B Lenkopane, the Member of the Executive Council (MEC) for the North West Department of Economic Development, Environment, Conservation, and Tourism, provided an overview of her Department's approach to wildlife management, with particular emphasis on elephants in Madikwe and Pilanesberg, and the beneficiation and transformation of the sector.

2.1 Presentations by DEDECT on Madikwe and Pilanesberg

The presentation by Mr W Boshoff and Mr J Power, scientists at DEDECT, provided a historical account of scientific approaches and management strategies for elephant populations in Madikwe and Pilanesberg Reserves. The scientific evidence highlighted the ecological impacts of elephant densities, including reduced habitat heterogeneity in Madikwe, declines in woodland-dependent bird species, and the near-extinction of Aloe plants, which are critical to sunbird populations. Recently published research highlighted the impacts of governance inefficiencies and biodiversity loss linked to elephant overpopulation, which further affect birds and pollination systems, reinforcing the urgency of adaptive management.

The second presentation provided an update on the PETT's work to develop sustainable solutions that balance conservation, tourism, and community needs in Madikwe and Pilanesberg. The task team proposed short-term actions, including selective culling, exploring contraception, and implementing deterrent measures to protect sensitive areas. Medium-term plans focused on revising management strategies, monitoring elephant movements, and securing resources for annual game counts, while long-term goals involve finalising and approving comprehensive management plans. The final report was scheduled for finalisation by the end of November 2025 to guide future decisions. The final PETT report, with its considered interventions, would be disseminated to the Portfolio Committee on Forestry, Fisheries and the Environment and other stakeholders.

2.2 Presentation by the NWPTB

Mr MJ Denga, the Acting Chief Executive Officer of the North West Parks and Tourism Board, highlighted the ecological and financial crises faced by the Madikwe and Pilanesberg nature reserves. Madikwe is the most affected park due to its high elephant population, while

Pilanesberg could face similar threats without swift action. Poor returns, operational challenges, and concession disputes among government, communities, and concessioners worsen the financial and conservation difficulties. Although communities own both reserves, they lack economic participation in them. The provincial government has developed a turnaround strategy focused on ecological management and financial sustainability, with an emphasis on community benefit-sharing. Key measures include managing the elephant population through culling and contraception, and using selective trophy hunting to generate revenue supporting elephant management and community upliftment projects.

The proposed plan aims to address ecological and financial challenges in Madikwe and Pilanesberg by broadening the reserves' footprint through the inclusion of adjacent community-owned land. This expansion is intended to create larger, more sustainable habitats while fostering community participation in conservation. Revising concession agreements will ensure fairer terms and greater transparency, while introducing community and conservation levies will generate dedicated funding for local development and environmental initiatives. Adjusting entrance fees is another measure to diversify revenue streams and strengthen tourism-based income. Oversight will be led by the PETT, which will develop a science-driven management framework through stakeholder consultations. Immediate interventions, such as selective culling and controlled hunting, are prioritised to stabilise elephant populations, prevent further habitat degradation, and secure economic benefits for surrounding communities.

2.3 Humane World for Animals

Dr A. Delsink from Humane World for Animals emphasised the ethical responsibility to ensure proper care in elephant management and presented immunocontraceptive therapy as a humane, scientifically validated alternative to culling. Supported by over 35 years of peer-reviewed research, this method has proven effective and practical in controlling elephant populations without resorting to lethal measures. The highlighted benefits of immunocontraception include maintaining herd social structures by allowing selective breeding, reducing stress and trauma associated with culling, and promoting ecological balance by preventing overpopulation without harming individual animals. Additionally, it is reversible, non-invasive, and aligns with conservation ethics, making it a sustainable solution for long-term wildlife management. Despite repeated offers since 2020 to introduce this approach at Madikwe and Pilanesburg, implementation has been delayed and remains incomplete. Humane World for Animals

reaffirmed its commitment to fully fund the rollout of this programme in Madikwe and Pilanesberg at no cost to the state.

2.4 Madikwe Concessioners and Madikwe Futures Company

Ms L. Pilizoti, Assistant Manager, and Mr K. Potgieter, Managing Director at MFC and Madikwe Concessioner, outlined how Madikwe Concessionaires and the Madikwe Futures Company sustain the reserve. They highlighted collaborations among the lodge, community, and investors that have turned Madikwe into a tourism and conservation hub. Concessionaires created over 1,000 jobs, supported local businesses, and benefited communities with school support, food parcels during COVID-19, and policing. MFC was established to address NWPTB's financial issues, raising over R90 million since 2017 for anti-poaching, reserve upkeep, and community projects. Achievements include two years without rhino poaching, improved veld conditions through bush clearing and erosion control, and infrastructure upgrades. Challenges include managing the high elephant population, restrictions on the number of beds and vehicles per concessionaire, a lack of transparency in NWPTB's turnaround strategy, the exclusion of Concessionaires from the PETF, and the lack of integration between NWPTB and Concessionaires in ensuring sustainable wildlife management and inclusive economic development.

2.5 Pilanesberg Concessioners

The Pilanesberg concessioners, represented by Mr E van Dongen and Mr A Simaan, had raised concerns about the historical neglect of both concessioners and local communities by the provincial department, especially the Bagatla community that holds major land claims and equity in the park. They indicated that the signed agreement required all signatories to implement changes, and although progress had been made, full implementation was still pending. Landowners had shared in the profits generated by the park, with the Parks Board participating in managing these benefits. However, Pilanesberg had been described as being in a poor state of maintenance, with deteriorating infrastructure, inadequate roads, and ineffective wildlife, financial and gate management. Despite these challenges, the park featured a waterhole that attracted global viewership. The Pilanesberg Wildlife Trust had managed the park's affairs on behalf of all concessioners and supported various social programmes. It was also noted that Sun City had never been involved in any land claims or concession-related matters.

2.6 National Council of Societies for the Prevention of Cruelty to Animals

The presentation by the NSPCA, led by National Chief Inspector Mr D Wolhuter, combined observations from the game drive at the Madikwe Game Reserve conducted on 13 October 2025 and discussions from preceding meetings on the state and animal welfare. Observations during the visit indicated that elephants, zebras, impalas, giraffes, and white rhinos were in acceptable condition, with adequate vegetation and signs of ecological recovery following recent rains. The NSPCA raised concerns about being excluded from PETT meetings, which limited transparency and engagement with surrounding communities. Key recommendations included implementing humane immunocontraception programmes to manage elephant populations and avoiding mass culling, which could negatively impact elephant behaviour. The NSPCA advocated for sound conservation practices that prioritised animal welfare, ecological integrity, and ethical management within the reserve.

2.7 People and Parks Programme

The briefing emphasised the significant concerns raised by People and Parks, headed by National Chairperson Mr J Raphadu. Communities owning land in Madikwe and Pilanesberg expressed frustration over the lack of tangible benefits from their land despite decades of seeking cooperation and partnerships. They criticised the Department and other stakeholders for crafting solutions without involving landowners, noting that employment opportunities often favour outsiders over locals. Additionally, landowners are excluded from concessionaire operations and have not been provided with the NWPTB's financial statements. At the same time, income from their parks is reportedly used to support other reserves at their expense. Further issues include restricted access to Pilanesberg due to concessionaire-controlled gates, deepening the divide between landowners and communities.

2.8 DEDECT Presentation on Waste Management

Ms B Moselakgomo, the Director at DEDECT, emphasised the department's role in assisting municipalities with waste management, as outlined in Section 154 of the Constitution and supported by the National Environmental Management: Waste Act (NEMWA) No. 59 of 2008. She highlighted provincial responsibilities, including developing Integrated Waste

Management Plans (IWMPs), monitoring compliance, and encouraging infrastructure investment. Her focus included establishing a circular waste economy, improving service quality, promoting recycling, and strengthening enforcement mechanisms. She discussed initiatives and challenges in the North West Province, including capacity-building programmes, school waste-separation projects, climate change awareness campaigns, and circular-economy efforts such as e-waste recycling and waste-to-energy initiatives. She also provided updates on landfill site status, compliance audits, enforcement actions, and the deployment of specialised waste vehicles. Significant challenges identified were inadequate budgets for waste management, illegal dumping, and limited municipal capacity. Plans involve regionalising disposal sites, fostering public-private partnerships, and increasing environmental education to ensure compliance and sustainability.

2.9 Rustenburg Local Municipality

Mr J. Nkoana, the Unit Head of Waste Management, led the presentation on the Rustenburg Local Municipality (RLM), which detailed its structure, services, and strategic initiatives to improve waste management. It served over 562,000 residents across 45 wards and provided domestic and industrial waste collection, street cleaning, landfill operations, and environmental education. The municipality operated one central engineered landfill and several closed sites scheduled for rehabilitation, all while complying with NEMWA licensing procedures and implementing an Integrated Waste Management Plan to explore alternative service delivery options. Despite a 52% vacancy rate, RLM had regionalised waste collection, serving formal households and most informal settlements through competitive bidding. To tackle issues such as illegal dumping and regulatory compliance, it invested in specialised fleet and infrastructure upgrades. It promoted sustainability through waste picker integration and Extended Producer Responsibility (EPR) collaborations. Job creation was a key focus, with over 250 positions provided through landfill operations, EPWP initiatives, and alternative waste collection contracts, prioritising youth empowerment. These interventions aimed to enhance operational efficiency, promote recycling, and ensure a cleaner, safer city while aligning with national environmental goals.

3 COMMITTEE OBSERVATIONS

The Portfolio Committee, having visited the Madikwe Game Reserve, Pilanesberg National Park and the Waterval landfill, and interacted with the Department of Forestry, Fisheries, and the Environment, North West Department of Economic Development, Environment, Conservation and Tourism, the NW Parks and Tourism Board, and the Management of the Madikwe Game Reserve, Management of Pilanesberg Game Reserve, Rustenburg Municipality, People's and Parks and Concessioners, made several observations.

3.1 Madikwe Game Reserve

- After a drought that reduced wildlife, the reserve received over twice its usual rainfall in early 2025. This helped vegetation and wildlife recover, improving animal welfare, but also damaged park facilities and lodges.
- The sentiment among concessionaires is to maintain the current wildlife population, despite evidence of reduced tree cover and several bird species, including vultures.
- The reserve has a rhino dehorning policy. However, it has never been used due to a highly effective rhino management strategy and strong collaboration with law enforcement agencies, as supported by anti-poaching technology.
- Parks Board has failed to honour concession agreements that include wildlife population management and infrastructure maintenance since 2016, leading to MFC taking over key responsibilities in the game reserve.
- There is a lack of clear guidelines on developing lodges closer to water bodies, and some concessionaires hesitate to upgrade facilities due to asset reversion to the government at the end of concession periods.

3.2 Pilanesberg National Park

- Severe veld fires destroyed Manyane Resort, Kwa-Maritane Bush Lodge, and parts of Pilanesberg International Airport.
- The reported high wildlife population does not seem to cause noticeable changes in the environment and species composition in the park.

- Government facilities (chalets, campsites, swimming pool) require modernisation and landscaping to improve visitor appeal.
- Restricted access for communities (land-owners) to ancestral graves and limitations on customary practices by lodge owners or concessioners remain contentious.
- A partnership between concessioners and communities can be mutually beneficial, fostering sustainable cooperation that promotes SME growth and community development on communal land.
- Public roads and infrastructure are in poor condition and need urgent improvement

3.3 Briefings at Sun City

- The fee increases, some over 200%, aim to boost revenue for infrastructure, improve community benefit sharing, and support previously excluded concessioners. No final agreement for Pilanesberg was reached, but Madikwe prices are finalised. The increases were explained as emanating from decades of price stagnation and the necessity to implement differential rates for visitors.
- Communities are involved in governance structures in both parks, but disagreements often occur on benefit-sharing, transparency and accountability matters, including the 2.5% of revenue meant to be paid to CPAs.
- The relationship between the Parks Board and concessioners has been historically strained, primarily due to non-compliance with agreements, which has resulted in a significant financial deficit. This non-compliance is demonstrated by the fact that 25 of 34 concessioners have accumulated concession debt reaching R61.2 million, compounded by other violations such as subletting, exceeding permitted bed and vehicle counts, and failing to declare full revenue, which directly impacted payments to the Parks Board. Consequently, Department officials have a clear mandate to recover all outstanding monies owed by these concessionaires.
- The provincial department appointed the MFC. However, the MFC contract was flagged as irregular due to PFMA non-compliance and financial strain on the department. As a result, there is an ongoing court case seeking to terminate their recently extended five-year contract.
- The Parks Board and the DEDECT plan to consider and use viable options to manage the wildlife population at Madikwe, which may include trophy hunting, contraception, increasing the conservation land, and culling.

- Communities that own most of the land in Madikwe and Pilanesberg are expected to benefit as per MAPE reports, hence the evergreen contracts were set for review upon expiry. Skills development and community investment will form part of new concession agreements.
- DEDECT recommended implementing research-based solutions for managing the elephant population, but parallel efforts by officials caused delays, resulting in seven suspensions for undermining DEDECT's mandate.
- Minister George supported DEDECT's approach of formulating a provincial elephant task team to review options for population management at Madikwe.
- North West's elephant management plans remained in draft form pending national approval. Contraception had been explored since 2003, formally approved in 2023, but logistical challenges delayed implementation.
- There is conflicting information on whether various interested and affected stakeholders were invited or involved in developing wildlife management plans in the province.
- There is no standard structure that represents all concessionaires, and those who attended the Committee oversight meeting are not speaking on behalf of all.
- The nature of work in game reserves makes it difficult to employ people living with disabilities.

3.4 Site Visit at the Waterval Landfill

- The landfill site operated with a clear structure for waste management, access control, and environmental monitoring, despite facing operational challenges.
- General waste was accepted at R150 per ton, with hazardous waste prohibited. Access was strictly controlled via a registration and prepaid card system linked to vehicle IDs for billing and tracking. Although a public drop-off area existed, it lacked large roll-on bins and instead relied on small skips.
- Informal waste collectors and recyclers gathered daily (not living on-site) to organise and weigh reclaimed materials, reporting quantities and attending monthly meetings with site management. Security was initially an issue, resulting in building vandalism, but a security company was later appointed; reclaimers assisted by reporting unsuitable waste and suspicious vehicles.
- Environmentally, the site used two lined cells for leachate collection, with regular testing of ponds (bi-annual), groundwater, and landfill gas (annual). Operational measures included a wet-weather cell, daily dust suppression, and the use of heavy machinery to

maintain roads and spread waste. Plans involved acquiring a rubble crusher and an organic waste chipping machine.

- Waste management initiatives are progressing through partnerships, operational restructuring, and educational efforts, though some challenges remain.
- A key step forward is the Public-Private Partnership (PPP) MoU signed with Polyco and PETCO to enhance waste management.
- A regionalisation strategy has been introduced to reduce costs, replacing closed sites with transfer stations and enabling cross-subsidisation between municipalities. This aligns with plans to close 10 landfill sites in the 2025/26 financial year, funded through the Municipal Infrastructure Grant (MIG), for which DEDECT assists municipalities in acquiring support.
- Waste management challenges persist in the province as two landfill sites remain unlicensed due to service provider delays in the Dr Ruth Mompati district, illegal dumping along roads continues, and waste-to-energy projects are stalled at the conceptual stage due to uncertainties around feedstock and climate funding viability.
- Small-scale waste-separation-at-source pilots are underway, but verifiable waste diversion statistics are not yet available.
- Quarterly training, awareness programmes, and environmental education (including climate change workshops and tree planting) are actively reaching schools across four districts of the province.
- The Waterval facility maintains operational continuity despite facing financial and staffing challenges. High vacancy rates, driven by funding constraints, necessitate outsourcing general workers, though management positions are mostly filled.
- The current landfill airspace is estimated to last 9-15 years, with potential extension through waste diversion, and plans include adding two new cells during the license review.
- The fleet, which includes five compactors and five tipper trucks (each operating with 5-8 labourers) along with two front-end loaders, is sufficient to manage the average daily intake of 7.5 tons (increasing seasonally). The use of a three-shift system eliminates the need for overtime.
- Challenges include litter escaping landfill sites due to windy conditions and the fact that seven informal settlements near Marikana remain unserved (though planning for municipal service provision is underway). However, good relations are maintained with

reclaimers, who are viewed as potential beneficiaries for local economic development support through cooperatives.

4 CONCLUSION AND RECOMMENDATIONS

The Portfolio Committee on Forestry, Fisheries, and the Environment, having interacted with the North West Department of Economic Development, Environment, Conservation and Tourism, the NW Parks and Tourism Board, and the Management of the Madikwe Game Reserve, Management of Pilanesberg Game Reserve, Rustenburg Local Municipality, People's and Parks and Concessioners, visited both game reserves and the Waterval Landfill, interacted with stakeholders, and given the observations above, makes the following recommendations to the National Assembly:

4.1 For the Portfolio Committee

- The Portfolio Committee should convene a briefing meeting on the National Elephant Heritage Strategy.

4.2 DEDECT and NWPTB

- The Portfolio Committee should be provided with the breakdown of outstanding debt by the Pilanesberg concessioners, as was presented for the Madikwe concessioners.
- The transformation indicators of the Pilanesberg operators should be provided in writing, including demographics, gender, bursary programmes.
- The details on the agreements and land claims should be submitted to the Committee by the Department in writing.
- The Department should provide the list of all the concessions in terms of their nationalities and the expiry of agreements, both for Madikwe and Pilanesberg.
- Audited financial statements and clarity on community benefit schemes should be provided in line with the financial statements.
- The above written submissions are due by 7 November 2025.
- Final report of the PETT at the end of November to be sent to the Portfolio Committee by 12 December 2025.

- The oversight meeting should be used as a model for an inclusive stakeholder engagement or consultation, and applied in the future.

4.3 Rustenburg Local Municipality

- The municipality should include timeframes in responses to waste management plans to turn them into reality.

4.4 Madikwe Concessionaires

- The Madikwe Concessionaires will respond in writing with details of the employee ownership structures or models, and the composition of employees by 7 November 2025.

Report to be considered.

National Council of Provinces

1. Report of the Oversight Visit of the Select Committee on Agriculture, Land Reform and Mineral Resources, report dated 2 December 2025.

The Select Committee on Agriculture, Land Reform and Mineral Resources having conducted oversight in Mpumalanga, from 10 – 12 September 2025.

The delegation consisted of the following members of Parliament, Ms MG Modise (Chairperson, ANC), Mr BJ Farmer (PA), Ms M Kennedy (EFF), Mr SP Mabilo (ANC), Ms SM Mokoena (MK), Mrs MB Ndlangisa-Nodada (ANC), Mr NH Pienaar (DA), Ms SL Sithole (ANC), Mr HJ Van Den Berg (FF+) and Parliamentary support staff, Ms N Giba (Unit Manager), Mr AA Bawa (Committee Secretary), Mr J Jooste (Content Advisor), Ms J Le Roux (Researcher), Ms B Mfecane (Executive Assistant), Ms Y Landu (Media Specialist) and apologies for Ms HS Boshoff (Chairperson DA).

The report of the committees read as follows.

1. Purpose of the oversight

- 1.1. The Committee has prioritised oversight over the entire land reform process, including the second round of land claims that have been brought to a complete standstill by a combination of court action and an inability of the DLRRD to date to complete the processing of the first round of land claims. Of particular concern is the economic well-being of communities that has been given the prospect of claiming land that they were dispossessed of, but a decade later, are left in limbo as the Department has not developed any strategy in order to attempt to include new land claimants into any revised policy document for land reform in a format other than restitution. There has been little attempt to amend other potential policy instruments of land reform to accommodate second round claimants in other programmes such as land redistribution. With little prospect of the first round of land claims being fully processed in the short term, and over 160 000 new claims lodged between 2014 and 2016, a serious challenge

is developing, which is being compounded by the slow pace of land reform (budget constraints and technical claims) and poor policy direction.

- 1.2. While the majority of focus of land reform currently lies with the re-distribution of agricultural land and the challenges experienced by Communal Property Associations (CPA's) in terms of maintaining viable farming ventures, stagnating second order claims are not being pro-actively addressed. In the interim highly contested economic activities, development and expansion of urban settlements and the advanced age of many of the claimants awaiting resolution of their claims are impacting on the likelihood that any settlement will be viable in the future.
- 1.3. The committee has been made aware of a situation in Mpumalanga that serves as a perfect example of the challenges described and can be an ideal opportunity to call together all affected parties and potential role players in attempting to develop solutions for the impasse. A community that was removed by the previous government could not submit a claim before 1998 but were able to reconstruct its family history and submit a claim in the second window. The claimant group feels strongly about their claim as they can point out family gravesites, but the Department is not in a position to verify the claim. In the interim, a coal mine that is in the process of winding down operations on the contested property had been commercially active on the farm for a significant amount of time. At the current pace of land reform, the commercial value of the land will be significantly less as all mining would have been completed.
- 1.4. This is a scenario playing itself out across the country for most of the second order claims – claimants are unable to have claims verified (and contested/multiple claims are common) and current land use is affecting the future value of claimed land. Claimants are also struggling to keep cultural sites or burial grounds protected in some instances. The Department has not amended policy instruments since 2016 in any meaningful way in order to attempt to find any solution to the impact that this situation is having on claimants. This oversight will be specifically focused on attempting to initiate a process of policy and legislative review with the aim of developing recommendations on this serious challenge.

2. Background

- 2.1. The oversight focuses on the committee's identified theme of land reform and is focused on interrogating the Department's current policies dealing with the delayed second round of land claims. The lack of clear policy direction from the Department regarding second-round land claims has the potential to cause prolonged uncertainty, as well as social and economic instability. It is also having a negative impact on the development initiatives of the State. A lack of research and verification in terms of the validity of claims can also lead to disputes among claimants, landowners, and communities.
- 2.2. Landowners also face prolonged uncertainty about the future of their land, potentially discouraging investment and development in affected areas. While not a significant challenge at the moment, ambiguity around land ownership and rights can fuel disputes between different groups vying for the same land or create distrust between those that submitted the claims and communities on whose behalf claims were submitted. Where land claims are unresolved, the risk of land invasions could become elevated, as communities lose patience with the formal land claims process and feel compelled to take matters into their own hands due to perceived inaction or lack of progress.
- 2.3. The current lack of government commitment to resolving delays on first and second round land claims further risks economic disruption through stifled investment on disputed land, hinders the development of land or leads to the inefficient use of land. Finally, it must be acknowledged that the delays in processing claims are hindering the development of the skills and expertise needed by land reform beneficiaries. To improve their economic standing.

3. Committee Briefings

Day 1 Engagements

The day started off with detailed presentations from the representatives of Thungela Resources Limited, followed by a more detailed presentation of the history of the claim presented by Mr John Mokoena of the Bathlakoane Ba Manzimnyama Land Trust.

2.1 Input from Thungela Resources Ltd

The company presented a detailed overview of the company's coal-mining history at Goedehoop as well as a few other local sites but provided little detail on its position regarding the potential claim. A single slide in the presentation detailed the company's position on the claim at this point in time. It has to be highlighted that the position presented was in line with all current legislation pertaining to mining activity¹ as well as the land reform process. In summary, the points emphasized during the presentation with relevance to the reasons for the oversight are as follows:

1. The graves that were identified by the Trust representatives have been preserved in line with the requests of the community.
2. The Trust had requested an 8% free carried interest in the Goedehoop Hope 4 shaft project. For a number of reasons, Thungela Resources Ltd had rejected this claim:
 - a. Due to the fact that the Trust do not own the land, and members of the Trust are not residents in the Goedehoop area (Ward 4), they cannot be considered to be a mine host community.
 - b. The Section² of the 2018 Mining Charter that motivated the claim has been challenged in court. The judgement indicated that the Department (DMPR) could not implement policy as if it was legislation - the judgment set aside the Charter's provisions, rendering the carried interest clause unenforceable.
 - c. The Trust's claim is not the only claim registered for Goedehoop 46IS.
3. The claim that the Trust wishes to engage Thungela Resources Ltd on is a second-generation claim. As such, the Department of Land Reform and Rural Development, Through the Commission for the Restitution of Land Rights, are not in a position to research the claim.

¹ This includes all aspects of application for and receiving a mining license, the development of a Social and Labour Plan and adhering to legislation governing the mining process. Activities post-closure, including mine rehabilitation were also detailed, including Labour-related legislation governing the process of scaling down the number of employees after the mine reached the end-of -life stage.

² 2.1.3.2 A minimum of 30% BEE shareholding must be distributed in the following manner:

(i) A minimum of 8% of which 5% is non-transferable free carried interest to qualifying employees within a period of five (5) years from the effective date of a mining right.

(ii) A minimum of 8% of which 5% is non-transferable free carried interest to host communities (in the form of a community trust as prescribed) within 5 years from the effective date of a mining right.

(iii) A minimum of 14% shares to a BEE entrepreneur.

4. The claim that the Trust had registered was initially for the farm Kleinfontein 49IS. There are 5 other claims lodged against this farm (it was not clarified whether any of these were first-generation claims). While not explicitly stating that the claim is rejected, Thungela states that the claim is with the State and not with them, and that the Trust should continue to engage the relevant Department regarding the processing of the claim.
5. There is no specific liaison office set up between Thungela and any land claimant group. The Trust had been registered as an Interested and affected Party in terms of the development application for the Hope 4 shaft, but as this project is not continuing, the need for a specific Liaison officer fell away. Thungela had highlighted that it had a number of platforms that any party, including the Trust, could use to engage with the company.

2.2 Input from the Bathlakoane Ba Manzimnyama Land Trust

During the initial engagement of 22 July 2025, the committee requested that the Trust representatives provide greater clarity of what they wish the Committee to assist them with. The following points highlight their response:

1. The clan is comprised of four houses spread across the region. The original claim submitted was indeed for the farm Kleinfontein, but it was amended to include portions of Goedehoop, Bultfontein, Geluk and Koornfontein.
2. After the Hope 4 mining application was not followed through and Thungela Resources Ltd decided to close the mine, communication between the mine and the Trust dried up. The Trust was disappointed in this development and wished the Committee to intervene and provide clarity on what the future of the mine is.
3. The Trust is listed as an IAP on the Elders mine development and believes that the conveyer belt will cross Goedehoop. The Trust is suspicious of Hope 4 being abandoned while Elders become operational. While stopping short of Accusing Thungela Resources Lt of accessing the Hope 4 seam via Elders mine, the insinuation and mistrust of the inputs received from the mining company was obvious. The Trust requested that the DMRP must be asked to clarify what the fate of the Hope 4 coal seam is.

4. The Trust lamented the state of CPAs and stated that it did not want to be lumped with any other families that had claimed the same areas of land or land in the same vicinity.
5. The Trust requested an 8% free carried interest share in the Goedehoop mine operations since the submission of the claim – informed by the 2018 Mining Charter.
6. The Trust wants Thungela Resources Ltd to donate Portion 9 of Goedehoop 46IS to the Trust.
7. The Trust wishes to obtain the mineral rights for Goedehoop mine via the process outlined in Section 104 of the MPRDA.
8. The Trust wanted Parliament to clarify what the implications of IPILRA are for second-generation land claims. The Trust wanted reparations now, not in the future.
9. The Trust was frustrated by the fact that they did not benefit from the CSI programmes of Thungela Resources Ltd, even though a second-generation claim on land mined by the company had been submitted.

3. Input From Committee Members

Members used the opportunity for clarity-seeking questions to both the Trust and Thungela Resources Ltd representatives to ask the following questions:

- Members wished to gain more clarity on the nature of the claim, and why it started of being a different farm (Kleinfontein) but was later amended to include areas where mining activity had taken or is taking place.
- Members asked clarity on who the current owners of the land are, and what type of mining activity (surface or underground) is taking place.
- Members questioned the 31 December 2025 closing schedule, stating that it does not look as if operations are winding down.
- Members wanted to receive more details regarding the decision not to continue mining the Hope 4 coal deposit, since the mining right was already obtained by Thungela.
- Members wanted to know what the fate of Goedehoop farm would be after the closure of the last operating shaft, and whether any future economic activity is planned.
- Members wanted clarity on the other land claims were overlapping with the ancestral grave site attributed to the Trust's family.

- Members wanted to know the history of engagement with the claimant group since the land claim was lodged, and what progress the mining company has made in terms of its SLP.
- Members needed clarity as to the value of the 8% free carried interest that the Trust is requesting – whether it is for 8% of the value of the mining activity on the claimed land or 8% of the value of Thungela Resources Ltd.
- Members needed clarification regarding the claim that the mine was depleted, as a right was applied for in terms of the Hope 4 deposit but the company chose not to mine the deposit.

4. Day two Engagements

4.1 Comments from members

Members expressed their dissatisfaction with the situation that they were confronted with. It was felt that after the initial engagement of 22 July, Thungela Resources Ltd would present a more focused position regarding the Trust's claim and requests. The presentation received provided a detailed overview of Thungela's mining portfolio, S&LP and CSI projects, but provided little more than a cursory response to the second-generation claim of the Trust. It became clear that apart from fencing the grave site of the family members near the planned Hope 4 shaft at Goedehoop 46IS, Thungela Resources Ltd was not entertaining any further concessions to the Trust. Members responded to this by highlighting the following:

- Committee members were of the opinion that the way mining activity takes place in the democratic dispensation cannot follow the same patters as it did in the Apartheid era. The mine was operational for 42 years, yet the Trust members and surrounding community have received very little benefit from the income generated through mining.
- The committee was disappointed with the fact that there appears to be no movement from Thungela Resources Ltd to accommodate any of the Trust's requests related to the claim. Members felt that commercial companies are making gains from mining while surrounding communities benefit very little. This pattern is repeating itself across the

country where mine host and mining-affected communities are left with little tangible benefit after mining is completed.

- Members requested greater clarity regarding the timing of the decision to close the mine and not open the Hope 4 shaft. There were concerns that the decision to close the mine were related to the claims made by the Trust more than the economics of opening the shaft.
- Members were taken aback by the announcement of planned closure of the mine and wanted to know what processes will be put in place to rehabilitate the farm, and what plan are in place to accommodate or retrain the workforce currently employed at Goedehoop mine. Details were also sought regarding the duration that rehabilitation will take and the number of people that will be employed at that time.
- Members repeated their request to receive greater clarity regarding reported overlapping claims on the farms claimed by the Trust, and whether there were any farm dwellers potentially affected by claims or land use changes.
- Members requested more details regarding the closure of the mine and how this process unfolds, including the manner in which shafts are sealed and hazardous materials are disposed of.
- Members were interested in the possibility of artisanal mining development at Hope 4, following the model of artisanal mining partnered with experienced mining players as highlighted by Thungela Resources Ltd. It was felt that artisanal mining should not just be flighted as a future consideration but should be developed at every possible opportunity.

4.2 Input from the Department of Land Reform and Rural Development

Thungela Resources Ltd is also correctly interpreting the current land reform process and legislation. The LAMOSAs 1 and 2 judgements effectively interdicted second-generation land claim processing. While the Trust can confidently state that they have submitted a claim, and the CRLR can state that a reference number for the claim had been assigned, the process had proceeded no further. What creates further ambiguity is the fact that there are likely multiple other claims submitted for the same contested farm(s), which includes both restitution and labour tenant claims. Just on Goedehoop 46IS there are 28 lodged Labour Tenant claims. The following details were supplied by the CRLR regarding the entire mine complex:

Farm name	Number of Labour Tenant claims lodged
Goedehoop 46IS	28
Koornfontein 27IS	43
Geluk 26	17
Bultfontein	52

4.3 CRLR clarity on the processing of Second-generation claims

The CRLR clarified that the second-generation claims such as the one under discussion during this oversight had not been researched or verified. Claims have been received and given a claim number but are in the pipeline for processing behind all other first-generation claims. While there are currently discussions underway between the DLRRD and Treasury regarding the costs of settling first-generation claims in order to speed the process up, the only other likely intervention that will release second-generation claims from the court interdict is the amendment of the Restitution of Land Rights Act as specified in the original LAMOSA ruling. This process will have to be driven by the Executive Authority.

Context: Frustration with the slow pace of land reform

According to the 11th LAMOSA Report¹ there were still 1457 outstanding first-generation land claims in Mpumalanga alone, with 5931 claims remaining nationally. At the end of the 8th LAMOSA Report's timeline, the number of outstanding claims was 6302, and at the end of the 9th LAMOSA Reporting period, this number was reduced to 6139. Thus, between 30 June 2023 until January 2025, roughly 248 claims were finalised claims per year. This would suggest that another 23 years will be required to finalise all first-generation claims (at the current rate of completion).

Additionally, in compliance with the Court order of 19 June 2020¹, a revised plan was prepared and was approved by the Court on 3 September 2020. The Special Master of Labour Tenants' (SMLT) role was to supervise, monitor and oversee the functions of the Department in the resolution of outstanding claims in terms of the Land Reform (Labour Tenants) Act, 1996. According to a presentation made to the Portfolio Committee on 24 November 2020, there were still 9333 outstanding claims. By July 2025, the number of outstanding claims were still above 9000 – down to 9034. This is a rate of processing of only 60 per year, which would require another 150 years for the process to be completed. There were 3368 labour tenant claims outstanding in Mpumalanga alone.

It is clear from the paragraphs above that the land reform machinery is operating at a much slower pace than what most second-generation land claimants would have liked to see. Additional to the court-imposed wait for the first-generation process to be completed, Mr. Mokoena's case has the further tragic twist of his family being relocated away from the farm while other evictees stayed in the vicinity. The time that passed after the forced removal required a reconstruction of the family history, also seen in the amended second-order claim as the family reconciled their knowledge of past settlements and graves at Goedehoop. The Trust members now find themselves residing too far away to be beneficiaries of the Social and Labour Plan of Thungela Resources Ltd, too far away to benefit from the reach of the mining companies' Corporate Social Investment (CSI) programmes, and possibly even behind labour tenant claimants in the line for having their claim processed.

5. Technical Response to Bathlakoane Ba Manzimnyama Land Trust List of Requests

Please note: The analysis of the requests made by the Trust is made in accordance with the legal obligations Thungela Resources Ltd faces as landowner and holder of a mining right. It does not dismiss as irrelevant the potential loss that any claimant community may have incurred as a result of past forced removal but has to weigh up this and other claims against land occupied by Thungela Resources Ltd against the legislative framework governing mining activity and the land claims processes. The underlying challenge that the committee is faced with in this discussion is that until the DLRRD verifies a claim on a piece of land and commences a restitution process, no landowner is obliged to keep any channel of communication open with claimants, nor are they expected to provide any financial support to those that have submitted claims, even if they are commercially exploiting the disputed land. The frustrations that the Trust is experiencing since it submitted the land claim is to be placed for the largest part before the country's land reform process and mining laws.

1. The clan is comprised of four houses spread across the region. The original claim submitted was indeed for the farm Kleinfontein, but it was amended to include portions of Goedehoop, Bultfontein, Geluk and Koornfontein. – **There is no need for any Committee response as this was a point of clarification. The fact that second order claims have been submitted on a larger extent of Thungela Resources Limited's area of operations does not impact on the company's required response at this stage. While the Committee was frustrated by the company's position regarding its CSI programme, S&LP and general approach to the potential claim to portions of areas previously or currently mined, there are no requirements in law to force a different approach towards the Trust.**
2. After the Hope 4 mining application was not followed through and Thungela Resources Ltd decided to close the mine, communication between the mine and the Trust dried up. The Trust was disappointed in this development and wished the Committee to intervene and provide clarity on what the future of the mine is. – **As stated in the previous point, the fact that the Trust listed as an IAP on the Hope 4 application does not require the company to continue communicating with them after the decision was made not to continue with the mining venture. The committee must bear in mind that**

there are 140 Labour tenant claims, and potentially at least 5 more Restitution claims affecting the mine's footprint. Until the DLRRD or the CRLR researches and verifies any or all of the claims, there are no legal requirements for a landowner to keep any line of communication open with any of the claimants.

3. The Trust is listed as an IAP on the Elders mine development and believes that the conveyer belt will cross Goedehoop. The Trust is suspicious of Hope 4 being abandoned while Elders become operational. While stopping short of Accusing Thungela Resources Lt of accessing the Hope 4 seam via Elders mine, the insinuation and mistrust of the inputs received from the mining company was obvious. The Trust requested that the DMRP must be asked to clarify what the fate of the Hope 4 coal seam is. – **The committee can communicate the request for verification of the request to the DMPR and report back to the Trust when an answer is received.**
4. The Trust lamented the state of CPAs and stated that it did not want to be lumped with any other families that had claimed the same areas of land or land in the same vicinity. – **The process of claims research and verification has not begun on second-generation claims. The Trust will have to discuss the outcomes of DLRRD research regarding the number of claims on land it has submitted a restitution claim for once this process is active. What the committee can commit to doing at this point in time is to clarify with the DLRRD and CRLR whether any first-generation claims on the same parcels of land are yet to be researched, and if so, how this will affect second-generation claims on the same land parcels. It is not possible for the Trust to negotiate any position on the type of settlement it may be entitled to before the claim is investigated.**
5. The Trust requested an 8% free carried interest share in the Goedehoop mine operations since the submission of the claim – informed by the 2018 Mining Charter. – **Two issues have to be considered. First, the free carried interest provisions of the Mining Charter of 2018 are not enforceable by law, thus no individual can insist on the provisions of the Charter being implemented where a mining company does not agree to it. Second, of the 5931 first-generation restitution claims still outstanding, 1457 claims were lodged in Mpumalanga. Additionally, there are 140 labour tenant claims and at least 6 second generation restitution claims just focused on Thungela Resources Limited's mining operations on the farms visited. It cannot be considered that a single claimant is entitled to the entire 8% free carried interest, even if this was a condition of the mining right. At best, the committee can assist**

in clarifying for the Trust if any of the outstanding Mpumalanga Restitution claims are for land it has claimed in a second-generation claim. Frustrating as it may appear, the Trust has no legal standing to enter into any discussion regarding royalties or free carried interest until a DLRRD process identifies them as part of a group of or the only claimant on the farms in question.

6. The Trust wants Thungela Resources Ltd to donate Portion 9 of Goedehoop 46IS to the Trust. – **Again, the Trust is operating under the assumption that it is the sole claimant of the farms in question, and that the fact that a claim was submitted to the DLRRD provides it with a guarantee that its claim will be the only successful claim. While the Trust has a strong case, it is not guaranteed to be the sole claimant. The fact that there were other family graves next to the fenced-off area underlines this concern, but there are also 28 Labour tenant claims and possible 5 overlapping restitution claims on the Goedehoop portion. Without a thoroughly researched picture of land ownership and land rights for Goedehoop farm, there cannot be a single entity with undisputed rights to the farm.**
7. The Trust wishes to obtain the mineral rights for Goedehoop mine via the process outlined in Section 104 of the MPRDA. – **Section 104 of the MPRDA³ Does allow for preferent prospecting or mining rights to be allocated to a community, but there are at least two provisions of this section that exclude or potentially excludes the Trust from ever receiving such a right. First, the ownership of the land is or will be registered in the name of the applicant. Again, the claim is not researched and**

³ Preferent prospecting or mining right in respect of communities:

104. (1) Any community who wishes to obtain the preferent right to prospect or mine in respect of any mineral and land which is registered or to be registered in the name of the community concerned, must lodge such application to the Minister.

- (2) The Minister must grant such preferent right if the community can prove that—
 - (a) the right shall be used to contribute towards the development and the social upliftment of the community concerned;
 - (b) the community submits a development plan, indicating the manner in which such right is going to be exercised;
 - (c) the envisaged benefits of the prospecting or mining project will accrue to the community in question; and
 - (d) the community has access to technical and financial resources to exercise such right.
- (3) The preferent right, granted in terms of this section is—
 - (a) valid for a period not exceeding five years and can be renewed for further periods not exceeding five years; and
 - (b) subject to prescribed terms and conditions.
- (4) The preferent right referred to in subsection (1), shall not be granted in respect of areas, where a prospecting right, mining right, mining permit, retention permit, production right, exploration right, technical operation permit or reconnaissance permit has already been granted.

verified thus this requirement does not apply to the Trust. Section 104(4) clearly states that the existence of existing prospecting or mining rights will exclude the right of communities to apply for preferent rights. The Trust therefore will have to wait for the conclusion of the restitution process before further investigation into preferent rights is possible (assuming a successful outcome to the claim).

8. The Trust wanted Parliament to clarify what the implications of IPILRA are for second-generation land claims. The Trust wanted reparations now, not in the future. – **Again, the application of IPILRA rests on the verification of a right. The Interim Protection of Informal Land Rights Act (IPILRA) protects existing informal and customary land rights by requiring the consent of individuals for their deprivation of land, except in cases of expropriation where fair compensation must be paid. The members of the Trust have registered a claim on the farms in question, but do not reside on any of the parcels of land and therefore appear not to have any claim to informal land rights. Informal land rights in South Africa includes rights held under customary or indigenous law, such as those in the former homelands, or rights to occupy communal land, and are currently protected by IPILRA. The Trust therefore does not appear to have any informal land right associated with the claimed farms, but as the Trust requested that Parliament clarifies whether IPILRA applies to second-generation claims, this committee can request input from the Constitutional and Legal Services (CLS) office of Parliament.**
9. The Trust was frustrated by the fact that they did not benefit from the CSI programmes of Thungela Resources Ltd, even though a second-generation claim on land mined by the company had been submitted. – **While clearly frustrating for the committee to observe, the fact that a claim had been submitted on the farms from which Thungela Resources Ltd was extracting coal does not guarantee the Trust any CSI investment, even though it would appear logical or deserving. While there may have been some feeling of justice for members of the Trust to observe a CSI benefit from the mine after the history of dispossession that they chronicled to the Committee, it cannot be demanded from Thungela Resources Ltd. It appears almost surreal that the Trust members were relocated far enough from the claimed land so as not to qualify for S&LP benefits or fall within the mining company’s targeted CSI interventions. In the event of a successful claim in the future, the clan members would surely reflect on the lost opportunities of the decades of coal mining that had taken place since their displacement, but there is no legal**

obligation for redress from the current owners of the farm Goedehoop 46IS. As stated by Thungela Resources Ltd, the second generation claim, once activated and investigated, will be between the State and the claimant group. In many respects, the plight of the Trust is symptomatic of the history that South Africa is trying to address. Significant economic activity and financial gains have taken place after the dispossession of communities, and government have been legislating for over 30 years in an attempt to address the economic inequality that had resulted. There are many cases where a community is not benefitting from economic activity that it could have or should have been a part of. The potential for remedy lies within the legislative oversight role of the committee – specifically the MPRDA and Land Reform process

4. Site Visits

On the second day of the engagement, the committee members were also taken to the proposed site of the Hope 4 shaft, which would have been developed within close proximity to the fenced-off grave site of the Trust's family. The representatives of the Trust and Thungela Resources limited discussed matters for clarification with the delegation, including:

- The location of the Elders mine in relation to the position of the proposed Hope 4 shaft and the family graves, as well as the possibility of a conveyer system (above or below ground) passing across the area.
- The fact that the section of property appears to be poorly secured. Thungela representatives clarified that the road that passes by the family graveyard is public access as there are privately owned farms further along the road. The road cannot be gated.
- The representatives from the Trust pointed out that before the mine closed the areas of operation on this side of the farm, there were many buildings, including one used as a church, and a stadium, that the community had access to but that all of this was demolished by Thungela Resources Ltd. Thungela representatives clarified that the conditions of the closure certificate requires that the land be restored to its original state, which in the case of Goedehoop 46IS is agricultural. The company therefore had to remove all the structures that

they had constructed for the purposes of mining and restore the potential of the land to be used for agriculture.

- Trust representatives also pointed out an informal settlement close to the family grave site, explaining that the settlement is a result of part of the displaced group that their family was a part of settling there. The remaining group was resettled in the former homelands much further away.

5. Recommendations

1. The committee, aware of the limits of its oversight role in terms of the private sector, still expresses its dissatisfaction with the systematic exclusion of the Trust community members from all the CSI and S&LP initiatives listed by the representatives of Thungela Resources Limited. It is unlikely that the reasons cited – the wards on which S&LP are focused and the communities selected for CSI support – is cast in stone to such a degree that there was no way that the Trust could benefit from the economic exploitation of the farm their ancestors occupied and on which their ancestors were buried. The community as forcibly relocated away from the farm in the Apartheid Era, but since being able to reconstruct their family history and institute the second-generation claim, have continually engaged the current owners of the farm seeking involvement in the exploitation or the mineral resources of the farm. While the committee acknowledges that the second-generation claim have not been verified and therefore Thungela Resources Ltd does not, by any legislative requirement, have to include the Trust in any of its economic activity, the committee was saddened to see that communities with no historical link to Goedehoop were involved in CSI and S&LP projects, but not the Trust. The committee felt that to some extent, the situation resembled past practices where the occupiers of land were displaced in favour of industry. Members also informed Thungela Resources Ltd that when they engage with the Traditional Leadership of mining-affected communities, they get a sense that community engagement only takes place when it is required of a mining company, and that there is no real interest in the views or requests coming from community engagement forums. With this background, the committee urged Thungela Resources Ltd to reconsider whether the Trust will play no part in any future S&LP or CSI investment in post-mining projects.

2. The committee resolved to communicate the request of the Trust for clarity on the Future of the Hope 4 shaft proposal to the DMPR and report back to the Trust when an answer is received.
3. The Trust requested that Parliament clarifies whether IPILRA applies to second-generation claims. While the Trust did not highlight the fact that they do not reside on the land that is claimed, the detail will be included and the committee will request input from the Commission for the Restitution of Land Rights and Parliament's Constitutional and Legal Services (CLS) office for clarity.
4. The Committee was encouraged by discussions about a new approach in mining practice, which entailed partnering artisanal miners with established mining sector companies to exploit mineral deposits that may not be economically viable for large companies to exploit, but could be attractive opportunities for smaller mining companies. The committee resolved to engage Thungela Resources Ltd and the DMPR in order to discuss the possibility of developing a joint mining proposal for Hope 4 shaft to empower small-scale miners. The committee further recommended that such ventures should be pursued more often, as there is a need for smaller mining companies to be empowered to join the sector rather than the current situation where smaller deposits are exploited by illegal miners.
5. The committee resolved to study the Land Court Judgement and LAMOSA rulings in order to determine what legislative actions are possible in order to allow the commission to process second generation land claims with due consideration for the fact that outstanding first-generation plans should still be prioritised. The committee resolved to engage with the DMRP Executive in order to discuss a way forward with implementing the parliamentary legislative amendments initially required in the LAMOSA judgement but for which the time limit had lapsed.

Report to be considered.

2. Report of the Oversight Visit of the Select Committee on Agriculture, Land Reform and Mineral Resources, report dated 2 December 2025

The Select Committee on Agriculture, Land Reform and Mineral Resources having conducted oversight in Alexander Bay, from 21 – 25 September 2025.

The delegation consisted of the following members of Parliament, Ms MG Modise (Chairperson, ANC), Mr BJ Farmer (PA), Ms M Kennedy (EFF), Mr SP Mabilo (ANC), Mrs MB Ndlangisa-Nodada (ANC), Mr NH Pienaar (DA), Ms SL Sithole (ANC), Mr HJ Van Den Berg (FF+) and Parliamentary support staff, Ms N Giba (Unit Manager), Mr AA Bawa (Committee Secretary), Mr J Jooste (Content Advisor), Ms J Le Roux (Researcher), Ms B Mfecane (Executive Assistant), Ms Y Landu (Media Specialist) and apologies for Ms HS Boshoff (Chairperson DA) and Ms SM Mokoena (MK).

The report of the committees read as follows.

1. Purpose of the oversight

- 1.1. The Richtersveld Sida !Hub land claim, lodged by the Richtersveld community, involved the restoration of land rights lost due to diamond mining activities in the Northern Cape. The claim, one of the largest in South African history, resulted in the community regaining roughly 195 000 ha land, a share in the Richtersveld National Park and a 49% stake in a diamond mining joint venture with State-held Alexkor, a development fund, and funds for housing. A key part of the settlement was the establishment of the Richtersveld Communal Property Association (CPA) to manage the assets, as well as two Trusts and various subsidiaries. More than a decade after the settlement of the claim, a number of requirements of the Deed of Settlement remains unfulfilled.
- 1.2. Previous committee engagements as well as oversight by NCOP and NA committees have documented outstanding actions required of a few government departments, provincial and local government. The reports also highlight the challenges that

especially the local municipality is faced with regarding commencing service delivery to the former mining town of Alexander Bay. Most challenges identified fall within the mandate of the committee. These include:

- Dysfunctionality within the CPA
- Electricity service connection of Alexander Bay
- The operationality of agriculture businesses transferred to the CPA
- Unsatisfactory environmental rehabilitation of mined areas falling within the settlement of Alexander Bay or on land returned to the members of the CPA

1.3. During the 7th Term, the current Select Committee was also engaged by various role players to intervene in the deadlock experienced with the mining joint venture and challenges faced by the CPA in securing the final transfer of funds owed by Alexkor for payment of a rental agreement spanning more than 10 years. It is the intention of the committee to convene a number of meetings with all role-players in order to develop a timeline for the completion of outstanding actions where such timelines do not exist, and where a provincial task team had been established and timelines developed in the past, the committee intends to meet with all responsible parties to develop an understanding of challenges experienced in the implementation of the Deeds of Settlement.

2. Distinction between this oversight and the June 2025 oversight by the PC on Mineral and Petroleum Resources.

2.1. The PC visited the area primarily to perform oversight over Alexkor, a state-owned entity that is operating the mining company of the Richtersveld Communal Property Association in a 51% (state) and 49% (community) Joint Venture. The committee recommendations focused extensively on Alexkor management and labour relations issues which the Select Committee do not wish to duplicate. As part of its engagements, the PC also held deliberations with the CPA members and the Richtersveld local municipality. In its recommendations, it states that it will refer the matters brought up that were not related to Alexkor to the relevant ministries.

- 2.2. The oversight that the Select Committee wishes to undertake is not focused on the single entity of Alexkor, but on all the entities created within the Richtersveld Communal Property Association that are experiencing challenges that delay the completion of the Deeds of Settlement. Most of the challenges fall directly within or are closely associated with the Select Committee's portfolio.

Entities included in oversight focus of the SC:

- Richtersveld Sida !Hub CPA:
- Richtersveld Agricultural Holdings Company (RAHCO)
- Richtersveld Mining Company (RMC) - Alexkor RMC PSJV
- Richtersveld Property Holding Company (RPHC) –
- Richtersveld Environment Rehabilitation Company (REHC) –
Environmental

- 2.3. The Select Committee wishes to engage with the Provincial Task Team and Richtersveld Local Municipality with the intention of supporting provincial and local government structures in completing actions needed to implement the Deeds of Settlement of the CPA. The NCOP, through this committee, is in a stronger position to interact with the task team, as a large number of the outstanding matters, as captured by the PC in its most recent visit but also in the past oversight of various committees, have been noted in ATC reports but never taken up by a single committee of the NCOP with the objective of resolving all outstanding matters. It is the intention of the SC not simply to repeat the oversight meetings of the past, but to take the recommendations of past oversight that had not been followed through by Parliament to date and ensure that timeline for completion of these actions are tracked and the Province and Local government is supported by the NCOP wherever possible to attain the required service delivery targets.

3. Background

- 3.1. In the committee's Strategic Plan, it has prioritised resolving endemic failures and under-performance of Communal Property Associations (CPAs) as one of its key objectives during the 7th Administration. Additional to the Department of Land Reform and Rural Development function overseen by the committee, the oversight also intends

to address secondary challenges in the following prioritised committee oversight responsibilities:

- Electricity and Energy: Local government functions of connecting citizens to the grid and supporting local governments with the functions of electricity supply and regulation.
- Forestry, Fisheries and the Environment: Con-current functions of environmental management and compliance with NEMA
- Agriculture: Supporting recipients of land through Land Reform functions to reach economic self-sustainability

4. Background note regarding report

The committee was confronted with a confusing oversight situation, with contradictory statements, unverified information and new submissions being supplied during meetings. As a result of this, it was decided to use the drafting period not only to capture the oversight event but also to attempt to verify as much of the information supplied/review additional information supplied during briefings for incorporation into the report. Where this has taken place, it will be indicated.

5. Committee Briefings

5.1 DAY 1: Transfer of Alexander Bay Township to the Richtersveld Local Municipality

- 5.1.1. This first day's engagement started in Port Nolloth and was supposed to provide the committee with an update of what has been achieved by the Provincial Task Team established by the Northern Cape DG in 2021 to speed up the transfer of Alexander Bay Township. Originally earmarked for completion in 2013, this aspect of the Deed of Settlement has become a significant impediment to all role-players.
- 5.1.2. On one end is the Richtersveld Local Municipality, that is unwilling to take over municipal services for the township at present, indicating that too many aspects of the

required township updates that Alexkor SOC should have implemented by 2013 is incomplete or not to standard. On the other side of the impasse is Alexkor SOC, which finds itself responsible for the provision of municipal services and the continued upgrade of infrastructure for far longer than anticipated. This requirement of the Deed of Settlement is for the account of Alexkor SOC, but it is likely that the financial burden of the dragged-out transfer is also impacting on the cash flow of the PSJV, to which Alexkor SOC is a 51% shareholder.

- 5.1.3. The presentation was somewhat of a disappointment for the committee, as it soon became apparent that there has been precious little success towards township transfer since the last parliamentary oversight report used to prepare for the oversight (2021). As much of the presentation can be considered to be a repetition of known progress or challenges, the following summary focuses on key information obtained only.

5.2 Key points raised by the DG for the Northern Cape, and the Richtersveld Local Municipality

- 5.2.1 Since the operationalisation of the DG's Task Team focused on completing the transfer, a number of key objections from the RLM has emerged. These are:
- There is an established culture of non-payment of accounts in Alexander Bay, and as the RLM is already struggling with low revenue collection within the RLM, it cannot afford to have to deliver services nearly 100 km from Port Nolloth when the services will not generate sufficient revenue.
 - The infrastructure development in Alexander Bay is either not up to municipal standard (for instance the waste collection/landfill area), is not completed (water reticulation and the separation of domestic and mine electrical infrastructure), or in a dilapidated state (roads in the township as well as the water reticulation system).
 - The transfer agreement did not consider the cost of providing services in Alexander Bay. The RLM is not in a position to cross-subsidise the functions.

- 5.2.2 What is an ongoing concern is that the infrastructure in Alexander Bay was supposed to be upgraded and the transfer completed in 2013. The fact that it is 2025 and the hand-over is yet to be completed places a significant burden on both Alexkor SOC and the RLM. All infrastructure that has been installed, will now be at least 10 years old, while outstanding improvements will cost either the RLM or Alexkor SOC a significant amount of money – the figure listed by the RLM for upgrades to be completed is conservatively estimated to be R88 million for roads upgrades and R20 million for repairs to other installed infrastructure.
- 5.2.3 Some of the items on the action list of the DG for the Northern Cape was achieved, but the most critical ones not. This is most often as a result of the costs involved with completing tasks. Provincial COGSTA had tried to engage responsible departments, but no funds were released. Applications for support through mining town revitalisation funds were also unsuccessful.
- 5.2.4 While the aspects listed above require significant funding, there were also other aspects of tasks required for the completion of the transfer that should have been completed between 2021 and now. These include:
- The provision of an asset register of Alexander Bay township to the RLM;
 - The provision of monthly cost breakdowns for services in Alexander Bay Town by Alexkor SOC;
 - The transfer of the required NERSA electricity service provider status to the RLM;
 - The completion of the water use license application process;
 - Community engagement on the process of service transfer to the RLM in order to build community buy-in and trust of the process.
 - The completion of the Eskom-Alexkor SOC bulk electricity purchase agreement
- 5.2.5 From the short summary above, it can be concluded that the expected transfer of Alexander Bay Township between 2021 and now is mired in a mixture of financial

shortcomings and what can only be described as the lack of political will to complete the required tasks.

5.3 Main observations and inputs during the meeting

1. Members wanted clarity on how many members of the community reside in Alexander Bay, as there was confusion regarding inputs from the CPA, stating that the main settlements of the CPA did not include Alexander Bay.
2. Members wanted to know whether there is any chance that an Alexander Bay stand-alone municipality would be viable if the RLM contends that it cannot afford to take over service in the township.
3. Members wanted clarity from the DG of the Northern Cape regarding the financial challenges associated with the outstanding tasks, and whether the province is in any position to assist the municipality in finalising this long-overdue transfer.
4. Members wanted clarity on the reasons supplied when the application for mining town revitalisation funding was turned down.
5. The committee expressed their concern about the fact that all of the outstanding matters discussed appeared to be open-ended, with no associated timelines for completion. They also wanted to know whether the government structures present in the meeting have a clear idea about what the committee, through the NCOP, could do to assist in the freeing up of resources or dialogue to clear the deadlock in the transfer process.
6. Members expressed their concerns about the fact that the government officials involved are all earning their salaries regardless of progress, the income from CPA funds are locked up in Trust and the entire settlement appears to be on hold for nearly 20 years.
7. Members expressed their concern that government appears to be hiding behind the dysfunction in the CPA to find excuses for non-existent delivery on the Deed of Settlement.

5.4 Responses from provincial and local government

1. The DG of the Northern Cape summarised on a number of concerns raised, indicating that the Alexander Bay area used to be one of the economic hubs of the province and can be so again, but a number of critical matters need to be resolved. The province

supports the RLM in its concerns about the state of infrastructure and outstanding issues at Alexander Bay. Without sufficient resources, even a task as simple as regular refuse collection will be unaffordable. It has to be emphasized that the transfer, when it happens, will result in a near 0% addition of tax base to the municipality, meaning that the services will merely become an extra cost for the municipality under current equitable share calculations. The Equitable share allocation in the Richtersveld Local Municipality is the lowest of any region in the country.

2. It is a concern when, in the span of ten years, government continue to talk past each other and a solution to a government problem cannot be found by those directly involved. The District Development Model (DDM) is the theoretical solution to the problem, but there is currently no DDM programme in Alexander Bay.
3. The action plan had timelines, but the team fell behind due to cost implications. Other mining town transfers were supported with a cash injection from the mines involved, for instance the transfer of Kleinsee. There is no cash injection of offer here. Still, there is no other option but to improve engagements with Alexkor SOC and to speed up processes.
4. The DG supports the committee's urgency on the transfer, as the costs will only increase with every passing year. This does not mean that transfer can take place with all the matters still outstanding, but there were discussions in the past about the potential for a phased transfer of services that were in a state of readiness at present and the discussions around these can be re-opened.
5. Representatives of the DMPR provided further details on the challenges experienced with the township hand over, stating that it has tried since 2014 to mediate between the parties involved. Alexkor SOC and the municipal manager was close to a resolution in 2013, but the deal fell through. Alexkor SOC is not in a position to repeat the upgrades in its entirety and can also not continue to carry the cost of the monthly services provided at Alexander Bay.

5.5 Carry-over matter from day 3 engagements with CPA members and concerned groups

- 5.5.1 When engagements focused on eligibility for CPA membership, representatives from a concerned group supplied inputs regarding their removal from the CPA membership list. One of the reasons supplied was the fact that an individual was residing in

Alexander Bay. She claimed that her father is listed as a member of the CPA, and that her brothers remain on the list as well. She stated that the reason supplied to her for the removal of her name from the membership list of the CPA was that she had relocated to Alexander Bay, and that the CPA constitution clearly stated that members have to comply with the requirement of “typically residing” (gewoonlik woonagtig) in the settlements of Lekkersing, Sanddrift, Kuboes or Eksteenfontein. The CPA representatives present in the meeting confirmed this and referred to the CPA constitution as justification. A copy of the CPA constitution was supplied to the committee. A review of the constitution revealed that indeed, the CPA membership is tied to residence in clause 6 of the Constitution.

5.6 Committee Resolutions

1. The committee expressed its concern over the delays in the transfer of Alexander Bay to the RLM but understands the concerns of the province and the municipality in terms of the costs associated with any transfer of the township in its current state. The committee endeavours to engage the NCOP, the Northern Cape and all relevant departments involved in order to open channels of discussion focused on freeing up the financial support required to complete this vital aspect of the Deed of Settlement. To achieve this, the Committee will schedule an initial meeting with all responsible Director-Generals in order to develop a workplan moving forward.
2. Linked to the above, the committee is not convinced that the full financial implications of the delay in transfer of Alexander Bay have been provided during the oversight. Dated figures of costs in relation to road resurfacing, estimates in terms of water reticulation infrastructure, and a list of outstanding commitments from Alexkor (separation of mine and township electricity metering, connection of township water and electricity metering and other matters related to wastewater treatment and solid waste removal) were supplied. It is imperative that any dialogue around the expedited transfer of Alexander Bay to the Richtersveld Local Municipality should be supported by a full, realistic and current cost estimate. This requirement will be communicated to all role-players during the first scheduled meeting in this regard.

3. Considering the revelation of the Day 3 engagement with CPA members, the entire rationale for the transfer of Alexander Bay to the community as part of the DoS need to be clarified. If membership of the CPA is lost as a result of not residing in one of the four settlements of the claimant group (thus also residing in Alexander Bay), for whose benefit is the township being transferred? Considering the costs already invested in Alexander Bay transfer upgrades and remaining pending expenditure, the CPA's position regarding members residing in Alexander Bay needs clarification. The Committee resolves to question the validity of the CPA constitution Clause 6 with the Department of Rural Development and Land Reform as the responsible Department. The matter needs to be resolved as a matter of urgency as it makes no financial sense to transfer the township to the CPA if their members are not to reside there. There are more sensible uses for the resources that is required to complete the transfer.

6. Day 2: State of the Alexkor/Richtersveld Mining Company PSJV, continuation of inputs regarding the transfer of Alexander Bay township

- 6.1 The committee, having received the oversight mandate for Alexkor when it was transferred from the now defunct Department of Public Enterprises to the DMPR, requested an update on the state of the Alexkor PSJV. This request came after the committee had been briefed by both the Auditor General's office and Alexkor SOC about repeated audit findings¹ for the State entity. During these engagements, it was requested that the committee visit the Alexander Bay-based operations in order to familiarise itself with what was broadly described as dysfunction of the PSJV. For the most part, the impression that was created by the input of Alexkor SOC board members at this time was one of a professional SOC board trying to steer the venture in the right direction but being hampered by a dysfunctional and unprofessional PSJV board caused by the Richtersveld Mining Company (ROC).
- 6.2. There was not sufficient time before the oversight visit to develop a full understanding of all the role-players in the PSJV, as the focus of the oversight was the causes of delay for the implementation of all DoS conditions. As a result, a review of the most recent

¹ It has to be emphasized that the repeat audit findings were against Alexkor SOC, and not the PSJV.

Parliamentary oversight reports on the finalisation of the RCPA claim, the implementation of the DoS and operational reports on Alexkor PSJV was performed to develop a picture of what the committee was likely to encounter during the introductory meeting. That picture was a board of Alexkor SOC being confronted by operational challenges in terms of engaging with the nominated members of the RMC board that were to serve on the joint PSJV.

6.3 Key points raised by Alexkor SOC during engagement

- 6.3.1. While the focus of the engagement was the current operationality of the PSJV, the presentation by Alexkor SOC did provide a number of key points related to the delay in transfer of the town of Alexander Bay to the Richtersveld Local Municipality. The most important points are elaborated on in applicable sections of the report.
- 6.3.2. There appears to be conflicting reports about the readiness of the settlement to be transferred to the Richtersveld Local Municipality, and perhaps there is not sufficient clarity at this point as to which party is at fault for causing the delay. The RLM has raised its concerns about the state of the settlement, and a number of points raised by Alexkor SOC appear to support this position. At this point in time, the position was that the township was incorporated in 2013, but it is clear that it was not ready for transfer at that time since:
- The roads that were constructed in 1992 had not been upgraded since then;
 - Environmental approval for bulk-water system was only recently applied for, and ranted in August 2025;
 - A waste-water license has been applied for but had not been granted. The infrastructure is newly constructed but has not been transferred to the RLM.
 - Alexkor SOC has not completed the separation of settlement vs. mine power supply, and the community housing areas have not yet been completely equipped with pre-paid electricity meters.
 - NERSA has not yet amended the RLM's electricity distribution license
 - Public participation on the installation of pre-paid water meters have not been conducted, while it was reported that there might be issues to switching

customers to the municipal electricity billing could be a challenge as the mine bills at a rate far lower than the municipality

- An updated cost of services has not been provided to the municipality.

6.3.3. In a slightly confusing set of slides, the committee was informed that the other responsibilities that were supposed to be transferred to the RLM had now been converted into S&LP and corporate CSI projects. These included the management and upkeep of Alexander Bay Parks and Recreation grounds, and the upgrading of the Alexander Bay refuse site to conform to municipal standards. The upgrading of roads in Alexander Bay had also been reported as a S&LP project.

6.3.4 Alexkor SOC indicated that it is experiencing notable financial losses as a result of the continued responsibilities associated with Alexander Bay Township². At present, only 20 to 23% of invoices are paid by occupants of housing. The dysfunction of the PSJV was covered in only one slide of the presentation and laid the blame on the Community's RMC without considering any of the Alexkor SOC's known financial and operating challenges – listed as separate slides – as contributing factors. This position is addressed later in this section. While not refuting that the behaviour of the RMC had an impact of the PSJV, the position of the Alexkor SOC board remains curious. The presentation included 13 directives from the Minister of the DMPR to Alexkor SOC to implement, of which only one had any bearing on the RMC. The list of financial challenges presented were linked to Alexkor SOC, not the PSJV, as was most of the operating challenges.

6.4. Main observations during the meeting

6.4.1. Members requested greater clarity on a number of points raised, including:

- Committee members wanted clarity on the process of appointing a chairperson for the PSJV board, as it appears as if the Alexkor SOC board chair is automatically also the PSJV chair;

² A review of Alexkor SOC annual reports predating the land claim settlement and creation of the PSJV provides a detailed picture of the costs associated with the annual upkeep of the mining township. Although it has to be emphasized that at that time, the SOC operated the full mining town including recreational facilities, hospital, airstrip and the four farms transferred to the CPA. The operational costs of the what is left of Alexander Bay is therefore considerably less than what was subsidized prior to the establishment of the PSJV.

- Members wanted clarity on when the current Board chairperson started work with Alexkor SOC, as it would be difficult to ask clarity-seeking questions on matters that occurred prior to this appointment date;
- Members requested clarity regarding the fate of funds paid to the community after the settlement, including the R200 million recapitalisation loan, the R50 million development grant to RAHC and the fate of the R45 million due to the community as payment for rent of infrastructure used for the first ten years of use at Alexander Bay;
- Members wanted clarity on the claims by Alexkor SOC that there were only 10 years of land-based mining resources left, particularly in the light of the lack of exploration reported during the settlement phase.
- Members wanted a clarification regarding the performance of the PSJV, as the revenue over the last 5 years appear to be increasing but overall profit is in decline.
- Members wanted clarity regarding current court cases involving the board of the RMC and the coffer dam case;
- Members wanted to know why it took until 2011 to operationalise the PSJV when the Constitutional court order paving the way for the settlement was reached in 2004 and the Deed of Settlement signed in 2007. Where did the profits of mining from 2007 to 2011 go?
- Members requested a more detailed briefing about the turnaround strategy that the Minister of the DMPR instructed Alexkor SOC to implement, as well as more detailed financial statements highlighting income and expenditure at the SOE;
- Members wanted to know Why Alexkor SOC has not implemented lifestyle audits as instructed:
- Members wanted to know whether there had been any feedback from COGTA in terms of the assistance requested, and whether Alexkor SOC had reported the alleged bribery of police officers during evictions from Alexander Bay to SAPS;
- Members were concerned about the classification of many of Alexkor SOC's responsibilities at Alexander Bay as CSI and S&LP projects, questioning the classification
- Members wanted to know why so many of the issues that were already known during oversight visits as far back as 2016 were still outstanding.

6.5. Challenges remaining between Alexkor SOC and the Richtersveld CPA RMC

- 6.5.1. During the presentation, the Alexkor SOC went to great lengths to hand the committee a dossier of communication outlining the fact that the PSJV is in constant disarray, and that the root cause of this dysfunction is the RMC, and in particular a Mr. Ryno Thomas, a PSJV board member appointed from the RMC. Mr. Thomas was attending to a family bereavement and was not present at the meeting. He had submitted his apologies to the Alexkor SOC secretary shortly before the committee engagement but was informed about the development in the meeting and managed to make his way to the meeting during the course of the day.
- 6.5.2. In a letter dated 1 September 2025, Alexkor SOC alleges: “Mr. Thomas’s conduct is the sole cause of dysfunctionality on the PSJV board since their appointment in 2023.” This accusation is a stunningly audacious move considering the prolonged period of dysfunction within Alexkor SOC and the PSJV. The committee visited Alexander Bay months after the arrest of two former PSJV board members that were put in place via Alexkor SOC processes. These arrests were the result of investigations following Zondo Commission testimony³. The SIU investigations and this year’s arrests in the ongoing saga of alleged corruption within the diamond mining entity is indicative of the type of dysfunction that stretches beyond improper procurement practices. The following points of summary apply:
- Alexkor SOC went to court in 2023⁴, to have Mr. Thomas appointed to the PSJV board. What could have made them go to court to get Mr. Thomas appointed to the PSJV board only to immediately start clashing with him and ultimately singling him out in this manner?
 - In the Government Gazette of 28 March 2025⁵, the SIU released Proclamation notice 254 of 2025, amending proclamation no 41 of 2021. The proclamation relates to the investigation of 5 serious charges against the Alexkor SOC,

³ The commission ran from 21 August 2018 – 15 June 2022.

⁴ High Court of South Africa. Northern Cape Division, Kimberley. CASE NO.: 964/2016. Date heard: 12-05-2023

⁵ Government Gazette 52384. 28 March 2025. Proclamation notice 254 of 2025 by the President of the Republic of South Africa.

Alexkor-Richtersveld Pooling and Sharing Joint Venture and the State Diamond Trader.⁶

- The allegations are related to testimony in front of the Zondo Commission into State Capture⁷ at Alexkor. A number of recommendations were made regarding over 8000 pages of submissions and testimony that the Commission received regarding Alexkor operations.
- As a result of ongoing investigations, Ms. Zarina Kellerman and Mr Mervyn Carstens, along with a number of other individuals linked to the case, have been arrested in 2025 and charged with numerous charges of fraud and offences in terms of the Diamonds Act. At the time of the alleged offenses both Carstens and Kellerman (now Prasadh) were Board members of the PSJV but were not appointed from the Richtersveld community onto its RMC.
- Mr. Carstens was appointed to his position of CEO of the PSJV by the Alexkor PSJV board of 2012⁸, which contained only 2 RMC members.
- Ms. Kellerman (now Prasadh) was functioning as Chief Legal Officer of Alexkor SOC in the period of the alleged transgressions and therefore also not linked to the RMC.
- The charges emanate from two diamond marketing tenders that were awarded to SSI in 2015 and again in 2016, which gave SSI exclusive rights to market and sell all diamonds produced by the PSJV, a joint venture formed between Alexkor SOC and the Richtersveld Community.

6.5.3. By 2019, the DPE summarised⁹ their experience in terms of the management of the PSJV as follows: **“The Department established that the financial problems at the mine are primarily a product of poor leadership and bad decision-making. For instance, organised labour highlighted that there was no mine plan to balance the**

⁶ As the RMC is not a state entity, the SIU investigation may not have named the entity in the investigation but until the outcomes of the investigation is known, it cannot be assumed that individuals from the RMC or CPA played no role in the actions under investigation.

⁷ Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector Including Organs of State Report: Part IV Vol. 1: The Attempted Capture of the National Treasury Chairperson: Justice R.M.M Zondo Chief Justice of the Republic of South Africa.

⁸ DEPARTMENT: PUBLIC ENTERPRISES REPUBLIC OF SOUTH AFRICA, NATIONAL ASSEMBLY QUESTION NO.: 955. DATE OF PUBLICATION: 23 March 2018

⁹ Department of Public Enterprises. 2019. Alexkor governance challenges and financial performance. Presentation made to Parliament.

quality of diamond produced. Department also observed that Management seems to have lost the control of workers and command of the business.”

6.5.4. By 2019, the DPE also had serious reservations about the functionality of both the Alexkor SOC and the PSJV. It reported the following to parliament: **It has become imperative that Government intervene decisively to address the state of Alexkor and the Alexkor RMC PSJV. In this regard the previous Alexkor board has been retired and replaced with an Administrator.** The Administrator is not a Business Rescue Practitioner as per Section 138 of the Companies Act, 2008 but an incumbent assigned with the duties to restore normality and stability to the operations of Alexkor and Alexkor RMC PSJV and help maximise the prospects of a successful outcome for Alexkor.

6.5.5. The Administrator, will assume the duties and responsibilities in place of the Board of Directors, and is required to prioritise and expedite inter alia the following;

- Undertake an extensive review and analysis of the contract mining and revenue-sharing models between the PSJV and the contractors and provide proposed solutions;
- Review the Alexkor and the Alexkor RMC PSJV cost structure to ensure procurement of goods and services is at fair value and warranted;
- Remove the duplicate functions at Alexkor Head Office and Alexkor RMC PSJV with particular focus on executive and overhead expenses as well as to identify and implement other remedial and cost reduction intervention plans and/or initiatives;
- Terminate marketing and sales contract with Scarlet Sky Investments (Pty) Ltd¹⁰. (SSI) and propose solutions/options for the establishment of own or State Diamond Trader-related diamond marketing and sales channel;
- Develop a revenue-enhancing plan with emphasis on contracting for mid and deep water mining operations;

¹⁰ In August 2022, the South African Special Investigating Unit (SIU), with the assistance of the Hawks, conducted a search and seizure operation at Alexander Bay Diamonds Company, previously known as Scarlet Sky Investments, related to allegations of fraud and maladministration involving Alexkor. The raid aimed to gather evidence for an investigation into the marketing, valuation, and sale of state diamonds, following a tip-off about serious maladministration at Alexkor and the alleged improper appointment of Alexander Bay as a service provider. - <https://www.siu.org.za/siu-raids-company-linked-to-the-valuation-marketing-and-sale-of-state-diamonds-alexander-bay-diamonds-company/>

- Propose a right-sizing model for Alexkor and Alexkor RMC PSJV in line with the income streams;
- Manage the rooting out of corruption and State Capture related practices and individuals at Alexkor and PSJV.

6.5.6. After a new Accounting Authority was appointed at Alexkor SOC in 2021, the following was reported¹¹:

- Governance arrangements and compliance with statutory requirements leave much to be desired
- The former CEO did not prepare the 2022/23 Corporate Plan, Budget and Shareholder Agreement or initiate preparation of the 2021/22 Integrated Report and AFS.
- It is apparent that the attribution of income and expenditure, in the reporting period and historically, to Alexkor, the RMC and the PSJV is not in compliance with the Deed of Settlement and Unanimous Resolution.

6.5.7. In respect of the most recent financial audits, the Auditor General of South Africa (AGSA) issued a disclaimer of opinion for 2023/2024 financial year, with twenty-six (26) material findings related to internal controls and misstatements.

6.5.8. With all of these challenges that Alexkor SOC has experienced since the creation of the PSJV, it is beyond comprehension that it remains fixated on the RMC members of the PSJV board as the sole reason for the challenges experienced. It is not to say that there are not obvious clashes between Alexkor SOC and RMC, and neither is there any assertion made that the sum of all challenges experienced in the PSJV is as a result of Alexkor SOC. It does appear, however, that the culture of poor administration at Alexkor SOC – as evident in Auditor General findings, Zondo commission testimony and recent (2019) intervention by the DPE to replace the Alexkor SOC board with an administrator point towards serious management challenges at Alexkor SOC. All the concerns levelled at it by the former DPE, and the SIU investigations are glossed over by the board of Alexkor SOC whenever the committee engages with it.

¹¹ Briefing by Alexkor on the annual report and financial statements for 2020/21 financial year. Wednesday 24 August 2022

6.6. The actual financial state of Alexkor SOC before the settlement of the land claim.

6.6.1. After the interaction with various parties involved with the PSJV during the oversight, there was clear indication that Alexkor SOC and the PSJV may not be representing a complete picture of the challenges experienced with the PSJV. The financial state of Alexkor SOC in the years prior to the formation of the PSJV could shed more light on whether the post-settlement struggles are new or a continuation of past management flaws being perpetuated. It was decided to broaden the background research into the state of Alexkor just prior to the signing of the DoS that handed the Richtersveld community the rights for the land-based diamond mining part of Alexkor's operations. This was done for a few reasons:

- The committee was confused by the fact that the Richtersveld community won the land-based mineral rights of Alexkor SOC yet ended up with a minority (49%) share of the newly formed PSJV, which is a pooled asset mining both on land and at sea.
- R200 million was made available as an interest free "recapitalisation loan" to the PSJV, but the terms of the allocated funds remain unclear. The state of the mine when visited was shocking. It did not look as if a cent has been spent on maintenance and repair at the modest operational centre of the PSJV for a long time. During the presentations, it became apparent that this recapitalisation loan had been depleted, yet there was little sign of investment in assets.
- The presentation indicated that the PSJV relies to a large degree on contractors to perform the mining operations. This created further concern over the fate of the recapitalisation funds, as the operational model of the mine appears to direct much of the mining infrastructure and operational expenditure to contractors, who are then entitled to a share of the profits of the operation¹².

6.6.2. The DoS introduced a number of production conditions. These, in turn, likely created an expectation with a reader that the production output at the new Alexkor RMC PSJV

¹² This also brings in confusion regarding the deed of settlement, which refers to income split between Alexkor SOC and the Community RMC. It does not take into consideration any profit share with contractors. It also considered a mining operations many magnitudes in size larger than what had transpired. It is not clear whether the mining model observed at Alexander Bay is the same one contemplated in the DoS.

would be quantifiable. Alternatively, the requirements¹³ set out in the DoS could be interpreted as a work plan for the PSJV that would guarantee the type of income that will make the operation very profitable. The History of exploitation along this piece of coastline surely gives the impression that the Richtersveld community should have had the ability to generate ample income from the mineral rights they were awarded. Data is fragmented due to the rather haphazard start to diamond exploitation in the early 1920's, and also because a number of different companies were involved in mining the Richtersveld area before the formation of Alexkor SOC. But from reports studied, the following picture of diamond mining in the 20 years prior to the settlement of the land claim can be developed:

- While the earliest reference to diamond yields in Alexander Bay is difficult to source, Alexkor SOC states¹⁴ that over the life of the mine, over 10 million carats of diamond have been recovered. In 1928, the land-based mining carat yield was over 528,000 carats. Yet, looking at the performance of Alexkor SOC since 1992 creates a picture of a struggling diamond producer unable to clear the 150,000 carat per year land-based mining requirement of the DoS in all but three years¹⁵ leading up the creation of the PSJV in 2011. Thus, in the other 17 years between 1992 and the creation of the PSJV, Alexkor could not reach the target set out in the DoS.
- The carat yield per annum in years not exceeding 150,000 carats were often not even close to the DoS target. Since 1991, most years had a carat yield below 100,000 carats, while most years since 2001 saw a carat yield below 50,000 carats.¹⁶ This is a COMBINED yield. The DoS required a 150,000 carat-per-year yield from the land-based operation alone. It is therefore clear that Alexkor showed no track record of being able to maintain the types of yield expected in the DoS in the 20 years preceding the signing of the agreement.
- Considering the low carat yield reported in many of the years preceding the formation of the PSJV, it comes as no surprise that yields below the stipulated 150,000 carats were unlikely going to be profitable. What is presented in various annual reports of Alexkor SOC is more serious. Yields at the performance of the PSJV since its establishment in

¹³ Minimum yield per annum from the land-based mining activity, the development of a mining plan that outlines guaranteed and expected yields in 3-year slots, the need for exploration to continue on the production trajectory set out in the DoS.

¹⁴ <https://alexkor.co.za/>

¹⁵ 1992, 1993 and 1995 production according to Alexkor SOC as presented in: Alexkor Limited Parliamentary Portfolio Committee- DPE 20 October 2004.

¹⁶ Ibid.

2011 was almost always loss-generating for Alexkor SOC. Operating costs always introduced a degree of volatility, but a low carat yield – of the type that has been observed since the establishment of the PSJV, had always been associated with marginal profit or outright losses. As an example, the years 2005 and 2006 can be compared. In 2005, Alexkor SOC registered a profit of only R1.5 million, but the year after, it registered a loss of R38 million. The difference in diamond yield between the two years were around 10,000 carats. In the years of operation between 1992 and 2011, which was the year that the SPJV was launched, Alexkor PSJV made losses for 11 years, and profits in 9. The total losses made was R347.58, contrasted with the profit of R110.67, or total losses over the span of operation of R236.88 million.

- It is safe to assume, based on the review of 20 years' performance, that Alexkor SOC was a loss-making entity prior to the creation of the PSJV. The total cost of operations, including the costs of operating the farms that were transferred to the CPA and maintaining Alexander Bay infrastructure, could not be maintained on the type of diamond yield that Alexkor had prior to the creation of the PSJV, and even with the transfer of farms (which promptly failed) to the CPA, the poor mining performance and continued attachment to Alexander Bay expenditure rendered the PSJV destined to fail.

6.6.3. In order to build up a picture of how Alexkor¹⁷ responded to the land claim from its introduction in 1998 until the last court rulings and signing of the DoS (2003 through to 2007), a rapid desk-top review of the financial condition of Alexkor pre-settlement was made. The initial findings made between the oversight report and the draft oversight report just raises more questions about the real value of the settlement the State provided to the Richtersveld community. The following points of emphasis is made to support the statement:

- It is apparent from the 2012 Alexkor SOC annual report (the first annual report released since the operationalisation of the PSJV in 2011) that the Richtersveld Mining Company was walking into a financially challenged deal. This excerpt from the Alexkor SOC annual report of 2012 paints a dire picture of what state

¹⁷ As a State-owned entity, there is very little to separate the resistance to the settlement between Alexkor and the State. If the State was willing to settle, it is unlikely that Alexkor SOC would have been permitted to spend a significant amount of State funds fighting this claim and settlement in various courts. It has to be concluded therefore that the State was resisting the settlement as much as Alexkor as the party entering into the court actions.

Alexkor was in at the time: **“...land mining activities were placed on care and maintenance from 2007¹⁸ and as a result Alexkor operated under extreme conditions and experienced material losses.”¹⁹**

- The Annual report²⁰ also outlined how future prospects of the mine was hamstrung by Alexkor’s response to the claim: **“As far back as 2003 the uncertainties introduced by the land claim resulted in minimal investment in exploration, which negatively impacted Alexkor’s operational capacity.”**
- The Alexkor Annual Report of 2012 also paints a stunningly stark picture of the financial value of Alexkor SOC at the time of claim settlement. According to the Annual Report²¹, Alexkor SOC’s financial position at the time of claim settlement was modest: **“Alexkor’s net asset value on 31 March 2012 was R20.1 million (2011: R16.9 million).”**
- After the creation of the PSJV, the financial difficulty that the operational decisions made between 2003 and 2007 – the lack of investment in exploration especially – required Treasury intervention to prop up the struggling SOC. The lack of investment that resulted in the poor state of the SOC when the DoS was signed therefore required a massive cash injection from public funds to remedy²².

6.7. Post-settlement financial challenges and ultimate fate of the R200 million “recapitalisation loan”

6.7.1. It is not possible for the committee to know all the operational challenges that occurred before and after the settlement, but serious questions remain. Prior to the creation of the PSJV but before the acknowledged period of no investment in operational and exploration needs, Alexkor SOC supported four farms, Alexander Bay settlement (with an operational airstrip) and the mining operation. After the formation of the PSJV, there is continuous cash flow challenges, even after R550 million in expenditure (Treasury allocations and the R200 million loan to the PSJV), the mining operation is not profitable.

¹⁸ The PSJV became operational in 2011, suggesting at least 4 years of “Care and Maintenance”

¹⁹ Alexkor SOC Limited. 2012. Annual Report.

²⁰ Ibid.

²¹ Ibid.

²² Alexkor SOC applied for a R550 million MTEF allocation from treasury shortly after the creation of the PSJV, and was awarded R350 of this for specific functions set out in the settlement, such as the refurbishment of Alexander Bay and the environmental rehabilitation costs agreed to.

- 6.7.2. More clarity is needed regarding the rationale, purpose and fate of the R200 million “operationalisation loan” given to the RMC as part of the DoS. According to Alexkor SOC’s 2012 Annual Report, the funds were made available for a very specific purpose: **“Pursuant to the land claim settlement an amount of R200 million will be made available by Alexkor to the PSJV for the required exploration”**. In order to attempt to clarify this confusion, the Deed of Settlement was studied. A separate section of the report is dedicated to the findings as the review identified further challenges which appear to indicate clear breaches of the DoS. Where was the R200 million sourced from?
- 6.7.3. According to Alexkor SOC²³, Funds required for many of the requirements of the settlement were sourced directly from Treasury: **“Alexkor submitted a medium-term expenditure framework (MTEF) application for an amount of approximately R550 million during 2011. An amount of R350 million was approved by the National Treasury. This amount has been earmarked for the settlement of the costs for the right of occupation of residential properties, taxes (VAT and CGT), environmental and post-retirement liabilities. In terms of the allocation, Alexkor is to settle all outstanding liabilities from its cash resources. What were those liabilities? Tellingly, the Treasury funds was not allowed to be used for recapitalisation of Alexkor SOC. Thus, if the R200 million needed for exploration was not part of the Treasury allocation, where was the funds sourced from and what was it used for? It does not appear as if Alexkor had these funds available.**
- 6.7.4. The difference between the R550 million Treasury allocation that was applied for by Alexkor SOC to allow for other financial implications of the settlement and the R350 million that Treasury ultimately approved, was exactly the R200 million recapitalisation loan granted to the PSJV. **Was this “recapitalisation loan” therefore a way for the State to make up the shortfall that Alexkor SOC needed? If so, was the Richtersveld Mining Company made to take out a R200 million loan to cover the**

²³ Alexkor SOC Limited. 2012. Annual Report.

costs of the recapitalisation shortfall that the Alexkor SOC was facing in order to get the mine fully operational again. Put differently, was the RMC was made to borrow the money needed to reverse the management decisions Alexkor SOC made between 2003 and 2011?

6.7.5. The 2012 Alexkor Annual report clearly indicates that the R200 million was made available to Alexkor PSJV and not the RMC. Is this correct? As the Community only has a 49% stake in the PSJV through the RMC, what percentage of the R200 million loan are they responsible for? What are the exact conditions of repayment for the R200 million loan?

6.7.6. The situation at the PSJV never stabilised. By December 2018, the Alexkor RMC PSJV informed the Department of Public Enterprises²⁴ that the Company will be unable to pay salaries for the month of December and urgent financial assistance of an estimated R5 million was requested. At this time, it was reported that the R200 million non-interest-bearing loan to the Alexkor RMC PSJV through Alexkor was “to recapitalise the diamond operations”. This is contrary to the 2012 Annual Report Statement by Alexkor SOC that the funds were to be used to conduct exploration activity. Instead, it is stated in the DPE presentation: **“The recapitalisation was successful, and the mine was restored to full operation. The R200 million has since been depleted.”** The Alexkor RMC PSJV have only been able to repay R10 million since its first draw down in 2012. The immediate question is what the R200 million was spent on. “Recapitalisation” is not “exploration”. The Alexkor Annual report clearly indicated that the State, as controlling interest of Alexkor SOC, stopped investing in the operations at Alexander Bay the moment the claim appeared to gain traction, and that only a hollowed-out shell of the original enterprise was left by the time the DoS was signed.

²⁴ As reported to Parliament by the DPE: Department of Public Enterprises. 2019. Alexkor governance challenges and financial performance. Presentation made to Parliament.

- 6.7.7. Treasury put aside R350 million for most of the liabilities caused by the settlement, including environmental rehabilitation. **The latter is also not entirely clear. As part of the requirements of all mining rights issued, mining companies have to set aside rehabilitation funding. If the Treasury allocation was required for rehabilitation obligations, does this mean that Alexkor SOC was operating the mine historically without setting aside rehabilitation funds?** Also, with many complaints about the incompleteness of the rehabilitation of historic mining sites, it needs to be determined what the Treasury allocation was spent on, and how much of the R200 million (plus interest) remains.
- 6.7.8. Between the Treasury allocation and the “recapitalisation loan”, R550 million was swallowed up by Alexkor SOC and the Alexkor PSJV without being able to show much for it at present. The mine infrastructure is in a shocking state, the mine hardly turns a profit, rehabilitation is incomplete, and Alexander Bay has not been handed over to the municipality. The funds directed at the upgrading of the town had been spent as required, but the hand-over did not take place. Since this period (2012), Alexkor SOC has remained responsible for the upkeep of Alexander Bay. **This is a continuous drain on the PSJV (it should not have affected the RMC, as it was the SOC that was tasked with the upgrades needed to hand Alexander Bay over to the Richtersveld Local Municipality). The impact of this continued expenditure is likely to have a negative impact on the PSJV, as Alexkor SOC continually have to direct resources towards Alexander Bay. During the second day’s engagements, Alexkor SOC informed the committee that many of the operational costs of Alexander Bay upkeep had been converted into SLP or CSI projects. The funding for the CSI was sourced by applying a 1% levy on diamond sale income. What Alexkor SOC failed to tell the committee is that the CSI programmes were funded by a levy applied to the pooled income of the PSJV, NOT from Alexkor’s 51% share of the income.**²⁵
- 6.7.9. By 2019, the Department of Public Enterprises reported to parliament²⁶ that Alexkor PSJV was mining roughly 50 000²⁷ carats of diamond per year (no reference to the

²⁵ Confirmed by a review of the 2020 Annual Plan of Alexkor SOC, which attributes CSI expenditure to the PSJV, not Alexkor SOC (Section E, p.73).

²⁶ Department of Public Enterprises. 2019. Alexkor governance challenges and financial performance. Presentation made to Parliament.

²⁷

quality of the diamonds were made). Before this, in the period 2007 to 2012, the highest output was just under 38 000 carats.²⁸ There therefore was a period in the operations of the PSJV that it had improved its performance since the formation of the PSJV. Yet it would appear that the greater the diamond yield, the more operational challenges are observed.

6.7.10. Further evidence of financial strain due to operational issues comes from a 2019 DPE presentation to parliament, where it was reported that the **Alexkor RMC PSJV stated that it was pressured to create employment in the areas by the then political principles. It was reported that this pressure resulted in the investment of a plant of R60 million and over 150 permanent employment (opportunities) created. It was reported that due to design challenges, the plant is performing below capacity.** These issues have not been communicated to the Committee during oversight, and more information on this expenditure and current status of the plant is required. What was also never communicated to the committee was the fact that the PSJV was never capacitated to operate as stipulated in the Deed of Settlement. The DoS is a legally binding agreement, and the committee's focus for the oversight was published knowledge of lack of compliance with the DoS. It was assumed that all of the challenges were listed in past oversight documents and Department of Public Enterprises presentations reviewed. What was not expected was that a study of the DoS would reveal instances where Alexkor SOC appears to be in clear breach of the DoS. A section of the report will be dedicated to this observation, but in summary, **the DoS introduces a responsibility for the Executive Board to ensure that a viable mining establishment is established where the marine mining section supports the PSJV while exploration and the development of a mining plan ensure a minimum sustainable land-based mining operation through an annual yield of 150,000 carats. The Annual reports of Alexkor SOC indicate²⁹ that these yields were never obtained for the land-based mining operation since the inception of the PSJV. This places Alexkor SOC in breach of the DoS and leads to questions related to the commencement of mining in 2011 without the conditions of the DoS being met.**

²⁸ Alexkor SOC Limited. 2012. Annual Report.

²⁹ Between 2007 and 2012, Alexkor only reached 38,000 carats once, while by 2019, Alexkor SOC reported a yield approaching 50,000 carats, which dropped below 30 000 carats again in 2020.

6.7.11 In 2023, Alexkor SOC presented³⁰ to the PC on Public Enterprises on its turnaround strategy. The presentation stated: “*Despite the improved performance of the PSJV there is a significant backlog to be addressed*”:

- There are inadequate funds to address several of the required capital projects which require urgent attention
- Progress has been made in addressing the handover of the town to the Richtersveld Local Municipality in that the first phase of the electricity handover only requires engagement with the community
- The water and other services are in the process of upgrading
- The sustainability of the “Going Concern” status requires constant attention
- The operating model is being reviewed by DPE and is near completion
- An overall plan which includes investment in community projects to broaden the income streams is in the process of discussion with the Boards.

6.7.12 Not only is it clear that there was never a period immediately prior to the settlement of the DoS up until the present that the financial condition of the Alexkor SOC or the PSJV could be considered to be robust, but the reporting by the Alexkor SOC with regards to outstanding DoS responsibilities is confusing. As indicated before, Treasury allocated some of the funds required for the settlement but required the remainder of responsibilities to be paid out of Alexkor SOC funds. **The last bullet point presented above appears to indicate that some of the activity that Alexkor SOC is financially responsible for is tied to the performance of the Alexkor RMC PSJV. Indirectly, this is the case, as the revenue generated by the PSJV is shared between the two entities, but the PSJV is not responsible for any expenditure related to the outstanding DoS commitments. Alexkor SOC needs to clarify what it meant with the point highlighted above.**

6.8. Committee Recommendations: PSJV Functionality

³⁰ PRESENTATION TO THE PORTOFOLIO COMMITTEE ON ALEKKOR SOC LIMITED. 20 September 2023. Briefing on progress of the turn around strategy.

1. From the interactions had to date, the committee remains concerned about the fact that the dysfunction observed within the Richtersveld CPA is still affecting the appointment of board members to the RMC and the PSJV board. The situation is not normal, with Alexkor SOC reverting to continued *rule nisi*³¹ orders to ensure that the RMC board members are appointed. A *rule nisi* intervention is supposed to be a temporary solution to a temporary problem, but it appears to have become a more persistent feature of the PSJV board. As a linked recommendation to the overall recommendations regarding the strife observed within the Richtersveld CPA and all of its structures, the committee urges the Richtersveld CPA community to set aside their differences and enter a new chapter of united focus on ensuring that the benefits that should be accruing to all members of the CPA is realised. This would also ensure that the near constant intervention of Alexkor SOC regarding the appointment of RMC representation on the PSJV board will end.
2. Linked to the above, the Committee urges the DLRRD, in terms of the amended CPA Act, to ensure compliance with the Act by the CPA and all of its structures. This function, as authorised by the Act in question, should include additional training and empowering opportunities extended to the community in order to strengthen their understanding of the roles and responsibilities of the different boards, and the roles and responsibilities of CPA members elected to the boards.
3. The current perspective of the committee related to the settlement agreement as it relates to the formation and operation of the PSJV requires significant investigation and justification. To this end, the following is proposed:
 - a. A workshop opportunity for the select committee members where the process of DoS development is explained. Clarity is needed on the diversion from the original DoS in all aspects of the requirements that Alexkor SOC had to meet in terms of the PSJV, but with particular emphasis of the requirement of ensuring a yield of 150,000 carats per year from the land-based side of operations alone, ensuring that sufficient exploration is done to ensure the 150,000 carat yield per

³¹ a provisional court order that automatically becomes final unless the person it's directed at (the respondent) appears in court on a specific date to show cause why it shouldn't be made permanent. It's a way to provide urgent, temporary relief while still ensuring the affected party has an opportunity to present their case on a return date, thereby upholding principles of natural justice

year, working towards a scenario of allowing the CPA to buy out Alexkor SOC's 51% share in land-based operations after 5 years.

- b. The committee requires a report from the DMPR, DLRRD/CRLR or other party responsible for retaining the negotiating details of the Deed of Settlement development to provide clarity on the exact reasoning for, and ultimate application of the R200 million "recapitalisation loan". An additional outcome of the review of the DoS is to compare the outcomes of the clarification sought regarding the intended application of the R200 million provided by Alexkor SOC with the wording of the DoS outlining the use of the funds and the two parties share in profit and debt responsibilities as a result of operating the PSJV.
4. The committee wishes to receive input from the DLRRD/CRLR regarding the motivation for the revision of the DoS that has been variously raised by multiple departments and also the Richtersveld community and Alexkor SOC. There appears to be consensus that the DoS structures created are contributing to challenges observed in relation to the functioning of the Alexkor PSJV and the interplay between the various CPA entities and companies, but there has not been any proposed rationalisation of the DoS reviewed.
5. The committee wishes to receive a detailed report on the financial state that Alexkor SOC was in during the period of investigating and settling of the land claim, as well as the application of the R350 million made available to it by the National Treasury and the R200 million recapitalisation loan assigned to the PSJV. For funds put in a preservation fund earmarked for rehabilitation, account must also be given for the interest earned on such funds as there has been limited rehabilitation done, which likely suggests that the funding allocated during the settlement of the claim may not be enough in present terms for the required rehabilitation. The committee further needs a breakdown of annual diamond yields (separated into on land and marine yield) since 2007. The information should make it possible for the committee to assess the strengths and weaknesses the PSJV possessed at the moment of creation, and its likely annual income since the period of creation considering that Alexkor SOC claimed in its 2012 Annual report that the R350 million MTEF Treasury allocation should more than suffice to ensure that the PSJV begins on a solid footing.

6. The Committee requires a detailed explanation from Alexkor SOC why mining was commenced after the formation of the PSJV without the required 150,000 carat annual target for land-based mining ever being met. Has Alexkor SOC or the PSJV ever filed the required documents required by the DoS prior to commencement of mining? These documents need to be made available to the committee.
7. Considering the fact that Alexkor SOC appears to be neither responsible for the mining, valuation or sale of the diamonds mined – these functions are all outsourced – the committee needs a detailed breakdown of the value that Alexkor SOC brought to the PSJV. It would appear that apart from the marine mining rights, all other aspects of mining at Alexander Bay were contracted out, making Alexkor SOC a mine administrator and holder of marine rights. The information is required to develop an understanding of why the Richtersveld community was required to enter into a minority shareholding of the PSJV as a settlement requirement even if it held all the land-based mining rights and land. Receiving a share in the marine mining side of Alexkor SOC was obviously a benefit, but the PSJV has not operated efficiently since its inception, and preliminary literature reviews indicate that Alexkor SOC was in serious financial constraints at the time the PSJV was initiated.
8. The committee requires a legal opinion to be provided regarding the CPA's right to engage any other mining or prospecting company they wish. Alexkor SOC is opposed to the RMC engaging with other companies interested in mining on land that the community owns. Alexkor SOC does not hold any mining rights on land. It is therefore confusing why it is stated that engaging with other mining companies is a conflict of interest. Is it not the right of the Richtersveld Mining Company to engage with any other interested party that wishes to engage the community on mining or prospecting opportunities on land that the community owns. If there are restrictions in place, this should be clarified to both the Committee and the RMC.
9. The committee requires Alexkor SOC to clarify the source of funds being used to maintain Alexander Bay infrastructure, perform the services rendered there and the continued work towards complying with standards of infrastructure required to transfer the town to the Richtersveld local municipality. The company's annual report indicates that money for CSI projects it described as sourced from the pooled mining income, meaning that it is potentially taking contributions from the RMC in order to fulfil

Alexkor SOC responsibilities as set out in the DoS. There is a need to clarify whether the PSJV has become responsible for any of these payments, as the DoS expressly made Alexkor SOC, and not the PSJV, responsible for these payments.

7. DAY 3: Interactions with the Richtersveld Sida !Hub CPA Board, DLRRD and the CRLR

The day started off with background information provided to the committee by the DLRRD and CRLR. A significant portion of the presentations were background on the history of the claim process and conditions of the deed of settlement (DoS). In the interests of focus, background information that does not provide context to the purpose of the oversight will not be repeated in detail in this report, as the information has been reported on many times before in previous oversight visits. For the purposes of this report, emphasis will be placed on inputs that stood out during engagements between the committee and stakeholders.

7.1. Points of emphasis during the meeting:

1. The DLRRD emphasised that the complex structure of Trusts and Companies housing the interests of the community were set up in this manner to protect the interests of the community, but in the same presentation, called the structure outdated and called for the review of the DoS³². The main reason given for this shift in sentiments is that the dynamics between the entities created in the DoS are one of the factors impacting negatively on the operational, survival and effectiveness of the CPA. There is little co-operation between the boards of the different Trusts, Entities and the CPA.
2. As part of the DoS, R200 million was transferred to the Pooling and Sharing Joint Venture (PSJV) as a “recapitalisation loan”. It transpired that this recapitalisation loan has not been paid off to date and is causing challenges within the community as no dividends have flowed from the mining operation to the Richtersveld community since 2007. The Department did not clarify what was meant by “restore mining operations”,

³² This sentiment is shared by almost all those involved with the CPA. It has been raised in court proceedings, inputs from different members of the community and Alexkor. It is clear that there is significant support for the need to review the structure of the DoS.

and as the meeting was held on a day that the Alexkor board were not available, questions for clarity on why the community had to be loaned R200 million by Alexkor to restore mining operations.³³

3. R200 million was transferred to the CPA by Alexkor for mine rehabilitation work. The work is listed as “ongoing”. There was insufficient engagement on the progress of rehabilitation work due to the committee’s interactions with a number of additional “concerned group” members taking up a large portion of the last day’s interaction opportunities.
4. The CPA remains non-compliant with the CPA Act even after the period of administration³⁴ ended. The issues that are causing conflict within the Richtersveld community had remained the same and were obviously not remedied by the DLRRD in the 3 years the CPA spent in administration. Friction still revolves around:
 - a. “minority” vs. “majority” decision disputes resulting from most meetings not quorating. The CPA Act requires the majority of members to attend Annual General Meetings and any other type of structured meeting called for decision making or voting purposes. The CPA is operating on a constitution that allows only 200 members to be considered a quorum. Important decisions are pushed through in meetings described by the DLRRD as “haphazard”, which escalates conflict and mistrust within the community.
 - b. Meetings are attended by non-members or disrupted by non-members.³⁵
 - c. Current board members are refusing to abide by rotation requirements as set out by the RCPA constitution. There is the potential link to this repetitive challenge and the fact that these positions have financial allocations such as travelling allowances and sitting fees. Political affiliation is also a contributing factor according to the DLRRD.
 - d. The Sanddrift community is currently not represented on the Board due to the dismissal of previous representatives without replacing these.

³³ There are many questions related to this recapitalisation loan and what it was spent on in the years following the 2011 operationalisation of the PSJV. The issue is focused on in greater detail in the section dealing with the current state of the Alexkor PSJV.

³⁴ February 2020 to February 2023.

³⁵ There are concerns about these matters as well as the CPA treats a member list in a manner that could well fall outside of legislation as well. The matter is discussed in the report.

- e. Some board members are aligned with a VVT organisation that opposes the actions of the other board members and frequently resort to litigation (as do the rest of CPA board for that matter) rather than discussions to resolve disputes.
 - f. There are disputes about the representatives of the municipality and DLRRD that are elected to serve on the board.
 - g. There is a lack of accountability towards the community by the various boards. There is a lack of flow of information between the different boards and the community, resulting in frustrated members forming ass teams to gather information or the CPA needed to report on issues that Trust or Entity boards ought to have relayed directly.
5. The Department considered the CPA non-compliant on a number of issues that were of great concern. These are:
- a. The CPA has not submitted an updated membership list;
 - b. The CPA has not submitted audited financial statements;
 - c. The CPA has not reported on land transactions
 - d. All CPA entities are not regularised as new directors and trustees are not registered with responsible institutions
6. Mining companies and SANParks operate on TRANCRAA³⁶ and create further Trusts, creating an even more convoluted space for the CPA to exist in.

7.2 Committee comments and questions: The state of the CPA

- A number of members expressed their sadness at the fact that the community felt let down by previous parliamentary delegations that have visited the area but without reporting back to the community and without any of the matters raised being addressed. Members apologised for this and stated that they believed that there is a responsibility from all levels of the State and legislatures to assist communities. Members highlighted that there may be a long process ahead of them to identify and address all of the critical

³⁶ Transformation of Certain Rural Areas Act (TRANCRAA) – land claimed by the CPA still governed through the legislation referenced.

issues that have been raised during the past few days, but that they are committed to the task and will try their level best not to disappoint the community;

- The committee expressed their concern over protracted court battles dragging out the process. There are no resolution for conflict at the end of these court battles, that are only draining the resources of the CPA;
- The Committee expressed the opinion that it is very clear that the Deed of Settlement was never properly implemented, and that the community does not deserve to be treated in this way. Solutions needed to be found urgently in order to assist the community;
- The committee noted that the deadline for submitting documents to the court for a declaratory order on the mineral rights lost in the Trans Hex case is 30 January 2026. Members wished to know whether this deadline will be met;
- Members contrasted the treatment of the Richtersveld community with the Royal Bafokeng, where the restoration of old order mineral rights had led to prosperity in the community. It was felt that the actions that have led to the current situation almost appears to be deliberate, robbing the community of what should have been a wealth creation opportunity;
- Members felt that the Deed of Settlement was not in the spirit of the 2004 Constitutional Court Ruling. They wanted to know how this transpired and who benefitted from mining at Alexander Bay from 2004 until the settlement was finally operationalised;
- Members noted that the only one of the three claims submitted by the community has been settled, while the other two remain outstanding for the last 27 years, which was unacceptable. All the government officials have been drawing salaries all this time;
- Members wished to know where in the settlement agreement is was stipulated that the R200 million redevelopment loan had to be paid in full before community members will receive dividends from mining;
- Members wanted clarity why the original Constitutional Court order was made considering indigenous law, but it appears as if the settlement included a wider beneficiary community and that the indigenous law provisions that considered the practices of the original Nama claimants have been discarded. Members wanted to know if the CPA community is representative of the original group that won the Constitutional Court ruling;
- Members noted that all mining activity is outsourced to contractors on a profit-share basis. Members wished to know what the benefit was in entering a joint venture with Alexkor SOC if that entity does not perform any of the mining activity;

- Members requested detailed financial statements that track the income of the PSJV and provides audited proof of how much of the R200 million loan had been repaid by the RMC;
- Members wanted to know if there were any representation from the Richtersveld Investment Holding Company (RIHC) present in the meeting, as the committee wanted to know the fate of the R190 million settlement payment that was supposed to be managed by RIHC;
- Members questioned the rationale behind the decision to create a complex settlement requiring a CPA, Trusts and companies needing 50 board members to function. This did not make business or organisational sense at all.
- The committee believed that there is a need for executive intervention in this settlement, as it was over-complicated and was, in part, causing the friction between community members to be worse;
- Members stated that there may need to be another opportunity to engage with the CPA after all the requested documents have been received. Members were also concerned about some aspects of the presentations that could not be heard, such as a detailed breakdown of the fate of farms and reason for the liquidation of the agriculture company of the CPA. Members also felt that they were not adequately informed about the state of the beneficiary list and the operationality of the full CPA structure including the Trusts and companies.

7.3. Main observations following all inputs received

7.3.1. It is of great concern that a significant milestone such as the return of land appropriated from the Richtersveld community by the Colonial-era government appear to be mired in a perpetual state of discord between the four main settlements that make up the Richtersveld Sida !Hub CPA. It would appear from interactions with, and communication received from various groupings within the Richtersveld community that none of the challenges that had been reported in the past were resolved since the CPA exited a period of administration in February 2023. In a type of community configuration not encountered before by the Committee, the CPA consists of community members spread over a vast area that incorporates four settlements - Sanddrift, Kuboes, Lekkersing, and

Eksteensfontein. Eksteenfontein is located 50 km from Lekkersing, 77km from Sanddrift and 80 km from Kuboes. Due to poor conditions of the regional roads connecting settlements, the shortest travelling distance from any one settlement to another is over 1 hour.

7.3.2. Of further concern is that it appears as if the “current” state of affairs – as observed by the committee on its first oversight to the Richtersveld community – has been known for over a decade by all the government departments responsible for supporting, working with or overseeing the CPA structures and members. Comments related to Alexkor will be handled in that section of the report, but in terms of the CPA, the committee is faced with the knowledge that the Richtersveld community is exasperated by what can only be described as a procession of parliamentary committees and representatives from the government departments asking questions that everyone has already provided the answers to. To illustrate, the following section out of a 2011 report³⁷ commissioned by the DLRRD to study dysfunction in the CPA is cited **six years** later in a CRLR Northern Cape Report:

7.3.3. **“The extremely high level of expectations and frustrations of members of the community, and the inability of the CPA to meet these expectations through its existing structures, and human capacity, required that external assistance be introduced sooner rather than later. It was abundantly clear that a long-term approach is required to untangle the knots within the community and between all the role-players. It is also clear that Alexkor continues to play a major role in the continuous in-fighting between the community members and the CPA leadership. The corrective actions to be undertaken will require a number of resources (financial and human capacity) in order to broker peace and stability within the community.”**

7.3.4. It is fourteen years after this commissioned study, and what is abundantly clear is that the external assistance has not yet arrived. It has to be concluded that the poor functioning of the CPA and associated structures should be attributed to a large degree

³⁷ Commission on the Restitution of Land Rights. 2017. OFFICE OF THE REGIONAL LAND CLAIMS COMMISSIONER: NORTHERN CAPE. Status Report: Richtersveld.

to this lack of support from the DLRRD, allowing the rifts between community groups to expand over time. Reports from the CRLR, parliamentary oversight and community submissions since the 2007 settlement are essentially identical in their identification of dysfunction. Precious little has changed in terms of the dynamics within the community and between the community and Alexkor in this time. While Alexkor has presented itself as trying to ensure that the Pooling and Sharing Joint Venture (PSJV) remain functional, there are multiple reports pointing fingers at the entity for the way it interacts with the CPA and the sub-ordinate Richtersveld Mining Company (RMC). The section dealing with Alexkor observations will expand on this as well as the committee's own observations during the oversight.

7.3.5. The community still appears to be mis-informed about the hierarchy and reporting structures between the CPA and the different Trusts and companies under it. Additionally, the inputs received during this oversight regarding the settlement appear to conflate the wording of the Supreme Court of Appeal³⁸ (SCA) and Constitutional Court³⁹ rulings with the contents of the final Deed of Settlement signed in 2007. Inputs to past parliamentary oversight and the current visit reveal significant community distrust regardless of which grouping is in charge of the CPA and associated structures related to the administration and use of community funds. It appears as if the CPA uses the proceeds from invested funds mostly for litigation, with community members indicating that no dividends have ever been paid to them.

7.3.6. The Committee is mindful of the fact that the CPA is a legal entity in its own right and not accountable to the Committee. In focusing on the legislation that governs the Department of Land Reform and Rural Development and more specifically the monitoring, reporting and supporting role that it is legislated to perform towards the CPA, the Committee will request information to substantiate claims made and make

³⁸ “the real character of the title that the Richtersveld Community possessed in the subject land was a right of communal ownership under indigenous law”. the Supreme Court of Appeal judgment: Richtersveld Community and Others v Alexkor Ltd and Another, 2003 (6) SA 104 (SCA).

³⁹ The Constitutional Court ruling of 2004 upheld the SCA ruling, by finding the following: “to restitution of the ownership of the subject land (including its minerals and precious stones) and to the exclusive beneficial use and occupation thereof”. - Alexkor Ltd and Another v The Richtersveld Community and Others, 2003 (12) BCLR 1301 (CC)

recommendations towards the DLRRD regarding shortfalls in adherence to pertinent legislation. The revised CPA Act also requires greater oversight and support from the Department to ensure that CPAs comply with the Act. These amendments took effect in 2024, thus enough time has passed to request that the department highlight what it is doing to address all of the issues clearly highlighted in their own and CRLR reports.

7.3.7. At the very first opportunity, the structure of the CPA has to be questioned. Apart from the fact that the main CPA must have representation from all four communities,⁴⁰ the convoluted structure of the CPA is a significant concern. The justification for the structure is to ensure transparency and safeguard member interests, but without sufficient support to the CPA, there is absolutely no possibility of this type of structure succeeding. To recap, the CPA created by the Deed of Settlement is structured as follows:

- A main Richtersveld Sida !Hub CPA
- Reporting to the CPA, the Richtersveld Community Trust (RCT)
- 100% owned by the RCT: the Richtersveld Self-Development Company (RSDC)
- Four subsidiaries of the RSDC:
 - Richtersveld Agricultural Holdings Company (RAHCO)
 - Richtersveld Mining Company (RMC) with representation on the Alexkor PSJV board and a 49% shareholding.
 - Richtersveld Property Holding Company (RPHC)
 - Richtersveld Environment Rehabilitation Company (REHC)

7.3.8. The 2023/24 DLRRD report on the status of CPAs in South Africa states that 82% of CPAs are considered dysfunctional as they are in breach of their constitutions in some form or another. Almost all of these CPAs are single entities established to manage the piece of land restored to a single community. It would seem fair to argue that, based on government's experience since employing CPAs for land restitution and the track record of support failure that recently led to the amendment of the CPA Act⁴¹, the Richtersveld

⁴⁰ This is a further challenge noted, as Sanddrift CPA members are not currently represented on the board of the CPA, which is contrary to CPA requirements.

⁴¹ As amended, the Act seeks to overcome challenges experienced by the Department of Land Reform and Rural Development in implementing the Act over the years. Challenges have included the abuse of power by persons

Sida !Hub CPA structure was very likely going to lead to organisational instability. Still, the history of the CPA to date has been one of disagreement, dysfunction, a period of administration, and continued undertones of “concerned groups” within the community.

7.3.9. During the oversight, the DLRRD presentations did not highlight significant support and interventions other than the period of administration from February 2020 to February 2023. From the previously cited 2017 CRLR report⁴², it is clear that the exact causes of most of the challenges faced by the CPA was known to the DLRRD by 2011⁴³. Questions posed to the DLRRD prior to the oversight may have resulted in the department focusing on specific matters, but it is vital for the committee to be updated on exactly what measures, if any, the DLRRD implemented since the formation of the CPA to date to improve the governance of the CPA and to address issues such as conflicts within the different structures and the liquidation of the Richtersveld Agricultural Holding Company (RAHC).

7.3.10. Contrary to the type of co-operative governance structure that would be needed to effectively manage such a dispersed CPA membership, the CPA adopted a constitution that makes it possible for a minority group or single settlement to effectively take over all democratic decision-making processes of the entire CPA. This is due to the fact that the CPA’s constitution sets the number for a quorum at meetings at 200, even though the membership of the CPA is closer to 3000. It would appear as if there were sufficient evidence of multiple periods in the CPAs history where there has been concentration of power in a small number of community members, with rival “concerned” structures then forming in an attempt to counter the actions of those in power. If board elections result in a different grouping dominating the CPA board, periods of litigation and the emergence of a new “concerned group” often follows. In terms of compliance to the CPA Act, there appears to be numerous instances where board members were not elected within the required timeframes, where board members of subsidiaries were in

elected to serve in committees of associations; the lack of authority of the state to intervene in affairs relating to communal property; and the department’s limited monitoring and oversight of associations due to a lack of capacity.

⁴² Commission on the Restitution of Land Rights. 2017. OFFICE OF THE REGIONAL LAND CLAIMS COMMISSIONER: NORTHERN CAPE. Status Report: Richtersveld.

⁴³ This was only 4 years after the DOS was signed. 14 years has passed since this report with no clear indication that anything substantial has improved.

conflict with the main CPA board, or where the management of the CPA had been so dysfunctional that it had been placed under administration. Tellingly, the recent period of administration failed to achieve any of its targets aimed at stabilising the CPA, and it would appear as if much of the underlying challenges within the community remain unresolved.

7.3.11. A final troubling situation to address is the manner in which this CPA treats membership.

Contrary to typical CPAs where membership is because of direct family relation to displaced communities or claimants, or forming part of the original verified claimant group, the CPA in question appears to treat their membership list as a flexible document where people are removed on a potentially arbitrary basis. The Committee witnessed an exchange between a member of a “concerned group” stating that she was removed from the list of members (a number of conflicting accounts were given) while siblings remained on the list. The current CPA deputy chairperson did not seem to dispute the fact that the lady was removed from the list but wanted to justify this based on the CPA constitution. From the Committee’s interpretation of the Land Reform processes and the legislation that applies, a successful restitution claim by a community implies that direct descendants over 18 years of age of the original claimants are eligible to form part of the claimant community. The unemployment rate for the Namaqua District Municipality within which all the settlements linked to the CPA can be found, is 28%. It is therefore a concern that the current CPA board appears, at least, to only consider those individuals residing in the four small settlements to be eligible for CPA membership.

7.3.12. With no dividends being paid out from CPA investments or the Alexkor PSJV, it is not clear how the CPA managed to justify the “gewoonlik woonagtig” (usually residing) clause of their CPA membership with the Department during the submission of their constitution. Without any income flowing from the CPA to members, the CPA board, citing its constitution, appears to remove individuals who have a valid right to be part of the claimant group simply based on them residing outside of the four settlements. It also appears as if the removal of CPA members from the list did not follow legislated procedure. This appears to be contrary to the CPA Act.

7.3.13. It is vital that this matter is addressed. Part of the amendment of the CPA Act was to clarify ownership of land that had been awarded to a CPA. The clarification around ownership is that the CPA Act, as amended, clearly states that land will be owned by residents who are members of associations, and not by the associations themselves.⁴⁴ It is therefore a significant challenge if individuals are arbitrarily removed from the CPA members list, as this effectively removes them as owners of the land returned to the community (NOT returned to the CPA).

7.3.14. From the interactions with the CPA board members present and the different “Concerned group” individuals present at different times during the oversight; it is apparent that the proposed Boegoebaai green hydrogen development is a major point of contention. To summarise inputs received, the committee observed that:

- “Concerned group” inputs cited IPILRA legislation, clearly stating that the potential development at Boegoebaai, which is part of the CPA’s members’ property⁴⁵ is being discussed away from members of the CPA and they are not included in any meetings regarding the potential development.
- The current board of the CPA appears to be weighing the potential to lease (their preferred option) against the sale (Transnet requirement)⁴⁶ of Boegoebaai.

7.3.15. Clearly, this is a critical issue where the DLRRD needs to ensure the proper enforcement of the CPA Act to guarantee transparency in negotiations. Should Transnet require the sale of Boegoebaai and associated access land as a prerequisite of the proposed

⁴⁴ <https://www.gov.za/news/media-statements/president-cyril-ramaphosa-signs-law-communal-property-associations-amendment>

⁴⁵ To emphasize, the area belongs to the entire community. The board of the CPA is supposed to ensure transparency during all interactions related to the potential lease or sale of land. The CPA Act also requires prior consultation with and approval from the relevant Minister responsible for land reform and at least 60% of CPA members (see section 12(1)a of the amended CPA Act) for approval of any sale of land belonging to members of the CPA.

⁴⁶ Transnet is allowed to work with the private sector to develop and operate port facilities on land it owns, as reflected in its Private Sector Participation (PSP) strategy, but its ownership of ports remains state policy.

development,⁴⁷ the transparency around negotiations for the sale of the area needs to be improved by the DLRRD.

7.4. Committee Recommendations

1. The committee recommends that the DLRRD/CRLR review the training that the CPA had received, as it is clear that there is significant conflict remaining within the structures of the CPA and much of this conflict is attributable to misunderstandings or misinterpretations of what the different entities can and cannot do, and who they are accountable for. The Chairperson proposed the 1st of October as a possible date for such training, and instructed that the Department should provide an attendance register of this,
2. On the 11th of October 2025, the CPA need to be put through a detailed workshop focusing on the roles and responsibilities of the CPA.
3. The DLRRD is requested to attend to all outstanding election requirements within the CPA, but especially also the elections needed within the Sanddrift community, which does not currently have any representation.
4. The committee needs to have a detailed workshop in parliament regarding the Deed of Settlement of the Land Claim. Included in the workshop is a need to be informed why there is an apparent difference between the initial 2004 Constitutional Court ruling and the final Deed of Settlement signed by the community in 2007. This workshop needs to take place on the 28th of October and need to be supported by Parliament's Legal Services.
5. On the 4th of November 2025, the committee should meet with the Director-Generals of all departments involved with the finalisation of the Deed of Settlement. A detailed breakdown of all outstanding matters are required and resolutions to challenges need to be developed.
6. The Chairperson of the Select Committee, the Hon. M. Modise, requests that during the upcoming provincial week, the Northern Cape delegation include Alexander Bay in their programme in order to follow up on progress in township handover.

⁴⁷ The Boegoebaai project is viewed as a catalytic development with the potential to unlock regional trade and investment by its supporters, but those concerned about the development highlight risks of significant environmental degradation, social disruption for indigenous communities and fishers, and risks of neocolonialism due to resource exploitation and large infrastructure projects.

7. The committee has to dedicate time to be briefed in greater detail on the Boegoebaai development proposal and how the impasse between Transnet and the CPA regarding the sale or lease of the land required for the development can be addressed. All other matters related to the proposed development, including the potential impact of a rail line to the harbour also need to be clarified.
8. The Committee requires that the DLRRD/CRLR provide the needed interventions required by the CPA Act in order to ensure that the CPA is made compliant with the legislation. This includes the management and treatment of the membership list, the management and implementation of elections, the election of members of all boards as required, and an assessment of the legality of the treatment of quorums for meetings and removal of members from the beneficiary list as highlighted during the oversight.

7.5. Issues that could not be properly addressed

The last day of oversight originally had been set aside for discussions around a number of clarity-seeking questions sent to all parties involved. Due to the emergence of a significant portion of “concerned CPA members” that requested an opportunity to address the Committee, not all of the matters were discussed. These included a number of important matters:

7.5.1. Fate of agricultural land, start-up financial allocations and the RAHC liquidation.

While the current CPA board provided assurance that the farms that had been allocated to the CPA through the DOS was still the property of the community, the remainder of questions about the state of agricultural production could not be resolved. There were also conflicting reports about the use of farms. Some inputs assured the committee that the farms were being used productively, while other individuals from the “concerned group” countered this statement in some respects. It was contested by different speakers that:

- It was stated during the engagement that the agriculture land is not being used properly. Individuals are being allowed by the CPA to mine parts of it. A current

land user does not even have a valid lease agreement. All these agreements are between the CPA board and the parties involved and no-one comes to inform the community about what deals have been undertaken. The agriculture business is being run by committee members who do not represent the interests of the community. Nobody is releasing figures of how much income the farm is generating, how much of this is taken by the farmer and how much is paid to the CPA.

- An individual introducing himself as Ralph Cloete stated that he was a previous director of RAHCO. He stated that the CPA is currently in a 50/50 shareholding production agreement that is limiting the development of the agricultural land. They wish to apply for developmental funding support, but that they have to have at least a 60% shareholding cut to qualify. The gentleman requested that the CPA and RAHCO should be supported to become a 100% community-based entity and not have only 50% shareholding in production.
- The “concerned group” asserted that the CPA/current board of RAHCO (not qualified) have refused all requests to provide members with a current asset register for all agricultural assets still held by the CPA. The group wanted to determine what assets originally provided to the community during the settlement was still held by RAHCO/CPA.
- The fate of the R50 million development funds initially provided during the implementation of the DOS was not clarified as pointed out by the “concerned group”, when the oversight visit was communicated to the CPA board, it was assumed that the committees, request to engage with the environmental and agriculture entities’ board members would be communicated to them, but in the meeting, only CPA board members were present.

7.5.2. The DRDLR clarified to the committee that the Alexkor farming and mariculture enterprises were transferred to the CPA community, as well as R50 million in development funding. Soon after, there were allegations of financial mismanagement and serious losses evident. In arguments of a 2010 court application in the Northern Cape

High Court⁴⁸ it was alleged that the directors of RAHCO had by the application date spent R21 million of the R50 million development grant given to the community in 2007, while the condition of all the farms were deteriorating rapidly. By early 2012, the farms' holding company (RAHCO) was liquidated and a short reference in a Northern Cape provincial portfolio committee meeting alleged that the farms and assets were to be sold off.⁴⁹ In the same meeting it was alleged that neither the CPA nor the holding company, Selfdevco, which holds 100% of the shares, received any instructions to take this action. Instead, the director or directors of the Richtersveld Agricultural Holding Company (RAHCO), who gave instruction for this to take place. The DLRRD informed the committee during the oversight that it had commissioned a forensic investigation into the matter but unfortunately, the department did not supply the committee with the report.

7.5.3. Environmental Rehabilitation: While researching the details of past Alexkor SOC mining performance and financial statements, it became clear that the past financial allocations for post-mining rehabilitation was not in line with estimations of the cost of environmental rehabilitation that was developed at the time of the land claim settlement. Sections of the report alluded to observations made during the preparation of the report. To recap these, the following are highlighted:

1. Alexkor SOC applied for Treasury funding for rehabilitation requirements post-settlement.⁵⁰ Was it therefore operating the mine without sufficient environmental rehabilitation funds set aside as required by a mine plan and mine EMP?
2. Linked to point 1, was Alexkor SOC operating under the impression that there will never be any serious need for environmental rehabilitation? The literature review revealed that annual reporting prior to the land claim settlement⁵¹ gave almost non-existent rehabilitation fund estimations, which suddenly and significantly increased towards the finalisation of the land claim. The 2004 presentation cited a CSIR report used in its 1994 Environmental Management Plan Report (EMPR) that placed the environmental rehabilitation requirements (1994) at R17.58 million, increasing to R32 million in 2004. In 2004, Alexkor SOC had only R8.8 million in its rehabilitation trust

⁴⁸ HIGH COURT OF SOUTH AFRICA (Northern Cape High Court, Kimberley) Case Nr: 1189/2010.

⁴⁹ <https://www.politicsweb.co.za/politics/richtersveld-land-claim-farms-in-dodgy-land-grab>

⁵⁰ Alexkor SOC 2012 Annual Report.

⁵¹ Alexkor Limited presentation to the Parliamentary Portfolio Committee- DPE 20 October 2004.

fund. These figures are significantly lower than the R540 million environmental damage estimate that was developed as part of the negotiations towards the settling of the original land claim⁵². There is a likelihood that significant difference between rehabilitation figures could stem from the fact that different companies have mined the area over the years and that the Alexkor SOC rehabilitation estimation was solely based on its own activity. The discrepancies are significant though, and require clarification.

3. Indications of the estimated cost of environmental rehabilitation that was developed by the legal team representing the claimants was more than double the amount cited by Alexkor SOC in its environmental rehabilitation estimates (as part of the settlement – Did the DoS halve government’s rehabilitation liability?). This difference is significant and need to be clarified.
4. The legal challenge regarding the type of coffer dam construction that was used by Alexkor SOC and later the PSJV is ongoing but raises serious questions. According to the Gobodo forensic report⁵³ in or about 2012/2013, the PSJV started construction of a coffer dam on the concession on plot 16. This activity was started without proper permission in terms of Section 24 of the NEM Act and without an amended EMP. In its report to Parliament⁵⁴, the DPE elaborated on this finding, stating “It appears that prior to the establishment of the PSJV in 2013, Alexkor SOC, did not have proper approvals to conduct coffer dam operations in the required manner.” If the coffer dam system in use is a long-standing practice, did Alexkor SOC ever employ correct environmental management practices for its shore-based mining practices? Much greater clarity is needed on this matter.
5. Considering the extended period of time that has passed since the application for financial support for the settlement’s environmental cost agreement and the financial challenges that the PSJV has been experiencing since 2011, there is a need to have the current environmental rehabilitation costs re-assessed and compared to the rehabilitation funds (R200 million plus interest) set aside for the rehabilitation process.

⁵² At the point of producing the report, this figure was sourced through personal communication with the attorney that represented the claimants up to the signing of the Deed of Settlement.

⁵³ Department of Public Enterprises. 20 May 2020. Progress Report to Parliament. Investigation into the relationship between Alexkor, Alexkor RMC PSJV and its Marine Mining Contractors conducted by Gobodo Forensic and Investigative Accounting

⁵⁴ Ibid.

7.6. Important discovery related to the signing of the Deed of Settlement

- 7.6.1. When the committee was engaging the community members representing different groups within the CPA, it became clear that there is a degree of resentment regarding the DoS and general discontent with the benefits that had accrued to members over time. The committee requested that a copy of the DoS be provided to the secretariat for analysis. Upon receiving and analysing the DoS, it became apparent that a number of operational issues that have been reported in terms of the functioning of CPA structures and particularly the PSJV, appear to fall outside of the original agreement. A number of these matters are analysed in the report.
- 7.6.2. Committee members expressed their concern about some of the challenges that were emerging, particularly in terms of the status of the mineral rights that were supposed to be transferred to the CPA after the settlement. It appeared as if some CPA members were contradicting the contents of the DoS in terms of their expectations of what the rights should have brought them in terms of winning income, while Committee members were confused as to how a CPA that won the diamond rights for the land they claimed are now trapped in a minority shareholding mining venture with Alexkor SOC.
- 7.6.3. The mining model appears to be one of income sharing with the SOC, but without relying on the SOC for mining expertise, as mining activity is subcontracted to outside enterprises that perform the mining activity and then share in the profits of the diamond sales. To further complicate the picture, it appeared as if the mining activity was not profitable at all, as CPA members complained about never receiving any dividend payouts from mining profits, and Alexkor SOC presented a long list of expenses associated with the maintenance of Alexander Bay which appeared, in part, to be cross-subsidised by the mining profits.
- 7.6.4. The committee secretariat was instructed to determine why there was a difference between the DoS contents and the initial Constitutional Court ruling in favour of the Richtersveld claimants, while the Chairperson also proposed a workshop supported by parliament's legal services where the content the DoS and implications of matters presented to the committee during oversight on the DoS could be explained to members.
- 7.6.5. The secretariat, after initiating discussions with legal services on the workshop, also reached out to the original legal representation of the CPA members during the negotiations leading up to the signing of the Deed of Settlement for further insights of

the events that led to the signing of the DoS. A literature review only revealed the initial challenges to the Constitutional Court rulings made by the State, with no final outcomes traceable. The attorney that represented the CPA community assisted a to a significant degree in clarifying the events that led to the signing of the DoS. As suspected, there were no further court action that led to a final settlement, but a series of events that are corroborated with data captured in a UCT library database that is the store for all information related to the case up to the settlement.

7.6.6. The UCT library archives⁵⁵ contains a summary of events that culminated in the move from the Constitutional Court ruling to the signing of a Deed of Settlement proposed by the state. That summary is captured in full below:

7.6.7. In 2003 the Constitutional Court (CC) held that “the real character of the title that the Richtersveld Community possessed in the subject land was a right of communal ownership under indigenous law” (paragraph 62 of the CC judgment, reported as *Alexkor Ltd and Another v The Richtersveld Community and Others*, 2003 (12) BCLR 1301). They concluded that “under the indigenous law of the Richtersveld Community communal ownership of the land included communal ownership of the minerals and precious stones” (paragraph 64) and that the community was entitled “to restitution of the ownership of the subject land (including its minerals and precious stones) and to the exclusive beneficial use and occupation thereof” (paragraph 103).

7.6.8. Following this decision, the way was cleared for restitution of the land and the establishment of the quantum. In the language of the particulars of claim, the Richtersveld community sought the following relief, inter alia:

- an order that the defendants restore to the Richtersveld community ownership of the rights to minerals in, and exclusive beneficial use and occupation of, the subject land (Supplementary Particulars of Claim para 20.1);
- an order that the Richtersveld community be compensated for the diminution in the value of their rights in the subject land as a result of the defendant’s extraction of minerals from it (Supplementary Particulars of Claim para 20.2);

⁵⁵ <https://atom.lib.uct.ac.za/index.php/richtersveld-land-claim-records>

- an order that the defendants repair the environmental damage to the subject land which is capable of repair, and an order declaring that the Richtersveld community be compensated for the environmental damage not capable of repair (Supplementary Particulars of Claim paras 20.3-20.7). Before the quantum could be established, several preliminary legal issues were identified which needed to be heard. These were:
- Was the court (Land Claims Court, LCC) empowered by the Restitution of Land Rights Act to make an order for a combination of restitution of the subject land, with equitable redress, more specifically: (a) granting the plaintiff restitution of the whole of the subject land together with compensation for the diminution in the value of the land as a result of the defendant's extraction of minerals from it; (b) granting the plaintiff restitution of a portion or portions of the subject land together with compensation for that part of the subject land in respect of which restitution is not ordered?
- Was the court empowered to make an order directing the defendants to repair environmental damage to the subject land or to compensate the plaintiff for such damage?

7.6.9. These matters were set down for hearing in April 2004. Shortly before that, the defendants amended their pleas by claiming that, had the plaintiff's indigenous rights in the subject land been recognised by the Precious Stones Act which was in force at the time of their dispossession, it would have been encumbered and restricted in various ways by that Act; consequently an award under the Restitution of Land Rights Act in relation to the plaintiff's rights to minerals and precious stones in the subject land ought to be calculated with regard to such encumbrances and restrictions. This was opposed by the plaintiff, obviously, since it would significantly affect the basis on which compensation would be determined. Judge Gildenhuis subsequently found as follows:

(a) It is declared that the orders claimed by the plaintiff for both restoration and compensation in satisfaction of its right to restitution in terms of section 2(1) of the Restitution Act, are competent in terms of section 35 of the Restitution Act.

(b) It is declared that the orders claimed by the plaintiff for repair of and/or compensation for the environmental damage to the subject land, are competent in terms of section 35 of the Restitution Act.

(c) The first defendant's application to amend its supplementary plea in accordance with the revised notice of amendment of 5 April 2004, is hereby granted.

(d) The second defendant's application to amend its supplementary plea in accordance with the revised notice of amendment of 31 March 2004, is hereby granted.

(e) The defendants are ordered jointly and severally to pay the plaintiff's costs relating to,

- the determination of the preliminary issues and
- the applications to amend.

7.6.10. The way was thus cleared for the establishment of the quantum, either by trial or by negotiation, and for the defence to invoke the earlier Act in an attempt to circumscribe the quantum. Monthly pre-trial conferences were held at which discovery was effected and legal matters were discussed. Negotiations were initiated with amongst others the Department of Minerals and Energy (DME) and the Department of Public Enterprises (DPE), which led to the drafting of several memorandums of understanding (MOU) which would form the basis of a negotiated settlement. An agreement was eventually proposed. The LRC expressed reservations about various aspects of the agreement, and the process by which it had been formulated. The Richtersveld community, however, accepted the agreement and on 22 April 2007 signed it with Minister Alec Erwin of the DPE. In June 2007, the Legal Resources Centre gave notice that they were stepping down as the community's legal representative, citing a breakdown in trust between itself and the community's elected representatives. This brought to an end the LRC's decade-long involvement in one of the most significant land claims yet lodged in post-apartheid South Africa.

7.6.11. Having confirmed the process that led to the development of the final DoS, the committee has modified its request for support to legal services in order to focus more intensively on matters that appear to indicate breaches in agreements set out in the DoS. These potential breaches relate to:

- the manner in which the Alexander Bay township transfer needed to be finalised; the manner in which the current expenses incurred at Alexander Bay is funded;
- the manner in which income from the PSJV is shared and the fate of the R200 million funding supplied by Alexkor SOC in 2011;
- the manner in which mining operations have diverted from the conditions set out in the settlement;
- the manner in which rehabilitation of past mining activity is being remedied; and
- the potential undermining of the conditions of the settlement that would have seen the community empowered to buy out the remaining 51% of the land-based mining operation from Alexkor SOC.

Annexure 1: Highlighted sections of the amended CPA Act that guides the committee's recommended intervention from the DLRRD in the management of the Richtersveld Sida !Hub CPA.

2D. Functions of Registrar

- (b) provide assistance to the communities and associations concerned for the purposes of this Act;
- (c) ensure the verification of members of the association;
- (e) ensure compliance by associations with the provisions of this Act;
- (h) keep record of any bank account opened in the name of an association and any letter issued in terms of section 9(1)(e)(iii)⁵⁶;
- (j) collect and keep record of any information required for the purposes of the annual report referred to in section 17⁵⁷;

6. Drafting of constitution

- (3) A community must submit a draft constitution to the Registrar for consideration.

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(4) The Registrar **may suggest**⁵⁸ amendments to such draft constitution in order to make it comply with the provisions of section 9, and shall notify the community of the reasons for such suggestions.

7. Adoption of constitution

(1) When a community wishes to adopt a constitution it shall notify the Registrar accordingly, within a reasonable period of time and shall convene a meeting or meetings in such manner as may be prescribed for the adoption of constitutions: Provided that a constitution shall be adopted by a resolution of **no less than 60% of the total number of the verified members** of the association having the right to make decisions.

(2) An authorised officer shall attend the meeting or meetings contemplated in subsection (1), to take minutes of the proceedings, to witness the adoption of the constitution and to prepare a report setting out his or her observations in relation to—

(a) whether the notice of the meeting was effective in ensuring the presence of members of the community at the meeting;

(b) the number of members of the community present at the meeting or validly represented at the meeting, and whether the various interest groups in the community were represented at such meeting;

(bA) whether members of the association have been properly identified by the community;

(c) the number of members of the community who voted in favour of and the number who voted against the adoption of the constitution or any specific provisions thereof;

(d) whether the interests of any person or group of persons are likely to be adversely affected as a result of the adoption of the constitution;

(e) the views of any dissenting persons; and

(f) any other matter which the Minister may prescribe or which may be relevant to the exercise of the Registrar's discretion.

⁵⁸ Again the text of the Act is not enforcing proper consequence management. There is a reason that a CPA requires a Constitution, and there is a set of requirements for such a Constitution. The Act makes the Department and duly appointed officials responsible for ensuring that CPAs comply with the Act, yet makes not provision for consequence management if it is not done.

(3) The community shall, as soon as practicable after the adoption of the constitution, submit it together with the prescribed information to the Registrar.

(4) Any person claiming to have been excluded from participation in the process of preparation and adoption of the constitution or claiming that the process was not fair may lodge a complaint with the Registrar, who may, if he or she is satisfied on reasonable grounds that the complaint is material, refuse to register the association until the issue has been resolved to the satisfaction of the Registrar.

9. Principles to be accommodated in constitutions

(1) The constitution of an association shall be consistent with the following general principles—

(a) Fair and inclusive decision-making processes, in that—

(i) all members are afforded a fair opportunity to participate in the decision-making processes of the association;

(ii) any decision to amend the constitution or dissolve the association, or to dispose of or to encumber immovable property, requires a resolution of no less than 60% of the verified members of the association who have the right to make decisions; and

(iii) the membership of any person may only be terminated on reasonable grounds by the association after the matter has been considered at a fair hearing at which the member was given an opportunity to present his or her case;

(b) fair and non-discriminatory membership, in that—

(i) there is no discrimination against any prospective or existing member of the community, directly or indirectly, and, without derogating from the generality of this provision, on one or more of the following grounds, namely race, gender, sex, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture or language: Provided that a constitution may reflect the rules of a community with regard to the age at which a member may attend and vote at meetings of the

association and the age at which a member may receive an allocation of land rights

(c) democratic processes, in that all members have the right—

- (i) to receive adequate notice of all general meetings of the association;
- (ii) to attend, speak at and participate in the voting at any general meeting;
- (iii) to receive copies of minutes or to have other reasonable access to records of decisions taken at general meetings;
- (iv) to inspect and make copies of the financial statements and records of the association; and
- (v) to have access to a copy of the constitution;

(e) accountability and transparency, in that—

(i) accountability by the committee or committees to the members of the association is promoted;

(ii) the financial records of the association are subject to an annual independent verification, as approved by the Registrar;

(iii) all the cash of the association shall be deposited in an account opened in the name of the association with a bank registered in terms of the Banks Act, 1990 (Act 94 of 1990), the South African Postbank Limited Act 2010 (Act No. 9 of 2010), or such other institution as may be approved by the Director-General: Provided that—

(aa) an association may only open an account upon receipt of an original letter issued and signed by the Registrar, confirming that the association complies with the provisions of this Act, that it has been registered in terms of this Act and containing such other information as may be prescribed;

(bb) the letter referred to in subparagraph (aa) shall be addressed to the specific bank or institution where the association wishes to open an account and shall only be valid for the period indicated in the letter; and

(cc) the association shall, within 14 days from opening such an account, provide the Registrar with the account number and such other details as may be required by the Registrar;

(iv) the association may not purchase or acquire for consideration securities other than securities which are listed on a licensed exchange contemplated in section 9 of the Financial Markets Act, 2012 (Act No. 19 of 2012).

(v) there shall be effective financial management and recording of the transactions of the association;

(vi) the committee members shall have fiduciary responsibilities in relation to the association and its members, and shall exercise their powers in the best interests of all the members of the association.

(2) The constitution of an association shall be interpreted in a manner which is consistent with the spirit and objects of the principles referred to in subsection (1).

10. Information, dispute resolution and other assistance

(2) The Registrar may, of his or her own accord or at the request of a community, an association or any member thereof, appoint any person who is experienced in dispute resolution and who is acceptable to the parties to a dispute to assist in resolving any issues for the purpose of the preparation or adoption of a constitution or to resolve a dispute between an association and its members or between members or committee members of an association: Provided that if the parties to the dispute do not reach agreement on the person to be appointed, the Registrar may appoint a person who in his or her opinion who has adequate experience or knowledge of dispute resolution.

11. Monitoring and inspection

(1) An association registered under this Act shall, at the prescribed times, furnish prescribed documents and information to the Registrar in order to enable him or her to monitor compliance with the provisions of the relevant constitution and this Act.

(2) The Registrar may undertake an inspection of the affairs of an association.

(6) If a dispute arises within an association the Registrar may, of his or her own accord, or at the request of a member of the association—

(a) undertake an enquiry into the activities of the association, in which event he or she shall take reasonable steps to ensure that interested parties are made aware of the enquiry and of its outcome;

(b) advise the association and the members of their respective rights and obligations;

(c) make a person contemplated in section 10(2) available to assist in the resolution of the dispute;

(d) on good cause shown and having heard the parties concerned, dissolve a committee or relieve a committee member of his or her duties and require the members of the association to conduct an election for a new committee or appoint a new member, if the integrity, impartiality or effectiveness of the committee or any member of the committee is in question;

(dA) appoint an interim committee from amongst members of the association pending the election of a new committee, and the interim committee shall have—

(i) all the powers of a committee; and

(ii) an official designated by the Registrar as one of its members;

(e) initiate proceedings contemplated in section 13; or

(f) take such other reasonable measures as he or she considers appropriate in the circumstances.

(9) If the membership of a member has been terminated, the association shall inform the Registrar and provide the him or her with the prescribed information relating to the termination.

12. Approval for certain transactions⁵⁹

(1) An association may not without the consent of the majority of members present at a general meeting of members—

⁵⁹ Particular emphasis on the Boegoebaai debate that had surfaced related to the potential lease or sale of the land concerned.

(a) sell, donate or encumber communal land or immovable property of the community or any real rights in respect thereof, or conclude any transaction including any prescribed transaction in respect thereof, or purchase any immovable property, without the prior consultation with the Minister and without a resolution supported by no less than 60% of the members of the association having a right to make decisions as contemplated in item 8 of the Schedule: Provided that if an association decides to sell immovable property, notice of such intention shall be given to the Director-General and the Department shall have the first option to purchase such immovable property: Provided further that the Department shall, within three months from the date of receipt of such notice, inform the association whether it intends purchasing the immovable property or not, and if it decides to purchase, such purchase shall be concluded within nine months from the date of receipt of the notice;

(b) sell, donate or encumber any movable property, or purchase any movable property, without the consent of the majority of members of the community present at a general meeting of members and, if such movable property was bought or is to be bought through financial assistance provided by the Department, without the consent of the Registrar; or

(c) enter into any lease agreement in respect of any immovable property without the consent of the majority of the members of the community and the Registrar: Provided that the Registrar may only provide such consent if, in his or her opinion, the provisions of the lease agreement, including the lease period, the rental to be paid and the purposes for which the property is to be used, are reasonable and in the best interest of the community.

(3) Any disposal, mortgage, encumbrance, purchase or prescribed transaction in contravention of subsection (1) shall be voidable.

14. Offences⁶⁰

(1) A person shall be guilty of an offence if he or she—

⁶⁰ The committee is focused on interrogating the Department's oversight over the CPA and not the CPA itself. The offenses are highlighted from a perspective of actions that have been observed or alleged that are destabilizing the CPA and should have been prevented or addressed through the correct implementation of the Act.

- (a) in breach of the provisions of a constitution grants or purports to grant to any person rights in respect of the property of an association or access to such property;
- (b) acts in breach of the fiduciary relationship contemplated in section 8(7);
- (c) abuses any power or authority vested in him or her by the members of the association by doing anything or refraining from doing anything or threatening to do or refrain from doing anything, in such a manner that the benefits or rights of a member are prejudiced or threatened;
- (d) incites or attempts to incite any person to commit the offence contemplated in paragraph (c);
- (f) breaches the provisions of the constitution relating to financial matters.

Other issues: Lack of consequence management in terms of the Department and appointed officials.

4. Exemption from liability

No act or omission of whatever nature by the Director-General, Registrar or any officer or other person performing functions under the authority of the Director-General or Registrar, as the case may be, in terms of this Act, shall subject the Director-General, the Registrar, or any such officer or person to any liability for any loss or damage sustained by any person as a result of any such act or omission, unless such act or omission was in bad faith or constituted gross negligence.

Annexure 2: SUBMISSION TO LEGAL SERVICES FOR CONSIDERATION: ISSUES THAT COMPLICATE THE UNDERSTANDING OF THE R200 MILLION “RECAPITALIZATION GRANT” APPROACH OF ALEXKOR SOC WHEN LOOKING INTO THE WORDING OF THE DEED OF SETTLEMENT TO THE RICHTERSVELD LAND CLAIM SETTLEMENT.

Point to clarify: Was this a cash injection as required by the DoS or was it a loan to be paid back from proceeds of the Pooling and Sharing Joint Venture (PSJV).

Underlying reason for question:

The Alexkor SOC representatives stated⁶¹ in meetings that the R200 million supplied to the PSJV was a recapitalization loan that had to be repaid from the proceeds of diamond mining before the RMC could access any of the income generated from mining. This requirement was used to justify the lack of benefits flowing from the mining activity to the community since 2011 (onset of agreement). Literature studies (multiple sources, including DLRRD, Committee oversight reports, CRLR) do not list the R200 million as a loan. Where it is referred to, it is typically referred to as follows: The State, through Alexkor, would capitalize the Alexkor RMC PSJV with R200 million in order to **restore mining operations**.⁶²

It was considered by the Committee that a statement linking the R200 million to a need for recapitalization to restore mining operations would imply that the mining operations were degraded at the point of transfer – a statement confirmed by Alexkor SOC in its 2012 annual report. That degradation would not have been as a result of the Actions of the CPA but solely due to the mining operator at the time – Alexkor SOC. It was therefore considered strange that the CPA’s RMC would be held liable for the repayment of this recapitalization allocation, as it was more accurately considered to be the re-investment into mining exploration and infrastructure Alexkor SOC neglected to do between the submission of the claim and its settlement. Clarity was sought on the wording of the Deed of Settlement.

A review of the Deed of Settlement does not provide any clarity on the interpretation of the R200 million as a loan. The DoS does not implicitly refer to the R200 million as a loan but ambiguity creeps in when the DoS refers to amortization as one of the matters that could affect the distribution of pooled income from the PSJV. No reference is made to the amortization of the R200 million though. Later clauses in the DoS refer to the need to settle the debt from any ADDITIONAL funding other than the R200 million listed as Alexkor input from the pooled

⁶¹ As part of discussions, not presented in any printed documents handed to the committee. The input was received after a CPA member stated that in all of the time since the mine operated as the PSJV, the community had not received any payment. Alexkor SOC countered that the operation is not returning sufficient profit after liabilities, including the repayment of the R200 million, to pay out dividends to CPA members.

⁶² ATC210701, Parliament of the Republic of South Africa. Report of the Portfolio Committee on Public Enterprises on the oversight visit to Alexkor, dated 19 May 2021.

income of the PSJV prior to distribution of profit. This wording implies a different treatment for the R200 million provided by Alexkor SOC and ADDITIONAL lending entered thereafter, with only additional lending impacting on the treatment of pooled income prior to profit sharing. This, again, would imply that there was no implicit requirement of the settlement of the R200 million sourced from Alexkor SOC from pooled income of the PSJV, and that with only the R200 million in capital invested in the PSJV, annual income of the PSJV can be split along shareholding (but considering EBITDA)⁶³

The DoS further introduces a responsibility for the Executive Board to ensure that a viable mining establishment is established where the marine mining section supports the PSJV while exploration and the development of a mining plan ensure a minimum sustainable land-based mining operation through an annual yield of 150,000 carats. The Annual reports of Alexkor SOC indicate⁶⁴ that these yields were never obtained for the land-based mining operation. This begs the question, does any of the remaining clauses of the DoS apply when the need to establish viable mining on the land based activity of the PSJV was not met?

Regardless of the non-compliance with required levels of income from mining, the DoS does not clarify whether the R200 million was a loan to the PSJV in later clauses. What is clear though, is that it highlights that the recovery of the R200 million should be done by Alexkor through its 51% share in the profits of a PSJV mining at least 150,000 carats a year where no further loans were undertaken. It does not appear to give Alexkor SOC the right to reclaim the R200 million from pooled PSJV income. The DoS does not appear to attach pooled income of the PSJV to anything other than the repayment of additional loans that were entered into if, after the R200 million input from Alexkor was insufficient for operationalization of the mining plan. These loans also had to be repaid in the 5-year wind after 2011. **This interpretation needs to be tested.**

The following points underline this assessment:

⁶³ Earnings Before Interest, Taxes, Depreciation, and Amortization

⁶⁴ Between 2007 and 2012, Alexkor only reached 38,000 carats once, while by 2019, Alexkor SOC reported a yield approaching 50,000 carats, which dropped below 30 000 carats again in 2020.

- Clause 8.3.7 refers to the income from the PSJV. At this point of the DoS, the R200 million has not been introduced. The clause states “The pooled EBITDA from the sale of diamonds (being revenue less operational expenditure derived from the pooled operations and being assessed before the reduction of interest, taxes, depreciation and amortization) will be paid out as to 49% RMC and as to 51% to Alexkor subject to the policy of the Joint Board which will be dealt with more fully in the PSJV”; - **The use of the word “amortization⁶⁵” is ambiguous if not quantified properly. There is a need to find a concrete reference to a loan to infer that amortization refers to paying off of debt. At the introduction of this clause, there was no reference to the R200 million yet.**
- Clause 8.3.12 introduces requirements for the joint mining operation as follows: “The Executive Committee has to put a development plan and programme in place for the approval of the Joint Board, in order to upgrade the land and sea diamond resources. The development plan and programme in respect of the land diamond resource must adhere to the following principles:
 - 8.3.12.1 The overriding objective and principle is that the resource must be explored and ultimately mined to the full potential of the resource;
 - 8.3.12.2 The exploration target is an Indicated Resource of 1,5 million carats which, for purposes hereof, is based on the Inferred Resource Statement of Mineral Services (3,5 million carats) as at 31 August 2004 at a cut-off grade (COG) of 4.6 carats per hundred cubic metres;
 - 8.3.12.3 The perceived Life of Mine (LOM) is 10 years at a production rate of 150,000 carats;
 - 8.3.12.4 The exploration target is to be divided up into unique self-contained mining cells of sufficient size to sustain exploration and mining at the envisaged annual rate of 150,000 carats. The location and size of these mining cells will determine the infrastructure to be developed within the cells, but must ensure optimal mining practice;
 - 8.3.12.5 Before mining may commence in any given mining cell, a three year resource (450,000carats) needs to be established in that cell on the basis of one year probable resource and two years of Indicated Resource;

⁶⁵ In accounting, it refers to the spread of an intangible asset's cost over its useful life, similar to depreciation for physical assets. For loans, it means paying off the principal and interest in fixed instalments over a set period, resulting in lower overall interest compared to paying the full amount at the end

- 8.3.12.8 After commencement of mining further exploration must be conducted concurrently with mining so as to continuously maintain a resource inventory in each operating mining cell of at least three years of resource on the basis of one year Probable Reserve and two years of Indicated Reserve; - **From this section, it would appear that there was an obligation on Alexkor to do exploration and develop a mining plan that would ensure the production of 150,000 carats per annum. From Alexkor SOC annual reports studies, it is clear that not only did the mining operation construct a mining plant that was not capable of yielding diamonds to the stated potential of the design, but the required yield as stipulated in the DoS was never reached, with many years' production below 40,000 carats. There is a need to review how the failure to implement clause 8.3.12 correctly impacted on the financial viability of the PSJV, and therefore also on the RMC's ability to earn revenue from the operation.**
- The section beginning at the bottom of page 37, after section 8.3.12.10, introduces the first reference to the recovery of any funds allocated to the PSJV, but not in the manner that would make it appear to be a loan repayable by the RMC: The Executive Committee shall be responsible for the preparation, maintenance and execution of a mining plan, for a viable mining operation on the land and sea resources to be approved by the Joint Board from time to time. A viable mining operation on the land resource will be one at least capable of generating sufficient EBITDA to Alexkor for Alexkor to recover 51% of the financial contributions to land operations mentioned in clause 8.3.14 within five years of commencement of mining operations and if further finance as contemplated in 8.3.15 is made available, to recover such finance from the pooled income before EBITDA, within the same five-year period; - **Thus the interpretation of this clause can be that the Executive Committee should ensure that the mine operates in such a capacity as to allow Alexkor to recoup its inputs – 51% from its land-mining activity within 5 years from Alexkor's EBITDA, not the PSJV EBITDA. It does not state that the RMC is liable for repaying the financial input, it states that the mine should operate in a manner for Alexkor to earn it back. This need clarification. The only time that pooled income is mentioned, is on condition that additional funding was sought for mining operations. The R200 million was not additional funding. It would appear that the onus of recovering a 51% share**

of startup funding provided was on the Executive Committee to ensure sufficient mining takes place for Alexkor to earn it back.

- Section 8.3.14 finally introduces the R200 million supplied by Alexkor SOC as part of the DoS. It reads as follows: Alexkor shall contribute the necessary finance and capital up to a maximum of R200 million for the joint operations of the Joint Venture, which shall be expended both with respect to the land and the sea operations according to the development plan approved by the Joint Board on recommendation by the Executive Committee. The allocation of the maximum amount of R200 million between land and sea operations shall be made with due regard to the maintenance of an income stream from sea operations in order to subsidize the land operations during its development phase, but also with due regard to the principles set out in clause 8.3.12. Thereafter RMC and Alexkor will, subject to clause 8.3.15.4, contribute towards expenses according to their respective participation interest. – **The clause clearly states “contribute”. The clause also do not introduce any further reference to RMC liability as a result of this contribution. It references the fact that Alexkor is eligible to recover 51% of this money from its share of the income generated as highlighted in the discussion of the previous clause.**
- The clause that 8.3.14 is subject to applies to paying off debt as a result of additional financing. That clause reads: 8.3.15.4: repayment of such additional finance and interest shall be made from the pooled income of the PSJV before calculating EBITDA and, should the PSJV be dissolved for any reason other than the exercise of the options mentioned in clauses 8.3.16 and 8.3.17, the balance of such additional finance and interest shall be paid as a debt from the pooled income, available before distribution to the parties. RMC shall not be obliged to contribute to the repayment of said additional finance other than through its share in the pooled income or assets acquired from the pooled income; - **The major concern here is that the way in which the liability for the recovery of additional debt and interest from loans taken out on top of the R200 million is referenced, is exactly how the Alexkor SOC board described RMC’s liability during the past oversight. It is a very specific reference to “pooled income before the calculation of EBITDA”. What needs to be clarified is whether Alexkor SOC or the PSJV had entered into additional debt. Past annual reports of Alexkor SOC during the period of settling the land claim indicated that Alexkor submitted a medium-term expenditure framework (MTEF) application to**

Treasury for an amount of approximately R550 million during 2011. An amount of R350 million was approved by the National Treasury. This amount had been earmarked for the settlement of the costs for the right of occupation of residential properties, taxes (VAT and CGT), environmental and post-retirement liabilities. In terms of the allocation, Alexkor is to settle all outstanding liabilities from its cash resources. The allocation is therefore not considered to be a loan to the PSJV, which would trigger clause 8.3.15.4

Report to be considered.