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ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS

WEDNESDAY, 28 MAY 2025

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COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Social Development on the Older Persons Amendment Bill [B11D – 2022], dated 28 May 2025

The Portfolio Committee on Social Development, having considered the proposed amendments by the National Council of Provinces (NCOP) to the *Older Persons Amendment Bill [B11D – 2022]* (*National Assembly – Sec 76*), referred to it on 10 December 2024 (see ATC, 10 December 2024), reports that it agrees to the amendments.

Report to be considered.

2. Report of the Portfolio Committee on Basic Education and the Portfolio Committee on Public Works and Infrastructure concerning the Petition from School Governing Body (SGB) of the Leruntse Lesedi High School, North West Province calling on the Assembly to Investigate the Dilapidated Infrastructure at the School (Mr N P Pharamela), referred to the Portfolio Committee on Basic Education and the Portfolio Committee on Public Works and Infrastructure by the Speaker of the National Assembly for consideration and report, dated 22 April 2025.

The Portfolio Committee on Basic Education and Portfolio Committee on Public Works and Infrastructure (the Committees), having considered the Petition from School Governing Body (SGB) of the Leruntse Lesedi High School, North West Province calling on the Assembly to Investigate the Dilapidated Infrastructure at the School (Mr N P Pharamela), referred to the Portfolio Committee on Basic Education and the Portfolio Committee on Public Works and Infrastructure by the Speaker of the National Assembly for consideration and reports as follows:

The Committees received the following referrals from the Speaker of the National Assembly for consideration and report:

*“A petition from School Governing Body (SGB) of the Leruntse Lesedi High School, North West Province calling on the Assembly to Investigate the Dilapidated Infrastructure at the School (Mr N P Pharamela). Referred to the **Portfolio Committee on Basic Education and Portfolio Committee on Public Works and Infrastructure** for consideration and report.” (See ATC 93 – 2024, Friday, 29 November 2024).*

On Tuesday, 11 February 2025, the Committees convened a joint meeting to consider the Petition from Mr N Pharamela and SGB Members which also included representatives from the following:

- Leruntse Lesedi High School SGB.
- National Department of Basic Education (DBE).
- North West Provincial Education Department (NWDOE).
- National Department of Public Works and Infrastructure (DPWI); and
- Provincial Department of Public Works and Roads (NWPWR).

1. Opening Remarks by the Deputy Ministers for Public Works (Hon S Zikalala) and Infrastructure and Basic Education (Dr R Mhaule) –

Both Deputy Ministers were afforded an opportunity to give opening remarks at the start of the proceedings. They welcomed the opportunity to appear before the Committee to engage on the petition received and referred to the Committees – who had oversight and monitoring responsibility. Mr Zikalala alluded to the mandate of improving schools' infrastructure which was assigned to DBE for building, renovating and refurbishing of schools. He further touched on the issues of needs versus fiscal constraints. Both Deputy Ministers agreed that the Committees, through the Office of the Speaker, needed to revisit how petitions were being accepted, referred and processed. Improvements may be required to this process that would enable relevant reports from the implicated entities/departments to form part of the engagement with petitioners. The challenge was that petitions related to concurrent national and provincial competencies tend to exclude the appropriate Select Committees of the National Council of Provinces (NCOP). This leads to a situation where the concerns that petitioners raise are engaged on with committees that conduct oversight over national executive authorities in the absence of the appropriate committees that oversee their responsibilities. This was a matter for the Committees to engage on with the Office of the Speaker. Further to this, that the process would benefit petitioners if Committees were afforded physical oversight visits to affected service sites and communities to thoroughly examine and investigate concerns raised in petitions.

2. Submission from the School Governing Body (SGB) of Leruntse Lesedi High School

2.1 Background – Leruntse Lesedi High School was the only secondary school, situated at Vrisgewagt (North West) in the Tswaing Municipality. The area is rural, and most parents were unemployed depending on social grants. Many families are child-headed which meant a lack of parental care and the SGB has a role in changing the future of the community. There were three feeder primary schools in the area. Learner enrolment stood at 75 learners being taught in old and dilapidated classrooms with:

- Cracks in walls
- Leaking roofs
- Two toilets shared by 25 teachers
- School grounds muddy during rainy weather – requires paving
- No lights in classrooms
- No laboratory, no library
- No school hall
- Food kitchen required (currently utilising an old classroom)
- Toilets not meeting health standards

Teachers taught learners in uncondusive learning environment which was worse during the rainy periods. Learners choosing Maths and Science have to commute long distances to schools with no laboratories for their practical experiments – and perform poorly. Many learners who attend school far away from home tend to drop-out. The school had 25 teachers

2.2 Time-Line – The NWDOE was aware of the dire situation at Leruntse school as there had been numerous communications with them but no response. The following timeline needed to be noted:

- 14 November 2023 - The SGB visited the offices of the MEC to present the school challenges. Promises were made to visit the school – however this never materialised.
- 7 February 2024 - The Department of Labour visited the school to do a site inspection as per recommendations from the NWDOE to implement. To date, the NWDOE had not visited the school.
- 11 July 2024 - The Office of the Auditor-General visited the school and did a site inspection and promised to consult with the NWDOE on behalf of the SGB but there has been no action.
- 5 August 2024: The Chief Directorate: Human Resources Management (Directorate: Employee Health and Wellness) visited the school and compiled a report but there has been no progress.

It should be noted that departmental officials during roadshows never visited the dilapidated schools but focussed on those school with adequate infrastructure. The Minister of Basic Education on 29 November 2013 published binding Norms and Standards for school infrastructure. By law, all schools must have water, electricity, internet, working toilets, safe classrooms, security, libraries, laboratories and sport facilities. The SGB also attempted to submit a request to the Public Protector and Human Rights Commission but there was no positive response. It could not be ruled out that many government officials were not playing their roles but, instead, protected one another at the sacrifice of service delivery.

2.3 Recent Updated Development – The Circuit Manager, on 25 January 2025 communicated with the SGB requesting a report of the infrastructure challenges, what needed to be repaired, classrooms to be reroofed, tiled, ceilings and repainting as well as number of classrooms to be renovated. Again, on the 26 January 2025 the Circuit Manager called the Deputy Principal to an urgent meeting with all SGB members at the District Manager’s office that day – later in the day, the Circuit Manager called to inform that the meeting needed to be postponed. On 27 January 2025, departmental officials arrived with a

contractor who was handed two classrooms to be built with immediate effect and no mention was made of the dilapidated structures.

3 Joint Presentation of the North West Department of Education (DOE) and North West Department of Public Works and Roads (DPWR)

The presentation provided feedback on the concerns raised on the petition on Leruntse Lesedi High School and offered an update on the interventions and progress made to date. The presentation further alluded to the plans of DPWR and DOE regarding the planned renovations of Leruntse Lesedi High School. Further to this, the Departments gave the background and profile of the school and the rationalisation of Leruntse Lesedi High School and Thusano Middle School in January 2023. The presentation further detailed the concerns raised by the petitioners and the responses from the two departments in respect of:

- **Cracks:** The departments indicate, with picture evidence that the cracks referred to were merely expansion joints – as well as modification and resultant cracks that were fixed.
- **Classrooms with no lighting:** The departments acknowledged there were no lights in eight (8) classrooms as the school had challenges with tripping electricity due to faulty wiring. The SGB engaged ESKOM on the matter, but ESKOM found no problems with the distribution board box. The school was responsible for replacing lightbulbs and minor maintenance utilising a portion of the 10% Section 21 funding allocation for up-keep and minor maintenance. The departments indicated, with picture evidence, vandalised lights and tampering with electrical wiring.
- **Roofs leaking:** Roof inspection indicates leaks were caused by severe weather conditions, vandalism and a lack of maintenance. The leakages have caused the degradation to the ceilings and resultant collapse of the ceilings in the classrooms and the SGB was advised to remove the hanging ceiling boards. The roof structure was fine which indicated that the leaking was a relatively new occurrence. The school is responsible for fixing leakages before they got worse and caused avoidable damages. The departments indicated, with picture evidence, damage caused by leakage on ceiling boards as well as conditions of roof trusses after reported leakages.
- **Dilapidated Infrastructure:** Condition assessments were concluded in July 2023, and the rating was 3.7, which means the school buildings were in reasonable and safe condition for occupation since they fully met operational requirements. The school needed to do classroom general upkeep, which includes painting, floor repairs, roof repairs, ceiling maintenance, and window glazing replacements. Regular minor maintenance is essential. Reportedly, the Department of Labour conducted on-site

inspection visit at the school on 07 February 2024 and made recommendations which emphasised the need for minor maintenance.

Departmental Health and Safety officials visited the school in August 2024 and made findings and recommendations to the school also about minor maintenance. The Department sent civil engineers in December 2024 to do an assessment of the school, which established that the deteriorating conditions of the school buildings were due to a lack of continuous minor maintenance. The Circuit Manager visited the school and advised them on the general upkeep of the school. Notwithstanding the school's apparent non-implementation of the recommendations made by the above officials, the building structures remain solid and safe for occupation.

Regarding Fire Safety, the fire extinguishers were operational but not regularly serviced (last expiry dates: 09/2022 & 01/2024). Environmental Compliance: Leaking roof and broken/missing floor tiles. Lighting: Adequate lighting, but a few bulbs in the staff room required replacement. Electrical Compliance: Modified electrical installations; no Certificate of Compliance (CoC) on site. Structural Integrity: Cracks, water leaks, and falling ceiling panels. Housekeeping: Small porter camp steps pose a fall hazard.

- **Findings of the Chief Directorate: Human Resource Management Directorate: Employee Health and Wellness:**
 - With Fire Safety, the fire extinguishers were operational but not regularly serviced (last expiry dates: 09/2022 & 01/2024).
 - Environmental Compliance: Leaking roof and broken/missing floor tiles.
 - Lighting: Adequate lighting, but a few bulbs in the staff room required replacement.
 - Electrical Compliance: Modified electrical installations; no Certificate of Compliance (CoC) on site.
 - Structural Integrity: Cracks, water leaks, and falling ceiling panels.
 - Housekeeping: Small porter camp steps pose a fall hazard.
- **Standard of Ablution Facilities:** The school had 10 fully functional VIP toilets and 10 Pre-cast waterborne toilets with no traditional long drop PIT toilets. The school had a qualified trained GA. The school had stable running water sourced from a borehole. Toilets require thorough cleaning and ongoing janitorial services to maintain hygiene standards, which is the responsibility of the school. The departments indicated, with picture evidence, the pre-cast waterborne toilets, VIP toilets and the limited upkeep of waterborne toilets.

In respect of interventions by the Department of Education, the MEC gave details on the additional infrastructure support in the form of mobile classrooms, additional water supply as well as additional brick and mortar classrooms. Of the concerns raised around officials not visiting the school, the Department highlighted an average of 53 visits to the school (with sample evidence of school visits). On concerns over learner drop-outs, the Department was not in agreement as the school had a low learner drop-out with an increased learner enrolment annually. There was no record of learner drop-out at the school for 2024 – but transfers and natural attrition. Regarding the non-implementation of recommendation from the visit by the Department of Labour, the Department indicated that the report from the Department of Labour was given to the school for implementation of the recommendations made, which were, in the main, part of the minor maintenance and up-keep of the school building. This report did not reach the District and/or the Office of the Head of Department. Regarding the concern on the learners ongoing Maths and Science who travel long distances to utilise laboratories, the Department indicated that all neighbouring secondary schools offered Maths and Science and gave details on the tracking of learners to neighbouring schools. These learners were doing Consumer Studies and Tourism (parental preference) and did not require scholar transport. The teacher conducted experiments using visual simulation and in collaboration with UNIWEST mobile laboratories.

Departmental Recommendations: The Department of Education recommended the following regarding the interventions made by the Department of Education subsequent to challenges raised by the stakeholders:

- That the school is budgeted for infrastructural repairs in the 2025/26 financial year.
- That the DPWR and DoE will start with urgent repairs of the identified structural and other defects at the school in May-August 2025.
- That the DPWR and DoE has jointly agreed to prioritise infrastructure/renovations to entirely address the infrastructure challenges experienced by the school for the 2026/27 financial year.
- That DoE has agreed to give SGB a dedicated training on its roles and responsibilities concerning school infrastructure upkeep and minor maintenance in April/May 2025.

4 Committees Observations and Questions

1. School Governing Body (Leruntse Lesedi High School)	○ Members queried the assistance and support from the North West Department of Education in ensuring that SGBs were adequately trained, workshopped and supported in carrying out their duties and responsibilities. ○ They raised the importance of measures required to ensure SGBs receive ongoing support with regular, continuous monitoring and oversight by the Department after training events. ○ Members questioned how the SGB was utilising its maintenance budget for minor
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	school maintenance – and whether the maintenance budget was adequate for day-to-day repairs/maintenance. ○ What were the reasons for the SGB renting out two (2) classrooms to contractors?. What was the amount charged for rent and how was the funds being utilised?. Was the SGB not concerned for the safety and security of learners with contractors on school premises. ○ Did the school have a maintenance plan and what was the school's budget for maintenance for the current financial year (the 10% of section 21 allocation mentioned) ○ What steps are being taken to identify the needs and how is the budget being prioritised and spent. How did the SGB determine the allocation of funds – and what are the amounts. How does SGB collaborate with SMT on budget processes. ○ What was the role of the SGB in respect of cleaning of the school and minor repairs/maintenance. How was the 10% maintenance budget utilized in previous years. What were the SGB plans for preventative maintenance.
2. The North West Departments of Education and Public Works & Roads	○ Members were concerned that various stakeholders were working in silos. ○ Members sought clarity on the emergency plans to assist the schools in dire need as SGBs may not have the necessary capacity. ○ How was the Department ensuring the parents played their role in maintenance and functionality of schools through advocacy and awareness campaigns? ○ What was the inter-departmental collaboration between the various departments in ensuring learners were taught in an environment conducive to learning and teaching? ○ What were the timeframes for the implementation of recommendations by the Department? ○ How are PEDs taking responsibility for their schools and ensure schools are conducive for learning and teaching? ○ What plans were in place to fill the vacancies of the Administrative Assistant and General Assistant? ○ How was the Department monitoring the standards for sanitation services in schools to ensure improvements. How was the department addressing the challenges with insufficient ablution facilities at the school? ○ Clarity was sought on the school not having a laboratory which meant learners having to commute to a neighbouring school – has the Department considered the use of the mobile laboratory which can visit various schools? ○ What temporary measures were being put in place to mitigate the risks posed by the dilapidated infrastructure? ○ What were the credentials and qualifications of the inspectors who conducted the inspection report as well as the people from the department verifying that the

inspection report was incorrect?

- The Department was queried on the number of cleaning staff at the school – and how cleaning happened prior to the appointment of cleaning staff. Was the number of cleaning staff adequate for the school size.
- If departmental officials claim to have visited, why did the issues persist to the point where the SGB felt it necessary to petition or write to Parliament?. The Labour Department itself made recommendations, yet officials claim the school is in a “reasonable” condition. Members sharply raised the point that merely using attendance registers showing that officials visited the school did not indicate that they thoroughly monitored the situation to ensure that the relevant issues were remedied.
- Why has there been no clear timeline for addressing these safety hazards despite multiple site visits and departmental assessments. What specific actions did the Department take after each visit to improve the situation – and could they provide a timeline of what was done after these visits?
- Given the recurring nature of these infrastructure challenges and the department's acknowledgement of the school's deteriorating condition, what proactive measures are the DOE taking to ensure that schools - particularly those in rural areas - receive consistent and scheduled maintenance rather than waiting for conditions to worsen?
- How does the department hold the school management accountable for ensuring that minor maintenance is carried out with the allocated funds, and what mechanisms are in place to verify that these funds are being used effectively?
- There was a need to agree on a common checklist with timeframes on issues raised by the provincial departments.
- What immediate steps will the department take to ensure that all classrooms are well-lit and structurally sound? Given that recommendations from previous inspections have not been fully implemented, what urgent measures are in place to prevent further deterioration and ensure that learners are not being taught in hazardous environments?
- What assurances can the DOE and DPWR give that the planned renovations and urgent repairs would be implemented within the stated timeframe, without further delays? Furthermore, given the significant backlog in school infrastructure upgrades across the province, what strategies were in place to fast-track projects at schools with severe infrastructure challenges to ensure that learners were not subjected to substandard learning conditions for extended periods?
- The PED had been given recommendations from the SAHRC for implementation – what progress was made with their implementation?

5 Responses:

4.1 Leruntse Lesedi High School SGB

The SGB responded to some false information from the presentation in that the two schools Thusano and Leruntse Lesedi merged in 2023, and the Department never provided any toilets after the merger. Neither did the Department provide any boreholes as the boreholes were there prior to the merger. Further to this, the Department did not provide any mesh-wiring as this was there prior to the merger. The two SGBs were trained in separate schools before merging but received no further support or monitoring in carrying out their duties and responsibilities. The IGSS did not assist with how the 10 percent needed to be utilised and only returned to check the finances after the petition to Parliament. The SGB was still awaiting financial training promised by the IGSS. The SGB was never monitored after training as this would have reflected in the incident book.

On 6 June 2022 the Sub-District Manager indicated that the school needed major renovations and promised four classrooms, toilets and an Admin Block. They could see that 10 percent was insufficient. After the merger in 2023, the school was receiving Section 21 funding for only one school with an increased enrollment – causing the school to become highly indebted. Even the NSNP budget was for one school only and was a challenge as the school ran out of funds to support and cater for the Grade 12 intervention classes. The SGB visited the Department on several occasions, but it took a long time to resolve the matter.

The SGB did not rent out two classrooms but one classroom to raise funds for electricity. It was false and misleading to say two classrooms were being rented out. The contractor started on 27 January 2025 and needed storage to keep building materials. The money was utilised to buy electricity and cleaning utilities. The school had an adequate maintenance plan.

The SGB prioritised teacher development and ensured water and electricity was available. LTSM, photocopiers and printers were in functioning order. The SGB also maintained the toilets and built walls to create three extra classes for Grade 8. Due to the extra classes, the school did not have a school hall for now as the school hall had been subdivided. The windows were also fixed.

The SGB ensured cleaning materials were always available. The toilets supplied by the Department before the merger were not useable and the SGB bought cleaning material to clean the toilets so they could be used. The SGB also bought pipes, doors, taps and door handles for classrooms. In previous years there were two separate schools. The SGB has served for three years and the current SGB did not know what happened in previous years.

Challenges – The two schools were merged but was not reflective in the paperwork as teachers were still listed in two separate sheets and two PPNs. A teacher was appointed at Thusano Middle School which no longer existed and was teaching Grade 12. If there was a proper merging, there would be one pay sheet and one PPN. After merging there was a merging certificate but still there were two schools since 2023.

4.2 The North West Departments of Education

The SGB underwent training regarding their roles and responsibilities in May 2024 and the IGSS visited the school to oversee the implementation. The Circuit Manager conducted several visits to the school to ensure ongoing monitoring. Subsequently, after conducting a financial inspection of the school's finances, the IGSS official has scheduled a refresher training session for 4 March 2025 on financial management. The Circuit Manager supervises the Acting Principal to ensure effective implementation of management and governance issues on a monthly basis. Furthermore, governing bodies of Leruntse Lesedi and other schools with similar conditions will be workshopped on their roles and responsibilities regarding school infrastructure upkeep and minor maintenance. Although the Circuit Manager visited the school several times, he did not follow-up on implementation of his recommendations. Consequence management will be meted against the Circuit Manager. The SGB has not used its minor infrastructure maintenance budget adequately. For instance, the school received an allocation of R 618 000.00 for the 2023/24 financial year. It also budgeted R 90 000.00 for minor repairs and renovation, which was in excess of R 30 000.00 as per the 10 percent of Section 21. The Committee received a detailed analysis of the Maintenance Plan 2024 (Budget allocation R 90 000.00). Records of the 2024 expenditure on minor repairs and upkeep were as follows:

- Broken windows - R 4 000.00
- Electricity and globes - R 2 644.80
- Toilets - R 3 117.00 and
- Door handles - R 1 985.61

A total of R 8 560.01 from R 64 634 .90 was utilised for minor repairs and upkeep/maintenance. According to the SGB, they wanted to, amongst others, raise funds and ensure that the material was stored in a safe environment from theft and damage by severe weather conditions. Nonetheless, there was no written contract between the SGB and the contractor. The two parties agreed on a monthly rental

fee of R 2 000.00. The construction project lasted for only one month. Therefore, the school received a single R 2 000.00 rental fee from the contractor. The R 2 000.00 rental revenue was spent on brooms (R 800.00) and laptop hard-drives (R 1 200.00). A maintenance plan for the current financial year has been developed at 10 percent of the school's annual budget, which was R 64 346.90.

In respect of steps taken in identifying needs, the principal request for needs from different committees and departments and submitted to the finance committee for consolidation and consideration. The SGB does the prioritisation and presents it during the Parents Annual General Meeting (AGM). Once the AGM approves the budget the principal then monitors and advises on re-prioritisation based on cash flow. The SGB regularly monitors the implementation. The school did not follow the ideal process outlined as they did not allocate the correct 10 percent of the Section 21 allocated and did not use the minor renovation funds as budgeted. The Department was conducting a refresher workshop to assist the SGB.

The SGB did not follow the prescripts in respect of cleaning the school as the SGB was responsible for maintaining the school's cleanliness and upkeep. They invited parents to take part in a Letsema event to assist with cleaning the schoolyard, classrooms and ablution facilities at the start of each quarter. The SGB inappropriately utilised the 2023 budget to partition the hall to create four classrooms. Despite the budget for maintenance, there was no evidence for preventative maintenance. There was general cleanliness and upkeep in the school surroundings. The school did not implement preventative maintenance, which has led to a gradual decline in the conditions of the school infrastructure.

The Department acknowledged the concerns and has taken steps to strengthen stakeholder engagement strategies. Direct oversight at the school is done by the Principal and the SGB who report to the Circuit Manager who reports to the District CES and Director. If required, issues are reported to the Infrastructure Unit. In this case, the SGB and school leadership did not effectively communicate their grievances through the appropriate departmental channels. Instead, frustrations were allowed to escalate, and concerns were raised through incorrect reporting mechanisms. The Department was working to improve awareness of proper escalation procedures to ensure that issues were addressed promptly and through the correct platforms. The Department officials have been directed to ensure the strengthening of inter-stakeholder relations and to be responsive to reduce the frustrations of the SGBs and other stakeholders.

On emergency plans, a framework for management contracts has been established to address emergencies in schools. The Department provides technical and financial support in cases where SGBs lack the necessary capacity. Emergency maintenance funds were allocated for critical infrastructure issues and district teams were deployed to assess and intervene as needed. A co-funding initiative has been introduced to supplement school budgets while fostering community ownership to ensure stakeholders work collaboratively rather than rely solely on departmental interventions. It was essential to distinguish between urgent and emergency needs. The school required urgent assistance which was being provided. On the other hand, emergency needs referred to situations with an immediate threat to safety, such as structural collapse. The Department remained committed to addressing both categories appropriately.

Regarding parent involvement, schools had QLTC structures established as sub-committees of the SGB. Parents and stakeholders were represented to ensure that awareness programmes were planned to activate the role of parents. Parents were encouraged to participate in fundraising initiatives and agree to contribute a donation of R 80.00 per learner to create a sense of ownership and collaboration. The principal must identify school needs and the SGB must develop a maintenance plan, provide funds, monitor if funds were used for their intended purpose and report to parents. The Department also collaborated with various other departments as the need arises. The timeframe for the implementation of the departmental recommendations included short-term interventions (0 – 6 months) to address immediate safety concerns, while medium-to-long-term projects (6 months – 3 years) involve major infrastructure upgrades. PEDs oversee infrastructure, maintenance and school functionality audits - and compliance monitoring frameworks have been strengthened to ensure accountability at all levels with District officials conducting regular monitoring and support visits. The Department infrastructure priorities were categorised to address the most urgent needs first. The Committee received a detailed overview of the different priority levels. Priority lists and prelists were compiled by districts and infrastructure supported the districts as and where appropriate. Districts were allocated budgets for repairs of school where appropriate, and priorities were informed by condition assessments conducted every five-years.

Regarding vacancies, there were no vacancies for Administrative Assistants and General Assistants at the school. The Department conducts ad hoc audits of sanitation programmes to ensure compliance with health and safety standards. The Department promotes regular checks of ablution facilities and school took responsibility of cleaning and basic maintenance and repairs. The Department was considering the implementation of a call logging system for infrastructure challenges. A province-wide condition

assessment of all schools has been completed, and data utilised to priorities repairs and infrastructure additions. The Department implemented immediate safety interventions to mitigate the risks posed by inappropriate and dilapidated infrastructure. A total of 12 mobile classrooms were delivered to the school to address immediate space constraints. Public Works had removed damaged ceilings and debris, and a contractor has been identified for critical repairs to the roofs and floors. All inspectors responsible for assessments were qualified built-environment professionals, including registered engineers and quantity surveyors.

The school did not implement the recommendations by officials who visited the school due to lack of SGB capacity. The situation was exacerbated by not following proper channels to deal with SGB concerns. The Department had a priority action plan with clear deadlines for each intervention and updates were provided to stakeholders to ensure transparency. The school deteriorated much faster than expected due to water ingress and heavy storms. The Department had appointed a management contractor who conducted an assessment. The Department was prioritising urgent electricity and structural repairs to ensure classrooms were safe and illuminated. The Department has implemented stricter project management and contract oversight to prevent delays.

The Department has made considerable strides in implementing the SAHRC recommendations with regular reporting in place to monitor compliance. These recommendations have been prioritised and distributed to the districts, who have incorporated them into their pre-list and planning activities.

6 Oversight Visit to Leruntse Lesedi High School

As per the resolution of the Committee at the end of the engagements on 11 February 2025, the Portfolio Committee on Basic Education conducted an oversight and monitoring visit to the Leruntse Lesedi High School in the North West Province on Monday, 24 March 2025 – with a view to finalise its report to the National Assembly. Due to prior oversight and monitoring commitments by the Portfolio Committee on Public Works and Infrastructure, they were unable to participate in the visit to the school. The engagement at the Leruntse Lesedi High School was a continuation of the initial engagements where the Committee was extensively briefed by the Petitioners and the Departments of Basic Education and Public Works and Infrastructure.

6.1 Engagement with Leruntse Lesedi High School

Inputs by the MEC – The MEC took the responsibility to visit the school after the engagements with the Committees. Flooding and storm damaged affected most schools in the province, including Leruntse Lesedi High. She acknowledged that the matter raised by the SGB were genuine as she experienced this first hand during her visit to the school. Teaching and learning at the school was suspended with immediate effect. Meetings were convened with the SGB and officials and there were commitments from the Circuit Manager to ensure all recommendations were implemented. What emerged was that there were Circuit Managers who did not visit schools as part of their roles and responsibilities – this was being addressed. Learners were relocated for two weeks with interventions of mobile classrooms supplied. Ablution facilities at the school were in a bad state and did not succeed in trying to have them cleaned – the Department was considering having them converted to flushing toilets. The Department was able to deliver two classrooms as reported. All faulty ceilings and ceramic tiles had been replaced in classrooms and furniture supply was being prioritised for the school. As a department, in collaboration with Public Works, they had completed their report on the matter. The MEC acknowledged the school needed major renovation and a team has been established with Public Works and SGB members to attend to this task. The Department had also prepared a catch-up programme for learners with a finalised timetable. Other matters receiving attention included providing schools with community halls and prioritising the building of a school kitchen and Admin Block.

The Department of Public Works also confirmed the short-term interventions and was in agreement with the MEC on the interventions and matters to be prioritised. There was further agreement with the long-term interventions - and a focus on major school renovations being proposed. These included the consideration of the school halls and paving. The CFO and MEC had been advised to consider the reprioritization of the budgets. The Departments have mitigated the environment for conducive teaching and learning. The Department would also look at a conditional assessment of all schools - and MECs - to decide which schools to be prioritised for major interventions.

6.2 Portfolio Committee Observations and Questions

- Members sought clarity from the National Department on reasons for the delay in responding to the school challenges. How would similar delays be prevented?.
- How was the Department ensuring suitable access to water for the ablution facilities to maintain hygiene standards?
- What were the timelines to ensure the schools had access to Maths and Science resources, including laboratories?

- Concern was raised over the relationship between the SGN, SMT and the Department – given that the SGB needed to resort to a Petition to Parliament to assist to address their concerns.
- If the school had a budget for infrastructure, why was it not utilised.
- It was noted that there were too many acting positions within the Department – how was this being addressed through filling of vacancies.
- After the SGB training alluded to, there have been some improvements in the management of SGB funds.
- Members sought clarity on the schools identified for reprioritisation – how were other schools affected by reprioritisation.
- The Department was requested to give timeframes for the building of the kitchen, hall, admin block and laboratory
- Clarity was sought on reasons for the parent contribution of R 80.00 – was it for cleaning the school. What was the work-scope of the General Assistants?
- Departmental officials needed to ensure they performed their duties and responsibilities towards schools through regular visits to assist with any challenges.
- The Department needs to return and reprioritise its budget in response to the recommendations from the Committee.
- The Department was urged to address the access road to the school through grading and tarring.
- It was agreed that the SGB should not have to resort to a Petition to have their challenges addressed. Such petitions were creating a situation of misalignment for the Committee of Parliament when in fact it is the duties and responsibilities of circuit, district and provincial officials to firstly address school challenges. Officials received remuneration allocated by the State to perform their respective duties. There was a need for a report on the commitment for administering consequence management by the Department against any errand officials. The Department to submit a report on the assessments made for other schools - and how they would be prioritised.
- What were the gaps in training and development of SGB members e.g. utilisation of budget/funds?
- On the contribution from parents, the Committee would not agree if this contribution was imposed on all parents – most of whom are declared indigent.
- With the overall financial management of schools, the Committee was interested in the schools' audit reports which may highlight any gaps.
- The Department should consider a disaster/emergency relief fund with the necessary protocols in place.

- Officials need to be held liable for the SGB issues having to have reached Parliament by way of a Petition.

7 Responses to Committee Observations and Questions

Principal – It was mentioned that the Grade 12 and Grade 11 learners never stopped with their schooling and attended school every day – and never missed a day of schooling. The idea was to close the school for other Grades for two weeks, but learners were back at school within four days. With the condition of the toilets, it was difficult to clean them adequately – learners have been schooled on how to use and keep toilets clean and tidy. The school had a regular schedule with the mobile laboratory that visited the school. The Department would be engaged on an alternative to the mobile laboratory matter. It needed to be noted that the school utilised the maintenance budget to service outstanding debt repayments.

NAPTOSA – The Union also queried whether the school received transfer payments for learners from both school after the merger. The Department needed to address this matter and pay the school any backdated funds owed to the school.

SADTU – The Union was concerned that the school had one class for two Grades and queried whether the school practiced multi-grade teaching. The Union urged the Department to assist the school with financial management specifically on the use of the 10 percent for school maintenance. It was important that Unions be taken on board where educators were affected by any developments.

District Director – It was noted that the audited financial statements were still with the auditors – which gave the school an unqualified audit report in the past. The school record keeping was not ideal and could not trace some areas where funds were utilised. The Department ensured the SGB received the necessary training in financial management. There was further assistance from the Circuit Manager to the SGB and Principal to ensure funds were utilised correctly. It was further explained that learners attending visual stimulation classes for Science and Technology in the neighbouring village were transported by parents – as this was a choice of parents. The Department was able to offer the mobile laboratory through collaboration with the North West University who brought the mobile laboratory to school in the area. As the current Acting Principal has been in the position since February 2024, it was important that he received the necessary mentoring by other experienced Principals in the area. With the number of ablution facilities at the school, the Department complied with the necessary Norms and Standards. The Department was engaging the local municipality in respect of increasing the school's water-storage capacity. The

Department confirmed that the school had the necessary electricity compliance certificate. With the assessments by the Department, where there were any dangers posed to learners, such schools were immediately prioritised for assistance and support. The Department did not have an emergency allocation to assist with weather-damaged school infrastructure.

MEC – The MEC also confirmed that Department did not receive any disaster management funding allocation, but the matter was receiving attention with engagements in the Office of the Premier of the Province for funds to be available for emergencies. The MEC also acknowledged that processes and procedures with the merging of the two schools may not have been followed correctly. It was important that issues of compliance was considered. The MEC was of the view that support and capacity for SGBs needed to be continuous and not be a once-off. The petition from the SGB was due to frustrations about not receiving the necessary support and assistance from the Department. The Department needed to do a review of its organisational structures with a view to strengthen accountability as the Department needed to play its role in the best interest of the communities they served. The Department had too many personnel in acting positions which needed to be addressed, including that of the Head-of-Department which would be appointed within the next month. There was a need to consider succession planning and the MEC was committed to filling positions with permanent appointments. The MEC promised the Committee that a matter of this nature would not occur again – the MEC was planning one-on-one sessions with all District Directors in this regard.

Department of Basic Education (DBE) – The Department noted four key areas of focus for the school which included:

- Focused interventions regarding Mathematics and the SBAs and the effect of the Umalusi downgrading.
- The merging/closure/rationalisation of schools – the Department to step in and give the necessary assistance, support and guidance on processes and procedures.
- Infrastructure challenges to be identified and prioritised by the Department.
- Weak monitoring – the Department to ensure the SGB was trained by DBE directly.

8 Committees Resolutions and Recommendations

The Portfolio Committee on Basic Education and Portfolio Committee on Public Works and Infrastructure, having considered the Petition from the School Governing Body (SGB) of the Leruntse Lesedi High School,

North West Province recommends that the Minister of Basic Education and the Department of Basic Education (DBE), in collaboration with the North West Department of Education (NWDOE) Western Cape Education Department (WCED):

- The NWDOE ensures any and all outstanding matters pertaining to the Petition be addressed and finalised with timeframes. All matters pertaining to the school are prioritised by the Department.
- The NWDOE ensures the SGB receive ongoing training and development in financial management and their general roles and responsibilities. The monitoring and oversight responsibilities of the NWDOE should be strengthened.
- The NWDOE ensures processes and procedures for merging, closing or rationalising schools were done procedurally correctly.
- The NWDOE ensures all infrastructure challenges and needs of the school were prioritised.
- The NWDOE continues engagements with the Office of the Premier for disaster management funding allocation to assist schools during emergencies. Similarly, the National Department of Basic Education should consider allocation of funds to PEDs for disaster management and mitigation.
- The NWDOE should review its organisational structures to strengthen accountability and play its role in the best interest of the communities they served and avoid SGBs having to resort to petition Parliament. The Department must investigate how the matter was allowed to reach this stage and, if need be, officials be held accountable for this as it was their duties and responsibilities as the circuit, district and provincial officials to address school challenges.
- The NWDOE ensures permanent appointments to all the acting positions within the Department.
- The NWDOE ensures the conditional assessment of all schools in the Province, in particular, the effects of the environment on infrastructure e.g. storm-water infrastructure challenges.
- The NWDOE ensures priority is given to the renovation/building of the school kitchen and Administration Block with timeframes for its completion. The NWDOE should also address challenges with the use of gas with non-compliant materials and equipment.
- The NWDOE in collaboration with the National Department of Basic Education (DBE) ensures that the SGBs are adequately trained on school management and SGBs received the necessary manuals on school maintenance management.

6 Conclusion

From the engagements with all relevant stakeholders, the Committee Members were satisfied that the Petition was adequately addressed, and a report be submitted to the National Assembly in this regard, The

SGB was satisfied with the commitments from the Department in addressing all challenges and concerns raised in the Petition. Going forward the SGB and Department agreed to ensure communication was strengthened in resolving any challenges and the needs of the school are addressed.

It needs to be noted that the Portfolio Committee on Public Works and Infrastructure could not proceed with the consideration and adoption of the report because it was denied an opportunity to undertake the oversight visit to the Leruntse Lesedi High School despite a resolution of the joint committee meeting held on 11 February 2025. The Portfolio Committee on Public Works and Infrastructure resolved to note the report and refer it back to the Portfolio Committee on Basic Education for further processing.

7 Appreciation

The Committees thanked the North West Department of Education, Department of Public Works and Infrastructure, Department of Basic Education, the SGB and Unions for the fruitful engagements on the Petition submitted - and ending on the positive note it did.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON MINERAL AND PETROLEUM RESOURCES ON THE OVERSIGHT VISIT TO WESTERN CAPE PROVINCE, DATED 27 MAY 2025

1. INTRODUCTION

The Portfolio Committee on Mineral and Petroleum Resources (hereafter, “the Committee”) undertook an oversight visit from 25-26 March 2025 to the Western Cape province.

The South African petroleum industry faces significant challenges due to both local and international factors. Currently, only three of the six refineries in the country are operational: Sasol's Secunda coal-to-liquids refinery, Sasol's Sasolburg gas-to-liquids refinery, and Astron Energy Refinery. This reliance on Astron Energy and Sasol underscores the urgency for new refineries or upgrades to the closed facilities. Notably, the PetroSA refinery, a subsidiary of the State-Owned Central Energy Fund Group, is currently closed but is undergoing a turnaround strategy for revival. Additionally, the government has acquired another closed facility, the South African Petroleum Refineries (SAPREF), indicating a commitment to rejuvenating the refinery sector.

At present, the country faces significant refinery capacity challenges and a reduction in exploration activities, resulting in over 90 percent of crude oil being imported to satisfy national demand. Additionally, international factors influencing the petroleum industry include the mandate for refineries to transition to clean fuels 2 specifications by July 1, 2027. These necessary upgrades are projected to significantly impact the future of the refining sector, both in South Africa and on a global scale. The Committee acknowledges the proactive steps taken by Sasol, as it is already enhancing its operations in Secunda and Sasolburg to comply with the 2027 deadline.

This report provides a detailed synopsis of the Committee's oversight visit.

2. COMPOSITION OF DELEGATION

2.1 Members of Parliament

Name of Member	Political Party
Hon. M G Mahlaule	African National Congress (ANC)
Hon. S Zondi	Democratic Alliance (DA)
Hon. J Lorimer	Democratic Alliance (DA)
Hon N Ntlangwini	Economic Freedom Fighters (EFF)
Hon N Mhlongo	Inkatha Freedom Party (IFP)

2.2 Parliamentary Staff

Name	Designation
Ms. A Boss	Committee Secretary
Ms. M Masutha	Researcher
Mr. S Maboda	Content Advisor
Ms. N Mnyovu	Committee Assistant
Mr. M Kabeli	Communications

2.3 Department of Mineral and Petroleum Resources Officials

Name	Designation
Mr C Ngalo	Parliamentary Liaison Officer: Ministry
Mr S Mnguni	Parliamentary Liaison Officer: Deputy Minister (DM)

2.4 Strategic Fuel Fund

Name	Designation
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Ms S Magadla	Acting Chief Executive Officer (CEO): SFF
Mr L Klaas	Acting COO
Mr K Mshudulu	Terminal Manager
Mr M Kotha	Executive Trading
Ms N Taft	Executive: Office of CEO

2.4 Astron Energy

Name	Designation
Mr T Booley	Chief Executive Officer
Mr D Hirsch	General Manager: Refinery
Ms G Khoele	GM Strategy, Sustainability & Operational Excellence
Mr C Du Plessis	Operations Manager
Ms D Fata	Manager: Corporate Affairs
Mr D Nhlapho	Commercial Manager
Ms L Brink	Technical Service Manager
Ms V Sono	Manager: Transformation and Stakeholder Engagement
Ms O Madlingozi	Impact Analyst Astron energy Development Fund
Ms D Parker	Head of Astron Energy Development Fund

NB: attendance registers are available from the Secretariat on request.

3. REPORT ON THE OVERSIGHT VISIT

This section provides a synopsis of the two (2) days of the oversight visit.

3.1 Day 1: Meeting with the Strategic Fuel Fund (SFF)

On Tuesday, 25 March 2025, the Committee met with the Strategic Fuel Fund. The Strategic Fuel Fund (SFF) was established in 1964 as a strategic oil reserves agency of South Africa. The business of SFF is the storage and management of government and privately-owned stocks of crude oil, petroleum products, oil and gas infrastructure projects.

Currently, SFF is a company incorporated as a non-profit company (NPC) in terms of Companies Act 71 of 2008. SFF's shares are non-transferable and are held by its holding company, the Central Energy Fund (SOC) Ltd (CEF Group), which in turn is wholly owned by the State. SFF is one of the three companies, namely IGas and PetroSA, which have merged to form the South African National Petroleum Company (SANPC) from 1 April 2025. During the 2023/24 financial year, SFF received an unqualified audit opinion from Auditor General of South Africa (AGSA) with material findings related to non-compliance with Public Finance Management Act (PFMA) and failure to meet performance targets. In terms of financial performance, for 2023/24, SFF reported a net loss of R313 million compared to a net loss of R341 million reported in the prior financial year. SFF communicated to Parliament that this net loss is attributed to market conditions.

Mr. L Klaas, Acting Chief Operations Officer (COO) of Strategic Fuel Fund, provided the Committee with an overview of the history of SFF. He noted that the company has been operating since 1954 and was incorporated as a Not-for-Profit Company in 1964. Previously, it managed the Equalization Fund. The company operates in the Western Cape and eMalahleni (Ogies) and employs 200 staff members. Additionally, the Company has acquired the following assets:

- Six (6) in-ground tanks in Saldanha, each with 7.5 million barrels storage capacity. Six tanks have a total capacity of 45 million barrels.
- Thirty-nine (39) crude tanks in Milnerton, each with 200 000 barrels storage capacity
- Acquired 50% of the BP Montague Gardens terminal
- Acquired 60% of Avedia Energy
- Currently working on Block B2 in South Sudan.

Regarding the Saldanha crude oil storage, it was reported that earthworks commenced in November 1976. The first tank was completed in December 1979. The last tank was

completed in June 1982, and the first crude oil was received in January 1980. The oil is drawn by the main pipeline to a jetty that is 83 kilometers long, with a diameter of 1,067 mm and with capacity per hour of 62,800 barrels.

3.2 Milnerton Tank Farm

Mr. Klaas reported that there were 39 crude oil tanks in Milnerton, each with 200 000 barrels of storage capacity. The tanks are measuring about 180 feet in diameter and 48 feet in height (54.86m x 14.63m), equipped with floating roofs and were historically used for crude oil storage. The pipeline was connected to the Astron Refinery and the Cape Town Harbour via a 26-inch (660 mm) diameter pipeline, spanning approximately 15.7 kilometres. This pipeline, equipped with diversion valves at the Astron "Tie-Inn" site, facilitates the seamless transfer of crude oil between the Milnerton Terminal, the Astron Refinery, and the harbour. The proximity of these facilities- approximately 2 kilometres between the Milnerton Terminal and the Astron Refinery- enhances operational efficiency and logistical coordination.

From 1997 - 2005 – there was regular transfer of crude oil from the Tank Farm to Chevron Refinery (which is now Astron Energy). In 2004 – One tank (CT13) was used to store off-spec diesel from Chevron, which was later removed. In 2005, the remainder of the crude oil stored in the tanks was moved to the refinery. From 2010-2012 - 11 Tanks were dislodged by Oil Pollution Control (OPC); CT 6&10 they still have a small volume of sludge left. The tanks were reported to be still out of commission with “bottoms” on tanks CT 5; CT 12; CT 13 and CT 39 (bottoms hereto refers to the crude oil that is below the pipeline that cannot be pumped out using piping).

From 2019 - 2020 – Covid-19 pandemic had put most operations on hold for the SFF terminals. After the resumption of working from home, Crude Oil bottoms (the crude from past clients that was below the tank inlet pipe that could not be pumped out) of CT12; 13 and 39 were all consolidated into CT5. The condition assessment of the tanks that had bottoms was initiated to

enable the business to quantify the extent of tank corrosion. The tanks that were inspected are CT 3, 12, 13 and 39.

From 2020 – 2024, a Business Case was developed which concluded that five (5) Milnerton tanks should be refurbished to capture the potential commercial business that could arise as a result of the restart of the Astron refinery. The tanks were inspected, and the reports were used as a basis for bringing in a contractor for the refurbishment.

Mr. Klaas provided an overview of the establishment of the South African National Petroleum Company (SANPC). He explained that IGas, PetroSA, and SFF operate as subsidiaries of the Central Energy Fund (CEF) Group, which has been identified as having overlapping mandates, a weak value proposition, cumbersome governance structures, stagnant growth, and fiscal challenges. In June 2020, the Minister mandated the formation of the National Petroleum Company (NPC) through the merger of IGas, SFF, and PetroSA, utilizing a lease and assign model. It was noted that the Section 197 consultation process has been completed, and a Memorandum of Agreement has been signed. The transfer is set to take effect on April 1, 2025, with a cooling-off period expected to last 12 months, from April 1, 2025, to March 31, 2026.

4. Day 2: Visit to Astron Energy

Ms. G Khoele, General Manager of Strategy, Sustainability, and Operational Excellence at Astron Energy, welcomed the parliamentary delegation. The Committee visited the Silulo Foundation in Dunoon, one of Astron Energy's Corporate Social Investment (CSI) initiatives. Various presentations were delivered, during which beneficiaries shared their experiences with the foundation.

In its presentation Astron Energy stated that it focuses on sustainable economic inclusion and responsible corporate culture. About 36% of the workforce is black, with 11.9% of suppliers being black women owned. About 37.5% of unemployed learners were absorbed into permanent positions.

Regarding social investment initiatives it was stated that R220 million investment was used in small business skill development for unemployed youth. There were about 138,875 direct

beneficiaries through social investment partnerships. Key focus areas included education, employee volunteerism, and disaster relief.

Regarding community development initiatives Astron Energy target high school students and unemployed youth in under-resourced communities. Support includes digital skills certifications and business development coaching for new Small Medium and Micro Enterprises (SMMEs). Partnerships aim to create internships and entrepreneurial skill training.

Thereafter, the Committee was escorted back to the refinery for formal briefing regarding the Astron Energy refinery.

4.1 Astron Energy Refinery

Astron Energy operates the only crude refinery in the Western Cape, with a capacity of 100,000 barrels per day. The company is on track for Clean Fuels II compliance by July 2027, focusing on reducing sulphur and benzene content. The company has a strong customer base, serving commercial and industrial sectors, with approximately 850 service stations nationwide.

In terms of liquid fuels sales, local fuel sales reached over 28 billion litres in 2023, by` 5% increase from 2019. Diesel sales increased by 15.1%, while petrol sales decreased by 1.6%. Local refining capacity has decreased by 51%, necessitating imports to meet consumption needs.

Astron Energy's dual-train refinery is strategically located for coastal crude connectivity and has undergone recent upgrades. The refinery can process various crude types, optimizing production yields for local market demands. Compliance with Clean Fuels II will require significant investment in refining capabilities.

Astron Energy utilizes coastal barges and direct imports to supply its terminal infrastructure across South Africa. The company has established connections to the inland market through the New Multi Product Pipeline network.

The marketing segment focuses on optimizing enterprise value through a national retail network and commercial channels. Retail accounts for approximately 60% of sales volume, while commercial and industrial sales make up about 40%. Astron Energy has a significant market share in the Western Cape and is expanding its retail footprint.

Astron Energy advocates for a level playing field in the regulatory landscape to prevent carbon leakage and support local manufacturing. The company is engaging with government bodies to amend import policies that currently disadvantage local refiners. The company argued that the Carbon Tax Act implemented in 2019 applicable to local manufacturing is expected to increase each year to US \$120/t beyond 2050 and phasing out allowances over time, consuming significant refinery margins. Imports unduly disadvantage South African firms competing with firms based overseas not subject to the same intensity of emissions reduction regulatory effort, resulting in carbon leakage and domestic deindustrialisation. Astron Energy stated that it continues to engage with the Department of Trade Industry and Competition (DTIC) and the Department of Mineral Resources and Energy (DMRE) advocating for government to level the playing field between local refiners and importers and that policy should not permit carbon leakage through importation thereby placing South African refineries at a disadvantage.

Regarding import control, Astron Energy stated that the South African fuel market is shifting towards being import dominant, threatening long-term investment and employment. This is exacerbated by the ineffective application of refined fuel product import regulations that were designed to protect local manufacturing from these very global imbalances and arbitrage opportunities. Through enforcement of the International Trade Administration Commission of South Africa (ITAC) import legislation and Liquid Fuels Import Policy local manufacturers will remain competitive and sustainable in the long term. Astron Energy is proposing amendments to current import policy for fuel to correct the shortcomings of the way South Africa supplies fuel products to meet demand through imports.

5. COMMITTEE OBSERVATIONS

This section provides a synopsis of the key issues observed by the Committee, particularly emanating from the presentations, discussions, and the sites visit.

- The Committee learned that the SFF received notification from the Department regarding the oversight visit scheduled for March 2025 at approximately 1 PM, which was only one day prior to the visit. The Committee expressed dissatisfaction with this timing, as it could adversely affect the quality of information that the SFF would provide. It was decided that the Committee would address this issue with the Department.
- With the split of the Department during the current administration, the powers of SFF are also split between the two departments. The streamlining of the powers is essential for effective performance of the entity.
- The Committee expressed concern regarding the lack of assurance from the SFF about the adequacy of crude oil supplies to meet the country's needs during fuel crises.
- The Committee is pleased to note that the Saldanha storage terminal has the capacity to accommodate the construction of two additional tanks, as the initial plan included the construction of eight tanks.
- The Committee expressed its concerns regarding the unclear deadline for the merger of the three entities: SFF, PetroSA, and IGAS.
- The ownership of infrastructure, including the pipeline, between Astron Energy and the SFF needs clarification.
- SFF operates oil pollution control facilities designed to minimize environmental risks during the loading and unloading of oil tankers in Saldanha Bay. Following its merger with Oil Pollution Control South Africa (OPCSA), SFF has become the only company in South Africa equipped with the necessary tools and expertise to manage major oil spills exceeding 500 tonnes. Oil pollution control at SFF is currently inadequate due to operational challenges. As a result, third-party services are occasionally utilized to address this issue.
- The Committee expressed satisfaction with the plans for the Avedia Liquefied Petroleum Gas (LPG) loading facility.
- The Committee acknowledged the agreement signed by SFF with Wildcat Petroleum to engage in upstream acquisitions in South Sudan.
- For the SFF Milnerton Tank Farm, it is important to note that in April 2025, experts will be consulted to develop a business case for refurbishing the tanks. This analysis will help determine the potential uses for the tanks, among other considerations.

- The Committee was pleased to learn about the improvements made at Astron Energy to prevent the recurrence of the tragic incident that resulted in the deaths of two individuals and injuries to others. Additionally, the Committee appreciates the company's support for the affected families.
- Astron energy assured the Committee it would meet the 2027 cleaner fuels implementation deadline as the upgrading work is progressing well.
- Linked to the above, the Committee agreed that the cleaner fuels guidelines and a biannually report on implementation until the deadline July 2027 of the policy by the relevant stakeholders.

6. COMMITTEE RECOMMENDATIONS

Having conducted the oversight visit, the Portfolio Committee on Mineral and Petroleum Resources recommends that the Minister of Mineral and Petroleum Resources to:

- Initiate a strategic discussion between SFF and Astron Energy concerning the pipeline infrastructure.
- Ensure thorough monitoring of the refurbishment at the Milnerton tanks farm and provide an update to Parliament by the fourth quarter of the current financial year.
- Monitor the progress of the Wildcat SFF deal and provide an update to Parliament during the third quarter of the current financial year.
- Provide support and monitor progress on the Avedia Liquified Petroleum Gas loading facility.
- Conduct a thorough review of legislative requirements that adversely impact the petroleum industry, particularly focusing on the carbon tax and import policies, in collaboration with other pertinent Ministers, considering that the countries from which South Africa imports fuel do not face similar taxation.
- Ensure that there is a cleaner fuels guideline and biannually report on implementation until the deadline of July 2027 by the relevant stakeholders.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON MINERAL AND PETROLEUM RESOURCES ON THE OVERSIGHT VISIT TO MPUMALANGA AND FREE STATE PROVINCES, DATED 13 MAY 2025

1. INTRODUCTION

The Portfolio Committee on Mineral and Petroleum Resources (referred to as “the Committee”) conducted an oversight visit to the Mpumalanga and Free State Provinces from February 24 to February 28, 2025.

The Committee took a decision to conduct an oversight visit with a particular focus on petroleum and compliance issues with legislation in the mines. From a petroleum perspective, the main focus was on Sasol Secunda and Sasol Sasolburg. From the mining perspective, four (4) mines were visited, namely, Vlakfontein, Seriti, Optimum Coal Mine (now Liberty Coal) and Arnot Coal mine. Below is a summary of the rationale for visiting Sasol as well as the mines listed above.

The petroleum industry is confronted by several challenges, amongst others, the declining refining capacity, jet fuel shortages, the need for the industry to reduce carbon emissions in line with international commitments on climate change and the challenges associated thereto. Sasol is the biggest petrochemical company in South Africa and is already confronted with the challenges as outlined above. The Committee was therefore interested in learning broadly about the petroleum industry, its value chain, the challenges confronting Sasol and how Sasol is resolving the challenges. Moreover, the Committee intended to visit Sasol social investments projects. Lessons learnt from the Sasol visit would empower the Committee when it engages the State petroleum company, PetroSA, that is currently struggling and requires all the support that it can get from the Committee.

On the other hand, mines were visited for the following reasons:

Vlakfontein mine: This mine is owned by African Exploration and Mining Finance Corporation (AEMFC) – a State-Owned entity that is overseen by the Committee. The Committee visited this mine in order to oversee its operations and its challenges. This was especially important for the Committee as it will play a robust oversight role over the mine during the 7th Administration.

Seriti mine: The mine is confronted with a number of challenges. In 2024, it was reported that it would lay off over 1000 of its employees due to non-profitability. At the same time, the mine reported its commitments to the Just Energy Transition – such as Greening Mpumalanga. Moreover, there has been complaints from the nearby township, Phola Township, that activities of the mine negatively affect the community such the blasting leading to people's houses cracking and many other health related issues from mining activities. The Committee, therefore, wanted to understand the above challenges, both from the mine itself and from the community.

Optimum Coal Mine (now Liberty Coal): Optimum coal mine has been the subject of the Zondo Commission on State Capture. The mine has since been acquired by Liberty Coal. There are reported cases of illegal mining activities and illegal use of assets such as the wash plant. The Committee wanted to understand these challenges as well as the status of the mine, in terms of acquisition.

Arnot Coal Mine: In 2020, Exxaro handed over Arnot to former employees. A company that is owned by former employees, communities and junior coal mining company Wescoal. This was a ground-breaking first of its kind transaction in South African mining history and a transaction that would benefit former employees of Arnot and the community at large. However, the mine has encountered lots of challenges to the extent that it is reportedly under business rescue. The Committee wanted to understand what went wrong, especially with the groundbreaking transaction and status of the mine.

Apart from visiting the mines, the Committee also visited Phola Township, a community adjacent to Seriti and other mines. The Committee was interested in hearing about the impact of mining activities on communities.

This report provides a detailed synopsis of the Committees oversight visit.

2. COMPOSITION OF DELEGATION

2.1 Members of Parliament

Name of Member	Political Party
Hon. M G Mahlaule	African National Congress (ANC)
Hon F Hassan	African National Congress (ANC)
Hon M Senne	African National Congress (ANC)
Hon. M Mofokeng	African National Congress (ANC)
Hon. S Zondi	Democratic Alliance (DA)
Hon. J Lorimer	Democratic Alliance (DA)
Hon M Manyi	uMkhonto Wesizwe Party (MKP)
Hon D L Selepe	uMkhonto Wesizwe Party (MKP)
Hon Natasha Ntlangwini	Economic Freedom Fighters (EFF)
Hon N Mhlongo	Inkatha Freedom Party (IFP)
Hon V Zungula	African Transformation Movement (ATM)

2.2 Parliamentary Staff

Name	Designation
Ms. A Boss	Committee Secretary
Ms. M Masutha	Researcher
Mr. S Maboda	Content Advisor
Ms. N Mnyovu	Committee Assistant
Mr. S. Mokoena	Communications

2.3 Mpumalanga Legislature

Name	Designation
Mr L Monini	Member of Provincial Legislature
Mr C Sedibe	Member of Provincial Legislature

Mr M Vilakazi	Manager: Committees
Ms C Chiloane	Committee Co-Ordinator

2.4 Department of Mineral and Petroleum Resources Officials

Name	Designation
Mr T Maqubela	Deputy Director General (DDG): Mineral and Petroleum Regulation
Mr A Tshivhandekalo	Regional Manager
Mr C Ngalo	Parliamentary Liaison Officer: Minister
Ms M Maduka	Deputy Director: Mineral Information Management
Mr M M Mutavhatsindi	Assistant Director: Mineral Information Management
Ms S Radebe	Deputy Director: Social and Labour Plans
Ms H Maumela	Assistant Director: Mineral Information Management
Ms N Mbatha	Assistant Director: Mine Environment Management
Mr N Ngene	Inspector Of Mines
Ms G Tekeki	Chief Director: Fuel and Petroleum Supply
Mr M Mulaudzi	Assistant Director: Mine Economics
Mr M Mavata	Assistant Director: Social and Labour Plans
Mr A Kharivhe	Director
Mr S Mnguni	Parliamentary Liaison Officer: Deputy Minister
Mr M Simelane	Inspector of Mines

Ms N Dlamini	Deputy Director: Mineral Laws Administration
Ms M Malapane	Chief Director: Northern Region

NB: attendance registers are available from the Secretariat on request.

3. REPORT ON THE OVERSIGHT VISIT

This section provides a synopsis of the five (5) days of the oversight visit.

3.1 Day 1: Meeting with the Department of Mineral and Petroleum Resources (DMPR)

On Monday, 24 February 2025, the Committee met with the DMPR, national and regional, Day one (1) focused on setting the scene for the actual oversight visits on the subsequent days, from 24-28 February 2025. The Committee was briefed by the DMPR in the morning. The briefings were meant to empower Committee Members for the upcoming meetings throughout the week and detail what Members can expect to see when conducting the actual oversight.

3.1.1 Briefing by the Regional Office of DMPR

Mr Maqubela, DDG Mineral and Petroleum Regulation led the delegation. The Regional Manager (RM), Mr Aubrey Tshivhandekalo made presentation on behalf of the Department. The presentation outline was as follows: Overview on prevalent mineral commodities, number of applications in the Region, Operating mines, total Financial Provision for Mpumalanga, compliance of the mines identified by the Committee, African Exploration Mining and Finance Corporation, Sasol Mining, Optimum Coal Mine, Arnot Opco, Seriti, Quattro and Challenges.

The RM indicated that the most prevalent commodities in the region are coal, gold, platinum group (PGM), chrome, sand, silica and dimension stones , nickel and vanadium. The number of applications per application types were reported as follows:

Table 1: Number of Applications

Type of right	Total applications
Mining Right	405
Prospecting Right	8300
Mining Permit	4350
Borrow Pit	110
Sec 102	254
Sec 11	201
Reconnaissance License	0
Production Right	0
Grand Total	13620

The number of mines in the Nkangala District Municipality (NDM) were reported to be 85 which comprised of the following local municipalities, Emakhazeni Local Municipality (LM): 12, Emalahleni LM: 28, Victor Khanye LM: 16, Thembisile Hani LM: 3, Steve Tshwete LM: 26 and Dr JS Moroka: 0. There were 13 non-operational mines in the region.

With regards to Financial Provision, the Region reported that it had an amount of R40 318 593 872, 52 in Guarantees, R1 066 670 494, 00 in Trust Fund and R128 392 516, 26. The Grand total was calculated at R41 513 656 882,78. In terms of compliance of the mines that the Committee visited, the RM reported as follows:

3.1.1.1 Mine Environment Compliance: African Exploration Mining and Finance Corporation (AEMFC)

The RM explained that the mining right for the AEMFC is located on the remaining extent of portion 3 and 10, portions 20, 21 and 24 of the farm Vlakfontein 569 JR, situated in the Magisterial District of Witbank in Mpumalanga region. The mining right was issued on the 19th of October 2010 for a period of 20 years until the 18th of October 2030. The Environmental Management Programme was approved on the 19th of October 2023. A compliance inspection was conducted on the 04 February 2025. The trenches around the mine were not cleaned and it means these trenches were no longer helping to mitigate pollution. The mine submitted a written representation which acknowledged the noncompliance with commitment to address the findings. There was concurrent rehabilitation taking place on site, however, there was still outstanding rehabilitation.

According to the Regional Office records, financial provision to the amount of **R103,750,451.57** have been submitted to the Office by means of a bank guarantee. The liability on site was calculated to be **R 91, 523, 510.79**. Financial provision provided was deemed sufficient at that stage.

3.1.1.2 AEMFC Social and Labour Plan Compliance

With regards to Human Resource Development, the mine was reported as non-compliant, and the mine was retrenching employees. Section 52 notification of the Mineral and Petroleum Resources Development Act (MPRDA) was not submitted. With regards to Local Economic Development (LED) projects, the company reported that it identified Local Economic Development (LED) projects in line with the Integrated Development Plan (IDP) and proper consultations were followed. The company has not implemented a single project.

With regards to retrenchments, the company was reported as non-compliant, and the company was retrenching employees and has issued a Section 189. The budget for SLP was reported at R39 843 000 which was not spent. The company was served with section 93 orders and submitted the remedial plan to catchup non-compliance. The submitted remedial plan was never implemented.

3.1.2 Sasol Mining Secunda

The Mine was 67,7% owned by non- Historically Disadvantaged South Africans (HDSA) and 32,3% by HDSA which is Ixia Coal (Pty) Ltd which holds 20% and Sasol Inzalo ESOP which holds 12,3%.

3.1.2.1 Mine Environmental Compliance Report: Sasol Secunda

In 1976 Sasol Mining commenced with mining in Secunda. Sasol Mining (Pty) Ltd was reported as the holder of a mining right for coal known as the second complex over various farms. Sasol Mining (Pty) Ltd held mineral rights to several coal deposits in the Gert Sibande district. Sasol Mining (Pty) Ltd operates five underground coal mines and two surface plants in the Secunda area known as the Secunda Complex, in the Mpumalanga Province.

Compliance inspections were conducted on the 21 January 2020. The mine was reported as generally compliant. Currently, the Secunda Mining Complex extends over an area of ±180 000 hectares and consists of the following:

- ✓ **Five (5) operational collieries, namely:** Bosjesspruit, Shondoni, Impumelelo, Twistdraai Thubelisha and Syferfontein.
- ✓ **Two (2) operational surface plants, namely:** Sasol Coal Supply (SCS) and Twistdraai Export Plant (TEP)
- ✓ **Three (3) decommissioned (not closed) areas, namely:** Brandspruit Defunct, Twistdraai Defunct and Middelbult Defunct.

The total environmental liability for Sasol Mining (Pty) Ltd complex (i.e., MP 138 MR) excluding the block 8 & ventilations shafts project has been determined to be the amount of R 1 653 630 755.07. The department has a financial provision to the amount R 1 819 330 473.81 in a form of a Trust Fund and bank guarantee. The liability is fully funded and the surplus to the amount of R 140 028 702.34. The amount of financial provision provided would be adequate to execute rehabilitation programs, particularly in case of premature cessation of the operation.

3.1.2.2 Sasol Secunda Social and Labour Plan Compliance

The company complies with the following aspects: Human Resources Development Programme, Local Economic Development Programme, Procurement and Enterprise and Supplier Development, Financial Provision and Housing and living conditions. The Company does not comply on Employment Equity and women in mining. The Regional Manager reported that the implementation plans and annual reports were submitted.

3.1.3 Optimum Colliery/ Liberty Coal

The Regional Manager reported that Liberty holds 70% and 30% was held by HDSA. Twenty percent (20%) was owned by Foxrodge Trading 49 (Pty) Ltd an HDSA entity solely owned by Mankurata Nelly Mahlangu. The 5% was for Community Trust and 5% is for Employee Trust.

3.1.3.1 Optimum Colliery/ Liberty Coal Environmental Compliance Report

Optimum Colliery was placed under business rescue as of the year 2018. The compliance inspection was conducted in August 2019. The mine was issued with a statutory pre-compliance notice based on no compliance with the submission of annual compliance report, namely performance assessment report and a review of the financial provision with the liability assessment report.

The current financial provision of the mine was to the amount of R2 421 145 543 billion as of 30 June 2024 and that was confirmed by finance section in DMPR Head Office. The Office (Mine Environment section) has not conducted compliance inspection under the current owners, Liberty Coal (Pty) Ltd.

3.1.1.2 Optimum Colliery Social and Labour Plan Compliance

Optimum SLP cycle 1(2008-2012) was implemented successfully by the then Mine Right Holder (Glencore). SLP cycle 2 (2013-2017) was approved, however not implemented (Tegeta). SLP cycle 3 (2018-2022) was long overdue and has not been submitted by the company (Tegeta). SLP cycle 4 (2023-2027) was also overdue and has not been submitted by the company. There was no compliance with SLP 2 and 3, and the company failed to submit a new SLP 4 for the period (2023-2027). It was reported that the company does not comply. The Regional Manager reported that Section 93 order was issued in relation to the following non-compliance:

- Failure to submit an updated resource and reserve statement.
- Non submission of latest audited financial statements or management accounts for the mining operation.

- Operating a washing plant next to the KN02 or Salaria pit without meeting the regulatory requirements. The washing plant has no pollution control dam (“PCD”) as example."
- The Regional Manager told the Committee members that the order was set aside and not confirmed by the delegated authority.

3.1.4 Arnot OPCO

The Regional Manager outlined the ownership of Arnot Opco which was 50% owned by Wescoal Mining (Pty) Ltd (Salungano Group – JSE listed) and 50% Arnot Invest (Pty) Ltd – (50% owned by Employees and 50% owned by Innovators Resources (Pty) Ltd.

The Mine was previously owned by Exxaro Resources Ltd (hereinafter referred to as “**Exxaro**”). Following the closure of the mine by Exxaro in 2016, Arnot Opco subsequently acquired the mine, and ownership transfer (to Arnot Opco) was concluded in February 2020.

Mining activities were undertaken in accordance with the Mining Right (MR) and the approved amended Environmental Management Programme (EMP) granted by the DMPR in terms of MPRDA. Arnot Mining Activities Mining operations at Arnot include a combination of both opencast and underground mining methods.

3.1.4.1 Arnot OPCO Environmental Compliance Report

Arnot OPCO have financial provision to the amount of **R1, 347, 294.208**. The Department confirms compliance by Arnot OPCO with its payment obligations in line with the annual performance review. However, there was a reported outstanding shortfall to the amount of **R746 887 848.71**. Arnot OPCO sent a letter to the Department in 2022 based on the company’s request to remedy the financial provision shortfall by the mining right holder (Arnot OpCo), the department therefore directed Arnot OPCO to immediately effect payment over a period of four years commencing in June 2022 to 30 April 2025 as per their agreement with Eskom to pay R200 000.00 every year. In addition, the payment schedule for the stipulated four years period would be strictly monitored by the department to ensure full compliance with the payment settlement Agreement

The Department further informed Arnot OPCO, on the proposed settlement agreement that it will be positively considered on condition that the rehabilitation funds can only be transferred or deposited into the **department's trust fund account** and such funds can only be utilized for rehabilitation purposes, therefore the department is not in support of the transfer of the rehabilitation funds from Eskom to Arnot OPCO or any other third parties except the departmental trust fund account.

A follow up site inspection was done on 22 February 2023, on the day of inspection it was noted that no mining activities were taking place on site as the company was busy preparing the area for mining. The company's representatives confirmed that mining would resume in April 2023. There were no non-compliances observed on site. On the day of the inspection the representative of Arnot OPCO did not present the status of the trust funds as the relevant people were not part of the meeting. As a result, it was recommended that the department should have a meeting with the company to discuss their trust fund statement as the financial team were not part of the meeting on the day of site inspection.

An email was forwarded to Arnot OPCO on 24 March 2023 to set up the meeting which was on 30 March 2023 at DMRE office. It was stated on the email that they should confirm by the 27 March 2023; however, the meeting was never held as the financial team were not available on the date and it was that suggested that Arnot OPCO would provide the Department with their available date. The Department had not received any suggested date from Arnot as at the time of the Committee visit.

3.1.4.2 Arnot Social and Labour Plan Compliance

A site inspection was conducted on the 11 February 2025, on the day of inspection it was noted that no mining activities were taking place on site. The company did not present the correct information during the inspection, and it was agreed that a follow-up inspection should be arranged. There was non-compliance on the previous SLP; particularly LED where the company failed to construct Rietkuil Clinic worth R12 million and Enterprise Development Programme R5 million. A new SLP was submitted late and was being assessed by the

Department. It was recommended during the inspection that the Department should conduct a follow-up inspection.

3.1.5 Seriti Mine – Klipspruit Colliery

The Regional Manager reported that Seriti Power (Pty) Ltd was 90% owned by HDSA through Thabong Coal (Pty) Ltd. About 5% was held by Seriti Power Community Trust and 5% was held by Seriti Power Employee Trust.

3.1.5.1 Seriti Mine (Klipspruit Colliery)

Seriti Power Pty Ltd (Klipspruit Colliery) is the holder of a mining right in respect of various portions of the farm ,Ogiesfontein 4 IS, issued with the mining right for open cast and underground. Seriti Power Pty Ltd (Klipspruit Colliery) had several amendments under 125 MR. The current environmental liability of the mine was to the amount of **R1 085 830 723**, as per audit report submitted on the 25 June 2024.

3.1.5.2 Seriti Power Pty Ltd (Klipspruit Colliery) Social and Labour Plan Compliance

Seriti Power Pty Ltd (Klipspruit Colliery) SLP period is 2017-2022 commitments were implemented. Seriti Power Pty Ltd (Klipspruit Colliery) SLP period is 2023-2027 was in place and currently being implemented. On LED Projects, the company was in the process of reviewing their projects and aligning with Municipal needs. The Municipality priority was on water and sanitation projects and budget estimation is R250 million on water and R150 million on sewer. MIG funding shortfall estimated to be R50 million on sewer treatment plant to be covered by mining companies jointly. Collaboration with other mining houses was being pursued.

3.1.6. Challenges confronting the Mpumalanga Regional Office

The following were reported as challenges faced by the Regional Office:

- **Environmental:** Eradication of rehabilitation backlog by mines through utilization of the of rehabilitation funds reserve.

- **Human Rights:** Proper consultation with relevant stakeholders (SAHRA, Land Affairs, Interested and Affected parties as well as COGTA.
- **Relocation:** Meaningful consultation with affected families including the Municipality.
- **Blasting And Dust:** Risk assessment needs to be conducted and further consultation with communities need to take place.
- **Business opportunities:** Capacitate and support communities through the establishment of business hubs.
- **Illegal mining:** Formalization of Artisanal Miners, Establishment of security Cluster.
- **Unemployment:** Concerted effort with other sector Departments and quicker approval of replacement mining operations.
- **High volume of applications:** The Region is flooded with a high volume of applications that goes through the system.
- **Interruptions:** The office experience interruptions through protests by communities
- **Capacity:**
 - ✓ The Regional Office has a challenge with a staff complement as the number of officials and the volume of work is not in par, there is a high volume of work with less human capacity to match with the amount of work. Compliance with the legislated timeframes becomes a challenge because of the shortage of human capacity. There is only one official that must verify spatial on all the applications that are lodged. The office has a staff complement of 38 officials, which was not the initial structure of staff complement, other posts were affected by cost containment measures when officials opted for early retirement. It was also reported that there are delays in filling critical vacancies like that of the Deputy Director for Mineral Laws and Head of Administration.
- **Disputes:** There were different disputes that the Regional Office encounter daily and the same human capacity that must focus on the processing of the applications must attend to the disputes. These disputes included the following, amongst others:
 - ✓ Court matters – wherein the Region must advise Legal services and whether the matter must be opposed or not, above the advice the Regional Office is required to attend consultation with an appointed Counsel to deal with the case and brief the State Attorney.

- ✓ Illegal Mining – the Regional Office must provide statements and affidavits to the South African Police Services
- ✓ Matters that are referred to the Public Protector the office must provide a comprehensive report in response of the matters.

After the above engagements, the delegation was led by the Department to the Optimum Colliery, which has been acquired by Liberty Coal Mine.

3.2 Visit to Optimum Mine (Liberty Mine) and visit the Wash Plant

Liberty Coal officials provided the Committee with a tour of the mine, followed by a detailed presentation on the mine's operations and activities.

It was explained that business rescue of Optimum Coal Mine (Pty) Ltd (“OCM”) commenced on 19 February 2018. All employees of OCM were retrenched at end of April 2019. Due to lack of revenue, Eskom disconnected electricity supply in November 2019, leading to widespread vandalism of infrastructure and equipment. First mini pit started in November 2019 giving preferential employment to retrenched OCM employees. Four business rescue plans were published during the proceedings with the fourth plan adopted on 28 September 2020, paving the way for Templar Capital, the largest creditor to take over the mine through its subsidiary, Liberty Coal. Business rescue proceedings were fraught with litigation, with more than 70 cases being successfully defended.

In March 2022, the National Prosecuting Authority (NPA) secured a Preservation Order over the shares in OCM and OCM’s assets and business, with the eventual aim of having the assets forfeited to the State. A settlement agreement was reached between the NPA, OCM’s, Business Rescue Practitioners (BRPs) and Liberty Coal during January 2024, paving the way for Liberty Coal from 1 February 2024 to take over the business, assets and compromised liabilities of OCM and the operation of the mine. The consolidated mining right of Optimum Colliery was only transferred into the name of Liberty Coal on 31 October 2024, following a protracted period of engagement with the DMPR and Mining Titles Office that was hampered by the granting of an overlapping mining right and entailed a detailed and comprehensive reconciliation of all the immovable properties concerned. The water use licenses of Optimum

Colliery were transferred into the name of Liberty Coal between December 2024 and January 2025.

Regarding the overlapping mining right and the consequent illegal mining, it was stated that on 12 June 2023, while the mine was under a Preservation Order, management became aware of an illegal mining operation by Kego Mining which was taking place on Portion 2 of the Farm Klipbank 467 JS, which formed part of the consolidated mining right of Optimum Colliery. The matter was reported to the DMPR, BRPs and the *curator bonis* appointed by the NPA. There were initial attempts to try and find a commercial solution to the issue which proved unsuccessful.

On 23 June 2023, OCM was advised by Kego Mining that they had been granted a mining right over the area (previously they claimed that they had applied for a permit). The mining right included portions 1, 2 and 3 of the Farm Klipbank 467 JS. OCM has held registered mining rights over all 3 of these Klipbank property portions since 2008. Legal proceedings have been instituted to pursue both a criminal case as well as damages claim more than R600 million.

There were also alleged illegal activities relating to the wash plant, rereferred to as KN02 Wash Plant. The Regional Manager had told the Committee that the plant was operating without a licence or permit. According to Liberty Coal, the Plant originated while the mine was under business rescue, due to a requirement of Richards Bay Coal Terminal insisting on a reduction in fines and dust generation. This necessitated the introduction of wet screening; spirals; and addition of cyclones. During November 2022, the Department of Water and Sanitation (DWS) issued a pre-directive to OCM, which led to the compilation of an action plan that was acknowledged and is being monitored by DWS. Liberty Coal, as the successor, maintains regular engagement with DWS on the mine water use activities at KN02 to align with the action plan. Subsequent to the pre-directive the following remedial steps and actions have been implemented at the Mine: Clean-up of the pollution control dam; Dirty water directed to pit;; Clean and dirty water channels maintained; and Appointment of an independent registered professional to conduct environmental compliance audits (Cabanga Environmental). Thus, Liberty Coal disputed the allegations that the Wash Plant was being operated illegally or it was non-compliant.

With regards to revitalisation and rebuilding plan of the mine as it relates to labour, it was stated that when Optimum Colliery was placed on care and maintenance in 2018, direct employees were 543, and indirect employees (contractors) were 2500. Consequently, all these employees and contractors were retrenched in April 2019. Based on the current production plans, Liberty Coal forecasts to create a further 450 new employment opportunities within the next 12 to 18 months, with the total employment growing to over 3000 over the next 5 years. It was confirmed that preference has been given to retrenched employees in all of these employment opportunities.

Regarding remedial actions in respect of implementation of social and labour plans (SLP), Liberty Coal said that, despite the challenges it faced in taking over Optimum Coal Colliery, it endeavours to mitigate these by continuously striving to empower the communities. Following successful registration of transfer of OCM's mining right on 31 October 2024, Liberty Coal plans on further developing the mine's SLP for the next 5-year cycle from 2026 to align closely to identified local community needs and aspirations while continuing to support and promote a broad diversity of both senior and junior staff within its mine management and corporate structure. Liberty Coal reaffirmed its commitment to uplifting its communities through various initiatives like the Driver's License training programme, while together with its social partner, the Mpumalanga Action Movement ("MAM"), in response to a request by the Steve Tshwete Local Municipality (STLM) it provided 10 additional LDVs to STLM in October 2024 to help the municipality better deliver services to communities and maintain its infrastructure.

Liberty Coal has further committed to drilling not less than 8 boreholes for the surrounding farm communities. Having launched the initiative during Mandela Month and together with MAM as well as its main contractor, Veralogix, the company aims to deliver clean drinking water, even for the most far-reaching communities. In partnership with and through MAM, communities can submit requests for a community borehole on an ongoing basis in order to benefit from this community initiative. So far 1 borehole has been drilled for the farming community of Drieopan in Pullenshope with the others scheduled to be implemented in the first 2 quarters of 2025.

Following the above engagements, including the tour of the mine, the delegation proceeded to its last meeting of the day, meeting with the Phola Community. Meeting with the community was necessary for the delegation to hear the impact of mining on communities adjacent to the mines. This was also to assist Committee Members when visiting the mines in subsequent days.

3.2 Meeting with Phola Community

The Committee met with the Phola Community members and the Traditional leadership. The Phola Township is situated adjacent to Seriti mine and other mines operating in the region. These were the issues that were raised by the community members and traditional leaders.

- There were complaints that a lot of mines are operating in Nkangala District, but there is no development to the surrounding communities.
- A concern was raised that Liberty Coal was operating without a mining licence in performance some of its activities. Community Members further stated that the Regional Manager had tried to intervene on the Liberty Coal matter but was faced with abuse and arrogance by the mine officials.
- Mining companies are struggling to spend 1% of R20 billion available on Apex. Procurement policy of the surrounding mines ignores the local community.
- Evergreen contracts are for white people.
- There was a concern of the water treatment plant that was done by Glencore which sell water instead providing it to the communities.
- It was stated that 51 companies are not complying with SLPs.
- Houses are cracked because of the blasting by the mines. Seriti was willing to put the money in the kit, but other mines ran away. The community appreciated the 5% that Seriti is paying to them though the court has ruled it out.
- The traditional leadership indicated that the surrounding mines do not respect them. The applauded the assistance of the Regional Manager who is always eager to assist.

3.3 Day 2: Meeting with Organised Labour

On the second day, in the morning, prior to meeting with the mines, the delegation met with organised labour, namely, the National Union of Mineworkers (NUM), Association of

Mineworkers and Construction Union (AMCU), Solidarity and National Union of Metalworkers of South Africa (NUMSA). The four (4) unions raised the following:

NUM

- The Regional leadership of NUM indicated that Arnot OPCO was a dishonest transaction and benefitted those that have proximity to the Ministers. They also argued that the Chairperson of the Board of Arnot OPCO is a nephew of a particular Minister that they could not name. They further stated that real employees of Arnot OPCO are struggling, the remain unemployed.
- With regards to Seriti, NUM indicated that DMPR is captured by Seriti and is the worst employer to work for in the province. They further said Seriti is retrenching daily.

AMCU

- AMCU focused more on health and safety in mines. They were concerned about the employees who kept on dying in the mines. They stated that, Harmony Gold is leading in the fatalities. They pleaded with the Committee for Harmony Gold to present their health and safety statistics to Parliament. AMCU was also more concerned about Section 189 and Section 52 at Seriti.

NUMSA

- Numsa was more concerned about 7 fatalities already at Harmony Gold and stated that the mines should be held accountable all the time.

SOLIDARITY

- Solidarity was more concerned about the issue of Seriti of turning permanent workers to contract workers. Solidarity requested the Committee to call Seriti and present their strategy for the future.

After hearing from the unions, the Committee proceeded to the next meeting, which was held in the same venue. The meeting with African Exploration Mining and Finance Corporation (AEMFC) or the Vlakfontein Mine.

3.3.1 Briefing by AEMFC/Vlakfontein Mine

The CEO of AEMFC, Mr L Pitso welcomed the delegation. An overview of the mine was presented which included the site visit.

As per the presentation delivered to the Committee, the AEMFC vision is to be a leading self-sustaining supplier of energy and strategic minerals in South Africa and Africa. The mission is to achieve the vision through optimal exploration and mining while ensuring quality, safety, and environmental preservation. Key positions in the mine include General Manager, Mine Manager, Health, Safety and Environment Manager, and various engineering and administrative roles. Structure supports operational efficiency and safety management.

The mine consists of active and inactive mining areas, including multiple pits and rehabilitation projects. Monthly coal supply target for Eskom is 208,333 tons. Average monthly sales performance for the 2023-24 financial year was approximately 356kt. Coal supply suspensions occurred due to non-contractual deliveries to Eskom starting December 2023. It was stated that coal qualities are borderline¹ with in-seam parting leading to reduced mining rates and coal contamination. Geological issues have caused recent coal supply suspensions. Operational challenges resulted in financial losses and customer dissatisfaction. Poor coal quality led to delivery suspensions affecting income and social spending.

Some of the solution strategies presented by the AEMFC executive was it implemented Lean management and restructuring processes have been implemented. Coal-washing technology is being procured to improve coal quality. Collaborative approaches include toll washing rectification to mitigate supply issues.

3.3.2 Briefing by Seriti Coal Mine Klipspruit

Seriti Resources Holdings is a broad-based, 90% black-owned and controlled South African energy business, underpinned by coal. As an energy company underpinned by coal, Seriti Resource Holdings aims to play a key role in tackling the country's energy challenges; and is

¹ "Borderline" coal qualities refer to coals that fall on the cusp between different coal ranks or types, meaning they have characteristics that place them in a transitional zone between two categories. This can affect their suitability for various uses, including power generation and steel production

committed to doing so through a Just Energy Transition. Seriti Resources Holdings also believes in establishing a sustainable legacy for the communities in which it operates, and the energy industry as a whole. The company is focused on producing high-quality, secure and long-term energy solutions responsibly to play our part in maintaining a stable energy supply in South Africa and fuelling the energy needs of international markets.

The mine has a workforce of about 15000 (employees and contractors). The company has footprints in New Vaal, Klipspruit New Largo, Naudesbank, Khutala, Middelburg Mine Services, New Denmark, Kriel and Pegasus. The site visited by the Committee was Klipspruit. Some of the reported operational challenged in Klipspruit were as follows:

- **Productivity & Mining Complexity:** Persistent low productivity remains, High unit cost due to less tonnage, High strip ratios due to complexity, and Constrained pit.
- **Volatile Export Coal Market:** Seriti remains a price taker and not a price maker, No influence on the global coal prices, Future outlook on export coal prices remains flat with no forecast of substantial upswings, Margins will remain negative compounded by poor productivity and increased cost of mining.
- **Transnet Freight Rail Offtake:** Lowest railed tons since 1992, No material improvement in rail availability, reliability and capacity. Seriti had to divert coal railings to a slow margin high-cost secondary market.

3.4 Day 3: Meeting with Arnot OPCO Colliery

Arnot OPCO Colliery is located 65km from Carolina; 43km from Middelburg; 36km from Belfast; & 25km from Hendrina. The mine lease area is 14 997ha and it is in Steve Tshwete Local Municipality, Nkangala District Municipality. The mine supplied its first thermal coal to Arnot Power Station in 1971. There was mine closure, reclamation and rehabilitation which took place from 2015-2020. Due to mine closure, 1500 jobs were lost. During the engagements, it was reported that , between 2021 and 2022, 298 jobs were created, and that further 1500 jobs would be created when the mine becomes fully operational. The mine has coal resource and reserve base of 153.9Mt (Mineable Tons In-Situ) and 48.2Mt (ROM Mineable Tons In-Situ), respectively. The lifespan of the mine is 11 years.

Post the 2015-2020 closure, reclamation and rehabilitation, only 11 Shaft UG has been successfully commissioned and mined to date (Mined from Feb 2022 to Dec 2023). The other areas inside the LOMP (10 Shaft UG, Pit 1A & Pit 2) are yet to be established for operational readiness & active mining. 11 Shaft UG and Pit 1A are planned to be commissioned during the course of 2025. Shaft 10 UG to be commissioned in 2026; with Pit 2 OC's establishment yet to be determined.

In terms of ownership, Exxaro transferred the mining rights and its movable assets at no cost to Arnot, and the former employees of Exxaro were given 50 percent ownership of the mine through an employee trust as well as a private entity referred to as Innovators Resources (Pty) Ltd. Arnot OpCo is the only company in the South African mining industry where 50 percent of the mine ownership is held by workers and community members. According to Arnot employee trust was preferred because it offers liability protection for the beneficiaries and the trustee. Beneficiaries are protected from third party creditors. Privacy and confidentiality of all the affected employees. Help to manage planning, considering the large number of employees that were affected during Exxaro retrenchment and to take advantage of the tax discounts.

Regarding operations, it was stated that Arnot's performance against Eskom's Coal Sully Agreement (CSA) has been below targets, with significant under-delivery in coal production. Operational stoppages and contractor issues have impacted production significantly. Initiatives for operational turnaround are in progress, including ramping up mining and processing capabilities. With respect to implementation of SLP it was stated that the current SLP includes commitments from previous operators, with ongoing projects in education and healthcare. The 2023/2027 SLP was submitted in December 2024, with commitments to be implemented when the mine is operational.

Regarding rehabilitation status of the mine, it was reported that rehabilitation activities are guided by a closure report, with Eskom contributing to a rehabilitation trust and that various rehabilitation projects are underway, with a total estimated cost of R322,713,125,00 for 2020-2025.

3.5 Day 4: Meeting with Sasol (Secunda)

Sasol's Secunda complex, established in 1976, is the largest engineering project globally and produces around 32 million tons of coal each year, positioning it as South Africa's third-largest coal producer. This underground coal-mining complex has a production capacity of 40 Mt/a and employs over 8,700 individuals. It supplies coal for operations in Secunda and Sasolburg. In terms of resource utilization, the mining process consumes 100,000 tons of coal and 245,000 cubic meters of water to generate 110 million cubic meters of synthesis gas, 180,000 tons of steam, and 620 MW of electricity. Annually, it produces approximately 160,000 barrels of fuels and chemicals, with 40% designated as chemicals and 60% as fuels.

It was mentioned that Sasol operates an integrated value chain, sourcing coal, natural gas, and crude oil to produce fuels and chemicals across multiple global locations, including South Africa, Germany, and the United States. The company emphasizes customer-centric solutions through proprietary technologies and renewable energy initiatives. Their operations include coal-to-liquids, gas-to-liquids, and refining processes.

In terms of strategic goals and future focus, Sasol aims to drive consistent coal supply and deliver product volumes safely while emphasizing cost-effectiveness and safety across its Southern African operations. The company focuses on enterprise risk management, sustainable solutions, and strong financial control to unlock growth and enhance its brand reputation. Future initiatives include harnessing innovation and partnerships to realize transformative growth.

Sasol supplies approximately 8-10 billion litres, or 40%, of South Africa's domestic fuel needs and is the only local producer of jet fuel with a direct pipeline to OR Tambo. Additionally, Sasol's ammonia value chain supports farmers, while its production of liquid cyanide is essential for the gold mining industry. The company supports 500,000 jobs in South Africa, contributing 5% to gross domestic product (GDP) and 12% in taxes, while investing R2.9 billion in socio-economic development and educational programs for learners.

The Sasol Women in Mining Incubator Programme, launched in May 2023, aims to support South African female entrepreneurs leading Small and Medium (SMEs) by providing technical

expertise, mentorship, and financial coaching. This initiative addresses unique challenges faced by women-owned SMEs, fostering job creation and market access.

On community development, Sasol has invested over R30 million to upgrade electricity in Govan Mbeki Municipality, refurbishing six substations and benefiting seven SMMEs. The company has trained more than 500 emerging farmers and built two clinics serving over 30,000 people, alongside donating mobile clinics and a house for GBVF victims. The delegation was taken to a tour of the GBVF house donated by Sasol.

In terms of policy direction and future transition for Sasol, it was stated that the company requires clear policies on carbon tax and international taxation, flexible allocation of sustainable feedstocks, and regulatory support for blending mandates to enhance biofuels, ensuring compliance with air quality regulations. The updated Gas Amendment Bill is crucial for transitioning to Liquefied Natural Gas (LNG) and connecting to global supply chains.

3.6 Day 5 Meeting with Sasol (Sasolburg)

Sasol was established in 1950, and Natref's production capacity increased from 55,000 barrels per day in 1971 to 108,000 barrels per day by 2005, demonstrating substantial growth. The Sasolburg and Natref Operations span an area of 54 km², encompassing various sites and tank farms. In 1988, the company successfully transitioned Sasol One from fuel production to chemical production and implemented advanced systems such as SAP/R3 and IRIS at Natref. Sasol has achieved significant milestones, including the commissioning of its first green hydrogen plant in 2023 and the acquisition of a 36% stake in TotalEnergies in 2024. Key projects include the upgrades at Natref and the Lake Charles Chemical Project in the United States.

Sasol's Green Hydrogen Initiatives Overview

Sasolburg's Chlorine Plant produces approximately 150 kg/day of green hydrogen from a 3MW solar PV plant, while the Msenge Emoyeni Wind Farm can potentially yield 3.5 tpd of green hydrogen. The project includes a 5km hydrogen transfer line, but local green hydrogen off-take remains challenging due to price premiums.

Sasol's Community Investment Initiatives Overview

Sasol invested over R238 million in the Metsimaholo Local Municipality, impacting approximately 163,564 residents through education, health, skills programs, and environmental initiatives.

Sasolburg Community Development Initiatives

Sasol invested R13 million in road repairs and trained 30 young people in 4IR technologies, while also providing laptops and bursaries to learners and drilling 3 solar-powered boreholes for 26,388 residents.

Sasol's Healthcare Investments in Metsimaholo

Since 2014, Sasol has invested R69 million in Metsimaholo's healthcare, benefiting over 158,000 people through clinic upgrades and mobile units, including a mobile eye clinic serving 5,000 learners. The upgrades at Fezi Ngubentombi Hospital and local clinics improved access for 488,000 community members and included solar solutions for six health centres.

The total B-BBEE expenditure with empowering suppliers stands at 80%, achieving a total score of 31 points, including bonuses. Notable contributions include 50% of spending directed towards entities that are over 51% black-owned and 15% allocated to QSEs.

In 2024 financial year, R11.1 million was invested in SME development, resulting in 170 SMEs receiving training, 34 job graduations, and a 7% increase in revenue. The loan book balance has reached R712.7 million, reflecting a profit increase of 41.9%.

Sasol's Role in SA Industrial Development

Sasol is committed to aligning its growth strategy with South Africa's development goals, prioritizing industrialization and energy security. It is essential for stakeholders to work together for a coordinated energy transition. Sasol supports the implementation of carbon tax

incentives, comprehensive government backing for gas-driven industrialization, and the establishment of cumulative environmental regulations.

Trade Instruments and Export Market Interactions

Sasol operates in more than 100 countries, expanding its market presence to reduce risks. The company stated that it consistently evaluates opportunities and threats to enhance regional customer distribution.

Empowerment, Skills, and Enterprise Supplier Development

A total of R42.7 million has been allocated to the development of suppliers, with 13% directed towards black-owned women businesses. R113 billion has been invested in 1,319 SMME suppliers, accounting for 15% of total procurement. More than R250 million of the R680 million pledged for localization has been successfully achieved. The Sasol bursary programme has been initiated to attract talent in critical skill areas.

Green Business Building

Sasol understands the importance of enhancing the carbon credit market to implement an effective carbon tax. Secunda is established as a low-carbon industrial hub, promoting the use of renewable energy and scaling biogenic feedstock. There are initiatives underway to create commercial-scale energy storage solutions at Secunda. The potential for green hydrogen is recognized, with predictions indicating economic viability after 2030.

Following the presentations on Days 4 and 5, the delegation raised questions that Sasol could not fully address at the time. Sasol committed to providing written responses to the Committee, specifically concerning the Secunda and Sasolburg Plants. The responses have since been received and are summarized below:

Issue set	Consolidated Question	Sasol response
Sasol's role in SA Industrial Development	Does Sasol see itself as an industrial hub for South Africa - how can it be better assisted to play this role ?	We are committed to supporting the country in ensuring that the next phase of Sasol's growth aligns with South Africa's broader development goals. Our focus is on advancing industrialisation and prosperity. We are partnering with role players on driving reindustrialisation and energy security. Sasol is contributing our strong engineering skill set through NECOM. But, to ensure a sustainable energy future for all South Africans will mean stakeholder including industry and government need to be in synch on the energy transition and working on the same, well-developed timetable. We believe that a mix of industrial incentives and well thought through regulatory approaches can build South Africa into a next level industrial player. Three areas of public policy engagement we would highlight are:

		• A carbon tax / carbon pricing approach that really enables investment in transition. • Integrated government support for gas-fed industrialisation, including for our potential partnership with Eskom to consolidate LNG supply for gas-to-power generation. This will also require policy certainty on how public gas to power demand can underpin long-term LNG commitments. • An integrated, cumulative approach to regulating environmental impacts, driven by a whole of government way of working in partnership with industry.
Trade instruments and export market interactions	How is Sasol positioning itself for the risks and opportunities presented by developments in our various export markets including the potential revoking of US market access under AGOA, the imposition of CBAM by the EU & UK and the opportunities presented by the BRIC+ and AFCFTA as expansion markets ?	We sell our chemicals in over 100 countries, providing us a diversified market footprint that mitigates risks from specific markets. We continually assess opportunities and threats, adjusting our regional and customer allocations to optimise netbacks to South Africa while maintaining open market channels globally.

Empowerment, Skills, enterprise and supplier development	How much of Sasol's procurement spend in South Africa goes to emerging black businesses ?	• R42.7 million is spent on developing suppliers, of which 13 % is with black owned woman business. • During FY24, Sasol spent R11,3 billion with 1319 SMME suppliers. This represents 15% of the Total Procurement spend. • On Localisation, over R250m of the committed R680m by Sasol has been achieved thus far. • Preferential Procurement statistics include spending of R44 billion with majority Black-owned businesses and R27,2 billion with majority Black women owned businesses.
	Has Sasol invested in the full spectrum of engineering education to build capacity for itself and for the country ?	The Sasol bursary programme has been established to ensure that Sasol has a continuous supply of talented individuals in key skills categories to sustain Sasol's long-term business strategy. The primary purpose of the Sasol bursary programme is, therefore, to attract and manage this talent pool by providing financial assistance through bursary contracts to qualifying students in specific fields of study; as determined by the people planning process. Bursaries are allocated to a selected number of high potential students, based on Sasol's business requirements. Sasol bursaries is awarded to students in the fields of science and engineering.

	Can Sasol provide more detail on the women in mining programme ?	Detailed slides on this programme have been added as an addendum to the presentation.
	Can Sasol provide more detail on the farmer development programmes ?	The programme focuses on establishing and growing successful smallholder farmers through integrated support systems, ranging from technical learning to market access. The integrated programme was launched in 2021. To date over 300 farmers have been trained many of whom are in the process of business incubation. Slides with further detail have been included in the expanded presentation shared with the Committee.
Social Labour Plan implementation and investment/ risk mitigation in fenceline communities	How and where is Sasol investing in Health infrastructure ?	Detail has been included in expanded slide presentation.

	How are fenceline communities being trained and absorbed into Sasol's value chain as it evolves ?	We recruit candidates from the local community for both learnerships and bursaries, based on meeting minimum requirements. After they complete their training and obtain the necessary qualifications, they are considered for available vacancies at that time. Slides outlining the broader economic inclusion programmes targeting fenceline communities have been included in the updated presentation.
Green Business Building	How does Sasol understand the opportunity represented by carbon credits and how to harness it ?	The market for offsets in particular needs to be stimulated before it can become a much-needed prominent feature of the carbon tax regime, given that carbon credit projects at scale take many years to develop, operationalise and issue. The increased offset allowance proposed in the Carbon Phase 2 discussion document released in November 2024 will be a useful start.
	How is Sasol engaging with the opportunity to transform Secunda into a low-carbon industrial node ? How can government assist with that process ?	Secunda plays a crucial role in developing South Africa's low carbon industrial base. It anchors demand for large-scale renewable energy deployment to shift existing operations on to a lower carbon footing . Secunda is a unique petrochemical facility where grey hydrogen is produced at significant scale. Secunda serves as a key

		aggregation point for the South African natural gas market, managing inland gas molecules and facilitating rapid deployment of gas-to-power, unlocking LNG terminal investment. It can scale biogenic feedstocks from small volumes to commercial levels by blending low-carbon feedstocks over time into existing assets. As an existing, mega-scale industrial asset, Secunda can quickly introduce lower carbon fuels and chemicals to local and export markets much more efficiently – and quickly - than new project sites could. Secunda also has connectivity to supply OR Tambo International Airport with jet fuel via Natref, allowing international airlines to use SAF without having to transport it to the demand country.
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		The Secunda facility is also a platform for scaling energy storage. Given the need to keep energy constant, as clean energy is ramped up it is a viable place to develop commercial-scale solutions for energy storage. There is no other facility in the country which can create demand for all the elements needed to drive a clean Just Energy transition, with the right commercial enabling, Combining the production of liquid fuels and chemicals at one site creates opportunities to reduce carbon emissions across various value chains at the same time, a rare opportunity to accelerate the green transition. The flexible allocation exemption to certify SAF from Secunda that DTIC is seeking will be a powerful first stage enabler for incremental transformation into a low carbon intensive facility.
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Issue set	Consolidated Question	Sasol response
	How does Sasol understand the future of green hydrogen as an opportunity for South Africa ?	While it represents a credible and potentially lucrative industrial horizon for South Africa in coming decades (particularly as a midhorizon export sector and as a long-horizon replacement for gas), green H2 will not be imminently economical and will not solve our near-term transition challenge. We only expect the economics to be feasible at commercial scale beyond 2030, potentially post 2035. Sasol will continue to monitor the technology advancements in this area and will be ready to pivot our operations from grey to green hydrogen once it becomes cost competitive in the future. In the meanwhile, it is crucial to recall that competitive green hydrogen is downstream from gigascale renewable energy development as a first stage, given that the low levelised cost of green electricity is what will make South African green hydrogen derivatives competitive, and it is the scale of South Africa's renewable potential that will drive down these costs

4. COMMITTEE OBSERVATIONS

This section provides a synopsis of the key issues observed by the Committee, particularly emanating from the presentations, discussions, and the sites visit.

- The Committee expressed concern that the Mpumalanga Regional Office of the Department is under-resourced, given that the region is a hub for the mining industry.
- Issue of interference by National office regarding Optimum/Liberty Coal Mine where the regional decisions are overruled by the National office
- There were reported disagreements between the mining companies and the unions regarding layoffs in the mines. The unions claimed that the mines do not consult them when planning layoffs, as required by law. Seriti was specifically mentioned in this context. However, Seriti stated that it had not conducted any layoffs. Like many other mines, Seriti has implemented labour brokering, known as the employee contractor model. This model means that individuals are employed based on the available work at a given time, rather than on a permanent basis. The unions strongly opposed this model, arguing that it creates instability in the lives of their members.
- The unions were concerned about the issues of health and safety in mines. Harmony gold mine was cited as example of where the rate in which fatalities occurred is concerning.
- The Committee noted the issue of coal standards at the African Exploration Mining and Finance Corporation, which led to the mine ceasing coal supply to Eskom. However, the Committee expressed satisfaction that efforts have begun to address this situation and to revitalize the company to ensure it becomes operational and profitable. An action plan regarding the mine turnaround strategy will be provided to the Committee.
- The implementation of Social and Labour Plans was a key issue for African Exploration Mining and Arnot OPCO, primarily because the mines are not operational. The Committee welcomed the commitment to fulfil these obligations once the mines are fully operational.

- The Committee was pleased that Seriti donated 2.2 billion tons of coal to junior and emerging miners and that all Seriti operations have Women and Mining Committees.
- There was a concern regarding a perceived lack of communication and understanding about the Arnot Employee Trust governance. Former employees who are beneficiaries of the Trust expressed that they are not benefiting from it and are not informed about any developments. There was a commitment to send Trust governance information and answers to questions from the Members to the Committee. This information has been sent to the Committee, but it is confidential and cannot be included in this report in detail. However, the information was sent to the Members.
- The relationship between the Mpumalanga Regional Manager and the Liberty Coal mine has clearly broken down. Numerous disputes remain unresolved between the two parties.
- It was concerning that R200 million, which was supposedly transferred by Eskom to the Arnot mine or Department Trust for rehabilitation funds, was not accounted for. The meeting concluded that the Regional Manager and the relevant employee from Arnot will meet in March 2025 to review the financial records and clarify the facts regarding the R200 million, which should have been transferred to the Department's account three times at the oversight visit.
- The Committee was pleased with the Arnot Coal Mine Business Rescue Practitioner's approach to saving the company. Instead of fully taking over the process, he allowed mine management to continue managing the mine, and they are working together to find solutions. The Committee was particularly impressed with the approach of generating funds through internal processes within the mine, rather than borrowing from external sources.
- The Committee acknowledged and endorsed the restructuring of the African Exploration Mining and Finance Corporation.
- The Committee acknowledged the concerns expressed by the communities regarding their lack of benefits from the mines operating in their areas, except for Seriti.
- The Committee was pleased that the Sasol Secunda and Sasol Sasolburg plants are being upgraded to comply with the implementation of cleaner fuels 2 by July 2027.
- Issue raised by Mayor regarding the sale of water from the wastewater treatment plant by Seriti to the community. The Committee was concerned about Seriti's attempt to sell treated wastewater to Steve Tshwete Municipality after repairing the treatment facility

which was part of their Social Labour plan (SLP) at a rate unaffordable to the Steve Tshwete Municipality which in turn inevitable will affect the pricing of the Municipality to the residents.

- With Sasol's strategic departure from the export sector, the Committee highlighted a critical opportunity that must not be overlooked: the newly available space at Richardsbay terminal just like in Quatro allocation represents a potential gateway for junior and emerging mining companies to enter the market, potentially transforming the industry's competitive landscape and fostering growth among smaller players.
- Traditional leaders have made it clear they are unhappy with both how the mines are engaging with them—a crucial relationship gap that needs addressing.

5. COMMITTEE RECOMMENDATIONS

After conducting the oversight visit, the Portfolio Committee on Mineral and Petroleum Resources recommends that the Minister of Mineral and Petroleum Resources to:

- Ensure ongoing support and active monitoring of the progress towards upgrading Sasol to meet Clean Fuels 2 standards.
- Support the restructuring process of the African Exploration Mining and Finance Corporation to ensure the mine becomes fully operational by 2027. Furthermore, the Committee should receive an action plan concerning the mine turnaround strategy by the end of July 2025.
- Monitor and provide support to Arnot Opco as it works to successfully reestablish itself and exit the business rescue process.
- Facilitate the restoration of relationships between the Mpumalanga Regional Manager and Liberty Coal Mine Management.
- Ensure that the implementation of social and labour plans by mining companies in Mpumalanga is closely monitored to guarantee the fulfilment of their commitments.
- Resolve the issue concerning the R200 million rehabilitation fund related to Arnot and ensure that the report from the March 2025 meeting between Arnot and the Regional Manager is submitted to the Committee by the end of May 2025.

- Liberty Coal must provide a road map on compliance with outstanding obligations including the coal wash plant.
- Enhance communication between the Arnot Affected Employees Trust/Innovators Resources and the former employees of Arnot to foster improved collaboration and understanding.
- Ensure that, before the National Head Office sets aside a section 93 notice, it provide the relevant regional office with detailed reasons and consider their input.
- Monitor the ongoing discussions between Seriti and Steve Tshwete Municipality about selling and pricing of water as this project was in Seriti Social and Labour Plan.
- Foster the relations between Traditional leaders and the Mines.

Report to be considered.