

Thursday, 1 July 2021]

No 91—2021] THIRD SESSION, SIXTH PARLIAMENT

PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
 TABLINGS AND
 COMMITTEE REPORTS**

THURSDAY, 1 JULY 2021

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ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Assent by President in respect of Bills

- (1) **Division of Revenue Bill** [B 3 – 2021] – Act No 9 of 2021 (assented to and signed by President on 24 June 2021) (*Umthetho Wokwahlulwa-hlulwa Kwengeniso (isiXhosa)*).
- (2) **Special Appropriation Bill** [B 5 – 2021] – Act No 11 of 2021 (assented to and signed by President on 24 June 2021) (*Molao wa Kabo e e Kgethegileng (Sepedi)*).

National Assembly

The Speaker

1. Introduction of Bills

- (1) **The Minister of Mineral Resources and Energy**
 - (a) **Upstream Petroleum Resources Development Bill** [B 13 - 2021] (National Assembly – proposed sec 76) [Explanatory summary of Bill and prior notice of its introduction published in *Government Gazette* No 44694 of 11 June 2021.]

Introduction and referral to the **Portfolio Committee on Mineral Resources and Energy** of the National Assembly, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 160.

In terms of Joint Rule 154 written views on the classification of the Bill may be submitted to the JTM. The Bill may only be classified after the expiry of at least three parliamentary working days since introduction.

2. Appointment of whip

- (1) The following member has been appointed as a whip of the African National Congress in the National Assembly with effect from 18 June 2021:

Dyantyi, Q R

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Finance

- (a) Report and Financial Statements of the South African Reserve Bank for 2020-21, including the Report of the Independent Auditors on the Financial Statements for 2020-21.
- (b) Annual Financial Statements of the Corporation for Public Deposits for the year ended 31 March 2021.
- (c) Report and Financial Statements of the South African Reserve Bank's Prudential Authority for 2020-21, tabled in terms of section 55(1)(c) of the Financial Sector Regulation Act, 2017 (Act No 9 of 2017).

2. The Minister of Justice and Correctional Services

- (a) 2021 First Quarterly Report of the National Conventional Arms Control Committee (NCACC) for January – March 2021, tabled in terms of section 23(1) (c) of the National Conventional Arms Control Act, 2002 (Act No 41 of 2002).

National Assembly

1. The Speaker

- (a) Letter from the Acting Minister of Health dated 28 June 2021, to the Speaker of the National Assembly explaining the reasons for the delay in the submission of the Annual Report of the Compensation Fund for Mines and Works for the 2020/21 financial year.

LATE SUBMISSION OF THE ANNUAL FINANCIAL STATEMENT AND ANNUAL REPORT OF THE COMPENSATION FUND FOR MINES AND WORKS FOR THE 2020/21 FINANCIAL YEAR

I seek pardon for the non-submission of the Annual Financial Statement and Annual Report of the Compensation Fund for Mines and Works to the Auditor-

General of South Africa (AGSA) for the 2020/21 Financial Year. The Compensation Commissioner for Occupational Diseases (CCOD) has informed me that it is not possible to submit the Annual Financial Statement and Annual Report of the CCOD for the 2020/21 Financial Year by 31 May 2021 owing to the backlog occasioned by legacy challenges.

There has been progress, however, in that the Actuarial Valuation of the Compensation Fund as at 31 March 2021 is being finalised. The Annual Reports and Audited Financial Statements for 2014/15, 2015/16 and 2016/17 FY were submitted to parliament on 30 April 2021.

The Auditor-General of South Africa (AGSA) is finalising the audit of the 2017/18 Annual Report and Annual Financial Statement. The 2018/19 Annual Financial Statement was submitted to AGSA on 1 February 2021 and the 2019/20 Annual Financial Statement was submitted on 14 May 2021 to AGSA.

The 2020/21 Annual Financial Statement will be submitted to AGSA by 31 August 2021 and has to incorporate the Actuarial Valuation report as at 31 March 2021.

Thus, the backlogs in submission of Annual Reports and Audited Financial Statements will be cleared by the end of the 2021/22 Financial Year.

Yours sincerely
(signed)
MS MT KUBAYI-NGUBANE, MP
ACTING MINISTER OF HEALTH

COMMITTEE REPORTS

National Assembly

1. Report of the Portfolio Committee on Public Enterprises on the oversight visit to Alexkor, dated 19 May 2021

1. Introduction

The Portfolio Committee on Public Enterprises (the committee), having undertaken an oversight visit to Alexkor from 13 – 14 April 2021, reports as follows:

The purpose of the oversight visit was to familiarise the Committee with the operations of the mine and the material conditions of the people who are meant to be served by Alexkor. Secondly, to assess progress that has been made in terms of the implementation of the Deeds of Settlement and the establishment of recognized structures in the Richtersveld community. The visit followed a virtual meeting held on 3 March 2021, where the Committee received a progress report from both Department of Public Enterprises and Department of Agriculture, Land Reform and Rural Development.

1.1 Background

In 1998, the community of Richtersveld filed a claim against the Government for dispossession of land under the guidance of the Restitution of Land Rights Act, No. 22 of 1994. Following the protracted court proceedings, the Constitutional Court's awarded the land and mineral rights to the community of the Richtersveld.

The Department of Public Enterprises (DPE) and the then Department of Land Affairs represented the Government in the settlement negotiations. The Deed of Settlement (DoS) was signed on 22 April 2007, between the Richtersveld Sida Hub Communal Property Association (RCPA), the Government and Alexkor and on 9 October 2007 made an order of court.

In order to protect the interests of the community, the DoS sought to create a very comprehensive structure of Trusts and Companies to house the interests of the Community. The DoS signed by the parties in 2007, directed that at least 2 Trusts and eight (8) companies must be established to manage and operate the various business dealings of the Richtersveld Community Claim and One (1) Communal Property Association as a Land Holding entity.

In terms of the original statutes more than 50 directors are required to oversee the interest of the community. The dynamics between these entities (Limited financial benefits, a bloated and complex structure, poor communication and limited accountability), which were created to protect the assets and the CPA members, is today regarded as one of the factors impacting negatively (is recognised as the primary reason for the levels of conflict in the Richtersveld Community) on the operation, survival and effectiveness of the Richtersveld Communal Property Association.

1.2 Delegation

The committee delegation included the following members: Mr K Magaxa (Chairperson of the Committee, ANC), Mr N Dlamini (ANC), Ms C Phiri (ANC), Ms J Tshabalala (ANC), Ms J Mkhwanazi (ANC), Ms V Malinga (ANC), Mr G Cachalia (DA), Ms O Maotwe (EFF). The delegation was accompanied by the following parliamentary officials: Mr D Mocumi (Committee Secretary), Ms Y Cele-Ntshinka (Committee Assistant) and Mr R Mnisi (Content Advisor).

2. Visit to Alexkor Mining Operations

The Committee started the oversight with a site visit to the Muisvlak plant, Alexander Bay Final Recovery Plant, DMS plant and the sought house. The purpose was to assess the state of the facilities and the working arrangements with contractors in the mine. The Committee then proceeded to the Alexkor boardrooms where it met with the invited stakeholders, such as Department of Public Enterprises, Department of Agriculture, Land Reform and Rural Development, Northern Cape Provincial Government, Mining contractors and Department of Co-operative Governance and Traditional Affairs.

3. Progress report of Department of Public Enterprises

The presentation was led by Ms M Mothengu, who gave the Committee a progress report on the implementation of the obligations of the Department of Public Enterprises in relation to the deeds of settlement.

3.1 Provisions of the Settlement Agreement

In terms of the Order, the Richtersveld Land Claim Settlement comprised of the following;

- 3.1.1 Transferral and restoration of portions of land by the State and Alexkor to the Richtersveld Community.
- 3.1.2 The transfer of Alexkor's land mining rights Richtersveld Mining Company and the setting up of Alexkor RMC PSJV. The State through Alexkor would capitalise the Alexkor RMC PSJV with R200 million in order to restore mining operations.
- 3.1.3 The transfer of Alexkor's mariculture and agricultural assets to the Richtersveld Agricultural Holdings.

- 3.1.4 A sum of R190 million to be paid as reparation to the Richtersveld Investment Holding Company (RIHC) over three years.
- 3.1.5 R50 million development grant to be paid as a lump sum development grant to the RIHC for agriculture and mariculture.
- 3.1.6 R45 million to be paid to the Richtersveld Property Holding Company (RPHC) as compensation for Alexkor's occupation on transferred residential properties for ten years.
- 3.1.7 The establishment of a township at Alexander Bay including the upgrade of the municipal infrastructure to be handed over to the Richtersveld municipality.
- 3.1.8 Environmental rehabilitation of historical mining areas.

3.2 Status of the transfer of properties and the payment of R45 million

- 3.2.1 Clause 7.7 of the DoS prescribes that upon transfer and registration of 500 residential erven in the name Richtersveld Property Holding Company (RPHC), Alexkor pays the Richtersveld Property Holdings Company (PHC) an amount of R45 million as upfront rental payment for a period of 10 years to ensure security of accommodation for the mine employees.
- 3.2.2 In October 2015, the Richtersveld Communal Property Association (RCPA) leadership in a meeting with the DPE and DARDLR proposed that R45 million be paid directly to the Richtersveld beneficiaries as opposed to RPCHC. This would require an amendment to the DoS as the DoS is an order of court directed that the payment be made to the RPHC.
- 3.2.3 To effect this proposal, DPE, DARDLR arranged a meeting with all the beneficiaries to inform them of the new developments and seek approval to commence with process to amend the court order. In a meeting held in May 2016, the community gave consent for the Government to initiate the process of amending the DoS to effect payment to the beneficiaries.
- 3.2.4 During the exercise, DARDLR received several letters from various attorneys claiming to represent the community. These attorneys emphasised illegitimacy of the then CPA and that the process embarked upon by government is in contravention with the settlement order. The exercise was then halted to allow for elections and the annual general meeting to be concluded.

- 3.2.5 The NCOP convened meetings on November 2017 and February 2018 respectively, the DARDLR and DPE were tasked with the responsibility of regularising the Richtersveld Community. During the 2018, a number of attempts were made to convene election for the RCPA committee members, these efforts were unsuccessful.
- 3.2.6 Subsequently DARDLR recommended that the RCPA be placed under administration. On 28 February 2020, the court granted the DG of DARDLR to place the RCPA under administration. The Administrator was appointed in July 2020.
- 3.2.7 The R45 million is kept in a trust account managed by Alexkor's attorneys.

4. Progress report of Department of Agriculture, Land Reform and Rural Development

The presentation was led by Mr I Mashune, who gave a progress report of the implementation of the obligations of the Department of Agriculture, Land Reform and Rural Development.

4.1 Background on Restitution Companies

The application to place the Communal Property Association (CPA) under administration was heard and ordered on 28 February 2020 at Kimberley High Court. The order and the work plan main key activities to be performed within the 3-year period entails the following key activities:

- 4.1.1 Review of the deed settlement; Consider whether there is a need to amend the Constitution of the CPA and the Investment and Community Trust structures;
- 4.1.2 Ensure that the administration of the CPA is conducted in an orderly, efficient and accountable manner; Ensure the sound management of all CPA assets;
- 4.1.3 Ensure that the membership register of the CPA is correct and updated in compliance with the CPA constitution, the CPA Act and the order of the Land Claims Court and that a membership list is updated and adopted by members;
- 4.1.4 Ensure sound financial management;

- 4.1.5 Ensure the execution of General meetings; special General meetings and AGMs as contemplated in the CPA Constitution and any other meeting the administrator deems necessary for the fulfilment of his task;
- 4.1.6 Conduct Elections of CPA Committee in terms of clause 13 of the constitution; Write up and submit the formal documentation required by the CPA Act.

4.2 Progress report on the Administration process

The CPA was placed under administration on 28 February 2020. An Administrator was appointed, and his responsibilities included performing all the functions of the CPA committee according to the CPA constitution. The major challenge is that the functions of entities responsible for serving restitution beneficiaries have been unfairly shifted to the CPA over the past years, and thus creating the perception that Richtersveld community is in dispute. Therefore, the Administrator will try to focus on review and aligning the structures with the different legal entities.

4.3 Establishment of recognised structures

The CPA Annual General Meeting was held on 23 – 24 March 2021 and decided that the focus be placed on the following:

- 4.3.1 **Membership list to be finalised and adopted by end May 2021.** Committees elected per town to assist with updating. Proposals for the actual assessment of membership to be presented to the members on 21 and 22 April 2021.
- 4.3.2 **Elections policy, and actual elections to be held by June 2021.** Members are in the process to comment on the policy in preparations for the elections.
- 4.3.3 **Payment of dividends to members from Investment Trust.** Companies and Trust are scheduled to have separate meetings to report the status of each entity to the beneficiaries. The meetings were scheduled to take place from 5 – 9 April, but has since been shifted to May 2021 due to public holidays affecting the schedules of the directors and Trustees

4.4 Resolving conflicts in the community

The following are the possible conflicts which requires attention of both the members of the RCPA and different departments to work together:

- 4.4.1 Consultations / public participation required from CPA members regarding the land owned by CPA, or land still to be transferred in terms of DoS must follow the CPA constitution. Haphazard meetings been arranged and taking decisions on CPA land without proper notices lead to uncontrollable conflict management.
- 4.4.2 Responsibilities and roles of each department is not clear, thus members' complaints are sent to wrong departments. DALRRD is responsible for CPA and Land Claim process monitoring; DPE is responsible for JV/ Alexkor to implement DoS. Alexkor employees' disputes been brought to CPA.
- 4.4.3 Accountability of different entities to the community. The responsibility of reporting should not be left to the CPA as each entity is responsible for reporting to the members. E.g. RMC is responsible to report all challenges of JV to members, not for members to establish task team to then complain to outside entities instead of addressing the matters with DPE.
- 4.4.4 Members of the CPA have a perception that holding separate meetings in different villages is used as a divide and rule whilst some raised concern that quorum for decisions might be a challenge.

5. Development Plans of the Northern Cape Provincial Government

The presentation was presented virtually by the Chief Executive Officer of the Northern Cape Economic Development Agency, Mr Louw, and the government was represented by the Director-General of the Northern Cape province, Mr J Bekebeke.

The province presented a comprehensive economic development plan which involves the following major projects, Namakwa Special Economic Zone, Lower Orange River Irrigation; Vioolsdrif Dam and the Boegoebaai Harbour.

5.1 Namakwa Special Economic Zone (SEZ)

Namakwa SEZ is located on the N14 national route which connects the Cape with Namibia and Gauteng. It will have access to regional road networks; access to Saldanha Harbour, Cape Town Harbour and the planned Boegoebaai Harbour; and Access to Cape Town International Airport and Upington Airport

As part of the Northern Cape Industrial Corridor, the Namakwa SEZ will contribute the following to the economy of the people of the Namaqua region:

- 5.1.1 Create economic growth and transformation within the South African mining and agricultural sectors;
- 5.1.2 Create awareness and support for the development and growth of the Namakwa SEZ;
- 5.1.3 Support the process of attracting mining, agricultural and related industries and tenants into the Namakwa SEZ whilst achieving socio economic empowerment for the surrounding communities;
- 5.1.4 Ensure greater inclusion of SMMEs within the Mining and Agro value chains.

5.2 Boegoebaai Harbour

Boegoebaai is approximately 60km north of Port Nolloth in the Richtersveld Local Municipality area. The primary opportunity is the short distance between the coastline and relatively deep water. The location places it relatively close in proximity to rich mining and agricultural sectors. Boegoebaai deep water port will be a Greenfields development. First development of this magnitude in 26 years for Northern Cape. The project cost is estimated at R13.8-billion with the IRR of 13.3%.

5.3 Key drivers for the project

It was reported that the project will have the following economic benefits:

- 5.3.1 Reduce the economic cost of moving cargo within the Northern Cape hinterland;
- 5.3.2 Unlock greater export logistics capacity for minerals in the Northern Cape;
- 5.3.3 Optimize the cargo distribution within the South African port system;

- 5.3.4 Stimulate regional and provincial socio-economic development;
- 5.3.5 Secure a competitive advantage regionally for South African Ports;
- 5.3.6 Offer in addition to Saldanha Bay, a means of exporting surplus volumes of minerals;
- 5.3.7 The existing export routes (supply chains) are constrained and expensive for the mines, the Proposed Project establishes new export capacity in the Northern Cape for the benefit of the province and the entire country;
- 5.3.8 Green Hydrogen and Ammonia market.

6. **Alexkor/RMC presentation**

The presentation was led by the Chief Executive Officer of Alexkor, Mr L Pitsoe. The presentation gave an overview of the performance plan for 2021/22 financial and the strategic intent of the company. The presentation covered the following:

- 6.1 As at March 2021, the company had 805 employees, which comprises 77 Alexkor RMC JV permanent employees, 671 contractors, 2 Alexkor SOC employees, 3 Alexkor SOC casual employees, and 57 Alexkor RMC JV casual employees.
- 6.2 The company is in the process of rehabilitating land operations and exploring new marine mining methods.
- 6.3 The challenges include diamond theft, uncondusive weather conditions, poor and dilapidated infrastructure.
- 6.4 Contractor payment is based on a split of the diamond revenue. The mine currently has 25 contracted shore units, 32 boat units, 7 beach contractors and 59 land contractors. Total employment of all contractors is 608.
- 6.5 The company has improved security in the mine and has installed advanced surveillance cameras to curb the theft of diamonds.

7. **Meeting with Mining Contractors**

The Committee met with mining contractors in order to understand their challenges and work with parties to improve the working relationship between Alexkor and contractors. The contractors raised a number of concerns which included the following:

- 7.1 The company has been destroyed by corruption and state capture. There was a very bad relationship between the former leadership of Alexkor and contractor, there was no accountability, transparency of the plans and finances of the company. However, this has improved since the appointment of Mr Lemogang Pitsoe as the CEO. The CEO has established the Contractors Forum, whose aim is to promote a culture of engagement and transparency.
- 7.2 There is high unemployment rate and lack of development programmes for young people in the community, and that has given rise to high levels of poverty, drug and alcohol abuse.
- 7.3 There is a need for development programmes for small mining contractors, particularly on how to manage finance and invest in growing their companies.
- 7.4 There is a selective application of polygraph tests on contractors, whereas it is not used on employees.
- 7.5 Alexander Bay is not prioritised for development in terms of the Integrated Development Plan.

8. Observations

The Committee made the following observations:

- 8.1 Concern was raised regarding the long period it has taken to resolve the issues of membership and the establishment of structures for the Richtersveld community has caused the delays in beneficiaries receiving their dividends. It has also caused infighting in the community.
- 8.2 The Committee raised unhappiness and disappointment that the Department of Agriculture, Land Reform and Rural Development has not met the timeframes that were set for the completion of the membership list.
- 8.3 Concern was raised regarding lack of timeframes for the transfer of municipality and properties. Property Holding Company is dormant due to the non-existence of recognised structures.

- 8.4 Concern was raised regarding the lack of recognised structures was due to the inability of the DALRRD to facilitate the election of CPA and recognised community structure.
- 8.5 It was noted that offices of Alexkor continue to be located in Pretoria, and awaiting expiry of the lease agreement to be moved to Alexander Bay.
- 8.6 Out of eight obligations for DPE, only two are still outstanding. For DALRRD the three matters are hindering progress, namely the membership list, elections and dividends.
- 8.7 Concern was expressed by the contractors regarding the tedious process to obtain a mining contract in Alexkor, which included travelling to Cape Town.
- 8.8 The Committee welcomed the plans of the Northern Cape government regarding the economic development zone in the Namaqua region.
- 8.9 Clarity was sought as to how the provincial government has assisted the Richtersveld community in terms of the service delivery. The main issue related to water and electricity, however there are plans and work being done with water boards and Eskom to resolve the issues.
- 8.10 There are good relations and social programmes with the government of Namibia.
- 8.11 Clarity was sought regarding the plans to rehabilitate the mining area. Concern was raised regarding the lack of adequate security.
- 8.12 Clarity was sought on the economic spin offs for the SEZ in terms of job creation, localisation, and support for women and youth owned companies.
- 8.13 The Committee noted that there is a going concern, there is no reckless trading, problem with fixed assets audits. The company is able to meet its current financial obligations.
- 8.14 The Committee commended Alexkor for reducing its debt from R140 million to R54 million. An amount of R80 million was paid into the loan while operating under a strenuous environment of Covid-19.
- 8.15 The Committee remains concerned at the high levels of poverty in the area, including youth and women unemployment.
- 8.16 Alexkor needs to account on its plant, equipment and machinery through a proper asset management protocol. The stealing of diamonds is a concern for the Committee,

however the Committee welcomed the efforts to improve the security systems at Alexkor.

9. Recommendations

The Committee made the following recommendations:

9.1 Minister of Public Enterprises

The Committee resolved that the Minister of Public Enterprises should consider:

- 9.1.1 Ensuring the sustainability of Alexkor in terms of operations, financial, governance and assert its future role in the mining industry.
- 9.1.2 Investing in technology that will lead to developmental programmes for miners in the area. This will facilitate job creation among the youth and women in the sector.
- 9.1.3 Locating the main headquarters to Kimberley, as it will be closer to the market due to availability of flights, and facilities such as banks and accommodation.
- 9.1.4 Expediting the process of the development of the CPA in line with the actions required in the Deed of Settlement.
- 9.1.5 Ensuring that there is good governance at Alexkor in line with the submission of Annual Financial Statements.
- 9.1.6 Tabling plans to the Committee on the operational effectiveness of the Muisvlak plant and future plans to prospect in the area.
- 9.1.7 The need for a coordinated oversight between government departments to address community concerns and the socio-economic profile of the area. A policy coordinating department should be appointed in resolving the conflicts.
- 9.1.8 Addressing concerns raised by small-scale miners, including ensuring that evidence that was brought forward in the Zondo Commission is acted upon.
- 9.1.9 Ensuring that opportunities presented by the Namaqua SEZ are seized for the diversification of the role of Alexkor and future development of the Richtersveld Community.

9.1.10 Providing the Committee with realistic capital investments needed for mining the resource at Alexkor given the age and level of exploitation.

9.1.11 Calling for a co-ordinated government socio-economic intervention in the area to uplift the development outcomes of the people in the Richtersveld Local Municipality.

9.2 Minister of Agriculture, Land Reform and Rural Development

The Committee resolved that the Minister of Agriculture, Land Reform and Rural Development should consider:

9.2.1 Ensuring that the timelines for the formulation of the CPA in line with the Deed of Settlement are adhered to.

9.2.2 Developing a policy coordination framework which is required to resolve socio-economic challenges in Richtersveld. To this effect the Richtersveld Municipality's Integrated Development Plan should address in its Local Economic Development that mining is key pillar in its socio-development outcomes of the communities of Richtersveld.

9.2.3 Developing a community participation framework and present it to the Committee.

10. Conclusions

The Committee will continue monitoring and providing oversight over Alexkor during this financial year, with special focus on how the company addresses liquidity issues facing the company such as management of assets, fixed assets audit and financial strategy.

Report to be considered.