

PRESENTATION TO PORTFOLIO COMMITTEE ON PUBLIC ENTERPRISES



Repeal of the Overvaal Resorts Act 127 of 1993

25 April 2018



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Public Enterprises
REPUBLIC OF SOUTH AFRICA



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127 OF 1993**
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BACKGROUND

- Government's policy in 2001 was to restructure State Owned Companies ("SOC")
- Objectives underlying restructuring were to raise funding for the fiscus and reduce the national debt, empower previously disadvantaged groups, and exit sectors that were loss making and non-core to Government.
- The restructuring process entailed disposing some of the SOC.
- Hotel and leisure were considered non-core to Government.
- On 22 August 2001, Cabinet took a decision to dispose Aventura Resorts.
- The decision was also driven by the fact that Aventura was loss making.



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BACKGROUND CONT...

- Aventura had a total of 14 resorts at that time.
- Six of the resorts that were disposed to different purchasers as they were loss making.
- The remaining 8 were sold to one bidder (Forever Siyonwaba Consortium).



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CHALLENGES

- The following challenges were encountered which affected the timeous transfer of all the 8 resorts to Forever Siyonwaba Consortium: *American company*
 - Incorrect descriptions of Aventura resorts by the Deeds Office. *30/6*
 - Land claims.
 - Pending legal actions aimed at interdicting transfer of the said properties.
 - Action instituted claiming rectification of the sale agreement and transfer of properties allegedly sold by Government and Aventura to one bidder but transferred to another.
 - Some resorts registered in the name of Government as opposed to Aventura as at the date when transfer was sought to be effected.



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CHALLENGES CONT...

- In order to address these challenges and fast track the transfer, an addendum to the sale agreement seeking to correct property descriptions, was entered into in 2007.
- Notwithstanding this, challenges of improper property description kept on recurring leaving Government with no option but to consider an alternative way of disposing Aventura.



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LIQUIDATION

- Liquidation was an alternative way of disposing Aventura.
- Following a lengthy and protracted process, in 2012 the then Minister of Public Enterprises passed a special resolution at an AGM to liquidate Aventura, and eventually place the company under liquidation.
- Liquidators were appointed to wind-up Aventura and the liquidation process was completed.
- As part of finalising the liquidation (winding-up), Aventura's founding legislation (the Overvaal Resorts Act 127 of 1993) needs to be repealed.



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REPEAL OF THE OVERVAAL RESORTS ACT 127 OF 1993

- The Bill repealing this legislation is the Repeal of the Overvaal Resorts Bill.
- The Bill was approved by Cabinet for publication in the Government Gazette to invite public comments on 29 March 2017.
- The Bill was published in the Government Gazette (Government No 40921, Volume 624 of 15/06/2017) from 15 June 2017 to 15 July 2017.
- No comments were received on the Bill.
- The Bill is aimed at repealing the Overvaal Resorts Act 127 of 1993 in its entirety except for section 3(2) under which Government acquired servitudes over land on which certain Aventura resorts are situated.



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CONCLUSION

- The Repeal of the Overvaal Resorts Act will bring finality to the liquidation/disposal of Aventura that begun in 2001.
- This will give effect to a Cabinet decision to dispose Aventura.



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THE END



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