



**NECSA GROUP SUBMISSION TO
THE PORTFOLIO COMMITTEE ON
MINERAL RESOURCES AND
ENERGY – 13 SEPTEMBER 2019**

**STOP THE ROT: PUT BREAKS ON THE AGENDA OF
NARROW SELF-INTERESTS**

ON THIS WE STAND

Necsa and its subsidiaries are strategic national assets that have massive potential to create many jobs and bring massive income for the country, but those vested with the authority to govern them are reducing the entity into a fool's paradise made of mud and straw ready to crumble on top of its employees!



NEHAWU

National Education Health & Allied Workers Union

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Date: 13 September 2019

The Honourable Mr Sahlulele Luzipho, MP
Chairperson of the Parliamentary Portfolio Committee on Mineral Resources and Energy
Committee Section
PO Box 15
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Dear Honourable Chairperson,

NEHAWU AND PELINDABA WORKERS UNION, JOINT NECSA GROUP SUBMISSION TO THE PARLIAMENTARY COMMITTEE ON MINERAL RESOURCES AND ENERGY ON NECSA GROUP GOVERNANCE SITUATION

1. Introduction

During its oversight visits to the Necsa Group, the Parliamentary Portfolio Committee on Mineral Resources and Energy invited organised labour to write to it to state its views about among others:

- What we believe to be the problem areas within the entity, and
- Proposed solutions

The purpose of this submission therefore is to give effect to this request, which we welcome as labour given how in the past our voice raising alarm about some of these matters were ignored by those in power at DoE and within the Necsa Group.

We therefore take this invitation very seriously and we would like to extend our sincere gratitude to the committee for inviting us to make this submission.

- Section A deals with the background and corporate governance matters,
- Section B deals with operational matters,
- Section C deals with what should be proposed solutions
- Section D deals with the conclusions

SECTION A: CORPORATE GOVERNANCE

2. Ringing the alarm: background of the current crisis

The appointment of former Minister of Energy, Mr Jeff Radebe, turned out to be a disaster for the Necsa Group in general and workers in particular. His leadership and interventions in the entity created a disaster that will be very difficult and take time to reverse.

His intervention escalated governance, licence and even personal differences between Necsa and NTP Radioisotopes Directors and Executives, constituting one front of this crisis, and also between the Necsa executives and the National Nuclear Regulator (NNR)/NTP leadership coalition as a second front.

Ministers before Mr Radebe such as Mr David Mahlobo visited Necsa and tried to resolve any differences without taking sides or without being seen to be taking sides. This was not the case with Minister Radebe. He took sides, and sided with the NNR/NTP leadership coalition backed by some official in the Department of Energy as the media published stories and leaked communication show.

This communication put into question the independence of the National Nuclear Regulator in its dealings with Necsa, and therefore warrants a serious investigation. Please see the worrying correspondence between Dr Tyobeka (The regulator) and Ms Tina Eboka (MD: NTP). These discussions show that they were communicating with Mr Jeff Radebe behind the backs of the previous Necsa Chairperson and CEO. Actions of Ms Eboka and the NNR seems to have contributed to large disruptions to the nuclear medicine exports and to the income of NTP and Necsa. See Annexure NEHAWU-PPMRE 1, 1A and 1B

Necsa holds the nuclear installation licence granted to it by the NNR. Mrs Eboka, NTP MD, for rather strange reasons seems opposed to the licence holder (that is accountable for the licence) from making "inputs and control" possibly for NTP to comply with the licence requirements. It really baffles our minds how anyone in their right minds would want to dictate terms on a licence they do not hold.

The regulator supports this and even advise her on steps she should take to achieve her objectives (taking the matter up with "JR", we believe to be Jeff Radebe). The Minister immediately after this directs that NTP should no longer account to the Necsa Board but should report to his office suggests a situation in which the tail seems to be wagging the dog.

Essentially, because Minister Radebe took sides, he abdicated his responsibilities to provide proper leadership as a Minister and instead acted in a manner that seems to serve the interests of the NNR/NTP leadership coalition. His subsequent correspondences to the previous Necsa Board suggests that in all intent and purposes he had long made up his mind but was most probably merely building a case to fire the Board.

We learnt with shock when the then Acting Necsa CEO, Mr Don Robertson, revealed publicly during his first address to the Necsa Public Safety Information Session (PSIF) that he started receiving phone calls from Dr Rob Adam as early as before or early November 2018 asking him to become the Acting Necsa CEO. This was before Mr Radebe wrote to the Necsa Board and CEO (22 November 2018) giving them few days to give reason why they should not be removed, and suspended in the case of Mr Tshelane. Dr Rob Adam was at this stage not a Necsa Board Chairperson as he was appointed around 5th December 2018. How he could start dishing out the Acting CEO job when he was not a Necsa Board member shows that he possibly was working with Mr Radebe long before his appointment to the Board and this was a serious corporate governance breach and possibly unlawful.

As NEHAWU we were therefore not surprised when The Pretoria High Court, Acting Judge J. Mtati, found that Mr Radebe "did not consider their (Kemmm and Bosman) written representations before making a decision to remove them as directors" and declared their removal unlawful and set aside.

Minister Radebe had long made up his mind as revealed by Mr Robertson and confirmed by the court judgement, and therefore his letters to the previous Board and CEO asking for representation were nothing but a smokescreen and a farce.

Even if we were to grant that his intentions to remove the previous Board were legitimate, it still remains a mystery as to why Mr Radebe would find it wise and be so impatient to fire the previous Necsa Board, which was left with a mere three months of its term and concurrently suspend the previous CEO. This act pushed the organization into deep financial crisis.

The question must therefore be asked, as to why Minister Radebe would go to the extent of acting unlawfully in furthering the interests of the NNR/NTP leadership coalition. Dr Kemmm and Mr Tshelane accused former Minister Radebe of soliciting their support in a meeting to sell a part of NTP to Lantheus Medical Imaging (LMI), a US based company. It is alleged that LMI has some Necsa's Intellectual Property registered in its own name in the US from which Necsa has not received any benefits.

If this claim by Dr Kemmm and Mr Tshelane is true, it may well be that Mr Radebe by furthering the interests of the NNR/NTP leadership coalition, he was also furthering his own interests. This accusation is serious, cannot be left unattended, and must be investigated.

Mr Radebe was not only a disaster to Necsa but to the entire nuclear industry as a whole given how he released an IRP 2018 draft document that excluded important public input on nuclear energy and behaved as if he is the Minister of one energy source, renewables, through Independent Power Producers.

We embarked on a march to DoE on 30 October 2018 as the Energy Cluster to deliver a memorandum of demands on all the matters we raised. See Annexure NEHAWU PPCMRE 2.

To date our memorandum of demands was never responded to by Jeff Radebe and his officials.

In December 2018 Mr Radebe appointed the new Necsa Board chaired by Dr Rob Adam and Mr Don Robertson as Acting CEO. We characterised this decision as nothing but the reversal of transformation, attack on workers (retrenchment) and an agenda to sell public assets.

The appointment of these two white males at the helm of the organization was among others followed by a swift appointment of other old white males in senior positions:

- Mr Gavin Ball was appointed Acting CEO which was aborted within few hours he was in the position,
- Mr Rico Vijoer who is on retirement was appointed on contract as Acting CFO,
- Mr Jan Rijn Zeevaart was appointed Acting Group Executive of Research and Technology Development,
- Mr Johan Deetlefs was appointed as Acting Senior Manager Supply Chain Management,
- Mr Gawie Nothangal who is on retirement was appointed to be part of Necsa delegation to DoE for the Multi-purpose reactor

This elevation of white males existed concurrently with side-lining of black executives and thus polarising the entity on racial lines. Even white contractors employees seems to have more voice than black executives and senior managers.

The reactionary combination of Dr Adam and Mr Robertson is the same combination behind the sale of Necsa/NTP Intellectual Property to ANSTO in Australia at questionable terms and has apparently took part in the latest sales agreement between NTP, ANSTO and the notorious LMI this year. ANSTO executives are alleged to be former colleagues of Dr Adam and Mr Robertson. The committee should demand to see if the latest sales agreement is in the interest of the country.

It is rather curious that ANSTO is said to have entered the radiopharmaceutical market in September 2017 and two months later in November 2017 NTP came to a halt.

In 2011, when Dr Adam was leaving Necsa as a CEO, he again brought in Mr Robertson from NTP, to act as a CEO, and the pair were behind the failed attempt to retrench 250 workers in 2012.

For the past few years, Necsa has always been having cash flow shortages of over R100-million on average around November up to the end of the financial year, which required putting into place various measures to raise the cash. Removing the Board at such a critical time and suspend the CEO was in our view a deliberate act to throw the entity into serious financial problems.

What is more shocking is how the current anti-transformation and anti-working class Board and their numerous acting CEOs stooges, could in less than a year allow the

cash flow situation to escalate from just over R100-million, in the past few years, to R463-million in the 2018/19 FY and projected R325-million in the current financial year. That is if their claim are to be believed because we have not seen any data to back these figures that are thrown around.

This clearly shows that this Board does not know what they are doing, have no capability, expertise, skills set to take the entity forward, and we are of the firm view that the remaining Board members must be removed before they do more damage.

In addition to that, we have since learnt with shock the allegation that Dr Adam for the six months as chairperson of the Board received over R1.1-million in board fees with R839-thousand of that being a salary and R229-thousand in taxable allowances. We can add to this the waste of paying two people millions for the same CEO position for six months. This is was very wasteful when it would have cost the entity less had the Board respected the Nuclear Energy Act and appointed an employee to act in that position.

The Board wasted no time in developing a sham of a document they call "turn-around strategy" which was nothing but a document facilitating asset stripping, retrenchment of 400 employees and closure of some divisions. See Annexure NEHAWU PPCMRE 3

The strategy document is deliberately silent on other government approved growth projects whose mention negates the agenda to close or sell PE and Pelchem given the role they will play:

- It ignored the decision by government to support the building of a Multi-purpose reactor to replace SAFARI-1. Necsa was sent a letter to nominate a team to work on the Multi-purpose reactor in February 2019 but only submitted the names in July 2019 after we made noise about this matter. Pelindaba Enterprises as a nuclear manufacturing centre will play an important localisation role in such a built,
- Pelchem requires re-capitalisation to refurbish old plants and increase production in order to tap into the flourochemical expansion as project Thuthukani aims to do. It also needs support to go ahead with the work already done to make Ketlaphela a reality. The Necsa Board should allow Pelchem to draw down on the R60-million IDC loan to refurbish plants instead of facilitating its death in order that it may be devoured by vultures who what to feed on its carcass and gain access to government Intellectual Property.

The language and agenda of retrenchments is what seems to characterise Dr Adam's management style. We long felt validated to hold this attitude because he left Necsa in financial tatters in 2012 with 250 employees served with retrenchments notices. He left Necsa to join Aveng Nuclear Manufacturing division, which also collapsed and retrenched its employees.

To prove that his management style was a disaster to workers in the past, within a space of one year in 2013, through the intervention of NEHAWU and the reduction of inefficiencies originating from his time as CEO, Necsa was able to achieve a turnaround of R100 million from a deficit of R75 million at the start of 2012/13 financial year, to a surplus of R29 million at the end of that period. Because of this, the Board at the time was able to clean his mess and took a decision to lift section 189 notices.

Just as it was true in 2013 after "Mr Retrenchments" left, it remains true to this day that the inefficiencies in the organisation can be addressed objectively through honest cooperation between labour and the employer without rushing and resorting to senseless retrenchments. Retrenchments are an action of a last resort and cannot be used as a vendetta to finish what Dr Adam could not in 2012!

To take charge and within months attempt to project a false narrative that the financial situation facing Necsa is as a result of wage bill only, is disingenuous! Necsa's leakages or inefficiencies are much broader than the wage bill. It was also incorrect for "Mr Retrenchment" to create a false impression in public that the R500 million government grant is the only source of income for Necsa. In addition to the grant, Necsa derive income from dividends, external sales, rental, and interests, among others. What Necsa needs is to increase its income from sales!

Necsa need a new Board and CEO that must clean up after Dr Adam just as it happened in 2013.

In January 2018 NEHAWU went to the collective bargaining processing demanding an end to financial leakages. We demanded that management confront this problem head-on. Management failed to deal with these issues as agreed, neither did they lead by example nor there was no accountability and consequence management applied.

In 2016 we wrote to the Minister of Energy, Mrs Joamat Petersen, asking for an audience to discuss various matters of corporate governance and financial concerns that needed her intervention. We received no response whatsoever from the Ministry.

We also wrote to the Portfolio Committee on Energy under Mr Fikile Majola bringing Necsa issues to the committee's attention. Our letter was also not responded to.

In both escalations, it was as though there was a conspiracy of silence because no one said or did anything about what we raised.

The DoE and Necsa Group executives can therefore not act surprised when the situation is turning out like this because in spite of us ringing the alarm about the dangers posed by these challenges, they all chose not to confront them.

3. The centre is not holding: getting on board the gravy train

Our firm view as labour is that as long as the current leadership instability at the top echelons on the Necsa Group is being allowed to continue, the entity will continue drifting into a costly disaster not only for the workers but also for the country as a whole. Below we unpack the crisis:

3.1 The Current Necsa Board

The Necsa Board consisting of eight Directors was appointed around 5th December 2018 by the government and installed former failed to transform Necsa CEO Dr Rob Adam as the Board Chairperson.

Dr Adam has since resigned as a Board member and three other directors as well, leaving behind four directors we believe should follow suit or be removed given that they are beneficiaries of the unlawful removal of the previous board among others.

Since it was appointed the Board failed to introduce themselves to the staff of the entity let alone to meet with the Executives and stakeholders. The only time they met with their own EXCO and us as labour was after we went on a three-day mass action protesting over the sham of the "turn-around strategy" they developed in secret and submitted to the department without any consultation.

The Board through the Acting CEO Mr Robertson denied the existence of the document and refused to disclose it until we instituted a disclosure of information and mutual interest dispute with the CCMA to force its release. That we should go to this extent to get a strategy document that should be a public document showed the reactionary extent to which this Board has not embraced our democratic dispensation principles of transparency and accountability. Their behaviour belong in the apartheid past dustbin of history where secrecy in public institutions was the norm.

This document confirmed the correctness of our analysis as NEHAWU in a statement we released on the 14th December 2018. We stated clearly that the appointment of this Board, Dr Adam as its chairperson and Mr Robertson as Acting CEO was nothing but an agenda to strip the public of its assets, retrench workers and reverse the gains of transformation we made in previous years.

The document proposed the retrenchment of 400 employees without showing any cause for such madness and without consultation in violation of the Labour Relations Act (LRA) for failing to consult when they contemplated retrenchments.

It also planned to close down and/or sell Pelchem, and Pelindaba Enterprises (the manufacturing division) to identified companies listed on the document. How the names of these supposed potential buyers were arrived at remains a mystery and it is something we think the portfolio committee should demand answers on.

What was striking and very strange to us about the document is that, it said very little or nothing about growth projects that will sustain Necsa for the future. Some of

these projects had already been given a go ahead by government such as the replacement of SAFARI-1 with another Multi-purpose reactor, utilization of the Decommissioning and Decontamination (D&D) R171-million additional funding and Ketlaphela, for instance.

The above oversight is unforgivable and represent a monument of incompetence when viewed from strategy perspective of Necsa.

This Board has made a joke of Necsa and has damaged its reputation in the eyes of the public in how it handled the Acting CEOs of the entity. It is inconceivable that an entity will have seven CEOs suspended, appointed and aborted in a space of six months. Yet, this recklessness is a reality at Necsa at a time the entity needs stability given the financial challenge it faces. This is how this circus unfolded:

- Mr Tshelane is currently challenging his dismissal at CCMA
- Two contracts were concluded between Necsa and Mr Don Robertson who is on retirement and not a Necsa employee. The first was from December 2018 to 31st May 2019 and we heard that the Mr Radebe might have approved three months only and the Necsa Board extended it to six months. We would welcome if the committee can verify this if it is true. The second contract was for one month only, June 2019.
- The Board is said to have passed a resolution to appoint Mr Alan Carolisen, National Radioactive Waste Disposal Institute (NRWDI) employee and current Acting CEO to take over from Mr Robertson as from July 2019 subject to the approval by the Minister. This appointment was aborted.
- The Board is also said to have passed another resolution appointing Mr Monde Mondi to act as CEO for 15 days whilst they were still awaiting the response of the Minister on Mr Carolisen. In the implementation of the resolution that was communicated to staff, Mr Monde acted for seven days.
- The Board further appointed Mr Gavin Ball, an NTP employee and Executive, to take over from Mr Mondi. Mr Ball most probably became a CEO for four hours because by the end of the day he was supposed to begin his duties, we received communication that he is no longer the Acting CEO.
- Mr Ayanda Myoli was appointed on the same day Mr Ball was supposed to have started. He is the current Acting CEO of Necsa

This speaks of Directors who are clowns, unstable in their decision-making and who are not acting in the interests of the entity, and therefore each day they remain as Board members is harming the entity.

The appointment of Mr Robertson and the aborted appointments of Mr Carolisen and Mr Ball, all of which were not employees of Necsa was in our view a flagrant violation of section 23 (5) of the Nuclear Energy Act (NEA). All three of them were not employees of the organisation, as such, did not meet the requirements to be appointed to act in that position in terms of the Act.

We undertook a three-day lunchtime picketing action and handed a memorandum of demands to the Necsa Board on 12 June 2019 to put breaks on the wrong path the Board is taking the entity. See Annexure NEHAWU PPCMRE 4

We also escalated our issues to the Minister of Mineral Resources and Energy asking for his intervention. See Annexure NEHAWU PPCMRE 5

The Chief Legal Advisor, Mr Vusi Malebana, also raised this violation and many others in a letter he sent to the Necsa Board raising corporate governance concerns. See Annexure NEHAWU PPCMRE 6.

Mr Malebana was suspended on the 24 July by the Acting CEO Mr Myoli on the instruction of the Necsa Board for exposing "illegal" acts by the Board to Minister Mantashe.

"The Labour Court in Pretoria ruled on the 12 September 2019 "the disciplinary measures brought against him by Mr Myoli were an occupation detriment and were unlawful."

The court further interdicted the Board from instituting any further disciplinary action against Malebana"

The Necsa Board is not above the law and therefore should not be allowed to continue violating the law and Nuclear Energy Act with impunity. It must be removed for this reckless and wasteful action against Mr Malebana and Directors must be made to pay the costs personally.

The Necsa Board took a resolution to support the decision of the NTP Board to renew the contract of NTP MD Mrs Eboka and further extended the proposed term from one to two years in the name of "stability".

This decision in our view was reckless and not in the interest of NTP based among others:

- Under her watch production was stopped for many months resulting in loss of millions in revenue and scarcity of nuclear medicine to the public,
- She failed to ensure compliance to the nuclear licence requirements and address production deficiencies which led to repeated production stoppages, and
- Instead, as the communication shows she wanted no "input and control" from Necsa which is the licence holder,
- There is no evidence that she has fulfilled the requirements of her counselling session with Dr Magau (4 July 2018), NTP Board Chairperson, which should have been a serious consideration for not renewing her contract. As we speak NTP is not back to full production but is only producing three runs per week. See annexure NEHAWU PPCMRE 7
- The MD is behaving like a law unto herself. In a letter to Mr Robertson dated 21 February 2019, she sought or is still attempting to inappropriately handpick members of the new NTP Board she will be reporting to in a

flagrant disregard of good corporate governance; See annexure NEHAWU PPCMRE 8

The current remaining Board members should be removed, as they are beneficiaries of unlawful conduct of the Ministry of Energy. Its very existence is through political connection and not through possession of skills and experience to be on the Board of Nuclear Installation like Necsa.

The cash flow problems of Necsa has moved from an average of just over R100-million in pervious few years to R463-million in 2018/19 FY and projected R325-million in the current 2019/20 financial year. The Board continues to violate the Campanies and Nuclear Energy Act.

The fact that only one Board member, Dr Molokwane was available throughout the oversight visit of the committee at Necsa is testament to the fact that they seem to have other important things to attend to than Necsa urgent matters.

The extent to which this Board is going to undermine good corporate governance by interfering with executive decisions including interfering with the disciplinary procedure and processes to protect certain employees has reached unacceptable proportions. See Annexure NEHAWU PPCMRE 13

What this email communication shows is that the Board in general and its former Chairperson in particular are not independent but are being influenced by former and non-Necsa employees such as Dan Moagi (who seem to run the show from behind the scene) to interfere with executive decisions. This is unacceptable.

3.2 Unlawfully removed previous Board

As mentioned before that, The Pretoria High Court declared the removal of the previous Board unlawful and set aside. This decision has far-reaching legal, political and corporate governance implications that the portfolio committee should contend with.

At a political and ethical level if nothing is done to correct this unlawful conduct by the Executive, it will send a wrong message to Ministers that is ok to break the law, harm public institutions and damage people's reputations and there will be no consequences and reversal of the injustice.

This reason alone and those we provided before on the current Necsa Board are enough to call for the current Board to be removed. Reinstating the previous Board might not be practical given the fact that their term expired in March 2019.

Our view is that the Minister should rather appoint a new Board that should include some of the Directors of the previous Board to provide continuity and the urgent survival of the entity. Putting entirely new Directors who will have to learn Necsa is unaffordable in terms of time with the entity facing huge challenges.

3.3 Previous Necsa CEO

Necsa is currently embroiled in a dismissal dispute currently at CCMA with the previous CEO Mr Tshelane, which might be protracted and go as far the labour court and the labour appeals court.

As long as this dispute remain unresolved, appointing a permanent CEO is made very difficult if not impossible at a time the entity needs leadership stability given the challenges it faces.

Necsa is currently paying Mr Myoli for acting as CEO and legal bills defending the matter. It may well be that Necsa has a strong case or may lose the case but the merits and demerits of the matter is not the issue for now, the CCMA will rule on that.

The issue for us is whether all this is necessary and worthy to spend all that money, Necsa does not have by the way and delay the appointment of a permanent CEO given that Mr Tshelane's contract expires in three months' time, December 2019.

What is the cost of continuing with the matter versus what remains to be paid for his contract ending in three months' time?

The fact that the matter is before the CCMA does not stop parties from engaging to find a settlement to the dispute. In fact, most often than not this is something the CCMA encourages all the time.

We therefore call on the committee to impress on the Minister to intervene to resolve this dispute one way or the other in order that stability can be restored in the entity.

The dismissed CEO should be given an opportunity to finish his turn-around strategy, which as labour we believe was going to turn Necsa around.

3.4 Acting Necsa CEOs

Below we give a brief analysis of how the two Acting CEO's actions and/or inactions are not assisting the situation.

3.4.1 Mr Don Robertson

Mr Robertson is a former NTP employee from Port Elizabeth who was appointed as the Acting CEO after the suspension of Mr Tshelane.

His appointment as Acting CEO was in violation of section 23 (5) of the Nuclear Energy Act in that he was not an employee of the entity.

He was a part time CEO flying between Port Elizabeth and Pretoria at Necsa's expense including accommodation. All that he did was to cash in a huge salary and did nothing of substance to change the situation for the better. Instead, the situation moved from bad to worse.

We have reliably learnt that he has been given a three months contract possibly to continue with the meaningless work he was doing. This action is dishonest from the Board that agreed with labour that he will go after handing over. This man must leave as he has nothing of value to contribute to the entity except being paid for nothing.

He was not honest in his engagement with organised labour. For instance, in a Bargaining Forum meeting convened on 14 May 2019 we asked Mr Don Robertson pointed questions whether Necsa is planning retrenchments in secret and whether they made a presentation (turn-around strategy) to that effect to DoE on retrenchment; he basically denied it.

3.4.2 Mr Ayanda Myoli

Mr Myoli is most probably one of the few if not the only black beneficiary of any meaningful acting opportunity in this era presided by the current anti-transformation and anti-working class Necsa Board which is characterised by the elevation of white management employees into almost all vacant positions:

- Mr Don Robertson who is on retirement was appointed Acting CEO until June 2019,
- Mr Gavin Ball was appointed Acting CEO which was aborted within few hours he was in the position,
- Mr Rico Vijoer who is on retirement was appointed on contract as Acting CFO,
- Mr Jan Rijn Zeevaert was appointed Acting Group Executive of Research and Technology Development,
- Mr Johan Deetlefs was appointed as Acting Senior Manager Supply Chain Management,
- Mr Gawie Nothangal who is on retirement was appointment to be part of Necsa delegation to DoE for the Multi-purpose reactor

At a time Necsa is facing financial challenges a new division was created incorporating engineering services, maintenance and utilities services and he (Myoli) heads it. There is currently no structure signed establishing this division at the time Mr Myoli was appointed to head it.

The process followed to appoint him as Group Executive is suspect if not un-procedural and irregular so much that we do not even know if he is acting or was appointed permanently into the position. The position was never advertised, as it was the case for other Executive positions and even more so this is a new division. He is therefore a beneficiary of a flawed appointment process.

Whilst the appointment process of his appointment as Group Executive of the division is still questionable, the board has now elevated him to become the Acting CEO for reasons that are yet to be properly explained.

Mr Myoli appointed, Mr Alick Chinake, to act in his position as Group Executive of Engineering, maintenance and utility services. Mr Chinake is a known abuser of

company property with impunity. Our members had to lodge a grievance in the past to stop him abusing company property. In one instance, Mr Chinake took Necsa generators for his private use for two weeks and as a result, employees could not do their work.

The appointment of Mr Chinake as Acting GE shows a very serious lack of judgement by Mr Myoli.

Mr Myoli gave support to NTP during the Sustainable Return to Service (SRTS) meeting to go ahead and appoint Mr Dillen Ramjee a former Necsa employee (Senior Manager) who resigned in the middle of a disciplinary hearing facing serious charges of misconduct. Yet, within days of becoming Acting CEO he unlawfully suspended the Chief Legal Advisor, Mr Vusi Malebane, for exposing possible corporate governance breaches by the Necsa Board.

He support rewarding misconduct whilst punishing whistle blowers against abuse of power and company resources. That the court declared his action against Malebana as unlawful is incapable of taking the organisation out of its crisis. He priorities are misguided and not in the interest of the entity, and therefore he should be withdrawn from the acting position.

It has come to our attention that Mr Myoli appointed or might have appointed Mr Don Robertson on a three months contract when Necsa has cash flow problems. This decision is dishonest and a violation of an agreement in a meeting between the Necsa Board and organised labour that Mr Robertson will hand over for two days and leave.

There are other white males who should be on retirement, but their contracts are alleged to have been renewed by Mr Myoli when Necsa is facing cash flow problems. One white male on retirement is said to have been given a contract of R180 000/month by Mr Myoli.

Furthermore, we have been reliably informed that Mr Myoli has sent an email on the 2nd September 2019 inviting the Pelchem and NTP Managing Directors to be part of a panel to shortlist candidates of their own Boards they will be accountable to. See Annexure NEHAWU PPCMRE 9

This is not only the brutalization of good corporate governance and induce an illegal process but is tantamount to showing a middle finger to the portfolio committee's good corporate governance and consequent management message that hovered over the oversight visit to Necsa.

It is also a dishonest action and undermining organised labour given the fact that the matter of Mrs Eboka attempting to influence the composition of the NTP Board by suggesting names of people to be appointed to the previous Acting CEO was part of our dispute issues that we obtained a certificate to go on a protected strike for.

It is clear that Mr Myoli is actively agitating for conflict and the fact that he has since tried to cover his tracks hiding behind "confusion" brings no comfort to us. His action is disgraceful.

During the questions and answers, session of the portfolio committee oversight visit to Necsa one committee member asked Mr Myoli how was his relationship with organised labour. His answer was that it was "very good".

His answer was misleading members of the committee because as organised labour we do not have a good relationship with Mr Myoli. You do not have to go far to see the proof of this lack of good relationship. In the same meeting, he greeted and acknowledged everyone present in the meeting except organised labour. No individual who has a "very good" relationship with labour would do such a thing.

On the same day of the meeting, employees received a communication from Mr Myoli entitled "Austerity Measures". In this document that Mr Myoli signed, he unilaterally tempered with employees conditions of service (except of course acting allowance which he is benefiting from) without any consultation with organised labour. This is another example of his disrespect for labour contrary to his claim of a good relationship.

The chairperson of the committee had to calm Mr Myoli down in his emotional outburst and unbecoming gestures towards members of the committee when answering questions.

The behaviour the committee witnessed is exactly how he behaves in meetings with organised labour. He manages with aggression; disrupting and intimidating labour representatives in meetings so much that, meetings with him are fast becoming chaotic and futile because we will never allow him to bully us.

He tried and failed to intimidate the NEHAWU Branch Chairperson of Necsa, comrade Zolani Masoleng, when Mr Myoli sent him messages with unfounded accusations.

What was even more shocking is an Acting CEO who came to the committee meeting with no plan about how he is going to deal with the cash flow problem that has a possibility to affect salary payments. When pressed for answers he waffled and spoke in generic terms no one could make sense what they amount to. He presented the past and not the future, an indication possibly, where he belongs.

The importance of finalization of the previous CEO's dismissal dispute and the appointment a permanent CEO cannot be overemphasized. The longer Mr Myoli continues acting the more damage he is likely to leave behind. He is a huge disappointment and disgrace to Necsa. Power has gotten into his head.

3.5 NTP Board

The NTP Board has failed to hold the MD accountable for her failure to ensure compliance to the nuclear licence requirements and address production deficiencies that led to repeated production stoppages that has cost the company millions in

revenue. In spite of this failure by the MD the Board saw it fit to renew her contract of employment without any explanation.

Their term has ended and none of them should come back as Board members again in our view.

The NTP Board Chairperson Dr Magau was or may still be conflicted for the provision of additional services to the entity for which she is paid a retainer.

3.6 Pelchem Board

The neglect of the Pelchem by the Necsa Board can best be demonstrated by how the subsidiary was made to operate with only two Board members and the Managing Director.

The new Board should be appointed in order to strengthen Pelchem in order that it may fulfil its strategy.

3.7 Executive Management and Managing Directors

As we stated before that Mrs Eboka's inappropriate relationship with the regulator plotting against Necsa warrants full investigation for possible criminality. See annexure NEHAWU PPCMRE 1

Our view is that the NTP MD is at the heart of this governance crisis with her scheming with the regulator and the previous Minister Mr Radebe. She should therefore be removed from her position mainly because:

- Her leadership has divided and demoralized the workforce with her bias for consultants mainly from minority groups who are side-lining capable black professionals and operators;
- On the 4th April 2017 the chairperson of a disciplinary hearing, MR Gungubele, a CCMA Commissioner, recommended that Mr Arno Van Acht, then Head of Communication, to be dismissed for serious procurement transgressions. Mrs Eboka changed this appropriate sanction to protect her crony Mr Van Acht making a mockery of NTP's disciplinary procedure. See Annexure NEHAWU PPCMRE 10. Mr Van Acht resigned early 2018 when Mrs Eboka was on suspension. Upon return from suspension, Mrs Eboka brought Mr Van Acht back as a consultant. She has given him another lucrative contract under the sustainable return to service. It is alleged that the gentleman has a business relations with the husband of the MD. It is also alleged that a permanent position is being created him through the advert issued in September 2019. See Annexure NEHAWU PPCMRE 16.
- She is currently in the process of hiring Mr Dilen Ramjee, a former Necsa employee who resign in the middle of a disciplinary hearing facing serious charges of misconduct.
- In a letter to Mr Robertson dated 21 February 2019, she sought or is still attempting to inappropriately handpick members of the new NTP Board she

will be reporting to in a flagrant disregard of good corporate governance. See Annexure NEHAWU PPCMRE 8

- She failed to transform and there is under representation of Blacks at top management level. Instead, we see questionable appointments of executives, managers and suppliers who have historical work (CSIR) and business relations with the MD and her close relatives.

The cost base of Executives and management level is too high, and require attention:

- Its union's view that Necsa Group has too many managers who are earning exorbitant salaries – investigation is required on the fit-for-purpose structure at management
- Some Managers at Necsa and NTP are getting exorbitant and unjustified salary increases without proof of performance. At Necsa even Human Resources managers are writing memorandums for their own salary increases.
- NTP managers accruing performance bonuses despite NTP being forced to cease production by regulator.

The resignation of executives and senior managers at Pelchem is a cause for serious concern. Turning the subsidiary around without stable management will not succeed.

SECTION B: OPERATIONAL MATTERS

4. Necsa

One of the fundamental weaknesses of the sham strategy of the Necsa Board is to treat expenditure reduction as an end in itself as oppose to a means to an end.

Adopting misguided anti-working class expenditure reduction agenda will never be a solution let alone constitute a strategy, if the Board fails, as it did, to construct a cogent strategy that will take Necsa to a sustainable future.

Taking Necsa towards a sustainable future within the context of a turn-around strategy requires realistic as opposed to optimistic ways to grow sales and increase income.

The six impact areas and associated technologies being discussed across the organisation should be understood in a proper context of sustainability and not create false hope that they will change the financial situation of the organisation within a year or two.

In this regard, some of the key question, which all us at Necsa and the portfolio committee must grapple with in respect to the six impact areas, include amongst others:

- Necsa has various income streams including grant, sales, and dividends. Which of these streams will the new turn-around strategy target?

- Who will commercialise such technologies if subsidiaries are not part of Necsa strategy development as key focus commercial partners?
- Necsa has too many products in research phase, with vague or no subsidiary commercial partner mentioning. This does not seem to be geared to improve Necsa commercial income stream, but focuses more on licensing technologies outside, which does not save any jobs. These many research phase prospective products must be narrowed to a select few which show strong growing global market share. All other products within each impact area must be for long term stability, provided joint ventures are formed and Necsa does not give outright licenses to external parties.
- What are the technological readiness levels of each technology within impact areas? Low TRL levels of 4 and below are hopeless. If some are higher, is Necsa already engaging its subsidiaries to prepare for off take? Does it have off take agreements for the proposed technologies with Pelchem and NTP as subsidiaries and what is the actual value in Rand these potential products translate to?
- What are the strengths and weaknesses of Necsa subsidiaries to take in such growth and what is the predicted sales growth per annual target set? Has Necsa set to address its subsidiary challenges to meet set annual growth goals which will offset reliance on grant income?
- Does Necsa even have set annual income growth targets in percentages over a projected period of time to increase other income streams and have they unlocked their subsidiaries potential to carry this growth rate?
- What is the reskilling plan for the current staff to prepare for envisioned change and how does it align to the planned Turnaround? Necsa cannot Turnaround business by doing new things if its current resources such as staff is still not calibrated to prepare for the new vision.
- What is the vision of the new Turnaround approach in terms of financial sustainability, is it realistic and measurable goals or is it to just retrench and temporarily free some grant money, while losing ability to deliver by losing staff? This will lead to catastrophic consequences.

4.1 Growing Sales and increasing income

If the organisation is to have a realistic chance of turning itself around from its current crisis, it needs to focus on growing its current sales from all its commercial ventures or wings particularly its two subsidiaries; Pelchem and NTP. This will increase income stream from sales and eventually lead to less reliance on the grant income.

Pelchem and NTP already have the infrastructure (though they need refurbishment), products (which must grow) and the market. Any sober turn-around strategy must provide full support to these subsidiaries and commercial divisions within Necsa to grow the market share. These entities must disclose any bottlenecks causing sales growth problems so that a real strategy is devised around ensuring their successes

in sales. Aggressive growth strategies are needed and Necsa's support structures and R&D must all support these subsidiaries.

The Research and Technology Development should be redirected as a matter of urgency to support these entities and divisions fully with technology innovations that will make their products competitive and help increase the value chain where possible.

There is also a need that the organisation must become realistic about future projects when viewed within the context of a turn-around strategy. There should be serious prioritisation in this regard to make sure that new ventures being pursued aggressively are those that are close to the market, preferably higher technology readiness levels, and can pay off within a year or two. Beyond this period any low technology readiness level (TRL 5 and below) is viewed in the context of sustainability, not for purposes of a turn-around.

The Research and Technology Development division, which is the core mandate of Necsa, is not doing enough to support Necsa and its subsidiaries to grow their market share. This in our view is as a result of how the division operates as an island or behave as if it has its own autonomy over Necsa and has become an enclave to protect and advance white interests. Because of its strategic nature, below we give analysis of how problematic is this division.

4.1.1 Governance problems hampering the R&D and way forward

Introduction

Necsa is established in terms of the Nuclear energy Act of 1999 to carry out research and development in the field of nuclear and related technologies. This means that the Research and Development (R&D) division becomes central to this mandate. In the event that this division experiences governance problems, stagnation and historical apartheid hysteria, progress is stifled and the effect of this is that after many years, compound effects take place and the organisation collapses.

Summary

The problems within R&D can be summarised as follows:

- Lack of prudent use of resources
- Top heavy structure with too much recruitment focused on senior staff
- Delays in delivering new technologies for use by internal divisions
- Silos created to ensure separation and deliberate starving of knowledge to scientists in various projects
- Lack of accountability
- Deep rooted racial discrimination
- Deliberate ignorance of acts of the law, such as the Employment Equity
- Recruitment wasteful expenditure
- Skewed recruitment process

- No fixed number positions or structure for scientists and engineers
- Skewed view of internal subsidiaries for the benefit of private entities

Lack of accountability and prudent use of resources

R&D division senior management are extremely autonomous financially and operationally.

They are never held accountable and they always mention how "strategic" an action is so that they can have a negative impact on the financial being of the organisation without being questioned. They change any decision by panels such as recruitment panels, career assessment panels, and employment equity forums, to suit racial biasness that leads to increased remuneration for white males.

Wasteful expenditure

In situations where there are officially announced austerity measures, senior management consistently approaches the recruitment offices and office of the CEO to get the contracts of retired white employees signed. Only Black Africans are affected by austerity measures in the R&D division.

The division consistently misses its employment equity targets and will try anything in the book to avoid recruitment of black South Africans to meaningful positions. Senior management and middle management are all white with over 95% being white males and then a white female. Training representatives are the same senior managers who perpetrate discrimination and have blocked and attempted to block many black South Africans from registering for postgraduate degrees at South African universities. There are recorded cases where name dropping of Divisional head was used by senior managers who write to universities to smear the names of black South Africans so that they are not allowed to study further or register at this institutions. No actions are taken against such a senior manager, even if evidence exists in black and white. Even where a written instruction is given to them from a divisional head and the CEO, to absorb black students who were given bursaries by Necsa with an intent to fill organisational needs and also in addition, add to EE targets, such a senior manager would refuse blatantly to implement such a directive and no action is taken, bringing the organisation into governance crisis while continuously perpetrating racism. If the instructions from the CEO and divisional head are ignored with no consequences, then the senior managers in the R&D division are absolutely autonomous:

- Return of retired white males at huge costs to Necsa is a serious malpractice continuing in R&D.
- Retired white males mostly come back as advisors and administrators, which shadows the need for those who are truly technical and transferring skills.
- Training overseas is racially biased and reserved for special few who will then be given opportunities to lead at senior levels. Mostly white students.
- Excessive expenditure on equipment, some of which never get to be used, idling for years and some redundant, examples in the Applied Chemistry are

GC lab which is idle for years and a damaged TG instrument which was bought new, dismantled and never fixed again.

- Ill-considered decisions to buy software, some of which requires exorbitant annual license fees and could have been accessed from other institutions considering the financial crisis.
- Senior management create posts for senior Engineers and Scientists at will, without considering budget and available vacancies, example is hiring of 4 engineers and scientists from one advertised post. The budget was for one post, but for reasons of bringing friends and family, four people were taken in after interviews, approved by the white Group executive to satisfy decisions of white management in the R&D.
- A senior manager in the same division of R&D is now retired and was brought back on contract at a huge cost to the organisation. This happens against advice from Central Labour Forum, and the recruitment procedure was not followed. This senior manager is brought back just to be an advisor, on a two-year contract, but is now used heavily to reverse transformation gains.
- The posts are always created to suit senior management and their families and friends, making the organisation and divisional structures to be dynamic and as such very difficult to control the costs. This has a direct impact of creating stagnation, since majority of people hired at technical level become seniors to highly skilled, staff. The old staffs are unable to climb career ladders and as such, the moral becomes low, and spasmodic efforts are thus seen, resulting in poor delivery of projects and objectives. Posts are not advertised based on vacancies but vacancies are created to accommodate families and friends and whites are given senior positions, with or without working experience.
- Young technicians are trained and then they are booted out of the system because they are used as place holders for many white males and females who are still studying PhDs at universities, and will become senior and chief scientists.
- Too many seniors create more boardroom minders than actual work executors. This creates weaknesses in the system and lead to non-delivery of crucial projects. It is clear that misdirected efforts in staffing create deliberate confusions and run down the division. Equally, HR division and CEO office take no action against ill practises by the R&D division.
- The division consistently create new posts for scientists and management, resulting in expansion of the salary bill. There is no value creation but continuous consumption of resources. This is a serious management problem because resources are not streamlined, deliberately separated, and confused, with lots of duplication of functions.
- Scientists are separated into silos, not knowing exactly what their other colleagues are doing. There are no department wide project meetings to brief every researcher on the status of the division and the department with regards to project progress.

The low success rate of technologies developed

It is known that R&D spends a whole lot of effort and funds developing technologies that remain in the laboratory or research phase forever. This is partly due to misdirected efforts in staffing, strategic views that are racially tainted and sectarian interests.

- The autonomous role of senior management in deciding the fate of each technology developed is also questionable. R&D senior management seems to favour development of technologies for private companies and neglect the need to support Pelchem and other internal businesses. Examples are direct competitors of Pelchem who stand to benefit substantially from Technologies developed in R&D. Some of these companies are completely foreign owned and do not financially support R&D.
- This leads to deliberate dysfunction of the product development pipeline to allow for the outside entities to takeover.
- Many other technologies that were developed over the years were simply dropped at the sole discretion of senior management without any oversight role from CEO or necessary committees. This leads to disinformation to the funders such as the DST, and deliberate stalling of projects by R&D leadership. The division is spontaneous in making technology decisions, and may halt, resume, terminate any research at the discretion of senior management. There is a clear need for a centralised technology leadership office.

Proposed Turn-around Approach

The problems that Necsa face are that R&D is always leading the strategic direction, which leads to continuous protection of the same problem group and recurring problems. For example, current 2019 turn-around strategy efforts being undertaken by R&D executive and their senior management are simply repackaging of R&D technologies and request for further funding at best. Amazingly, Necsa commercial entities are not involved in this repackaging of existing technologies, which raises alarms as to the capacity of Pelchem and NTP to absorb these proposed strategies by management without consultation at an early stage. The organized labour's view is the following;

The R&D division has consistently showed lack of prudent use of resources. They are determined to be viewed as a stand-alone business unit that makes deals with private entities at the expense of subsidiaries. They must cease to exist as it is, and must fall under the leadership of a centralized Technology Office which will oversee the development and deployment of technology for the benefit of the Necsa Group.

The positive side is that there will be a centralised technology eco-system, similar to central finance system under Chief financial officer. Under such a technology office like the Chief Technology Officer, Necsa initially proposed that R&D would be a department, with no Divisional head, but with a general manager and no senior

manager. This would equally be the same with operations division which runs SAFARI-1 reactor. Actually, the Operations division has already implemented this structure, but the R&D refuses to follow suit, in an attempt to remain autonomous and destroy the future of the Necsa by continuously rewarding White males with senior positions.

Most of the projects run could be beneficial if they are directed to support NTP and Pelchem at all costs, and not at the discretion of senior managers. The results of creation one technology head are that costs savings will be realised in a sense that there will be no senior managers, no divisional heads, just one instead of two. The benefits are that technology development, funding and technology usage will be streamlined strategically to achieve set mandate through accountable leadership.

Business strategy

R&D must focus research on supporting internal, existing businesses and operations to increase competitiveness at local and global levels. Only 25% of R&D work must be directed towards new product development that is outside use by Necsa and its subsidiaries:

- Necsa's Pelchem and NTP must receive strong R&D support to weather the storms in the highly price competitive global market. R&D can seriously overhaul the existing production systems by adding scientific value and helping lower the costs of production. This will increase sales for our subsidiaries.
- Pelchem must focus on adding capacity in the production of HF, Fluorine, and MoF6 products.
- NTP must use reactor technology and alternative sources to produce its radioisotope products. This means a replacement reactor for SAFARI-1 and other potentially non expensive technologies must add capacity to increase product output.
- In addition, the replacement reactor will also assist R&D in materials research.
- R&D must focus research on supporting existing subsidiary businesses such as HF, Fluorine, MoF6, Uranium recovery, nuclear materials research for applications in nuclear reactors such as zirconium, in collaboration with Pelindaba Enterprise division.
- R&D must support other technologies used internally, such as nuclear waste storage, with Operations department.
- The Chief Technology Office must decide on which technologies are imported into the organisation to assist the business to be sustainable.
- All technologies considered for use to assist in the turn-around and sustainability of Necsa must be at Technology Readiness Levels (TRL) 6 and above, to shorten the implementation time required to return to profitability and sustainability.

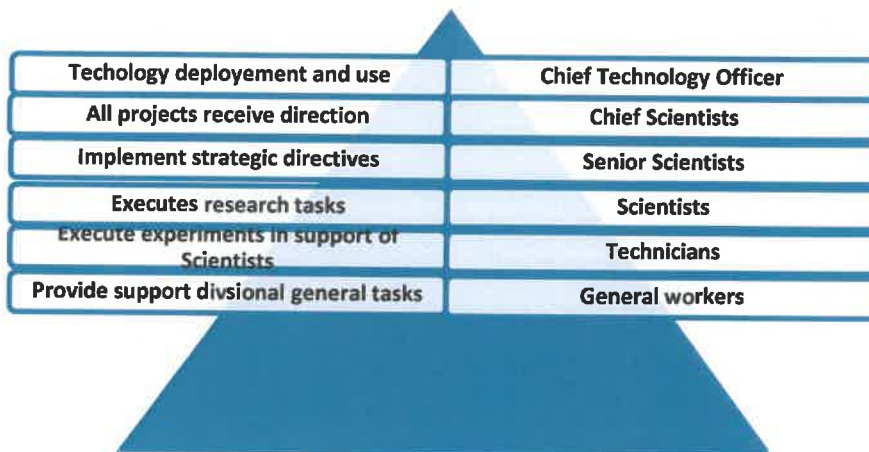
Recruitment and staffing

The current recruitment process is top heavy, is anti-transformation and will become highly costly based on limited technology output, unless there is an effective usage of personnel.

Occupational Level	Details	Male				Female				Total
		A	C	I	W	A	C	I	W	
EAP Target		40.30%	5.60%	1.90%	6.20%	34.90%	5.00%	1.50%	4.60%	100%
Top Management	Actual No	0	0	0	0	0	0	0	0	0
	Actual %	0%	0%	0%	0%	0%	0%	0%	0%	0%
Senior Management	Actual No	0	0	0	3	0	0	0	0	3
	Actual %	0%	0%	0%	100%	0%	0%	0%	0%	100%
Professionally qualified	Actual No	18	0	1	27	3	0	1	9	59
	Actual %	31%	0%	2%	46%	5%	0%	2%	15%	100%
Skilled	Actual No	11	0	0	10	13	1	1	7	43
	Actual %	26%	0%	0%	23%	30%	2%	2%	16%	100%
Semi-Skilled	Actual No	3	0	0	0	2	0	0	1	6
	Actual %	50%	0%	0%	0%	33%	0%	0%	17%	100%
Unskilled	Actual No	1	0	0	0	7	0	0	0	8
	Actual %	13%	0%	0%	0%	88%	0%	0%	0%	100%
Total		33	0	1	40	25	1	2	17	119

The above table shows staff profile and EE representation in the R&D as at 31 March 2019. There is a staff complement of 119 permanent employees. Senior Management and Professionally qualified levels depicts an over representation of white males vs the EAP target and under representation of Africans. There are 59 professionally qualified personnel (50%), of which 46% is white males, while their employment equity target should be 6.20%. These are which are levels D1 and above. This table excludes retired white males who are brought back on contracts.

The following new structural approach is proposed; more resourcing at a technical level.



Strategy: Intensive labour for increased capacity to deliver new products and support current technologies used in the organisation:

- Immediately stop intake of senior staff from outside and promote from within to curb stagnation and exorbitant salary bill.
- Stop creating new vacancies for senior scientists, chief scientists and engineers. Use available resources effectively, as the structure is becoming top heavy based on the analysis table.
- Use available full-time scientists efficiently and effectively to negate the need to hire new scientists. Scientists must multi-task and silos must be broken to increase efficiency.
- Review roles with intention to beef up senior staff's roles and increase their morale.
- Heavy focus on product and IP development requires resources at a technical level.
- Recruitment of technicians must supersede recruitment of scientists and engineers.
- The number of scientists must be fixed.
- The engineers in the division must be moved from within R&D to the Engineering Division and be contracted like any other service is contracted, such as electrical, plumbing. This will also assist during performance assessment of engineers since they are currently treated as research engineers and are different from other Necsa engineers.
- The number of Chief Scientists must be limited, and operate strategically, supporting all the projects in the R&D.

- The role of scientists must be expanded, such that each Senior Scientist works on at least two projects.
- Each Scientist must work on one project and be supported by two technicians.

Technology and Funding

- The Funding Office must also be located within the Chief Technology Officer and liaise directly with scientists.
- Technology must be developed for main purpose of use by internal Necsa organs and at the discretion of the Chief Technology officer.
- Funding office must look for partnerships with funders from both private and government
- Necsa R&D must consistently strive to give its subsidiaries preference in technology off-take to increase competitiveness and sales at a global level.
- Where Subsidiaries have exercised their first right of refusal, Necsa must strive to create joint ventures with private partner funders to increase dividend income.
- A complete hand over of technology in the form of licensing must be the last resort.
- Strive to create a network of potential current and future funders.
- Engage strategically with the funders and the Chief Technology Officer is to give final direction.

What the committee must recognize from the narrative above is that as long as this division that is the heart of Necsa's core mandate continues the way it is, turning the entity around and making it sustainable will remain an illusion to be pursued and never attained. It must be transformed and be re-focussed!

4.2 Expenditure reduction

Our view is that if the Group is serious about curbing expenditure it needs to focus on the numerous operational inefficiencies that is characterised by outsourcing work that can be done internally.

Throughout the years we have consistently called on management to put systems in place to end these financial leakages in the group that poses one of the most direct and immediate threat to our job security as employees. This concern manifest itself in among others the following ways:

- The utilization of external service providers to stock up supplies at prices that are not competitive and low quality. For example it is cheaper to buy milk/sugar/coffee at the retail store than at Necsa,
- The milking millions of the group by contractors providing various consulting, project management, and supply and engineering services, when in some instances there is internal capacity to do the work. Even if that capacity does not exist, it must be built for critical functions. The organisation cannot depend on outsiders for its important functions,

- Bringing private companies to do maintenance when there is a department that is supposed to do that. This includes external companies being paid to do electrical Certificates of Conformance when we have electricians that can do the work,
- The Group is losing some of its customers from outside clients who used to be some of its subcontractors who might or might not be connected to some internally. In some instances there are private companies renting inside Necsa (DNH) being given work by NTP that used to be done by Pelindaba Enterprises
- The stealing of Necsa Intellectual Property and service by former Necsa employees who are making the same products or services privately such as in Flosep and Apogee outsourced service, Pelchem vs Sepflour, Marubini and many others,
- There are elements who want to exploit the cash flow crises in the organisation by getting suppliers to provide services with the view of being paid later, at prices we are not sure if they are competitive,
- The use and cost of using Attorneys at CCMA and internal disciplinary hearings when there are and ought to be suitably qualified legal personnel in the organisation,
- No adequate attention is given to controlling the sale of scrap metal to external companies and disposal old assets,
- The post retirement millions worth of contracts which are because of deliberate failure to transfer skills.

This is costing the entity hundreds of millions and turning the organisation around will be futile if these leakages are not confronted and stopped as a matter of urgency.

We are of the firm view that if management can be held accountable and consequent management applied, controlling personnel cost will not be difficult to manage. See Annexure NEHAWU PPCMRE 11

1. Remunerations tab

- The table shows the increases for all EXCO members over the years 2012-2019
- It clearly states the percentage increase each member of the EXCO received in the year according to what is published in the annual reports of the company
- Despite Necsa having financial problems we can clearly see that some managers have increases of more than 10% when the ordinary workers have never in the years calculated received more than an average 6% increase per year. Some Human Resource managers have been writing memorandums to get salary adjustments in violation of company procedure and remuneration principles
- It can be noted that the in the midst of the financial crisis that the company was in during the year 2018 management still got an average of 31% increase on their salaries

2. Personnel cost by salary band tab
 - It can be noted that from the table that the workforce at Necsa has decreased however the expenditure has increased
 - Despite the financial problems at Necsa we still have a high number of personnel expenditure going towards contract workers, it can be noted that the expenditure has doubled in the two years despite the number of contract workers going down. The significant amount of this is as a result of managers engineering contracts at huge cost to Necsa when they are supposed to go on retirement. Even as we are facing cash flow challenges the current CEO continues to higher retired white males on contract at huge cost to the company.

3. Overtime
 - Management has failed to control overtime without any consequences. Many of the overtime worked is in violation of the Basic Conditions of Employment Act with respect to allowable overtime hours per week and in terms of the company procedure in planning overtime. Currently overtime stands at over R7-million

4. Acting Allowance
 - The entity is losing millions in paying acting allowance for positions that are not filled for years and are used to dispense favouritism.

5. PFMA tab
 - Fruitless and wasteful expenditure
 - Over the years Necsa has consistently reported amounts for fruitless and wasteful expenditure for cases that could've been stopped/ mitigated e.g.
 - ❖ Payments of salaries to employees who have resigned but not reported
 - ❖ Penalties that could have been avoided had the necessary care been taken to make payments on time or mitigate early on payment terms
 - ❖ Unnecessary legal fees
 - Necsa has up to date had no consistent consequence management process for anyone who commits fruitless expenditure, the amounts have been simply written off over the years

 - Irregular expenditure
 - Necsa consistently finds itself on a yearly basis with expenditure that is deemed irregular because some policies and procedures or requirements of law are not followed when supply chain processes are made and the numbers increase on an annual basis
 - The amounts are condoned every year by management and the board but up to so far no consequence management has been instituted on the people who deliberately cause the irregular expenditure

These expenditure challenges mentioned above are structural and behavioural. They can never be solved through retrenchments. Without changing this entrenched problematic culture they can retrench as many as they want but will be back to square one in no time. Any suggestion that retrenchments are a solution to this is nothing but a misguided anti-working bias and madness, which we condemn with the contempt it deserves.

4.3 Government Grant

As it can be seen from the spreadsheet that the government grant to Necsa has been decreasing in real terms throughout the years. How the government expect Necsa to keep its operations, which are subject to inflation increase and other factors with a decreasing grant, is inconceivable.

We are calling for government to increase the Necsa grant to R1-billion in order for the entity to full-fill its mandate.

4.4 Bailout

Unlike many state owned entities Necsa has been able to sustain its operation without having to run to government for any bailouts. It has in the past made profits and paid taxes to the government.

For the entity to get back to that position it needs cash injection that should be geared towards growth and sustainability in its turn-around strategy. The cash injection should be focus on recapitalisation of its commercial wings to grow sales and increase income from current products.

4.5 Transformation geared turn-around: Addressing gender and race pay gap

We must guard against counter-revolutionary forces who want to exploit the current crisis to push back on transformation and our agenda to confront gender and race pay gaps. See Annexure NEHAWU PPCMRE 14.

5. Pelchem

One of Necsa's subsidiary is Pelchem SOC Ltd and Pelchem has underlying value that has been eroded by lack of support from Necsa as shareholder -

Pelchem SOC Ltd is the sole Fluorochemical producer and supplier in the Southern Hemisphere but globally it is the smallest in both production capacity, revenue and market share.

Pelchem is one of less than 12 companies worldwide with strategic fluorine capability (IP) that is required for Nuclear Fuel Programme. Pelchem is currently the only beneficiary of Flourspar of which the country is abundantly blessed with.

Pelchem was corporatized in 2007 without capitalisation and inherited aged and sub-economic production plants that were designed to operate on pilot-scale.

We have in our possession the Pelchem turnaround strategy approved by the Necsa board in February 2017 and supported by labour as inter-alia, it addressed both the short term and long term requirements to turn Pelchem into a sustainable business and to preserve and grow jobs and ensure security of supply of critical chemicals required by the country.

Our concern is:

Pelchem strategy in short term (2017 to 2021) was to maximise production (and revenue) from its current aged and sub-economic production plants by:

- Refurbishing the plants especially the critical Hydrofluoric Acid plant that is critical for the petrochemical, automobile, stainless steel, mining sectors of the economy.
- Make Pelchem Solvent through debt-to-equity
- Implement the 2009 government directive to develop state-owned pharmaceutical company - Ketlaphela.

Pelchem secured a R60Million loan (Approved by DoE minister and Finance Minister) from the state-owned IDC that has mandate to support industrial development and the current board stopped Pelchem from using the IDC. Without refurbishment, Pelchem has continued to miss production targets and the plants have become unsafe for the workers and the environment. We know that IDC is supportive of Pelchem as we have seen IDC officials regularly visit Pelchem and the fact that Pelchem did not default on the previous R30 Million loan shows that Pelchem is a good customer of IDC.

We are concerned that the irrational decision by the current Necsa board was designed to collapse Pelchem by ensuring that Pelchem is not able to produce its products and to lose customers. The safety of workers and the environment is also compromised.

Furthermore, due to Pelchem's internationally strategic IP, we are of the view that the current Necsa board wants to privatise Pelchem to benefit the private sector by continuously starving Pelchem of critical investment. No Business case survive without investment.

The previous Minister, Jeff Radebe and his cronies at the department deliberately frustrated the development of state-owned pharmaceutical company even when the state-owned pharmaceutical company was ready to supply ARVs and awaited support and go-ahead from the Minister in September.

The refurbishment of the Pelchem plants and commercialisation of Ketlaphela would enable Pelchem to be able to generate modest profits from the current losses.

In the long term to address structural issues of aged and sub-economic plans, the Expansion & Growth called Project Thuthukani was to construct new commercial scaled plants that would take Pelchem to the next 50 years and help grow jobs, bring technology and skills and increase beneficiation of minerals in line with

government policy. For Pelchem to attract partners for its Thuthukani project and to secure funding it required a good balance sheet and the debt-to-equity made Pelchem solvent.

The reversal by this board of debt-to-equity again without any rational basis is clear example of attempts to undermine and to kill Pelchem at all costs. Eskom (SOC) and Edcon (Private company) entered into debt-to-equity to save them. Why can't Pelchem receive such support?

The so-called Necsa secret turnaround strategy withdrawn from the department is clear proof of the attempt by the board to privatise Pelchem for a song to benefit the private sector and not the broader country.

Recommendations:

- Honourable Minister to immediately declare Fluorspar mineral a strategic mineral, and ensure that South African market and Pelchem are assured of supply at preferential rates, to avoid potential strangling of Pelchem business by anti-competitive behaviour of those who mine this mineral.
- Honourable minister where possible to agree on supply agreement (Set-aside) with Honourable Minister of Health for Ketlaphela without further delay.
- Honourable Minister to instruct Pelchem to draw-down on the IDC loan and to provide Pelchem with necessary support to implement their short term strategy
- Honourable Minister to investigate the officials who failed to provide necessary briefing regarding Necsa, NTP and Pelchem critical plans, projects
- Honourable minister to assist Pelchem to secure partners for its critical project Thuthukani.

6. NTP

6.1 Lack of transformation

There has been a lack of transformation in NTP for the past five years; the available statistics as per tables below (from 2017 to 2020), demonstrate that the minority group males have and will continue to occupied high and strategic position within the organisation.

Furthermore; there has been no movement to incorporate the disabled individuals within the current structure and there appears to be no desire to appoint people with disability within NTP ranks, there has been one (1) disabled person for the past three years.

Tables below show workforce profile, which includes Top management, Senior Management, Professionals, Specialists & Mid Mng and disabled as appearing on the EE plan submitted to Department of labour.

Figure 1. 2017

Year 2017													
Occupational Levels	Male				Female				Total	Colour ed%	Indians %	Africa ns%	% Whites
	Africans	Coloured	Indian	White	Africans	Coloured	Indian	White					
Top Management					1				1			100%	
Senior Management	3	1	1	6	3	0	0	1	15	6.6%	6.6%	40%	47%
Professionals, Specialists & Mid Mng	24	1	3	17	8	3	5	10	72	5%	11%	44%	38%
Disabled	1											100%	

Figure 1. 2018

Year 2018													
Occupational Levels	Male				Female				Total	Colour ed%	Indian s %	Africa ns%	% Whites
	Africans	Coloured	Indian	White	Africans	Coloured	Indian	White					
Top Management					1				1			100%	
Senior Management	3	1	1	6	3	0	0	1	15	6.6%	6.6%	40%	47%
Professionals, Specialists & Mid Mng	26	1	3	16	10	3	5	9	73	5%	11%	49%	34%
Disabled	1											100%	

Figure 1. 2019

Year 2019													
Occupational Levels	Male				Female				Total	Colour ed%	Indian s %	Africa ns%	% Whites
	Africans	Coloured	Indian	White	Africans	Coloured	Indian	White					
Top Management					1				1			100%	
Senior Management	3	1	0	6	3	0	1	1	15	6.6%	6.6%	40%	47%
Professionals, Specialists & Mid Mng	27	2	3	15	10	3	4	9	73	7%	10%	51%	33%
Disabled	1											100%	

Figure 1. 2020

Year 2020													
Occupational Levels	Male				Female				Total	Colour ed%	Indian s %	Africa ns%	% White s
	Afric ans	Colo ured	Ind ian	Wh ite	Afric ans	Colo ured	Ind ian	Wh ite					
Top Management					1				1			100%	
Senior Management	3	1	0	6	3	0	1	1	15	6.6%	6.6%	40%	47%
Professionals, Specialists & Mid Mng	28	2	3	13	11	3	4	9	73	7%	10%	54%	30%
Disabled	1											100%	

6.2 Lack of business growth

Sales					
	2015	2016	2017	2018	2019
Group sales	1 073bil	1 238bil	1391.8bil	1 159bil	826mil

Group sales only grew by annual percentage increase over the past 3 years 2015, 2016 and 2017 before they took a dive in 2018 and 2019 due to production stoppages.

2015 / 2016 strategy shows that management committed to achieve R2 billion by 2018/2019, this did not happen;

2016 / 2017 strategy shows that management committed to achieve R2 billion by 2019/2020, this did not happen;

2017 / 2018 strategy management committed to achieve R2 billion by 2019/2020, this did not happen;

2018 / 2019 strategy management committed to achieve R2 billion by 2020/2021, time will tell if it will happen.

The R2 billion revenue became a moving target from 2018 / 2019 and again to 2020/2021 without any consequence. This clearly demonstrate the lack strategy direction and accountability from both management and the board.

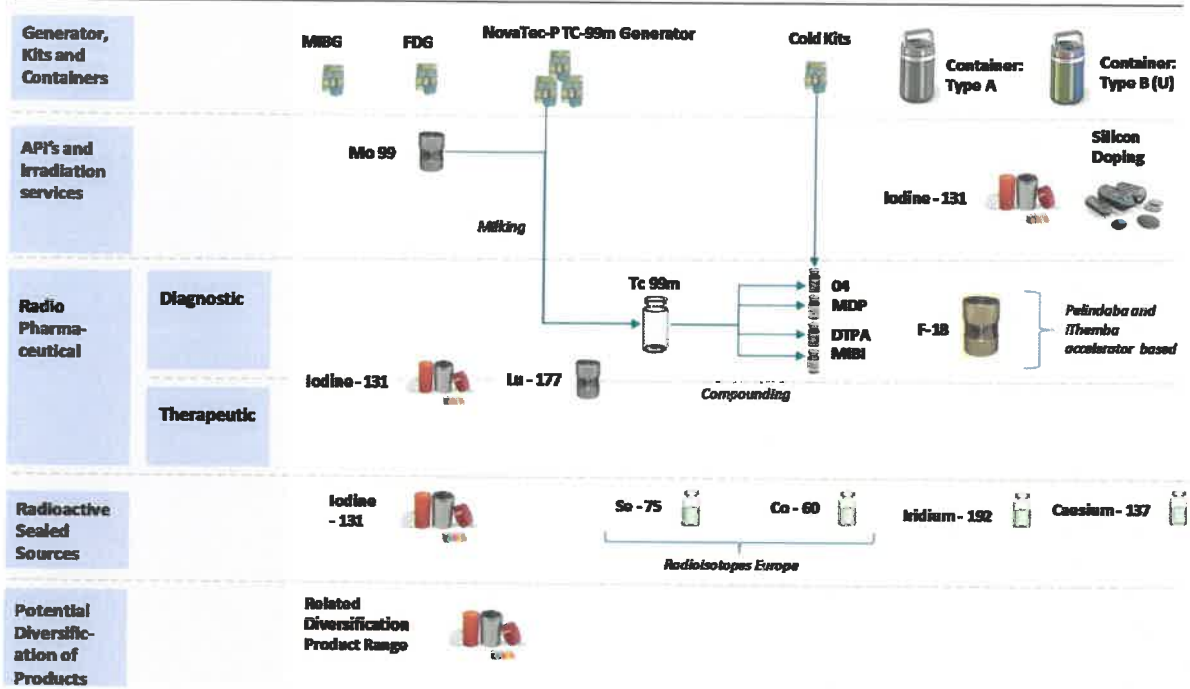
Top 10 Customers					
	2015	2016	2017	2018	2019
1	LMI	LMI	LMI	LMI	LMI

2	IPEN	IPEN	IPEN	IPEN	IPEN
3	AEC Amersham	AEC Amersham	AEC Amersham	AEC Amersham	AEC Amersham
4	FUJI	FUJI	FUJI	FUJI	FUJI
5	GE Health	GE Health	GE Health	GE Health	GE Health
6	NMP	NMP	NMP	NMP	NMP
7	Tecnonuclear	Tecnonuclear	Tecnonuclear	Tecnonuclear	Tecnonuclear
8	Shinetsu	Shinetsu	Shinetsu	Shinetsu	Shinetsu
9	SYU	SYU	SYU	SYU	SYU
10	ITG	ITG	ITG	ITG	ITG

NTP relied on same top 10 customers for the past 5 years, no addition territories or customers were secured to grow the business.

Product portfolio					
	2015	2016	2017	2018	2019
1	Mo-99	Mo-99	Mo-99	Mo-99	Mo-99
2	I-131	I-131	I-131	I-131	I-131
3	NDT silicco	NDT silicco	NDT silicco	NDT silicco	NDT silicco
4	NDT industrials (Ir-192, Co-60, Cs-137)	NDT industrials (Ir-192, Co-60, Cs-137)	NDT industrials (Ir-192, Co-60, Cs-137)	NDT industrials (Ir-192, Co-60, Cs-137)	NDT industrials (Ir-192, Co-60, Cs-137)
5	Tc-99m	Tc-99m	Tc-99m	Tc-99m	Tc-99m
6	Lu-177	Lu-177	Lu-177	Lu-177	Lu-177

Summary of NTP Product and Service Offering



NTP Products can grouped according to the following four categories:

- **API's:** These are produced in bulk, the most important of which is Mo-99 and are supplied to customers around the world for downstream processing into radiopharmaceuticals.
- **Radiopharmaceuticals:** These products are used in the practice of nuclear medicine for diagnostic imaging (SPECT and PET) as well as in certain therapeutic applications.
- **Irradiation:** Neutron transmutation doping of silicon ingots as well as various other neutron irradiation services performed to customer specifications in SAFARI-1.
- **Radioactive sealed sources:** These products are used in the industry for non-destructive testing and industrial process measurement and control applications.

NTP product groupings remained the same for the past 5 years with no additional product/s to the product portfolio.

Radiopharmaceuticals grouping has been facing difficulties for the past 5 years, with production facility facing possible shutdown anytime due to none compliance for all these years.

Management at all levels have failed to act decisively to save and grow this business segment (which largely serves the local market) by investing funds to Radiopharmaceutical production facility.

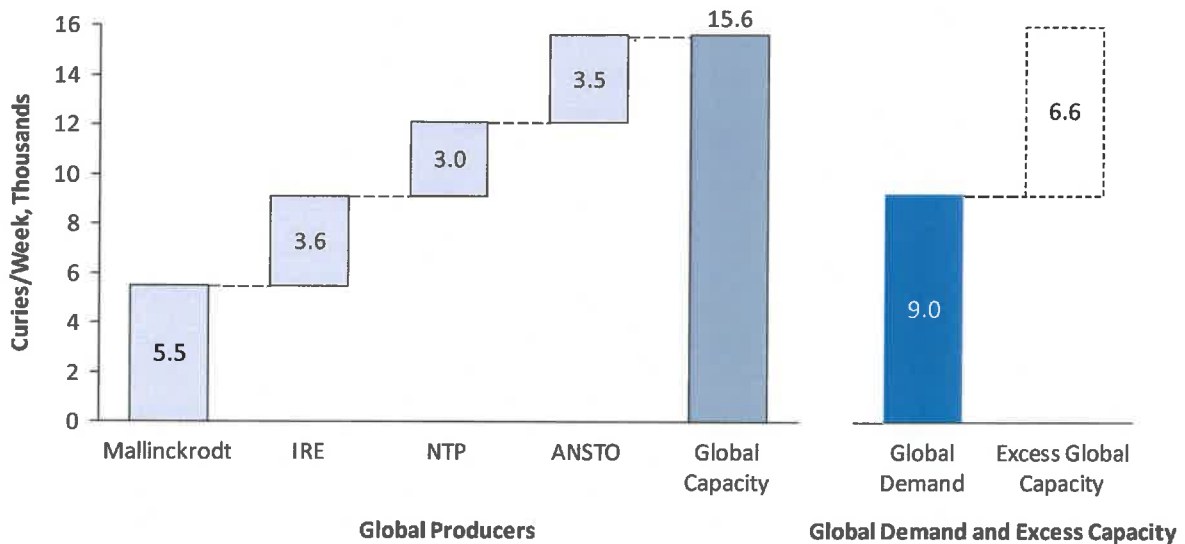
Major product – units produced per year					
	2015	2016	2017	2018	2019
Mo-99	83640 Ci	83640 Ci	100537 Ci	69772 Ci	26476 Ci

The production volumes remained stagnant over the past 5 years, this is mainly because NTP has been operating on one dissolver cell and has been unable to get the second and third cell operational, even though these cell projects (cell 20 and cell 11) have been going on for the past 5 years. Monies have been spent on this cell projects year on year and project teams have been changing repeatedly, this clearly indicates lack of leadership.

In 2017 NTP Mo-99 volumes were higher than usual due to adhoc orders as a result of shut down of the reactor in Canada.

Snapshot of Mo-99 Production (OECD)

Global Production and Demand



NTP was supplying 15% of Ci (which is equal to 1350 Ci per week) to the market in 2015 and this has decreased over the years to 3.4% of Ci (which is equal to 308 per week) in 2019.

6.3 Corporate Governance lapse

Two of the subsidiaries NTP L and AEC- Amersham do not have independent Boards to govern the affairs of these entities, NTP management has tasked themselves to

oversee the affairs of these entities. T Eboka and her executive management are also the Board member for these entities, where T Eboka chairs both NTP L and AEC-Amersham Board.

This was the case with Gammatec until minority shareholders stood against this flouting of corporate governance few years back and an independent Board was appointed for Gammatec, with an independent chairperson.

Lack of technical expertise on the non-executive board members

1. Dr N Magau - D.Ed., Ed., B.Ed., BA
2. Mr N Mhlongo - Chartered Accountant
3. Mr A Jordaan - Chartered Accountant
4. Mr MJ Maboja - Chartered Accountant
5. Dr Nozi Mjoli - PhD in Microbiology
6. Ms P. Bosman - Chartered Accountant
7. Dr Nozipho Nyakale – Principal Specialist in Nuclear Medicine

6.4 Incapacity to deal with waste storage

NTP management has been failing to deal with waste handling for many years now, this risk has been facing the entity with no solid plan even though this threatens the continuity of the business operations. Currently production operations can go on for less than 4 months before we run out of space to store waste from production, which will lead to production stoppages.

6.5 Production stoppages

One of the most bizarre things about production stoppages at NTP is the strange and twisted logic of top management that the people who must always take responsibility and face disciplinary actions for that are junior employees.

In spite of the fact that in most cases junior employees were subjected to disciplinary hearings in the past for production stoppages, the problem continued.

The 17 November 2017 production stoppage that lasted for more than a year (albeit with short production runs in between) resulted in loss of sales over R500-million as of 2019.

Why did it take long for NTP to get back to production?

Our view is that:

- NTP failed to address all NNR findings from 2013, management made commitments to address issues that emerged from incident investigations but as soon as NNR would grant permission to resume operations NTP management would simply ignore these commitments. So NNR required NTP to address all outstanding issues dating back from 2013,

- NTP submission to NNR for resumption of production operations were below standard and the regulator kept on rejecting these submission due to poor quality,
- Incident investigations team within NTP was not well constituted (it did not have suitably qualified individuals to conduct investigations) for a good number of years, which resulted in wrong root cause or diagnosis for most incidents,
- In November 2018 NTP was given permission to resume production operations, but nuclear occurrence did not stop, it was a situation of start-stop, start-stop with no reliable supply of Mo99. This became better in May 2019, but events still continue on a reduced scale,
- Currently NTP operates on cell with less capacity (Cell 19). Cell 20 which carried NTP over years due to its large capacity is still not functional despite consultants being appointed at huge costs,
- Three executives and the MD were suspended; this was amongst other things due to constant failure to address safety issues relating to nuclear incidents dating back to 2013.

See Annexure NEHAWU PPCMRE 15 for full report on the chronology of events.

On the 28 September 2018, Dr Kemm wrote a letter addressed to Minister Radebe in which he raises what he calls "Governance lapses at NTP Radioisotopes SOC LIMITED". See Annexure NEHAWU PPCMRE 12

On page 2 of the letter, paragraph 3 last sentence, Dr Kemm stated the following:

"The Minister's letter instructing that NTP reports to the Deputy Minister as well as the Honourable Minister's earlier instruction to reinstate the NTP Managing Director may have had the unintended consequences of contributing to this state of affairs"

In the Dr. Mzibanzi Tyobeka and Mrs Tina Eboka, he confirms what Dr Kemm wrote in his letter to the Minister that they were instructed to reinstate Mrs Eboka:

"I was given a hint yesterday around this time (2018/07/06, 16:29). That they were instructed on Tuesday to reinstate you...and they tried to dig into their heels and they were given a reminder call on Wednesday". See Annexure NEHAWU PPCMRE 1

What is clear from this evidence is that there was political interference from Minister Radebe to protect Mrs Eboka from being held accountable and by so doing undermine the company's disciplinary procedure and process.

If in deed Mrs Eboka was innocent as she seemed to believe, why was it necessary for the Ministers to instruct that she be reinstated when the disciplinary process was not concluded? Is the disciplinary hearing not the correct platform to decide her guilt or innocence of charges pressed against her?

This behaviour of Minister Radebe set a very dangerous precedent that Mrs Eboka is above the NTP disciplinary procedure and processes, purely because she has political connections to those in power.

Sustainable Return To Service – PROJECT

- The failure by management to properly address issues with NNR led to prolonged shutdown,
- NTP management resorted in recruiting consultants for writing submissions to the NNR, direct the production operations for NTP and to negotiate with the regulator on behalf of incompetent NTP management,
- It should be noted that most consultants appointed by NTP are former NTP employees who were part of the prolonged shutdown, employees who were responsible for poor submissions,
- The SRTS project is led by a NTP former employee who was responsible for NTP communication, with no experience or expertise or qualifications in the engineering space,
- We are worried that part of this team is a former NNR employee, who may be used or is used to weaken the regulatory system or controls from NNR putting our people at risk.

SECTION C: PROPOSED SOLUTIONS

Expenditure on new Multi-Purpose Reactor

It might surprise some, but out of 226 operating Research Reactors in the world, South Africa's SAFARI-1 is amongst the top three in terms of producing medical radioisotopes. Medical Radioisotopes serve over 40 million patients procedures per year and this figure is growing, especially since these isotopes are now becoming a blockbuster pharmaceutical used to treat cancer (previously only for diagnostic purposes). In addition to this, Research Reactors are used for a variety of other applications in fields such as material science, physics, biology, chemistry, industrial manufacturing, mining, transport to name but a few.

Commissioned in 1965, SAFARI-1 is approaching its end of life, especially since it is one of the oldest of its kind still operating and most of its siblings have already been put into retirement. New research reactors are more adapted to modern day applications and are also configured for more efficient operation and higher volumes of isotope production are possible. Currently, SAFARI-1 is physically limited to produce about 1/4 of the global supply of medical isotopes, however, with newer technologies it will be easy to achieve more than 200% of the current and projected demand. Also the ability to service research instruments and equipment for all the other applications is limited by the spectrum of neutrons that the reactor generates, as well as the building configuration, all of which are addressed in new and more modern designs.

Pelindaba Enterprises at Necsa is also in a unique position of having the ability to manufacture fuel for a research reactor, as well as design and manufacture components requiring the highest level of quality known as ASME. In addition, the Reactor and Radiation Theory group is globally renowned as a leader in simulating behaviour of the core of the reactor. All of this, together with access to international

markets and one of the best operating experience in the world positions Necsa to springboard itself as a one-stop shop as a research reactor vendor, of which there is currently no other provider able to integrate such. There are many new countries planning to build research reactors, and Necsa could become one of the global leading providers of such.

Based on all of the above, it is prudent that Necsa immediately commence a project on a new Multipurpose Reactor project to be completed by 2030 as it will have the following benefits:

- South Africa will increase its role as leader as radioisotope producer
- Increase our capability in the field of research, development, and innovation using nuclear technology
- Provide a future for young aspiring nuclear scientists and engineers
- Growing our position as a leader in nuclear on the African Continent, as well as servicing our region
- Positioning ourselves as a vendor of Research Reactors
- Saving valuable skills and jobs at Necsa
- Preventing a brain drain and our skills going to our competitors
- Increase foreign exchange gains by sales of medical radioisotopes to more than R2b per annum based on current demand (which can be doubled with more capacity).
- Servicing more universities and other research institutions with cutting edge scientific instruments

Even though the a financial business case could be made for the reactor, due to the nature of the technology and the risk associated with it, there is a need for Government support, especially for the development of the research, development and innovation infrastructure of the Multi-Purpose Reactor. Most other countries that are developing new MPRs (including Zambia) are funding such projects fully from the fiscus as they do not have a favourable position as South Africa who is a commercial supplier of radioisotopes.

If this project does not take off urgently, there will be no timeous replacement for SAFARI-1 research reactor and other competitors will take the centre stage. South Africa will lose its strategic advantage and also all of the benefits outlined above will be lost.

It is therefore recommended that Parliament actively promotes this project and requests the National Treasury, Minister, Cabinet and Government to expedite on this project.

Inclusion of nuclear in IRP 2018

Necsa has in the past spent millions establishing divisions and departments to support the government decision to procure nuclear energy at a pace and scale the country can afford.

It has further spent million training young professionals in various countries to learn necessary skills in preparation for the nuclear built program.

The exclusion of nuclear in the IRP currently being discussed at NEDLAC poses one of the most urgent and direct threat to the jobs of employees in areas such as Pelindaba Enterprises, Pelchem and the nuclear fuel cycle department.

We call on the portfolio committee to impress on the department to include nuclear in the IRP as the committee resolved in 2018.

Decommissioning & Decontamination

Current Necsa employees must be redirected to start working under the program in order to realise government's objectives of allocating R171-million additional for this function.

This can easily mean around 150 current staff can be moved under the program to start working.

Personnel Costs

- Halt filling of vacancies from external candidates with immediate effect;
- Keeping those on retirement on the system through fixed term contracts or personal service providers should be discontinued with immediate effect and current contract should be terminated on operational reasons;
- Halt hiring of consultants;
- Position left as a result of natural attrition should not be filled until the financial situation improves;

Governance

Minister to urgently replace the current illegitimate board appoint a new, competent experienced board that can govern a complex international organisation such as Necsa:

- Develop a proper and efficient group structure to enable swift and efficient decision making,
- Minister to pay serious attention in making sure that the NTP and Pelchem Boards have competent and experience Directors who have a vision and will hold the MDs accountable,
- Investigate Necsa, NTP and Pelchem management structure and remuneration,
- Full forensic investigation into NTP appointment at exorbitant rates, collusion of NTP MD with CEO of regulator,
- Reinstate dismissed CEO because the Board that charged and fired him may be illegitimate in light of the Pretoria High Court Judgement,
- The government grant should be increased to keep up with inflation,

- Minister to engage National Treasury for a bail out to address the cash flow challenge subject to Necsa putting in place a realistic turn-around strategy and sustainable plan for the future.
- There is a serious need for an audit or investigation into Necsa's Intellectual Property that has found its way into private hands,
- The Necsa Board must not be allowed to sell Pelchem or any division of Necsa. Public resources are for public purposes.

SECTION D: CONCLUSION

What we have presented in this submission is but a summary of areas we thought were important in answering what the committee requested from us. It is not an exhaustive record of all aspects of what is going on in the organisation. Should the need be we are available to appear to the committee in person to explain and expand on any aspect of our submission.

We are currently working on details of operational challenges resulting in the cash flow challenge as part of the turn-around. We will share with the committee this work through a supplementary submission before the end of September 2019.

The monumental corporate governance shenanigans and unlawful conduct of the Necsa Board cannot be allowed to continue unabated because they weaken the institution.

This Board has showed beyond reasonable doubt that they lack consistent decision making and through the wrong decisions they have made that they do not have the interest of the organisation at heart.

We implore the portfolio committee to impress upon the Minister of Mineral Resources and Energy to fire this Board and put in place a new Board that should include some of the previous Board members who were removed unlawfully.

This will bring much needed stability that is fundamental in turning the entity around towards a sustainable future.

The leadership of Mr Myoli is not the right type for these conditions of financial crisis. This situation requires a very sober-minded leader who will rally everybody behind a common vision for the future. It does not require the emotional, intolerant and inferiority complex driven temperament of Mr Myoli, which pushes blacks to the margins and silence their voice purely because he harbours a deep-rooted belief that good ideas can only come from whites he has placed at the centre around which everything must revolve.

In light of the above it is apparent that matters affecting the dismissed CEO be resolved as speedily as possible in order that he is brought back to finish his turn-around plan or a new CEO is appointed.

Addressing the cash flow challenge requires management to put in place realistic short term cost cutting and revenue generation measures to avoid possible non-payment of salaries in November as the Acting CEO insinuated.

The Intellectual Property belonging to the state at Necsa, NTP and Pelchem should not be undermined at the altar of the short-term focus of the Board.

Starting work immediately with serious urgency on the Multi-Purpose Reactor is key to turning Necsa around.

Recommendations:

- Honourable Minister to remove current Necsa Board and put in place a new Board at Necsa (include some members of unlawfully removed previous Board), NTP and Pelchem with balanced and diverse/experience;
- NTP MD's contract extension (which we view as irregular) should be terminated for the interest of the organisation and its employees;
- NTP must terminate the hefty contracts of consultants appointed for the SRTS project (this is a scam to enrich certain individuals). It is short-sighted to entrust the return to service of NTP to consultants;
- Ketlaphela must be supported through necessary funding to implement the 2009 government decision. That 10 years later we have not realize this project notwithstanding the progress made last year is problematic;
- Government should invest in Project Thuthukani to create jobs and generate income for the government. This work cannot be surrendered in the hands of private individuals with no experience when Pelchem has more than 30 years of industry experience, market presence and extensive network;
- The work to replace SAFARI-1 reactor (which is more than fifty years) should commence with immediate effect in order that the reactor come online by 2030;
- The committee to engage its counter-parts on the portfolio committee on Public Enterprises about the need for public entities to use other public institutions to do business with each other to trap public funds within government before they reach private hands. ESKOM for instance should increase its manufacturing work for Pelindaba Enterprises (which the only African entity in possession of ASME III nuclear manufacturing certification) for manufacturing work around Koeberg life extension;
- All retired white males contracts must be terminated with immediate effect;
- The outsourcing of work to private companies when internal capacity within the Group (Necsa, Pelchem and NTP) exist must stopped with immediate effect;
- The hiring of consultants must be sopped with immediate effect;
- Serious forensic audit is needed on technology developed in the organisation for the past 30 years and how it ended up in private hands;
- There must be serious accountability with respect to lack of transformation in R&D, NTP and other pockets of Necsa that hold strategic positions;

- The role of R&D senior management in deliberate misleading of the organisation strategic direction and loss of market for Pelchem due to closure of many product lines must be probed;
- Reskill the current staff to help manage the transition Necsa has to undergo;
- The government grant has in real terms reduced in the previous years and for Necsa to continue sustaining its operations it must be increased to cater for inflation and other operational expenses;
- Necsa must curb its unnecessary expenditure (acting allowance, overtime, lawyers, overseas trips etc.) and delay or stop projects that are not critical;
- Realistic projects which can produce returns within a year or two should prioritise as opposed to those with long lead time if we are talking turn-around;
- Centralization of HR budgets to control costs should be prioritised in order that it can be properly controlled;

**NAME AND SURNAME OF SECRETARY ON BEHALF OF NEHAWU NECSA
BRANCH**

Johanna Joey Letsdoo



SIGNATURE

13/09/2019

DATE

**NAME AND SURNAME OF CHAIRPERSON ON BEHALF OF NEHAWU NECSA
BRANCH**

Zelani Matthews Masoteng



SIGNATURE

13/09/2019

DATE

**NAME AND SURNAME OF SECRETARY ON BEHALF OF NEHAWU NTP
BRANCH**

RULPH CHABAYU



SIGNATURE

2019/09/13

DATE

**NAME AND SURNAME OF CHAIRPERSON ON BEHALF OF NEHAWU NTP
BRANCH**


Vusi Mhisi


SIGNATURE

2019/09/13
DATE

**NAME AND SURNAME OF SECRETARY ON BEHALF OF NEHAWU PELCHEM
BRANCH**


Peter Mudzanani


SIGNATURE

2019/09/13
DATE

**NAME AND SURNAME OF CHAIRPERSON ON BEHALF OF NEHAWU
PELCHEM BRANCH**

RAGGOSHI MATHI


SIGNATURE

2019/09/13
DATE

NAME AND SURNAME OF PELINDABA WORKERS UNION REPRESENTATIVE

GOODFREY TEBORO MOCATANE

~~MOCATANE~~

SIGNATURE

2019/09/13

DATE