

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 35**

**QUESTION:**



**35. Mrs V van Dyk (DA) to ask the Minister of Public Enterprises:**

(1) Whether, given that more than R1billion of taxpayers’ money has been spent on the establishment and upkeep of the Joint Venture between Alexkor and the Richtersveld Mining Company, known as the Pooling and Sharing Joint Venture (PSJV), of which the entity has proven to be a dismal failure because of the lack of transparency and public accountability, he has found that it was appropriate to spend over R1 billion in taxpayers’ money in circumstances where there will be no accountability; if not, why not; if so, what are the provisions of the Public Finance Management Act (PFMA), Act 1 of 1999, he relies upon;

(2) whether the PSJV is a Schedule 2 Major Public Entity; if not, what is the position in this regard; if so, what are the relevant details;

(3) whether he has taken any steps to ensure that the PSJV subjects itself to the jurisdiction of the PFMA and gives Parliament a full account of the financial misconduct that has taken place for the past decade (details furnished); if not, what is the position in this regard; if so, what are the relevant details?NW39E

**REPLY:**

1. The settlement agreement reached between Government, Alexkor and the Richtersveld Community comprised of the following obligations:

* Transferral and restoration of portions of land by the State and Alexkor to the Richtersveld Community.
* The transfer of Alexkor’s land mining rights to Richtersveld Mining Company and the setting up of Alexkor RMC PSJV. The State through Alexkor would capitalise the Alexkor RMC PSJV with R200 million in order to restore mining operations.
* The transfer of Alexkor’s mariculture and agricultural assets to the Richtersveld Agricultural Holdings.
* A sum of R190 million to be paid as reparation to the Richtersveld Investment Holding Company (RIHC) over three years.
* R50 million development grant to be paid as a lump sum development grant to the RIHC for agriculture and mariculture.
* R45 million to be paid to the Richtersveld Property Holding Company (RHPC) as compensation for Alexkor’s occupation on transferred residential properties for ten years.
* The establishment of a township at Alexander Bay including the upgrade of the municipal infrastructure to be handed over to the Richtersveld municipality.
* Environmental rehabilitation of historical mining areas.

Only R200 million was provided to the Alexkor Richtersveld Mining Company Pooling and Sharing Joint Venture (PSJV) as recapitalization loan to resuscitate the diamond operations following the protracted legal proceedings.

R200 million is a loan and is repayable, to date the PSJV has made payment of R14 million.

1. The PSJV is an unincorporated entity and does not qualify as a national public entity or a national government business enterprise based on the definition of the two by the PFMA namely the PSJV is not juristic entity nor under the ownership control of the national executive.

Given that the PSJV is not a public entity that it could not be listed in either Schedule 2 or 3 of the PFMA. Section 3 of the PFMA provides that the PFMA applies to departments, public entities listed in Schedule 2 or 3, and constitutional institutions. The PSJV is none of these and the PFMA does not apply to the PSJV itself in its own name.

1. Despite the PJSV not being subjected to the PFMA by virtue of its arrangement, the department referred the matters of financial misconduct, corruption and mismanagement to the Special Investing Unit (SIU). On 10 December 2021, the President Cyril Ramaphosa signed the proclamation authorizing SIU to investigate affairs of Alexkor SOC which extend to the PSJV.