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IN THE HIGH COURT OF SOUTH AFRICA

(LIMPOPO DIVISION, POLOKWANE)

Case No: 13525/2022

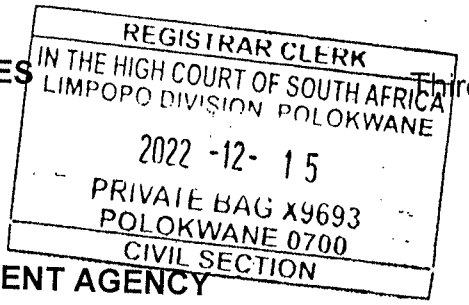



In the matter between:

**THE HERD NATURE RESERVE, NPC** First Applicant

**LIVING LIMPOPO, NPC** Second Applicant

**CENTRE FOR APPLIED LEGAL STUDIES** Third Applicant




and

**THE LIMPOPO ECONOMIC DEVELOPMENT AGENCY** First Respondent

**MEC OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO** Second Respondent

**CHIEF DIRECTOR: ENVIRONMENTAL TRADE AND PROTECTION, DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO** Third Respondent

**MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT** Fourth Respondent

**MUSINA-MAKHADO SPECIAL ECONOMIC ZONE STATE OWNED COMPANY** Fifth Respondent

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## NOTICE OF MOTION

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**KINDLY TAKE NOTICE** that the Applicants intend to make application to the above Honourable Court on a date determined by the Registrar for an order in the following terms :

1. Reviewing and setting aside the decision by the Third Respondent to grant environmental authorisation for the Musina-Makhado Special Economic Zone on 23 February 2022.

2. Reviewing and setting aside the decision by the Second Respondent to dismiss the Applicants' appeal against the granting of environmental authorisation for the Musina-Makhado Special Economic Zone on 8 July 2022.

3. Declaring that the Fourth Respondent is the competent authority to consider the application for environmental authorisation for the Musina-Makhado Special Economic Zone.

4. Insofar as is necessary, condoning the Applicants' late filing of this review application in terms of Section 9 of the Promotion of Administrative Justice Act 3 of 2000.

5. Ordering the Respondents to pay the Applicants' costs, jointly and severally, one paying the other absolved, such costs to include the costs of three counsel.

6. Further and/or alternative relief.

**TAKE NOTICE FURTHER** that the affidavit of **LAUREN LIEBENBERG-SOUTHWORTH**, together with supporting affidavits and annexures, will be used in support of this application.

**TAKE NOTICE FURTHER** that the Applicants have appointed the address of the Applicants' attorneys as set out at the foot of this document as being the address at which they will accept notice and service of all pleadings in these proceedings.

**TAKE NOTICE FURTHER** that the Respondents are called upon to show cause why the relief should not be granted.

**TAKE NOTICE FURTHER** that the Second and Third Respondents are required to dispatch within fifteen (15) days of receipt of this Notice of Motion to the Registrar of this Honourable Court the record of decision identified in paragraphs 1 and 2 above together with such reasons as they may desire to give or are in law required to give, and to notify the Applicants that they have done so.

**TAKE NOTICE FURTHER** that the Applicants shall be entitled within ten (10) days after the Registrar has made the Record available to them, to deliver a Notice and accompanying affidavit amending, adding to or varying the terms of this Notice of Motion and founding affidavit.

**TAKE NOTICE FURTHER** that any Respondent desiring to oppose this application must :-

1. within 15 (fifteen) days after receipt of this Notice of Motion, or within 15 (fifteen) days after receipt of any amendments to this Notice of Motion, deliver notice to the Applicants' attorneys of such intention to oppose and must in such notice appoint an address within 8 (eight) kilometres of the office of the

Registrar at which it will accept notice and service of all process in these proceedings:

2. within 30 (thirty) days after the expiry of the time referred to in Uniform Rule 53 (4) of the Uniform Rules of Court, deliver any affidavit it may desire to deliver in answer to the allegations made by the Applicants.

**KINDLY PLACE THE MATTER ON THE ROLL FOR HEARING ACCORDINGLY.**

DATED at POLOKWANE this 14TH day of DECEMBER 2022.

**APPLICANTS' ATTORNEYS**

**ALL RISE ATTORNEYS**
Applicants' Attorneys
**c/o BECKER ATTORNEYS**
Unit 2 Proforum Building
Ismini Office Park
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Bendor
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REGISTRAR CLERK
IN THE HIGH COURT OF SOUTH AFRICA
LIMPOPO DIVISION, POLOKWANE
2022 -12- 15
PRIVATE BAG X9693
POLOKWANE 0700
CIVIL SECTION

**TO** : **THE REGISTRAR**
**HIGH COURT LIMPOPO DIVISION**
Polokwane
Limpopo

**AND TO** : **LIMPOPO ECONOMIC DEVELOPMENT AGENCY**
First Respondent
Enterprise Development House
Main Road
Lebowakgomo
Limpopo Province

**AND TO** : **MEC OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO**
Second Respondent
Evridiki Towers, 20 Hans Van Rensburg Street Polokwane
% the State Attorney
Second Floor, High Court Building
36 Biccard Street
Polokwane
Limpopo Province

STATE ATTORNEY
LEGAL SECTION
9:43
2022 -12- 15
PRIVAATSAK/PRIVATE BAG X9705
POLOKWANE 0700
STATE ATTORNEY POLOKWANE

**AND TO** : **CHIEF DIRECTOR: ENVIRONMENTAL TRADE AND PROTECTION, DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO**
Third Respondent
Mowaneng Building
40 Hans van Rensburg Street
Polokwane
Limpopo Province

**AND TO** : **MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT**
Fourth Respondent
Environment House, 473 Steve Biko Street
Arcadia, Pretoria
% the State Attorney
Ground Floor SALU Building
316 Thabo Sehume Street
Pretoria

**AND TO** : **MUSINA-MAKHADO SPECIAL ECONOMIC ZONE SOC**
Fifth Respondent
Enterprise Development House
Main Road, Lebowakgomo
Limpopo Province

IN THE HIGH COURT OF SOUTH AFRICA

(LIMPOPO DIVISION, POLOKWANE)

Case No:

In the matter between:




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| THE HERD NATURE RESERVE, NPC | First Applicant |
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| CENTRE FOR APPLIED LEGAL STUDIES | Third Applicant |

and

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|---|---|
| THE LIMPOPO ECONOMIC DEVELOPMENT AGENCY | First Respondent |
| MEC OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO | Second Respondent |
| CHIEF DIRECTOR: ENVIRONMENTAL TRADE AND PROTECTION, DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO | Third Respondent |
| MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT | Fourth Respondent |
| MUSINA-MAKHADO SPECIAL ECONOMIC ZONE STATE OWNED COMPANY | Fifth Respondent |

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| CHIEF DIRECTOR: ENVIRONMENTAL TRADE AND PROTECTION, DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO | Third Respondent |
| MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT | Fourth Respondent |
| MUSINA-MAKHADO SPECIAL ECONOMIC ZONE STATE OWNED COMPANY | Fifth Respondent |

---

**FOUNDING AFFIDAVIT**

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I, the undersigned,

**LAUREN LIEBENBERG-SOUTHWORTH**

do hereby state the following under oath:

1. I am an adult, female residing in Johannesburg,

2. I am the director of Living Limpopo, the Second Applicant. I am duly authorised to depose to this affidavit on behalf of the Second Applicant.

3. Save to the extent that the context suggests otherwise, the facts deposed herein are within my personal knowledge and are both true and correct. To the extent that I make legal submissions in this affidavit, I do so on advice of my legal representatives, whose advice I believe to be correct.

## A. INTRODUCTION

4. This is a review of:

4.1. the decision by the Third Respondent to grant environmental authorisation (EA) for the Musina-Makhado Special Economic Zone on 23 February 2022; and

4.2. the decision by the Second Respondent to dismiss the Applicants' appeal against the granting of environmental authorisation for the Musina-Makhado Special Economic Zone on 8 July 2022.

5. The decision relates to the Musina-Makhado Special Economic Zone (MMSEZ). The MMSEZ is made up of two sites and located in two

municipalities namely, Musina and Makhado Local Municipalities within the Vhembe District of the Limpopo Province. The decision relates specifically to the application for Environmental Authorisation for the proposed metallurgical cluster of the Musina-Makhado SEZ as defined in the Scoping Report appended to the 1 February 2019 application.

6. The EA was granted to the Limpopo Economic Development Agency (LEDA) to undertake the list of activities specified on pages 2 and 3 of the authorisation and as described in the Environmental Impact Assessment Report (EIAR) dated 13 September 2021. The EA is attached as "FA1". The EIAR is in excess of 1 000 pages and only the relevant pages are attached as "FA2".

7. The impugned EA that was granted in terms of section 24 of the National Environmental Management Act, 1998 (NEMA) and the Environmental Impact Assessment Regulations, 2014 (EIA Regulations) authorises clearance of vast swathes of indigenous vegetation for the construction and installation of bulk services infrastructure and fencing of the MMSEZ South Site. The splitting of the project in this way is dealt with more fully below.

8. The Environmental Impact Assessment (EIA) process was fatally flawed and procedurally unfair. The EIAR was also fatally flawed and cannot serve as a lawful basis for an EA decision. This is dealt with more fully below.

9. As demonstrated below, the EA granted by LEDET itself falls to be set aside and the Applicants' appeal against the decision to grant the EA ought to have been upheld.

10. The process is fatally flawed in that it constitutes project splitting. After initially applying for EA for the energy-metallurgical cluster of the MMSEZ in its entirety, the application had been altered in the draft EIAR to an application for site establishment only, shrinking the scope of the EIA in relation to the impact of the activities that will be conducted on the site of the heavy industrial zone. The impacts of the proposed MMSEZ have thus been assessed only in terms of vegetation clearance, installation of bulk services and fencing of the South Site. While the scope of the EIA and specialist assessments was broadened to also include the planned industrial development itself and associated impacts, (including climate change, ecological, air quality, health, tourism, agriculture and food security, heritage, visual and noise impacts), in accordance with the "phased approach" that has been adopted according to the EIAR, none purport to comprehensively assess these impacts. The EIA thus fails to adequately assess the cumulative impact of the project as a whole over its operational lifetime. In authorising the irreversible destruction of thousands of hectares of pristine indigenous vegetation, thereby eliminating a carbon sink and harming surrounding local communities who depend on the functioning of an intact ecosystems of the savanna biome and the biodiversity it sustains for food security and livelihoods, this initial EA itself constitutes a breach of the Constitution's section 24 right. Moreover, approval for site clearance and establishment of the South Site of the MMSEZ enables the commencement of the development and thus serves as a *de facto* approval for the MMSEZ itself in the absence of a proper assessment of its impacts.

11. The consequences of the climate crisis cannot be avoided and should not be ignored in the consideration of the impacts of this industrial development. On its own specialists' versions, the coal-based MMSEZ will take South Africa

down a dangerous developmental path, seriously jeopardise our green-house gas (GHG) emissions reduction commitments, with significant economic and political consequences for the country, and flies in the face of the urgent need to decarbonise the economy in order to protect the planet from the serious risks of rising atmospheric temperatures.

12. The study area is already severely water-stressed and climatic modelling for the region predicts rising ambient temperatures, prolonged periods of drought, and greater rainfall variability. On its own specialists' versions, the extremely water-intensive MMSEZ will have profound impacts on water resources and exacerbate already high water security risks, both in South Africa and in neighbouring Zimbabwe.

13. The area in which the MMSEZ South Site is proposed is one of astounding natural beauty. Indigenous vegetation covers most of the site and most of the Vhembe District in which the zone is located. The land cover is still predominantly in a natural state and the ecosystem condition of the region is rated as "good"[1]. The natural capital of the Vhembe and the renewable natural resources yielded by its already sustain a thriving local informal biodiversity-based economy and ensure food security for local rural communities, and have tremendous unrealised green growth potential as the two examples given below demonstrate.

13.1. The iconic baobab tree, *Adansonia digitata*, dominates the landscape and the species comprises 5% of the 109 034 protected trees located on the MMSEZ site.

[1] National Protected Areas Expansion Strategy, 2016 at p. 17 and Vhembe District Bioregional Plan, 2017 - Appendix 1 at p.20

13.2. Sustainably wild-harvested, baobab fruit processed into fruit powder and a high-value cosmetic oil can be sold to both domestic and export markets where demand continues to grow. Eco-Products and the Baobab Foundation, affiliates of the second Applicant, demonstrate the considerable potential of this renewable natural resource to create sustainable livelihoods for the immediate benefit of rural communities in the region, whilst preserving its rich biodiversity, and thus the potential of complementary industries, such as tourism. According to estimates by the Baobab Foundation, the value of the baobab powder and cosmetic oil that could be produced from the trees located on the MMSEZ South Site alone is in the order of R2.8m annually and could benefit up to 250 women harvesters, while the processing of the fruit would provide up to 40 seasonal and permanent jobs per year.

13.3. The potential of such biodiversity-based economic development models as envisaged in South Africa's National Biodiversity Economy Strategy, is severely threatened by the extensive biodiversity loss and severe and irreversible ecosystem damage that will result from development of MMSEZ industrial zone in conjunction its supporting industries, including coal mining, one of the primary raw materials of the metallurgical cluster and given as the rationale for its establishment.

13.4. In the Mopane bioregion that extends across vast tracts of northern Limpopo, the dominant tree species, *Colophospermum mopane*, a drought-resistant hardwood with distinctive butterfly-shaped leaves, is host to a caterpillar species that hatches from eggs laid on the leaves by the native emperor moth, *Gonimbrasia belina*. The mopane worm, together with many other edible

insects, has long formed a part of people's diets in the region and is today regarded as a delicacy.

14. The popularity of this protein-rich food has supported the growth of the informal market in wild-harvested *mashonzha,* which now forms an important part of the informal rural economy. One research study found that traders in the town of Thohoyandou in Limpopo each earn an annual supplemental income of about USD1,400 (about R25,500) from the sale of dried and fresh mopane worms. This study is attached as "FA 3".

15. Euro-centric cultural biases against entomophagy and Western developmental perspectives have historically contaminated agricultural and economic policy, leading policymakers to ignore the economic value and potential of traditional practices and indigenous knowledge systems, but the opportunity has begun to be recognised, as various initiatives developed under the DEFE Operation Phakisa for the Biodiversity Economy demonstrate.

16. Several interested and affected parties have cautioned that based on the studied impacts on these populations of the development of mining and industry in other regions (such as North West where the formerly abundant species has gone locally extinct), the harvesting sites in the vicinity of the MMSEZ and the adjacent Makhado coal mining project could be similarly threatened by the resultant pollution emanating from the zone[2].

17. In October and November 2022, representatives of the Second Applicant canvassed traders in the street markets of Thohoyandou who depend on the harvest of these natural commodities for a living, as well as several

[2] Comments on draft and final EIAR submitted on behalf of WESSA by Dr Cathy Dzerefos and subsequent appeal by WESSA to EA

smallholder farmers in the upper reaches of the Nzhelele River catchment where the MMSEZ is located and other members of this rural community. Few had even heard of the MMSEZ. Those who had were sceptical. All want their voices heard. The Vhembe is their birthright. It has been sold without permission.

## B. PARTIES

### Applicants

18. The First Applicant is the Herd Nature Reserve, a non-profit company which serves as the Management Authority of The Herd Nature Reserve portion of the Philip Herd Nature Reserve, a declared nature reserve located in the Vhembe District, Limpopo Province, as contemplated in section 38 of the National Environmental Management: Protected Areas Act, No. 57 of 2003.

19. The objects of the company are to develop and manage nature-based tourism and other business opportunities based on the sustainable use of natural and biological resources in support of the primary objectives of restoration, preservation and conservation of the Limpopo Ridge Bushveld savanna biome vegetation sub-type; its biodiversity and rare and endangered species; the integrity of its ecosystems and the sustained supply of critical ecosystem goods and services. The Herd Nature Reserve is located immediately downstream of the proposed MMSEZ Musina Dam on the Limpopo River. The context of the dam is detailed in more detail in the water section below.

20. The First Applicant further seeks to contribute towards the implementation of the National Protected Areas Expansion Strategy; the Limpopo Protected Areas Expansion Strategy; the Limpopo Conservation Plan; the Vhembe Bioregional Plan, the Vhembe Biosphere Reserve's Conservation Plan and the National Biodiversity Economy Strategy in the region.

21. The Second Applicant is Living Limpopo, a non-profit organisation with deep roots in Limpopo. It is a movement forged from a broad alliance of organisations and individuals representing diverse interests - from conservation to the tourism and wildlife industries, farming and rural communities in the Vhembe, to earth, water, climate and social justice activists and ordinary South Africans - who collectively oppose large-scale coal-exploitation, the damming of the Limpopo River and heavy industrial development planned for the MMSEZ.

22. The Third Applicant is the Centre for Applied Legal Studies, a public interest law organisation based at the Wits School of Law. CALS practises human rights law and social justice work with a specific focus on intersecting areas, namely Business & Human Rights; Civil & Political Justice; Environmental Justice; Gender Justice and Home, Land & Rural Democracy. CALS uses a combination of theory and practice to advance human rights, primarily through research, advocacy and strategic litigation. The CALS Environmental Justice programme has been involved in assisting communities in the Vhembe region to participate in sustainably developing their environment over the last decade.

**Respondents**

23. The First Respondent is the Limpopo Economic Development Agency (LEDA), a provincial government agency established in terms of the Limpopo Development Corporation Act, 5 of 1994 and the implementing agency of the Limpopo Department of Economic Development, Environment and Tourism (LEDET), whose principal place of business is situated at Enterprise Development Gouse, Main Road, Lebowakgomo, Limpopo Province.

24. LEDA is described as follows:

> *'LEDA was established in terms of the Limpopo Development Corporation Act (Act 5 of 1994, as amended). It is established as an integrated platform, culminating from the amalgamation of four historical agencies, namely Trade and Investment Limpopo (TIL), the Limpopo Business Support Agency (LIBSA), the Limpopo Agricultural Development Corporation (LADC) and the Limpopo Economic Development Enterprise (LimDev). The establishment of the amalgamated LEDA was officially announced by the Premier of the Limpopo Province in February 2010 in the State of the Province Address.'*

25. LEDA's stated mission is to implement integrated economic development initiatives, which according to its website, *'reflects its role as the policy implementing arm of the province'*. In terms of its mandate, LEDA is responsible for the facilitation and management of the planning and development of the MMSEZ. An operator will manage all activities inside the MMSEZ.

26. The Second Respondent is the MEC responsible for LEDET, cited in his official capacity and whose principal place of business is situated at Evridiki Towers, 20 Hans Van Rensburg Street, Polokwane, Limpopo Province, % the State Attorney, Pretoria, Ground Floor, SALU Building, 316 Thabo Sehume Street, Pretoria. The MEC was the appeal authority that decided on the appeals against the decision made by LEDET to grant LEDA the EA.

27. In terms of the National Environmental Management Act 107 of 1998 (NEMA) with EIA Regulations, 2014, LEDET was appointed as the competent authority for the MMSEZ EIA application.

28. The Third Respondent, the Chief Director, Environmental Trade and Protection of LEDET is the official who granted EA to LEDA. As will be detailed below, we deny LEDET's designation as a competent authority.

29. LEDET is also mandated with the primary responsibility of managing and monitoring biodiversity in the province. LEDA is a direct reporting entity of LEDET. LEDET was the driving force, funder and approver of the Limpopo Conservation Plan and the Vhembe Bioregional Plan. LEDET was also the endorser of the Vhembe Biosphere Reserve Zonation Plan, which conflicts with and contradicts the proposed land uses for the MMSEZ.

30. LEDET was the competent authority that granted the EA to LEDA.

31. The Fourth Respondent is the Minister of Forestry, Fisheries and the Environment (DFFE), cited in her official capacity, whose principal place of business is situated at Environment House, 473 Steve Biko Street, Arcadia, Pretoria, Gauteng, % the State Attorney, Pretoria, SALU Building, 316 Thabo Sehume Street, Pretoria, Gauteng.

32. The Fifth Respondent is the Musina-Makhado Special Economic Zone State Owned Company (MMSEZ SOC), a wholly owned subsidiary of LEDA and whose offices are situated at Enterprise Development House, Main Road, Lebowakgomo, Limpopo Province. It describes itself as follows:

> *'an entity mandated to develop and operate the Musina-Makhado Special Economic Zone (MMSEZ) in terms of the SEZ Act 16 of 2014, with the main purpose of promoting the Nation's economic growth. The South African Government through the Department of Trade and Industry (DTI) designated the MMSEZ located in the Limpopo Province.'*

33. MMSEZ is cited because of its interest in these proceedings.

## C. DECISION ON REVIEW

34. The EA is "mainly for clearance of indigenous vegetation, installation of bulk services infrastructure and fencing only. All other subsequent activities from individual plants/operations/process units must not commence prior to obtaining EAs from the Department and/or organs of state".

35. Paragraph 2 of the EA provides that the EA is the approval in respect of Option 2 as outlined in the EIAR – by reducing the development's footprint from 8 022ha to 3 862ha. However, this cannot be correct as it is only Option 3 in the EIAR that reduces the project footprint, not Option 2. Option 2 is detailed on page 251 of the EIAR as follows:

> *Layout 2 entail the development of the whole site (8013.91ha) for the development of the metallurgical hub. The plan is based on optimal*

*land use of the site and does not consider sensitive ecological areas such as wetlands or extending ecological corridor links with adjacent properties. It does not take into consideration the recommendations that were made by the ecological specialists and the updated biodiversity offset report that require some sensitive areas to be avoided. Therefore, this layout option is not supported.*

36. While the reference to Option 2 appears to be an error, Option 3 (which reduces the project footprint from 8 022ha to 3 862ha) cannot be supported for the same reasons that Option 2 cannot: Firstly, 3 862ha is still a substantial footprint and secondly, since the overall production capacity of the zone is not substantially reduced, the revised site layout will have no material effect on the cumulative environmental and other impacts of the zone. At the April 2022 public participation meetings facilitated by the former DeltaBEC EAP, the findings of the specialist reviewer's report (a report which has never been released to interested and affected parties), the remedial Action Plan (which LEDET had instructed the EAP to devise in order to remedy the deficiencies of the final EIAR) and the revised site layout and reduced footprint site were presented. In the accompanying Feedback Report of the engineers, iX Engineers, the following is conceded in respect of the utterly inappropriate site selection and the resultant amplified impact of the development:

*The MMSEZ site was designated in 2017 before any EIA was undertaken. There were no additional or alternative sites at that stage that were looked at. LIEDA indicated that due to the site being designated, they are not going to look at any alternatives or site alternatives. When the Scoping Report was submitted, one of the conditions for approval, i.e. a site selection matrix*

*or site alternative in terms of the National Environmental Management Act, 1998 with the EIA Regulations, 2014 (as amended) was not met and LEDET still approved the final scoping report. The interested and affected parties have highlighted this to us on various occasions. This was also highlighted in the draft and final EIA report as risks and gaps and the independent reviewer indicated that due to the biodiversity offset for such a big site; the net gain of loss could not be verified. This was also highlighted by Dr. Ola. The independent reviewer thus said that alternative methods should be investigated. The only alternative is either to reduce the site footprint and all the site sensitivities or look at an alternative site. The Environmental Action Practitioner (EAP) requested iXEngineering on 31 March 2021 to look at a reduced site footprint and to exclude as far as possible the sensitive areas, which would thus make the biodiversity offset more realistic and net gain of loss more viable. iXEngineering provided a revised layout.*

37. The revised layout of the site reduces the footprint by moving the lighter industries as well as the lime and cement plant to the North (Actonvilla) Site and by moving the reduced power plant (1320 MW plus 50 MV solar preferably on roof tops) onto the site. According to the report, the revised layout now allows for a natural buffer and will 'accommodate more of the sensitive biodiversity areas and drainage areas requiring less offset'. However, considering the nature and unchanged scale of the metallurgical activities planned for the MMSEZ, and the fact that no real consideration is given to how the revised layout in fact renders 'biodiversity offset more realistic and gain of loss more viable', Option 3 can be regarded as little more than a superficial variation on Option 2 for the MMSEZ.

38. The EA fails to comply with the prescribed content of an EA as set out in regulation 26 of the EIA Regulations, including the commencement and completion date for non-operational aspects of the activities, as well as the frequency of environmental auditing and submission of environmental audit reports.

39. The Applicants appealed the decision by LEDET to grant EA. The MEC made a final decision to dismiss the appeal on 08 July 2022.

40. Both the EA and the appeal are the subject of this review.

## D. HISTORICAL BACKGROUND TO PROJECT

41. This review is complex – the MMSEZ is the largest Special Economic Zone in South African history and the adverse impacts that it will have on numerous aspects of the environment is commensurate with its size, if not greater. As such, a detailed exposition of the background to the project and complex legal framework is necessary.

42. The SEZ Policy is a cornerstone of industrial policy under the purvey of the DTIC, and as noted above, the MMSEZ is the biggest such industrial development in South Africa's history. It will more than double South Africa's steel production capacity, and will cost an estimated R344billion (US$22billion) to develop according to the developer's plans.

43. The MMSEZ project officially started in 2014 when the Department of Trade and Industry (DTI) requested the Limpopo Provincial Government to submit areas for evaluation viewed as strategic for the development of the Limpopo

economy through industrialisation. Following preliminary studies, Limpopo Province submitted four areas identified as potential growth nodes in the province.

44. The DTI evaluated the submission, approving two of the areas for further feasibility investigation, namely Musina-Makhado and Tubatse.

45. Thereafter the Limpopo provincial government proposed the establishment of a Special Economic Zone (SEZ), a type of industrial zone, at Musina focussed on petro-chemicals, agro-processing and logistics. In 2015, the proposal was revised to the current concept of what is now known as the Musina-Makhado Special Economic Zone, comprising two components at two different locations: a light industrial site at Antonvilla near Musina (Site 1 or North Site) and a heavy industrial site (primarily steel manufacturing and power generation) at a location approximately 50 km to the south of Musina, north of the Soutpansberg mountains on the Musina-Makhado municipal boundary (Site 2 or South Site).

46. Site 2, which is the subject of this review, is variously referred to as South/Makhado/Bokmakierie Site of the MMSEZ; the energy-metallurgical zone of the MMSEZ or EMSEZ and the Musina-Makhado SEZ or MMSEZ.

47. The land on which the SEZ is located belongs to a Communal Property Association (CPA), the Mulambwane Communal Property Association (MCPA), which has leased the land to the state for the development under the terms of a now contested lease agreement.

48. The application for designation of the site as a SEZ was supported by the DTIC and in December 2017, despite grossly incomplete feasibility studies

and other preliminary steps as required under the SEZ Act, No. 16 of 2014 and regulations made under the Act, an area of 7 262 ha encompassing a total of eight farms, was designated as the South African Energy and Metallurgical Zone of the Musina-Makhado Special Economic Zone (EMSEZ) by government gazette notice.

49. The appointed Environmental Assessment Practitioner (EAP) from Delta BEC initiated the EIA application in early 2019 and concluded the EIA process up to submission of the Final EIAR to LEDET in February 2021. LEDET reviewed the report and requested some additional information. EnviroXcellence Services (EXS) was then appointed as the new EAP, and in September 2021 issued a Revised Final EIAR.

50. The Delta EIA study (explained below) describes the strategic thinking behind the location in its introductory project overview:

> *'The establishment of a metallurgical cluster near the source of raw materials, along with a logistics hub in the SEZ with access to markets is considered to present a unique opportunity for mineral beneficiation, which is a national key government priority. There is clearly several downstream and upstream opportunities in the supply chain if the SEZ is located close to a main corridor, in this case the North-South Development Corridor.'*

51. The Delta EIA study is a voluminous document and is not attached to this application.

52. The proposed scale of the overall project is important to bear in mind, as the potential to radically alter the environmental, social, and economic landscape

of the region necessitates considered decision-making. As noted above, the MMSEZ, as scoped in the EIAR, will constitute "the largest single planned SEZ development in the country" if it comes to fruition. The emissions released by the industrial plants within the zone over its operational lifetime of thirty years will consume as much as 10% of South Africa's carbon budget, making the project's climate impacts alone absolutely dire. The impact on scarce water resources will be comparably disastrous. Apart from environmental impacts, which will in turn significantly impact other sectors of the regional economy, including agriculture and tourism, the impact on the South African fiscus given the cost of developing the zone, will be significant.

53. The decision to issue the EA came after a highly protracted process that far exceeded the ordinary timeframes stipulated in the NEMA EIA regulations. The process, based on the EIA timeframes, expired around May 2021.

54. The original EAP, DeltaBEC, submitted the Draft EIAR in September 2020 and the Final EIAR in February 2021. The Final EAIR did not recommend authorisation. In March 2021 LEDET responded to DeltaBEC's Final EIAR and requested an Action Plan "to address outstanding issues". DeltaBEC initiated this process, including a remedial but again flawed round of public participation. However, in May 2021, DeltaBEC served notice that it was suspending all actions in response to the LEDET instruction to the EAP.

55. LEDA then appointed a new EAP, Enviroxcellence to revise the EIAR. The associated public participation was flawed, with reports of community members being barred from meetings. The revised EIAR was submitted by the new EAP to LEDET in September 2021.

56. On 23 February 2022, LEDET, through the Chief Director: Environmental Trade and Protection took the decision to grant environmental authorisation for the MMSEZ South Site solely for the following activities: clearance of indigenous vegetation, installation of bulk services infrastructure and fencing.

57. The decision included a table of the findings of the specialist reports concluding that the development does not conflict with the principles of integrated environmental management in chapter 5 of NEMA and that all mitigation measures could reduce any environmental impacts to acceptable levels.

58. Multiple internal appeals were submitted to LEDET in terms of Section 43 of NEMA, including but not limited to appeals by All Rise Attorneys and CALS, Birdlife SA; Natural Justice; WESSA (Wildlife and Environment Society of South Africa); Earthlife Africa, groundWork, Dzomo La Mupo and MEJCON-SA (represented by the Centre for Environmental Rights); and the Vhembe Biosphere Reserve, a UNESCO MAB Biosphere Reserve, the Endangered Wildlife Trust, Herd Reserve and the Vhembe Mineral Resources Stakeholders Forum (represented by Christo Reeders Attorneys).

59. On 8 July 2022, the Executive Council of LEDET took the decision to reject All Rise Attorneys' and CALS' appeal. This constituted the finalising of the internal appeal process and the commencement of the 180-day period under PAJA for instituting a judicial review of a decision. The review process under PAJA will be discussed in the legal framework section below.

60. Importantly, all the internal appeals mentioned above were rejected without adequate reason given.

61. The 180-day period expires on 04 January 2023.

## E. LEGAL FRAMEWORK

62. As an introduction, the environment law framework places a positive obligation on the state to plan reasonably, rationally and responsibly in the management and sustainable usage of ecological resources.[3]

63. From a spatial planning perspective, South Africa inherited a system regulated by numerous pre-1994 pieces of legislation, characterised by various bodies undertaking fragmented parallel processes, manifesting in unequal, incoherent and inefficient settlement patterns.[4]

64. In an effort to address this disjointed and unaligned system, the Spatial Land Use Management Act 16 of 2013 (SPLUMA) was promulgated. SPLUMA attempts to harmonise land-use planning while embodying constitutional principles of, inter alia, equality, dignity and environmental protection.[5] Knowledge and information advancements have led to increased confidence in systematic land-use and developmental planning, so much so that spatial information has now become a requirement in local economic development planning.

65. This framework embodies principles of integrated multi-sectoral development planning and sustainability, adopting the usage of environmentally-focused spatial planning tools to inform developmental decision-making. These tools have proven to assist in facilitating more holistic, less destructive and more inclusive economic growth and development, through *inter alia* identifying

[3] In terms of NEMA definition of sustainable development 'planning' forms a central part of the understanding of the principle. Section 1 of NEMA.
[4] SPLUMA White Paper.
[5] Section 12(1)(i) of the Spatial Land Use Management Act No. 16 of 2013

areas of environmental sensitivity and assigning appropriate compatible land-uses for such areas within a context of robust stakeholder engagement.

66. The above and other key legal instruments and provisions especially relevant to a review of an environmental authorisation are detailed below.

***The Constitution***

67. A progressive feature of the Constitution is that it confers an environmental right on all. There are several distinct features of Section 24 of the Constitution.

68. The ambit of the right is broad, being the right of everyone to an environment that is not harmful to their health or well-being. This means that not only interests based on physical attributes of the environment but also interests based on broader attributes (cultural, spiritual, aesthetic attributes, amongst others) are protected.

69. A positive duty is imposed to undertake legislative and other measures to advance the right which moreover are for the benefit of both present and future generations.

67. Measures must achieve three identified objectives namely:

69.1. preventing pollution and ecological degradation;

69.2. promoting conservation; and

69.3. securing ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

70. These parameters give rise to environmental legislation and provide a basic framework for their content and their application. Critically the sustainable development approach of balancing environmental with social and economic considerations is enshrined.

***The National Environmental Management Act (NEMA)***

71. NEMA is the framework environmental legislation which sets in place the fundamental principles, processes, allocation of powers and duties etc. that frame environmental management in South Africa, The NEMA framework governs the multiple specific environmental management acts enacted to deal in more detail with particular aspects of the environment and environmental management.

72. Section 2 of NEMA frames the founding principles of environmental management. These principles must be considered in all forms of decision-making that have an impact on the environment, from the creation and understanding of legal rules to the processing of environmental authorisations (EAs).

73. Sustainable development is a central founding principle of NEMA, the definition of which recognises planning as a core facet to the successful realisation of the principle.

74. Moreover, NEMA takes a holistic approach to environmental management, aiming to ensure the creation of socio-ecological systems where the ecosystems and society function in an integrated and planned manner.

75. Environmental justice is one of the central Section 2 NEMA principles that permeate the environmental legal framework. The right to equality, which is realised through the distributive paradigm, is an essential element of environmental justice, representing not only the distribution of negative impacts, but the equitable allocation of benefits amongst all sectors of society, with particular focus on marginalised communities. There are a number of other NEMA principles that are highly relevant to decision-making in relation to MMSEZ but have been ignored. These are discussed in the sections that form the grounds of review.

76. Spatial and environmental justice are intricately intertwined, as marginalised communities are often located in more rural, less urbanised areas where service provision is poor and exposed to highly impactful developments such as mining, which yield little socio-economic benefit to such communities which disproportionately bear the externalised costs.

77. Section 24 of NEMA sets out the broad framework for environmental authorisation. Section 24 (4) provides the basic parameters governing EIA processes. Especially relevant to this review are the following:

77.1. Investigation of the potential consequences or impacts of the alternatives to the activity on the environment and assessment of the significance of those potential consequences or impacts, including the option of not implementing the activity;

77.2. Investigation of mitigation measures to keep adverse consequences or impacts to a minimum; and

77.3. Reporting on gaps in knowledge, the adequacy of predictive methods and underlying assumptions, and uncertainties encountered in compiling the required information.

78. Also of high relevance to any review is Section 24O which provides the criteria that competent authorities must take into account when considering applications. Of particular importance are the following:

78.1. If the Minister, the Minister responsible for mineral resources or an MEC, considers an application for an environmental authorisation, the Minister, Minister responsible for mineral resources or MEC must-

78.1.1. take into account all relevant factors, which may include-

78.1.1.1. any pollution, environmental impacts or environmental degradation likely to be caused if the application is approved or refused;

78.1.1.2. the ability of the applicant to implement mitigation measures and to comply with any conditions subject to which the application may be granted;

78.1.1.3. where appropriate, any feasible and reasonable alternatives to the activity which is the subject of the application and any feasible and reasonable modifications or changes to the activity that may minimise harm to the environment;

78.1.1.4. any information and maps compiled in terms of section 24 (3), including any prescribed environmental management

frameworks, to the extent that such information, maps and frameworks are relevant to the application;

78.1.1.5. information contained in the application form, reports, comments, representations and other documents submitted in terms of this Act to the Minister, Minister responsible for mineral resources, MEC or competent authority in connection with the application.

79. Section 24O of NEMA requires that "all relevant information" be considered by decision makers. This requirement means that climate change impact assessments are required prior to authorising a coal-fired power station, as it would constitute relevant information for the purposes of section 24O.

80. It is important to note here that the requirements stated immediately above were not considered by the decision-maker. For if it was considered, the EA would not have been granted.

81. The Minister of Forestry, Fisheries and the Environment, Barbara Creecy, published a draft Guideline on assessing climate in licensing applications for comment.[6] The guidelines do not create a new EIA process but provide guidance on a climate assessment within the broader EIA process giving cognisance to South Africa's commitments made as a signatory to the United Nations Framework Convention on Climate Change as well as recent case law. This includes guidance on the circumstances in which a climate assessment is needed, and basic principles and steps in this assessment.

[6] Consultation on intention to publish the national guideline for consideration of climate change implications in applications for environmental authorisations, atmospheric emission licenses and waste management licences of 25 June 2021(GNR 559).

82. There are several other guidelines published in terms of Section 24J of NEMA regarding the implementation and administration of the EIA Regulations. These include the Guideline on Need and Desirability, 2017.

***NEMA: EIA Regulations (2014 as amended)***

83. The EIA considers, investigates, assesses, and reports on potential environmental impacts of listed activities to the competent authority as a condition before receiving an EA.

84. EIAs are required by NEMA and regulated by the Environmental Impact Assessment Regulations of 2014 (EIA Regulations). The EIA Regulations create thresholds of impact which require either a basic assessment or more comprehensive full scoping and EIA in order to receive the EA for the specific listed activity.

85. The EIA is the principal developmental planning mechanism in the consideration of the sustainable utilisation of natural resources, understanding environmental impacts and the value of environmental goods and services.

86. EIAs are supported by a variety of principles in the risk assessment process, including IEM, sustainable development, the precautionary principle, risk averse approach and cumulative impact.[7] The system recognises the conflict between conservation and development, utilising practical principles, such as IEM and the mitigation hierarchy as core elements of pre-emptive long-term

[7] Appendix 1 of the EIA Regulations.

planning. EIAs and the associated regulations give effect to the objectives of ecosystem-centred integrated environmental management.

87. Sensitivity is specific to every receiving environment, being based on a particular time and regional spatial character. Therefore, when assessing scale and spatial awareness the EIA process seeks to ensure ecologically-integrated and holistic site-specific impact assessments that take regional cumulative impact into consideration.

88. Scale is seen as a central metric, as the application for an EA must comprise of a description of the location of the proposed activity in the form of cadastral mapping, the appropriate scale for the activity, and the co-ordinates of the boundary properties. Mapping is also required as part of the specialist reports, often superimposing the activity, associated structures and infrastructure on the environmental sensitivities of the site. Such a superimposition would additionally include outlining areas to be avoided and considered, including buffer zones.

89. The EIA process not only assesses impact but facilitates the further consideration of viable less harmful alternatives, ensuring that the planned activity aligns with the intended regional growth model.

***National Environmental Management: Biodiversity Act***

90. The National Environmental Management: Biodiversity Act (NEM: BA) operates within the NEMA framework as a specific environmental management act, expressly providing for the management and conservation of biological diversity. One of the objectives of NEM: BA is to give effect to ratified

agreements relating to biodiversity which are binding on the Republic and which include the Convention on Biological Diversity.

91. NEM: BA is supported by nationally relevant policies and strategies that facilitate the forward planning for biodiversity management, principally including the National Biodiversity Framework (NBF)[8] and the National Biodiversity Strategy and Action Plan (NBSAP).[9]

92. The NBF establishes an 'integrated, co-ordinated and consistent approach to biodiversity management by all private and public stakeholders', focusing on priority actions that are reviewable over a five year cycle. The NBF is an ecologically and spatially representative platform that maps all sensitive biodiversity and aligns medium-term priorities with local development planning, supporting and aligning environmental decision-making. The NBSAP, while aligned to the NBF, provides a spatial description of sensitive ecosystems, identifying broad priority areas and long-term strategic objectives for managing biodiversity The NBSAP includes a direct spatial component, the National Biodiversity Assessment (NBA), which will be discussed further below.

93. To practically realise these goals NEM: BA introduces a set of nationally applicable biodiversity-focused spatial planning tools; examples include bioregional plans and biodiversity management plans. These tools can assist the practical alignment of biodiversity, cultural and water resource concerns in developmental planning and decision-making.

94. A common feature of the systemic biodiversity plans is the importance attributed to CBAs and ESAs, informing the multi-sectoral planning and

[8] National Biodiversity Framework GN 813 in GG No. 32474 of 3 August 2009.
[9] S 43(1) of NEM: BA.

decision-making processes in land-use planning, EAs and natural resource management.

***Bioregional Plans***

95. Bioregional plans provide guidelines for the management of significant biodiversity and form part of the tools identified by NEM: BA, embodying the principles of IEM, integrated development planning and sustainable development. These plans provide a cross-sectoral platform that determines the conservation status of identified priority areas and then supports their conservation planning and monitoring.[10] The design and construction of a bioregional plan is generally driven by the appropriate provincial conservation authority and is then designated, gazetted and published by the Minister or MEC.[11]

96. The bioregional plan is classified as a systematic biodiversity plan which adopts the principle of representation. In terms of this principle, the focus of the conservation action will be to identify specific areas which will portray a representative sample of all biodiversity patterns.

97. Bioregional plans have special significance for local economic development and are of particular importance to local and district municipalities. NEM: BA requires that 'a bioregional plan is coordinated and aligned with existing plans', such as municipal IDPs, and by implication SDFs.[12] Once published, the plan becomes assimilated into all land-use and developmental processes.

[10] S 37 of NEM: BA.
[11] S 40 (1)(b) of NEM: BA.
[12] S 48(1) of NEM: BA.

98. A published and gazetted bioregional plan must be considered by the municipality and sectoral departments during the developmental planning process.[13]

***Spatial Planning Legal Framework***

99. The Municipal Systems Act (MSA) caters for the fundamental values, tools and procedures to empower municipalities to serve communities by ensuring equitable access to necessary services.[14] The MSA defines the legal nature and legislative powers of municipalities, establishing a structured system for strategic and integrated municipal planning, performance management and the use of municipal resources.

100. The MSA sets out the requirement for municipalities in South Africa to develop both individual IDPs, including SDFs[15] in order to manage the land-use system.[16]

***Integrated Development Plans (IDPs)***

101. The MSA obliges municipalities to design and implement a five year annually reviewable IDP in order to address the identified developmental issues, guiding and planning broad-based management and expenditure.[17] The local and district municipalities bear the responsibility to formulate and implement IDPs, apportioning them legal status, superseding all intersecting plans that concern development within local government.

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[13] S 48(2) of NEM: BA.
[14] Preamble of the Municipal Systems Act No.32 of 2000.
[15] Little is said about the SDF in the MSA, this is detailed in SPLUMA and dealt with under this section.
[16] S 25 and S 26 of the MSA.
[17] The Act also requires municipalities to review the IDP on an annual basis and reflect on progress made.

102. The IDPs thus carry significant weight within the local developmental planning metric, as they reflect the vision for the development of the municipality, with special emphasis on the most critical development and internal transformation needs.[18]

103. The MSA has self-imposed environmental obligations, committing to provide services in an environmentally sustainable manner. An explicit municipal duty exists to ensure that environmentally-sensitive land is protected and conserved.

104. The responsibility of environmentally-conscious planning and protection is therefore a core obligation of local government, even though the 'environment' is not an explicit functional competency, municipal planning must recognise the Section 24 Constitutional environment rights.[19]

105. Therefore, it is vital that both SDFs and IDPs have strong environmental policy considerations. Sensitive areas must, consequently, feature in the decision-making of municipal planning, especially where a high ecological value is present.

106. The MSA requires that IDPs must be compatible, aligned, integrated and reflective of all national and provincial development plans and planning requirements in order to reflect the common growth strategies and sector plans.[20] IDPs therefore play the role of linking, integrating and co-ordinating all intra-departmental, provincial and national development plans, supporting and integrating with the applicable SDF.[21]

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[18] S 26(c) of the MSA.
[19] S 23(1)(c) of the MSA.
[20] S 25 of the MSA and S 41 of the Constitution.
[21] Chapter 5 of the MSA.

107. However, on a local level the most important integration must occur between the municipal IDPs and SDFs, as these instruments are integral to fulfilling the local integrated planning function. The spatial analysis section of the IDP provides the existing spatial pattern, growth points and population concentrations that have emerged in the municipal area, while spatial detail, challenges and opportunities are contained in the SDF.

108. The spatial future of an area is based on the collective decisions regarding land-use, characteristics and developmental drivers of the area.

109. The IDP must involve the local community in the development, implementation and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.[22]

***Spatial Planning and Land Use Management (SPLUMA)***

110. The Spatial Planning and Land Use Management Act (SPLUMA)[23] centralises the land-use planning system and embodies constitutionally entrenched principles of, among other things, equality, dignity and environmental protection.[24]

111. To ensure that development takes place in an integrated and sustainable manner, the IDPs and SDFs of municipalities now have to be aligned with the principles and requirements of SPLUMA.

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[22] S 42 of the MSA.

[23] SPLUMA had been assented to in 2013 but had not been officially promulgated until the 1st of July 2015 due to various practical implementation challenges, including a lack of skills, capacity and resources on the part of the municipalities to drive the establishment of IDPs and other frameworks. SPLUMA is now operational as per GN 26 in GG 38828 of 27 May 2015.

[24] S12(1)(i) of the SPLUMA.

112. The goal of SPLUMA is to establish an inclusive, equitable and efficient spatial planning and land-use management framework, supporting uniform approaches to decision-making by authorities.

113. SPLUMA endeavours to align planning principles and law into one clear and unambiguous system, founded on constitutionally protected rights including the right to environment, water, food and housing. It integrates constitutional principles and considerations into IDPs and SDFs, providing an opportunity to encourage sensitive area protection and sustainability into developmental planning.

114. The scope of the municipal function within the spatial planning framework expanded dramatically as a result of the enactment of the SPLUMA, and the recent judgments of the Constitutional Court. Each province is empowered by the Constitution to pass provincial planning laws to further regulate municipal planning in that particular province and to also regulate the provincial government's own planning.

***Spatial Development Frameworks***

115. A SDF is a 'compulsory framework that seeks to guide the overall spatial distribution of desirable land-uses within a municipality in order to give effect to the vision, goals and objectives of the municipal IDP'.[25]

116. The SDF is seen as a central element of the IDP, encapsulating the spatial policy and developmental aspirations of the area, and identifying resources and developmental potential in order to maximise sustainable growth.

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[25] S 26(e) of the MSA.

117. Although the MSA requires the SDF construction, there are no details on how this must occur, this is housed in SPLUMA.

118. Broadly, the SDF hopes to assist all levels of government to address key problem areas and establish a more balanced spatial development pattern for the province with an integrated settlement hierarchy.

119. From a practical perspective, the SDFs are used to assist any developmental application process during the proposal stage, allowing the developers and decision-makers insight into the overall view of spatial sensitivities and impacts within the region.

120. The SDFs are strategic in nature and aimed at the integrated development of the municipality, co-ordinating various sector plans, aligning municipal resources and capacity in an effort to fulfil the objectives of the IDP.

121. The national and provincial spheres of government and each municipality must formulate SDFs that represent the incorporation of all relevant departmental policies and plans, especially appreciating and assimilating any adopted environmental management instrument.[26]

122. From an environmental management perspective, it's crucial that SDFs have strong environmental policy considerations. Environmentally focused spatial planning tools, such as EMFs for instance, practically support the SDFs vision, informing and guiding planning decisions of the SDF.

***Promotion of Administrative Justice Act (PAJA)***

[26] S12(1)(m) of SPLUMA.

123. The Constitutional right to administrative justice (Section 33) mandates legislation to give effect to this right. Therefore, the Promotion of Administrative Justice Act (PAJA) was promulgated.[27] PAJA governs all conduct and judicial review conduct that meets the threshold of the definition of administrative action. The decision to grant an environmental authorisation to the MMSEZ is a clear cut example of administrative action as per the definition. It was a decision (to grant an environmental authorisation), by an organ of state (LEDET), exercising a public power in terms of the Constitution and legislation (NEMA and the EIA regulations), it adversely affects rights (including environmental rights), has a direct, external legal effect and does not fall into the list of nine exclusions.[28]

## F. SUMMARY OF REVIEW GROUNDS

124. The EIA, appeal process and public participation process were procedurally unfair as it excluded numerous interested and affected persons.

125. Project splitting of the EIA process has resulted in this EA being granted for only one aspect of the entire project. This one aspect is dependent on the numerous other EAs for all the subsequent aspects being successful. However, according to the various specialist studies such as climate impact, water and energy, there are a number of uncertainties that exist and many more studies and assessments to be done. Project splitting of this nature has ultimately resulted in a failure to adequately consider the need and desirability of the project.

[27] Act No. 3 of 2000.
[28] Section 1 (aa) – (ii) of PAJA.

126. The applicant for EIA and the decision maker failed to consider the applicable developmental and spatial plans of South Africa.

127. There has been a failure to adequately present the need and desirability of the project.

128. The action is not rationally connected to the information before the administrator; or the reasons given for it by the administrator in that the decision maker considered the damning findings of the climate impact assessment, water security and the energy assessment and granted the EA anyway.

**GROUNDS OF REVIEW**

**LEDET's dual role as EA applicant and decision maker**

129. Under the leadership of the MEC: LEDET, the MMSEZ was designated as a Special Economic Zone (SEZ) in July 2016 and was gazetted in December 2017 in terms of the Special Economic Zones Act 16 of 2014.

130. The MMSEZ SOC entity was registered in March 2017. MMSEZ SOC is a wholly owned subsidiary of LEDA, which is itself a state-owned company wholly-owned by LEDET, established in terms of the Limpopo Economic Development Agency Act 5 of 2016 as the implementing agency of LEDET.

131. The EIA application and Scoping Report (SR) were submitted by LEDA to LEDET which administered the EIA process and ultimately issued the EA to MMSEZ SOC.

132. Section 3(1) of the PAJA requires procedurally fair administrative action. Administrative action is reviewable where the administrator who took the decision is biased or reasonably suspected of bias, or when a decision was taken by an administrator who lacked the authority to do so.

133. There is a clear conflict of interest between MMSEZ SOC/LEDA, who is the applicant for the MMSEZ EA, and LEDET, who is the decision maker in terms of granting EA.

134. There is evidence of bias on the part of the MEC who decided the appeal. On page 15 of LEDA's latest available annual report the MEC speaks of the MMSEZ in glowing terms and as though the various authorisations therefore are a foregone conclusion. This makes his bias clear. The report is attached as annexure "FA 4". This conflict violates the Applicants' rights to procedurally fair administrative action both in the decision-making process and in this appeal process.

135. Consequently, the EIA process upon which the EA is based is fatally flawed and falls to be set aside.

136. This flaw goes to the very heart of the environmental authorisation process.

**EIA and Public Participation process procedurally unfair**

137. The public participation in an environmental authorisation process must not only meet the minimum commenting requirements set out in the EIA Regulations but must also meet the requirements of section 3 of PAJA, applicable provisions of the South African Constitution, and the NEMA Public Participation Guideline. Interested and affected parties must be afforded an

opportunity to make meaningful representations, which also requires access to all relevant information.

138. On 15 September 2021 the Applicants sent a letter to the new EAP to inform it that although comments to the draft EIAR were submitted on 22 October 2020, no response was received.

139. We also requested a copy of the Comments and Response report to ascertain whether our comments, as well as those comments submitted by other interested and affected parties were addressed in the latest version of the EIAR. A copy of the letter is attached as "FA 5".

140. This is required not only in terms of Appendix 3 of the EIA Regulations, but also in terms of Regulation 13(1)(f). According to Regulation 43 of the EIA Regulations, all interested and affected parties are entitled to comment on all reports or plans and Regulation 3(8) of the EIA regulations requires the commenting period to be at least 30 days. PAJA also requires a reasonable and fair administrative process, requiring proper notification to the public and a commenting process.

141. The Applicants' attorneys informed the EAP that since numerous interested and affected parties had been excluded from the EIA process and all relevant documents, including the EIA documents, have not been made available to the public, the public participation process was defective, and did not meet the NEMA and the EIA regulation requirements, or reasonable administrative decision-making process requirements in terms of PAJA.

142. No response to this letter was received.

143. When the comments and response report was made available on the EAP website, it was noted that there were no responses to the comments – the response column is blank. This is evident from annexure "FA 6".

144. Section 1(h) of Appendix 3 of the EIA Regulations requires public comment to be incorporated into the assessment, or an explanation of why certain comments were not incorporated.

145. The EAP proceeded under a shortened time frame that the EAP acknowledged made it impossible for specialists to incorporate the prior round of comment that closed on 22 October 2020 into its reports, address all comments, or provide a summary of all comments received. This is evident from annexure "FA 6".

146. Section 2(4)(f) of NEMA requires effective public participation. For public participation to be effective all registered interested and affected parties must be provided with a reasonable opportunity to comment and must be allowed to comment on any issues which that party believes may be significant.

147. An EIA must include, among other things, a summary of the issues raised by interested and affected parties, and an indication of the way the issues were incorporated, or the reasons for not including them. These regulations are meant to ensure that the public participation process "provide[s] access to all information that reasonably has or may have the potential to influence any decision with regard to an application." This was not complied with.

148. To further exacerbate the problematic public participation process, the LEDET appeal form states that emailed submissions will not be accepted in the appeal process but that "*Appeals should be hand delivered or posted to the office of the MEC for Limpopo Department of Economic Development, Environment and Tourism.*"

149. In terms of S 47D(1) (bB) of NEMA a notice or other document in terms of this Act or a specific environmental management Act may be issued to a person *by e-mailing a copy of the notice or other document to the person, if the person has an e-mail address.*

150. According to PAJA, for administrative action to be procedurally fair, the decision maker must provide:

150.1. "adequate notice of the nature and purpose of the proposed administrative action;

150.2. a reasonable opportunity to make representations;

150.3. a clear statement of the administrative action;

150.4. adequate notice of any right of review or internal appeal, where applicable; and

150.5. adequate notice of the right to request reasons in terms of section 5."

151. Section 5 of PAJA also states that the decision-maker should provide adequate reasons for the decision; failing which, for the purpose of judicial review proceedings, the action will be deemed to have been taken without good reason.

152. The public participation process was fatally flawed and, on this basis alone, the EA falls to be set aside.

**Project Splitting the EIA process**

153. By issuing the EA, LEDET has validated the practice of "project splitting" in relation to environmental authorisation. In this case, the practice takes the form of artificially limiting the scope of the so-called impacted environment to clearance of indigenous vegetation, installation of bulk services infrastructure and fencing. The effect of this is that the environmental impact of the entire development is underestimated in the EIA and requires the application for separate EAs for activities which are more contentious, on an already cleared and prepared site – effectively a *fait accompli*.

154. According to the EIAR, the construction of the bulk services and fencing will "secure the site for future development opportunities" thereby assuming that once this part of the project is done, the rest of the development is a foregone conclusion.

155. To reiterate this point, the EIAR states that:

> *"[t]his environmental authorisation application* focuses on applying for transformation of land through vegetation clearance and the installation of services *for future developments of the land*". The future EAs that will be required for the MMSEZ are clearly pronounced as being potentially problematic in the EAIR, for example it states: *"It is understood that access to a dedicated water supply will need to be secured to allow for further development of the metallurgical hub of the MMSEZ South site"*

156. And further:

> *"[d]ue to the perceived impact of the coal fired plant on GHG emissions it is proposed that a separate EIA be undertaken for it due to the fact that establishment of power generating facilities exceeding 20MW is a listed activity that should be undergo the EIA process and authorised prior commencement. This will allow for further investigations into a phased plant, clean technology as well as the option to access electricity from possible other more renewable sources."*

157. Further that:

> "*The proposed development can however not be seen in complete isolation as it will prepare the site for future industrial developments. However, as the developments will trigger listed activities in terms of the EIA Regulations of 2014, as amended, each developer will be required to undertake a stand-alone EIA.*"

158. Furthermore:

> "*Mitigation potential is considered high for the proposed project relating to vegetation clearance, installation of bulk services and fencing. However, for future potential industrial developments mitigation may be difficult due to the scale and bulk of future project activities.*"

159. Segmenting the various MMSEZ projects into different environmental impact assessment processes is highly problematic and results in piecemeal

environmental authorisations for activities when, in fact, the final outcome may never be reached.

160. This is called "project-splitting".

161. It is the Applicants' opinion that this project takes it one step further in that not only will the premature environmental analysis be meaningless and financially wasteful, but it will also result in large-scale destruction to the environment and the livelihoods of individuals and communities that rely on that environment.

162. In the United States, regulations implementing the national law on environmental impact statements require that all connected actions must be assessed at the same time. When determining, at an early stage, the scope of issues for analysis (a scoping report), or when preparing a "full and fair" environmental impact statement, agencies must examine "connected actions" that "are closely related and therefore should be discussed in the same impact statement." Actions are closely related when they:

162.1. Automatically trigger other actions that may require environmental impact statements;

162.2. Cannot or will not proceed unless other actions are taken previously or simultaneously; or

162.3. Are interdependent parts of a larger action and depend on the larger action for their justification. This requirement is "directed at avoiding segmentation, wherein the significance of the environmental impacts

of an action as a whole would not be evident if the action were to be broken into component parts and the impact of those parts analysed separately."

163. Similarly, EIA Regulations require that cumulative impacts must be assessed, and cumulative impact is defined as "the past, current and reasonably foreseeable future impact of an activity, considered together with the impact of activities associated with that activity, that in itself may not be significant, but may become significant when added to the existing and reasonably foreseeable impacts eventuating from similar or diverse activities."

164. Thus, although the EA under appeal is "only" for the clearance of vegetation, fence building and bulk services infrastructure, the consequences are one of two things:

164.1. an extensive area of indigenous vegetation will be removed (it is not clear how much nor how many of the 109 000 protected trees will be destroyed in the Option 3 layout scenario, if the reference to Option 2 in the EA is indeed a clerical error), the land fenced and bulk services infrastructure established, only to have, at a later stage, industry-specific applications for EAs being refused , and/or insufficient energy[29] and water supply[30] being secured (or a multitude of other scenarios) resulting in the whole project becoming a proverbial white elephant; or

[29] "The energy specialist report will need to be updated once industry specific EIA applications are submitted to the CA.."Page 915 of EAIR.
[30] "Water availability currently is only available for the first couple of years in the MMSEZ *South Site development."* Page 915 of the EIAR.

164.2. the piecemeal projects are authorised and the combined effect is catastrophic for all the reasons cited in the many comments and appeals submitted.

165. The EA for the MMSEZ South Site has no safeguards built-in for these very possible scenarios. It essentially permits massive environmental degradation at high risk and in the face of great uncertainty. Moreover, the activity permitted by the EA has no intrinsic economic value but only large scale adverse impacts.

166. Project splitting of this nature is thus highly problematic and should not be proactively approved or reactively condoned. It should definitely not be condoned when water management, transport infrastructure, climate change and energy security are at stake, as is detailed below.

167. Strategic planning and strategic environmental assessment (SEA) go a long way to avoid project splitting and this is discussed more fully below.

**Failure to properly consider the Need and Desirability in the Age of the Climate Crisis and Nature Crisis**

168. Regulation 18 of the EIA Regulations requires that, when considering an application the competent authority must have regard to section 24O and 24(4) of the Act, the need for and desirability of the undertaking of the proposed activity, the requirements of these Regulations, any protocol or minimum information requirements relevant to the application as identified and gazetted by the Minister in a government notice or any relevant guideline published in terms of section 24J of the Act.

169. Section 24O of NEMA mandates that any guidelines, departmental policies, and environmental management instruments that have been adopted in the prescribed manner by the Minister and any other information in the possession of the competent authority that are relevant to the application; and any information and maps compiled in terms of section 24(3), including any prescribed environmental management frameworks, to the extent that such information, maps and frameworks are relevant to the application must be taken into account when considering applications.

170. According the DFFE's own guidelines, "need and desirability" is determined by "considering the broader community's needs and interests as reflected in a credible IDP, SDF and EMF for the are.a, and as determined by the EIA."[31]

171. The EIA Regulations appendices specify that the scoping report and environmental impact report (S&EIR)[32] must provide a motivation for the need and desirability of the proposed project and that interested and affected parties must be afforded an opportunity to make representation in terms of their views in terms of the need and desirability considerations.

172. The consideration of "need and desirability" in EIA decision-making therefore requires the consideration of the strategic context of the development proposal along with the broader societal needs and the public interest.

173. The government decision-makers, together with the environmental assessment practitioners and planners, are therefore accountable to the public and must serve their social, economic and ecological needs equitably.

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[31] https://www.dffe.gov.za/sites/default/files/legislations/needanddesirabilityguideline2017_0.pdf, page 4.
[32] Regulations appendix1 (3) (f), appendix2 (2) (f), appendix3 3(f) of Government Notice No. R. 982 of 04 December 2014.

**Failure to consider the Climate Crisis**

174. The initial EIA process was premised on the development of the Musina Makhado Special Economic Zone in an area comprising 8 000 hectares of "pristine bush" (including 177 ha of Limpopo Ridge Bushveld, 4 422.2 ha of Musina Mopane Bushveld and 145 ha of Riparian vegetation) with numerous industrial projects being part of the site, including a 3 300MW coal fired power station; and coking coal; carbon steel; pig iron; ferrochromium; ferromanganese; silicon-manganese and calcium carbide plants.

175. Compared to the initial process, it now states that currently the best available energy sources are regarded as a *combination between renewable energy (for future administration buildings) and a scaled down independent coal fired power plant* (for future industries for 24/7 power supply) but that a separate EIA be undertaken for it due to the fact that establishment of power generating facilities exceeding 20MW is a listed activity that should be undergo the EIA process and authorised prior commencement.

176. However, elsewhere the EIAR confirms that the applicant has investigated sources of electricity in the Energy Analysis information report (Appendix S) and that the proposal for a clean *coal-fired power station should be the last resort* in the planning and development of supply of energy to the MMSEZ South Site.

177. It should only be considered if standards set out by the Air Quality and Climate Change specialists can be mitigated and maintained, and the EAP agrees with these findings. These include, as indicated by the Climate Change Specialist,

carbon capturing and filters and certain limits for the power and manufacturing and smelter plants to be developed within the MMSEZ South Site.

178. The energy specialist report will need to be updated once industry specific EIA applications are submitted to the decision maker. These reports have not been submitted.

179. The EIAR confirms that the proposed development will prepare the site for future industrial developments and as the developments will trigger listed activities in terms of the EIA Regulations of 2014, as amended, each developer will be required to undertake a stand-alone EIA.

180. The EIAR recommends that at least the following studies will need to be updated once EA is sought for the various future industrial developments on the site:[33]

180.1. Energy: A comprehensive specialist assessment of available energy sources for the further development of the MMSEZ South site.

180.2. Air Quality: Acid Rain impact once the MMSEZ South site is in operation on food security and agricultural sector.

180.3. Waste: An assessment for the need and construction of a future industrial waste dump.

180.4. Water: Feedback on the feasibility study on water from Zimbabwe from DWS and feedback on the water feasibility study on the offtake dam [from the Limpopo River] to be constructed in the Sand River.

[33] Page 918

181. The EA records on page 9 with reference to the Specialist Climate Change Impact Assessment Report that EAs *"for the individual plants should only be granted if the emission intensities can be achieved...."* and *"any approval of the project should be conditional upon an overall water risk analysis of the region being conducted with specific reference to the proposed SEZ project"*.

182. Energy, air, waste, food security, climate risk and water - these are all strategic issues that are fundamental to establishing the need and desirability of the project. To push these vital considerations out along an unclear timeframe is an unacceptable start to a project of this magnitude.

183. The decision maker itself records with reference to Need and Desirability[34] that "what the proposed development might look like will not be possible [sic] due to power shortages in the country". The splitting of the project to grant an EA for the clearance of vast swathes of vegetation etc. cannot be condoned when the need and desirability goes far beyond this for a project that is potentially completely unfeasible.

184. To add to the concern around the lack of assessment of need and desirability, on 2nd March 2022 the MMSEZ CEO Lelhogonolo Masoga announced publicly that plans to build a coal-fired power plant to provide electricity for the hub's proposed steel, coking and pig iron plants "had been ditched." Masoga said: "*Environmentalists said no. World leaders said no – [saying instead] let's reduce our carbon footprint and stop producing energy through coal ... we have abandoned that part of the project. We are now focusing on solar.*"

[34] Page 13 of the EA

185. LEDET failed to consider the specialist Climate Change Assessment Report or the Energy Impact Assessment. Had it done so, it would have noted that the climate change, including its emissions inventory impacts are rated "extremely high" even after mitigation, and mitigation of the climate change impact is not possible without eliminating the coal-fired power station from the project. The Energy Impact Assessment makes it clear that solar PV power generation for this extremely energy-intensive industry on the scale planned is not feasible as a baseload supply "*due to space, reliability and high cost for battery storage*". The conclusions in the Environmental Authorisation are therefore not rationally connected to the information before it and are therefore unreasonable and irrational.

186. It is important to note in the context of climate impact and its mitigation that even in the absence of coal-fuelled power generation, the project cannot be de-carbonised and will have a significant impact on South Africa's cumulative emissions regardless of the power source. Coal is a primary input in steel manufacture and proximity to the coal deposits of the Soutpansberg and Limpopo Valley coalfield is repeatedly given as the economic rationale for steel manufacturing as the SEZ's primary activity. According to the EAIR and several appended specialist reports including the above-cited Climate Change Assessment, of the (crudely) estimated greenhouse gas (GHG) emissions, of 53Million tons per annum of $CO_{2e}$ the power plant accounts for only 20Mtpa.

187. The consideration of "need and desirability" in EIA decision-making also requires the consideration of how the activity's impact on the ecological integrity of the area will affect South Africa's global and international responsibilities relating to the environment. In the case of the MMSEZ South

Site, this includes the commitments South Africa has made as a signatory to the United Nations Framework Convention on Climate Change (UNFCCC).

188. The EIAR recognises the relevance of this convention, amongst others, in Section 4.3 in which the "Legislation and Guidelines Pertinent to this EIA" are identified. However, it is defective in its failure to take the climate change specialist findings on the impact of the MMSEZ South Site on international responsibilities any further than simply including them in Section 6 of the EIAR. These significant findings should have been included in the impact summary and in the EAP's conclusions and recommendations which are given weight in the evaluation of the application and the ultimate decision made.

189. This defect in the EIAR is particularly significant because of the climate change specialist's findings in respect of the MMSEZ South Site project's greenhouse gas emissions:

> South *Africa submitted their Nationally Determined Contribution (NDC) in response to the Paris Agreement in 2015 and outlines the national emissions trajectory up to 2050. South Africa's national emissions are expected to peak between 2020 and 2025, plateau for approximately a decade and decline thereafter in absolute terms. The MMSEZ South site project alone will contribute 6% - 10% of the emissions proposed in South Africa's PPD that was used to inform the NDC, thereby significantly altering the national GHG trajectory that has been published and committed to.*
>
> The *IRP Draft Update 201881 makes allowance for two additional coal power stations to be commissioned. These stations are already*

*in the planning stages. The power plant planned as part of the MMSEZ South site development would therefore require a Ministerial Determination before construction can begin. The update to the IRP aims to reduce the emissions of South Africa's electricity generation sector by reducing the use of emission intensive technologies such as coal power stations. The addition of the power plant at MMSEZ South site would counter the objective of South Africa to reduce its emissions as a result of coal fired power generation.*

190. Based on the above, it is impossible for the need and desirability aspect of the project to have been adequately assessed and the issues detailed above are too serious to ignore. The decision should be reviewed on this basis alone.

191. According to the United Nations Environment Programme (UNEP), we are facing a Nature crisis[35], in which "we are experiencing a dangerous decline in nature and humans are causing it".

192. The EIAR, in Section 7.4, rates the overall impact of the MMSEZ South Site Project on biodiversity as being of "negative high" significance, even after mitigation measures are applied. This is a function of both the magnitude of vegetation clearance and disturbance as well as the sensitive ratings of the vegetation itself and the other biodiversity it supports.

193. The EAP, in concluding on the desirability of the site clearance right at the end of the EIAR in Section 7.9.1, states that the negative impacts "may likely" outweigh the positive impacts that have been identified:

[35] https://www.unep.org/facts-about-nature-crisis

*The outcomes of this EIA study aimed to protect the ecologically sensitive areas and support sustainable development and the use of natural resources, whilst promoting justifiable socio-economic development in the towns nearest to the project site. However, should site clearance be granted authorisation, the entire site and its surrounding will be negatively impacted upon as indicated by 18 out of the 21 specialist studies. Thus, the potential negative impacts of the proposed development on the natural, cultural, palaeontological, and agricultural environment of the site may likely, outweigh the identified positive impacts associated with the Very-High social and economic development benefits after applying mitigation measures.*

194. The EAP goes on in the next paragraph to give his opinion specifically on the impacts on biodiversity:

*It is the EAP's opinion that the disturbance of ecosystems and loss of biological diversity cannot be avoided. It can only marginally be minimised on the site and cannot be mitigated through a successful offset as per the biodiversity offset framework. As per the Biodiversity Offset report "Considering the complex nature of biodiversity offset programmes and their desired targets in terms of conservation, ecological status, and functionality, as well as the extent of the impacts and size of the area required for offsetting, it remains uncertain whether the MMSEZ South Site offset programme will meet its desired objectives of achieving "net gain". Due to time constraints the biodiversity offset report did not investigate the possibility of providing significant financial*

*compensation/contributions to nature conservation as an offset alternative. However, the disturbance and loss at site still will remain.*

195. LEDET does not record in the EA that it considered the findings of the ecological assessment or the EAP's opinion on the desirability of site clearance as part of its "Reasons for the Decision". This is telling as it is inconceivable for the competent authority to have considered this information on biodiversity impacts, and still have made the decision to grant EA. There are thus two scenarios: if LEDET considered this information but simply failed to record it as part of the reasons, the decision to grant EA is irrational; alternatively LEDET's failure to consider this highly relevant information pertaining to biodiversity impacts renders the decision fatally flawed.

196. Further, and as already explained in the preceding section, the consideration of "need and desirability" in EIA decision-making requires the consideration of how the activity's impact on the ecological integrity of the area will affect South Africa's global and international responsibilities relating to the environment. In the case of biodiversity, this includes the commitments South Africa has made as a signatory to the Convention on Biological Diversity.

197. While the EIAR includes this Convention in its list in Section 4.3 "Legislation and Guidelines Pertinent to this EIA", the EIAR is completely silent on how the clearance of such a large area of indigenous vegetation, which cannot be avoided and which will be of high negative significance even after mitigation, will affect South Africa's commitments in terms of the Convention on Biological Diversity.

198. There is also a failure in the EIA process, and thus the EIAR, to adequately assess the compatibility of the MMSEZ South Site project in terms of the various biodiversity plans. This is another crucial part of determining the need and desirability of the project, specifically in terms of securing ecological sustainable development and use of natural resources, which was overlooked in deciding the application for EA, and which is discussed in more detail further on in this affidavit.

199. Based on the above, the same conclusion can be reached in this regard as for climate change - it is impossible for the need and desirability aspect of the project to have been adequately assessed. The decision should be reviewed on this basis alone.

**Significant Adverse Impact on Water Access and Quality**

200. The inter-related environmental and developmental challenges of the region are a common feature across the multiple planning frameworks applicable to the Vhembe District and the Limpopo Province, all of which systematically emphasise serious water security concerns stemming from mis-management of extremely limited water resources in the Limpopo Water Management Area (WMA).

201. According to the Department of Water (DWS) 2017 Limpopo North WMA Reconciliation Strategy (LNRS), a key planning instrument in integrated water resource management which seeks to balance demand for water resources with supply over an extended planning horizon (2010-2040), several catchments, including the Sand and Nzhelele River catchments where the MMSEZ is located, are in already in deficit, even in the acknowledged

absence of provision for the Ecological component Reserve as contemplated in the National Water Act, No. 36 of 1998, which is critical to the sustainability of the water system.

202. According to the LNRS and other sources, a combination of factors is contributing to the intensifying distress in several catchments, ranging from reduced catchment yields due to inappropriate and incompatible land uses in key water source areas, including aforestation in the high-rainfall, upper reaches of catchments, coupled with high rates of unregulated surface water abstraction for smallholder irrigation schemes in these areas; an over-allocated and over-developed large-scale irrigation sector; unsustainably high rates of abstraction of groundwater resources in lower reaches, particularly in the Sand River and Limpopo mainstem (both alluvial aquifers and surface water) largely to support the expansion of irrigation; deteriorating water quality from pollution, particularly from agro-chemical determinants; underlaid by chronic institutional capacity deficiencies and worsening climatic conditions related to drought severity and frequency, as well as the recurrence of heavy flooding events[36]

203. The overall quality of service delivery in the Vhembe District is worryingly poor, in particular the quantity and quality of water service:

203.1. Vhembe District Municipality's "Blue Drop" performance is declining according to its 2020-2021 Integrated Development Plan (IDP)[37].

[36] DWS. (2017) *Limpopo Water Management Area North Reconciliation Strategy - Final Report - # P WMA 01/000/00/02914/11B.* Department of Water and Sanitation and Limpopo Environmental Outlook Report at p13;
[37] Vhembe IDP 2020/2021 at p65: DWS Blue Drop Certification Programme - Vhembe District Municipality performance rating in 2014 was disappointingly poor, and represented a considerable decline compared to 2012. No report released since.

203.2. Water shortages in the Vhembe District's towns and across many villages have become acute. According to the detailed analyses undertaken for the LNRS, as of 2010, a major imbalance already existed in the Nzhelele and Sand River catchments, suffered exclusively by domestic water users concentrated in the small urban centres and villages (large-scale commercial irrigators' requirements were still met and mining and industry at that time did not exist). It is unsurprising therefore that ever worsening water shortages led to violent protests in the town of Musina in May of this year[38].

204. The region, additionally, 'has water demand management challenges and a great need exists for the implementation of Water Demand Management and Water Conservation projects'.

205. The vast number of problems identified seem ultimately to be institutional in nature. The National Department of Water and Sanitation's broad failure to give effect to the principles of democratised water governance enshrined in the Water Act of 1999 extends to the Limpopo Water Management Area: No Catchment Management Agency has ever been established, no strategy for the WMA has been developed and nor has the fundamental principle of the Reserve been applied as required by the Act. At the level of the LM, staff members of Vhembe DM are still on the DWA payroll, resulting in a spirit of poor accountability and lack of direction. Compounded by the lack of an organisational structure, the municipality seems to find itself plagued by worker dissatisfaction and confused roles and employers.

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38 https://www.news24.com/news24/southafrica/news/residents-of-musina-bring-town-to-standstill-in-protest-over-water-20220513

206. In sum, a significant human population and regional economy depends on the Limpopo River and its tributaries, yet many of these rivers are becoming heavily polluted and their resilience seriously compromised through over-exploitation.[39]

207. In this already distressed situation, the hugely disproportionate water demands of the emergent mining and industrial sectors will impose dangerous strain, as the contortions of the 2017 LNRS balancing equations make plain: In order to meet the projected water requirements of the planned Greater Soutpansberg Projects (GSP) coal mines and Musina SEZ at it was then conceived, an elaborate and highly implausible inward transfer scheme to augment water supply from other catchments, including from Zimbabwe's Zhove Dam on the Umzingwane Rive, is proposed.

208. It is important to note that the grossly irresponsible reconciliation strategy contained in LNRS, which fails entirely to reconcile available water resources with the additional projected demand from planned coal mining and industrial development, and instead exposes the Sand and Nzhelele catchments to serious deficits leaving all water users dependent upon it intensely vulnerable, in fact pre-dates the MMSEZ and does not factor in its projected water requirements, which dwarf those projected from all sectors combined.

209. It is not only the region's water sources that are under pressure, its natural capital in entirety and its cultural heritage are also under growing threat.

210. A consistent lack of provincial and local government focus has undermined the development of tourism and the wildlife economy, which have significant

[39] LNRS 2017 and Vhembe IDP 2020/2021.

growth potential in the region and an unrivalled capacity to generate low-skilled job opportunities in rural areas, support local SMMEs across the value chain and on community-owned land, as well as earn foreign currency for relatively little capital investment. According to the Limpopo Protected Areas Expansion Strategy (LPAES) Making-The-Case Technical Report (incorporated by reference into LEDET's Limpopo Conservation Plan), 'Rand-for-Rand investment in the tourism industry is 40x more efficient at creating jobs and 10x more efficient at earning forex than the mining sector'. These sectors depend critically on the (and the expansion of the protected areas network on which both depend and fundamentally on the preservation of the landscape in a natural state. Haphazard and uncontrolled development in the region has led to a gradual loss of high-biodiversity land with its harmful effect on wildlife, wildlife tourism and the broader wildlife economy, while the potential of heritage and cultural tourism, both emerging tourism markets globally, is also being squandered as largely unprotected heritage sites are being degraded throughout the entire district.

211. The recently updated regional planning framework collectively recognises how culturally rich and biodiverse the region remains, admits that the systems are under severe pressure and urges intervention to ensure conservation and formal protection.

212. In this context, a prioritisation of mining and industrial development despite the natural constraints, particularly in terms of water resources needed to support the development of these thirsty sectors in a water-scarce region, and the high cost of their development to the comparatively higher value of the natural capital is grossly irresponsible.

*overcome, and that there is a water solution to the water demands of the EMSEZ, however unlikely these may be.*

*...In light of the lack of feasibility of the plans above, it is highly likely that current water users will be prejudiced if any of the EMSEZ plans are set in motion."*

225. In his research report and statement Dr Munnik rightfully points to the fact that the risks and impact will be disproportionately borne, and submits that:

*"The risk is greatest for the 'diffuse water users', the majority of people in the area, consisting mostly of poor rural, typically female-headed households residing in ex-Bantustan areas, dependent on groundwater, which can disappear, as it did in Mudimeli, with even small disturbances to a groundwater level. It also includes irrigation farmers, small and large scale, who produce food and provide jobs, and are important to the national economy.*

For the "invisible water users" practising subsistence agriculture, whose "water use is too low, per capita, to show up in water planning documents", Dr Munnik suggests that "...any pressure on water resources will impact on them first and have drastic results".

226. In addition to the water security impacts discussed above, I am convinced that Dr Munnik's assessment that the quality of water would also be severely adversely affected is correct. Dr Munnik's expertise on the subject is well documented and he has researched and published extensively over the course of two decades on the impact of steel mills, coal mining and coal-fired

power stations including their water and other environmental and social impacts.

**Failure to consider the various spatial and developmental planning mechanisms**

227. For the proposed MMSEZ to be deemed appropriate, the applicant for EA must, according to environmental regulations, have considered the developmental and spatial plans mentioned below, and to have considered and found the proposal compatible with the agreed economic growth path they articulate.

228. These plans are the product of extensive stakeholder engagement processes and can be considered to represent both the state's and surrounding communities' collective vision for the future of the area. The failure to meaningfully consider these spatial development and environmental management plans, is thus not only unlawful but constitutes the breach of collective agreement, leading to significant land-use conflicts and socially and ecologically incompatible and harmful regional development.[49] The area is clearly highly sensitive from an ecological standpoint, has vulnerable features that are protected, and has environmental elements that have been identified as being important enough to significantly influence land-use planning. The spatial and environmental plans are clear in this regard, yet the regulator has not taken these features into consideration when making the decision on the acceptability of the MMSEZ.

***Context***

[49] S6 (2) (e) (iii) of PAJA outlines the failure to take into account relevant considerations. Moreover, the NEMA framework places a positive obligation on the state to plan reasonably, rationally and responsibly in the management and sustainable usage of ecological resources and associated infrastructure. In terms of NEMA definition of sustainable development in Section 2, 'planning' forms a central part of the understanding of the principle.

229. A significant and strategic element of contemporary South African planning frameworks is the adoption of the principle of 'integrated development planning' which affords local government wide-ranging local economic development-related powers and obligations to fulfil its constitutional mandate.[50] In order to operationalise this principle, a need arose for practical instruments to ensure developmental coordination. This paved the way for IDPs and the inclusion of SDFs.

230. All proposed development must consider the various spatial and developmental planning mechanisms that are designed for a designated local, district and provincial areas. These planning tools inform all developmental applications and are integral to integrated development. Local government has the constitutional mandate to drive local economic development and the IDPs from the 5-year plan for the particular municipality, with the SDF accompanying the plan as the spatial representation of the IDPs planned priorities. Various environmental spatial planning tools are also then overlaid into these plans to provide detailed representations of the ecological attributes of particular region, these include, inter alia, EMFs, Bioregional Plans, Biosphere Reserves and municipal EMPs.

231. Local and district municipalities bear the responsibility to formulate and implement IDPs, apportioning them legal status, superseding all intersecting plans that concern development within local government. The IDPs thus carry significant weight within the local developmental planning metric, as they reflect the vision for 'development of the municipality, with special emphasis on the most critical development and internal transformation needs'.[51]

[50] S44 of the Constitution, refer to Schedule 4 and 5 for government competences.
[51] S26(c) of the MSA.

232. Importantly, the MSA has self-imposed environmental obligations, committing to provide services in an environmentally sustainable manner. The Court in *Le Sueur and Another v Ethekwini Municipality* confirmed that an explicit municipal duty exists to ensure that environmentally-sensitive land is protected and conserved.[52]

233. However, on a local level the most important integration must occur between the municipal IDPs and SDFs, as these instruments are integral to fulfilling the local integrated planning function. The spatial analysis section of the IDP provides the existing spatial pattern, growth points and population concentrations that have emerged in the municipal area; while spatial detail, challenges and opportunities is contained in the SDF. The spatial future of an area is based on the collective decisions regarding land-use, characteristics, and developmental drivers of the area.

234. In granting Environmental Authorisation for the MMSEZ South Site, the subject of this review application, LEDET as the decision-maker has patently not adequately considered the IDPs and SDFs, and has not recognised the conflict that exists between this high-impact development and prescribed sustainable development principles. The mode of development being pursued in this highly sensitive area under the auspices of the MMSEZ will result in a destructive growth path that will result in a deteriorated environmental base from which no sustainable economic future can be realised.

***Incompatibility***

[52] The responsibility of environmentally conscious planning and protection is therefore a core obligation of local government, even though the 'environment' is not an explicit functional competency, municipal planning must recognise the s24 right to environmental health and wellbeing, see s23(1)(c) of the MSA.

***VHEMBE BIOREGIONAL PLAN***

235. The Vhembe Bioregional Plan (VBP) and its history are discussed in-depth in the spatial planning report but will be summarised briefly here. The VBP is attached as "FA 9".

236. A bioregional plan is a legislated spatial planning tool to assist in the management and conservation of South Africa's biological diversity, based on a systematic biodiversity planning, mapping of priority areas, and attributing specific land and resource-use guidelines to specified areas.[53]

237. The broad purpose of any bioregional plan is to act as the primary biodiversity platform informing land-use planning, environmental assessment and authorisations, and natural resource management, by a range of sectors whose policies and decisions impact on biodiversity.[54]

238. The VBP drafted in 2017 is the first plan of its kind for the Vhembe district, covering the entire region, which includes the Musina, Makhado, Thulamela and Collins Chabane local municipalities. As intended, it provides the yardstick against which to screen proposed developments by providing insight into the sensitivities of the proposed host area.

239. Given the importance of bioregional plans to sustainable development, the Limpopo Provincial Government has compiled a bioregional plan for each of its five districts. The bioregional plans for four of the five districts have been published.

[53] Published by the Minister or MEC in terms of s 40 (2) of the NEM: BA of the Vhembe region. Ibid 4.
[54] Limpopo Department of Economic Development, Environment and Tourism 'Vhembe District Bioregional Plan' (December 2017) vii.

240. The VBP was approved by the Department of Environmental Affairs in 2018 and on 30 August 2019 LEDET published the notice below of its "Intention to Publish (the Vhembe) Bioregional Plan under Section 47(2) and Section 100(1) of the National Environment Management: Biodiversity Act 10 of 2004" and calling for public comment.

241. Three years later, the plan has not been published and no reasons have been forthcoming. All district Bioregional Plans in Limpopo have been gazetted, barring that of the Vhembe. We call upon the Respondents to explain to the Court why the VBP has not been gazetted to date.

242. It should be noted that the MMSEZ falls largely within the areas designated in the bioregional plan as "Critical Biodiversity Areas 1 and 2" (CBA 1 and CBA 2) as well as within "Ecological Support Areas 1 and 2" (ESA 1 and ESA 2) and that the VBP maps the misalignment and expressly cites the SEZ, given its planned activities, and associated coal mines, as being in conflict with the land uses prescribed for such biodiverse areas.

243. Critical Biodiversity Areas are areas required to meet biodiversity targets for ecosystems, species and ecological processes, as identified in a systematic biodiversity plan. Ecological Support Areas are not essential for meeting biodiversity targets but play an important role in supporting the ecological functioning of Critical Biodiversity Areas and/or in delivering ecosystem services. The primary purpose of a map of Critical Biodiversity Areas and Ecological Support Areas is to guide decision-making about where best to locate development. It should inform land-use planning, environmental assessment and authorisations, and natural resource management, by a range of sectors whose policies and decisions impact on biodiversity. It is the

biodiversity sector's input into multi-sectoral planning and decision-making processes.

244. The Land Management Objectives for both CBA 1 and CBA 2 designated sites indicate that the authority should maintain the area in a natural state with limited or no biodiversity loss.

245. The MMSEZ will result in substantial biodiversity loss in both CBA 1 and CBA2-classified areas.

246. The 2017 VBP further recommends that such areas 'obtain formal conservation protection' and appropriate zoning be implemented 'to avoid loss of intact habitat or intensification of land use.'

247. This is clearly in direct contradiction to the heavy industrial mega-development that is the MMSEZ.

***LIMPOPO CONSERVATION PLAN***

248. The Limpopo Conservation Plan (C-Plan) provides an integrated biodiversity sector input layer to multi-sectoral decision-making processes for the Limpopo Province.

249. The 2013 C-Plan is a revision of the 2009 C-Plan plan that uses quantitative systematic spatial biodiversity planning methodology, conforming to the bioregional planning guidelines.

250. The C-Plan incorporates the CBA map and uses it as a central determining factor in the classification of sensitive areas targeted for protection. The Limpopo CBA map was updated in 2018. The C-Plan also recommends that

the district CBA map and guidelines be used in conjunction with existing municipal management schemes as the minimum environmental input to any strategic plan or land-use planning decision. The CBA map is attached as "FA 10".

251. The conservation planning approach adopts a systematic and detailed data-driven province-wide planning process that is spatially-focused and represents the minimum area necessary to maintain the biodiversity pattern and ecological processes in the landscape.

252. The focus on NEMA principles guide the formulation of the C-Plan. There is also a protected area focus, with expansion, assessment and analysis seen as central facets to the plan.

253. Importantly, section 2(r) of NEMA provides that sensitive, vulnerable, highly dynamic or stressed ecosystems require specific attention in management and planning procedures, especially where they are subject to significant human resource usage and development pressure.

254. The C-Plan acts as the bioregional plan for the Limpopo Province and aims to support the sustainable management of unprotected priority areas, aligning the methods and terminology of the plan with the national guidelines for the development of bioregional plans.

255. The C-Plan is sectorally conscious, both in its construction and operation. As part of the methodology of its construction, the C-Plan integrates all relevant pre-existing spatial biodiversity plans (including neighbouring C-Plans). Operationally the plan feeds into a range of multi-sectoral planning and assessment processes such as Environmental Management Frameworks

(EMFs), Spatial Development Frameworks (SDFs), Strategic Environmental Assessments (SEAs), EIAs, biosphere reserves, and to support and streamline environmental decision-making.

256. The sensitivity analysis methodology references two primary products, namely, the CBA map and associated land-use guidelines. The sites identified in the plan are assigned to CBA categories based on their biodiversity characteristics, spatial configuration, and requirement for meeting targets for both biodiversity patterns and ecological processes.

257. The CBA categories that stem from these primary products are described in detail and feature prominently in the sensitivity analysis. The C-Plan identifies three biodiversity categories of CBAs, from the most sensitive to the least. These include: 'protected areas'; 'CBA 1' areas which are considered irreplaceable; and 'CBA 2' areas where conservation is optional but highly desirable.

258. A central aim of the CBA map is to identify a network of areas, which if managed according to the land-use guidelines would meet the pattern targets for all important biodiversity features, while at the same time ensuring the areas for supporting necessary ecological processes remain functional.

259. The evaluation methodology used in the National Biodiversity Assessment (NBA) was mirrored in this C-Plan assessment to create alignment between the sectoral plans.

260. The CBA map connects the land-use guideline graphs which are based on a combination of environmental and sectoral plans from the Mpumalanga and Gauteng provinces.

261. As noted in the C-Plan, these guidelines and recommendations are aimed at informing strategic decision-making and facilitating biodiversity conservation in priority areas outside the protected area network.

262. The C-Plan prides itself on basing its conclusions and targets on up-to-date and relevant contextually sound data, and an explicit set of biodiversity conservation targets (not protected area targets) necessary to maintain ecologically functional landscapes. Specifically, the CBA Map contains categories and classifications in a table form. The categories include land management objectives; land management recommendations; compatible land use; and incompatible land use that corresponds with the CBA Map categories.

263. The C-Plan does not supersede, obstruct or substitute any legislatively required site-specific environmental assessment, such as EIAs and EMPs, but rather intends to provide a compatibility guide for land-use through the provision of biodiversity management objectives of each CBA map category.

264. The guidance presented in the C-Plan is, therefore, an additional tool to be used in addition to existing provincial or municipal spatial and environmental management tools. The multi-sectoral nature and detailed data-driven guidelines of the C-Plan makes it perfect to be superimposed onto future planning instruments.

265. The MMSEZ site overlaps with CBA1 and 2-classified areas specified in the C-Plan (as the mapped in the VBP discussed above) and is in close proximity to several protected areas.

266. The Environmental Authorisation for the MMSEZ South Site that is the subject of this review application, was thus granted despite available information on the incompatibility of the proposed metallurgical zone with adopted spatial and other plans and policies, including the Limpopo C-Plan v2 and updated CBA maps, the attention drawn to same even in the EIAR, and in the objections raised to the project by numerous registered interested and affected parties recorded in the register of such comments. Despite these conflicts, the purported competent authority decided not only to issue an environmental authorisation but also to dismiss appeals to the decision brought on *inter alia* these grounds.

***VHEMBE BIOSPHERE RESERVE ZONATION PLAN AND CONSERVATION STRATEGY***

267. The Vhembe Biosphere Reserve (VBR) provides a birds-eye view of the characteristics and potential of the area through its zonation analysis.

268. The MMSEZ South site is of particular interest to the VBR as it is located in the Vhembe Biosphere Reserve. Based on the VBR's updated zonation plan, which is also incorporated into the VBP discussed above, the proposed site overlaps with core, buffer and transition zones that should support the development of sustainable activities, and several of the vassal coal mines that will be developed to supply the smelters similarly overlap with these high priority and sensitive areas.

269. The scale and industrial intensity of the MMSEZ guarantees the destruction of these sensitive areas and any compatible land-use activities being supported in the future.

270. The cumulative impact of the MMSEZ and the surrounding coal and other mines, power plants, dams and industrial developments supporting the MMSEZ, will alter the landscape for centuries to come, irreversibly degrading what is classified under a complex architecture of spatial and environmental plans as as highly-valuable, near-pristine area deserving of protection and sensitive management.

271. This consideration, when applying the precautionary principle contained in NEMA, ought to have been the single consideration weighing against the granting EA.

***The Environmental Spatial Planning in the MMSEZ area incompatible with the Vhembe region – Dr Snyman's Evidence***

272. The independent expert report prepared by Dr Louis Snyman attached here as "FA 11" illustrates the dangers of continuing with the construction of the MMSEZ in a region that was not spatially planned for it.

273. Dr Snyman states that:

*"the Vhembe sub-region contains some of the most biodiverse and culturally sensitive areas of SA, such as the Northern Kruger National Park, Mapungubwe and other environmentally sensitive areas such as the Soutpansberg, Venetia and the Herd Reserve which are largely unprotected".*

274. Dr Snyman's report largely focuses on the VBP, which is a plan that is based on systematic biodiversity planning, which includes mapping priority regions and assigning particular land and resource-use rules to each area. This Vhembe bioregional plan was created in 2017 and draws on the Limpopo C-Plan.

275. Dr Snyman warns that the MMSEZ will worsen the area's environmental and developmental difficulties which include ageing infrastructure; major water supply and quality concerns; droughts; recurring heavy flooding; pollution; wetlands destabilisation; and service delivery challenges.

276. Moreover, the industrial activities such as agriculture and mining are putting a growing strain on the limited accessible catchment areas which are critical to the livelihoods of the local economy, yet many of these rivers are heavily polluted. Additionally, "[t]he region has water demand management challenges and a great need exists for the implementation of water demand and conservation management projects'.

277. It is not just the region's water sources that are under pressure, as the biodiversity and cultural resources are also under constant threat. This is primarily due to uncontrolled development activities and resource consumption which protrude into sensitive ecosystems negatively affecting the stability of the systems, impacting many endangered species.

278. It is concerning that while the "heavy industry presents a major concern in terms of pressing threats to water and biodiversity resources, yet this has not been stated as an issue".

279. Dr Snyman further states that while " there is an admission that both the local and district municipality have not yet undertaken a regional heritage survey; this is essential as the heritage information on record is very limited and the area possesses great cultural significance.

280. The district and local municipality do not have access to accurate developmental and environmental baseline information. The collection of

baseline information and the setting of thresholds and targets are explicitly referred to in the LDP.

281. Interestingly, targets are set in line with specific development plans for the three mega-conservation areas and the three centres of endemism within the province.

282. The LDP states that the provincial environmental authorities, in this case LEDET, must follow an 'Environmental Accumulative Study' approach. This approach aims not only to understand the impact of current developments, but also how these impacts relate to one another cumulatively".

***Biodiversity as a strategic resource***

283. The LDP, together with the district and local IDPs, all specify that environmental management is a central concern and strategic objective.

284. The environmental approach adopted by the IDP claims to be influenced by sustainable development and the management of ecosystem services. Sustainable development is presented as a core principle of the operation of the province and municipalities, and refers in multiple instances, to the balance that needs to be found between ecological stability and development.

285. In accordance with s 83(3)(d) of the MSA, a district municipality must seek to achieve the integrated, sustainable, and equitable social and economic development of its area as a whole by promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

286. The planning framework also directly links the reliance of communities on the stability and continual existence of the natural resources and functionality of ecosystem services. The recognition of how valuable ecosystem services extend to the identification of the RAMSAR wetlands and the appreciation of the specific function that wetlands have in the dry and arid area.

287. The biodiversity of the region is considered a strategic resource, as it provides rural communities with natural products which sustain their livelihoods, such as shelter, food, fuel and medicinal plants.[55]

288. The SDFs of both Musina and Vhembe reference the National Biodiversity Strategy and Action Plan (NBSAP) in detail, which requires local government 'to develop a plan of action for the conservation and sustainable use of the country's biological diversity'.[56]

289. The implications include ensuring that sensitive areas are mapped, and their on-going protection ensured. The provincial and district SDFs follow this directive and outline the environmental sensitivity classes identified for specific development sites on the maps. For each sensitivity classification there are specific explanatory notes giving an indication of development nodes and areas outside nodes.

290. The Limpopo SDF rationalises and promotes the optimal use of land and protection of natural resources by considering high and moderate potential agricultural areas, high and moderate environmental sensitivity areas and mining and mineral deposit areas, as well as other relevant factors.

[55] Vhembe IDP at 116.
[56] Vhembe SDF at 14.

291. Within each node of sensitivity, the preferred types of ecologically compatible development are provided, as stipulated in NEM: BA and NEM: PAA. For example, low sensitivity areas should be considered as preferred development areas inside development nodes compared to the area of moderate and high sensitivity.

292. The distinction made between sensitivity within developmental nodes and that of outside, sets thresholds for sensitivity, from high, to moderate, to low. This assists with the correct placement of proposed developments from a strategic perspective, these classifications are common amongst the SDFs.

293. The status of CBAs seems to permeate the local development planning documents, as the SDFs identify this classification as central to decision-making from a planning perspective. Areas such as river corridors and wetlands are prioritised for protection from urban, agricultural, and industrial activities.

294. The pressures on biodiversity are laid out clearly in VBP. These include agricultural expansion and human settlement expansion. The biggest threat to regional biodiversity within the Vhembe District Municipality is identified as new mining and industrial developments. Incompatible land-uses threaten to encroach on CBAs and ESAs alike, with multiple new applications for mining rights expected because of the MMSEZ successfully gaining the EA from the proposed project, steep biological decline is expected in the medium term.[57]

295. As already noted in the section on need and desirability, the failure to consider the compatibility of the MMSEZ South Site project in terms of biodiversity

[57] Vhembe Bioregional Plan at 12

planning for the area is not only a flaw in the EIA process, but also the EA itself, especially as impacts on biodiversity have been assessed to be of negative high significance, even after mitigation.

***Vulnerability to Climate Change and the Need of a Low-Carbon Economy***

296. Ecosystem-based adaptation and resilience are mentioned as a core principle in the LDP. The province and municipalities recognise that growing public awareness of the consequences of climate change and unconstrained consumption of the natural resources has led to a refocusing of political priorities towards the protection and rehabilitation of the region's natural assets.[58]

297. The LDP and the district IDP reinforce the NDPs stance on the transition to an environmentally sustainable low carbon future, which requires the 'decoupling of economic growth from natural resource degradation and depletion'. The NDP has identified outcomes such as that ecosystems must be sustained, and natural resources used efficiently through enhanced governance systems, capacity and sustainable human communities.

298. With the completed MMSEZ expected to contribute more than 10% of the country's carbon commitment, it cannot be said that the project falls within the vision of transitioning the region away from an extractive and carbon-intense future.

299. The IDPs commit to the decoupling of resource use and increasing investment in green sectors, so as not to expose future generations to significant environmental risks or ecological scarcities.

[58] NDP at 216.

300. The plans recognise the wealth of natural resources in the region, identifying resource over-exploitation and land degradation as central threats.[59] Taking the phased approach and the alignment with the NDP's sub-outcomes and actions into account, these plans seemingly only pay lip-service to the environmental concerns as the accelerated developmental drive is not aligned to these environmental objectives. All plans, except the LDP, are silent on the inherent conflict that exists between mining,[60] heavy industry, agriculture[61] and nature-based conservation related activities proposed in the area.

301. For example, the Vhembe IDP recognises that existing mining and its waste dumps are already responsible for terrestrial, hydrological and atmospheric pollution in the region. Poorly managed coal mines can leak methane into the atmosphere, and coal waste dumps contain materials that can burn on their own (self-combustion) and produce poisonous particles and gases.

302. The LDP does recognise that this focus on mining development could present a serious long-term risk due to the cyclical nature of the mining sector. The promotion of the diversification of the economy and multi-skilling of the workforce in an effort to mitigate these risks associated with commodity price dips and mine closures must be kept at the forefront of developmental decision-making.

303. However, this is not likely to impact the prevalence of extractive operations, given the focus on the sector and the need to invest, given the unemployment and poverty related concerns.

[59] Small Enterprise and Human Development, 2008.
[60] Vhembe IDP at 114.
[61] Agricultures impact on the environment, includes increased methane, air and soil pollution and water usage.

304. In response to these concerns, the LDP calls for all heavily industrialised areas to have strategic environmental frameworks, and every district and local municipality to have an EMP.

305. The LDP stresses the need for the provincial environmental authorities, in this case LEDET, to foster an 'Environmental Accumulative Study' approach, which takes a holistic and cumulative approach to impact.

306. It identifies that the three mega-conservation areas, Waterberg, Soutspanberg and the Drakensburg, and the three centres of endemism, Soutpansberg, Wolkberg and Sekhukhune, that exist in Limpopo should have specific development plans, yet there is no further direction is provided as to how these plans should be developed and within which legislation or framework. The Soutpansberg being one of the mega-conservation areas".

307. These plans are now completely unattainable with a mega industrial complex being planned in very close proximity to the Soutpansberg. Additionally, to our knowledge no 'Accumulative Study' has been undertaken to understand the cumulative impact of the existing and proposed projects for the region.

***Land-Use Conflicts and Spatial Representation***

308. The region has a vision to conserve the scenic and pristine settings contained in the sacred sites and important bio-diverse, catchments and landscapes of the Soutpansberg, Mapungubwe and Kruger National Parks.

309. The SDFs take a holistic and ecosystem-centred perspective, stating that impacts resulting in 'natural environmental processes and ecosystems functioning should be a priority. The Musina SDF in particular mentions that

endangered and vulnerable ecosystems are of utmost importance, with conservation, heritage and sense of place being the central principles of decision-making.

310. The SDFs encourage local governments to focus on the proximity of invasive development to vulnerable areas, minimising developmental footprints and providing alternatives that ensure the preservation of indigenous ecosystems and species.

311. Areas with extractive and industrial potential are highlighted in the SDF, however it is stated that due to the locality of the coal field between areas with agricultural activities and areas of biodiversity protection, great care should be taken in ensuring sustainability of the latter uses/activities.

312. Development of extractive and industrial activities should not prejudice any of the other land uses earmarked for this area, nor should it encroach on agricultural land and environmental protection areas.

313. The Vhembe SDF was prepared using the Ecological Socio-Economic Relationship (ESER) Framework. This framework is based on the principle that the relationship between economic efficiency, social justice and human well-being, and ecological integrity is not one of equal and overlapping spheres where losses in one area can be set off by enhancements in another. It directly connects these principles to the spatial component.

314. This ESER Framework recognises, firstly, that economic efficiency is wholly dependent on the quality of human resources and their capability to add to the economy. Secondly, economic activities and social development are wholly dependent on the availability of ecosystem services, yet they cannot demand

more from these services than they are able to deliver on a long-term sustainable basis.

315. The two clearly stated important regional planning considerations are highly valued mineral resources and areas of critical biodiversity. This poses difficulties in terms of conflicting developmental planning and imperatives. There is pressure on water resources and biodiversity, with agriculture and mining listed as the chief threats to environmental stability, with focus on pollution of soils and watercourses from fertilisers and mining-related air emissions.

316. The zoning of spaces for mega-conservation projects has been listed as a challenge. The proposed solution is to engage with contending land-users, such as agriculture, mining and settlement development agencies, to agree on how these areas can be zoned for protection and management.[62] Public-private institutional models are proposed for the development of these mega-conservation projects. This is an enormous project, with multiple interests, both personal and financial.

317. A broad capital-intensive environmental assessment and mass re-zoning proposal such as this requires multi-stakeholder input and agreement.

318. In order to contribute towards achieving these targets, the province would need to improve decision-making and governance, and harness research and information management capacity to identify, develop and maintain datasets to generate policy-relevant statistics, indicators and indices. Furthermore, the

[62] LDP at 98.

LDP plans to increase land under conservation to 35 000 hectares from 25 000 hectares.

319. One of the central SDF visions is to optimise the rich and balanced mix of the regions agriculture, tourism, heritage, natural and mineral resources, and ecosystem services within their scenic settings.

320. The SDF promotes the principle of spatial sustainability, efficiency and resilience in municipal planning; as well as activities that are compatible with the characteristics of the area and mindful of its sensitivities. This aligns with the SPLUMA principles and is applied to the specific needs of the district.

321. What is clear is that the proposed MMSEZ development is in conflict with the desired state of the region and the specific site is not compatible in terms of land use. After an assessment of the site-specific overlay of the area, it's clear there are sensitivities present on the site that exceed the need for a large industrial complex.

322. The MMSEZ conflicts with local and regional developmental plans, and how the growth path outlined in the plans does not cater for the impacts being proposed in the MMSEZ EIA.

323. The stimulation of industrial and mining developments in the area due to the MMSEZ would lead to more incompatible and uncontrolled development in this culturally rich and sensitive area.

324. In terms of process, it fails to use the tool of Strategic Environmental Assessment. An inclusive consultation process involving the relevant government departments and spheres, organised labour including and

affiliated unions, communities, civil society organisations and other stakeholders with the purpose of deciding on a shared low-carbon and egalitarian development plan for the area should instead commence. A Strategic Environmental Assessment under the auspices of the DFFE should be undertaken before any mega-projects can be proposed.

## G. JUST AND EQUITABLE REMEDY

325. Given the expansive nature of the facts, expertise and considerations involved in the decisions under review, this Court is not placed to replace the impugned decision.

326. The Applicants contend, however, that the impugned decision cannot be remitted to LEDET for reconsideration. As demonstrated above, LEDET is conflicted.

327. In any event, because the water resources targeted to supply the MMSEZ and particularly the Limpopo River, traverse several provinces and transnational boundaries and indeed national jurisdictions (with reference to the Mutashi Corridor scheme to source water from Zimbabwe's water resources), the decision maker necessarily needs to be the National Government. It is on this basis that we contend that the DFFE be declared the Competent Authority for the purposes of the EA.

## H. COSTS

328. I, and the other Applicants, bring this review application in the interests of protecting our environment and use of natural resources. Further, the purpose of this application is to vindicate constitutional rights contained in the bill of

rights.

329. Within this context, this litigation falls within the protections of Section 32 of NEMA.

330. I contend that I, and the other Applicants, have acted reasonably out of a concern for the public interest and in the interests of protecting the environment, as has been detailed above.

331. As a result, and if this application is not successful, this Court should find that the Applicants fall within the protections of Section 32 of NEMA and should not order costs against us, either individually or collectively in line with Biowatch Trust v Registrar Genetic Resources 2009 (6) SA 232 (CC).

332. If this application is successful, I contend that Section 32(3) of NEMA is applicable for the recovery of the Applicants' legal costs and costs incurred in the investigation and preparation of this application.

333. Given the extent, importance and complexity of this application, the cost pursuant to the employment of three counsel is warranted.

## I. CONCLUSION

334. The MMSEZ is a large-scale heavy industrial development that will have severe and irreversible negative impacts on the environment and on water resources. The EIAR and numerous specialist studies and reports commissioned for the EIA, whilst grossly deficient, confirm this position.

335. The expected economic benefits of the MMSEZ, the basis on which it is

motivated for in various supporting plans and specialist supports, are based on unsubstantiated assumptions with respect to *inter alia* demand for the steel output of the zone which do not adequately assess risk and costs. In the absence of the application of full-cost accounting principles in particular, the cost-benefit analysis is grossly distorted. The economic argument has served as the determining factor in the decision with no proper consideration for the externalised costs given the scale of this fundamentally unsustainable development, nor any proper consideration of alternative development plans that could potentially achieve the desired socio-economic benefits at a lower environmental cost.

336. The impacts of the carbon-intensive MMSEZ directly on climate and on climate change resilience in this arid region will be significant, impacting on the viability of the project itself and aggravating climate change vulnerability, threatening the food and water security of local communities and entrenching poverty and inequality in the region. These climate-related risks are expressly acknowledged in the specialist Climate Change Assessment Report prepared in August 2021 for the EIA.

337. The decision-maker, LEDET, has been demonstrated to have made an unlawful, unreasonable and procedurally unfair decision in granting the EA –

337.1. The decision-maker granted the EA despite the fact that the EIAR and water and climate impact assessment specialist reports acknowledge that the MMSEZ project will acutely exacerbate the fragile water supply situation in the MMSEZ locality, as assessed in integrated water resource management plans, with which the water requirements of the MMSEZ are in conflict.

337.2. In granting the EA, the decision-maker failed to consider the compatibility of the project with existing spatial and land-use planning instruments as required, with which it is in conflict.

337.3. The decision-maker granted the EA despite the fact that the EIAR and specialist climate impact assessment report acknowledge the serious negative impacts that the coal-based MMSEZ will have on climate in the context of the climate crisis and on South Africa's emissions inventory and associated commitments under the Paris Agreement.

337.4. The EIAR and integrated water services specialist report acknowledges the serious feasibility risks of the project connected to the provision of water and power, both critical dependencies, as well as the political conflict risks connected with sourcing water from a transboundary water resource, and while such information was seemingly considered by the decision-maker, the EA was granted without specific conditions attached and in the continued absence of secure water and power supply.

337.5. The decision-maker granted EA despite the fact that the EAIR and biodiversity offset strategy specialist report acknowledges the serious adverse impact the MMSEZ will have on biodiversity in this sensitive biodiverse region, and that a biodiversity offset strategy is not feasible.

337.6. The decision-maker granted EA despite the fact that the EIA fails to properly consider the need and desirability of the entire project, fails to adequately assess the cumulative impacts of the project over its lifetime and fails to adequately consider alternatives to achieve the

purported socio-economic benefits of the project.

337.7. The granting of the EA cannot be rationally connected to the information that was before the decision-maker.

337.8. The decision-maker granted EA despite the fact that the public participation process was flawed and in the absence of meaningful engagement with interested and affected parties, consideration of or response to the comments and objections to the project they have submitted as required.

338. The decision-maker has been shown to be conflicted and biased in respect of the proposed project and to have wilfully ignored information put before it, including information relating to land-use and spatial planning conflicts.

339. The decision to grant EA breaches the fundamental right to an environment that is not harmful to our health or well-being and is therefore unconstitutional.

340. The EA and the resultant dismissal of the Applicants' appeal thus falls to be reviewed and set aside with costs.

WHEREFORE I pray for an order in terms of the Notice of Motion.

**L. LIEBENBERG-SOUTHWORTH**

SIGNED and SWORN to BEFORE ME, at Parkview

on 11th day December 2022, by the

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this 20th day of June

Deponent

who has acknowledged that she knows and understands the contents of this affidavit, and she has declared that he has no objections to taking the oath, that she regards the oath as binding on his conscience and he has uttered the following words : "I swear that the contents of this Affidavit are true, so help me God".

COMMISSIONER OF OATHS

FULL NAME :

ADDRESS :

CAPACITY :

AREA :

JAMES EDWARD MORRISON
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LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM

**Ref:** 12/1/9/2-V79 **Enq:** Mthombeni R V **Tel:** (015) 293 8396 **E-mail:** MthombeniRV@ledet.gov.za

Musina-Makhado Special Economic Zone (SOC) Limited
29 Market Street
**POLOKWANE**
0699

**Attention:** Mr Lehlogonolo Masoga **E-mail:** L.Masoga@mmsez.co.za

**ENVIRONMENTAL AUTHORISATION FOR THE PROPOSED ESTABLISHMENT OF MUSINA-MAKHADO SPECIAL ECONOMIC ZONE SOUTH SITE WITHIN THE MUSINA-MAKHADO LOCAL MUNICIPALITIES UNDER THE JURISDICTION OF THE VHEMBE DISTRICT MUNICIPALITY OF LIMPOPO PROVINCE**

With reference to the abovementioned application, please be advised that the Department has decided to grant authorisation. The environmental authorisation and reasons for the decision are attached herewith.

In terms of Regulation 4(2) of the Environmental Impact Assessment Regulations of 2014 as amended, you are instructed to notify all registered interested and affected parties, in writing and within 14 (fourteen) calendar days, of the date of the Department's decision in respect of your application as well as the provisions regarding the lodgement of appeals as provided in the National Appeals Regulations of 2014.

Should you wish to appeal any aspect of the decision, you must, *inter alia*, lodge an appeal with the MEC for Economic Development, Environment and Tourism (LEDET), within 20 calendar days of receiving this letter by means of the prescribed forms obtainable from LEDET, by means of one of the following methods:

By post : P O Box 55464, **POLOKWANE**, 0700
By hand : Evridiki Towers, 20 Hans van Rensburg Street, **POLOKWANE**, 0699

Should you decide to appeal, you must serve a copy of your appeal on all registered interested and affected parties and any organ of state interested in this matter.

Yours faithfully,

DIRECTOR
ENVIRONMENTAL IMPACT MANAGEMENT
DATE: 23/02/2022

DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
HEAD OFFICE
ENVIRONMENTAL IMPACT MANAGEMENT
23 -02- 2022
P.O. BOX 55464
POLOKWANE, 0700
LIMPOPO PROVINCE

Cc: EnviroXcellence Services (Pty) Ltd **Attention:** Mr Ishmael Kgabo Semenya
**E-mail:** isemenya@enviroxcellence.co.za

LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM

# ENVIRONMENTAL AUTHORISATION

## ENVIRONMENTAL AUTHORISATION FOR THE PROPOSED ESTABLISHMENT OF MUSINA-MAKHADO SPECIAL ECONOMIC ZONE SOUTH SITE WITHIN THE MUSINA-MAKHADO LOCAL MUNICIPALITIES UNDER THE JURISDICTION OF THE VHEMBE DISTRICT MUNICIPALITY OF LIMPOPO PROVINCE

**Environmental Impact Assessment Process:** Scoping and Environmental Impact Reporting

| | |
|---|---|
| LEDET Reference | 12/1/9/2-V79 |
| NEAS Reference | LIM/EIA/0000793/2019 |
| Amendments | First issue |

**Holder of Authorisation:** Musina-Makhado Special Economic Zone (SOC) Limited

**Address:** 29 Market Street
**POLOKWANE**
0699

**Attention:** Mr Lehlogonolo Masoga

**E-mail:** L.Masoga@mmsez.co.za

DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
HEAD OFFICE
ENVIRONMENTAL IMPACT MANAGEMENT
23 -02- 2022
P.O. BOX 59484
POLOKWANE, 0700
LIMPOPO PROVINCE

**LOCATION OF ACTIVITY:**

| Local/nearest Area description | Location | District Municipality | Local Municipality |
|---|---|---|---|
| Musina & Makhado areas | • Van Der Bijl 528 MS;<br>• Battle 585 MS;<br>• Portion 1 of the farm Joffre 584 MS;<br>• Dreyer 526 MS;<br>• Remainder of the farm Somme 622 MS;<br>• Remaining extent of the farm Lekkerlag 580 MS;<br>• Remaining extent of the farm Antrobus 566 MS;<br>• Remaining extent of portion 2 of the farm Antrobus 566 MS; and<br>• Remaining extent of the farm Steenbok 565 MS | Vhembe | Musina & Makhado |

**GPS Coordinates**

| Point | Coordinates | | | |
|---|---|---|---|---|
| Van Der Bijl 528 MS | South | 22° | 38' | 50.85" |
| | East | 29° | 51' | 16.77" |
| Battle 585 MS | South | 22° | 42' | 24.78" |
| | East | 29° | 52' | 5.26" |
| Portion 1 of the farm Joffre 584 MS | South | 22° | 43' | 40.69" |
| | East | 29° | 52' | 34.91" |
| Dreyer 526 MS | South | 22° | 37' | 41.22" |
| | East | 29° | 53' | 32.29" |
| Remainder of the farm Somme 622 MS | South | 22° | 41' | 23.72" |
| | East | 29° | 53' | 44.48" |
| Remaining extent of the farm Lekkerlag 580 MS | South | 22° | 42' | 53.95" |
| | East | 29° | 53' | 55.55" |
| Remaining extent of the farm Antrobus 566 MS | South | 22° | 39' | 14.96" |
| | East | 29° | 54' | 30.11" |
| Remaining extent of portion 2 of the farm Antrobus 566 MS | South | 22° | 39' | 14.96" |
| | East | 29° | 54' | 30.11" |
| Remaining extent of the farm Steenbok 565 MS | South | 22° | 39' | 56.70" |
| | East | 29° | 52' | 47.74" |

DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
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ENVIRONMENTAL IMPACT MANAGEMENT
23 -02- 2022
P.O. BOX 55464
POLOKWANE, 0700
LIMPOPO PROVINCE

**ACRONYMS**

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| **NEMA** | National Environmental Management Act, 1998 (Act 107 of 1998), as amended. |
| **Regulations** | EIA Regulations of 8 December 2014 in terms of Chapter 5 of NEMA. |
| **EIA** | Environmental Impact Assessment. |
| **Department** | Department of Economic Development, Environment and Tourism. |
| **I&APs** | Registered Interested and Affected Parties. |
| **EA** | Environmental Authorisation. |
| **EMPr** | Environmental Management Programme. |

Details regarding the basis on which the Department reached this decision are set out in Annexure 1.

## ACTIVITIES AUTHORISED

| Notice and description | Activity Number and description | Component in the proposed development/expansion |
|---|---|---|
| Notice 2: R. 984 of 2014 | Activity 15 – "The clearance of an area of 20 hectares or more of indigenous vegetation." | Clearance of 3862 (of the 8022 hectares) hectares of indigenous vegetation for the establishment of the economic cluster. |
| Notice 1: R. 983 of 2014 | Activity 9 (i)(ii) – "The development of infrastructure exceeding 1000 metres in length for the bulk transportation of water or storm water with an internal | The proposed development will require the laying of pipelines for bulk transportation of sewage, effluent, |

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| | diameter of 0,36 metres or more; or with a peak throughput of 120 litres per second or more". | process water, waste water, return water and industrial discharge. |
| Notice 1: R. 983 of 2014 | Activity 24 (ii) – "The development of a road for a road with a reserve wider than 13, 5 meters, or where no reserve exists where the road is wider than 8 metres". | The proposed development will require the development of internal roads for ease of access. |

**Associated activities:**

- Securing of the property (fencing);
- Access roads; and
- Water reticulation pipelines.

DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM
NKP OFFICE
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**CONDITIONS**

1. This Environmental Authorisation (EA) is mainly for clearance of indigenous vegetation, installation of bulk services infrastructure and fencing only. All other subsequent activities from individual plants/operations/process units must not commence prior obtaining EAs from the Department and/or other organs of state.

2. The EA is for approval of Option 2 as outlined in the Environmental Impact Assessment Report – by reducing the project footprint from 8022 ha to 3862 ha, which is about 48% of the original proposed footprint.

3. The EMPr attached as part of the application for an EA is hereby approved and must be adhered to throughout the life cycle of the activity.

4. The applicant must appoint a suitably experienced Environmental Control Officer (ECO) for the construction phase of the development that will have the responsibility to ensure that the mitigation/rehabilitation measures referred to in this EA are implemented and to ensure compliance with the provisions of the approved EMPr. The ECO must keep record of all activities on site, problems identified, transgressions noted and a task schedule of actions undertaken by the ECO.

5. An Environmental Management Committee (EMC) must be established to monitor the implementation of the EA conditions. The EMC shall be chaired by the ECO and all compliance monitoring reports shall be submitted to the Department of Economic Development, Environment and Tourism on monthly basis. The EMC shall meet at least once a month during construction until the construction activities have been completed.

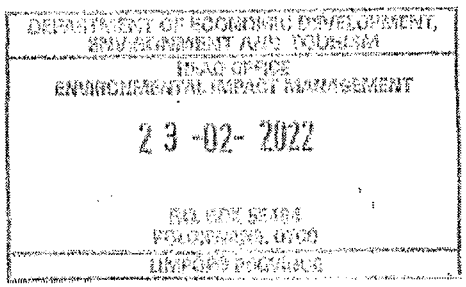
6. An Environmental Master Plan must be developed to guide the siting of activities on site. It should also be used to together with the Baobab Tree Survey as a guiding tool to manage the baobab trees on site.

7. All Nineteen (19) graves that were identified within the project location must be protected with a fence. In the event of possible relocation, there should be an agreement with the owners.

8. An archaeological walk down/survey must be conducted before any construction commences, to identify potential additional graves. The survey will be submitted to LEDET in the beginning of construction with the "Notice to commence with construction" that has to be submitted to LEDET.

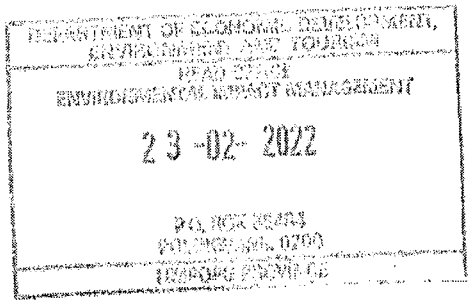
This activity must commence within a period of ten (10) years from the date when the EA was issued. If commencement of the activity does not occur within that period, the EA lapses and a new application for EA may be made in order for the activity to be undertaken. Any request for extension of the validity period of the EA must be lodged with the Department at least 60 days before the expiry date of the EA.

CHIEF DIRECTOR
ENVIRONMENTAL TRADE AND PROTECTION
DATE: 23/02/2022



## ANNEXURE 1: REASONS FOR THE DECISION

1. **Environmental Assessment Practitioner**




**Names:** Mr Ishmael Kgabo Semenya

**Company:** EnviroXcellence Services (Pty) Ltd

**Telephone Number/Cell Number:** 083 457 7097 / 015 295 6924

**E-mail:** isemenya@enviroxcellence.co.za

2. **Dates of receipt of information**

| Document | Application Form | Scoping Report | Environment Impact Assessment Report |
|---|---|---|---|
| Date of receipt | Application form – 25/01/2019<br>Amended Application form – 26/08/2021 | Report for consultation – 25/01/2019<br>Report for Acceptance – 07/05/2019 | EIAR for consultation – 08/11/2019<br>EIAR for decision – 05/11/2021 |
| Date of acknowledgement of receipt | Application form – 08/02/2019<br>Amended Application form –31/08/2021 | Report for consultation – 12/07/2021<br>Report for Acceptance – 15/05/2019 | Report for consultation – 19/11/2019<br>Report for decision – 12/11/2021 |
| Date of Acceptance | | 31/05/2019 | |
| Request for extension | | 15/03/2019 | 06/09/2019<br>09/10/2019<br>22/05/2020 |
| Date of granting of extension | | 12/04/2019 | 09/09/2019<br>19/06/2020<br>23/10/2019 (refusal)<br>30/10/2019 (Amended refusal) |

3. **List of specialist reports and other information:**

| Report description | Person (and Company) who compiled the report and Date | Location in the EIAR |
|---|---|---|
| Limpopo Water Management Area North Reconciliation Strategy | Department of Water and Sanitation | N/A |
| Freshwater Impact Report | Kathryn Roy of Digby Wells Environmental dated September 2019 | Appendix I |
| Biodiversity Strategy: (Biodiversity Offset Strategy Version 3) | Mamadi & Company | Appendix J |
| Ecological Assessment (Ecological Impact Assessment Report and Fauna and Flora Impact Assessment) | Ecological Impact Assessment Report prepared by Takalani Mudau dated 27 May 2021 and Fauna and Flora Impact Assessment | Appendix K |

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| | by Digby Wells Environmental dated August 2019 | |
| Heritage Impact Assessment | Rudzani Richard Munyai of Vhufahashu Heritage Consultants dated June 2021 | Appendix L |
| Palaeontological Impact Assessment | Prof Marion Bamford of University of the Witwatersrand dated 26 March 2019 | Appendix M |
| Visual Impact Assessment Report | Graham A Young of Newton Landscape Architects cc dated 04 December 2020 | Appendix N |
| Specialist Climate Change Assessment Report | Protheum Carbon dated September 2021 | Appendix O |
| Socio-Economic Assessment | Dr Hein du Toit and Jean-pierre du Plessis of DEMACON Market Studies dated June 2021 | Appendix P |
| Air Quality Specialist Study | N Shackleton and T Bird of Airshed Planning Professionals dated July 2019 | Appendix Q |
| Noise Impact Assessment Report | Setenane Nkopane of Gudani Consulting and Morné de Jager of Enviro Acoustic Research dated 20 April 2019 | Appendix R |
| Waste Study | Lise Steyn of Delta Built Environmental Consultants (Pty) Ltd dated August 2020 | Appendix T |
| Planning Impact Assessment | SJ van Vuuren of DELTA Built Environment Consultants (Pty) Ltd dated September 2020 | Appendix W |
| Integrated Water Services | Erik Pretorius of Matukane and Associates (Pty) Ltd | Appendix U |
| Economic Analysis Assessment | Kobus Boshoff of Automotive Investment Holdings dated October 2020 | Appendix Y |
| Health Impact Assessment | Vumile Ribeiro of Niara Environmental Consultants (Pty) Ltd dated April 2021 | Appendix BB |
| Occupational Health Risk Assessment | MG Kubheka of Niara Environmental Consultants (Pty) Ltd dated 30 November 2020 | Appendix CC |
| Need and desirability based on 2017 Guidelines | Ishmael Semenya of Enviroxcellence Services | Appendix DD |
| Geo-Hydrological Report | Anton Bothma and Erik Pretorius of Matukane and Associates (Pty) Ltd dated March 2021 | Appendix FF |
| Avifaunal Impact Assessment Report | Mokgahla Molepo of Mora ecological services (Pty) Ltd dated May 2021 | Appendix II |
| Soil and Land Capability Assessment | Jan Arie van 't Zelfde of Digby Wells Environmental dated May 2019 | Appendix JJ |
| DWS Feasibility Assessment in Water Supply | Aphane Consulting dated February 2014 | Appendix HH |
| Geohydrological Report | Anton Bothma of Matukane and Associates (Pty) Ltd dated March January 2021 | Appendix FF |

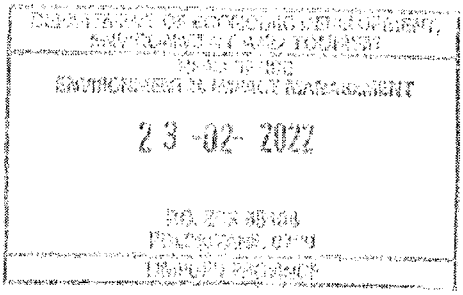
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## 4. Key factors considered in making the decision

### 4.1 Public Participation

**Name of newspaper and dates**

- 28 August 2020 – Limpopo Mirror;
- 31 August 2018 – Limpopo Mirror;
- 12 September 2021 – Sunday Times;
- 16-22 September 2021 – Polokwane Observer;
- 17 September 2021 – Zoutpansberger.




**Site Notices:** Placed on site and areas adjacent to the site.

**Notification of interested and affected parties about the development:**

- A newspaper advertisement;
- Posting of on-sites;
- Written notices; and
- Numerous meetings were held as follows:

  - ✓ Meeting held on 14 September 2020 at Nancefield, Musina;
  - ✓ Meeting held on 16 September 2020 at Delta Built Environment Consultants Training Facility;
  - ✓ Public meeting held on 13 October 2020 at Nancefield New Community Hall;
  - ✓ Meeting held with Vhembe Traditional Leaders on 14 October 2020 at Makhado Local Municipality;
  - ✓ Meeting held with Department of Water and Sanitation (DWS), Vhembe District Municipality on 15 October 2020;
  - ✓ Virtual meetings held on 27 & 28 September 2021;
  - ✓ Public meeting with communities at Makhado Showground on 30 September 2021; and
  - ✓ Public meeting at Waterval Community Hall on 01 October 2021.

### 4.2 Findings

| Activity/ Report | Findings |
|---|---|
| Freshwater Impact Report | • A total of 303.74 hectares of drainage lines and wetlands were identified on site;<br>• The pans categorised as Category A (natural) displayed no visible impacts. This was attributed to general access restrictions on the farm portion (Antrobus 566 – east of N1) on which these pans were observed. This is due to the private access of the game reserve;<br>• The main impacts associated with the pans categorised as Category B (largely natural) included heavy grazing activities (remainder of the farms and portions);<br>• The final Ecological Importance and Sensitivity (EIS) scores were high for all pans. Wetland buffers were determined to be 51m for all pans and 100m or the 1:100 year Floodline for drainage lines;<br>• In terms of aquatic ecological integrity no Present Ecological Status (PES) could be determined for each of the biological components at the |

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| | time of the survey due to the nature of the systems present within the proposed project area, as such, no integrated EcoStatus could be determined. Nonetheless, it should be noted that the conditions observed at the time of the survey were deemed natural and representative of the region;<br>• Most of the impacts from the construction and operation of the SEZ are major, with little option for mitigation. SEZs are intended to be long-term industrial and economic development initiatives; it is thus unlikely for the project to be decommissioned in the foreseeable future. However, in event that decommissioning and closure take place, impacts and mitigation measures were provided. Monitoring recommendations were also provided; and<br>• Additional recommendations were made in the Freshwater Assessment Response to Public Comments Received dated December 2020. |
| Heritage Impact Assessment | • Nineteen (19) graves were identified within the project location;<br>• All the recorded burial grounds are highly significant and warrant protection; and<br>• The development of the proposed MMSEZ project can only be undertaken when all graves are mitigated in consultation with the local communities. |
| Palaeontological Impact Assessment | • Based on experience and the lack of any fossils recorded previously or found during the site visit to the area, it is unlikely that many fossils would be preserved in the site;<br>• There is a very small chance that fossils may occur below the surface, so a Fossil Chance Find Protocol should be added to the EMPr; and<br>• If fossils are found once excavations have commenced, then they should be rescued and a Palaeontologist be called to assess and collect a representative sample with the South African Heritage Resources Agency permit. |
| DWS Feasibility Report | • The water demand for the MMSEZ will only be met in the near future through water reuse, recycle, groundwater exploration and water import from Zimbabwe.<br>• Analysis by the Ground Resource Modelling Software shows that there are potential water resources in the quaternary catchment;<br>• It has been established that 30 million m³/a raw water could be purchased from the Zimbabwe National Water Authority (ZINWA). The water source is the Zhove Dam on the Umzingwane River, a tributary of Limpopo River.<br>• The 'Zimbabwe transfer' will require compliance with the SADC protocol on shared watercourses;<br>• This transfer from Zhove Dam on a tributary of Limpopo River, 5km upstream of Beitbridge will involve water being abstracted from Limpopo River banks on the Zimbabwean side as it is released and this could also assist the Nzhelele Valley Farmers and Coal of Africa projects; |

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| | • It is mentioned that this intervention option, however, would entail significant negotiations and agreements between South Africa and Zimbabwe to ensure sustainable supply and could possibly take "long" to conclude; and |
| Limpopo Water Management Area North Reconciliation Strategy | • The Limpopo Water Management Area North Reconciliation Strategy (LRS) concludes that there is not available allocable water in the Sand River Catchment and neither exists a possibility of Inter Basin Transfer;<br>• The LRS also mentions that "Sand Catchment (A71)" is a dry catchment with very limited surface water resources. However, it has exceptional groundwater reserves which have been fully and possibly over-exploited, mostly by irrigation;<br>• The water requirements are large compared to the rest of the WMA, but again irrigation is the largest water user. Although the urban requirements are high, a large portion amount of water is supplied through transfers from other WMAs;<br>• Noting increasing demand and negative water balance in the catchment, LRS recommended, as a potential intervention, amongst others, what is called Zimbabwe transfer;<br>• This resulted in the feasibility study for the Mutasshi/ Musina Corridor Bulk Water Supply Schemes, which will entail an estimated 30 million $m^3/a$ (estimated demand for Limpopo Eco-Industrial Park and MMSEZ) of raw water being purchased from the Zimbabwe National Water Authority (ZINWA); and<br>• It is mentioned that this intervention option, however, would entail significant negotiations and agreements between South Africa and Zimbabwe to ensure sustainable supply and this could possibly take "long" to conclude. |
| Visual Impact Assessment Report | • The visual sensitivity in relation to the proposed project is expected to be high since the proposed area mostly consist of natural areas and few man-made disturbances. However, mitigations that will potentially reduce the impact of the proposed development from high to moderate have been recommended; and<br>• These mitigations will focus on retaining a much existing vegetation as possible and ensuring that structures are designed to blend with the natural landscape to reduce contrast between new structures and their natural surroundings. Moreover, all vegetation outside the development footprint must be retained and buffer zone must be maintained. |
| Specialist Climate Change Assessment Report | • Environmental Authorisations for the individual plants should only be granted if the emission intensities can be achieved;<br>• The construction of a coal fired thermal power plant should not be approved unless the plant is fired carbon capture and storage unit that can sequester all emissions from the combustion of coal from the starting date of operation; and<br>• In addition, any approval of the project should be conditional upon an overall water risk analysis of the region (Limpopo Province) being conducted, with specific reference to the proposed SEZ project. |

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| Socio-Economic Assessment Report | • The SEZ could provide a basis from which households in the area could improve their current livelihood through either direct employment from the SEZ, value chain growth or new business development;<br>• The labour requirements of the SEZ in general and those of future operators in particular, should be timeously identified to ensure optimal alignment by local training and recruitment initiatives and to minimise the need for imported labour;<br>• The SEZ will increase demand and supply side pressures and therefore proper planning of labour force settlements and associated community development should take place in a structured manner;<br>• Skills development burden should be imposed on the foreign operator to ensure compliance with local labour and related legislations; and<br>• The use of foreign labour should be limited. |
| Air Quality Specialist Study | • The Air Quality Management Plan as outlined within the report must be adopted. This include:<br>✓ The mitigation and managements of all plants;<br>✓ Future facilities will apply for new Atmospheric Emission Licences when required;<br>✓ Ambient air quality monitoring; and<br>✓ Implementation of the reporting procedures.<br>• Based on the findings and provided the recommended measures are in place, it is the specialist opinion that the project may be authorised. |
| Noise Impact Assessment Report | • The proposed development will change the landscape and the ambient sound levels will increase from typical noise district to that of a sub-urban to commercial noise district;<br>• The proposed development must therefore be planned to ensure that noise-generating activities does not impact on land uses with certain desired, design or maximum noise limits;<br>• In light of the above, there are recommended mitigation measures that will manage to reduce the potential noise impacts to a low significance;<br>• From the noise impact perspective, the increase in noise levels do not constitute a fatal flaw as the increase can be managed to a low significance and therefore there are no objections for the proposed development to proceed. |
| Waste Study | • The establishment of centralised Waste Management Area (WMA) has been recommended to temporarily store general waste and small volume of hazardous waste;<br>• General waste will be transferred from centralised WMA to the existing licenced Musina and/or Makhado landfill sites for disposal;<br>• It is also recommended that both landfill sites be expanded / upgraded and if the expansion is not successful, the new landfill site will be established near the proposed site; |

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| | • Furthermore, the industries that will generate large volumes of hazardous waste will need to establish temporal hazardous disposal facilities on their respective premises; and<br>• The hazardous waste from centralised WMA and/or from other temporal facilities must be disposed of at authorised hazardous Waste Management facilities. |
| Planning Impact Assessment Report | • The SEZ development will contribute to the local and national economy of South Africa and improve the investment character of the area, as well as create local job opportunities in minerals and energy beneficiation activities, related heavy and light industrial activity, transport and logistics operations, and government, administrative and management activities provided by the investors that will settle there over the long term;<br>• The essence of the Musina-Makhado SEZ south site is a significant catalyst in the materialisation of the Eastern Escarpment National Transformation Corridor;<br>• The potential catalytic impact of the proposed development on set transformation goals to achieve radical economic transformation within this area is considered positive; and<br>• However, the quantitative and qualitative benefits of the SEZ must be maximised, not just optimised, for the national economy and be tangible for the regional community, in order to increase the desirability of the development in lieu of the undeniable impact the development will have on the environment and surrounding land use. |
| Integrated Water Services Report | • The report also arrives at the same conclusion with the Limpopo Water Management Area North Reconciliation Strategy "Sand catchment (A71)";<br>• The Sand catchment is a dry catchment with very limited surface water resources. However, it has exceptional groundwater reserves which have been fully and possibly over-exploited, mostly by irrigation; and<br>• The water requirements are large compared to the rest of the WMA, but again irrigation is the largest water user. Although the urban requirements are high, a large portion amount of water is supplied through transfers from other WMAs". |
| Economic Analysis Assessment Report | • The SEZ has a potential to create a large number of job opportunities that will contribute to the economic spin off of the local provincial and the national area;<br>• Eleven (11) Memorandums of Understanding (MOUs) to the tune of $1.1 billion have been signed with China for investment in the development of the metallurgical cluster. It is estimated that 21 000 jobs will be created in the first five years and this number will increase to 51 000 jobs in the tenth year;<br>• These economic development should be looked at holistically with other development aspects such as spatial development of the area, |

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| | skills development and the opportunity of the local people (Province) to participate in the economic activities of the SEZ;<br>• The skilling of local people in order to participate in the SEZ is vital;<br>• An SEZ vocational Education College is part of the 11 investments to support the metallurgical plant. However, strategic partnership with Higher Education Institutions in terms of specific curricular that will prepare students to come work in the high skills industries should be part of the plan; and<br>• The area chosen is suitable for the specific purpose as compared with Polokwane, Tzaneen, Lephalale and Tubatse. The areas mentioned pose difficult challenges and will be suitable for different Industrial Zones. |
| Health Impact Assessment (HIA) | • Due to the extent of the proposed development, a number of direct and indirect health issues connected to the development have been identified and mitigation measures proposed;<br>• This HIA has outlined the significant changes on the health status of the local communities that may be instigated by the proposed SEZ project;<br>• An attempt has been made to give a comprehensive outlook of the baseline health status of the proposed SEZ project site (where possible) and also to understand and prioritize future project health impacts, based on the available evidence;<br>• Mitigation and management measures have been recommended and it is advised that these measures are incorporated into the overall Environmental and Social Management Plan for the proposed SEZ project;<br>• Adequate mitigation measures are expected to reduce the significance of almost all negative impacts although not always to acceptable levels, while positive health effects can be created through the implementation of associated enhancement measures;<br>• The recommended mitigation measures must be implemented to manage the impacts and ensuring compliance with current legislative requirements;<br>• It is also recommended that the applicant inaugurates relationships with other institutions (e.g. Government or NGOs) involved in local and regional healthcare development and social upliftment so as to maximize the benefits of its contribution to the overall health status of the community;<br>• It is recommended that a Resettlement Action Plan be executed and the Mopane community be relocated;<br>• If this, amongst other measures mentioned in the report are adhered to, it is recommended that the project is allowed to proceed; and<br>• The author emphasizes the assumption that the environmental, social and health management commitments are adhered to. |
| Occupational Health Risk Assessment (OHRA) | • The opportunity to mitigate occupational health risks through design will need to be considered and all the risk control strategies proposed be considered; |

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| | • Mitigation and management measures have been recommended and it is advised that these measures are incorporated into the overall Occupational Health and Safety Management Plan for the proposed MMSEZ project;<br>• It is the author's opinion that due process has been followed.<br>• Where occupational health risks have been found to be potentially significant, various mitigation measures to manage and monitor the risks of the proposed MMSEZ project have been proposed;<br>• The proposed way forward for this study/ project is:<br>✓ The conduction of baseline OHRAs by each respective employer in the project as per the South African legal requirements;<br>✓ The development of an occupational health policy, and overall project occupational hygiene programme; Occupational health procedures;<br>✓ Exposure monitoring strategy/ programme; Guidelines for medical surveillance; and<br>✓ Guidelines for education and training; Occupational health risk profiles; Guidelines for functional work capacity.<br>• It is recommended that the project is allowed to proceed on the assumption that the commitments in the Occupational Health and Safety Policy are adhered to. |
| Need and Desirability based on 2017 Guidelines Report | • The Limpopo Province has the highest poverty rate in the country at 67.5% and its contribution to the country's Gross Domestic Product is only 7%;<br>• The unemployment rate of the province sits at 49.9% with the youth being highly hit;<br>• Environmental cost of the project will result in vegetation being removed from the project site in clearance of the development. However, in some areas mitigation has been suggested where the baobab trees will be relocated to the nearest provincial nature reserves;<br>• The area is a Critical Biodiversity Area 2 and Ecological Support Area in terms of the Limpopo Conservation Plan and therefore the ecological specialists have mapped all sensitive areas and provide mitigation on how they should be developed;<br>• Water resources will be a challenge in the beginning of the project. However there are plans proposed to deal with the challenge;<br>• South Africa has an energy crisis and therefore the proposed development might look like will not be possible due to power shortage in the country;<br>• It is however planned that the development will generate its own electricity and the surplus will be supplied to the Eskom grid. This only means the development will contribute in reducing the shortage of electricity in the country; |

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| | • Industries contribute to emission of unwanted air pollutants. These pollutants have a negative impact to our climate and also to the health of local people;<br>• The sitting of the industries will take into cognisance the topography of the area in order to avoid an invasion layer, recommendations in the Air Quality Specialist's Reports and conditions of the Atmospheric Emission Licence; and<br>• In conclusion, there are serious environmental costs to this project. However with mitigation the economic benefits will surpass the environmental costs. |
| Geo-Hydrological Report | • The area is overlain by Phalala shear area and Tshipise fault area;<br>• The aquifer in the area is classified as minor with a low to moderate groundwater potential;<br>• Borehole pump test were performed across the sites on existing and new boreholes;<br>• The site has constant yields groundwater potential of 0.3-2.04 l/sec which can be abstracted sustainably from groundwater with good recovery rate;<br>• A total abstraction of 522.75m³ and 427.68m³ per day is possible from recommended north and south borehole, respectively;<br>• However, the borehole water quality (Class I-IV) of could not be determined due to absence of lab results; and<br>• From a Geo-Hydrological point of view, there are no objection to the proposed development. |
| Avifaunal Impact Assessment Report | • Avifaunal sensitivity of the study area was regarded as low-medium around majority of the habitats (except ridge lines, drainage lines and artificial dams);<br>• Key threats to the avifauna can be mitigated to low-medium impact rating;<br>• Due to possible occurrence of endemic and endangered species, an avifaunal specialist is recommended to form part of the construction phase; and<br>• From an avifaunal specialist point of view, the proposed development is supported. |
| Soil and Land Capability Assessment Report | • The current land capability identified within the proposed development area is class VIII based on soil chemical characteristics, the shallow soil depth, and the low suitability of the soils for cultivation. This limits the land capability potential to mainly wildlife;<br>• Physical conditions, such as limited soil depth, are such that it is restricting root penetration and impractical to apply such pasture or range improvements such as seeding, liming and fertilizing;<br>• The soils of the proposed area are acidic and phosphorus concentrations are very low. Zinc and copper concentrations are also considered to be low for common crops; |

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| | • Based on the chemical characteristics, the soils have limited potential for crop growth without additional management practices such as liming or fertilization;<br>• The main impacts will be potential soil contamination due to the proposed activities and soil compaction and removal due to base preparation for construction and movement of construction vehicles. However, the current land capability is limited to mainly wildlife or light/ moderate grazing and if risk of contamination is minimized land capability will not be severely impacted upon;<br>• It is concluded that the vegetation clearance for bulk services and the fence will not significantly impact on the soils and land use capability; and<br>• The removal of vegetation may lead to soil erosion caused by wind and water movement over the soil surface. The significance rating of the impact is medium to low. |

In view of the above, the Department is satisfied that, subject to compliance with the conditions contained in the EA, the proposed activity will not conflict with the general objectives of integrated environmental management laid down in Chapter 5 of the NEMA and that any potentially detrimental environmental impacts resulting from the proposed activity can be mitigated to acceptable levels. The authorisation is accordingly granted.

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ANNEXURE 2

## LEDET DEPARTMENTAL STANDARD CONDITIONS

### 1. SCOPE OF AUTHORISATION

1.1 The holder of the EA shall be responsible for ensuring compliance with the conditions contained in this EA. This includes any person acting on the holder's behalf, including but not limited to, an agent, servant, contractor, sub-contractor, employee, consultant or person rendering a service to the holder of the EA.

1.2 Any changes to, or deviations from, the project description set out in this EA must be approved, in writing, by the Department before such changes or deviations may be effected. In assessing whether to grant such approval or not, the Department may request such information as it deems necessary to evaluate the significance and impacts of such changes or deviations and it may be necessary for the holder of the EA to apply for further authorisation in terms of the Regulations.

1.3 The activity, which is authorised, may only be carried out at the property indicated in the EA.

1.4 The holder of the EA will be held liable for any damages to the environment and associated costs, which results from any activity related to the construction and/or operation of the proposed project.

1.5 Where any of the holder of the EA's contact details change, including the name of the responsible person, the physical or postal address and/or telephonic details, the holder of the EA must notify the Department as soon as the new details become known to the holder of the EA.

1.6 The Department reserves the right to monitor and audit the development throughout its full life cycle.

1.7 This EA does not negate the holder of the EA's responsibility to comply with any other statutory requirements that may be applicable to the undertaking of the activity.

### 2. APPEAL OF AUTHORISATION

2.1. The holder of the EA must notify all registered interested and affected party, in writing and within 12 (twelve) calendar days, of receiving notice of the Department's decision.

2.2. The notification referred must –

2.2.1 specify the date on which the EA was issued;

2.2.2 inform all the interested and affected party of the appeal procedure provided for in Chapter 7 of the Regulations;

2.2.3 advise all the interested and affected party that a copy of the EA will be furnished on request; and

2.2.4 give the reasons for the decision.

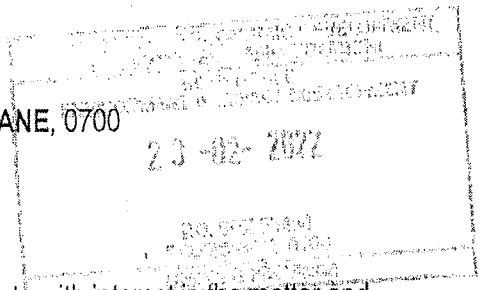
## 3. APPEAL PROCEDURE

3.1 An appellant (if the holder of the decision) must, within 20 (twenty) calendar days from the date the notification of the decision was sent to the holder by the Department.

3.2 An appellant (if NOT the holder of the decision) must, within 20 (twenty) calendar days from the date the holder of the decision sent notification of the decision to the registered I&APs, submit an appeal in accordance with Regulation 4 of the National Appeal Regulations 2014 (as amended) using the prescribed form obtainable from the Department, to the Appeal Administrator.

3.3 Submit an appeal in accordance with Regulation 4 of the National Appeal Regulations 2014 (as amended) to the Appeal Administrator; as follows:

Ms Aluwani Khorommbi
**Address:** 20 Hans van Rensburg Street, Evridiki Towers, **POLOKWANE**, 0700
MEC Support Services
Tel: (015) 293 8523 |Fax: (015) 291 1168| Mobile: 0835721721
Web: www.ledet.gov.za



3.4 Submit a copy of the appeal to any registered I&APs, any Organ of State with interest in the matter and the decision-maker i.e. the Department that issued the decision.

## 4. COMMENCEMENT OF THE DEVELOPMENT

4.1 In order to ensure their safety, all employees must be given the necessary personal protective equipment.

4.2 This EA must be provided to the site operator and the requirements thereof must be made fully known to him/her.

4.3 Appropriate notification signs must be erected at the construction site, warning the public (residents, visitors etc) about the hazards around the construction site and presence of heavy vehicles and machinery.

4.4 Hauling routes for construction vehicles and machinery must be clearly marked and appropriate signalling must be posted to that effect. Further, movement of construction vehicles and machinery must be restricted to areas outside of the drainage line/wet area.

4.5 Construction must include appropriate design measures that allow surface and subsurface movement of water along drainage lines so as not to impede natural surface and subsurface flows. Drainage measures must promote the dissipation of stormwater run-off.

4.6 Vegetation clearing must be kept to an absolute minimum. Mitigation measures must be implemented to reduce the risk of erosion and the invasion of alien species.

4.7 The holder of the EA must note that in terms of the National Forests Act (Act No. 84 of 1998); protected plant species (also listed in Limpopo Environmental Management Act, 2003 (Act No. 7 of 2003) must not be cut, disturbed, damaged, destroyed, and their product must not be possessed, collected, removed, transported, exported, donated, purchased or sold unless permission is granted by the Department of Forestry, Fisheries and the Environment (DFFE).

4.8 All construction areas (e. g. material lay down area), topsoil and sub-soils must be protected from contamination or pollution and stockpiling must not take place in drainage lines or where it would impede surface water runoff.

23 -02- 2022

4.9 If any soil contamination is noted during the construction and operational phase of the proposed activities, the contaminated soil must be removed to a suitable waste disposal facility and the site must be rehabilitated to the satisfaction of this Department and the DWS. The opportunity for the on-site remediation and re-use of contaminated soil must be investigated prior to disposal and this Department must be informed in this regard.

4.10 Should infill material be required for any purpose, the use of borrow pits must comply with the provisions of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) administered by the Department of Mineral Resources and Energy (DMRE).

4.11 An integrated waste management approach must be implemented that is based on waste minimisation and must incorporate avoidance, reduction, recycling, re-use and disposal where appropriate. Uncontaminated builders' rubble generated during the construction can be re-used as back filling material on site. Ensure that no refuse or builders rubble generated on the premises is placed, dumped or deposited on adjacent properties or public places and open spaces during or after construction.

4.12 Section 28 of the NEMA places a duty of care on the holder of the EA to ensure that reasonable measures are taken to prevent pollution or degradation of the environment from occurring, continuing or recurring. Should any environmental damage result from this development or the operation thereof, the holder of the EA , must within 14 days of the damage being caused, rectify the situation at his/her own expense.

4.13 Movement of construction vehicles and machinery must be restricted to areas outside of the drainage lines/wet area.

4.14 Construction vehicles must be serviced and maintained in a manner whereby excessive smoke and noise production is reduced to acceptable levels, and to prevent oil leaks. Contaminated soil must be remediated on site or removed to an appropriately authorised landfill site.

4.15 Dust and nuisance must be minimised through damping down of unsurfaced areas.

4.16 Residents (if any) on the property and surrounding area must be informed if any unusually noisy activities are planned. Noise impacts must be reduced over distance at a rate of 1db (decibel) per 13 metres.

4.17 Chemical sanitation facilities or systems such as "toilets" that do not rely on seepage of liquids must be provided with a ratio of one for every 15 workers. These must be placed such that they prevent spills or leaks to the environment and must be maintained according to operating instructions and the contents thereof must be disposed of at an authorised waste water treatment works.

4.18 Mixing of cement, concrete, paints, solvents, sealants and adhesive must be done in specified areas on concrete aprons or on protected plastic linings to contain spillage or overflows onto soil to avoid contamination to underground water and environmental damage.

4.19 Construction activities must be suspended and a representative of the South African Heritage Resources Agency (SAHRA) and/ or Limpopo Heritage Resources Agency (LIHRA) be contacted immediately in the event of finding or uncovering any subterranean (middens, graves, etc.).

4.20 Care must be taken to ensure that the material and excavated soil required for backfilling are free of contamination from hydrocarbons.

4.21 The hydraulic fluids or chemicals required during construction must be stored in a concrete lined surface with bund walls and shall be designed in such a manner that any spillage can be contained and reclaimed without any impact on the surrounding environment. Should any spills occur it should be cleaned immediately by removing the spillage together with the polluted solid and dispose it in an authorised disposal site permitted to dispose of such waste. The Regional Office of the Department of Water and Sanitation must be notified within 24 hours of an incident that may pollute surface and ground water.

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## 5. MANAGEMENT OF THE ACTIVITY

5.1 A copy of this EA must be kept at the property / on-site office where the activity (ies) will be undertaken. The EA must be produced to any authorised official of the Department who requests to see it and must be made available for inspection by any employee or agent of the holder of the EA who works or undertakes work at the property.

5.2 The contents of the EMPr and its objectives must be made known to all contractors, subcontractors, agents and other people working on the site, and any updates or amendments to the EMPr must be submitted to the Department for approval.

5.3 Regular monitoring and maintenance of storm water drainage facilities must be conducted at all times and repaired, if damaged, as directed by this Department or any other relevant authority.

5.4 The holder of the EA shall note that in terms of Section 19(1) of the National Water Act, 1998 (Act No. 36 of 1998), "An owner of the land, a person in control of land or a person who occupies or uses the land on which- (a) any activity or process is or was performed or undertaken; or (b) any other situation exists, which caused or is likely to cause pollution of a water source must take all reasonable measures to prevent any such pollution from occurring, continuing or recurring". Therefore any pollution incident(s) associated with the proposed project shall be reported to the relevant Regional Office of the Department of Water and Sanitation within 24 hours.

## 6. REPORTING TO THE DEPARTMENT

6.1 The holder of the EA must notify the Department, in writing and within 48 (forty eight) hours, if any condition of this EA cannot be or is not adhered to. Any notification in terms of this condition must be accompanied by reasons for the non-compliance. Non-compliance with a condition of this EA may result in criminal prosecution or other actions provided for in NEMA and the Regulations.

6.2 Fourteen (14) days written notice must be given to the Department that the activity's operational phase will commence. Commencement for the purposes of this condition includes site preparation.

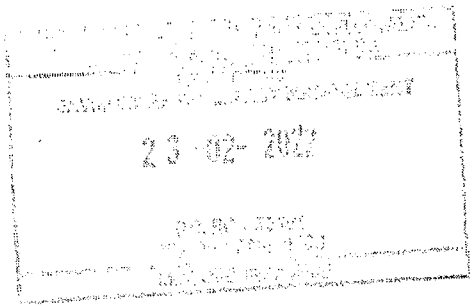
6.3 Any complaints received from the registered interested and affected parties (I&APs) during the construction and operational phase of the activity must be attended to as soon as possible and addressed to the satisfaction of all concerned I&APs.

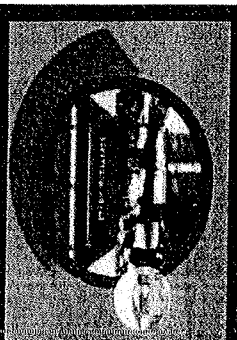
6.4 The holder of the EA must notify the Department within thirty (30) days after the completion of the construction activities.

6.5 The holder of the authorisation must ensure that an up to date emergency register is kept during the construction and operation of the project. This register must be made available upon request by the Department.

## 7. SITE CLOSURE AND DECOMMISSIONING

7.1 Should the activity ever cease or become redundant, the holder of EA shall undertake the required actions as prescribed by legislation at the time and comply with all relevant legal requirements administered by any relevant and competent authority at that time.





Musina-Makhado SEZ (SOC) Ltd

MMSEZ

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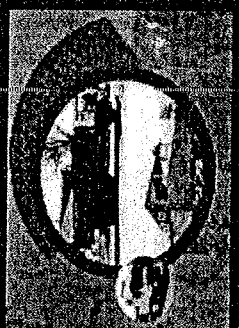
# MUSINA-MAKHADO SPECIAL ECONOMIC ZONE (MMSEZ) DESIGNATED SITE

# ENVIRONMENTAL IMPACT ASSESSMENT REPORT

FINAL REPORT
REVISION 03

**13 SEPTEMBER 2021**

LIM/EIA/0000793/2019



EnviroXcellence

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ENVIROXCELLENCE

## DOCUMENT CONTROL

| | | |
|---|---|---|
| **TITLE:** | ENVIRONMENTAL IMPACT ASSESSMENT REPORT | |
| **ELECTRONIC FILE LOCATION:** | EnviroXcellnce_MMSEZ South site EIAR | |
| **REPORT STATUS:** | FINAL | |
| **REVISION NUMBER:** | 03 | |
| **CLIENT:** | Musina-Makhado SEZ (SOC) Ltd<br>29 Market Street<br>Polokwane<br>0699 | |
| **CONSULTANT:** | EnviroXcellence<br>108 Akkerboom Street<br>Zwartkop<br>Centurion<br>0157 | |
| **DATE:** | 30 August 2021 | |
| **REFERENCE NUMBER:** | EXS_MMSEZ South site | |
| **PREPARED BY:** | Ismael Kgabo Semenya<br>Pr. Sci. Nat. 4000068/11<br>Pr. EAP (2020/35) | Pr. Environmental Scientist |
| **REVIEWED BY:** | Sylvie Machaba | Editor |
| **DISTRIBUTION LIST:** | **COMPANY** | **NAME & SURNAME** |
| | MMSEZ | Lance Fenn |
| | | Richard Zitha |
| | | Lehlogonolo Masoga |

## RECORD OF REVISIONS

| REV. NO. | STATUS | DESCRIPTION OF REVISION | REV. DATE |
|---|---|---|---|
| 00 | Draft | Issued for comments to I&APs | 01/09/2020 |
| 01 | Draft | Executive Summary;<br>Chapter 1 | 07/12/2020 |

| REV. NO. | STATUS | DESCRIPTION OF REVISION | REV. DATE |
|---|---|---|---|
| | | Section 4.5;<br>Chapter 5;<br>Chapter 6.1;<br>6.2.6;<br>6.2.7;<br>6.2.11;<br>6.2.15;<br>6.2.16;<br>6.2.19<br>6.2.20<br>Chapter 7<br>Appendix C<br>Appendix D<br>Appendix E<br>Appendix G<br>Appendix J<br>Appendix N<br>Appendix O<br>Appendix P<br>Appendix X<br>Appendix Y<br>Appendix AA<br>Appendix BB<br>Appendix CC | |
| 02 | Final | Finalized for final submission to LEDET | 30/01/2021 |

| REV. NO. | STATUS | DESCRIPTION OF REVISION | REV. DATE |
|---|---|---|---|
| 03 | Final | Updated EIAR with requested information from LEDET and re-submit to LEDET<br><br>Executive summary was updated.<br><br>General updates include:<br><br>• Clarification on the scope of the EIA<br>• the updating of tables and figures.<br>• Mitigation measures have been moved to the EMPr<br>• Duplicated statements have been removed<br>• Inclusion of the terms of reference for the specialist reports<br><br>Chapter 1: Update to applicant and EAP<br><br>Chapter 2: Update on project description<br><br>Chapter 3.4: Addition of cumulative impacts<br><br>Chapter 4.5: Update of public participation<br><br>Chapter 4.6: Inclusion of EXS in the EIA process and addinf DWS as key stakeholder<br><br>Chapter 5.1: Adding of alternatrives to the project<br><br>Chapter 6.2.2.4: Updated footprint reduction and conservation commitment<br><br>Chapter 6.2.4.4.2: Adding Layout Option 3 and impact on heritage<br><br>Chapter 6.2.5.2: Updated impact statement | 1/09/2021 |

| REV. NO. | STATUS | DESCRIPTION OF REVISION | REV. DATE |
|---|---|---|---|
| | | Chapter 6.2.7.4.3: Reference is made to future developments that may caus GHG and update on climate change statement<br><br>Chapter 6.2.7.4.4: Update statement on alternatives<br><br>Chapter 6.2.7.5: Update of future developments<br><br>Chapter 6.2.7.7.1: Update of future water security and usage<br><br>Chapter 6.2.7.7.3: Update on future power supply<br><br>Chapter 6.2.10.7: Updated statement to include baseline ambient sound levels<br><br>Chapter 7.2.10.1: Added statement on baseline assessment<br><br>Chapter 7.2.16: Updated Biodiveristy Offset recommendations<br><br>Chapter 7.6: Added summary assessment of alternatives<br><br>Chapter 7.9.2: Updated heading and conclusions pertaining to the installation of bulk services and the fence.<br><br>Appendix J: Updated the Biodiversity Offset Report<br><br>Appendix O: Updated the Climate Change Report<br><br>Appendix P: Updated Socio-Economics Assessment<br><br>Appendix FF: Added the Geohydrological Assessment Report<br><br>Appendix II: Added the Avifaunal Assessment Report | |

| REV. NO. | STATUS | DESCRIPTION OF REVISION | REV. DATE |
|---|---|---|---|
| | | Appendix JJ: Added the Soils and Land Use Report | |

**Disclaimer**

This document is issued for the intended purpose connected with the above-captioned project only.
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# EXECUTIVE SUMMARY

## Background Information

The Musina-Makhado Special Economic Zone (MMSEZ) is made up of two sites and located in two municipalities namely, Musina and Makhado Local Municipalities within the Vhembe District of the Limpopo Province. This report specifically relates to the EIA application for the authorisation to clear limited vegetation for the construction and installation of bulk services infrastructure and fencing of the Musina Makhado Special Economic Zone (MMSEZ) South Site.

The impacts of the proposed MMSEZ South site have been assessed in terms of vegetation clearance, installation of bulk services and fencing of the site. However, the scope of some specialist assessments was broadened to also include future planned industrial developments (such as the climate change, air quality and biodiversity offset). The intent was to ensure that aside from the immediate impacts, a holistic view was also undertaken for the full life of the MMSEZ South site for key aspects.

The EIA application and Scoping Report (SR) were submitted to LEDET (appointed as the Competent Authority (CA) by DEFF) on 1 February 2019. The SR was approved on 31 May 2019 by the CA and the EIA process and assessments commenced. The Draft Environmental Impact Assessment Report (EIAR) was made available for comment on 1 September 2020. The EIR was amended based on received comments and responses from Interested and Affected Parties (I&APs) and the second draft EIAR was made available for public review on 7 December 2020. The Final EIAR was submitted to LEDET on 1 February 2021. The Final EIAR was reviewed by the CA identified some information gaps and requested additional studies, more PPP and a revised EIAR.

The Environmental Assessment Practitioner (EAP) from Delta BEC initiated the EIA application and concluded the EIA process up to submission of the Final EIAR to LEDET. LEDET has reviewed the report and requested some additional information. Much of the original report was kept as it is EnvirXcellence understanding that due process was followed. EnviroXcellence Services (EXS) as the newly appointed EAP has updated the EIAR with the final information and concluded the public participation process for final submission of the EIAR to LEDET.

The specialist reports that were updated to address the gaps include the following:

- Updated Biodiversity Offset Report
- Updated Climate Change Report
- Updated Socio Economic Report
- Inclusion of an Avifauna Report

In addition to the above, the CA requested that clarity be provided on the following, with the focus on the long-term life of the development:

- Water security for the MMSEZ South site
- Energy supply for the MMSEZ South site
- Waste disposal for the MMSEZ South site

**Alternatives assessed**

Alternative sites were assessed on a high economical level that included areas such as Lephalale, Polokwane, Tubatse and the Musina-Makhado area. Cabinet approved the location and designation of the MMSEZ South site in July 2017 (LEDA, 2017) and the Department of Trade and Industry (DTI) designated the MMSEZ South on 01 December 2017. Therefore, no other sites were assessed.

Various layout options within the MMSEZ South site were assessed that included previously disturbed areas, site optimisation and avoidance of sensitive areas (based on specialist recommendations and the updated biodiversity offset report). The final master layout plan has been amended to reduce the overall footprint of the project to 3862ha. Important ecological support areas on the sites have been excluded from the development footprint (total reduction of 51% development area) making it available for conservation opportunities and maintaining ecological linkages in the area. Based on the mitigation hierarchy that has been incorporated into the revised footprint, Layout 3 is recommended. Alternative technologies focussed on material to be used for the roads that included a recommendation for impermeable road surfaces in areas where the industries will be located and permeable surfacted in administration and residential areas.

**Biophysical Environment**

The MMSEZ South site is situated in a semi-arid zone to the north of the Soutpansberg. There are cultivated low scale commercial fields on farms Antrobus 566 MS (975.02662 ha) and Somme 611 MS (989.295716 ha) located on the eastern extent of the proposed MMSEZ South site. The general soil pattern for the MMSEZ South site is classified as non-arable grazing woodland/wildlife land and wilderness capability.

The MMSEZ South site falls within the Musina Mopane Bushveld. The Musina Mopane Bushveld is categorised as least threatened with a target of 19% to be conserved. The MMSEZ South site is located within the Vhembe biosphere reserve. It does not form part of the core or buffer areas of the biosphere reserve but are located within the transitional zone that need to support development of sustainable activities. The MMSEZ South site is bounded by the Blouberg Langjan National Protected Areas Expansion Strategy focus area to the north (approximately 6 km from the MMSEZ South site) and to the south east (approximately 20 km from the MMSEZ South site). Based on the Limpopo Conservation Plan, the majority (northern part) of the MMSEZ South site falls within the category Ecological Support Area 1 (ESA 1). The most critical area of biodiversity conservation is located within the southern portion of the MMSEZ South site and is categorised as Critical Biodiversity Area 2 (CBA 2). The remainder of the proposed MMSEZ South site is on Ecological Support Area 2 (ESA 2), an area that is no longer intact, but potentially retains significant importance from a process perspective, e.g., maintaining landscape connectivity. In terms of terrestrial ecosystems, the proposed site is located outside of any threatened terrestrial ecosystems. The MMSEZ South site does not fall within any IBA. However, the Mapungubwe, Soutpansberg and Blouberg Important Bird and Biodiversity Areas surround the site.

Due to the potential ecological linkages that are present on the MMSEZ South site (more specifically on the southern part of the site), LEDET requested that the Biodiversity Offset specialist report be updated. In addition the layout plan for the various proposed developments has been revised taking the biodiversity offset specialist study recommendations into consideration. This has reduced the overall footprint of the final development. By implementing a more optimised layout and avoiding sensitive areas, the overall project has reduced its footprint from 8013,91ha to 3862ha, committing over 51% of the original site for conservation and ecological linkages. This ensure that critical habitats within the MMSEZ South site, as pointed out by the fauna & flora-, wetland- and avifauna specialists, are conserved. The offset site options that have been proposed include the following:

- Site option 1: Expansion of the Musina Nature Reserve.
- Site Option 2: Offsetting on the northern part of the MMSEZ South site.
- Site Option 3: Expansion of Avarel Private Nature Reserve.
- Site Option 4: Expansion of Baobab Private Nature Reserve or declaring neighbouring portions as a protected area.

The availability of multiple options for implementing the MMSEZ South site offset programme provides a high level of confidence that the implementation programme is feasible and the chances of meeting the offset objectives are high, provided that other mechanisms of the implementation, such as stakeholder engagement; implementation planning and execution; establishment and functioning of governance structures; monitoring and evaluation are adequately established and functional.

**Social Environment**

Three residential settlements are located within the MMSEZ South site study area boundary and will likely be relocated once the area is to be developed.

**Water Security**

It is recognised that the MMSEZ South site currently has limited access to water that include access to groundwater and the Nzhelele Dam (that is currently being utilised for irrigation). Although access to large amounts of water is not a key requirement in the initial MMSEZ South site establishment (this EIA), it is however a core requirement for any further industrial developments on the MMSEZ South site.

Currently three main water supply projects / options are planned for the area. This includes:

1. the planned Mutasshi/Musina Corridor Bulk Water Supply, whereby at least 30 million cubic meters water is planned to be transferred from the Zhove Dam, located in Zimbabwe to South Africa;
2. Development of the Musina Dam; and
3. Access to groundwater.

It is understood that access to a dedicated water supply will need to be secured to allow for further development of the metallurgical hub of the MMSEZ South site.

**Energy Security**

For this EIA (the vegetation clearance, bulk services and fencing) little energy will be required. However, sustainable supply to energy will be pertinent for the future industrial developments of the site. Eskom indicated that they will be able to supply 5 MW of the electricity required during the first year of industrial operation of the MMSEZ South site. For these reasons various other technologies and options were also considered during this EIA for power supply to the subsequent industrial development of the MMSEZ South site. These options included i) advanced nuclear, ii) solar PV, iii) biomass, iv) combined cycle gas turbine (CCGT) and v) clean coal technology.

Advanced nuclear power generation was not regarded as feasible due to the timeline for the development and regulatory and licencing of an advanced nuclear power plant, and nuclear power generation and its associated health and safety concerns. Solar PV studies indicated that a solar field covering 1ha of PV panels could generate approximately 1MW of AC power during peak irradiation levels. A PV Solar farm capable of generating 1320MW (MMSEZ South site first phase only demand) during most of daylight hours (not only at peak) would need to be on approximately 2000ha of PV panels. As such this option was not regarded as viable. With regards to biomass and access to natural gas the challenge is that currently there are no natural gas reserves, new explorations, pipelines or LNG import facilities in the MMSEZ South site or surrounding areas.

Thus, at the moment, the best available energy sources are regarded as a combination between renewable energy (for future administration buildings) and a scaled down independent coal fired power plant (for future industries for 24/7 power supply) that will enable power generating capacity outside the state-owned power utility, Eskom. Due to the perceived impact of the coal fired plant on GHG emissions it is proposed that a separate EIA be undertaken for it due to the fact that establishment of power generating facilities exceeding 20MW is a listed activity that should be undergo the EIA process and authorised prior commencement. This will allow for further investigations into a phased plant, clean technology as well as the option to access electricity from possible other more renewable sources.

**Climate Change**

The impacts of the MMSEZ South site project's GHG emissions have been assessed in terms of future planned industrial developments. Thus, although the current EIA may not have a significant impact on climate change due to limited vegetation clearance and construction for the bulk services and fence, it was though pertinent to look at the possible longer term future Industrial impacts to obtain a holistic view.

The report highlighted the following key future aspects of an industrial development:

- Heat stress: The climate change models predict that temperatures are to increase in the Limpopo province by as much as 2°C by 2035. The culmination of increased

average temperatures and heat stress can result in a greater number of people at risk of heat-related medical conditions.

- Water stress: The MMSEZ South site is located within a water stressed area that is currently experiencing issues of water scarcity and water quality. Climate change will exacerbate water issues in this area particularly with predicted increases in drought, rainfall, winds variability.

- Economic stress: As evident in Vhembe District Municipality's Climate Change Vulnerability Assessment and Response Plan, climate change will impact the municipality's Local Economic Development Strategy. With the municipal population growing, further pressure will be placed on demand for services and the overall regional economic base.

- Ecosystem Vulnerability: Increased frequency of veld fires associated with drought induced winds may impact on endemic biota and eventually lead to a change in the biome.

The majority of the MMSEZ South site emissions will occur during the industrial operational phase with an anticipated HIGH impact and not during this EIA. For this reason, it is advised that the climate change assessment be updated as industries apply for development within the MMSEZ South site.

**Air Emissions**

The area is dominated by winds from the east-south-east and therefore it is anticipated that pollutants' long-term air quality impacts will be the most significant to the west-northwest, north-west, west and west-south-west of the future industrial operations.

The main sources currently contributing to background PM concentrations likely include vehicle entrained dust from local roads, train operations, biomass burning, household fuel burning, vehicle exhaust, windblown dust from exposed areas, industrial (mining) operations and agricultural activities.

The temporary nature of the construction activities for the MMSEZ South site that include limited vegetation clearance for services infrastructure, installation and fencing will entail localised air quality impacts (predominantly dust) related to site clearance on these selected areas. As such, the specialist indicated that (provided that the required mitigation measures are implemented) authorisation is granted.

Future activities / phases of the project may however require separate EIA's, based on the development activity, as well as an Air Emission's Licence (AEL). Each development will need to be assessed individually, and all subsequent developments will need to be assessed in terms of their combined cumulative impacts within the site and immediate surroundings.

**Project overview and description**

The Limpopo Provincial Government was requested by the Department of Trade and Industry (DTI) to submit location areas for evaluation considered as strategic for the development of the Limpopo economy through industrialisation. Preliminary studies were conducted, and the

Limpopo Provincial Government submitted four areas that align with potential growth points in the province.

The Department of Trade and Industry evaluated the submission and approved two of the areas for further feasibility investigation, including Musina-Makhado and Tubatse. The Limpopo Provincial Government subsequently motivated that the proposed Musina-Makhado Special Economic Zone (MMSEZ) will include two components and sites situated in close proximity but at two different locations. This site is located approximately 50 km to the south of Musina town, referred to as the Musina-Makhado Special Economic Zone South (MMSEZ South), with a focus on the metallurgical and energy cluster of heavy industrial activities. This Environmental Impact Assessment (EIA) report deals specifically with the installation of support service infrastructure and fencing of the site MMSEZ South site.

The MMSEZ South site comprises of 8 013.915 ha of land that falls both within the adjoining local municipality areas of Musina and Makhado and within the Vhembe District municipal area of the Limpopo Province. The site is located adjacent to the N1 national road forming part of the North-South Development Corridor and adjacent to the west the international north-south railway line. Two adjoining townships are proposed - one within each of the municipal areas to accommodate the planned predominantly heavy industrial plants that will produce various types of steel products as described in the internal master plan document for the MMSEZ South site that forms part of this report. It should be noted that each development will need to be assessed on its own merits and will need to obtain separate environmental authorisation for the activities that the future development will trigger.

The availability of coal and coking coal and proximity to input minerals required for power generation and smelting at higher temperatures, according to the Limpopo Economic Development Agency (LEDA), are amongst others a key reason for locating the MMSEZ South at this location. For now, it is proposed that these beneficiation plants will be powered by an on-site coal-based power plant.

The objective of this SEZ will ultimately aim to create 53 800 jobs of which 95% will be local jobs. The total capital investment is estimated to be approximately R247 billion. Cabinet approved the designation of the MMSEZ South in July 2017 (LEDA, 2017) and the Department of Trade and Industry (DTI) designated the MMSEZ South on 01 December 2017.

**Activity Need and Desirability for the project**

The South African Government, through the Department of Trade and Industry (the dti) spearheaded the establishment of Special Economic Zones (SEZs) across the country's nine provinces with the aim to attract foreign direct investment (FDI), accelerate the production and export of value-added products and the creation of a favourable environment for job creation. The MMSEZ South site forms part of the Trans-Limpopo Spatial Development Initiative (SDI) and has been developed as part of greater regional plans to unlock investment and economic growth and address the development of skills and employment.

The proposed Makhado-Musina SEZ South (MMSEZ South) site is ideally located on the on the N1 north-south corridor. The proposed site is in close proximity to available land, existing infrastructure linkages, proximity to sources of raw materials and markets.

The National Development Plan (NDP) aims to eliminate poverty and reduce inequality by 2030. The goal is to increase employment from 13 million in 2010 to 24 million in 2030. To reach this target, policies and investment are aimed, amongst others, at labour intensive industrial development. The plan clearly states that, 'Understanding and responding appropriately to complex global challenges is the first task of planning'. As part of this process and in line with several national plans and policies government identified the need to investigate, plan and develop SEZ's within the respective provinces.

A SEZ is an economic development tool of government to promote national economic growth and exports by using targeted support measures to attract foreign and domestic investments and technology. Traditionally, SEZs are geographically delineated and fenced in areas that allowed for the duty and tax-free import of raw and intermediate materials for processing and re-export. Modern forms of SEZs are not exclusively export-focused and can encompass larger areas and support a wider range of economic activities or have a specific technology or sector focus. The SEZ Policy of the DTI provides a framework for the development, operation and the management of SEZs. The policy provides a wide range of incentives to expand the focus of strategic industrialisation to cover diverse regional development needs and contexts; to provide a clear, predictable, and systemic planning framework for the development of a wider array of SEZs to support industrial policy objectives.

The National Development Plan (NDP), National Growth Path (NGP), and the Industrial Policy Action Plan (IPAP), clarify and strengthen governance arrangements, and expand the range and quality of support measures beyond the provision of infrastructure. It is believed that SEZs in South Africa have the ability to accelerate the rate of industrial development, skills development, and infrastructure development and ultimately job creation. Incentives that are available to investors include VAT and custom relief linked to a customs-controlled area, employment tax incentive (ETI), building allowance and reduced corporate income tax rates. A critical focus of these endeavours is job creation and economic growth.

National government also adopted a National Infrastructure Plan in 2012. The plan aims to transform the South African economic landscape while also driving the creation of jobs and strengthening the delivery of basic services. Investment is targeted at improving access to healthcare facilities, schools, water, sanitation, housing, and electrification, as well as the construction of ports, roads, railway systems, electricity plants, hospitals, schools, and dams.

The plan has identified 18 Strategic Integrated Projects (SIPS), some of which are highlighted here:

SIP 1: Unlocking the northern mineral belt with Waterberg as the catalyst.

SIP 2: Durban-Free State-Gauteng logistics and industrial corridor; and

SIP 17: Regional integration for African co-operation and development.

It is within this national context that the DTI identified the need for the respective provinces to identify locations that can be evaluated and targeted for SEZ development. The SEZ will form a key anchor within the planned Eastern Escarpment National Transformation Corridor designated in the Final Draft National Spatial Development Framework, 2019

Within the above context and in terms of the Limpopo Provincial, District and Local Plans aimed at addressing the challenges faced by the province, the need for the development of the MMSEZ has been identified to assist in:

- creating jobs and to alleviate poverty in the Limpopo Province, especially also within the Vhembe region and District Municipality area.
- the use and beneficiation of available mineral resources within the province to the benefit of the provincial population and South Africa, instead of the continuous export of raw materials, with limited localised benefits.
- promoting inclusive economic growth and human development also especially for the youth, within the province and the district, and
- developing infrastructure not only for the SEZ but for improving service delivery to the local communities within the Vhembe region.

The above needs have more recently further been exacerbated by the severe impact of the COVID -19 pandemic on the economy of the country and globally with significant pressure on government and its stakeholders to enable and promote investment and economic growth and to ensure job creation to alleviate poverty.

There is over reliance on the NDP without focusing on the problems in Limpopo in terms of GDP growth, poverty levels especially in the Vhembe area. That information is available in the Limpopo Development Plan and the Vhembe IDP.

**Requirement for an Environmental Impact Assessment (EIA)**

In terms of the National Environmental Management Act [NEMA], 1998 (Act No. 107 of 1998) as read with the EIA Regulations, 2014 (as amended) promulgated under Chapter 5 of the NEMA published in GN R327, R326, R325 and R324 in Government Gazette 40772, dated 4 December 2014, a full scoping and EIA process is required for the proposed project as it triggers various notices 1, 2 and 3 listed activities.

The purpose of the EIA was to identify, assess, and report on any potential impacts the proposed project, if implemented, may have on the receiving environment.

The Environmental Assessment therefore needed to demonstrate to the Competent Authority (CA), which is the Limpopo Economic Development Environment and Tourism (LEDET) of the Limpopo Provincial Government, and the project applicant, which is the Musina Makhado Special Economic Zone SOC Limited, what the consequences of their choices will be in terms of the impacts on the biophysical and socio-economic environment, and how negative impacts can be, as far as possible, minimised, mitigated and managed, or avoided and how positive impacts can be enhanced.

**Impact assessment and management**

The impact methodology to assess the significance before the impact and after the impact is provided in Chapter 4. All impacts identified and assessed, as well as the proposed mitigation measures and management actions, can be found in Chapters 6 and 7 of this report. In

addition, all the mitigation and management measures proposed by the specialists, including those additional impacts and management measures identified by the Environmental Assessment Practitioner (EAP) have been included in the EMPr (Appendix AA).

The EIA aimed to address the impacts associated with the activities related to it but it also included a broader view on future anticipated industrial developments. As a result of this, and in terms of the environment, negative impacts of high significance were anticipated prior to mitigation. Mitigation measures have however been stipulated by the various specialists and these will be incorporated into the EMPr that is considered a living document.

**Public Participation**

Various non-governmental organisations (NGOs), stakeholders, governmental departments, traditional community members, traditional community leaders and interested and affected party members participated during the public participation process which started from the pre-application phase of the project until 31 January 2021. An addition round of public participation is underway, ending 30 September 2021 to address raised PPP comments by the CA and provide registered I&AP's a further opportunity to comment on the minor amendments.

Once this process is concluded the Appendix G (Comments Received) and Appendix H (Comments and Responses report) will be updated.

**Project Overall EAP's Opinion**

The current EIA for vegetation clearance for bulk services and fencing will have a limited and medium-term reversible impact on the site. It is however important that ecological no-go areas be clearly demarcated and that the ecological linkages with adjacent land uses be established.

The proposed development can however not be seen in complete isolation as it will prepare the site for future industrial developments. However, as the developments will trigger listed activities in terms of the EIA Regulations of 2014, as amended, each developer will be required to undertake a stand-alone EIA.

The socio-economic specialist study indicated that the MMSEZ South site, once in full operation, will potentially be economically and socially significant, creating sustainable jobs opportunities in Limpopo Province. Furthermore, a significant contribution will be made to the economic growth in the province and the country. Future long-term employment opportunities will be created, and these will occur once the environmental authorisations are awarded for the site-specific investor operations within the proposed MMSEZ South site.

Sensitive landscapes were identified and delineated by the respective specialists who recommended that these sites be actively conserved as no-go areas. Accordingly, the Final Layout Plan has been amended by the Applicant to exclude these sites from the current and future development footprint.

It is concluded that the limited vegetation clearance for bulk services and the fence will not significantly impact on the environment and it surrounding land uses.

## Key Recommendations

The specific recommended mitigation and optimisation measures are presented in the Draft EMPr. The MMSEZ South site would need to implement these mitigation measures to demonstrate compliance with the various authorisations (should they be granted).

Key recommendations, which are considered essential, are:

1. Implementation of the EMPr to guide planning, construction and operations activities and to provide a framework for the ongoing assessment of environmental performance;
2. Implementation of the various specialist mitigation recommendations and any other relevant guidelines / specifications for design(architecture), construction, and revegetation;
3. Ensure the relevant permits (e.g. for search and rescue of protected vegetation, damage to protected trees, construction within 500 m of a watercourse are in place prior to commencement of construction;
4. Demarcate all identified No-Go areas, including stipulated buffers, to prevent access / disturbance during both construction and operation;
5. The implementation of a chance finds procedure as outlined in the EMPr, specifying the actions to be taken in the event of discovery of any heritage materials during vegetation clearing and construction;
6. Design and implementation of a site specific stormwater management plan that aligns with the MMSEZ South site's stormwater management protocol;
7. Any water required for construction related activities should be sourced from non-potable sources where possible;
8. Provide suitable traffic accommodation measures as part of construction contract to inform other road users of presence of construction related traffic, including speed restriction signage;
9. All construction operations should only occur during daylight hours if possible;
10. Measures to minimise impacts on the nearby wetland during construction:
    a. Construction immediately adjacent to the watercourse should take place during the drier months of the year;
    b. Construction should be limited to the development footprint and the wetland should be demarcated as a No-Go area with a buffer of 20m between the delineated wetland and the development footprint being maintained;
    c. Limitations on construction activities allowed within 50 m of the wetland.
11. Measures to mitigate climate change risk and vulnerability of the project and its future developments to climate change:

a. Consider climate change impacts in the future engineering design of the power plant.

b. Design of an on-site stormwater drainage system, and implementation of a stormwater management plan.

c. Use a closed-loop water system for the future industrial developments to minimise water losses to evaporation and reduce water consumption by the plants.

d. Implement disaster management policies and onsite employee training specifically for extreme weather event (including severe winds, extreme heat, and heavy rain and drought) risk management protocols.

**The Way Forward**

The PPP has given IAPs an opportunity to assist with the identification of issues and potential impacts. The Final EIAR has incorporated all comments received from IAPs and has been submitted to LEDET for a decision on the proposed development. This Executive Summary of the Final EIAR (this document) has been distributed to all registered IAPs.

The Final EIAR can also be accessed as an electronic copy on EXS's website.

The Final EIAR has been distributed to all relevant authorities and distributed to LEDET for a decision regarding Environmental Authorisation. All relevant authorities and IAPs registered for the process will be informed once a decision is communicated by LEDET.

# GLOSSARY

| ACRONYM | EXPLANATION |
|---|---|
| AC | Alternative Current |
| ADE | Aquifer Dependent Ecosystem |
| AGA | Atronomy Geographic Advantage |
| AIDS | Acquired Immunodeficiency Syndrome |
| AQ | Air Quality |
| AQMP | Air Quality Management Plan |
| ARC | Agricultural Research Council |
| BID | Background Information Document |
| BME | Baobab Mining and Exploration (Pty) Ltd |
| CBA | Critical Biodiversity Area |
| Cr | Chrome |
| CITES | Convention on International Trade and Endangered Species |
| $CO_2$ | Carbon Dioxide |
| COMESA | Common Market of Eastern and Southern Africa |
| CTF | Conservation Trust Fund |
| DM | District Municipality |
| DMR | Department of Mineral Resources |
| DRC | Democratic Republic of Congo |
| DTI | Department of Trade and Industry |
| DTM | Digital Terrian Model |
| DWS | Department of Water and Sanitation |
| EAC | East African Community |
| EAP | Environmental Assessment Practitioner |
| EIA | Environmental Impact Assessment |
| EIAR | Environmental Impact Assessment Report |

| ACRONYM | EXPLANATION |
|---|---|
| EIP | Environmental Implementation Plan |
| ENIA | Environmental Noise Impact Assessment |
| ESA | Ecological Support Area |
| FeCr | Ferrochrome |
| GDP | Gross Domestic Product |
| GEP | Good Engineering Practice |
| GN | Government Notice |
| GNR | Government Notice Regulation |
| GVA | Gross Value Added |
| ha | Hectare |
| hz | Hertz |
| HAZOP | Hazard and Operability |
| HIA | Heritage Impact Assessment |
| $HNO_3$ | Nitric Acid |
| HRSG | Heat Recovery Steam Generators |
| IBA | Important Bird Area |
| ICT | Information and Communications Technology |
| IDP | Integrated Development Plan |
| IEM | Integrated Environmental Management |
| IFR | In-Stream Flow Requirements |
| IHWF | Integrated Hazardous Waste Facility |
| IPAP | Industrial Policy Action Plan |
| ISRDS | Integrated Sustainable Rural Development Strategy |
| km | Kilometer |
| kpa | Key Performance Area |
| LADC | Limpopo Agricultural Development Corporation |

| ACRONYM | EXPLANATION |
|---|---|
| LCOE | Levelized Cost Of Energy |
| LDO | Land Development Objective |
| LDP | Limpopo Development Plan |
| LEDA | Limpopo Economic Development Agency |
| LEDET | Limpopo Department of Economic Development, Environment and Tourism |
| LEGDP | Limpopo Employment, Growth and Development Plan |
| LEIP | Limpopo Eco Industrial Park |
| LIBSA | Limpopo Business Support Agency |
| LimDev | Limpopo Economic Development Enterprise |
| LPDMF | Limpopo Provincial Disaster Management Framework |
| LUMS | Land Use Management Scheme |
| MCA | Maximum Credible Accident |
| MESU | Mintek's Mineral Economics and Strategy Unit |
| MgFeSi | Magnesium Ferro Silicon |
| mm | Millimetre |
| MMSEZ | Musina-Makhado Special Economic Zone |
| m/s | Meters per Second |
| Mtpa | Metric Tonnes per Annum |
| MVA | Mega Volt Amps |
| N1 | National Road 1 |
| NDP | National Development Plan |
| NFEPA | National Freshwater Ecological Policy Areas |
| NEMA | National Environmental Management Act |
| NEM:AQA | National Environmental Management: Air Quality Act |
| NEM:PA | National Environmental Management: Protection Act |

| ACRONYM | EXPLANATION |
|---|---|
| NEM:WA | National Environmental Management: Waste Act |
| NGP | New Growth Path |
| $NH_3$ | Ammonia |
| NIPF | National Industrial Policy Framework |
| $NO_x$ | Nitrogen Oxides |
| NPAES | National Protected Areas Expansion Strategy |
| $O_3$ | Ozone |
| OHSA | Occupational Health and Safety Act |
| PAN | Protected Area Network |
| PDPF | Provincial Development Planning Forum |
| PGDS | Provincial Growth and Development Strategy |
| PGM | Platinum Group Metals |
| PMU | Project Management Unit |
| $PM_{10}$ | Thoracic Particulates (particulates with diameter of less than 10 µm) |
| PP | Public Participation |
| PPP | Public Participation Process |
| QLFS | Quarterly Labour Force Survey |
| SA | South Africa |
| SADC | South African Development Community |
| SAEO | South African Environment Outlook |
| SAHRA | South African Heritage Resources Agency |
| SDF | Spatial Development Framework |
| SDI | Spatial Development Initiative |
| SEA | Strategic Environmental Assessment |
| SEZ | Special Economic Zone |
| SIMRAC | Safety in Mines Research Advisory Committee |

| ACRONYM | EXPLANATION |
|---|---|
| **SIP** | Strategic Integrated Project |
| **SMME** | Small, Medium and Micro-Sized Enterprises |
| **$SO_2$** | Sulphur Dioxide |
| **SPLUMA** | Spatial Planning and Land Use Management, 2013 (Act No. 16 of 2013) |
| **Stats SA** | Statistics South Africa |
| **TiL** | Trade and Investment Limpopo |
| **UNESCO** | United Nations Education, Scientific and Cultural Organisation |
| **VIA** | Visual Impact Assesment |
| **WULA** | Water Use Licence Application |
| **WWTW** | Wastewater Treatment Works |

## TERMS

| TERM | EXPLANATION |
|---|---|
| **Alternatives** | Defined in the Regulations as different means of meeting the general purpose and requirements of the activity, which may include alternatives to:<br>• The property on which, or location where, it is proposed to undertake the activity;<br>• The type of activity to be undertaken;<br>• The design or layout of the activity;<br>• The technology to be used in the activity or process alternatives;<br>• The operational aspects of the activity; and<br>• The option of not implementing the activity. |
| **Aquifer** | An aquifer is an underground layer of water-bearing permeable rock or unconsolidated materials (gravel, sand, silt or clay) from which groundwater can be abstracted. |
| **Biodiversity** | The variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. |
| **Biosphere Reserve** | Areas identified either on terrestrial or marine ecosystems (or both) that are internationally recognised under the framework of UNESCO's Man and Biosphere (MAB) programme. |
| **Catchment** | The land area drained by a river and its tributaries. |
| **Environmental Authorisation** | The authorisation by a competent authority of a listed or specified activity in terms of NEMA. It includes a similar authorisation contemplated in a specific environmental management Act. |
| **Indigenous Vegetation** | Vegetation consisting of indigenous plant species occurring naturally in an area, regardless of the level of alien infestation and where the topsoil has not been lawfully disturbed during the preceding ten years. |
| **Industrial Complex** | An area used or zoned for industrial purposes, including bulk storage, manufacturing, processing or packaging purposes. |

| TERM | EXPLANATION |
|---|---|
| **Integrated Water Use Licence** | A water use licence that combines both non-waste-discharge (Section 21 (a), (b), (c), (i) and (k) water uses) and waste-discharge-related water uses in a single licence. |
| **Intermodal** | Involving two or more different modes of transport in conveying goods. |
| **National Protected Area Expansion Strategy (NPAES)** | South Africa's national strategy for expansion of the protected area network led by the Department of Environmental Affairs and developed in collaboration with national and provincial conservation authorities. The NPAES sets targets for protected area expansion, provides maps of the most important areas for protected area expansion, and makes recommendations on mechanisms for protected area expansion. Focus areas for protected area expansion are identified in the NPAES. They are large, intact, unfragmented areas of high importance for land-based protected area expansion, suitable for the creation or expansion of large protected areas. |
| **New Order Mining Right** | Mining right granted under the Mineral and Petroleum Resources Development Act, 2002 (Act 208 of 2002). |
| **Non-Renewable Energy** | Non-renewable energy comes from sources that will run out or will not be replenished in our lifetimes – or even in many, many lifetimes. Most non-renewable energy sources are fossil fuels: coal, petroleum and natural gas. |
| **Protected Area** | Protected areas contemplated in Section 9 of the NEMPAA, the core area of a Vhembe biosphere reserve and their buffer zones. |
| **Renewable Energy** | Energy that is generated from natural processes that are continuously replenished. This includes sunlight, geothermal heat, wind, tides, water, and various forms of biomass. This energy cannot be exhausted and is constantly renewed. |
| **Servitude** | A registered right that a person has over the immovable property of another. |
| **Settlement** | The totality of a human community – whether city, town or village – with all the social, material, organisational, spiritual and cultural elements that sustain it. |

| TERM | EXPLANATION |
|---|---|
| **Special Economic Zone** | Special Economic Zones (SEZs) are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country. |
| **Wetland** | Land which is transitional between terrestrial and aquatic systems, where the water table is usually at or near the surface or the land is periodically covered with shallow water, and which land in normal circumstances supports or would support vegetation typically adapted to life in saturated soil. |

### 1.1.1 INTRODUCTION

## 1.2 PROJECT APPLICANT AND PROJECT OVERVIEW

The Limpopo Provincial Government was requested by the Department of Trade and Industry (DTI) to submit areas for evaluation considered as strategic for the development of the Limpopo economy through industrialisation. Preliminary studies were conducted and the Limpopo Province submitted four areas that align with potential growth points in the province.

The Department of Trade and Industry (DTI) evaluated the submission and approved two of the areas for further feasibility investigation, including Musina-Makhado and Tubatse. The Limpopo Province subsequently motivated that the proposed Musina-Makhado SEZ will include two components situated at two different locations, namely one at Anton Villa (northern site) in Musina, where logistics, agroprocessing and manufacturing will form the main component. The other proposed SEZ site is located approximately 50 km to the south of Musina and is referred to as the MMSEZ South site. The MMSEZ South site will focus on the metallurgical and energy cluster.

The MMSEZ South site belongs to the Mulambwane Community Property Owner's Association (CPA), is the subject matter of this report and consists of 8 022 ha in total.

The establishment of the MMSEZ South site will be a metallurgical cluster in close proximity to the source of raw materials, along with a logistics hub in the SEZ with access to markets is considered to present a unique opportunity for mineral beneficiation, which is a national key government priority. There is clearly a number of down stream and up-stream opportunities in the supply chain if the MMSEZ South site is located close to a main corridor, in this case the North-South Development Corridor.

As the economies of the Southern African Development Community (SADC) continue to grow, South Africa will become a key supplier of capital goods to these markets as well as a supplier of input materials. Packaging, storage, and distribution will also form part of the SEZ logistics cluster. The metallurgic cluster will be located at the MMSEZ South site with complementary services and activities earmarked for the SEZ located at the Anton Villa site.

This report and EMPr deals specifically with the proposed MMSEZ South site of the Musina-Makhado Special Economic Zone (SEZ). The locality of the two sites is indicated below.

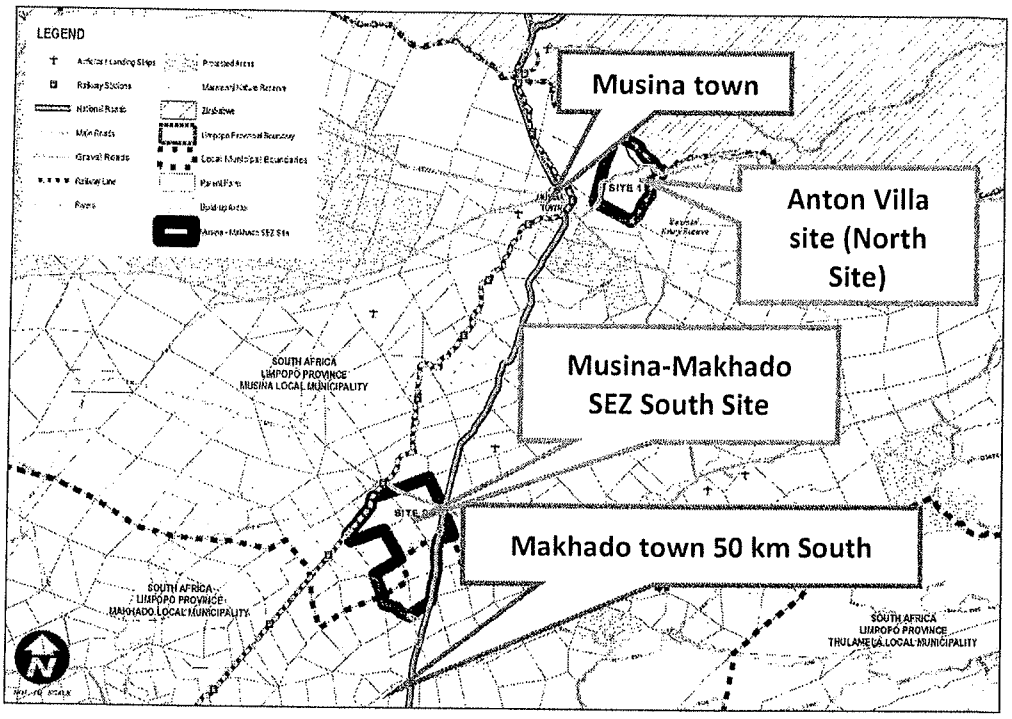
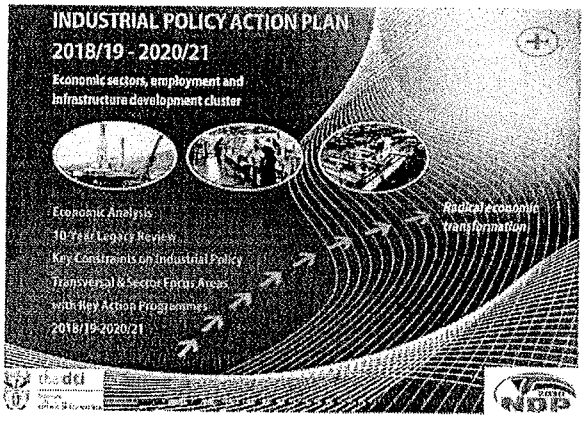
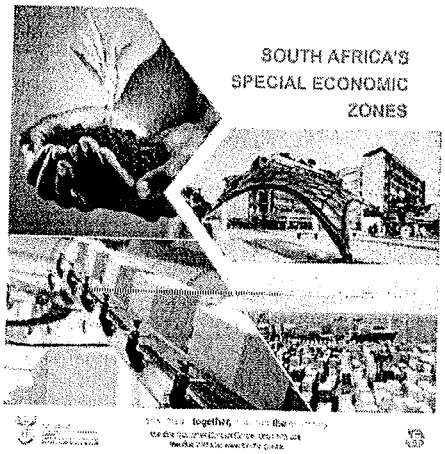



**Figure 2-1: Musina-Makhado SEZ locality**

### 1.2.1 SPECIAL ECONOMIC ZONES




During 2007 development policies were reviewed that gave rise to the country wide Special Eoniomic Zones (SEZ) Programme. This brought about developments in national economic policies and strategies such as the National Industrial Policy Framework (IPAP), and the New Growth Path (NGP), as well as developments in the global economic environment such as the formation of BRICS. The South African Government, through the Department of Trade and Industry (the dti) spearheaded the establishment of Special Economic Zones (SEZs) across the country's nine provinces with the aim to attract foreign direct investment (FDI), accelerate the production and export of value added products and the creation of a favourable environment for job creation. The MMSEZ will form part of the Trans-Limpopo Spatial Development Initiative (SDI) and has been developed as part of greater regional plans to unlock investment and economic growth and address the development of skills and employment.




The strategic locations of the MMSEZ and its close proximity to the main land-based route into SADC and the African continent, together with supporting incentives and a good logistics backbone, will make it the location of choice for investment in the mineral beneficiation, agro-processing and petrochemical industries. Thus, throught an initial strategic review, two sites in Limpopo were selected to fulfil this ideal, namely a site close to Musina and a site close to Makhado. These two sites were designated as the Musina-Makhado Special Economic Zone (MMSEZ) in 2016 with the aim to address unique industrial cluster developments.

The SEZ site in Musina, located on the Anton Villa farm (targeting light industrial and agro-processing clusters), already has an environmental authorisation and does not from part of this assessment.

The proposed Makhado-Musina SEZ South (MMSEZ South) site is ideally located on the on the N1 north-south corridor. The proposed site is in close proximity to availabile land, existing infrastructure linkages, proximity to sources of raw materials and markets. The MMSEZ South site targets a metallurgical/mineral beneficiation complex.

This environmental authorisation application focus on applying for transformation of land through vegetation clearance and the installation of services for future developments of the land.

The South African Government seeks to transform the local economy into a globally competitive industrial economy, built on the full potential of all citizens and regions. The Special Economic Zone (SEZ) Programme has been established as one of the mechanisms to achieve this objective. The SEZ Programme focuses on much more than just building world-class industrial infrastructure but includes building robust industrial eco-systems in the host regions (DTi, 2016).

A SEZ is a geographic portion of a country set aside in terms of the **Special Economic Zone Act, 2014 (Act 16 of 2014) as amended** for the development of specific industrial or economic activities and supported through a range of special measures that do not generally apply outside of the zone.

The SEZs are expected to contribute towards strengthening South Africa's terms of trade through the export of value-added commodities, the creation of stronger value chains and provision of much-needed jobs in previously disadvantaged regions.

The SEZ objectives include:

- To promote the acquisition and development of targeted industrial capabilities within the framework of the Industry Policy Action Plan (IPAP), New Growth Path (NGP) and the National Development Plan (NDP);
- To promote beneficiation and value-addition to the country's minerals and other natural resources;
- To develop world-class infrastructure required to support the development of the targeted industrial activities;
- To attract relevant foreign and domestic direct investment;
- To develop certain regions;
- To promote employment creation;
- To support urban regeneration and rural development (Limpopo Development Plan, 2015);
- As industrial and economic development tools, SEZs only work over the long-term and are not considered suitable as short-term interventions (DTi, 2012);
- The typical implications of the development of an SEZ include:
    - The re-organisation of the space economy of the region because of the nature, size and potential impact of emerging projects;
    - Potential increase in population due to influx of people seeking employment, with social and cultural impacts;
    - An increase in the demand for municipal infrastructure services;
    - A potential increase in revenues for the municipality;
    - An increase in the demand for social, economic and other services;
    - Opportunity for inclusive development;
    - Opportunity for the exploitation of other economic opportunities; and
    - Potential environmental impacts (Musina, 2015).

### 1.2.2 MUSINA-MAKHADO SPECIAL ECONOMIC ZONE

The proposed Musina-Makhado SEZ is the largest single planned SEZ development in the country. Cabinet approved the designation of the Musina-Makhado SEZ in July 2017 (LEDA, 2017) and the DTI designated the Musina-Makhado SEZ on 01 December 2017.

The Musina-Makhado SEZ is based on two initiatives (Musina, 2015):

- The location at Musina (northern location) makes it the ideal hub to serve as the logistics port to Africa, integral to the North/South Corridor development, import, export and beneficiation. The SEZ will also be linked to the SIP 17 infrastructure project on regional integration for African co-operation and development (Limpopo Development Plan, 2015).
- Development of the South African Energy and Metallurgical Zone (heavy industrial cluster). Metals beneficiation is to be anchored around the MMSEZ South site Corridor SEZ (southern location) overlapping the border between the Makhado and Musina Municipalities (Limpopo Development Plan, 2015).

The essence of the two SEZs sites are:

The creation of a new industrial hub at the SEZ, which is part of the Trans-Limpopo Spatial Development Initiative, situated at the two locations, each with its own unique industrial focus, as described in more detail later on.

Attracting appropriate foreign and domestic direct investment to promote the following industrial activities:

- Mineral beneficiation: metallurgical cluster (lLime, steel, silica, etc.) and petro-chemical cluster (processing);
- Agro-processing: food industries;
- Logistics: inter-modal hub - rail, road and air transport links; and
- Other non-core industries: endless opportunities (Musina, 2015).

### 1.2.3 MUSINA-MAKHADO SEZ (SOC)

Musina-Makhado Special Economic Zone SOC is the applicant for this proposed initiative and is an entity mandated to develop and operate the Musina-Makhado Special Economic Zone in terms of the SEZ Act 16 of 2014, with the main purpose of promoting the nation's economic growth. The SA Government through the DTI designated the Musina-Makhado Special Economic Zone located in the Limpopo Province in Government Notice 1324, dated 1 December 2017.

### 1.2.4 LIMPOPO ECONOMIC DEVELOPMENT AGENCY (LEDA)

The Limpopo Economic Development Agency (LEDA) was established in terms of the Limpopo Development Corporation Act (Act 5 of 1994, as amended). It is established as an integrated platform, culminating from the amalgamation of four historical agencies, namely Trade and Investment Limpopo (TIL), the Limpopo Business Support Agency (LIBSA), the Limpopo Agricultural Development Corporation (LADC) and the Limpopo Economic Development Enterprise (LimDev).

The establishment of the amalgamated LEDA was officially announced by the Premier of the Limpopo Province in February 2010 in the State of the Province Address.

The primary objectives of LEDA are as follows:

- To be a stimulus and catalyst in enhancing provincial economic capacity;
- To provide thought leadership by way of circumventing sporadic, unco-ordinated and disjointed economic development projects, which in most cases work in direct contrast with stated policies and the economic interests of the province;
- To seek to organise a more coherent system of economic delivery in the province;
- To act as custodian of policy implementation – assisting government in identifying specific high impact projects that will accelerate and sustain

growth and development, and create productive and sustainable employment;

- To lead government in planning and executing strategies towards shaping the future of Limpopo's economy by shifting from a culture of disaggregation to a more collaborative approach.
- To pursue an industrialisation trajectory that is responsive to:
  - The promotion of more labour absorbing industrial sectors, with an emphasis on tradable labour absorbing goods and services and economic linkages that catalyse employment creation;
  - The promotion of a broader based industrialisation path that is characterised by greater levels of participation; and
  - The intensification of Limpopo's industrialisation process and movement towards a knowledge and skills-based economy.

In terms of its mandate, LEDA is responsible for the facilitation and management of the planning and development of the MMSEZ South site. An operator will manage all activities inside the MMSEZ South site. The competent authority for this application, based on the NEMA EIA Regulations, 2014 (as amended on 7 April 2017), is the Limpopo Department of Economic Development, Environment and Tourism (LEDET).

## 1.3 PROJECT MOTIVATION (INCLUDING NEED AND DESIRABILITY)

One of the objectives of the EIA process is to motivate for '*the need and desirability for the proposed development, including the need and desirability of the activity in the context of the preferred development*'. The need and desirability of a development needs to consider whether it is the right time and right place for locating the type of land-use/activity being proposed. Need and desirability is therefore equated to the wise use of land and should be able to answer the question of what the most sustainable use of land is.

The Musina-Makhado SEZ Project is proposed in specific response to a national government initiative, namely the DTi, in an effort to reposition itself in the world economy, established the Industrial Development Zones (IDZ) programme. The programme's main focus was to attract Foreign Direct Investment and export of value-added commodities. Although, there are major achievements with the IDZs there were weaknesses that led to the policy review and the new SEZ policy. As a result, the need and desirability of the project, from a national perspective, can largely be assimilated from the project's alignment with national government policies, plans and programmes which have relevance to planning and production.

### 1.3.1 NEED AND DESIRABILITY

The foundation for a system of co-operative governance in South Africa across the three spheres of government is set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), stating that the three spheres should cooperate in mutual trust and good faith, including sharing information, consulting on areas of

common interest, co-ordinating action and legislation, and avoiding legal proceedings against each other. **Section 156** sets out the powers and functions of local government, **Schedule 4** sets out functional areas of concurrent national and provincial legislative competence in which industrial promotion is highlighted, and Schedule 5 sets out areas of exclusive provincial jurisdiction.

In terms of the Bill of Rights, Chapter 2, Section 24 of the Constitution of the Republic of South Africa, 1996, everyone has the right:

*'(a) to an environment that is not harmful to their health or wellbeing; and*
*(b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that*
*(i) prevent pollution and ecological degradation;*
*(ii) promote conservation; and*
*(iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.'*

The ***NDP*** offers a long-term development perspective. It defines a desired destination and identifies the roles that different sectors of society need to play in reaching that goal. The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Developing and upgrading capabilities to enable sustainable and inclusive development require a new approach and involve:

- Creating jobs and livelihoods;
- Expanding infrastructure;
- Transitioning to a low-carbon economy;
- Transforming urban and rural spaces;
- Improving education and training;
- Providing quality healthcare;
- Building a capable state;
- Fighting corruption and enhancing accountability; and
- Transforming society and uniting the nation.

The NDP states that long-term shifts in global trade and investment are reshaping the world economy and international policy, requiring greater policy focus, effective implementation of industrial policies and improved skills development.[1]

It is also stated in the NDP that South Africa must tackle the diversification of the economy from a range of angles. It needs to build on state capacity to identify sectors that will improve export opportunities. In addition, development finance can play a crucial role in promoting industrial policy. The government, in

[1] NDP – 2030 (pg. 31, 155 and 128)

partnership with the private sector, must identify areas to nurture and support, develop sensible instruments to support those areas, and implement them competently.

Support and protection should be focused on industries, not firms – hence a reason to promote the proposed SEZ. At the same time the government must encourage vigorous competition and impose it through competition laws. Critically, industrial policy should allow for learnings and for timely exit strategies.

**It is further elaborated that industrial zone developments and trade promotion will rely on competitive logistics, services, skills, product capabilities and market access through local procurement rules.**

According to the ***National Strategy for Sustainable Development and Action Plan 2011–2014 (2011),*** South Africa aspires to be a sustainable, economically prosperous and self-reliant nation state that safeguards its democracy by meeting the fundamental human needs of its people, by managing its limited ecological resources responsibly for current and future generations, and by advancing efficient and effective integrated planning and governance through national, regional and global collaboration.

According to the NGP, there is growing consensus that creating decent work, reducing inequality and defeating poverty can only happen through a new growth path founded on a restructuring of the South African economy to improve its performance in terms of labour absorption as well as the composition and rate of growth. To achieve that step, change in growth and transformation of economic conditions requires hard choices and a shared determination as South Africans to see it through.

The NGP must provide bold, imaginative and effective strategies to create the millions of new jobs South Africa needs. It must also lay out a dynamic vision for how we can collectively achieve a more developed, democratic, cohesive and equitable economy and society over the medium term, in the context of sustained growth. The strategy sets out critical markers for employment creation and growth, and identifies where viable changes in the structure and character of production can generate a more inclusive and greener economy over the medium to long term. To that end, it combines macro-economic and micro-economic interventions.

**Employment creation is the top priority of government.** The NGP starts by identifying where employment creation is possible, both within economic sectors, as conventionally defined, and in cross-cutting activities. It then analyses the policies and institutional developments required to take advantage of these opportunities. In essence, the aim is to target our limited capital and capacity at activities that maximise the creation of decent work opportunities. To that end, we must use both macro and micro-economic policies to create a favourable overall environment and to support more labour-absorbing activities.

*Implications for provinces and localities: The Spatial Dimensions of the Growth Path:* Within metros, too, there are vast disparities and spatial challenges, with townships

located far from most employment opportunities. **A core task for the NGP is to break with this legacy through a coherent approach to spatial development backed by strong investment in infrastructure and the identification of viable and sustainable opportunities for historically disadvantaged regions.**

National government also adopted a ***National Infrastructure Plan*** in 2012. The plan aims to transform the South African economic landscape while also driving the expansion of jobs and strengthening the delivery of basic services. Investment is targeted at improving access to healthcare facilities, schools, water, sanitation, housing and electrification, as well as the construction of ports, roads, railway systems, electricity plants, hospitals, schools and dams.[2]

The plan has identified 18 Strategic Integrated Projects (SIPs). SIPs relevant to this EIA has been listed below:

**SIP 17: Regional integration for African cooperation and development**

The outcomes of SIP 17 are to participate in mutually beneficial infrastructure projects to unlock long-term socio-economic benefits by partnering with fast-growing African economies with projected growth ranging between 3% and 10%.

The projects involving transport, water and energy also provide competitively priced, diversified, short and medium- to long-term options for the South African economy.

All these projects complement the Free Trade Area (FTA) discussions to create a market of 600 million people in South, Central and East Africa.[3]

South Africa's long-term vision of an equitable society is defined by the ***NDP***. The ***Industrial Policy Action Plan (IPAP), 2014/15 – 2016/17*** is informed by this vision, and is both framed by and constitutes a key pillar of the programmatic perspectives set out in the ***NGP***. Its core objectives remain as set out in the ***National Industrial Policy Framework (NIPF)***.

Facilitating **diversification** beyond our current reliance on traditional commodities and non-tradable services. This requires the promotion of increased value-addition per capita characterised particularly by movement into non-traditional tradable goods and services that are competitive in both export markets and the domestic economy.

The long-term **intensification of South Africa's industrialisation process**, and movement towards a twenty-first century knowledge economy.

[2] South African Government: Official Website: https://www.gov.za/issues/national-infrastructure-plan (based on thee summary report of South African National Infrastructure Plan)

[3] South African Government: Official Website: https://www.gov.za/issues/national-infrastructure-plan (based on the summary report of South African National Infrastructure Plan)

The **promotion of a more labour-absorbing industrialisation** path with a particular emphasis on tradable labour-intensive goods and services and economic linkages that catalyse employment creation.

The promotion of a **broader-based industrialisation** path characterised by greater levels of participation by historically disadvantaged economic citizens and marginalised regions in the mainstream of the industrial economy.

Contributing to **Industrial development in Africa**, with a strong emphasis on building regional productive capabilities.

**The National Freight Logistics Strategy** is a response to the freight system's inability to fulfil the demand for the movement of cargo at prices, levels of service, quality of service, and at acceptable levels of reliability in a manner that supports the national development strategies. The strategy confirms that improvements can only be achieved where these specifically provide an integrated systems-level approach. This strategy signals a shift toward demand-driven delivery of freight logistics services, from a supply approach. The intention has been to develop a freight transport master plan that integrates the planning of government into all spheres, public agencies and the private sector, from both an infrastructure and operations perspective. The implementation involves emphasis on rural freight transport systems from a freight system perspective, and an approach to corridor development along certain critical freight routes.

### 1.3.2 NEED AND DESIRABILITY OF THE PROJECT FROM A REGIONAL PERSPECTIVE

The implementation of the proposed project at the preferred location is desirable from a regional and local planning perspective which can be demonstrated as detailed in the following sections.

The ***Limpopo Development Plan (LDP) 2015–2019*** builds on the foundations of the ***Limpopo Economic Growth and Development Plan (LEGDP) 2009-2014*** and the ***Limpopo Provincial Growth and Development Strategy (PGDS) 2004-2008*** and built on the **NDP**. These strategies were reviewed, in order to maintain positive momentum for development and to overcome shortcomings that were revealed during their implementation cycles.[4]

According to the LDP, mining is the dominant sector in the Limpopo provincial economy, contributing almost 29% to the value of total production. Mining has become considerably more significant during the past 12 years, mainly due to new platinum mining developments. It is anticipated that the mining sector could become even more dominant in the production structure of the Limpopo provincial economy in the foreseeable future. By contrast, the relative contributions of manufacturing, as well as trade and tourism have declined.

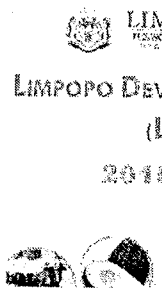
It is also stated that the implication for the LDP is that, in addition to the two envisaged Special Economic Zones (SEZs), specific manufacturing clusters for

[4] Limpopo Provincial Government (2015) Limpopo Development Plan (LDP) Summary

appropriate industrial value-chains should be identified to enable the manufacturing sector in Limpopo to be more competitive nationally.

Although the mining development potential presents valuable growth, cluster promotion and employment opportunities within the province, it is just as important to promote diversification and multi-skilling of the workforce, in order to mitigate the risks of shocks associated with commodity price dips and mine closures.

### 1.3.3 LIMPOPO DEVELOPMENT PLAN (LDP) 2015-2019




The Limpopo Development Plan provides a framework for the strategic plans of each provincial government department. The LDP makes a case for the investment in a strong network of economic infrastructure designed to support economic and social objectives. The Limpopo Provincial Government views economic infrastructure as a base for economic and social upliftment. As a means to achieve this, the provincial government sought to attract investment from overseas investors.

Envisioned in the 2015-2019 LDP, the expectation is that LEDET will contribute towards the provincial target of creating 86,000 new jobs on average per year over the next five years; and facilitate an incremental increase in average economic growth rate to 3% by 2019, primarily by way of: Cluster value-chain development strategies, including the SEZs and tourism; The Green Economy Strategy; Information and Communication Technology Development; SMME and Co-operative Development, including the informal sector; and Biodiversity Development

### 1.3.4 VHEMBE DISTRICT MUNICIPALITY INTEGRATED DEVELOPMENT PLAN (IDP) 2016/2017

Service delivery, infrastructure development, socio-economic development, poverty and unemployment have been identified as priority areas for the Vhembe DM. As part of its mission, the Vhembe DM has identified sustainable socio-economic development and service delivery as a means of addressing poverty and unemployment.

The development of the MMSEZ South site would contribute towards employment creation, both directly and indirectly, which could contribute somewhat towards reducing unemployment and poverty levels within the District.

### 1.3.5 MUSINA LOCAL MUNICIPALITY INTEGRATED DEVELOPMENT PLAN (IDP) 2016/2017

The Musina LM has a dualistic economy comprising a commercial component located in Musina (urban area) and non-commercial component. Development constraints encountered in respect of the non-commercial component, within which the MMSEZ South site is proposed, include, amongst others, the following:

- The natural resource base and economy does not have the capacity to support the total population, forcing a large percentage of the labour force to seek employment opportunities outside of the municipality.
- The low levels of income from the formal sector forced a portion of the population still residing in the area to enter and participate in informal and marginal activities.
- The low level of income also implies low levels of buying power and, therefore, few opportunities for related activities such as trade. This in turn supports the leakage of buying power since there are fewer local outlets to buy from.
- The economic relationship between the settlements in the municipality and Musina Central Busines District (CBD) are not strong.
- Employment opportunities in Musina should also benefit people from the other settlements.
- There is a shortage of job opportunities and job creation initiatives in the area.

### 1.3.6 RECEPTIVENESS OF THE PROPOSED PROJECT SITE TO DEVELOPMENT OF THE MMSEZ SOUTH SITE

The overarching objective of the MMSEZ South site is to maximise processing and utilisation of minerals by beneficiation, while minimising infrastructure, operational and maintenance costs, as well as social and environmental impacts. From a regional site selection perspective, the Limpopo region is considered to be favourable for the development of these developments due to the mineral resources. Due to the nature of the project, the location of the facility is largely dependent on technical and environmental factors such as coal resources as dominant fuel source, availability of developable land, and access to the electricity grid.

From a local perspective, the project site has been confirmed as being technically suitable for the development due to its proximity to the coal resources, site access to facilitate the movement of machinery and vehicles during the construction and operation phase, land availability for the intended use and the extent of the site which is able to accommodate the approximate 8 000 ha required for the project, enabling optimal placement of infrastructure, while considering potential environmental sensitivities.

### 1.3.7 SOCIO-ECONOMIC BENEFITS

The development of the MMSEZ South site has the potential to result in a number of socio-economic benefits. Such benefits would accrue at a local, regional and national level.

Additionally, the development of the MMSEZ South site could be expected to contribute positively towards increased electricity supply, GDP and new employment opportunities. More specifically, such employment opportunities would be formalised, and would be generated outside of the Musina and Makhado CBDs. The creation of new employment opportunities is also encouraged.

### 1.3.8 EMPLOYMENT CREATION

A third of the working age population in the Musina Local Municipality is unemployed. The development of the MMSEZ South site will improve this situation and positively impact the community. This will improve the socio-economic well-being of the benefitting population, albeit for a temporary period. The demand for supporting services and other goods and services to be created as a result of multiplier effects will also lead to the creation of additional jobs, increasing the positive effect on employment in the region.

### 1.3.9 POSITIVE IMPACT ON SKILLS DEVELOPMENT

Skills are imperative for satisfying job requirements and adequately performing tasks that ultimately boost the economy. The construction of the project requires a variation of skill sets ranging from semi-skilled construction workers to highly skilled engineers. Employees who are new to the market will develop and attain new skills, whilst workers adept in particular skills will sharpen their abilities. In addition, the employees will improve their marketability for future employment and will be perceived positively by future employers.

The employment opportunities generated during the operation of the project will also have a positive impact on skills for benefitting employees. Furthermore, as production and consumption effects filter through the economy creating a demand for additional labour, human resources will be trained and skilled within aligned industries. Ultimately, the MMSEZ South site will lead to enhanced skills through training and experience in the wider national economy.

### 1.3.10 POSITIVE IMPACT ON HOUSEHOLD INCOME

Over half the population of the Musina Local Municipality are classified as low-income earners and an increase in disposable income often means that benefiting households (who are also consumers) have the opportunity to make a wider variety of lifestyle choices. In the context of the MMSEZ South site, workers employed during construction and operation as well as their households will realise an increase in the income of their respective households and can expect an improvement in their quality of life and standards of living. The increase in income

will assist in access to health care, recreational facilities and leisure. It is likely that households will benefit from increased income which is also likely to spread across South Africa. However, some of the benefits will centre locally.

### 1.3.11 INCREASE IN PRODUCTION AND GDP-R

The construction phase of the project will involve activities such as engineering and design, site and infrastructure development, construction of buildings and facilities, civil engineering works, and other business activities related to the construction of the power station. The economic impact arising from the initial investment will be felt throughout the economy with windfall effects benefitting related sectors in the economy. These various impacts or spill-over effects will spread throughout the economy, contributing to heightened production levels. The initial investment will give rise to a production effect where manufacturers and suppliers of goods and services would experience the need to expand current production levels by ramping up employee numbers and operations. Down-the-line effects will produce a consumption-induced effect on the wider economy as total salaries paid-out rises; consumer expenditure will lift, thereby raising the sales of goods and services in the surrounding economy.

The proposed development will also provide sustainable increased revenue to the local government in the form of property rates and taxes. It will further supplement the revenue derived from national government. Moreover, national government will derive tax-related revenue such as Value-Added Tax (VAT), payroll and income taxes. This is as a result of the employment that will be created and the resultant income that will be earned. The increased revenue from the project may assist the Musina Local Municipality's budget requirements, whereby constituencies may utilise it for public services, such as addressing the housing backlog and service delivery. Overall, the allocation of government revenue should improve socio-economic conditions of the population.

## 1.4 REQUIREMENTS FOR AN ENVIRONMENTAL IMPACT ASSESSMENT

As noted above, in terms of the EIA Regulations promulgated under Chapter 5 of the NEMA published in GN R982, R983, R984 and R985 on 4 December 2014 and enforced on 8 December 2014, a full scoping and EIA process is required for the proposed project. The need for the full scoping and EIA is triggered by, amongst others, the inclusion of Activity 2 listed in GN R984 (Listing Notice 2):

*'15: The clearance of an area of 20 hectares or more of indigenous vegetation, excluding where such clearance of indigenous vegetation is required for—*
*(i) the undertaking of a linear activity; or*

*(ii) maintenance purposes undertaken in accordance with a maintenance management plan.'*

The purpose of this high-level EIA is to identify, assess and report on any potential impacts the proposed project, if implemented, may have on the receiving

environment. The environmental assessment therefore needs to show the Competent Authority what the consequences of their choices will be in terms of impacts on the biophysical and socio-economic environment and how negative impacts can be, as far as possible, minimised, mitigated or managed and positive impacts enhanced, as the case may be.

## 1.5 EIA TEAM

The EAP from Delta BEC has initiated the EIA for the applicant. The Draft Final EIAR was submitted to LEDET for review. The EIAR was returned to the applicant for some minor amendments. The applicant appointed EnviroXcellence as the new EAP for finalisation of the EIAR. A public participation process (PPP) forms an integral part of the Environmental Assessment process and assists in identifying issues and possible alternatives to be considered during the EIA process. Delta BEC undertook part of the EIA and EnviroXcellence will be concluding the PPP for this EIA.

## 1.6 DETAILS AND EXPERTISE OF THE EAPS

Mr Nico-Ronaldo Retief was appointed as the initial EAP on the project. He is a professional water, ecological biodiversity and visual specialist with emphasis on biodiversity and zoology. He has undertaken numerous mining-related, environmental and ecological assessments, wetland studies and water quality specialist studies as well as visual impact assessments. He is registered with the South African Council for Natural Scientific Professions (SACNASP) and EAPASA. For more information, please refer to Table 2-1.

**Table 2-1a: Details of the Specialist (EAP)**

| | |
|---|---|
| **SPECIALIST** | |
| **QUALIFICATIONS** | MSc Zoology (University of Johannesburg) |
| **EXPERIENCE** | Flora and Fauna Habitat Surveys<br>Water Quality Assessments (Biomonitoring)<br>Wetland Assessments<br>Visual Impact Studies<br>Aquatic Assessments and Biomonitoring<br>Mining and Water Specialist<br>16 years' experience |
| **AFFILIATION/ REGISTRATION** | SACNASP<br>Professional Natural Scientist 005636<br>EAPASA (2019/181) |
| **ADDRESS** | PO Box 11375, Maroelana, 0161 |
| **TEL** | 012 368 1850 |
| **EMAIL** | Ronaldo.retief@deltabec.com |

| | |
|---|---|
| SPECIALIST | |
| SIGNATURE | |
| DATE | 2 August 2020 |

Subsequenly, EnviroXcellence has been appointed as the EAP after Delta BEC's contract was concluded for the EIA. Mr. Ishmael Semenya has been appointed as the designated EAP from EnviroXcellence. Mr. Semenya holds a Bachalor of Science Degree, an Higher Education Diploma and a BSc Honors degree in microbiology.

**Table 2-1b: Details of the Specialist (EAP)**

| | |
|---|---|
| SPECIALIST | |
| QUALIFICATIONS | BSc Honours Microbiology (University of the North)<br>Higher Education Diploma from the University of Limpopo |
| EXPERIENCE | Mr. Ishmael Kgabo Semeny is a qualified environmentalist. He is a registered professional scientist. He has managed highly specialised projects in both South Africa and the Middle East. He is a full time director at EnviroXcellence Services since 1998. |
| AFFILIATION/ REGISTRATION | SACNASP<br>Professional Natural Scientist 4000068/11<br>EAPASA (2020/35) |
| ADDRESS | 108 Akkerboom St, Zwartkop, Centurion, 0157 |
| TEL | 012 643 0560 |
| EMAIL | isemenya@enviroxcellence.co.za |
| SIGNATURE | |
| DATE | 1 September 2021 |

## 1.7 OBJECTIVES OF THE EIAR

This EIAR was preceded by a comprehensive scoping process. During the scoping phase, the Scoping Report was made available to interested and affected parties

(I&Aps) and stakeholders for longer than a 30-day comment period until December 2018. The comments received from stakeholders during the 30-day review of both the Scoping Report were incorporated into the Scoping Report (where required), and the finalised Scoping Report was submitted to the LEDET in January 2019, in accordance with Regulation 21(1) of the 2014 NEMA EIA Regulations, for decision-making in terms of Regulation 22 of the 2014 NEMA EIA Regulations. The LEDET accepted the finalised Scoping Report and Plan of Study for EIA on 31 May 2019, which marked the end of the scoping phase, after which the EIA process moved into the impact assessment and reporting phase.

This EIAR will be released to stakeholders for a 30-day review period. All comments received will be included in the finalised EIAR, which will be submitted to LEDET for decision-making.

The primary objective of this EIAR is to present stakeholders, I&APs and the Competent Authority, the LEDET, with an overview of the predicted impacts and associated management actions required to avoid or mitigate the negative impacts, or to enhance the benefits of the proposed project.

In broad terms, the 2014 NEMA EIA Regulations (GN R982) stipulate that the EIA process must be undertaken in line with the approved Plan of Study for the EIA, and that it must include a description of the potential environmental impacts, mitigation and closure outcomes, as well as the residual risks of the proposed activity.

Based on the 2014 NEMA EIA Regulations, as amended, the objectives of the EIA Process are to:

- Determine the policy and legislative context within which the activity is located and note how the proposed activity complies with and responds to the policy and legislative context.
- Describe the need and desirability of the proposed activity, including the need and desirability of the activity in the context of the preferred location.
- Identify the location of the development footprint within the preferred site based on an impact and risk assessment process inclusive of cumulative impacts and a ranking process of all the identified development footprint alternatives focusing on the geographical, physical, biological, social, economic, heritage and cultural aspects of the environment.
- Determine the nature, significance, consequence, extent, duration and probability of the impacts occurring to inform identified preferred alternatives, and the degree to which these impacts (a) can be reversed, (b) may cause irreplaceable loss of resources, and (c) can be avoided, minimised, managed or mitigated.
- Identify the most ideal location for the activity within the preferred site based on the lowest level of environmental sensitivity identified during the assessment.
- Identify, assess and rank the impacts the activity will impose on the preferred location through the life of the activity.

- Identify suitable measures to avoid, manage or mitigate identified impacts, and identify residual risks that need to be managed and monitored.

In terms of legal requirements, a crucial objective of the EIAR is to satisfy the requirements of Appendix 3 of the 2014 NEMA EIA Regulations (as noted in Regulation 23 (3) of the GN R982). This section regulates and prescribes the content of the EIAR and specifies the type of supporting information that must accompany the submission of the EIAR to the Competent Authority. An overview of where the requirements of Appendix 3 of the 2014 NEMA EIA Regulations are addressed in this EIAR is presented in Table 2-2.

As noted in Regulation 23 (4) of the GN R982, the EMPr that is required as part of the EIA process is provided to comply with the requirements outlined in Appendix 4 of the 2014 NEMA EIA Regulations, as well as the requirements of LEDET's acceptance of the Scoping Report and Plan of Study for EIA.

Furthermore, this EIA process is designed to satisfy the requirements of Regulations 41, 42, 43 and 44 of the 2014 NEMA EIA Regulations relating to the PPP and, specifically, the registration of I&Aps and recording of submissions from I&APs. All I&APs on the current database for this EIA will be informed of the release of the EIAR for a 50-day comment period. All comments received will be recorded and addressed in the finalised EIAR (as applicable) for submission to the authorities for decision-making.

### 1.7.1 GN 982 (APPENDIX 3)

**Table 2-2: Report content requirements in terms of Regulation 21 of GN 982 (Appendix 3)**

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br>SECTION 3 | SECTION IN REPORT |
|---|---|
| **(a) Details of:** | **Section 1.5** |
| **(iii) The EAP who prepared the report** | |
| **(iv) The expertise of the EAP, including a curriculum vitae** | |
| **(b) the location of the development footprint of the activity on the approved site as contemplated in the accepted scoping report, including:** | **Chapter 2** |
| **(i) The 21-digit Surveyor General code of each cadastral land parcel** | |
| **(ii) Where available, the physical address and farm name** | |
| **(iii) Where the required information in items (i) and (ii) is not available, the coordinates of the boundary of the property or properties** | |

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br><br>SECTION 3 | SECTION IN REPORT |
|---|---|
| (c) A plan which located the proposed activity or activities applied for at an appropriate scale, or, if it is – | Chapter 1 |
| (i) A linear development, a description and coordinates of the corridor in which the proposed activity or activities is to be undertaken | Chapter 2 |
| (ii) On land where the property has been defined, the coordinates within which the activity is to be undertaken | |
| (d) A description of the scope of the proposed activity, including – | Chapter 4 |
| (i) All listed and specified activities triggered and being applied for; and | |
| (ii) A description of the associated structures and infrastructure related to the development; | |
| (e) a description of the policy and legislative context within which the development is located and an explanation of how the proposed development complies with and responds to the legislation and policy context; | Chapter 4 |
| (f) a motivation for the need and desirability for the proposed development, including the need and desirability of the activity in the context of the preferred development footprint within the approved site as contemplated in the accepted scoping report; | Chapter 1 |
| (g) a motivation for the preferred development footprint within the approved site as contemplated in the accepted scoping report; | Chapter 1<br>Chapter 2<br>Chapter 3 |
| (h) a full description of the process followed to reach the proposed development footprint within the approved site as contemplated in the accepted scoping report, including: | Chapter 1<br>Chapter 4<br>Chapter 5 |
| (i) details of the development footprint alternatives considered; | |
| (ii) details of the public participation process undertaken in terms of Regulation 41 of the Regulations, including copies of the supporting documents and inputs; | |

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br><br>SECTION 3 | SECTION IN REPORT |
|---|---|
| (iii) a summary of the issues raised by interested and affected parties, and an indication of the manner in which the issues were incorporated, or the reasons for not including them; | Chapter 4 |
| (iv) the environmental attributes associated with the development footprint alternatives focusing on the geographical, physical, biological, social, economic, heritage and cultural aspects; | |
| (v) the impacts and risks identified including the nature, significance, consequence, extent, duration and probability of the impacts, including the degree to which these impacts—<br><br>(aa) can be reserved<br><br>(bb) may cause irreplaceable loss of resources<br><br>(cc) can be avoided, managed or mitigated | Chapter 6 |
| (vi) the methodology used in determining and ranking the nature, significance, consequences, extent, duration and probability of potential environmental impacts and risks | Chapter 4 |
| (vii) positive and negative impacts that the proposed activity and alternatives will have on the environment and on the community that may be affected, focusing on the geographical, physical, biological, social, economic, heritage and cultural aspects; | Chapter 5<br><br>Chapter 6 |
| (viii) the possible mitigation measures that could be applied and level of residual risk; | Chapter 6 |
| (ix) if no alternative development footprints for the activity were investigated, the motivation for not considering such; and | Chapter 5 |
| (x) a concluding statement indicating the location of the preferred alternative development footprint within the approved site as contemplated in the accepted scoping report; | Chapter 5 |
| (i) a full description of the process undertaken to identify, assess and rank the impacts the activity and associated structures and infrastructure will impose on the preferred development footprint on the approved site as contemplated in the accepted scoping report through the life of the activity, including— | Chapter 6 |

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br><br>SECTION 3 | SECTION IN REPORT |
|---|---|
| (i) a description of all environmental issues and risks that were identified during the environmental impact assessment process; and<br><br>(ii) an assessment of the significance of each issue and risk and an indication of the extent to which the issue and risk could be avoided or addressed by the adoption of mitigation measures; | |
| (j) an assessment of each identified potentially significant impact and risk, including— | Chapter 6<br><br>Chapter 7 |
| (i) cumulative impacts; | Chapter 6<br><br>Chapter 7 |
| (ii) the nature, significance and consequence of the impact and risk; | Chapter 6<br><br>Chapter 7 |
| (iii) the extent and duration of the impact and risk; | Chapter 6<br><br>Chapter 7 |
| (iv) the probability of the impact and risk occurring; | Chapter 6<br><br>Chapter 7 |
| (v) the degree to which the impact and risk can be reversed; | Chapter 6<br><br>Chapter 7 |
| (vi) the degree to which the impact and risk may cause irreplaceable loss of resources; and | Chapter 6<br><br>Chapter 7 |
| (vii) the degree to which the impact and risk can be mitigated; | Chapter 6<br><br>Chapter 7 |
| (k) where applicable, a summary of the findings and recommendations of any specialist report complying with Appendix 6 to these Regulations and an indication as to how these findings and recommendations have been included in the final assessment report; | Chapter 6 |
| (l) an environmental impact statement which contains— | Chapter 7 |

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br><br>SECTION 3 | SECTION IN REPORT |
|---|---|
| (i) a summary of the key findings of the environmental impact assessment; | Chapter 7 |
| (ii) a map at an appropriate scale which superimposes the proposed activity and its associated structures and infrastructure on the environmental sensitivities of the preferred development footprint on the approved site as contemplated in the accepted scoping report indicating any areas that should be avoided, including buffers; and | Chapter 7 |
| (iii) a summary of the positive and negative impacts and risks of the proposed activity and identified alternatives; | Chapter 7 |
| (m) based on the assessment, and where applicable, recommendations from specialist reports, the recording of proposed impact management outcomes for the development for inclusion in the EMPr as well as for inclusion as conditions of authorisation; | Chapter 7 |
| (n) the final proposed alternatives which respond to the impact management measures, avoidance, and mitigation measures identified through the assessment; | Chapter 5 & 7 |
| (o) any aspects which were conditional to the findings of the assessment either by the EAP or specialist which are to be included as conditions of authorisation; | Chapter 6<br><br>Chapter 7 |
| (p) a description of any assumptions, uncertainties and gaps in knowledge which relate to the assessment and mitigation measures proposed; | Chapter 7 |
| (q) a reasoned opinion as to whether the proposed activity should or should not be authorised, and if the opinion is that it should be authorised, any conditions that should be made in respect of that authorisation; | Chapter 7 |
| (r) where the proposed activity does not include operational aspects, the period for which the environmental authorisation is required and the date on which the activity will be concluded and the post construction monitoring requirements finalised; | Chapter 7 |
| (s) an undertaking under oath or affirmation by the EAP in relation to— | Appendix B |
| (i) the correctness of the information provided in the reports; | Appendix B |
| (ii) the inclusion of comments and inputs from stakeholders and I&Aps; | Appendix B |

| REGULATORY REQUIREMENTS IN TERMS OF REGULATION 21 OF GN 982<br><br>SECTION 3 | SECTION IN REPORT |
|---|---|
| (iii) the inclusion of inputs and recommendations from the specialist reports where relevant; and | Appendix B |
| (iv) any information provided by the EAP to interested and affected parties and any responses by the EAP to comments or inputs made by interested or affected parties; | Appendix C – H |
| (t) where applicable, details of any financial provision for the rehabilitation, closure, and ongoing post decommissioning management of negative environmental impacts; | N/A<br><br>Appendix J |
| (u) an indication of any deviation from the approved scoping report, including the plan of study, including— | N/A |
| (i) any deviation from the methodology used in determining the significance of potential environmental impacts and risks; and | N/A |
| (ii) a motivation for the deviation; | N/A |
| (v) any specific information that may be required by the competent authority; and | N/A |
| (w) any other matters required in terms of Section 24(4)(a) and (b) of the Act. | N/A |

The environmental attributes associated with the development footprint alternatives focusing on the geographical, physical, biological, social, economic, heritage and cultural aspects are further discussed in section 3.7 to 3.9 of the report,

# 2 PROJECT DESCRIPTION

This chapter provides an overview of the conceptual project design and an overview of the site and technology selection process for the proposed MMSEZ site.

The purpose of this chapter is to present sufficient project information to inform the EIA process in terms of design parameters applicable to the project. However, the project description (and design) used in this EIA process assumes a worst-case scenario, where the maximum development footprint and requisite infrastructure is considered. Consequently, should any changes in project design be affected, such changes will only serve to reduce the overall infrastructure requirement and/or development footprint. The facilities illustrated below indicate proposed infrastructure for the metallurgical hub and once the investors for the proposed site have been confirmed, they will have to undertake their own respective environmental impact assessments for their respective plants. The current layout is indicative; however, it assumes cumulative impacts for such a type of development on the designated site.

## 2.1 SITE SELECTION AND VEGETATION CLEARANCE

The strategic location of the MMSEZ South site and its close proximity to the main land-based route into SADC and the African continent, together with supporting incentives and a good logistics backbone, makes it the location of choice for investment in the mineral beneficiation and agro-processing industries, and provide job opportunities to the Limpopo Province which is currently in need of jobs and skills development.

Vegetation clearance will be limited to make provision for the construction and installation of bulk service infrastructure as listed below and to secure the site through fencing.

## 2.2 PROPOSED BULK SERVICES OVERVIEW

### 2.2.1 WATER SUPPLY

Water will be sourced from groundwater and the Nzhelele Dam for this project. Bulk/rising mains will need to be installed to connect and pump water from the source to the water treatment plant that will need to be constructed at an identified location. Water from the treatment plant could then be pumped under pressure into the elevated water storage facilities (tanks) and/or reservoir(s), which will then feed the water reticulation network within the proposed MMSEZ South site. The new water reticulation network will consist of bulk mains and feeders, pump stations (if required), and link pipework that will cater for the proposed MMSEZ South site developments.

Cognisance must be taken of the potential for recycling and the use of water in the most efficient way, as well as any potential losses due to leaks or inefficiencies.

The accurate determining of the annual water demand for the complete development as well as the identification of a sustainable water source and supply was a subject matter and investigated by Matukane & Associates. Please refer to Appendix U. It is noted that any further develop on the MMSEZ South site will require a more sustainable water source.

### 2.2.2 SANITATION AND SEWER

It is proposed that a new sewer bulk treatment and reticulation system will be constructed. The reticulation will comprise of outfall sewers, rising mains, pump stations, link sewers and collector pipes to cater for the proposed MMSEZ South site developments.

The peak sewerage discharge from the proposed MMSEZ South site development will be calculated during the preliminary design stage once a Site Development Plan has been agreed upon with the applicant and submitted to the relevant local authorities for approval. This study was undertaken by Matukane & Associates and Delta Built Environment Consultants (Pty) Ltd. Please refer to Appendix U and Appendix V.

### 2.2.3 STORMWATER DRAINAGE

The stormwater drainage of the site will be designed in accordance with the stormwater management/attenuation policy of the Musina and Makhado Local Municipalities as well as the Stormwater Management Best Practice Guideline by the DWS[5]. It is anticipated that stormwater from road carriageways and other impervious areas will be attenuated so that the post development flows do not exceed the pre-development flows for both 1 in 5-year and 1 in 25-year return periods. Therefore, on-site attenuation needs to be provided and the outflow from the required structures will discharge to the surface. The appropriate erosion measures are addressed in the EMPr.

### 2.2.4 BULK RESERVOIRS

It is suggested that treated water from the Water Treatment Plant should be pumped under pressure into the elevated water storage facilities or reservoir(s), which then feeds the water reticulation network within the proposed MMSEZ South site.

### 2.2.5 WATER TREATMENT

A new water treatment plant will be constructed to accommodate the water demand that would be generated from the proposed MMSEZ South site developments. The water treatment plant storage volume will be calculated once the peak water demand has been determined and confirmed. Please refer to

[5] http://www.dwaf.gov.za/Documents/Other/WQM/BPG_G1StormWaterAug06.pdf

currently undeveloped and unoccupied and the absence of mining rights and pending land claims on the designated MMSEZ South site eliminate land disputes which can potentially damage the investment case for MMSEZ South site.

Cabinet approved the location and designation of the MMSEZ South site in July 2017 (LEDA, 2017) and the Department of Trade and Industry (DTI) designated the MMSEZ South on 01 December 2017.

**Due to the proclamation, alternative properties and locations for the site were not assessed.**

### 5.1.2 ALTERNATRIVE SITE LAYOUTS

#### 5.1.2.1 Layout Option 1: Exclusion of the Eco estate from the MMSEZ South Site

An uncompleted eco-housing estate is located on the southern part of the far Lekkerlag 580 MS. Refer to Figure 5-1: MMSEZ South site Layout 1 with location of the eco estate. Should this area be excluded from the project site at least a third of the area for development will be excluded from the site forcing development to take place on more sensitive habitats in the north such as drainage line and wetlands. **For this reason, Layout 1 is not supported.**

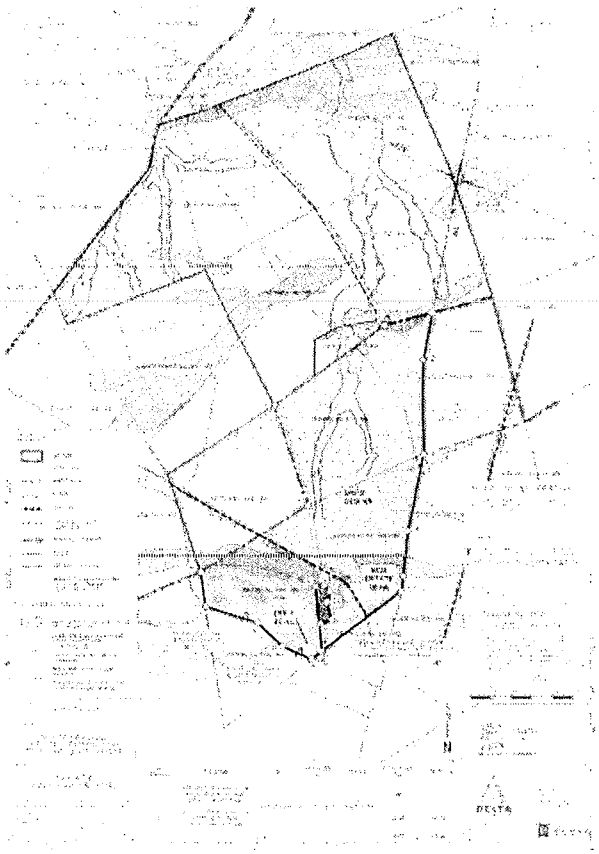


Figure 5-1: MMSEZ South site Layout 1 with location of the eco estate

### 5.1.2.2 Layout Option 2: Development of whole MMSEZ South Site

Layout 2 entail the development of the whole site (8013.91ha) for the development of the metalurgical hub. The plan is based on optimal land use of the site and does not consider sensitive ecological areas such as wetlands or extending ecological corridor links with adjacent properties. It does not take into consideration the recommendations that were made by the ecological specialists and the updated biodiversity251-offset report that require some sensitive areas to be avoided. **Therefore, this layout option is not supported.**

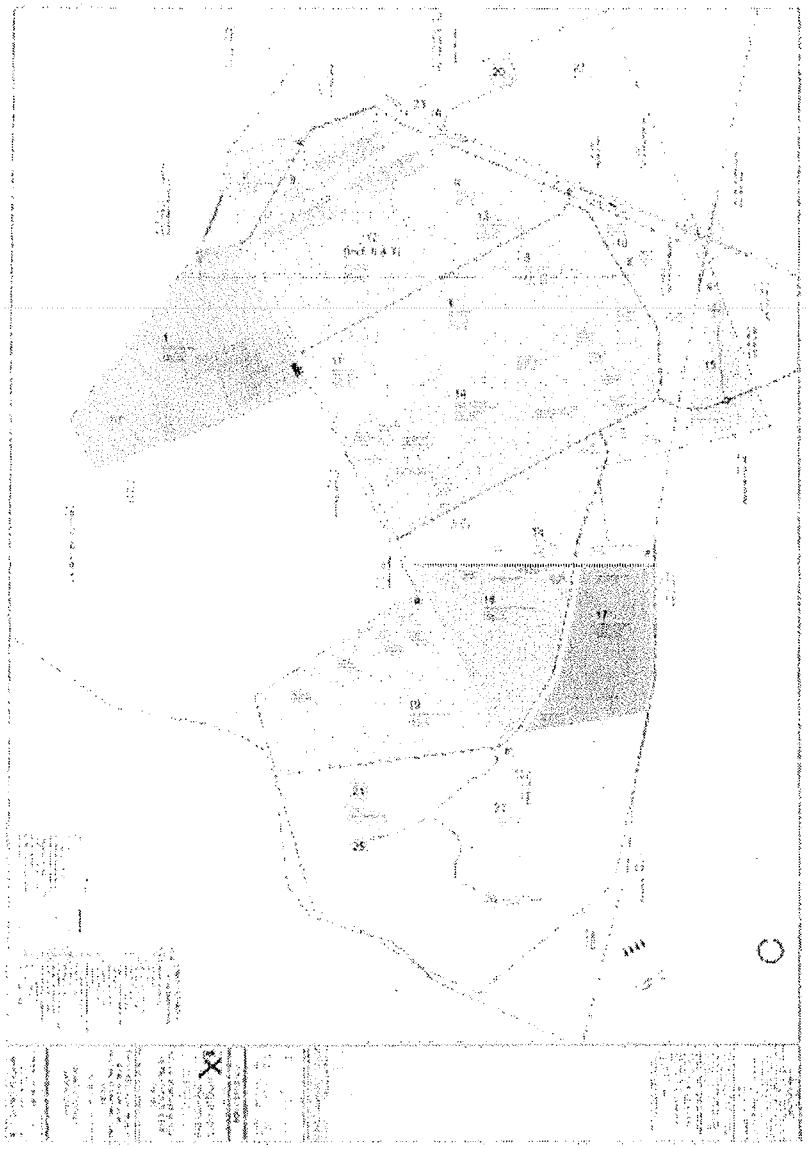


**Figure 5-2: MMSEZ South site Layout 2 Draft Master Plan**

### 5.1.2.3 Layout Option 3: Development plan of MMSEZ South Site aligned with conservation plan and exclusion of certain sensitive areas as per the specialist requests

The project is in an area classified as Musina Mopane Bushveld. The area earmarked for the SEZ is not located within either a formal or informal protected area and is listed as a least threatened ecosystem and not protected. The project area transverses large transects of areas designated as Ecological Support Areas 1 and to a lesser extent Ecological Support Areas 2. Therefore, it is advised to implement the mitigation hierarchy as best practise for managing the risks.

Layout 3 ential the overall reduction in the footprint of the proposed project, ensuring that sensitive habitata are avoided and the key ecological linkages are maintained with adjacent properties.

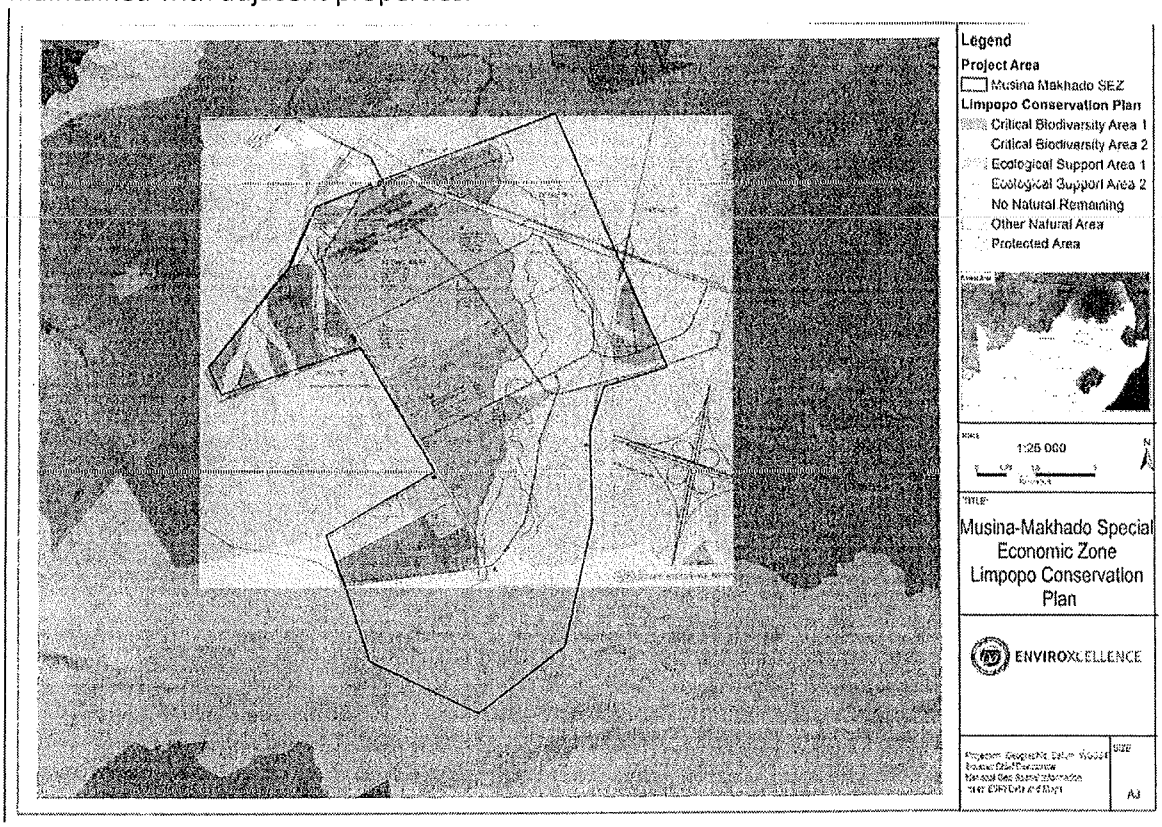



**Figure 5-3: MMSEZ South site Layout 3 that make provision for avoiding sensitive areas**

**Based on the mitigation hierarchy that has been incorporated into the revised footprint, Layout 3 is recommended.**

### 5.1.3 ALTERNATIVE DESIGNS

The proposed project entails the installation of bulk services such as roads, pipelines, water and sewerage treatment plants, electricity supply and fencing. Three options for the road surface have been assessed. These include gravel roads, asphalt (tarred) and permeable roads.

#### 5.1.3.1 Gravel roads

Dust is an almost inevitable consequence of roadwork. Gravel and crushed gravel and hard rock aggregates always contain a proportion of fines, and if the material is dry, a fairly heavy dust cloud can be raised when it is utilised on a regular basis. The resulting dust can disturb both the population and the local environment.

Due to the anticipated high usage of the road (i.e. for future industrial trucks and machinery) it is **not recommended** to construct gravel roads for the project.

#### 5.1.3.2 Asphalt or concrete roads (impermeable)

Concrete is made using aggregate (like crushed rock and sand), along with cement and water. The cement acts as the binder in concrete, holding the aggregate together. Asphalt and concrete pavements do not leach; therefore, once constructed, the pavements have minimal impact on the environment. Concrete and asphalt roads are less prone to wear and tear defects and can handle heavy traffic.

As the project area will be divided into industrial zones, residential zones and offices **it is recommended that impermeable roads be built in areas that will be utillised by industries**. This will ensure that spillages are contained and managed on-site.

#### 5.1.3.3 Permeable roads

Permeable paving includes a variety of surfacing techniques for roads, parking lots, and pedestrian walkways, unified under the common goal to allow for infiltration of stormwater runoff. Permeable pavement surfaces typically include pervious concrete, porous asphalt, paving stones and interlocking pavers.

Unlike traditional impervious paving materials, permeable paving systems allow stormwater to percolate and infiltrate through the pavement and into the aggregate layers and/or soil below. In addition to reducing surface runoff, permeable paving systems can trap suspended solids, thereby filtering pollutants from stormwater. The goal is to control stormwater at the source, reduce runoff and improve water quality by filtering pollutants in the subsurface layers.

For the above reason it is recommended that permeable roads and sidewalks be constructed in areas where low traffic and mostly pedestrians are anticipated. These will include walkways, car park areas, residential areas and parks.

### 5.1.4 THE OPTION OF NOT IMPLEMENTING THE ACTIVITY

The MMSEZ South site is regarded as valuable economic growth point for the Province of Limpopo. It has been designated as a metallurgical industrial hub for South Africa. Should the proposed development not proceed, the region will lose its opportunity to diversify its predominantly mining economy. Anticipated jobs and secondary employment from the MMSEZ South site will not be realised and the region will continue to have a high level of poverty, unemployment and underdevelopment.

Coking coal and other minerals of the region will continue to be mined and exported for beneficiation in other regions or locations with the associated environmental cost of transport where it could contribute to employment creation.

No development will result in the fact that the Limpopo Provincial, District and Local Plans aimed at addressing the challenges faced by the province, will not be able to be implemented - that will have a negative impact on the following:

- creating jobs and to alleviate poverty in the Limpopo Province, especially also within the Vhembe region and District Municipality area.
- the use and beneficiation of available mineral resources within the province to the benefit of the provincial population and South Africa, instead of the continuous export of raw materials, with limited localised benefits.
- promoting inclusive economic growth and human development also especially for the youth, within the province and the district, and
- developing infrastructure not only for the SEZ but for improving service delivery to the local communities within the Vhembe region.

## 5.2 CONCLUDING STATEMENT ON ALTERNATIVES

**Location:**

The MMSEZ South site (Site 4) offers the best location and largest economic benefits for the establishment of the special economic zone (SEZ) than any other potential sites such as Tubatse and Lephalale in the Limpopo province.

The area's competitive advantage lies primarily on its geographic location on the N1 north-south corridor and its close proximity to the Johannesburg-Beit Bridge railway line. This provides excellent local, regional and international road and railway connectivity for transportation of both input materials and finished products to markets in the rest of South Africa and SADC countries. The MMSEZ South site's close proximity to minerals (coal, chrome) used in steel manufacturing together with its linkages with Limpopo Province's existing road network (N1, N11, R555, R521, R37) provide the metallurgical cluster of the SEZ with a cost competitive advantage for its products.

**Layout:**

Layout Option 3: Development plan of MMSEZ South Site is aligned with regional conservation plans and exclude sensitive areas as per the specialist requests. It also provide the the opportunities for off sets as recommended by the updated Biodiversity Offset Report.

**Roads:**

In terms of roads, it is advised that impermeable roads be constructed in areas where future industries will be established to assist with spillage managmement and that permeable roads are used in other (e.g. residential) areas.

# 6 IMPACT ASSESSMENT

## 6.1 ENVIRONMENTAL IMPACT ASSESSMENT

The scoping phase of an S&EIR process is aimed to identify those potential impacts that are most likely to be significant and which need to be assessed as part of the S&EIR process. The determination of anticipated impacts associated with the proposed project is a key component to the S&EIR process. This chapter identifies the perceived environmental and social effects associated with the proposed project.

The issues identified stem from those aspects presented in Chapter 4 of this document as well as the project description provided. Each significant issue identified is to be investigated further during the S&EIR process.

The impact assessment will be based on the land clearance in order to set up the SEZ before the individual business activities apply for a space on the SEZ. The impacts associated with the individual business activities on the SEZ will be assessed when they run their own environmental authorisation processes. This section will only look at the land clearance and the setting up of the service infrastructure to serve the SEZ including water, stormwater and sewer pipelines as well as powerlines, electrical substations and roads within the SEZ boundary. The impact assessment does include the cumulative impacts associated with such a proposed development for each specialist study and all plants together.

Furthermore, the impact assessment is based on the construction and operational phase only. All closure-related impacts will be assessed when the individual businesses conduct authorisation activities before closure.

Table 6-1: Impact assessment for the construction phase of the project

| Aspect | Mitigation Measures | Status | Mitigation | Reversibility | Extent (E) | Duration (D) | Magnitude | Probability (P) | Significance (E+D+R+M)xP |
|---|---|---|---|---|---|---|---|---|---|
| **ATMOSPHERIC EMISSIONS** | | | | | | | | | |
| **Climate change** | **Mitigation:** It is proposed that the environmental authorisations for the individual plants in the SEZ specify that the maximum emission intensities for the plants to be built is as would be required by the science-based target trajectories for 2030. This recommendation is based on the required decarbonisation rate for the global economy as well as the assumption that the new plants will not be retrofitted during the first 10 years of operation. | - | **Without** | 5 | 5 | 5 | 5 | 5 | 100 |
| | | | **With** | 5 | 5 | 5 | 5 | 5 | 100 |
| **Emissions from vehicles and equipment ($CO_2$, NOx, SOx, VOCs etc.)** | **— Ensure that all vehicles and machines are adequately maintained to minimise exhaust emissions.** | - | **Without** | 5 | 3 | 5 | 5 | 5 | 90 |
| | | | **With** | 5 | 3 | 5 | 4 | 4 | 68 |
| **POLLUTANTS INTO THE WATER** | | | | | | | | | |
| **Sewage** | **Use of chemical toilets to workers. Not using the bush for toilet facilities. 1 toilet to 20 workers.** | - | **Without** | 3 | 2 | 2 | 3 | 4 | **40** |
| | | | **With** | 3 | 2 | 2 | 3 | 3 | **30** |
| **Siltation** | **— Clear the approved areas on the site in accordance to the authorisation that is granted.** | - | **Without** | 5 | 3 | 4 | 4 | 5 | 80 |

**Africa's carbon budget. The impact on the emission inventory of the country is therefore VERY HIGH (negative).**

When considering the impact score for the construction phase, the impact score will be **High**. This is independent of the magnitude of the GHG emissions. However, these emissions pale in comparison to the operational emissions that will result from the proposed MMSEZ South site and various activities planned within.

Although the impact of the activities associated with operational phase of the MMSEZ South site is considered to be **HIGH** with a magnitude impact (in terms of the specialist climate change assessment methodology) of **VERY HIGH** in terms of the country's emission inventory, such impact has been considered within the context of the provisions of the Thabametsi case, as well as the relevant regulatory requirements relating to South Africa's energy sector, climate change commitments and social context.

- The contextual consideration of the project aligns with the requirements of Section 240(1) of NEMA which provides that the Minister must comply with the Act, and must "take into account all relevant factors." At the time of drafting the report, the IRP 2010-2030 was the binding policy determining South Africa's electricity mix.
- However, since the adoption of the IRP 2010, South Africa has made numerous climate change commitments in its NDC, and as such, the IRP 2010 is premised on facts that are outdated when considering more recent policy developments and commitments.

Therefore, **environmental authorisation of the thermal coal fired power plant cannot be granted merely based on the fact that the IRP 2010 allows for energy to be procured from coal. Additional factors such as the project's overall impact in relation to other factors such as South Africa's NDC and South Africa's Peak Plateau Decline (PPD) emission trajectory must be considered.**

Based on the above, and considering the relevant regulatory factors which includes, but is not limited to South Africa's NDC, the Peak Plateau Decline (PPD) emission trajectory as well as the outdated nature of the Integrated Resource Plan 2010, the various activities planned as part of the MMSEZ South site should not be implemented, unless the following can be met:

- **If the individual processes within the MMSEZ South site are built according to the SBTi intensities identified in the report** (see Section 7.3.7 Climate change), then emissions of the project could be reduced by approximately 10 million tonnes per year, to a total emission of 24 million tonnes per year.

In the light of the above, our recommendations for the project are:

- Environmental authorisations for the individual plants in the MMSEZ South site should only be granted if the following emission intensities can be achieved:

Table 6-66: Proposed emission intensities for future developments

| Plant | 2°C target intensities for 2030 |
|---|---|
| **Coke Plant** | 0.21 $tCO_2e$/tonne product |
| **Ferrochrome plant** | 3.37 $tCO_2e$/tonne product |
| **Ferromanganese plant** | 3.37 $tCO_2e$/tonne product |
| **Silicon-manganese plant** | 5.18 $tCO_2e$/tonne product |
| **Carbon steel plant** | 0.37 $tCO_2e$/tonne product |
| **Stainless steel plant** | 0.78 $tCO_2e$/tonne product |
| **Lime plant** | 0.87 $tCO_2e$/tonne product |
| **Cement plant** | 0.80 $tCO_2e$/tonne clinker |
| **Sewage treatment plant** | 0.0005 $tCO_2e$/tonne water |
| **Water treatment plant** | 0.0005 $tCO_2e$/tonne water |

In addition, the environmental authorisation should require a re-assessment of the emission intensities 5 years after the start of operation of the respective plants

The construction of a coal fired thermal power plant should not be approved unless the plant is fitted with a carbon capture and storage (CCS) unit that can sequester **ALL** emissions from the combustion of coal from the starting date of operation.

Without CCS, the coal fired power station will severely reduce South Africa's ability to achieve its NDC. We make this recommendation in the context of the comment regarding the lack of feasibility of CCS as described in Section 6.2.14.4 Climate Change of the Climate Change Specialist report. In practical terms this means that approval for the coal fired thermal power plant should, in our opinion, not be granted.

**Water is of critical concern.** The study area is already severely water stressed and climatic modelling for the area indicates increased ambient temperatures, prolonged periods of drought and greater rainfall variability. These factors will exacerbate current water risks, both in South Africa and in neighbouring Zimbabwe. The impacts of climate change, as well as the potential changes in climatic parameters have, a broader impact on water sources than the immediate zone of influence. **Current water stress in the region is anticipated to be exacerbated by climate change impacts. The area is anticipated to become increasingly hotter and drier, thus the water availability in the area may be critically constrained resulting in water shortages affecting the region in its entirety.**

We are thus of the opinion that any approval of the project should be conditional upon climate change and detailed climate change modelling being considered in the ground water and surface water studies done for the project.

In addition, we suggest that **any approval of the project should be conditional upon an overall water risk analysis of the region (Limpopo Province) being conducted, with specific reference to the proposed MMSEZ South site project.** This is to identify the broader water stress and possible pollution risks posed by the proposed MMSEZ South site, which will be exacerbated by the impacts of climate change in the Province. It is advised that a regional perspective be developed with regards to water resources in the Province, current land use change patterns, existing water uses and climate change. This will allow for more informed decision-making related to the development of the proposed MMSEZ South site.

The Vhembe District Municipality has a highly vulnerable population in terms of climate change. This population is characterised by high levels of unemployment and low levels of education. In addition, there are significant service delivery backlogs within the area. Climate change could worsen the socio-economic conditions of these communities, as could an increased influx of people to this area as a result of this proposed project. In addition, due to the location and scale of the MMSEZ South site, and given the vulnerability of communities in Zimbabwe and Mozambique, the study area could see an increase in migratory job-seekers. This will further compound social pressures.

The potential impacts of climate change in this area, within the context of this project, such as increasing temperatures, prolonged periods of drought, biodiversity and agricultural loss and significant water related constraints, could entrench the vulnerability of people in the area. This will increase poverty and prevent communities from building climate resilience, specifically in the long-term.

## 6.2.8 AIR QUALITY ASSESSMENT

### 6.2.8.1 Findings of the air quality assessment

#### *6.2.8.1.1 Air Quality Receptors*

In accordance with the Regulations Regarding Air Dispersion Modelling (DEA, 2014), hospitals, clinics, and schools were identified as air quality receptors (AQRs) and were included in the dispersion model setup as discrete receptors. The MMSEZ South site is proposed for development in a relatively sparely populated area to the west of the N1 national highway between Makhado and Musina. A total of 183 receptors were identified in the domain, including residential settlements and schools, of which 21 receptors are within 10 km of the centre of the MMSEZ South site. The closest residential settlement (Steenbok) is located approximately 0.4 km to the south-west of the MMSEZ South site centre point. Three residential settlements are located within the MMSEZ South site study area boundary.

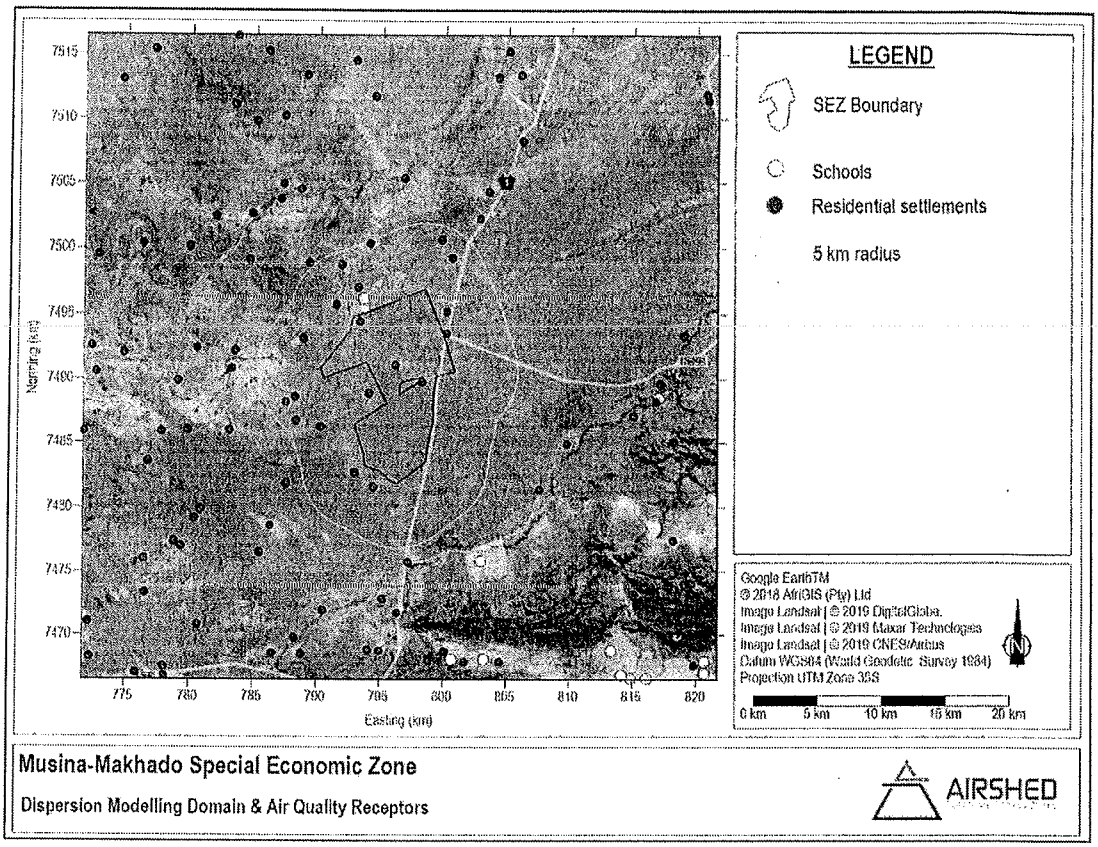



**Figure 6-70: Map of the dispersion modelling domain and AQRs surrounding the MMSEZ South site**

**Table 6-67: List of nearest AQRs**

| Receptor ID | Receptor Name | Receptor type | Distance from centre of site (km) | Direction from site |
|---|---|---|---|---|
| 155 | Steenbok | Residential settlement | 0.4 | SW |
| 159 | Somme | Residential settlement | 2 | SE |
| 149 | Grootpraat | Residential settlement | 3 | SW |
| 162 | Bokmakierie | Residential settlement | 4 | ENE |
| 147 | Van der Bijl | Residential settlement | 4 | NW |
| 163 | Masiripari | Residential settlement | 5 | NE |
| 5 | Mopane Intermediate School | School | 6 | NNW |
| 146 | Erasmus | Residential settlement | 7 | NNW |
| 142 | Volharding | Residential settlement | 7 | NW |
| 137 | Hermanus | Residential settlement | 8 | WNW |
| 140 | Command | Residential | 8 | SW |

| Receptor ID | Receptor Name | Receptor type | Distance from centre of site (km) | Direction from site |
|---|---|---|---|---|
| | | settlement | | |
| 133 | Du Toit | Residential settlement | 9 | WSW |
| 143 | Kitchener | Residential settlement | 9 | NNW |
| 164 | Emery | Residential settlement | 9 | NNE |
| 148 | Swartrand | Residential settlement | 9 | NNW |
| 145 | Generaal | Residential settlement | 9 | SSW |
| 134 | Somerville | Residential settlement | 9 | WSW |
| 130 | Fraure | Residential settlement | 10 | WSW |
| 160 | Barend | Residential settlement | 10 | NNE |
| 152 | Joffre | Residential settlement | 10 | SSW |
| 139 | Kitchener | Residential settlement | 10 | NW |

### 6.2.8.2 Status Quo Ambient Air Quality

#### *6.2.8.2.1 Existing Sources of Air Pollution in the Area*

The main sources of existing air pollution include the following:

- Mining activities, especially coal mines;
- Agricultural activities, both commercial and subsistence farming;
- Transportation Activities:
    - Vehicle tailpipe emissions from public roads and during agricultural activities;
    - Entrained dust emissions from public and farm roads;
    - Commercial and recreational aircraft use.
- Household fuel burning;
- Biomass burning
- Wind erosion from exposed soil surfaces.
- Landfills and wastewater treatment plants

Table 6-68: Summary of air pollutants emitted from various sources in the study area

| | Particulate matter | Sulfur dioxide | Oxides of nitrogen | Carbon monoxide | Organic compounds | Heavy metals | Odorous compounds (e.g. hydrogen sulphide) |
|---|---|---|---|---|---|---|---|
| Mining operations | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Agricultural activities (excluding exhaust emissions) | ✓ | | | | ✓ | | ✓ |
| Transport (motor vehicles, railway, and aircraft) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Household fuel burning | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Biomass burning | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Wind erosion | ✓ | | | | | | |
| Landfills | ✓ | | | | ✓ | | ✓ |
| Wastewater treatment plants | | | | | ✓ | | ✓ |

### 6.2.8.2.2 *Measured Pre-Development Air Pollutant Concentrations*

Ambient air quality monitoring is useful for management and compliance assessment. Ambient monitoring locations within the Vhembe District Municipality as reported in the Limpopo AQMP (Albertyn, Bird, Liebenberg-Enslin, & Modisamongwe, 2013).

Table 6-69: Air quality monitoring stations across Vhembe District Municipality

| Station name | Latitude (°S) | Longitude (°E) | Status | Monitoring period | Pollutants measured | Sampler type |
|---|---|---|---|---|---|---|
| Louis Trichardt | -23.04438 | 29.90474 | Unknown | 1994 – present? | $SO_2$, $NO_x$, $NH_3$, $O_3$ | Passive |
| Makwarela Township | -22.94488 | 30.49811 | Active | July 2012 | $SO_2$, $NO_2$, $O_3$ | Passive |
| Vhembe DM office complex | -22.96726 | 30.45855 | | | $SO_2$, $NO_2$, $O_3$, BTEX | |
| Shayandima Clinic | -22.00531 | 30.42688 | | | $SO_2$, $O_3$ | |
| LEDET Mobile unit – Musina (to capture border traffic) | mobile | | to be deployed | | $SO_2$, $NO_x$, $PM_{10}$, $PM_{2.5}$, $O_3$ and | Continuous |

| Station name | Latitude (°S) | Longitude (°E) | Status | Monitoring period | Pollutants measured | Sampler type |
|---|---|---|---|---|---|---|
| | | | | | VOCs | |
| Tshikondeni coal mine | 18 locations | | Active | | Dust fall | Passive |

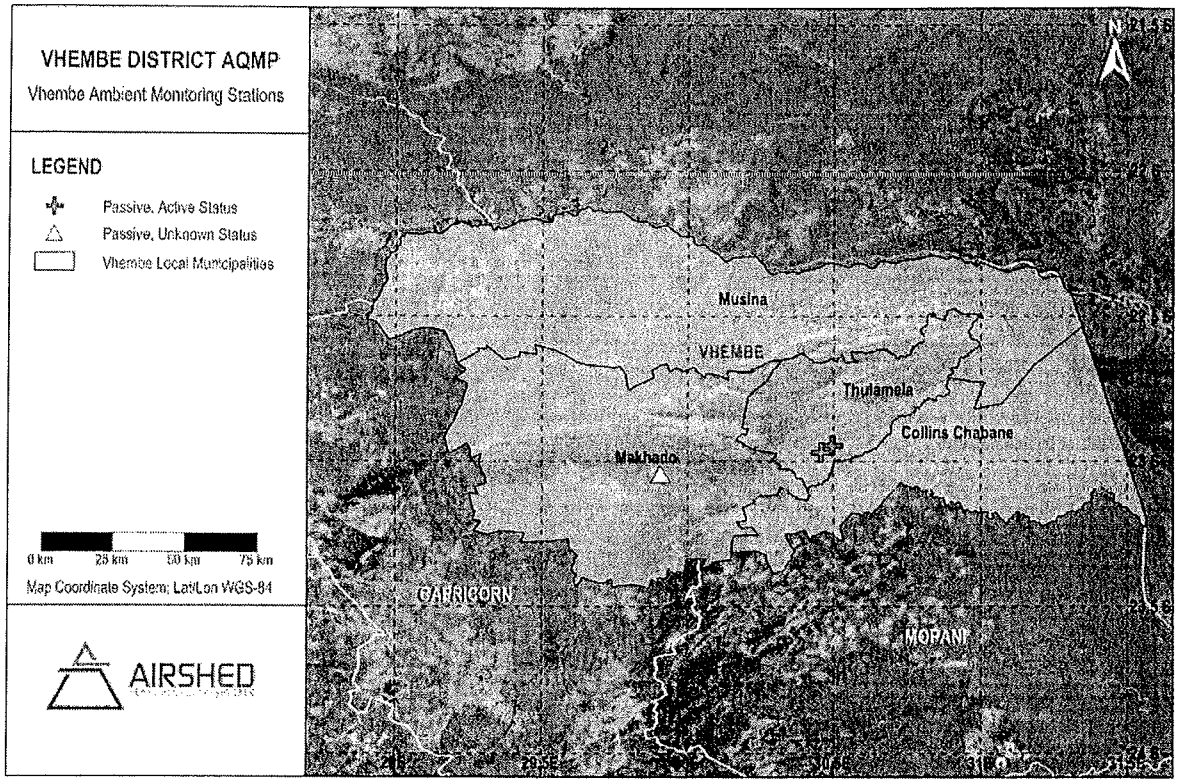



**Figure 6-71: Location of ambient monitoring stations in Vhembe District Municipality, where co-ordinates were available**

The South African Air Quality Information System (SAAQIS) aims to make information available to stakeholders, provide a common system for managing air quality in South Africa and provide uniformity in the way data; information and reporting are managed in SA. Providing near-real time ambient air quality data is one of the objectives of SAAQIS. This system was consulted for recent ambient air quality measurements in the Vhembe District; however, no permanent continuous monitoring data is available for the district via this platform. The nearest air quality monitoring stations are in Mokopane and Phalaborwa (Table 6-70. The data from these two stations were accessed, for 2017 and 2018, as an indication of the air quality near the project site.

Table 6-70: Nearest air quality monitoring stations

| Station name | Latitude (decimal degrees) | Longitude (decimal degrees) | Location |
|---|---|---|---|
| Mokopane | -24.155465 | 28.983222 | Mahwelereng Police station, Sefakoala street, Mokopane |
| Phalaborwa | -23. 932049 | 31.139471 | Frans du Toit High School. Janssen Street, Phalaborwa |

Data availability at Mokopane was good (more than 80%) (*Table 6-71*). No exceedances of the NAAQS were recorded for $NO_2$, or $SO_2$ for all applicable averaging periods (*Table 6-71*). Daily PM2.5 exceeded the allowable frequency of exceedance of the daily limit concentration in 2017, however compliance with the NAAQS is noted in 2018 (*Table 6-71*). PM10 concentrations were in non-compliance with the NAAQS over both years (*Table 6-71*).

*Table 6-71: Summary of ambient air quality monitoring data at Mokopane AQMS (concentration units:ppb)*

| Period | Availability | Hourly Maximum Concentrations | Annual Average | No of recorded hourly exceedances |
|---|---|---|---|---|
| $NO_2$ | | | | |
| 2017 | 86% | 51.0 | 6.8 | - |
| 2018 | 98% | 55.0 | 7.1 | - |
| $SO_2$ | | | | |
| 2017 | 86% | 25.3 | 1.7 | - |
| 2018 | 90% | 33.7 | 1.8 | - |
| $SO_2$ | | | | |
| 2017 | 86% | 11.3 | 1.7 | - |
| 2018 | 90% | 9.9 | 1.8 | - |
| $PM_{10}$ | | | | |
| 2017 | 82% | 212.3 | **61.6** | **93** |
| 2018 | 96% | 343.0 | **66.1** | **116** |
| $PM_{2.5}$ | | | | |
| 2017 | 80% | 74.2 | 19.3 | **12** |
| 2018 | 94% | 46.7 | 16.0 | 4 |

At Phalaborwa the data availability was low (less than 60%, except for $NO_2$ in 2018; 64%) (Table 6-72). Despite limited data availability the exceedances of the hourly $SO_2$

and daily $PM_{2.5}$ in 2018 resulted in non-compliance with the NAAQS Table 6-72). $NO_2$ and $PM_{10}$ concentrations were compliant with NAAQS Table 6-72).

**Table 6-72: Summary of ambient air quality monitoring data at Phalaborwa AQMS (concentration units: ppb)**

| Period | Availability | Hourly Maximum Concentrations | Annual Average | No of recorded hourly exceedances |
|---|---|---|---|---|
| $NO_2$ | | | | |
| 2017 | 51% | 390.0 | 1.5 | 3 |
| 2018 | 64% | 258.0 | 1.6 | 3 |
| $SO_2$ | | | | |
| 2017 | 51% | 424.0 | 4.5 | 25 |
| 2018 | 50% | 525.0 | 19.7 | **103** |
| **Period** | **Availability** | **Daily Maximum Concentrations** | **Annual Average** | **No of recorded daily exceedances** |
| $SO_2$ | | | | |
| 2017 | 51% | 320.0 | 4.5 | - |
| 2018 | 50% | 520.9 | 19.7 | 1 |
| $PM_{10}$ | | | | |
| 2017 | 0% | - | - | - |
| 2018 | 28% | 154.8 | 31.5 | 3 |
| $PM_{2.5}$ | | | | |
| 2017 | 0% | - | - | - |
| 2018 | 28% | 89.4 | 16.0 | **9** |

### 6.2.8.3 PROPOSED SEZ EMISSIONS INVENTORY

In the quantification of emissions, use was made of National Minimum Emission Standards (NMES), similar operations stack parameters and emission factors which associate the quantity of a pollutant to the activity associated with the release of that pollutant. A summary of the sources of emission associated with the proposed storage, handling, processing and transport considered in the study are provided in Table 6-73. Detailed information on the emission factors and fundamental design information used in the study to quantify emissions is provided in Table 6-73 and Table 6-74.

**Table 6-73: Sources of air pollution emissions**

| Source | Potential Air Pollutants | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CO | NOx | $SO_2$ | $Mn^{(a)}$ | $Cr^{6+}$ | $H_2S$ | $NH_3$ | $PM_{2.5}$ | $PM_{10}$ | TSP |
| Railway transport | | | | | | | | x | x | x |
| Vehicles travelling on paved roads | | | | x | | | | x | x | x |
| Road transport exhaust | x | x | x | | | | | x | x | x |
| Material transfer points | | | | x | | | | x | x | x |

| Source | Potential Air Pollutants | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | CO | NOx | $SO_2$ | Mn[a] | $Cr^{6+}$ | $H_2S$ | $NH_3$ | $PM_{2.5}$ | $PM_{10}$ | TSP |
| Storage facilities | | | | x | | | | x | x | x |
| Power production | x | x | x | | | | | x | x | x |
| Coal cleaning | x | x | x | | | | | x | x | x |
| Coke production | x | x | x | | | x | | x | x | x |
| High vanadium steel production | x | x | x | | | | | x | x | x |
| Manganese steel production | x | x | x | x | | | | x | x | x |
| Ferromanganese production | x | x | x | x | | | | x | x | x |
| Silicon manganese alloy production | x | x | x | x | | | | x | x | x |
| Domestic waste handling | | | | | | | | x | x | x |
| Cement production | x | x | x | | | | | x | x | x |
| Refectories production | x | x | x | | x | | | x | x | x |
| Stainless steel production | x | x | x | | x | | | x | x | x |
| Ferrochrome production | x | x | x | | x | | | x | x | x |
| Vanadium titanium magnetite plant | x | x | x | | | | x | x | x | x |
| Sewage treatment plant | | | | | | x | x | | | |
| Water treatment plant | | | | | | x | x | | | |

Notes:

(a) only associated with the manganese ore and manganese products transport, storage and processing operations

**Table 6-74: Emission estimation techniques and parameters for proposed operations**

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| Construction | US EPA emission factor (US EPA, 1995)<br>$EF = k \cdot 2.69$<br>Where<br>EF is the emission factor in t/ha-month<br>k is the particle size multiplier ($k_{TSP}$ – 1, $k_{PM10}$ – 0.35, $k_{PM2.5}$ – 0.18) | A total infrastructure/disturbed area of 8 000 ha was estimated from the internal masterplan. It was assumed that 33.3% of this area would be under construction at any given point in time. It is assumed that roads will likely be unpaved for the majority of the construction period.<br>**Hours of operation:** 7 days per week, 24-hours per day.<br>**Design mitigation:** None.<br>**Additional mitigation:** Dust management and water sprays. |
| Source | Emission Estimation Technique | Notes |
| Railway transport | | Insufficient data – not quantified.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design Mitigation: Unknown. |
| Vehicles travelling on paved roads | US EPA emission factor equation (US EPA, 2011)<br>$EF = k \cdot (sL)0.91 \cdot (W)1.02$<br>Where<br>EF is the emission factor in g/vehicle kilometer travelled (VKT) | Insufficient data – not quantified.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design Mitigation: Unknown. |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| | k is the particle size multiplier (kTSP – 3.23, kPM10 – 0.62, kPM2.5 – 0.15)<br>sL is the road surface material silt loading in g/m2<br>W is the average weight vehicles in tonnes | |
| **Road transport exhaust** | NPI single valued emission factors (ADE, 2008) PM10 – 3.63 x 10-3 kg/l<br>PM2.5 – 3.33 x 10-3 kg/l<br>NOx – 4.44 x 10-2 kg/l<br>SO2 – 2.40 x 10-5 kg/l<br>CO – 1.85 x 10-2 kg/l | Insufficient data – not quantified.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design Mitigation: Unknown. |
| **Material transfer points** | US EPA emission factor equation (US EPA, 2006)<br>$EF = k \cdot 0.0016 \cdot ( \quad ) \cdot ( )$<br>2.3 2<br>Where<br>EF is the emission factor in kg/tonne material handled<br>k is the particle size multiplier (kTSP – 0.74, kPM10 – 0.35, kPM2.5 – 0.053)<br>U is the average wind speed in m/s<br>M is the material moisture content in % | The number of handlings steps (loading, off-loading and conveyor transfer points) and material handling rates used in the estimation of emissions were calculated based on the amount of materials handled per operation.<br>An average wind speed of 3.97 m/s was determined from the WRF data set.<br>A moisture content of 0.1% was assumed.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design Mitigation: None. |
| **Storage facilities** | NPI single valued emission factors Invalid source specified.<br>TSP – 0.4 kg/ha-h PM10 – 0.2 kg/ha-h<br>PM2.5 – 0.1 kg/ha-h (assumed) | Insufficient data – not quantified.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design Mitigation: None. |
| **Power production** | Boiler operations Subcategory 1.1 NMES. PM – 50 mg/Nm³<br>NOx expressed as NO2 – 750 mg/Nm³ SO2 – 500 mg/Nm³<br>Conservatively assumed all PM is 2.5 µm or smaller.<br>CO - US EPA single valued emission factor for FBC, circulating bed of 9 kg/t coal (US EPA, 1998) | 4 x 600 MW boiler stacks parameters: stack height above ground = 120 m; stack tip diameter = 8 m; exit velocity = 13.5 m/s; temperature = 418 K.<br>2 x 300 MW boiler stacks parameters: stack height above ground = 120 m; stack tip diameter = 6 m; exit velocity = 13.5 m/s; temperature = 418 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| **Source** | Emission Estimation Technique | Notes |
| **Coal cleaning** | Crushing and Screening<br>NPI single valued emission factors for low moisture ore (ADE, 2012)<br>TSP – 0.2 kg/tonne (primary), 0.0 kg/tonne (screening)<br>PM10 – 0.02 kg/tonne (primary), 0.0 kg/tonne (screening)<br>PM2.5 – assumed to be 0.01 kg/tonne (primary), | Crushing and screening rate ~1 231 t/h<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: None. |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| | 0.0 kg/tonne (screening) | |
| | Dryer operations Subcategory 4.1 NMES. PM – 50 mg/Nm³<br>NOx expressed as NO2 – 500 mg/Nm³<br>$SO_2$ – 1 000 mg/Nm³<br>Conservatively assumed all PM is 2.5 µm or smaller.<br>CO – conservatively assumed US EPA single valued emission factor for multilouvered dryer $CO_2$ emission of 320 kg/t (US EPA, 1995) | 3 x fluidised bed dryer stacks parameters: stack height above ground = 10 m; stack tip diameter = 2 m; exit velocity = 2.5 m/s; temperature = 313 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| **Coke production** | "Furnace" operations | 3 x furnace stacks parameters: stack height above ground = 110 m; stack tip diameter = 3 m; exit velocity<br>= 2.56 m/s; temperature = 403 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | Subcategory 3.2 NMES. | |
| | H2S – 7 mg/Nm³ | |
| | US EPA single valued emission factors for Coke Production, uncontrolled (raw COG) (US EPA, 2008): | |
| | PM – 0.2 kg/t | |
| | NOx - 0.82 kg/t | |
| | $SO_2$ - 1.47 kg/t | |
| | CO – 0.3 kg/t | |
| | Conservatively assumed all PM is 2.5 µm or smaller. | |
| **High vanadium steel production** | Blast furnace operations Subcategory 4.8 NMES. | 3 x furnace stacks parameters: stack height above ground = 35 m; stack tip diameter = 2 m; exit velocity =<br>35.83 m/s; temperature = 343 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | PM – 530 mg/Nm³ | |
| | NOx expressed as $NO_2$ – 500 mg/Nm³ | |
| | SO2 – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO - conservatively assumed US EPA single valued emission factor for basic oxygen furnace of 69 kg/t (US EPA, 1986). | |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| **Manganese steel production** | Blast furnace operations Subcategory 4.8 NMES. | 3 x furnace stacks parameters: stack height above ground = 35 m; stack tip diameter = 2 m; exit velocity = 35.83 m/s; temperature = 343 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | PM – 530 mg/Nm³ | |
| | NOx expressed as NO2 – 500 mg/Nm³ | |
| | $SO_2$ – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO - conservatively assumed US EPA single valued emission factor for basic oxygen furnace of 69 kg/t (US EPA, 1986). | |
| **Source** | Emission Estimation Technique | Notes |
| **Ferromanganese production** | Furnace operations<br>Subcategory 4.9 NMES. | 3 x furnace primary stacks parameters: stack height above ground = 55 m; stack tip diameter = 1 m; exit velocity = 7.2 m/s; temperature = 318 K.<br>3 x furnace secondary stacks parameters: stack height above ground = 30 m; stack tip diameter = 1.8 m; exit velocity = 57.2 m/s; temperature = 307 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | PM – 50 mg/Nm³ (primary fume extraction for closed furnaces) | |
| | PM – 50 mg/Nm³ (secondary fume extraction for all furnaces) | |
| | NOx expressed as $NO_2$ – 400 mg/Nm³ | |
| | $SO_2$ – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO – not estimated | |
| **Silicon manganese alloy production** | Furnace operations Subcategory 4.9 NMES. | 3 x furnace primary stacks parameters: stack height above ground = 55 m; stack tip diameter = 1 m; exit velocity = 7.2 m/s; temperature = 318 K.<br>3 x furnace secondary stacks parameters: stack height above ground = 30 m; stack tip diameter = 1.8 m; exit velocity = 57.2 m/s; temperature = 307 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | PM – 50 mg/Nm³ (primary fume extraction for closed furnaces) | |
| | PM – 50 mg/Nm³ (secondary fume extraction for all furnaces) | |
| | NOx expressed as NO2 – 400 mg/Nm³ | |
| | SO2 – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO – not estimated | |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| **Domestic waste handling** | | Insufficient data – not quantified |
| **Cement production** | Kiln operations | 3 x kiln stacks parameters: stack height above ground = 35 m; stack tip diameter = 1.6 m; exit velocity = 10.5 m/s; temperature = 373 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | Subcategory 5.4 NMES. | |
| | PM – 50 mg/Nm³ | |
| | NOx expressed as NO2 – 1 200 mg/Nm³ | |
| | SO2 – 250 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO - US EPA single valued emission factor for preheater/precalciner kiln of 1.8 kg/t (US EPA, 1995a). | |
| **Refractories production (assuming refractory bricks)** | Dryer operations<br>Subcategory 5.9 NMES. PM – 50 mg/Nm³ | Insufficient data – not quantified |
| | SO2 – 400 mg/Nm³ | |
| | HF – 50 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | NOx - US EPA single valued emission factor for rotary calciner with multiclone and | |
| | wet scrubber of 0.87 kg/t (US EPA, 1995b). | |
| | CO – not estimated | |
| **Source** | Emission Estimation Technique | Notes |
| **Stainless steel production** | Furnace operations Subcategory 4.7 NMES. PM – 30 mg/Nm³<br>NOx expressed as NO2 – 500 mg/Nm³ SO2 – 500 mg/Nm³<br>Conservatively assumed all PM is 2.5 µm or less.<br>CO - conservatively assumed US EPA single valued emission factor for basic oxygen furnace of 69 kg/t (US EPA, 1986). | 3 x furnace stacks parameters: stack height above ground = 35 m; stack tip diameter = 2 m; exit velocity = 35.83 m/s; temperature = 343 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| | Casting operations Subcategory 4.10 NMES. PM – 30 mg/Nm³<br>NOx expressed as NO2 – 400 mg/Nm³ SO2 – 400 mg/Nm³<br>Conservatively assumed all PM is 2.5 µm or less.<br>CO - conservatively assumed US EPA single valued emission factor for electric arc furnace of 0.9 kg/t (US EPA, 2009). | 1 x foundry stacks parameters: stack height above ground = 60 m; stack tip diameter = 0.9 m; exit velocity<br>= 14 m/s; temperature = 423 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| **Ferrochrome production** | Furnace operations Subcategory 4.9 NMES. | 3 x furnace primary stacks parameters: stack height above ground = 65 m; stack tip diameter = 0.75 m; exit velocity = 6.11 m/s; temperature = 623 K.<br>3 x furnace secondary stacks parameters: stack height above ground = 20 m; stack tip diameter = 1.23 m; exit velocity = 16.7 m/s; temperature = 323 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown.<br>Assumptions relating to Cr6+ emissions:<br>30% Cr in PM in cleaned furnace of gas prior to emitting to the atmosphere.<br>All Cr in cleaned furnace of gas prior to emitting to the atmosphere is in trivalent state i.e. Cr3+<br>Conversion from Cr3+ to Cr6+ during emitting to the atmosphere 0.35% (maximum) (du Preez, Beukes, & van Zyl, 2015) |
| | PM – 50 mg/Nm³ (primary fume extraction for closed furnaces) | |
| | PM – 50 mg/Nm³ (secondary fume extraction for all furnaces) | |
| | NOx expressed as NO2 – 400 mg/Nm³ | |
| | SO2 – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | Assumed furnace off-gas has 82.4% CO. | |
| **Lime production** | Kiln operations | 3 x kiln stacks parameters: stack height above ground = 60 m; stack tip diameter = 2.4 m; exit velocity<br>= 11.3 m/s; temperature = 373 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | Subcategory 5.6 NMES. | |
| | PM – 50 mg/Nm³ | |
| | NOx expressed as NO2 – 500 mg/Nm³ | |
| | SO2 – 400 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO - US EPA single valued emission factor for coal-fired rotary kiln of 0.7 kg/t (US EPA, 1998) | |

| Source | Emission Estimation Technique | Notes |
|---|---|---|
| Source | Emission Estimation Technique | Notes |
| Vanadium titanium magnetite plant | Furnace operations<br>Subcategory 4.6/4.7/4.8 NMES. | 3 x furnace primary stacks parameters: stack height above ground = 28 m; stack tip diameter = 0.32 m; exit velocity = 28.98 m/s; temperature = 373 K.<br>Hours of operation: 365 days per year, 24-hours per day.<br>Design mitigation: Unknown. |
| | PM – 30 mg/Nm³ | |
| | NOx expressed as NO2 – 500 mg/Nm³ | |
| | SO2 – 500 mg/Nm³ | |
| | Conservatively assumed all PM is 2.5 µm or less. | |
| | CO – not estimated | |
| Sewage treatment plant | | Insufficient data – not quantified |
| Water treatment plant | | Insufficient data – not quantified |

### 6.2.8.4 Impact Assessment

#### *6.2.8.4.1 Construction Phase*

The temporary nature of the construction activities, and the likelihood that these activities will be localised and on small areas at any given time, reduces the potential for significant off-site impacts. According to the Australian Environmental Protection Agency on recommended separation distances from various activities, a buffer zone of 300 m from the nearest sensitive receptor is required when quarry type operations occur without blasting and a distance of 500 m when blasting will take place (AEPA, 2000).

This may result in impacts on the Mopane Intermediate School to the north-north-east of the proposed MMSEZ South site. The closest residential receptors are located less than 500 m from the proposed MMSEZ South site. It is unclear exactly which activities would be carried out here during the construction phase. Windblown particulates may be a problem in this area, but only under conditions of high wind speeds which, based on the three-year weather dataset, is likely to occur for a short duration throughout the year. It is difficult to estimate the distance of impact, but other studies conducted reported that PM10 particles are unlikely to impact on receptors more than 1 km from the source of emissions. Larger particles of between 10 and 30 µm would settle within

500 m with coarse particles (greater than 30 µm) would deposit within 100 m from the source.

#### 6.2.8.4.2 *Operational Phase*

- Expected atmospheric emissions during the operational phase include:
    - PM, NOx, $SO_2$, CO, Mn, $Cr^{6+}$ and $H_2S$ emissions from processing operations, i.e.
    - boilers,
    - furnaces,
    - dryers,
    - kilns, and
    - casting;
- PM emissions from vehicle entrainment along the paved roads;
- PM, NOx, $SO_2$ and CO emissions from vehicle exhausts
- PM and Mn emissions from materials handling;
- PM and Mn emissions from material storage;
- PM emissions from crushing and screening;
- PM emissions from trains entrainment along the railway;

Dispersion simulations were completed for all the main processing activities associated with each plant and the fugitive sources that could be calculated (i.e. where sufficient data was available) for some plants. Simulation results of "routine" emissions are discussed in this section. Upset or emergency conditions will occur infrequently and over short time intervals making comparison with NAAQS and NDCRs, especially over periods longer than 24-hours, inaccurate.

#### 6.2.8.4.3 *Inhalable Particulate matter ($PM_{10}$) and Respirable Particulate matter ($PM_{2.5}$)*

Due to the lack of available operating information and detailed maps on the individual plants, the fugitive PM emission sources could not be quantified adequately. The simulated results discussed in this section (for PM10 and PM2.5) are an underprediction of what is expected to occur as a result of the MMSEZ South site operations; mainly to the north, north-east and east of the MMSEZ South site boundary. The simulated annual average PM10 concentrations exceed the NAAQS of 40 µg/m3 beyond the MMSEZ South site boundary but not at any AQRs (Figure 6-72). The simulated results show exceedance of the 24-hour NAAQS (4 days of exceedance of 75 µg/m3) beyond the MMSEZ South site boundary but not at any AQRs (Figure 6-73). The simulated annual average PM2.5 concentrations exceed the current NAAQS of 20 µg/m3 beyond the MMSEZ South site boundary but not at any AQRs Figure 6-72). The simulated results show exceedance of the current 24-hour NAAQS (4 days of exceedance of 40 µg/m3) beyond the MMSEZ South site boundary but not at any AQRs Figure 6-73). The simulated annual average PM2.5 concentrations exceed the future (from 1 January 2030) NAAQS of 15 µg/m3 beyond the MMSEZ South site boundary and at AQRs (Figure 6-72). The simulated results show exceedance of the future (from 1 January 2030) 24-hour NAAQS (4 days of exceedance of 40 µg/m3) beyond the MMSEZ South site boundary and at AQRs (Figure 6-73).

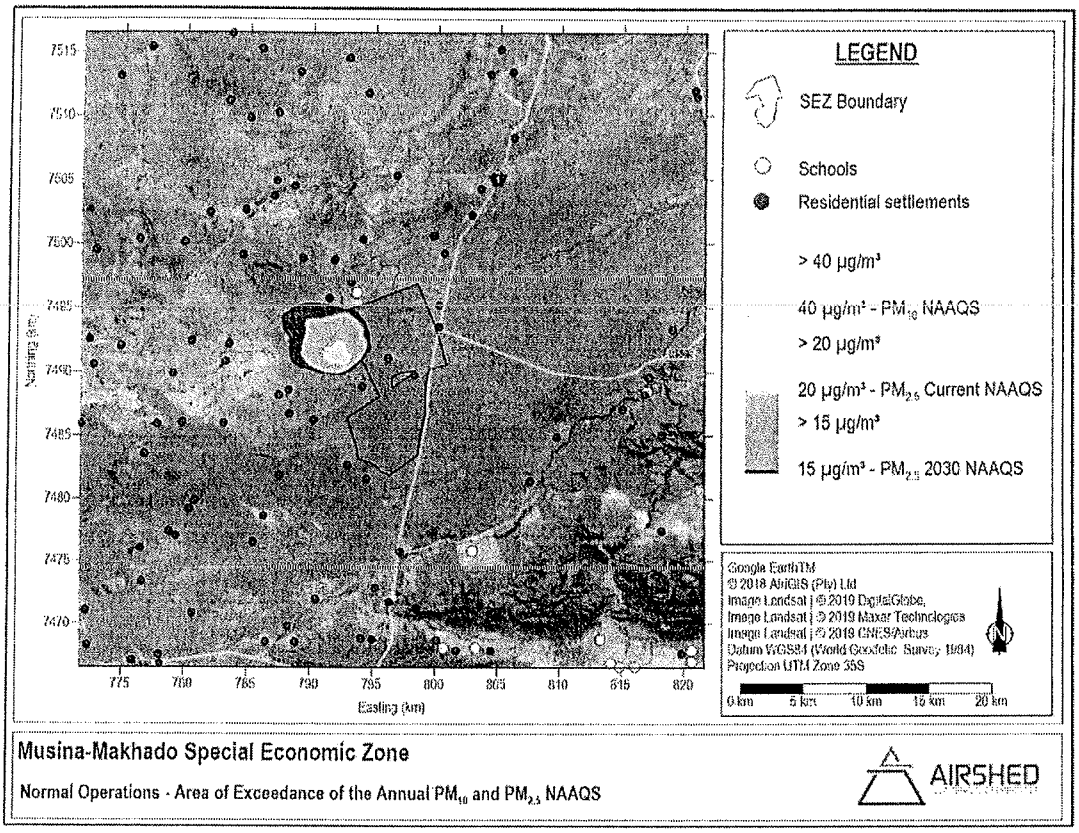



**Figure 6-72:Area of exceedance of the annual average $PM_{10}$ and $PM_{2.5}$ NAAQS**

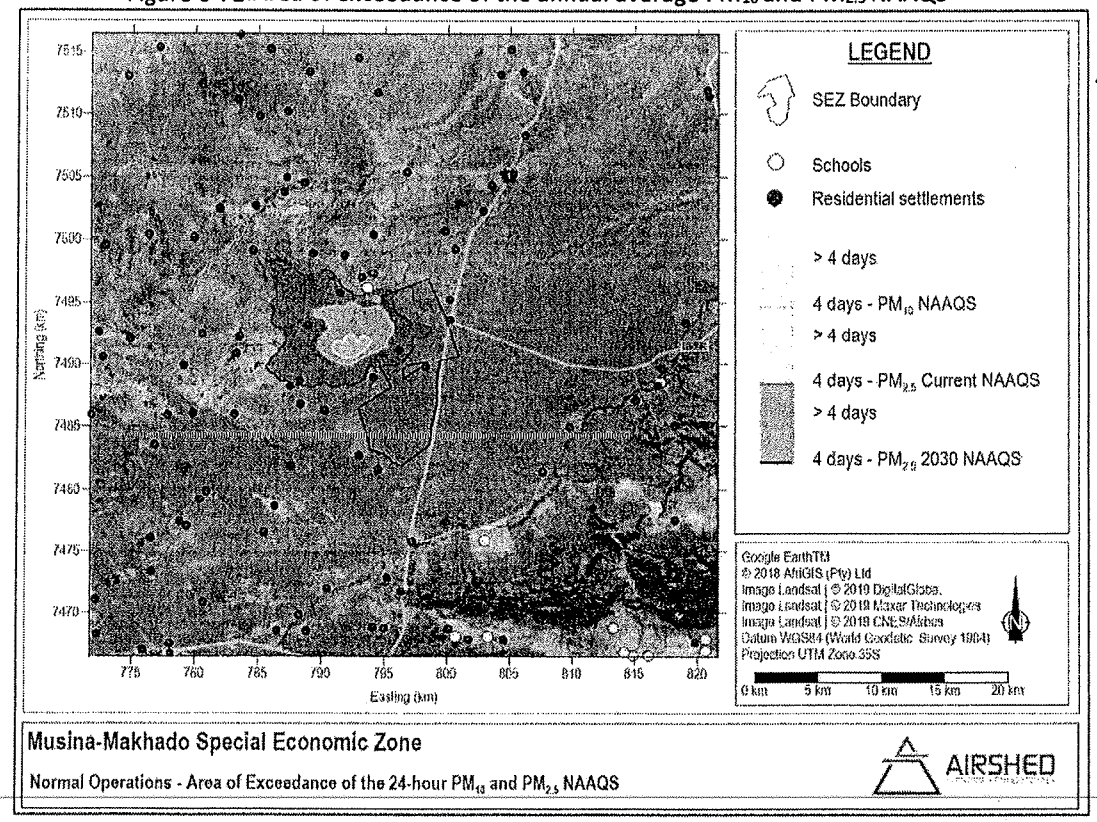



**Figure 6-73: Area of exceedance of the 24-hour average $PM_{10}$ and $PM_{2.5}$ NAAQS**

#### 6.2.8.4.4 *Nitrogen Dioxide ($NO_2$)*

It was conservatively assumed that all NOx emitted is $NO_2$. The results are based on the plants emitting at NMES. Simulated annual average $NO_x$ concentrations exceed the NAAQS of 40 µg/m3 beyond the MMSEZ South site boundary and at AQRs (Figure 6-74). The 1-hour NO2 NAAQS (88 hours of exceedance of 200 µg/m3) is exceeded beyond the SEZ boundary and at AQRs Figure 6-75.

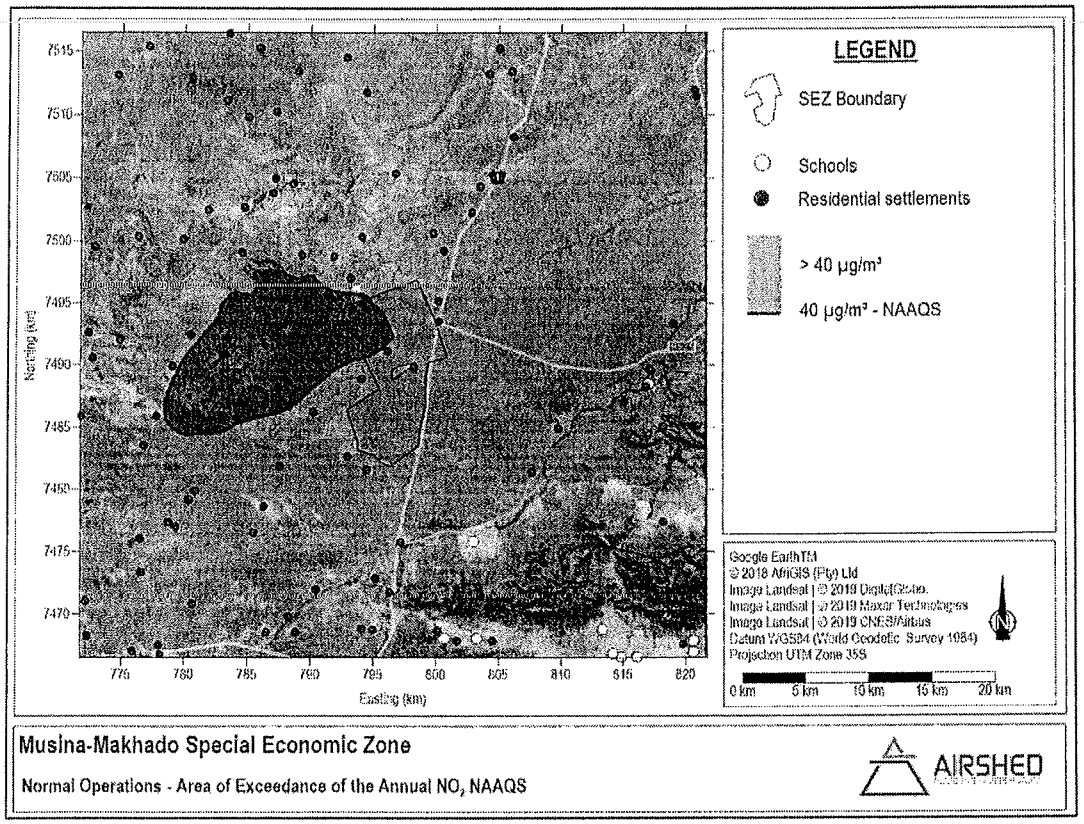



**Figure 6-74: Area of exceedance of the annual average $NO_2$ NAAQS**

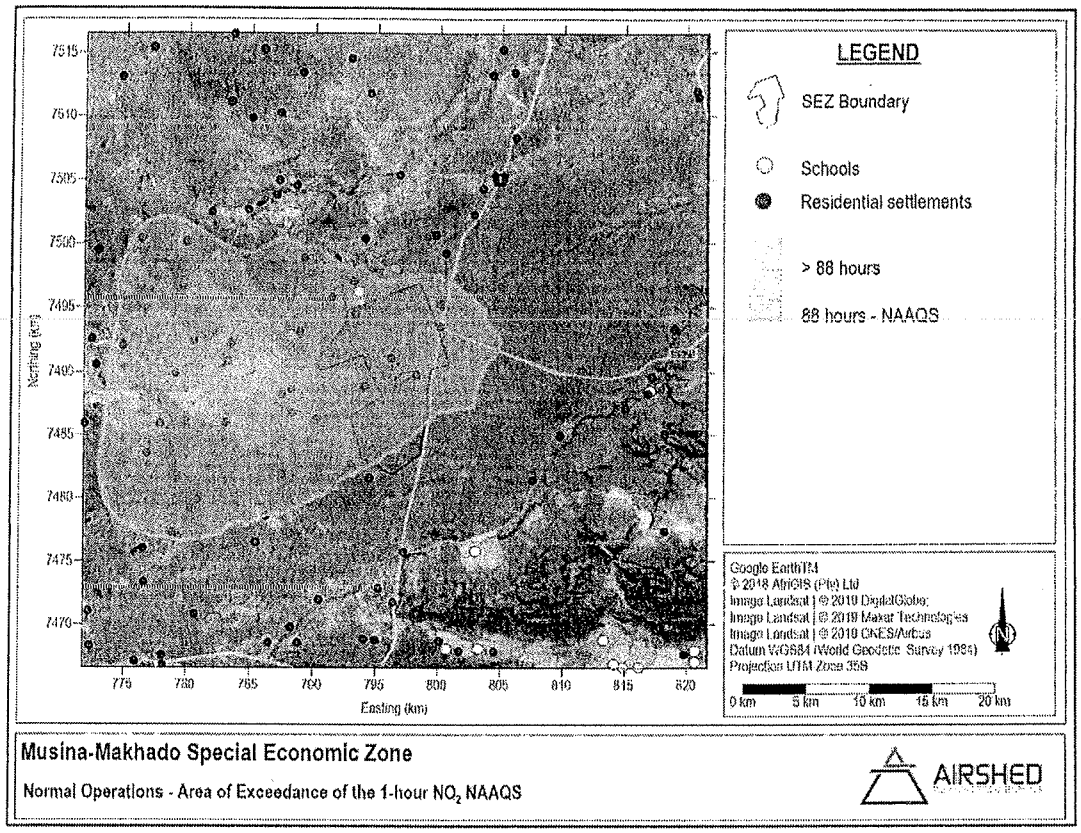



**Figure 6-75: Area of exceedance of the 1-hour $NO_2$ NAAQS**

### *6.2.8.4.5 Sulphur Dioxide ($SO_2$)*

The results are based on the plants emitting at NMES. Simulated annual average $SO_2$ concentrations exceed the NAAQS of 50 µg/m3 beyond the SEZ boundary and at AQRs (Figure 6-76). The 24-hour $SO_2$ NAAQS (4 days of exceedance of 125 µg/m3) is exceeded beyond the MMSEZ South site boundary and at AQRs (Figure 6-77). The 1-hour $SO_2$ NAAQS (88 hours of exceedance of 350 µg/m3) is exceeded beyond the MMSEZ South site boundary and at AQRs (Figure 6-78).

### 7.6.3 DESIGN ALTERNATIVES:

As gravel roads will not be feasible during the future operation of the metallurgical industrial site it is proposed that impermeable roads are constructed in areas that will be earmarked for the industrial developments (to assist with spillage control) and that permeable roads be utilised in areas such as the adminstrations blocks and residential areas.

## 7.7 PERMITS AND LICENSES REQUIRED

### 7.7.1 NEMA AND 2014 NEMA EIA REGULATIONS (AS AMENDED)

Before clearing of the proposed site is initiated, an EA must be applied for in terms of the NEMA and associated 2014 NEMA EIA Regulations (as amended). This report has been compiled to provide the LEDET and DEFF with the information required in order to make an informed decision on whether to grant or reject the EA. No clearing or site preparation should be undertaken, until site-specific investor EIAs have been granted EAs, WULs and relevant permits.

### 7.7.2 PERMIT IN TERMS OF THE NATIONAL WATER ACT, 1998 (ACT NO. 36 OF 1998)

The National Water Act (Act 36 of 1998) controls activities in and around water resources, as well as the general management of water resources, including abstraction of groundwater and disposal of water. Water is scarce and within this dry arid environment where the proposed SEZ is to be located, water for the operation of the plants needs to be guaranteed. The site-specific plants and their respective EIAs, which will follow should this EIA be granted, will require multiple water use licenses and permits from the DWS.

### 7.7.3 PERMIT IN TERMS OF THE NATIONAL HERITAGE RESOURCES ACT, 1999 (ACT NO. 25 OF 1999)

A heritage permit was submitted to the Limpopo Heritage Authority by the specialist. The applicant will have to adhere to all the conditions set out in that letter once issued (Appendix L)

In terms of palaeontology (as noted in the Palaeontological Impact Assessment (Appendix M of the EIAR), where palaeontological mitigation is required in the event of any fossil material found on site during construction, the palaeontologist concerned with mitigation work would need a valid fossil collection permit from SAHRA and any material collected would have to be curated in an approved depository (e.g. museum or university collection). All palaeontological specialist work should conform to international best practice for palaeontological fieldwork and the study (e.g. data recording fossil collection and curation, final report) should adhere as far as possible to the minimum standards for Phase 2 palaeontological studies recently developed by SAHRA (2013).

### 7.7.4 PERMIT IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: BIODIVERSITY ACT, 2004 (ACT NO. 10 OF 2004) AND NATIONAL ENVIRONMENTAL MANAGEMENT: PROTECTED AREAS ACT, 2003 (ACT NO. 57 OF 2003)

In order to clear the site of all protected trees and plant species as well as wetlands and fauna requirements, a biodiversity offset specialist study and strategy was developed for the MMSEZ South site. This report has been included in Appendix J. Permits for the removal, relocation and destruction of protected trees will have to be obtained, while suitable habitat similar in vegation type, soils and geology will have to be obtained as an offset for the relocation of protected trees, Wetlands, aquatic features and fauna will have to be introduced in the biodiversity offset. It is unsure if a full offset study and plan will be available due to the shortened timeframes posed on the EIA process of 31 January 2021.

### 7.7.5 AIR EMISSIONS LICENSE IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: AIR QUALITY ACT, 2004 (ACT NO. 39 OF 2004)

The proposed development will eventually entail a metallurgical cluster which will have an impact on the air quality and ultimately impact on climate change and should LEDET grant authorisation, there will be a nee for multiple permits and air emissions licenses with specific measuring apparatus and minimal impact upon the socio, economic and environmental aspects. Each investor within the MMSEZ South site, if granted, will have to apply for their own air emission licenses, permits and comply with best practice and international standards. Refer to the air quality assessment under Appendix Q.

## 7.8 OVERALL SENSITIVITY OF THE PROPOSED SITE

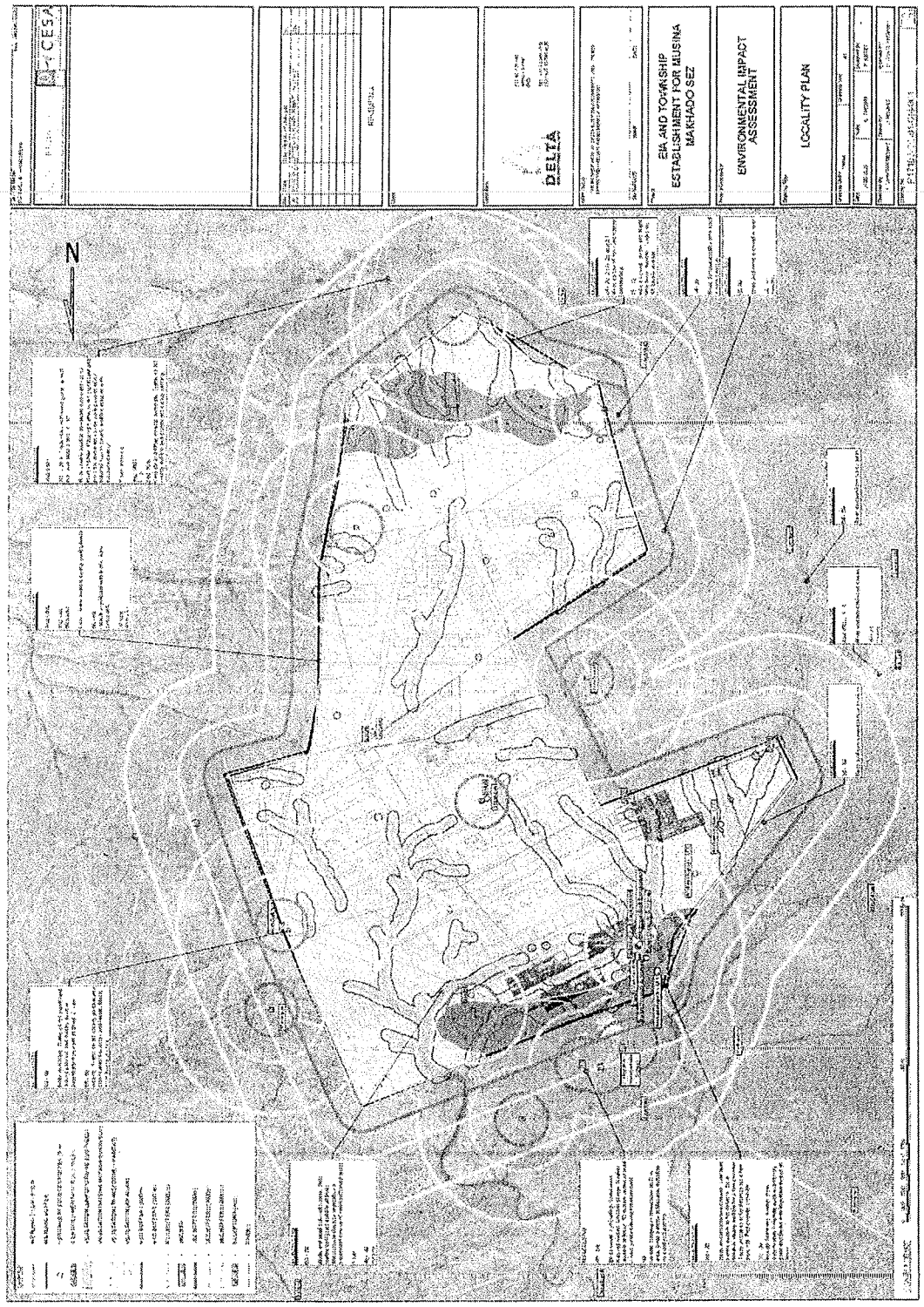



**Figure 7-2: Overall sensitivity of the MMSEZ South site**

## 7.9 OVERALL EVALUATION OF IMPACTS BY THE EAP

### 7.9.1 DESIRABILITY OF SITE CLEARANCE (LISTED ACTIVITY APPLIED FOR UNDER NEMA, 1998)

SEZs in general follow a phased approach and this application for site clearance is the first phase in the MMSEZ South Site development.

The MMSEZ South Site must ensure alignment with the the principles of NEMA which were stated earlier in this report

On a municipal planning level, the proposed project does not contradict any of the objectives set within both Makhado Local Municipality and Musina Local Municipality. The proposed project will be in line with and supportive of the IDP's objective of creating more job opportunities (economic and social sustainability). The proposed development will assist in local job creation during the construction and operation phases of the project. It should, however, be noted that employment during the construction phase will be temporary due to site clearance. It should be emphasized that impacts rated High before mitigation to Very-High after mitigation which gives positive social sustainability and economic sustainability.

The findings of this EIA indicate that the potential benefits from the project in terms of promoting justifiable economic and social development to be Very-High after mitigation has been applied but indicate that the project's impact upon the environment for site clearance will potentially be highly negative before applying mitigation and high negative for biodiversity aspects after applying mitigation measures. The outcomes of this EIA study aimed to protect the ecologically sensitive areas and support sustainable development and the use of natural resources, whilst promoting justifiable socio-economic development in the towns nearest to the project site. However, should site clearance be granted authorisation, the entire site and its surrounding will be negatively impacted upon as indicated by 18 out of the 21 specialist studies. Thus, the potential negative impacts of the proposed development on the natural, cultural, palaeontological, and agricultural environment of the site may likely, outweigh the identified positive impacts associated with the Very-High social and economic development benefits after applying mitigation measures.

It is the EAP's opinion that the disturbance of ecosystems and loss of biological diversity cannot be avoided. It can only marginally be minimised on the site and cannot be mitigated through a successful offset as per the biodiversity offset framework. As per the Biodiversity Offset report "*Considering the complex nature of biodiversity offset programmes and their desired targets in terms of conservation, ecological status, and functionality, as well as the extent of the impacts and size of the area required for offsetting, it remains uncertain whether the* MMSEZ South Site *offset programme will meet its desired objectives of achieving "net gain".*" Due to time constraints the biodiversity offset report did not investigate the possibility of providing significant financial

compensation/contributions to nature conservation as an offset alternative. However, the disturbance and loss at site still will remain.

### 7.9.2 Overall conclusion pertaining to the installation of the MMSEZ South Site Bulk Services and Fencing

The following discussion considers the proposed MMSEZ South Site establishment.

The construction of the buls services and fencing will secure the site for future development opportunities. These opportunities will be in line with the designation of the site that include the establishment of a metallurgical industrial hub.

The EAP understands that the future MMSEZ South Site, once in operation, will potentially be economically and socially sustainable and thereby significant jobs will be created in the Limpopo Province. Furthermore, significant contribution will be made to economic growth in the province and the country and in addressing the needs as outlined earlier in the report.

Long-term employment opportunities will be created, and these will occur once the site-specific EIAs for investor operations within the proposed MMSEZ South Site have been awarded environmental authorisation.

Limpopo Province and the entire South Africa is currently facing considerable constraints in the availability and stability of electricity supply. The development of alternative energy is important for South Africa and the Limpopo Province in terms of reducing its overall environmental footprint created by coal-based power generation and its impacts on climate change. The applicant has investigated sources of electricity in the Energy Analysis information report (Appendix S). Therefore, the proposal for a clean coal-fired power station should be the last resort in the planning and development of supply of energy to the MMSEZ South Site. It should only be considered if standards set out by the Air Quality and Climate Change specialists can be mitigated and maintained, and the EAP agrees with these findings. These include, as indicated by the Climate Change Specialist, carbon capturing and filters and certain limits for the power and manufacturing and smelter plants to be developed within the MMSEZ South Site. The energy specialist report will need to be updated once industry specific EIA applications are submitted to the CA..

In terms of the future MMSEZ South Site during operational phase, water will be key for the SEZ to operate and each investor plant to be fully functional. Water availability currently is only available for the first couple of years in the MMSEZ South Site development. The geohydrological specialist study indicated that impacts of this MMSEZ South Site will have a medium and high significance on dewatering and change in the water quality (Appendix FF). The water specialist further investigated ways to secure water is available for the short-, medium- and long-term and these are provided in Appendix U of this report. Furthermore, a feasibility study by DWS is also underway where an offtake of water from the Limpopo River overflows into a dam within the Sand River. However, these are not

available yet and the need to secure water for such a development cannot be fully understood.

The ecological impacts on the site in terms of site clearance was addressed in the previous section. Tourism and agricultural potential of the immediate area may have limited impacts resulting from the installation of bulk services, but this may change due to the future anticipated development in the proposed MMSEZ South Site. The proposed future industrial development is in contradiction with the current land zonationthat is zoned as "Agricultural" and a therefore land use change will have to be undertaken.

For this EIA limited waste is anticipated, However for the future it is recommended that waste will be recycled between the investor plants and an overall future hazardous waste site established It is understood that during the future operations hazardous waste will be transported from the MMSEZ South Site, once operational, and disposed of at Holfontein Hazardous Waste Disposal Facility or another similar licensed disposal site (Appendix T).

The health specialist assessed the future industrial health-related impacts of such an establishment in such a setting (refer to Appendix BB), while the occupational health specialist looked at the human and natural health aspects of each proposed plant (refer to Appendix CC).

Overall, the impacts associated with limited vegetation clearance for bulk services and fencing will be controlled and through the implementation of the exclusion of sensitive ecological areas (Layout Option 3) and the EMPr, these impacts can be mitigated and managed.

Future industrial activies will need to be assessed on their own merits and their impacts on the various aspects, including their cumulative impacts on existing land uses.

It is advised that stakeholders including the applicant, organs of state responsible for bulk infrastructure and investors in plant specific EIAs should comply with best management practices approved by sector and line departments and authorities and as may be described in sector specific local and international laws and standards.

### 7.9.3 PUBLIC PARTICIPATION – COMMENTS RECEIVED

Various NGOs, stakeholders, governmental departments, traditional community members, traditional community leaders and I&APs participated during the public participation process which started from the pre-application phase of the project until 31 January 2021.

Covid-19 restrictions during 2020 caused that public participation was limited to vistual meetings that unfortunately could not include stakeholder who did not have access to smart phones, internet or computers. As such, public participation will be

undertaken again in September 2021 to target these sectors that might have missed the oprtunies in the first two rounds.

The traditional communities and leaders are positive in terms of the SEZ development and the job opportunity it will create for the Limpopo Province especially Vhembe District Municipality. Further engagement has been undertaken with local communities on the ground level through workshops done by EXS.

Various comments have been received from various parties. These include for instance, Christo Reeders Attorneys, Circle Law Advocate Chambers, CALS, Centre for Environmental Rights, EarthLife, Limpopo Eco-Industrial Park, Ekland Safari's just to name a few. Most of the comments related to the future industrial development of the MMSEZ South site (that does not form part of this EIA).

In total, over 3 000 comments were received in the first public review from 1 September 2020 to 22 October 2020. Refer to Appendix G for the comments received and Appendix H for the comments and responses report.

### 7.9.4 Risks and Gaps

During the review of the draft EIAR some gaps in the specialist reports were identified. These included

- Biodiversity Offset:
  - Validity and nett gain for relocation of protected trees needs to be verified in practice.
- Climate change:
  - The risk of climate change on cultural heritage sites needs to be verified.
- AviFauna Assessment:
  - A more detailed assessment on the impact on avifauna was requested.

It is anticipated that all the gaps in the EIAR have now been addressed and that the additional and updated assessments will suffice.

### 7.9.5 Recommendations for Future Assessments relating to the Industrial Development of the MMSEZ South Site

The following studies will need to be updated once environmental authorisation is sought for the various future industrial developments on the site:

- Energy:
  - A comprehensive specialist assessment of available energy sources for the further development of the MMSEZ South site.
- Air Quality:

- Acid Rain impact once the MMSEZ South site is in operation on food security and agricultural sector.

- Waste:
  - An assessment for the need and construction of a future industrial waste dump.
- Water:
  - Feedback on the feasibility study on water from Zimbabwe from DWS.
  - Feedback on the water feasibility study on the offtake dam in the Sand River is currently being conducted.
- Bat Species:
  - Two species of sensitive protected bat species and invertebrates have been highlighted by I&APs as breeding and occurring on the proposed site and this needs to be verified and addressed by a specialist. The presence of these species must be considered in any detail development design and mitigation measures applied as specified by a specialist.

### 7.9.6 PROJECT OVERALL EAP'S OPINION

**NEMA principles:** The following NEMA principles, inter aliainforms the overall opinion of the EAP:

- Environmental management must place people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interests equitably
- Development must be socially, environmentally and economically sustainable.
- Sustainable development requires the consideration of all relevant factors.

The current EIA for vegetation clearance for bulk services and fencing will have a limited and medium-term reversible impact on the site. It is however important that ecological no-go areas (as per the site Layout Option 3) be clearly demarcated and that the ecological linkages with adjacent land uses be maintained where possible.

The proposed development can however not be seen in complete isolation as it will prepare the site for future industrial developments. However, as the developments will trigger listed activities in terms of the EIA Regulations of 2014, as amended, each developer will be required to undertake a stand-alone EIA.

The socio-economic specialist study indicated that the MMSEZ South site, once in full operation, will potentially be economically and socially significant, creating sustainable jobs opportunities in Limpopo Province. Furthermore, a significant contribution will be made to the economic growth in the province and the country. Future long-term employment opportunities will be created, and these will occur once the environmental authorisations are awarded for the site-specific investor operations within the proposed MMSEZ South site.

Sensitive landscapes were identified and delineated by the respective specialists who recommended that these sites be actively conserved as no-go areas. Accordingly, the Final Layout Plan has been amended in line with the alternative Layout Option 3 by the Applicant to exclude these sites from the current and future development footprint.

It is concluded that the limited vegetation clearance for bulk services and the fence will not significantly impact on the environment and its surrounding land uses.

**Key Recommendations**

The specific recommended mitigation and optimisation measures are presented in the Draft EMPr. The MMSEZ South site would need to implement these mitigation measures to demonstrate compliance with the authorisation (should itbe granted).

Key recommendations, which are considered essential, are:

1. Implementation of the EMPr to guide planning, construction and operations activities and to provide a framework for the ongoing assessment of environmental performance;
2. Implementation of the various specialist mitigation recommendations and any other relevant guidelines / specifications for design(architecture), construction, and revegetation;
3. Ensure the relevant permits (e.g. for search and rescue of protected vegetation, damage to protected trees, construction within 500 m of a watercourse are in place prior to commencement of construction;
4. Demarcate all identified No-Go areas, including stipulated buffers, to prevent access / disturbance during both construction and operation;
5. The implementation of a chance finds procedure as outlined in the EMPr, specifying the actions to be taken in the event of discovery of any heritage materials during vegetation clearing and construction;
6. Design and implementation of a site specific stormwater management plan that aligns with the MMSEZ South site's stormwater management protocol;
7. Any water required for construction related activities should be sourced from non-potable sources where possible;
8. Provide suitable traffic accommodation measures as part of construction contract to inform other road users of presence of construction related traffic, including speed restriction signage;
9. All construction operations should only occur during daylight hours if possible;
10. Measures to minimise impacts on the nearby wetland during construction:

a. Construction immediately adjacent to the watercourse should take place during the drier months of the year;

b. Construction should be limited to the development footprint and the wetland should be demarcated as a No-Go area with a buffer of 20m between the delineated wetland and the development footprint being maintained;

c. Limitations on construction activities allowed within 50 m of the wetland.

11. Measures to mitigate climate change risk and vulnerability of the project and its future developments to climate change:

a. Consider climate change impacts in the future engineering design of the power plant.

b. Design of an on-site stormwater drainage system, and implementation of a stormwater management plan.

c. Use a closed-loop water system for the future industrial developments to minimise water losses to evaporation and reduce water consumption by the plants.

d. Implement disaster management policies and onsite employee training specifically for extreme weather event (including severe winds, extreme heat, and heavy rain and drought) risk management protocols.

12. Site-specific EIAs, permits, and licences for specific investor industrial plants need to be undertaken and be authorised prior to development taking place. No site clearance of the area should be allowed until investors have secured their respective licenses, permits and conditions for development to prevent ecological degradation of the site, if there is not certainty that the individual plants will proceed.

13. An Environmental Control Officer must be appointed to oversee, manage, and monitor the site clearance and development phase and operational phase of the MMSEZ South Site development.

14 A decision endorsed by the applicant and operator must be in place in terms of funding and managing the operational compliance and risks as well as a sustainable environmental end state of the development. This means that financial provision needs to be included as part of the conditions before site clearance can commence.

15. Detailed geotechnical investigations must be conducted prior to development as a basis for the detailed design of developments and structures.

Therefore, it is clear that the environment, development, socio-economic interest and needs are interwoven. Hence, care should be taken those requirements for economic development do not cause irreparable significant damage to the environment. **Based on the information available, the implementation of the**

**mitigation hierarchy and the implementation of the EMPr (Appendix AA) it is the EAP's considered opinion that the limited clearance of vegetation for bulk service and fencing will not adversely affect the environment**. The mitigation measures necessary to ensure that the project is planned, constructed, operated and decommissioned in an environmentally responsible manner are detailed in this EMPr. The EMPr is a dynamic document that should be updated regularly and provide clear and implementable measures for the site clearance and operation of the proposed MMSEZ South Site.

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# The Role of Edible Insects in Rural Livelihoods, and Identified Challenges in Vhembe District, Limpopo, South Africa

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**Abstract:** Edible insects are an important natural commodity in rural areas that is used for household consumption and to generate income through trade. As a result, edible-insect trading is a profitable business that provides employment and improves the livelihoods of impoverished rural people. This study aimed at determining the socioeconomic benefits of and reasons for trading insects, and to assess if edible insects are included in economic development strategies in the Vhembe district of Limpopo province, South Africa. We conducted 72 questionnaire interviews targeting traders in 5 towns across the district. Five insect groups belonging to four insect orders are traded in informal markets of the district. Mopane worms (*Gonimbrasia belina*) were the most traded (42%) edible insects. Unemployment (45%) and the demand for edible insects (34%) were the major reasons for trading insects. Insect trading has numerous benefits; however, the provision of income (60%) and financial support (35%) were stated as the primary benefits. Despite several benefits associated with trading in insects, there are many challenges such as insect spoilage and a decline in the availability of edible insects in the wild. Edible insects play an important role in food security and the rural economy by generating employment opportunities for unemployed traders. Trading in insects is a traditional practice based on indigenous knowledge, which has persisted as an economic practice that improves rural livelihoods by reducing poverty and increases the human dignity of rural citizens. Only four governmental organisations in Limpopo included edible insects in economic development strategies. Trading insects is primarily an informal activity. The government could stimulate the activity and broaden and deepen the community benefits by providing infrastructure, access to harvest areas, financial support, and business training as part of a rural empowerment strategy to end hunger and poverty while creating employment opportunities in rural areas.

**Keywords:** rural livelihood; food security; income; employment opportunity

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## 1. Introduction

The majority of rural populations in southern and eastern Africa are food-insecure and susceptible to malnutrition [1]. In addition, rural communities in Africa often experience high poverty levels that exacerbate malnutrition and food-insecurity problems [1–3]. Rural areas in South Africa are underdeveloped, and job opportunities are scarce [4]. As a result, most rural populations are poor and depend on cash handouts from the government in the form of social grants and the subsistence use of natural resources for survival [4]. The use of wild natural resources such as edible insects is a rural safety-net strategy against poverty and hunger [5].

Rural communities in developing countries are greatly dependent on indigenous natural resources, such as wild fruits and edible insects, to sustain their livelihoods [1,2,5–8]. Natural resources from the wild play an essential role in rural livelihoods in various communities in South Africa [9]. These natural resources are primarily used for household consumption and to generate income through trading [5,7,9]. As a result, wild fruits and edible insects play an important role in food security in rural areas [2,6]. They are also used as an alternative source of nutrition [2,10].

The consumption of insects is a common practice in South Africa, particularly in the Limpopo, Mpumalanga, Gauteng, and North West provinces [10,11]. Edible insects are consumed because they play a significant traditional role in nutritious diets in various parts of South Africa [11,12] as an important source of protein, vitamins, fats, amino acids, and minerals [10,13,14]. As a result, edible insects are regularly consumed or used to supplement diets during times of hardship and when staple food is scarce [15,16].

Edible-insect trading is a good business that generates income and improves livelihoods in rural communities. The generated income from edible insects varies from species to species. For instance, *Gonimbrasia belina* (mopane worm) is an economically important caterpillar in southern Africa, which plays a vital role in rural income generation [17–19]. Approximately 16,000 metric tons of mopane worms are traded per year, resulting in an income generation of about USD 39 million to 59 million a year in southern Africa [20]. Mopane worm traders in the town of Thohoyandou in the Limpopo province of South Africa can each generate an income of approximately USD 1393 (about ZAR 21,060) per year [21]. Other economically important species include termites, which are widely consumed across Africa, creating earning opportunities for rural traders and harvesters [12,22,23].

The edible-insect trade could become an excellent commercial business with significant economic returns that can improve the rural economy and create job opportunities [24]. It could hugely improve rural livelihoods, food security, and human nutrition in South Africa, and can be used as a strategy to alleviate poverty in poor communities [5,24]. Despite the significant role of edible insects in improving rural livelihoods, there is still no clear policy and legislation that governs edible-insect trading and consumption in South Africa. There is also limited information on policy documents and regulations that support and promote edible insects as food. Therefore, this study determines the socioeconomic benefits of trading insects in the Vhembe district, South Africa, and the associated reasons for trading insects by: (1) assessing if edible insects are included in economic development strategies in the Vhembe district of Limpopo Province of South Africa; (2) identifying economically important edible insect groups; and (3) determining the benefits and monetary value associated with trading edible insects. On the basis of our results, we provide policy recommendations to improve rural livelihoods and wellbeing.

## 2. Materials and Methods

### 2.1. Study Area

The study was conducted in December 2019 across six towns in the Vhembe district of Limpopo province in South Africa: Elim (23.1561° S 30.0554° E), Makhado (23.0462° S, 29.9047° E), Sibasa (22.9325° S, 30.4674° E), Thohoyandou (22.8785° S, 30.4818° E), Musina (22.3813° S, 30.0319° E), and Biaba (22.540° S, 30.0319° E).

A questionnaire comprising open-ended and closed questions was used to source information from traders in each town, selected on the basis of our observations of people buying and selling insects in the markets, bus terminals, taxi ranks, and along roadsides. The questionnaires were administered through structured face-to-face interviews with the traders. All interviews were individually conducted in the Tshivenda language (one of the 11 official languages in the South Africa). The surveyed number in each town was based on the scale of the trade that we observed, and we interviewed as many individuals as possible. Traders were asked to list the number of species that they were selling, and where they harvested or bought their insects for trading, to describe how they processed the insects, the reason for selling insects, socioeconomic benefits, and associated challenges with selling insects (Supplementary File S1).

The assessment of trading conditions considering food safety, hygiene, trading structure, shelter, storage, safety, sanitation and water availability was conducted across trading places in Vhembe district.

This study has been ethically reviewed and approved by the University Human and Social Sciences Research Ethics Committee (approval number HSS/0125/019D). Permission

to conduct research in various towns was obtained from the Vhembe district municipality. All participants provided informed consent to participate in the study, and data were anonymised, confidentially treated, and securely stored.

*2.2. Data Analysis*

Data from the questionnaires were coded and entered into a Microsoft Excel spreadsheet. A chi-squared test of independence was used to determine if there were any significant differences in the number of insect species harvested and sold across small towns. The count data of respondents are presented in percentages. Chi-squared test analysis was performed using IBM SPSS Statistics version 26 (SPSS Inc., Chicago, IL, USA).

## 3. Results

A total of 72 informal street vendors selling one or more species of edible insects were surveyed in the Vhembe district, Limpopo. These traders were from the towns of Thohoyandou (27), Tshakhuma (14), Sibasa (10), Musina (7), Louis Trichardt (6), Elim (6), and Biaba (2). The majority of traders were women (94%) between the ages of 18 to 74 years, while only 6% of traders were males between 35 and 65 years old (Table A1). Most traders (30%) were between 35 to 44 years old, followed by 45 to 54 years (22%), and the fewest traders (8%) were young people between the ages of 18 to 24 years (Supplementary File S1).

The educational background of traders ranged from no formal education to tertiary education, with the majority of traders (65%) having obtained secondary education, followed by primary education (22%), and the fewest (3%) traders having had tertiary education. The majority of traders (98%) were unemployed and made a living by selling edible insects, while only 2% of the traders were employed and selling insects part-time. In addition, 97% of the traders were breadwinners in their households (Table A1).

Of the traders, 42% only sold mopane worms, followed by traders that sold a combination of termites (13%), and traders that sold a combination of mopani worm and termites (10%). In contrast, fewer traders (2%) only sold Gynanisa caterpillars (Figure 1).

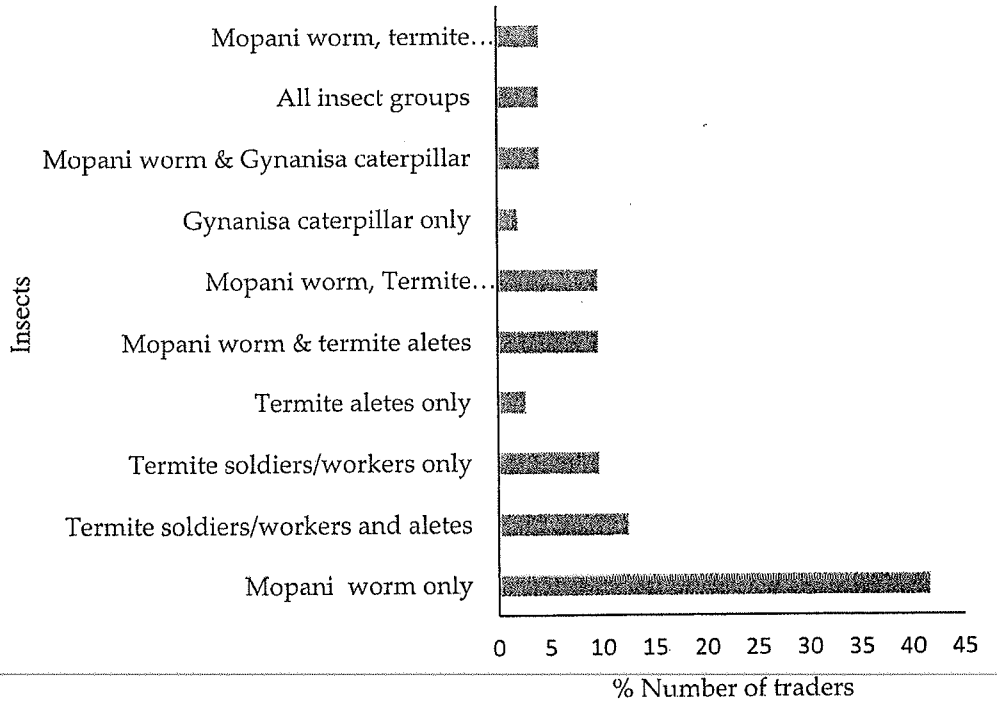



**Figure 1.** Edible insects sold in various towns of the Vhembe district, Limpopo province, South Africa (n = 72). All species refers to mopani worms, termite soldiers or workers and alates, Gynanisa caterpillars, grasshoppers, and stinkbugs.

There were significant differences in the number of traders who sold mopane worms ($X^2_7$= 23.996, $p < 0.05$), termite soldiers or workers ($X^2_7$ = 60.484, $p < 0.05$), termite alates ($X^2_7$ = 41.203, $p < 0.05$), and Gynanisa caterpillars ($X^2_7$ = 15.707, $p < 0.05$) across towns, but there were no significant differences in the number of traders who sold stinkbugs ($X^2_7$ = 22.242, $p > 0.05$) or grasshoppers ($X^2_7$ = 6.105, $p > 0.05$).

Stinkbugs and grasshoppers were out of season and not seen in the markets during the survey. However, our analysis was based on the responses of traders who sell stinkbugs and grasshopper when they are in season. Of the traders, 94% bought insects from middlemen, with only 6% involved in insect harvesting from the wild.

Insect trading takes place in informal markets along the street, pavements, and on table stalls composed of cardboard and wood. The majority of trading stalls had no protection from the sun (Figure 2). Some traders were sitting down on pavements along roadsides. Safety and hygiene were the major issues of concern stated by the respondents in the Vhembe district. Informal markets were untidy with few garbage disposal units. There were no dedicated sanitation services for traders (including running water and toilets). The majority of the traders had no secure storage units in which to put their stock; as a result, several traders were forced to travel with their stock every day because of the high theft rate.

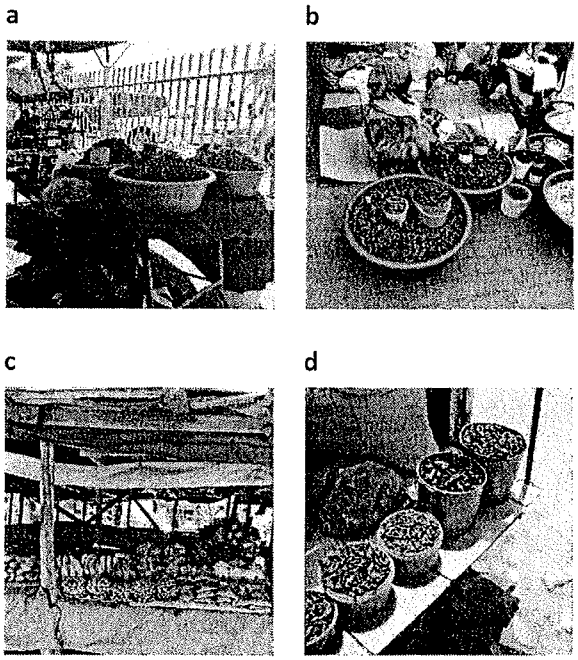



**Figure 2.** Conditions of informal markets where edible insects are sold in the towns of Vhembe district, South Africa: (**a**) Thohoyandou, (**b**) Makhado, (**c**) Elim, and (**d**) Sibasa.

The retail price of edible insects per steel cup (200 g) varied (caterpillars: ZAR 30 (USD 1.85) per cup; termites: ZAR 20 (USD 1.23) per cup (see Figure 3)). Traders in the area usually buy a 5 kg bucket of the caterpillars costing ZAR 300 (USD 18.5) from the middleman, which generates ZAR 2000–3000 (USD 123–185) for the trader. In addition, a 50 kg sack of caterpillars costs ZAR 3000 (USD 185) and generates a total of ZAR 15,000 (USD 923). On the other hand, a 5 L bucket of termites costs ZAR 200 (USD 12.3) from the middleman and generates an income of ZAR 1500 (USD 92.3).

Of the traders, 45% indicated that unemployment was the primary reason for selling edible insects. The second (34%) primary reason for trading was the increased demand for edible insects by consumers, while 14% cited poverty. Few (1%) traders indicated that they sold insects because of their health benefits (Figure 4a).

Most traders (60%) cited that trading insects provided financial support, while 35% cited that they use money generated from trading insects to pay school fees and electricity,

and buy household items. However, 5% mentioned that they do not benefit much from selling insects. Of the traders, 3% earned over ZAR 2000 (USD 123) per week in large towns, while only 1% of the traders earned over ZAR 2000 (USD 123) per week in small towns (Figure 4b).

Most traders (24%) cited that the decline in the availability of edible insects from the wild and insect spoilage (22%) were the major challenges associated with trading insects. Fewer traders (1%) cited safety and termite bites as challenges associated with trading insects (Figure 5).

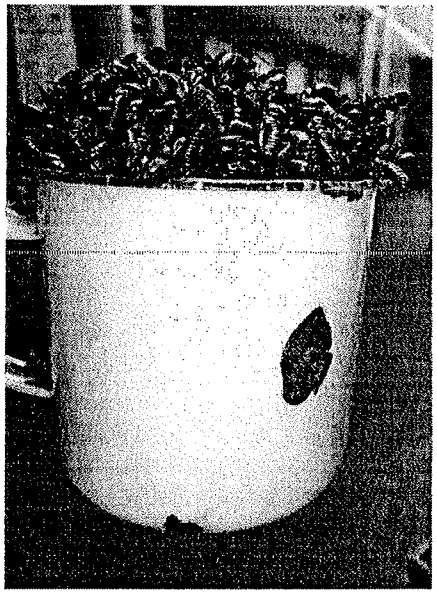
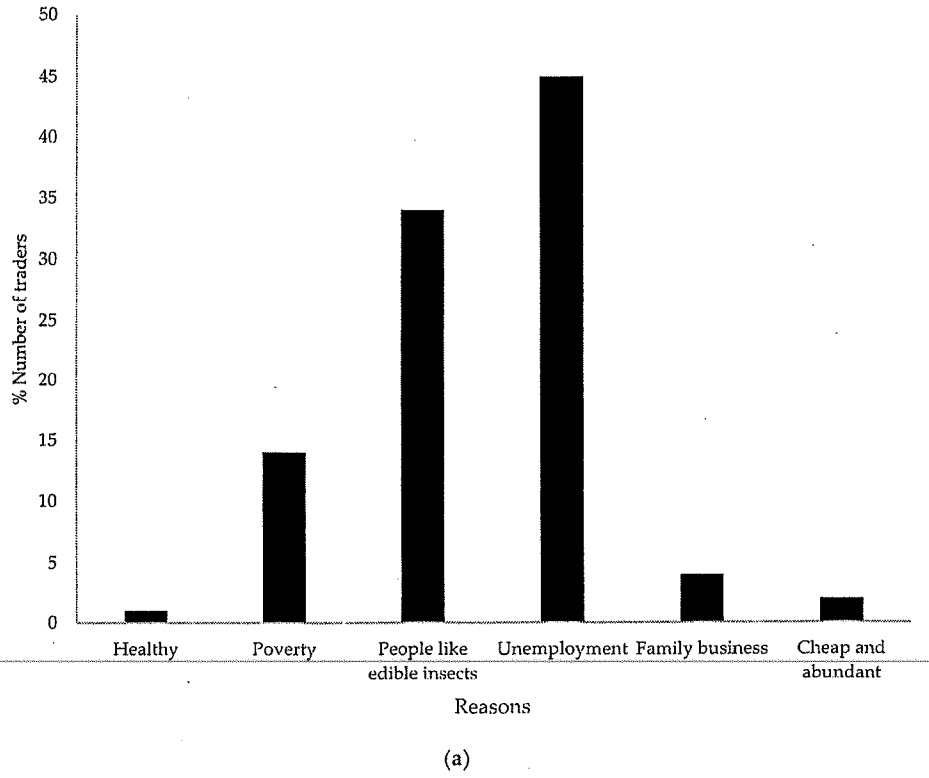
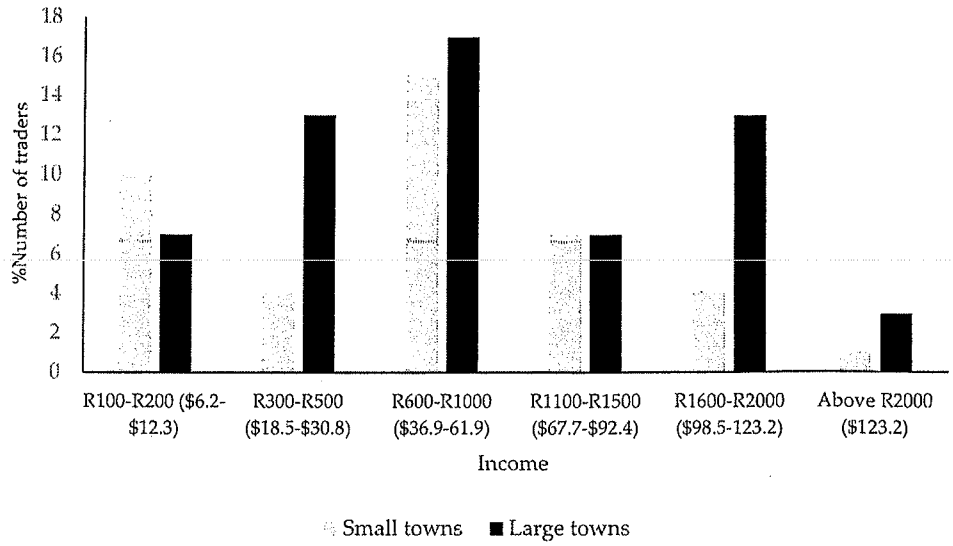


**Figure 3.** Steel cup (200 g) used to measure single serving of insects, in this case, termites.




(a)

**Figure 4.** *Cont.*




(b)

**Figure 4.** (a) Reason for trading insects and (b) weekly profit generated by traders from selling edible insects across small towns (i.e., Elim, Sibasa, Tshakuma, Biaba and Halambani) and large towns (i.e., Thohoyandou, Makhado and Musina) in Vhembe district ($n$ = 72 traders).

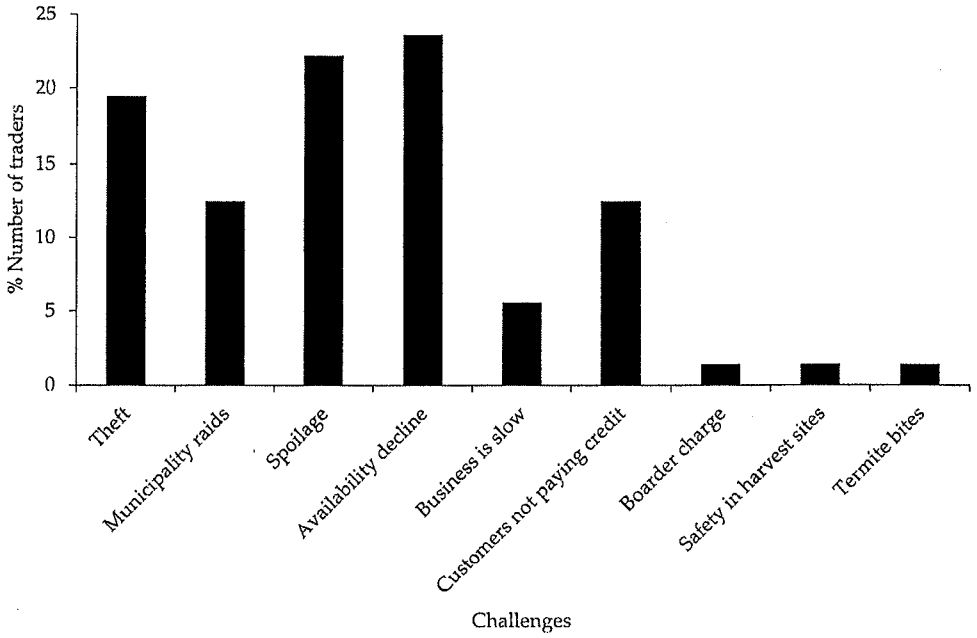



**Figure 5.** Challenges associated with trading in insects in Vhembe district, Limpopo.

A total of 36 policy documents from various governmental organizations in Limpopo were reviewed, and only 4 included edible insects in economic development strategies. Only the mopane worm was included in economic development strategies (Table 1). Interventions were aimed at providing infrastructure for processing, packaging, storage, etc.; however, only one plan provided a budget for this (Table 1).

**Table 1.** Policy documents that included edible insects in economic development strategies in various governmental organisations in Limpopo province.

| Municipality | Policy Document | Year | Edible Insects Included | Action/Explanation | Budget Allocation |
|---|---|---|---|---|---|
| Limpopo (Economic Development Agency) | Strategic plan | 2020–2025 | None | No action | |
| Limpopo (Provincial treasury) | Strategic plan | 2020–2025 | None | No action | |
| Vhembe district Municipality | IDP | 2020–2021 | None | No action | |
| Musina local municipality | IDP | 2020–2021 | None | No action | |
| Musina local Municipality | IDP | 2015–2016 | Mopani worm | No action | |
| Musina local Municipality | IDP | 2013–2014 | Mopani worm | No Action | |
| Musina local Municipality | LED | 2018 | Mopani worm | Planned to establish mopani worm production facility for processing and packaging of mopani worm | |
| Collins Chabane local Municipality | IDP | 2017–2018 | None | No action | |
| Collins Chabane local Municipality | IDP | 2018–2019 | None | No action | |
| Collins Chabane local Municipality | IDP | 2019–2020 | None | No action | |
| Collins Chabane local Municipality | IDP | 2020–2021 | None | No action | |
| Thulamela local Municipality | IDP | 2020–2021 | None | No action | |
| Makhado local Municipality | LED | 2013 | None | No action | |
| Mopani District Municipality | IDP | 2016–2021 | None | Recognises mopani worm as an important economic activity in the district | |
| Mopani District Municipality | IDP | 2006–2012 | None | No action | |
| Greater Giyani local Municipality | IDP | 2020 | Mopani worm | The municipality recognizes mopani worms trading as an important economic activity. Dzumeri Processing centre used by insect traders and harvesters to process, store and trade mopani worm | |
| Greater Giyani local Municipality | LED | 2014–2016 | Mopani worm | Greater Giyani Natural Resource program aimed at expanding mopani worm business. The municipality proposed building a processing center used by local traders to store large quantities of mopani worms and expand mopani worm value chains to the neighboring SADC countries. | R11.6 million ($801104.97) |
| Greater Tzaneen Municipality | LED | 2018 | None | No action | |
| Greater Tzaneen Municipality | IDP | 2015–2016 | None | No action | |
| Greater Tzaneen Municipality | IDP | 2019–2020 | None | No action | |
| Capricon District Municipality | IDP | 2016–2021 | None | No action | |
| Blouberg local Municipality | IDP | 2015–2016 | None | No action | |
| Blouberg local Municipality | IDP | 2019–2020 | None | No action | |
| Blouberg local Municipality | IDP | 2018–2019 | None | No action | |
| Blouberg local Municipality | IDP | 2020–2021 | None | No action | |
| Molemole local Municipality | LED | 2012 | None | No action | |
| Molemole local Municipality | LED | 2019–2024 | None | No action | |
| Lepelle-Nkumpi local Municipality | IDP | 2015–2016 | None | No action | |
| Lepelle-Nkumpi local Municipality | IDP | 2016–2021 | None | No action | |
| Lepelle-Nkumpi local Municipality | IDP | 2017–2018 | None | No action | |
| Lepelle-Nkumpi local Municipality | IDP | 2015–2016 | None | No action | |
| Lepelle-Nkumpi local Municipality | IDP | 2020–2021 | None | No action | |
| Lepelle-Nkumpi local Municipality | LED | 2019 | None | No action | |
| Aganang local Municipality | LED | 2013 | None | No action | |
| Aganang local Municipality | IDP | 2009–2010 | None | No action | |
| Polokwane local Municipality | IDP | 2019–2020 | None | No action | |
| Polokwane local Municipality | IDP | 2021–2021 | None | No action | |

IDP, Integrated Development Plan; LED, Local Economic Development strategy. Makhado and Musina local municipalities fall under Vhembe District Municipality, and Blouberg under Capricorn District Municipality, and Greater Giyani and Greater Tzaneen under Mopani District Municipality.

## 4. Discussion

Edible-insect trading is an everyday activity that provides seasonal employment for unemployed communities in Vhembe district, particularly for females [12]. This study found that almost all the traders were women, and when men did trade, they were over 35 years of age. Insect trading is primarily female-driven in most countries in Africa [12,25–27]. These results indicate that women play an essential role in rural livelihoods, and they are the backbone of subsistence household food security. Women depend on edible insects to generate income, which reduces poverty and improves household food security [28–30]. Findings from the current study revealed that trading in insects provides earning opportunities for women in rural areas of Vhembe district in Limpopo province, South Africa. Similar findings were reported by Netshifhefhe et al. [12], who stated that trading in termites in Vhembe district, Limpopo Province created employment opportunities for women in this district. Similarly, Makhado et al. [7] reported that trading in insects provided earning opportunities in the Greater Giyani Municipality in Limpopo. Edible-insect trading creates opportunities for women to participate in economic development in rural areas, thus empowering them with income opportunities and improving their livelihoods [27,28,31]. This directly contributes to SDG 1, 2, and 5 of no poverty, zero hunger, and achieving gender equality and empowerment for all women and girls, respectively [27]. The National Development Plan of South Africa's goal is to eradicate poverty and to reduce inequality by 2030. Therefore, expanding edible-insect markets can contribute to realizing this goal. Edible insects should be adopted as an economic development strategy to end poverty in developing countries and empower women by providing earning opportunities.

Edible insects are an important natural resource used as food and cash income in southern Africa [7,21,32]. Mopane worms were the most sold insects across towns in the Vhembe district. Mopane worms are a popular food source and a delicacy that is widely consumed in southern Africa [21,24]. The sale of mopane worms results in an income of approximately USD 39 million to 59 million per annum across South Africa, Zimbabwe, and Botswana [20,24]. Edible insects provide earning opportunities that play a crucial role in improving livelihoods and reducing poverty in rural areas [12,24,30]. The consumption and trading of edible insects are essential coping strategies contributing to household food security and nutrition [24].

Edible insects play an important role in sustaining rural livelihoods [16,32]. Harvesting and selling insects improve rural livelihoods by providing an income that is used for basic needs such as paying for school fees, food, and electricity bills [33,34]. Trading edible insects provides seasonal employment and creates earning opportunities in rural communities in Southern Africa [7,35]. Generated income from trading insects in Vhembe district, Limpopo is in the range of ZAR 100–200 per week to over ZAR 2000 per week. These findings are in line with those of Netshifhefhe et al. [12], who reported that the income from selling termites in Limpopo is, on average, ZAR 292 (USD 18) a day, ZAR 2395 (USD 147) a month, and ZAR 20400 (USD 1256) a year. On the other hand, in Namibia and Cameroon, income from selling insects was estimated to be USD 71–4800 per season [26,36]. Agea et al. [33] reported that traders said the income from selling insects had improved their standard of living [33].

South Africa remains one of the countries with the highest unemployment rate globally [37–39], and unemployment is a significant socioeconomic issue facing this country. According to Statistics South Africa [40], the unemployment rate in South Africa was estimated to be 30.1% in the first quarter of 2020, and approximately 7.1 million South African were unemployed in that quarter. Most of the unemployed population in South Africa is in rural areas [38]. The majority of the population in Limpopo live in rural areas, and this province is the third poorest province in South Africa, with 21.8% of the population living under poverty [40,41]. Unemployment and poverty are the primary reasons for trading insects in the Vhembe district. According to Makhado et al. [7], 82% of the respondents in 6 villages of the Greater Giyani Municipality, Limpopo are unemployed and dependent on woodlands natural resources such as edible insects, wild fruits and herbs, medicinal

plants, and fuelwood for household nutrition and income generation. The unemployment rate in Limpopo was 49.9% in 2020; therefore, expanding and promoting the edible-insect business in this province would create job opportunities and reduce poverty [40].

Edible insects are a traditional food source that has been consumed in South Africa for centuries [42,43]. However, edible insects are still not included in food policies and legislation that govern the use of insects as food [44]. Edible insects are not regulated in terms of food safety and quality, even though they are widely consumed in Limpopo and in some parts of Mpumalanga, Gauteng, North West, and KwaZulu-Natal provinces [11,45,46]. Both the government and nongovernmental organizations are not doing enough to protect, promote, and encourage the culture of consuming insects in South Africa. Edible insects are seen as food for poor people, dirty, and undignified [47]. For example, edible insects are mostly (rarely anywhere else) sold in informal markets where selling conditions do not meet the food standards requirements approved by the Departments of Health; of Agriculture, Forestry, and Fisheries; and Trade and Industry [44]. The informal markets where insects are sold have no proper sanitation (running water and toilets) and storage facilities and are fundamentally unhygienic and unsafe.

Little is done to improve the conditions where edible insects are sold, as indicated by our assessment of municipal development plans. Trading conditions are poor and unhygienic with no proper sanitation. This shows a lack of respect and human dignity, which is unconstitutional given Section 10 of the South African constitution: "Everyone has inherent dignity and the right to have their dignity respected and protected" (Constitution of the Republic of South Africa, 1996). Important cultural practices should be celebrated and embraced by the government (in terms of Sections 30 and 31 of the Constitution), by offering support such as infrastructure, proper storage facilities, and funding to improve the trading conditions of edible insects. This would also ensure that food safety and hygienic practices are met. The personal circumstances and needs of the traders and their clients should be accorded the necessary dignity and respect.

Edible insects are rarely included in rural development strategies. Few governmental organisations included edible insects in rural development strategies in Limpopo. Therefore, resources and budget to develop and expand the edible insects sector are limited [48]. The lack of clear legislation and regulatory guidelines governing trading and insect use as food in South Africa might be the primary barrier that prevents local authorities from including edible insects in rural economic development plans [44]. In addition, the lack of legislation and regulatory guidelines that recognise and govern the edible insect sector as part of agricultural activity is concerning [49]. There are no clear guidelines on the use of insects as food in South Africa. There are no standards on the use of insects for human consumption [44]. Food laws, such as the Meat Safety Act (2000), and policies in South Africa do not include insects, and insects have not been tested and approved for human consumption [44]. This may be the reason for not including edible insects in economic development strategies. The National Biodiversity Economic Strategy [50] does not include developing insects in rural areas. In addition, this might be the major barrier preventing the expansion of the edible-insect food sector in South Africa and other parts of the world [51].

Governmental and local authorities are aware of the potential of edible insects in addressing food insecurity and poverty in South Africa. For example, the Integrated Development Plan 2020/2021 of the Greater Giyani local municipality recognised mopani worm trading as an important local economic development activity that contributes to livelihoods in this municipality. Furthermore, the Greater Giyani Municipality Local Economic Development Strategy of 2014–2016 had plans to establish a mopane worm processing centre to be used by traders to hygienically sell and store large quantities of mopani worms [52]. This municipality also wanted to expand the mopani worm value chain to neighbouring SADC countries. This initiative provides job opportunities to local people in Giyani, South Africa [52]. The local Musina municipality also wanted to establish a mopani worm production facility used for storing and processing mopani worms by local traders and harvesters [53]. The Greater Giyani and Musina local municipalities

are moving in the right direction by including mopani worms in their local economic development strategies, but these strategies need to translate into implementation on the ground, which requires the allocation of a necessary budget. The focus should not be on mopani worms; other edible insects (for example, termites, stink bugs and grasshoppers) that are consumed in these municipalities should be prioritised. Other municipalities should also include edible insects in their local economic development strategies because they can create earning opportunities for rural communities.

The decline in availability of edible insects is the main challenge faced by traders in Vhembe district. Edible insects are collected in the wild, and their availability is affected by climate change, uncontrolled harvesting, and land use changes such as clearing of land and agriculture [44,46]. The decline in the availability of insects affects rural communities who depend on edible-insect trading for a living. As a result, edible insects could be farmed to ensure long-term availability and accessibility when the natural supply is limited [54,55]. Edible insects are successfully farmed in Thailand, Kenya, Uganda, Ghana, and Zimbabwe [51,56]. The Flying Food project in Kenya and Uganda are small-scale insect-farming projects that successful farmed edible crickets [57], while the Aspire Food Group project specializes in farming palm weevils in Ghana [58]. Mopane Worm Enterprises from Zimbabwe specializes in farming mopane worms [59]. These small-scale insect farms are good examples of successful insect farming that can be adopted in South Africa, thereby creating localised value chains. Farming edible insects reduces overharvesting pressure and ensures that edible insects contribute to rural development, job creation, and social wellbeing without putting pressure on the species in the wild. However, there must be clear legislation and regulatory frameworks governing the farming of edible insects to ensure that proper standards and guidelines are followed [49,51]. Insect farming in South Africa can provide training opportunities and skills that would empower rural communities.

## 5. Conclusions

Edible insects are a traditional food source that plays a vital role in rural food security. Traditional food primarily contributes to rural livelihood improvement as a source of income and nutrition. This study determined the socioeconomic benefits of trading insects in the Vhembe district, South Africa. Trading in edible insects is an economic activity that creates earning opportunities for unemployed people in rural areas, especially women. As a result, edible-insect trading plays an essential role in alleviating poverty for unemployed rural people in Vhembe district. Mopane worms were the most sold insect in various towns across the district. One respondent said that mopani worms are desired by the consumers and often attract customers to buy, which improves business for insect traders. Edible insects could generate income for many more people in rural areas. For example, in the Asia-Pacific region (Thailand, Cambodia, and China), edible-insect farming is well-established and plays an essential role in alleviating poverty in rural areas [60]. The market of edible insects in this region is expected to exceed USD 270 million by 2024 [60,61]. In addition, the global edible-insect market is projected to reach USD 4.63 billion by 2027 [62]. Therefore, edible insects should be included in food policies and prioritised as a nutritious food source that can improve food and nutrition security in South Africa. The associated education and awareness interventions are necessary to promote their use. Edible-insect trading can be adopted as a rural development and poverty eradication strategy to improve rural livelihoods and create job opportunities. However, traders should be provided with infrastructure and funding for insect farming as part of the rural development program to create job opportunities while empowering rural communities, thus contributing to food security. Edible-insect farming ensures the accessibility and growth of edible-insect markets in rural areas. In addition, this could provide stable earning opportunities for insect traders and farmers. Edible insects can generate revenue that can contribute to the rural economy, thereby reducing poverty in rural areas. Government officials should invest in expanding the sale of edible insects in the Vhembe district, because they play an important role in generating income for traders in this district.

**Supplementary Materials:** The following are available online at https://www.mdpi.com/article/10.3390/resources10120123/s1, File S1. Questionnaire to Source Information from Traders in Vhembe District, Limpopo.

**Author Contributions:** Conceptualization, Z.T.H., R.S. and T.C.M. methodology, Z.T.H. and T.C.M.; data collection, Z.T.H. and T.C.M.; data analysis, Z.T.H.; writing—original draft preparation, Z.T.H.; writing—review and editing, R.S., T.C.M. and Z.T.H.; supervision, R.S. and T.C.M.; funding acquisition, R.S. and T.C.M. All authors have read and agreed to the published version of the manuscript.

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**Institutional Review Board Statement:** This study has been ethically reviewed and approved by the University of KwaZulu-Natal Human and Social Sciences Research Ethics Committee (approval number HSS/0125/019D). Permission to conduct research in various villages in all the local municipalities was obtained from community leaders.

**Informed Consent Statement:** All participants provided informed consent to participate in the study, and data were anonymised, treated confidentially, and stored securely.

**Data Availability Statement:** Data presented in this study are available in the tables, figures, and appendices of the current manuscript.

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## Appendix A

**Table A1.** Demographic information of traders across towns in Vhembe district ($n$ = 72).

| Demographics | Elim | Louis Trichardt | Musina | Sibasa | Thohoyandou | Tshakhuma |
|---|---|---|---|---|---|---|
| Age category (years) | | | | | | |
| Under 18 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18–24 years | 4 | 0 | 0 | 0 | 2 | 0 |
| 25–34 | 0 | 0 | 0 | 1 | 3 | 3 |
| 35–44 | 2 | 1 | 4 | 2 | 7 | 6 |
| 45–54 | 0 | 4 | 2 | 1 | 5 | 4 |
| 55–64 | 1 | 1 | 1 | 5 | 6 | 1 |
| 65–74 | 3 | 0 | 1 | 0 | 4 | 0 |
| 75 years and above | | | | | | |
| Sex | | | | | | |
| Male | 1 | 0 | 1 | 1 | 1 | 0 |
| Female | 7 | 6 | 7 | 8 | 26 | 14 |
| Level of education | | | | | | |
| No formal education | 1 | 0 | 0 | 0 | 0 | 0 |
| Primary education | 1 | 3 | 2 | 1 | 9 | 0 |
| Secondary education | 4 | 3 | 6 | 6 | 17 | 14 |
| Tertiary education | 0 | 0 | 0 | 2 | 0 | 0 |
| Occupation | | | | | | |
| Unemployed | 0 | 0 | 0 | 0 | 1 | 0 |
| Self employed | 5 | 6 | 8 | 8 | 25 | 14 |
| Pensioner | 3 | 0 | 0 | 0 | 1 | 0 |
| Employed | 0 | 0 | 0 | 0 | 0 | 0 |
| Student | 0 | 0 | 0 | 0 | 0 | 0 |

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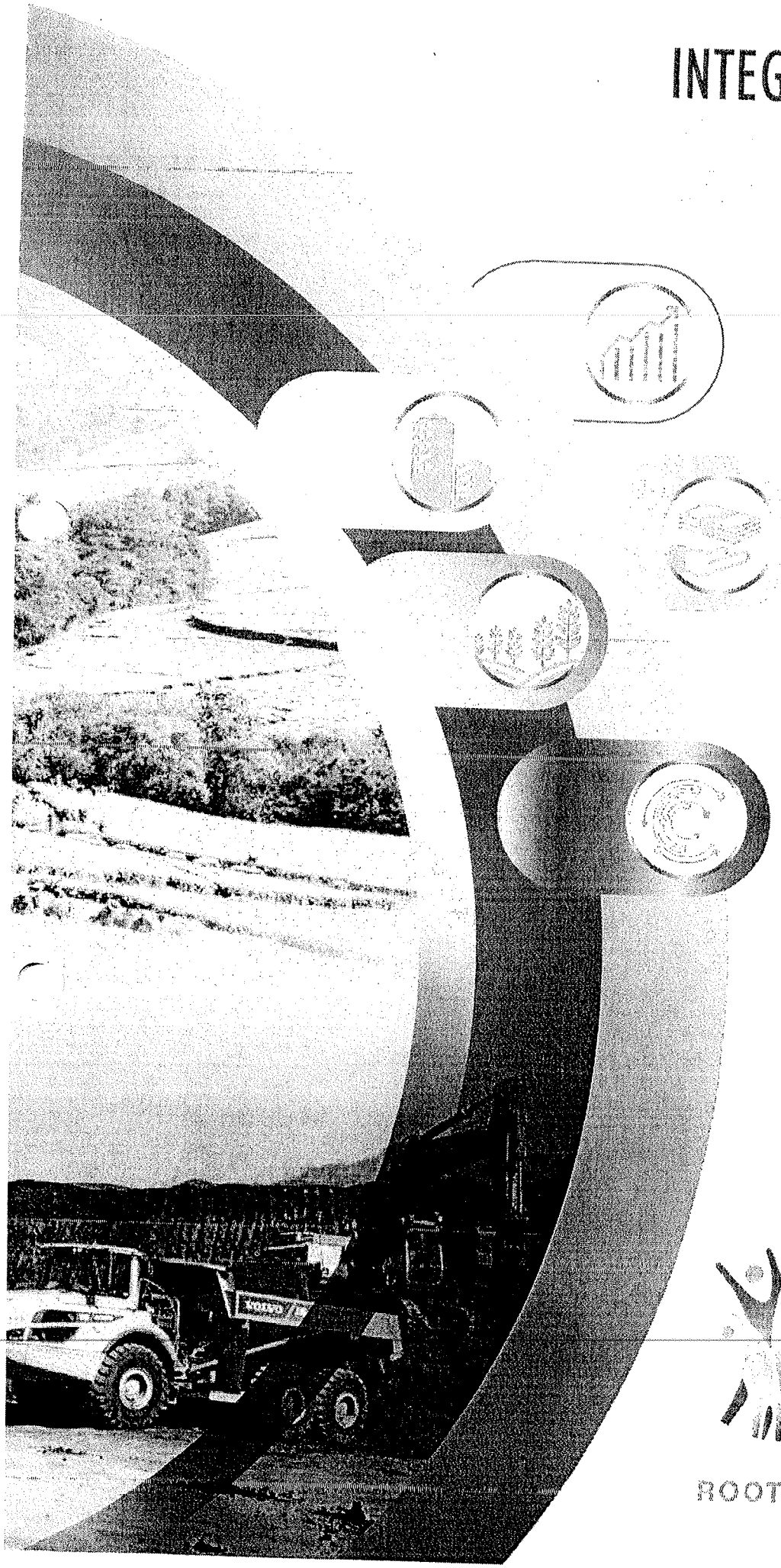
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# INTEGRATED REPORT

20|21



LEDA

LIMPOPO ECONOMIC DEVELOPMENT AGENCY

AN AGENCY OF THE LIMPOPO PROVINCIAL GOVERNMENT REPUBLIC OF SOUTH AFRICA

ROOTED IN THE FUTURE



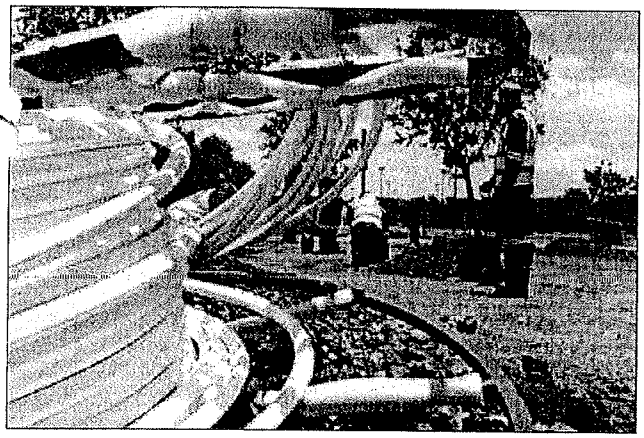
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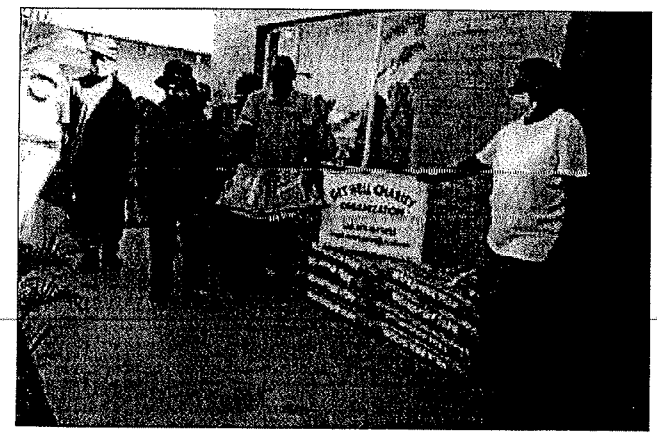
# LIMPOPO ECONOMIC DEVELOPMENT AGENCY

## INTEGRATED REPORT 2020/21









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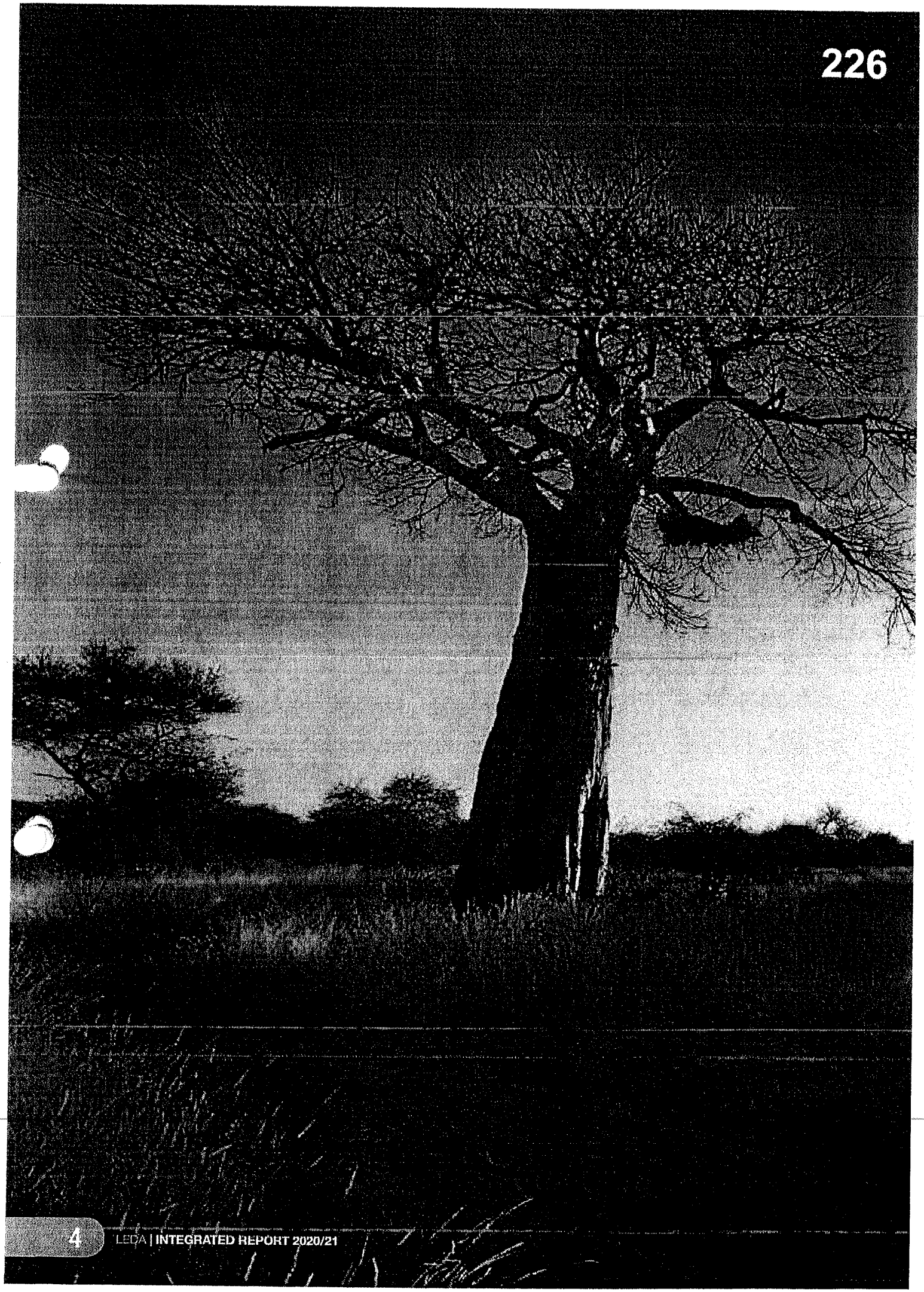
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# GENERAL INFORMATION



# Introduction

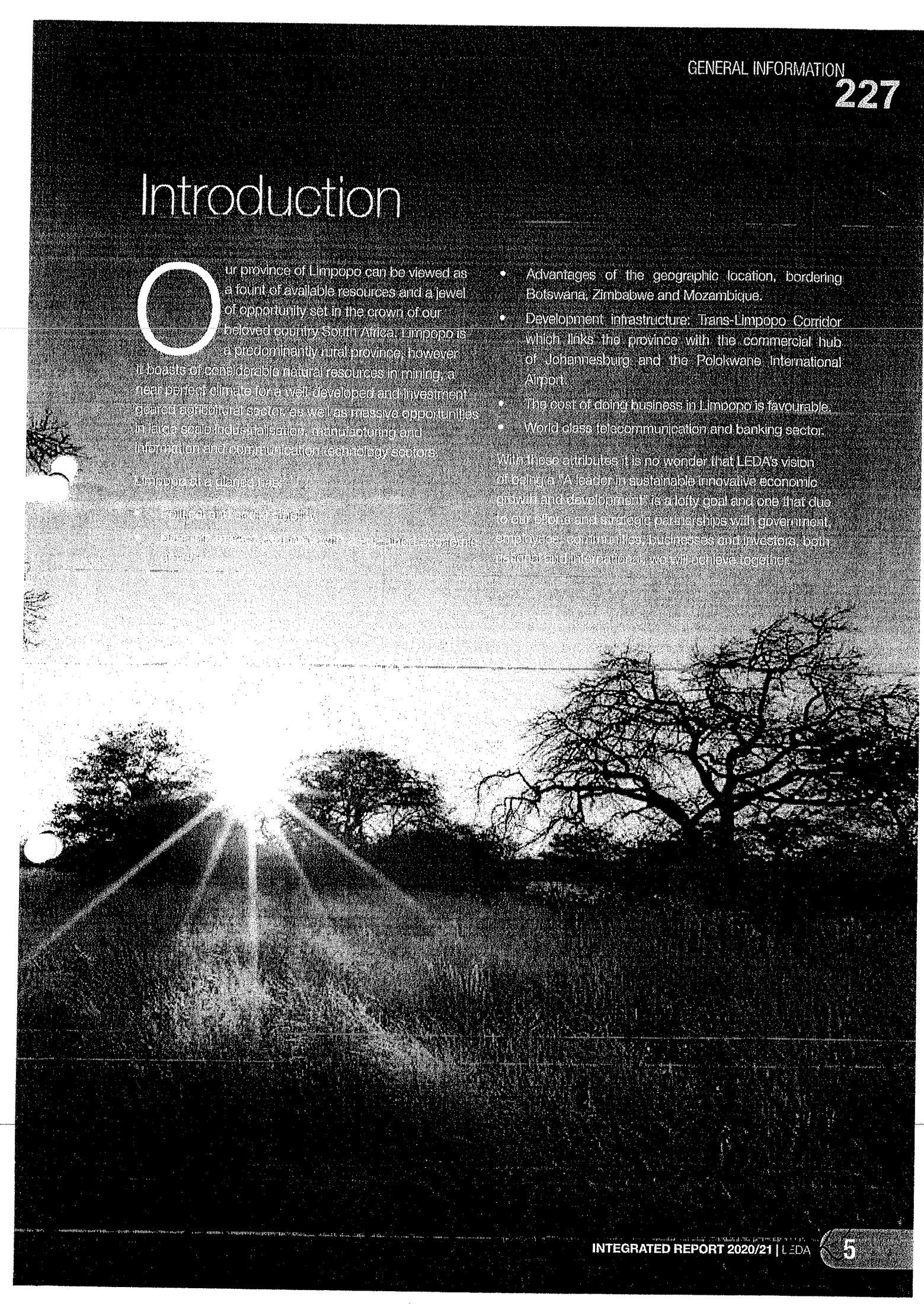
Our province of Limpopo can be viewed as a fount of available resources and a jewel of opportunity set in the crown of our beloved country South Africa. Limpopo is a predominantly rural province, however it boasts of considerable natural resources in mining, a near perfect climate for a well-developed and investment decent agricultural sector, as well as massive opportunities in large scale industrialisation, manufacturing and information and communication technology sectors.

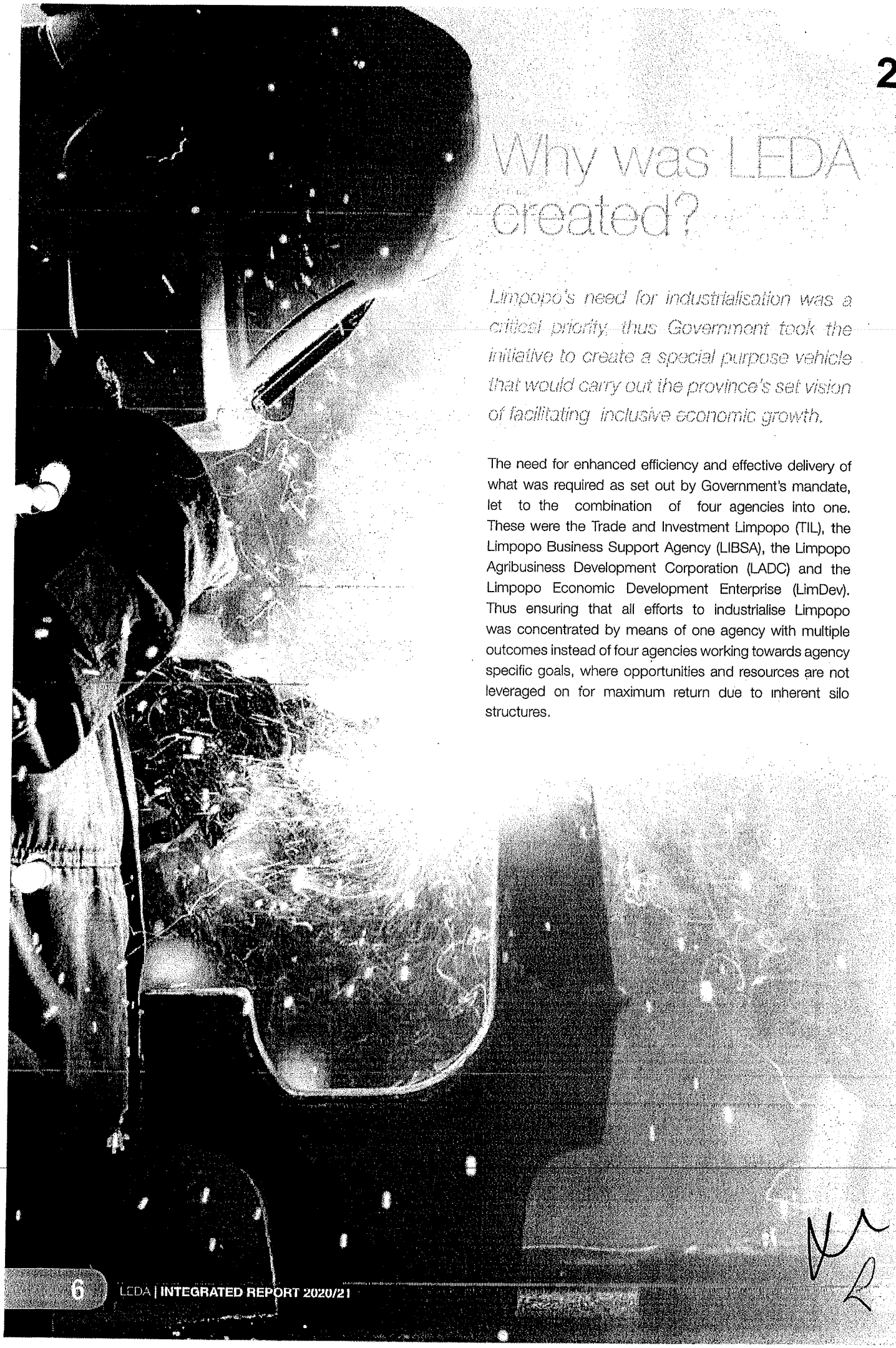
Limpopo at a glance has:

- [illegible]
- [illegible]

- Advantages of the geographic location, bordering Botswana, Zimbabwe and Mozambique.
- Development Infrastructure: Trans-Limpopo Corridor which links the province with the commercial hub of Johannesburg and the Polokwane International Airport.
- The cost of doing business in Limpopo is favourable.
- World class telecommunication and banking sector.

With these attributes it is no wonder that LEDA's vision of being a "A leader in sustainable innovative economic growth and development" is a lofty goal and one that due to our efforts and strategic partnerships with government, employees, communities, businesses and investors, both [illegible] we will achieve together.





# Why was LEDA created?

*Limpopo's need for industrialisation was a critical priority, thus Government took the initiative to create a special purpose vehicle that would carry out the province's set vision of facilitating inclusive economic growth.*

The need for enhanced efficiency and effective delivery of what was required as set out by Government's mandate, let to the combination of four agencies into one. These were the Trade and Investment Limpopo (TIL), the Limpopo Business Support Agency (LIBSA), the Limpopo Agribusiness Development Corporation (LADC) and the Limpopo Economic Development Enterprise (LimDev). Thus ensuring that all efforts to industrialise Limpopo was concentrated by means of one agency with multiple outcomes instead of four agencies working towards agency specific goals, where opportunities and resources are not leveraged on for maximum return due to inherent silo structures.

# How was LEDA created?

*Since LEDA reports into Government, specific legislation was involved in creating it. These were streamlining organisational bodies towards implementable strategy with actions driven by values with the ultimate goal of industrialisation of the Limpopo Province.*

To achieve Government's goal to create Limpopo Economic Development Agency's (LEDA) core mandate, certain legislative frameworks were utilised, that needs to be read in conjunction with the Constitution, namely

- **The Limpopo Development Corporation Act (Act 5 of 1994) as amended by the Limpopo Economic Development Agency Act (Act 5 of 2016) (LEDAA):**

  LEDA Board (used interchangeably with the Accounting Authority) is appointed by the MEC – as a statutory body – to exercise fiduciary responsibility over the Limpopo Economic Development Agency. The current establishment form of LEDA was pronounced in February 2010, when the Premier, in the State of the Province Address, announced the amalgamation of four historical agencies, The formalisation of the establishment of LEDA took place in December 2012.

  It was envisaged that the new agency approach, in the form of LEDA, should provide an integrated platform for the full implementation of economic development activities, and directly stimulate "Industrialisation" in the province. Importantly, the integration of all economic agencies should be based on a singular approach to policy issues and relevant business strategies. It was understood that the stimulation of "industrialisation" requires a public entity that has the capability to address challenges presented by the inherent nature of legacy economic underdevelopment in the province.

  In this regard, LEDA would constitute a key structural intervention to support the provincial government in stimulating and diversifying the industrial base, thereby enhancing provincial economic capacity and capability, and lessening the dependence on the export of raw materials.

  LEDA should serve as the custodian of policy coordination and implementation, thereby assisting government in identifying specific high-impact projects that will accelerate and sustain the growth of the provincial economy and create productive and sustainable employment.

- **The Public Finance Management Act 1 of 1999 as amended (PFMA), together with its regulations as published:**

  In terms of which the Limpopo Economic Development Agency is listed as a schedule 3D Provincial Government Business Enterprise, accountable to the MEC: Economic Development, Environment and Tourism (LEDET) as shareholder representative, and the Provincial Legislature. As such, all prescripts and regulations arising from the PFMA are applicable to its governance and operations.

- **The Companies Act (Act 71 of 2008, as amended):**

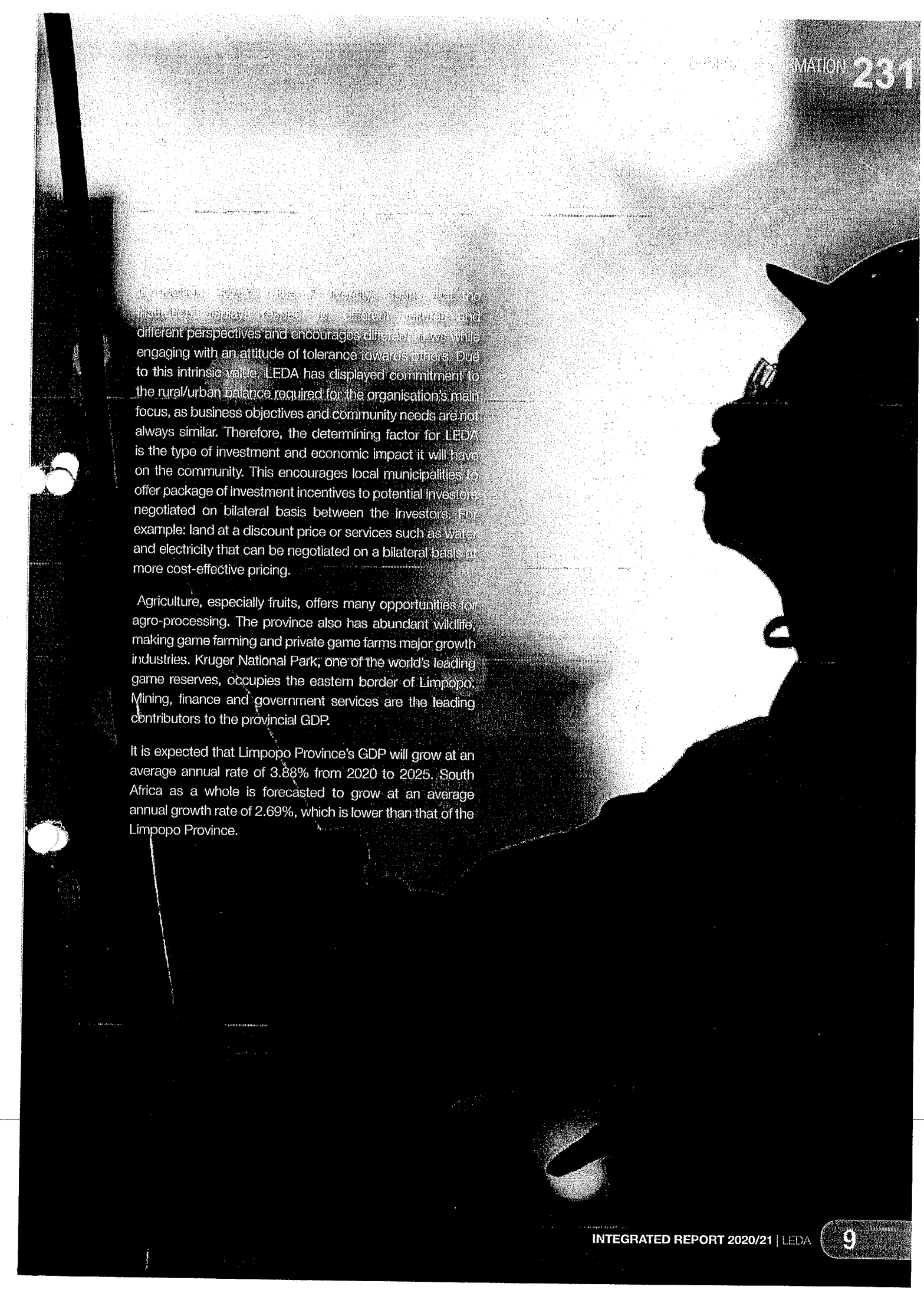
  The Limpopo Economic Development Agency, with effect from 5 September 2013, amended its Memorandum of Incorporation to that of a "State-Owned Company with limited liability", so as to comply with Section 11(3) of the Companies Act. As a wholly owned entity of the Provincial Government, the Board of the Limpopo Economic Development Agency is the Accounting Authority in terms of the PFMA and provides strategic direction and leadership to enhance shareholder value and ensure the long-term sustainable development and growth of the Entity.

  The Board is supported by the Chief Executive Officer and Executive Management Team in implementing the approved strategic and corporate plans and policies. In this regard, the Limpopo Economic Development Agency seeks to operate on sound business principles and practices, and to this end, strives at all times to comply with the principles contained in the King Code on Corporate Governance in South Africa (2016) (King IV).

# What are LEDA's targeted sectors for trade and investment?

*LEDA's mission is to stimulate and accelerate economic growth, development and job creation. To this end, LEDA has targeted sectors that have been identified as providing the most scope for investment opportunities, expansion on current projects and re-purposing assets. These are:*

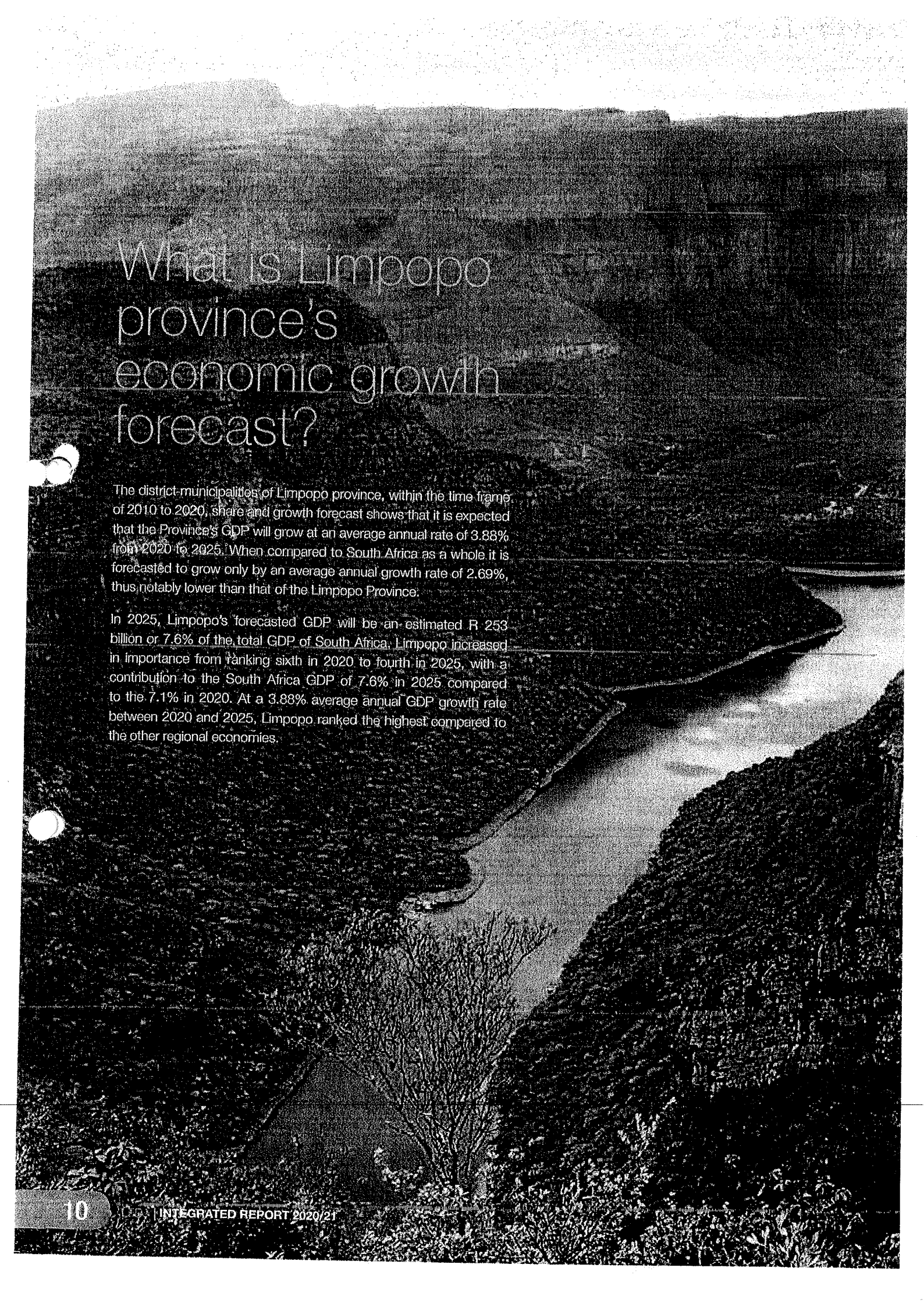




[redacted] different perspectives and encourages different views while engaging with an attitude of tolerance towards others. Due to this intrinsic value, LEDA has displayed commitment to the rural/urban balance required for the organisation's main focus, as business objectives and community needs are not always similar. Therefore, the determining factor for LEDA is the type of investment and economic impact it will have on the community. This encourages local municipalities to offer package of investment incentives to potential investors negotiated on bilateral basis between the investors. For example: land at a discount price or services such as water and electricity that can be negotiated on a bilateral basis at more cost-effective pricing.

Agriculture, especially fruits, offers many opportunities for agro-processing. The province also has abundant wildlife, making game farming and private game farms major growth industries. Kruger National Park, one of the world's leading game reserves, occupies the eastern border of Limpopo. Mining, finance and government services are the leading contributors to the provincial GDP.

It is expected that Limpopo Province's GDP will grow at an average annual rate of 3.88% from 2020 to 2025. South Africa as a whole is forecasted to grow at an average annual growth rate of 2.69%, which is lower than that of the Limpopo Province.



# What is Limpopo province's economic growth forecast?

The district municipalities of Limpopo province, within the time frame of 2010 to 2020, share and growth forecast shows that it is expected that the Province's GDP will grow at an average annual rate of 3.88% from 2020 to 2025. When compared to South Africa as a whole it is forecasted to grow only by an average annual growth rate of 2.69%, thus notably lower than that of the Limpopo Province.

In 2025, Limpopo's forecasted GDP will be an estimated R 253 billion or 7.6% of the total GDP of South Africa. Limpopo increased in importance from ranking sixth in 2020 to fourth in 2025, with a contribution to the South Africa GDP of 7.6% in 2025 compared to the 7.1% in 2020. At a 3.88% average annual GDP growth rate between 2020 and 2025, Limpopo ranked the highest compared to the other regional economies.

# What drives LEDA forward?

## Vision

An organisation's values should be the bedrock of why it exists, how behavioural norms are defined, and how decisions are made in order to achieve goals and fulfil the vision. LEDA's vision is to be "A leader in sustainable innovative economic growth and development".

## Mission

In order to achieve this vision, LEDA's mission is to accelerate economic growth, development and job creation through:

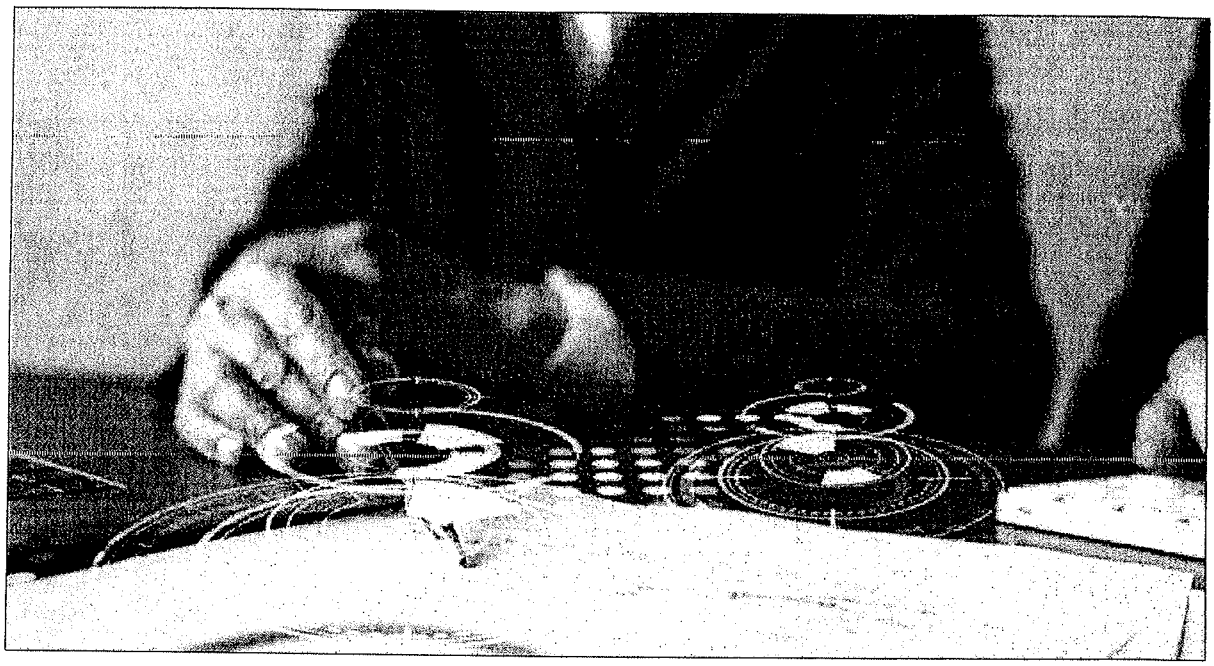
- Industrialisation
- Promotion and facilitation of trade, investment and finance
- Creation and support of sustainable enterprises; and
- Continual innovation.

## Values

The above vision and mission are only achievable if there is a careful integration of values with the strategy, mission, and goals of LEDA, as it has a direct and measurable impact on scalability and profit. LEDA subscribes to the following internal values which are in line with the Batho-Pele principles: Actions speak louder than words – 'walk the talk'.

| LEDA VALUE STATEMENT | WHAT IT MEANS IN PRACTICE |
|---|---|
| **Accountability** | The obligation to account. To take responsibility for one's actions. |
| **Excellence** | To be results-oriented and cost-effective; to ensure superior performance; to strive for client/stakeholder satisfaction. |
| **Integrity** | To be professional, have a commitment to ethics and focus on justice and fairness. To be honest, trustworthy, open and loyal. |
| **Transparency** | The obligation to act in an open and transparent manner. |
| **Diversity** | To display respect for different cultures and different perspectives. To encourage different views. To display tolerance towards others. A commitment to employment equity and the rural/urban balance required for the organisation's main focus. |

These specifically emphasised values identified requires targeted management intervention to ensure that they are visible and "lived", while they should also be assessed as part of LEDA's performance management approach, under direction of the Chief Executive Officer.



## THE ROLE THAT LEDA PROVIDES

LEDA as the policy-implementing arm of the province, and Limpopo Department of Economic Development, Environment and Tourism (LEDET), role is defined as follows:

1. Providing business intelligence, as well as research and development (R&D) towards innovative solutions: Using scientific impact assessment tools and approaches to develop scenarios and business intelligence; monitor and evaluate the impact of projects; and provide capacity support in areas of development, such as economic development research. Being a first point of call, in terms of business and market intelligence.

2. Conceptualising economic programmes and drivers: Unpacking policy directives, as well as understanding what is unique to the region and will stimulate growth. Supporting integrated region- wide planning on economic development, as well as investment planning and advancement. Understanding the provincial value proposition and its comparative global competitiveness.

3. Identifying and packaging development opportunities and leveraging partnerships: Developing bankable business and/or project plans to best attract and leverage private sector and other partnerships and investment to targeted projects; and providing a framework for both government's involvement and its exit/handover strategy and approach with regard to identified projects and programmes. Optimising and leveraging that which other partners are doing in a particular space.

4. Supporting local economic development (LED) capabilities (where LED is by definition localised): Providing a regional view and supportive framework to LED in terms of how it might integrate with, and benefit from a regional focus and strategic framework, while identifying and leveraging opportunities for collaboration.

5. Customising support for priority economic sectors and subsectors: Understanding the value chain of the sectors targeted for support, followed by clearly targeting support towards industrialisation and the growth of labour-intensive industries. Focusing only on sectors that are most likely to benefit from the impact and be consistent in terms of growth and development. Understanding the unique selling point of Limpopo. Driving Limpopo's global competitiveness and understanding the global value chain.

6. Coordinating and managing the implementation of strategic infrastructure and economic interventions: Acting as a "Centre of Excellence", providing capacity, capability and competence in project and programme management, project planning, project oversight and management of development interventions.

7. Facilitating trade and investment: Sourcing and facilitating funding for investment projects in the province; supporting business expansion and retention; supporting and driving enterprise development; and attracting new industries to the province.



# GOVERNANCE



# FOREWORD BY THE MEC

The slow economic growth coincided with the outbreak of the Covid-19 pandemic which sent global markets into turmoil. The locking down of international trading systems and ports of entries, further exacerbated the downturn of the global business environment. The economic contraction was predicted for the foreseeable future as the spread of the pandemic became unabated, resulting in the destruction of small and micro to large business on a global scale.

*The refurbishment of the LEDA industrial parks should remain among the many priorities of the agency as they are the building blocks for expanding manufacturing capacity of the province, as well as the breeding ground for future industrial players.*

South Africa's future economic outlook suffered for two consecutive years with negative ratings grades for investment by three main rating agencies. Whilst it is a common course that markets go through the phases of growth, maturity and decline and that it is during the decline phase that new products and services driven by innovation emerge to stimulate economic growth. South Africa's adaptation of the new normal of doing business was gradual across all adjusted levels of the lockdown regimes embedded in the National Disaster Management Act. As a development State, propelled on expansionary monitory policy, the country relied on inflation targeting over the past two years to alleviate the impact of inflation on households.

Our growth plans over the Medium Term Strategic Framework (MTSF) was adversely affected by raging economic disruptions following the implementation of the Disaster Management Act regulating the Covid-19. Limpopo Development Plan which pointed to many untapped opportunities across our traditional and emerging sectors; however investments in all these sectors collapsed as a result of market speculations and uncertainties. Our business communities; industrialists, SMMEs and Co-operatives whose long term existence, growth and expansion depends on local support and consumption of their products and services saw a steep decline in demand, almost leading to their demise. Our intervention was anchored on relief fund support by national government; mainly the Department of Small Business

*The five year LEDA Corporate Strategy is a practical and implementable plan that should set a new trend line for the economic growth of our province.*

Development, brought about the much needed relief and lifeline to these businesses. As much as we provided the financial and non-financial support, a lot of work still needs to be carried out to ensure that emerging businesses are afforded the opportunity for growth as that is our vehicle of restoring economic stability and platforms for job creation and poverty alleviation.

Substantive stakeholder engagements with business communities were conducted in Limpopo Province to support business endeavours in general. Whilst we appreciate the prompt development of the LEDA Call Centre to assist the business communities online, we are confident that the future planning for SMME and Co-operatives' development will integrate all future technologies of communications and information dissemination. My department with its business development directorates will continue to support the LEDA programmes on enterprise development and investment promotion.

The Musina-Makhado SEZ, one of our landmark industrialisation programme in the province continues to gain traction as we embark on infrastructure roll-out in the current 3 year MTEF cycle. The much-awaited record of decision on the EIA in the South Site will, once obtained provide significant impetus to the implementation of the MMSEZ. The MMSEZ emerging as another Singapore presents opportunities of a lifetime and is envisioned to see Musina and Makhado being transformed into a new smart city fully equipped to handle all viable opportunities associated with the 4th Industrial Revolution.

In our endeavour to position Fetakgomo-Tubatse proposed SEZ to be a globally recognised Centre of Excellence for Green Economy Technology and Mineral Beneficiation, LEDET seconded the Head of Department to lead the project management unit as work continues on strengthening the investment pipeline, robust marketing and infrastructure roll-out. This will strengthen the value proposition for the SEZ as we strive to localise manufacturing of both upstream and downstream activities of the PGM's and Chrome value chains.

The refurbishment of the LEDA industrial parks should remain among the many priorities of the agency as they are the building blocks for expanding manufacturing capacity of the province, as well as the breeding ground for future industrial players. As we continue to perfect our model of beneficiating our industrial base and raw materials to industrialise our economy, these industrial parks will become the feeder to mayor industrial players down the value chain. We are encouraged by the number of jobs created through these industrial parks, and the skills transfer that employees in these businesses acquire, as they are vital for the skills base in our province

The five year LEDA Corporate Strategy is a practical and implementable plan that should set a new trend line for the economic growth of our province. My department is encouraged by the bold vision set by the LEDA Board of Directors and the strategic goals and objectives embedded in the vision. It is on that basis that we believe and support the strategic direction and endeavours undertaken by this Board over the MTSF 2019-2024. Our contribution towards the achievement of the MTSF ideals of; achieving a more capable state, driving a strong and inclusive economy and building and strengthening the capabilities of South Africans, should be the rallying point for everything we do in our oversight role as the shareholder and the Board.

The appointment of the LEDA Chief Executive Officer by the Board of LEDA came at the right time of implementing the strategy and my department is convinced that, with the support of the Board and capable executive management cohort, LEDA should be able to accomplish its objectives annually to contribute to the economic growth of our province.

Last but not least I would like to express my appreciation for the support of my executive and senior management to the work undertaken by LEDA, and the legion of business development and support staff located across all the LEDA regional offices as they provide the much needed support to enterprise development and trade and investment promotion in our province.

**Thabo Mokone**

MEC of the Department of Economic Development, Environment and Tourism



# STATEMENT BY THE CHAIRPERSON

*The timeless online business registrations and its associated services put the province on par with national benchmarks of lead time to accessing business opportunities by entrepreneurs.*

The LEDA Board of Directors presents the 2021 Intergrated Report at the time when the country continues to suffer from the effects of Covid-19 pandemic that ravaged the world over the past two years. As the world grapple with the scourge of new infections on one hand, and endeavour to keep the socio-economic rhythm alive on the other hand, there is growing need for public institutions such as LEDA to remain vigilant and adaptive to better ways of executing their mandates. There is a growing trend globally to evaluate what works, in the midst of scarce resources to pursue delivery of expected goals and objectives set out in the organizational plan.

During the year under review, the LEDA Board continued with its oversight responsibilities emphasizing on the review and development of policies to support corporate strategy implementation. Corporate governance is at the heart of our fiduciary responsibilities and it is therefore imperative that where there are gaps and weaknesses, the Board provides guidance to eliminate them. It must be stated that over the past twelve months, the Board has strengthened its governance oversight having considered a number of key policies and Board Charters. The Board is grateful on this important work carried out by management which continued into the new financial year. It is a demonstration of the sense of urgency towards the ideals of turning LEDA towards self sustainable institution anchored on strong principles of corporate governance. Much more work still needs to be done in the new financial year to ensure that LEDA corporate governance regime is benchmarked with national and international best practices.

The new normal of operating virtually resulting from adjusted levels of lockdowns carried under the Disaster Management Act characterized much of the year under review. Like any other public or private sector institution, LEDA had to adapt to the new normal whilst ensuring that productivity is not compromised. Whilst this new wave of interacting with our work responsibility will be part of our permanent feature, we need to appreciate the challenges that are faced by disfranchise rural communities whose access to online services is hampered by low internet penetration.

*Our endeavour to industrialize the economy of Limpopo hinges to a larger extent on the technological advancement and scale across the length and breadth of the province.*

This is the second Intergrated Report of this Board. The Board has during the year under review strengthened the alignment of governance and oversight to organizational performance. The Balance Scorecard framework has been introduced to measure individual and organizational performance. Other efficiency and performance measure tools will come on Board in the coming financial year.

Our strategic thrust hinges on increased start-up financing, sustainable enterprises economic development, investment and trade promotion for inclusive economic growth of Limpopo Province. The LEDA business model is gradually embracing new technological imperatives to remain relevant and agile.

The timeless online business registrations and its associated services put the province on par with national benchmarks of lead time to accessing business opportunities by entrepreneurs. LEDA therefore compares with international best practice of delivering a fully registered business service within 12 hours. In today's ever changing consumer needs, service driven global market, and stiff competition, efficiency determines success or failure. Our service delivery imperatives require that our programmes are defined within the parameters of excellence and efficiency throughout the group.

Public transport remains the backbone of the economy of the province. Great North Transport acquired 75 new buses to complement the current fleet. The delivery of the fleet goes a long way in alleviating the transport challenges that commuters and passengers face on daily basis. Although the fleet is not sufficient, Management under the strategic leadership of the Great North Transport Board of Directors are working tirelessly to arrive at a permanent solution to the matter.

Our endeavour to industrialize the economy of Limpopo hinges to a larger extent on the technological advancement and scale across the length and breadth of the province. To this end, Limpopo Connexion conceptualized the Science and Technology Park to leverage on the broadband facility for sustainability. The science and technology park will drive economic development by accelerating investments on innovation; new products, research and development.

The SEZ program is gaining traction, with more Environmental Impact Studies being completed and finalization of Environmental Impact Assessments (EIA) for the south side of the Musina Makhado Special Economic Zone (MMSEZ). The EIA remained a disjuncture between our drive to promote foreign investment and inflow of investment into the Zone and we are confident that the latest EIA report is well received by all stakeholders for the commencement of amenities that will further stimulate investment interests into the zone.

During the year under review, MMSEZ completed an investment promotion strategy, the internal master plan for the North site in preparation for bulk infrastructure development. In addition to that, pre-feasibility studies for Musina Dam, and the smart city development model were completed.

Our endeavour to reach designation status for proposed Fetakgomo-Tubatse got a major boost with the arrival of the former Head of Department of Economic Development, Environment and Tourism, as its Executive after year end under review. The allocated financial resources for the project implementation will go a long way towards the successful bidding for designation.

The Covid-19 pandemic, whose negative effects let many industrial sectors plummeting affected not only emerging economies, but also the developed economies.

The LEDA insurance and housing portfolios driven through New Era Life Insurance and Risima Housing Finance, have shown strong potential for growth in financial services offerings despite unfavourable market conditions during the year under review.

Black economic empowerment and participation in the mainstream economies is the hallmark for inclusive economic growth envisaged in our mining assets. Our imagined growth year on year is based on the proliferation of mining activities in both Sekhukhune and the Waterberg districts respectively. Corridor Mining Resources (CMR) endeavours to play a meaningful role of both investment promotion as well as advocacy for communities where mining operations take place.

Whilst our mine operations are still on the project phase and do not make profit as yet, they however facilitated to create 100 jobs for local communities and contributing to enterprise development and support with 70% of procurement spent channelled to these enterprises during the year under review. The mining right on the Fumani Gold was acquired, paving our way for raising capital and commencing operations in the future. The majority of CRM assets are in their project phase with expenses still outdoing income generated from operations. However, the company has improved its governance matters by addressing all concerns raised by the Auditor General in the previous financial year and also acquired an unqualified opinion - a solid foundation for future efforts of raising capital and investments.

We will continue to strengthen management capacity and capabilities which have been a constraint on the business due to the Provincial Government moratorium on filling positions. Post year and recently, the moratorium has been lifted which provides us with the opportunity to capacitate the Group.

Our audit outcome at consolidated Group level has regressed due to qualification of Limpopo Connexion in respect of its Broadband assets accounting allocation. The Board is however satisfied that LEDA Agency and many other subsidiaries obtained unqualified audit opinions from the Auditor General. Within these, Risima continued to be star performer having received a clean audit outcome for the third year in a row. It remains the desire of the Board to attain clean audit outcomes in the entire LEDA Group in the year ahead.

Our gratitude goes to our shareholder, as represented by the Hon MEC Thabo Andrew Mokone, for the continued support during the year under review. The oversight role of different portfolio committees is highly appreciated as they keep us on our toes in terms of obligations to the people of the province. To that end, the entire Board of Directors would like to appreciate and commit to serving the people of Limpopo Province as per our fiduciary duties, and in doing so, we endeavour to adhere to environmental and social governance principles.

We are committed to contributing to sustainable development in the Limpopo Province through ethical and responsible business practices, as well as through unlocking value for the citizens of the province and advancing an Ethical and Social Governance-aligned agenda, that is directed towards creating long term sustainability. Our commitment includes managing the environmental and social effects that LEDA's activities and solutions have in the province.

Part of our Environment and Social Governance agenda is to ensure responsible and sustainable investment drive and economic development activities. We embed the assessment of the environmental and social risks within our Enterprise-wide Risk Management (ERM) framework,



and will apply relevant globally accepted environmental and social risk management principles across our investment drive and economic development activities by:

- Utilising best practices,
- Integrating environmental and social management systems, into our operational model on a reiterative basis,
- Continuing to develop and formalise our environmental and social data collection across our operations,
- Aligning our risk control management procedures,
- Complying with best practices and other Environment and Social Governance guidelines.

The Board would like to appreciate the level commitment and sacrifices displayed by management and staff during this challenging year. Our deepest condolences go to the families of our employees who succumbed to the deadly Covid-19 disease.

**Mpho Makwana**
LEDA Chairman





# GROUP CHIEF EXECUTIVE OFFICER'S OVERVIEW

*LEDA recognises the need to continuously adapt and adjust in order to respond effectively to a rapidly changing environment, as we continue to play our role in the economic and industrial development of the province.*

It is with great honour and privilege to present my inaugural overview report as Group Chief Executive Officer of LEDA. An enormous responsibility is bestowed upon us to accelerate economic growth, development and job creation for the benefit of the people of Limpopo through industrialisation; promotion and facilitation of trade, investment and finance; creation and support of sustainable enterprises; and continual innovation.

The past financial year has been challenging in many respects. We operated under unusual business conditions following the outbreak of the Covid-19 pandemic and ongoing lockdown, which necessitated a fundamental shift in how we do business, life and connect one another as people. The 'new normal' balancing work that needs to be carried out, life and livelihood.

The adverse impact brought about by this pandemic has exacerbated the already subdued financial position and performance across LEDA Agency and subsidiaries. The cash flow generating capacity remains a constraint that necessitates tightening cash flow management. LEDA Agency and all subsidiaries, save for Limpopo Connexion (which obtained qualified audit opinion), received unqualified audit opinion with Risima Housing Finance maintaining its clean audit for the third year in a row from the Auditor General. Management will work hard to address issues identified on Limpopo Connexion to return to the unqualified status in the coming year.

The year under review saw LEDA enhancing its internal control environment through developing and reviewing its policies and processes as well as the organisational structure enhancement to ensure that as a state-owned company, we are fit for purpose. The long-term sustainability of LEDA and its subsidiary remained our critical focus area as this will enable the group to fulfil its economic and developmental mandate. LEDA has, as a result, mapped its sustainability path for the next few years to ensure self-reliance and reduce financial dependency from the fiscus.



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*The onset of the COVID-19 pandemic triggered the implementation of our business continuity plan and resulted in our establishment of a COVID-19 response team and the prioritisation of the health, safety and well-being of our staff, our clients and other stakeholders with whom we interact. We set about implementing safety protocols throughout all our offices, ensuring adherence to Covid-19 regulations.*

LEDA Group has slightly improved its financial position by 8% from the previous financial year, mainly due to the acquisition of Broadband assets. Both Own Revenue and Grant funding were decreased by 35% and 16%, respectively. Going concern of the Group is under threat. Margins are worsened by the continued losses caused by impairments or non-performance of investments.

Subsequent to the financial year end, the Group sustainability model to address the going concern has been put in place, which includes some of the following interventions.

- Recapitalisation of Great North Transport by R 182 million;
- Disinvestment/ disposal of non-core asset;
- Partnership with the private sector in key strategic assets in the agricultural sector; and
- Intensive collection strategy on all legacy Loans and Debtors.

LEDA continued to support small businesses during the year under review. Despite budgetary constraints, 118 SMMEs were supported by LEDA through the Business Incubation Program, of which 59 were Youth-Owned Enterprises. This resulted in a total of 221 employment opportunities being created and sustained, which benefited 108 females and 113 males, included herein were 123 youth. Additionally, 100 Co-operatives were supported through the Business Incubation Program, of which 20 were Youth-Owned Enterprises. A total of 737 employment opportunities were created and sustained, of which 491 were Females and 246 were Males, including 244 young people.

Our property portfolio remains pivotal as an income-generating stream for LEDA. The industrial parks are central in providing the most needed infrastructure and logistical hub for businesses to conduct their business activities in the province. During the year, LEDA continued with the refurbishment of the Seshego and Nkowankowa Industrial Parks. This accomplishment would not have been possible without the continuous support of the DTIC, who provided financial resources towards this process through its' Critical Infrastructure Programme.

The next phase of the refurbishment programme will focus on Thohoyandou Industrial Park security features and Seshego Industrial Park second phase. LEDA has already lodged an application for funding with the DTIC, and this will also include the establishment of the Digital Hub in both Seshego and Nkowankowa Industrial Parks. We have lost a number of our tenants due to the economic meltdown and COVID 19 impact. It is the intention of LEDA to continue to engage these lost tenants approach the DTIC for available incentives schemes that may assist them to minimise the impact their businesses endured.

Insofar as our subsidiary companies are concerned, Limpopo Connexion, for instance, has begun the rollout expansion of broadband network telecommunications infrastructure footprint to local municipalities. The objective of the broadband project is to establish an open-access, shared, secure, affordable next-generation broadband network infrastructure to develop ICT as an economic sector, improve service delivery, transform Limpopo into a knowledge economy and information society province and help bridge the digital divide. This is a critical project in which the community of Limpopo will benefit by accessing free connectivity in almost all corners of the province.

Risima Housing Finance remains self-sustainable and self-reliant and will continue to focus on its growth trajectory in collaboration with key strategic partners already identified.

*I see the future being bright for our business through reengineering and organisational alignment.*

Great North Transport (GNT) has unveiled new buses, a process that brought a sigh of relief to our commuters who rely on GNT for their safe transportation. Our Hon Premier, Mr Stanley Chupu Mathabatha, officially handed over the first batch of ten buses, and the rest being 65 buses, were delivered subsequently. The new fleet offered the necessary support to the existing fleet and further boosted the provincial economy by ensuring effective transportation of commuters to various destinations. Notwithstanding the new fleet, GNT experienced cashflow challenges during the year under review, which adversely impacted its operations attributed largely to limited busses on the routes and reduced passenger numbers to comply with Covid-19 protocols during a lockdown.

Corridor Mining Resources (CMR) has endured cashflow challenges as most of its underlying investments were not yet at maturity phases and, as such, cannot provide any dividend waterfall. LEDA has continued to provide the necessary support to CMR.

Limpopo Agribusiness is being repurposed to focus on agro-processing and moving away from primary agriculture. It is expected that this new approach will begin to bear fruit in the coming year to ensure commercial viability.

Whilst our New Era Life Insurance was impacted negatively following a large number of deaths claims due to the pandemic, its regulatory solvency and capital adequacy requirements remained within the threshold set by its regulatory authority. This business has great potential to succeed.

Musina Makhado SEZ has shown fundamental progress, including capacitation of its workforce both at the management and operational level. It has attained milestones towards the finalisation of its environmental impact assessment. Furthermore, the company continued to engage with potential strategic partners to the Special Economic Zone. The Fetakgomo Tubatse SEZ project, on the other hand, has laid the necessary groundwork which bodes well towards designation as an SEZ in the year ahead. It has identified potential investors for the project site, and engagements are ongoing.

The advent of the COVID-19 pandemic has triggered the need to implement a business continuity plan for our business. Consequently, we established a COVID-19 response team and ensured prioritisation of the health, safety and well-being of our staff, our clients and other stakeholders with whom we interact. We set about implementing safety protocols throughout all our offices, ensuring adherence to Covid-19 regulations.

I see the future being bright for our business through reengineering and organisational alignment. Whilst challenges remain in our midst, and there are endless possibilities and great potential for LEDA and its subsidiaries to change the lives of the people of Limpopo fundamentally.

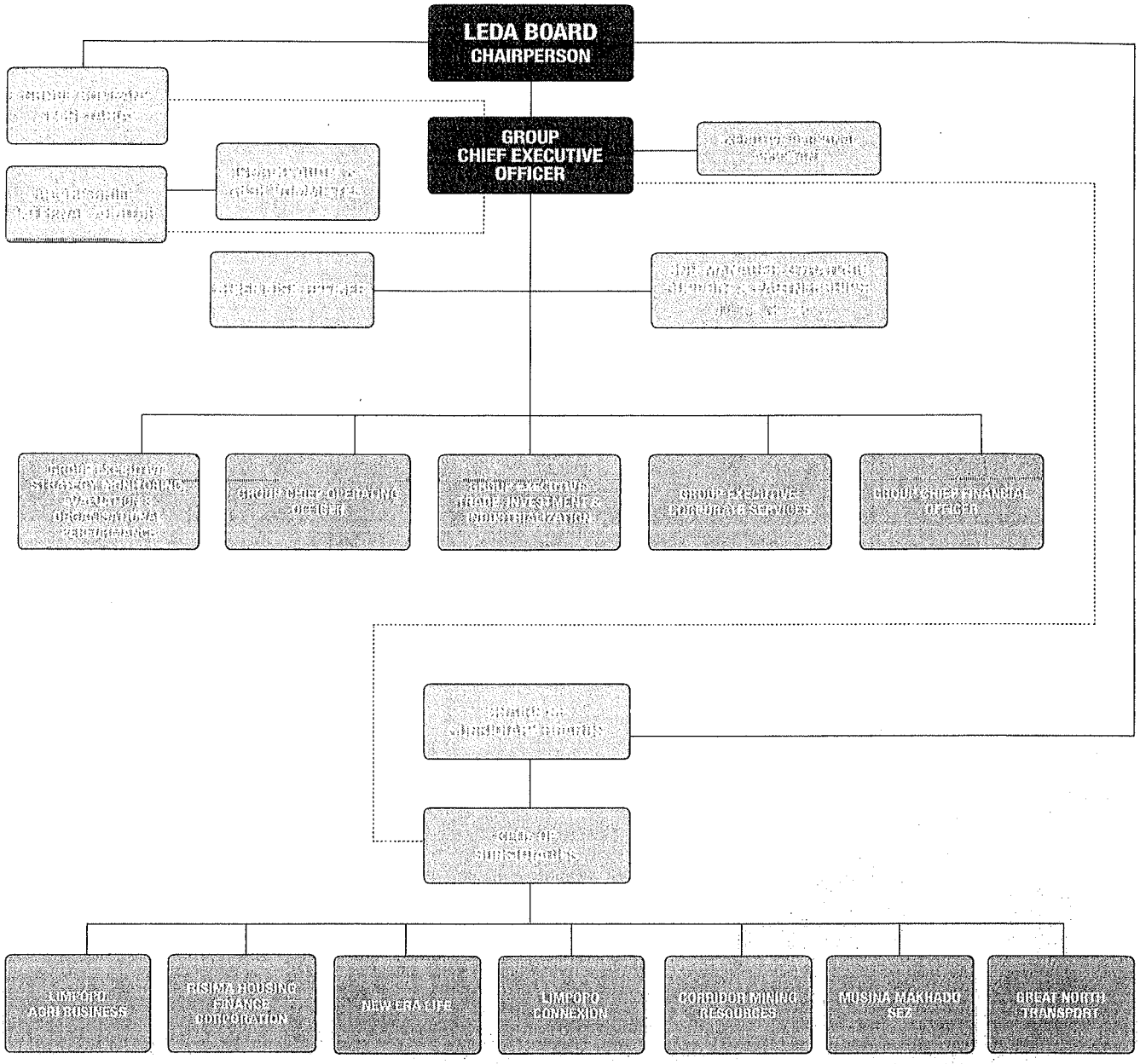
I would also like to express our deepest condolences on behalf of the LEDA group to the families and friends of our colleagues who lost their lives through Covid-19 during this period. May their soul rest in eternal peace!

On behalf of management & staff group-wide, I would like to extend our sincere gratitude to the Board of Directors, able led by our Chairman, Mr Mpho Makwana, for your support and counsel.

Our appreciation goes to the MEC for Economic Development Environment and Tourism, Hon Thabo Andrew Mokone and Team LEDET, for your continued guidance and oversight and holding us accountable.

**Thakhani Makhuvha**
Group Chief Executive Officer

# Institutional framework



# Board of Directors



MR MP MAKWARA
Chairman of the Board

**Appointed:** 01 December 2019

QUALIFICATIONS

- B.Admin Honours (Public Administration)
- Bachelor of Administration
- Executive Development Programme
- Post Graduate Diploma in Retail Management



MR CCT NKADIMENG
Deputy chairman

**Appointed:** 01 March 2021

QUALIFICATIONS

- Bachelor of Arts
- Honours of Public Governance



MR T MAKERUKA
Group Chief Executive Officer

**Appointed:** 01 November 2020

QUALIFICATIONS

- MCom Financial Management
- BCompt Honours
- BCom Accounting
- Leadership Development Programme
- Senior Business Rescue Practitioner



MR MS RALEDIPI
Non-Executive Director

**Appointed:** 01 December 2019

QUALIFICATIONS

- BCom in Accounting
- Post Graduate Diploma in Computer Auditing
- Certificate in Risk and Information System Control
- Certificate in Strategic Leadership



MR R SIBINGANGE
Non-Executive Director
(Resigned - 9 February 2021)

**Appointed:** 3 December 2019

QUALIFICATIONS

- B.Proc - UL
- Post Grad Dip. in Information System Management - Wits



MR D KOUNTOUMOELLIDES
Deputy chairman
(Deceased - 12 August 2020)



MR IM RATHUMBU
LEDET Representative

**Appointed:** 01 December 2019

QUALIFICATIONS

- MA in Economics
- MA Arts
- BEcon (Hons)
- BA Military Science
- Front Line & Public Relations
- Management Dev. Programme
- Labour Relations Course
- Economics Application



MS N MAGADAGELA
Non-Executive Director

**Appointed:** 12 January 2021

QUALIFICATIONS

- Chartered Accountant (SA)
- Bcompt Honours
- Bcom Accounting Sciences



MR M MAPHUTHA
Non-Executive Director

**Appointed:** 01 December 2019

QUALIFICATIONS

- Teachers Diploma
- Certificate in Corporate Governance Leadership



ADVITIA NGUBE
Non-Executive Director

**Appointed:** 01 December 2019

QUALIFICATIONS

- Diploma in Criminal Justice and Forensic Auditing
- LLB
- BA Law Degree



MR CA CHIKANE
Non-Executive Director

**Appointed:** 01 March 2021

QUALIFICATIONS

- Master of Public Administration
- Master of Town and Regional Planning
- Post Graduate Diploma in Monitoring and Evaluation
- Certificate Corporate Governance
- Certificate in Risk Management
- Advanced Programme in Project Management
- Programme in Project Management
- Executive Leadership Municipal Development Programme
- GCRA Executive Leadership Development Programme
- B Iuris
- Advance Labour law Programme
- Business Management Development Programme (BMDP)
- Executive Development Programme
- Strategic Human Resources Management



MR F MAGIDI
Group Chief Financial Officer

**Appointed:** 01 June 2019

QUALIFICATIONS

- Professional Accountant (SA) (SAIPA)
- Tax Practioner (SAIPA)
- Bcompt Accounting science degree



MR N MOKOBANE
Group Chief Operations Officer (Interim)

**Appointed:** 01 June 2019

QUALIFICATIONS

- Master's in Information Technology Governance
- BCom Honours – Internal Auditing
- BCom Internal Auditing
- Secondary Teachers Diploma
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Certified Data Privacy Solutions Engineer (CDPSE)
- Certified Government Auditing Professional (CGAP)
- Certified Financial Services Auditor (CFSA)
- Certification in Control Self-Assessment (CCSA)



MS MC MOKOMA
Group Company Secretary

**Appointed:** 1 March 2014

QUALIFICATIONS

- B. Juris
- Practical Labour Law
- Project Management
- Strategic Investment Promotion and Competitiveness

# Executive Management



DR T MASOTLHA
Group Chief Executive Officer



MS P MAZIDI
Group Chief Financial Officer



MR P MOKOBANE
Group Chief Operations Officer
(Interim)



MS B GWEBU
Project Executive:
Fetakgomo-Tubatse PMU



MR S KHOZA
Head: Information Technology
(Interim)



MS S MAPONYA
Head: Human Resources



MR M MOLEPO
Head: Property Infrastructure
Development Division



DR JM MOKOELE
Group Executive Manager:
Corporate Services



MR A SHIBURI
Head: Growth Sectors



MR SH MAPHUTHA
Executive Manager: Enterprise
Development and Finance
(Interim)



MS T RADIPHALA
Group Chief Risk Officer



MR N GIBINGA
Head: Agribusiness Development
Division (Interim)

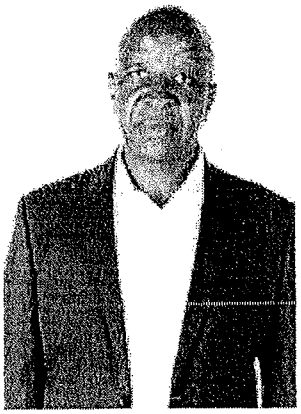


MS C MOKOMA
Group Company Secretary

# CEO's of Subsidiaries



MR S NOKANENG
CEO: Risima Housing Corporation



MR K NKADIMENG
CEO: Corridor Mining Resources



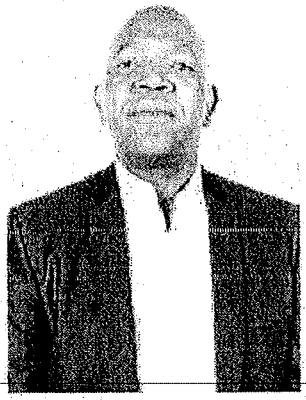
MR S KHESWA
CEO: Great North Transport
(Resigned on 31 December 2020)



DR M MOKOELE
CEO: Great North Transport (Interim)
(Appointed 01 January 2021)



MR L MASOGA
CEO: Musina-Makhado Special Economic Zone



MR B RAMASOBANE
CEO: Limpopo Connexion (Interim)



MR K MKHIZE
CEO: New Era Life

# Governance Report

*The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies.*

Limpopo Economic Development Agency (LEDA) is a schedule 3D public entity in terms of the Public Finance Management Act, 1 of 1999 (PFMA). It is led by a Board of Directors whose duties and responsibilities as individuals and as a collective are determined and directed by sections 72 to 78 of the Companies Act, 71 of 2008, Chapter 6 of the PFMA, the Limpopo Economic Development Agency Act No 5 of 2016 and common law. LEDA has endorsed the principles as set out in the protocol on Corporate Governance and, where applicable, the King IV Code on corporate governance and has endeavoured to comply with the principles incorporated in the code of corporate practices and conduct.

As a custodian of substantial assets generated through the contribution of generations of South African workers, LEDA has a responsibility to conduct its affairs with diligence, integrity, transparency, ethical conduct and in an exemplary manner. LEDA's investment activities and achievements contribute to the wellbeing of workers, present and future generations of pensioners and their beneficiaries.

The Board considers good corporate governance as fundamentally necessary for achieving the LEDA's mission, mandate, financial objectives and corporate responsibilities. The Board is committed to applying the core governance principles of fairness, accountability, responsibility, transparency, integrity and competency in dealings with its stakeholders. All members of the Board are responsible for ensuring that LEDA achieves and maintains the highest level of ethical conduct through approving and overseeing an implementable strategy.

The Board is committed to executing its mandate ethically, establishing and inculcating a culture of ethical behaviour among all employees and stakeholders. It embraces the principles of the King IV Report on Corporate Governance for South Africa 2016 and has developed a Compliance Framework and Manual, a Code of Conduct and a Code of Ethics. These obligate the Board and employees to adhere to legislation, best practice principles and high standards of integrity. The Board and employees are further obliged to treat clients' with prudence and communicate with stakeholders fairly and honestly.

## 1. EXECUTIVE AUTHORITY

The Executive Authority of LEDA is the Member of the Executive Council for the Department of Economic Development, Environment and Tourism, who in terms of Section 5 (1) of the LEDA Act, constitutes the Board consisting of executive and non-executive directors and enters into annual performance agreements with such directors.

## 2. PARLIAMENTARY OVERSIGHT

The Standing Committee on Public Accounts (SCOPA) considers and reviews the financial statements, business performance, audit reports submitted by the Auditor General. The Portfolio Committee on Economic Development provides quarterly oversight on the performance of LEDA against its key performance indicators.

## 3. PURPOSE AND ROLE OF THE BOARD

The Board must effectively represent and promote the interests of LEDA and its stakeholders by leading ethically and taking account of the entity's core purpose, risks and opportunities, strategy, business model, performance and sustainable development. The Board operates independently of LEDA management, free of functional impairment, and is accountable to the Shareholder.

## 4. CONFLICT OF INTEREST MANAGEMENT

Conflict of interest is managed through the Code of Conduct. Conflict of interest is of concern to external stakeholders. These conflicts of interest or personal relationships with external entities, actual or perceived, may cause considerable reputational and ethical damage to the LEDA and erode stakeholder trust. Aware that failure to disclose conflicts/ interests may lead to moral failure, the Board addressed these concerns and perceptions through transparent and proactive communication.



Ethical business conduct preserves trust between the LEDA and its key stakeholders (clients, employees, shareholders, and community). The Board mandated the Social and Ethics Committee to develop an ethics strategy to ensure effective management of ethics risks.

## 5. ASSURANCE

### 5.1. RISK MANAGENENT

The Companies Act 71 of 2008 provides for the establishment of the Audit Committee as a statutory Committee of the Board. The independent Committee oversees the monitoring and control system and is accountable to the Board. The Committee does not assume management functions, which remains the responsibility of the Executive Management, officers and other members of the senior management. The Committee has a role in ensuring, amongst others, that the disclosure of risks is comprehensive, timely and relevant and that the internal control systems are operating effectively.

### 5.2. INTERNAL AUDIT

LEDA's Internal Audit function has a specific mandate from the Audit Committee: to independently appraise the adequacy and effectiveness of risk management processes, internal controls, and governance processes. It submits its findings to the Audit Committee. The internal audit plan is based on the results of the group-wide risk assessment and the approved Group strategy. The plan is updated annually considering risk assessments, internal and external emerging strategic issues and the results of external audits performed. This ensures that the audit focuses on identified risks.

### 5.3. FRAUD AND PREVENTION

During the year under review the LEDA hotline was managed by an independent external service provider. In this period, no reports on allegations of fraud and corruption were received.

### 5.4. CODE OF CONDUCT

LEDA is committed to the highest standards of conduct and business ethics. We have adopted a code of conduct that compels the company to conduct all its business dealings according to prevailing laws of the country. LEDA's success is built on integrity. Management as part of internal control ensures that all employees adhere to the appropriate code of conduct, thereby enhancing the company's reputation. LEDA strives to prevent any situation that may compromise these principles in dealing with customers, suppliers and other stakeholders.

### 5.5. STAKEHOLDER MANAGEMENT

The Board has increased the LEDA's stakeholder engagements. In this regard, the Board has introduced biannual Board-to-Board and committee-to-Committee meetings with clients, informal and formal arrangements with the office of the shareholders representative and employee engagements to address expectations and deliverables and restore confidence and trust.

### 5.6. EXTERNAL AUDIT ASSURANCE

The shareholder confirmed the reappointment of the Auditor General South Africa as external auditors of the LEDA for 2020/21 and authorised the Audit and Risk Committee to determine the terms of engagement and fees.

The work of the external auditors complements the work done by internal assurance providers.

## 6. BOARD COMMITMENT TO EXECUTING ITS STRATEGY

The Board is empowered by the LEDA ACT No 5 of 2016 to determine the strategic direction of the LEDA and oversee the implementation and execution of the strategy by Management.

## 7. BOARD COMPOSITION

The Board appointed the Chief Executive Officer, Mr TR. Makhuvha, who resumed duties on 01 November 2020.

On the Human Resources and Remuneration Committee (Remco), the Board approved the revised organisational structure comprising the following critical strategic positions: Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer; Group Executive Trade, Investments & Industrialization; Group Executive Strategy, Monitoring, Evaluation and Organisational Performance; Group Executive Corporate Services and Chief Risk Officer.

The Board established six (6) Board Committees in terms of section 72 of the Companies Act.

## 8. DELEGATION OF AUTHORITY

The approved Delegation of Authority is reviewed at least annually or as required to ensure alignment with changing business environment and circumstances.

## 9. RISK MANAGEMENT

The Board reviewed and adopted the risk management framework, which identifies, assesses and measures Group risks. It also approved the inclusion of enterprise risk management as a performance indicator in the corporate risk register to ensure a structured monitoring approach.

## 10. REMUNERATION GOVERNANCE

As directed by National Treasury guidelines, the Board considered the revised remuneration policy and recommended it for approval by the Shareholder.

## 11. COMPLIANCE GOVERNANCE

Through the Audit and Risk Committee, the Board, as well as the Credit and Investment Committee, considers compliance reports quarterly and recommends approval by the Board.

## 12. CORPORATE PERFORMANCE AND REPORTING

According to the annual performance targets, the Board approved and rated the balanced corporate scorecard for 2020/21. The scorecard included:

- information on LEDA performance outcomes and outputs for financial sustainability, the impact of economic development projects, support of SMMEs and Co-operatives, an improvement on ethical behaviour and leadership;
- transformation; and
- effeciecncies in the application of six capitals, namely financial capital, manufacturing capital, human capital, social and relationship capital, intellectual capital and natural capital.

Management presented quarterly reports to the Board to monitor the progress on attaining set goals, objectives and targets.

The Board also approved and submitted the annual budget and the Shareholder's Compact for 2020/21 together with the Annual draft Plan for 2020/21 and draft Strategic Plan for 2020/25 to the Shareholder.,

The Board is satisfied that it has complied with its duties and responsibilities during the reporting period in line with the Board annual work plan.

## 13. GROUP COMPANY SECRETARY

MS M.C MOKOMA

***Date Appointed:*** 01 March 2014

***Qualifications:***

- B Juris
- Practical Labour Law
- Project Management
- Strategic Investment Promotion and Competitiveness

## 14. THE BOARD

The Board comprises technical, financial, investment, commercial, legal and social expertise to fulfil its fiduciary duties. There were seven (7) non-executive and three (3) executive Directors appointed by the Member of the Executive Committee for Economic Development, Environment and Tourism during the reporting period. The Board is considered independent and diversified in gender, race and age.

### 14.1. BOARD OF DIRECTORS

MR MP MAKWANA

Chairman of the Board

***Date Appointed:*** 01 December 2019

***Qualifications:***

- B.Admin Honours (Public Administration)
- Bachelor of Administration
- Executive Development Programme
- Post Graduate Diploma in Retail Management

MR CCT NKADIMENG

Deputy Chairman

***Date Appointed:*** 01 March 2021

***Qualifications:***

- Bachelor of Arts
- Honours of Public Governance

MR M MAPHUTHA

Non-Executive Director

***Date Appointed:*** 01 December 2019

***Qualifications:***

- Teachers Diploma
- Certificate in Corporate Governance Leadership

ADV TM NCUBE

Non-Executive Director

***Date Appointed:*** 01 December 2019

***Qualifications:***

- Diploma in Criminal Justice and Forensic Auditing
- LLB
- BA Law Degree

MR MS RALEBIPI

Non-Executive Director

***Date Appointed:*** 01 December 2019

***Qualifications:***

- BCom in Accounting
- Post Graduate Diploma in Computer Auditing
- Certificate in Risk and Information System Control
- Certificate in Strategic Leadership

MS N MAGADAGELA

Non-Executive Director

***Date Appointed:*** 12 January 2021

***Qualifications:***

- Chartered Accountant (SA)
- Bcompt Honours
- Bcom Accounting Sciences

MR CA CHIKANE

Non-Executive Director

***Date Appointed:*** 01 March 2021

***Qualifications:***

- Master of Public Administration
- Master of Town and Regional Planning
- Post Graduate Diploma in Monitoring and Evaluation
- Certificate Corporate Governance
- Certificate in Risk Management
- Advanced Programme in Project Management
- Programme in Project Management
- Executive Leadership Municipal Development Programme
- GCRA Executive Leadership Development Programme
- B Iuris
- Advance Labour law Programme
- Business Management Development Programme (BMDP)
- Executive Development Programme
- Strategic Human Resources Management

MR IM RATTUMBU

DDG: Integrated Economic Dev./Shareholder Rep.

***Date Appointed:*** 01 December 2019

***Qualifications:***

- MA in Economics
- MA Arts
- BEcon (Hons)
- BA Military Science
- Front Line & Public Relations
- Management Dev. Programme
- Labour Relations Course
- Economics Application

MR TR MAKHUVHA

Group Chief Executive Officer

***Date Appointed:*** 01 November 2020

***Qualifications:***

- MCom Financial Management
- BCompt Honours
- BCom Accounting
- Leadership Development Programme
- Senior Business Rescue Practitioner

MR NB MOKOBANE

Group Chief Operations Officer (Interim)

***Date Appointed:*** 01 June 2019

***Qualifications:***

- Master's in Information Technology Governance
- BCom Honours – Internal Auditing
- BCom – Internal Auditing
- Secondary Teachers Diploma
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA)
- Certified Data Privacy Solutions Engineer (CDPSE)
- Certified Government Auditing Professional (CGAP)
- Certified Financial Services Auditor (CFSA)
- Certification in Control Self-Assessment (CCSA)

MR F MAGIDI

Group Chief Financial Officer

***Date Appointed:*** 01 June 2019

***Qualifications:***

- Professional Accountant (SA) (SAIPA)
- Tax Practioner (SAIPA)
- Bcompt Accounting science

# 15. BOARD ATTENDANCE 2020/21 (BOARD MEETINGS/WORKSHOPS)

## 15.1 LEDA BOARD

| DIRECTORS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 07-May-20 | 13-Jul-20 | 30-Jul-20 | 22-Sep-20 | 23-Sep-20 | 01-Oct-20 | 12-Oct-20 | 19-Nov-20 | 25-Jan-21 | 26-Jan-21 | 24-Feb-21 | 18-Mar-21 |
| Mr MP Makwana (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr D Kourtoumbellides (Dep.Chair) w.e.f. 01 Dec 2019 - 12 Aug 2020 (Deceased) | ✓ | × | × | - | - | - | - | - | - | - | - | - |
| Mr CC Nkadimeng (Deputy Chair) w.e.f. 01 Mar 2021 | - | - | - | - | - | - | - | - | - | - | - | × |
| Mr M Maphutha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Adv. TM Ncube | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms N Magadagela | - | - | - | - | - | - | - | - | - | ✓ | ✓ | × |
| Mr R Shingange w.e.f.01 Dec 2019 - 04 Jan 2021 | ✓ | × | × | × | × | × | × | × | | - | - | - |
| Mr MS Solomon Ralebipi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr CA Chikane w.e.f. 01 Mar 2021 | - | - | - | - | - | - | - | - | - | - | - | × |

## 15.2. BOARD AUDIT & RISK COMMITTEE

| MEMBERS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 01-May-20 | 04-May-20 | 06-May-20 | 26-May-20 | 13-Jul-20 | 27-Jul-20 | 21-Aug-20 | 08-Sep-20 | 30-Sep-20 | 12-Oct-20 | 16-Nov-20 | 10-Feb-21 | 23-Feb-21 | 26-Feb-21 | 15-Mar-21 |
| Ms N Magadagela (Chairperson) | - | - | - | - | - | - | - | - | - | - | - | ✓ | ✓ | ✓ | ✓ |
| Adv. TM Ncube | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr MS Ralebipi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr R Shingange w.e.f.01 Dec 2019 - 04 Jan 2021 | × | × | ✓ | ✓ | × | × | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - | - |

## 15.3. BOARD CREDIT & INVESTMENT COMMITTEE

| MEMBERS | 1 | 2 | 3 |
|---|---|---|---|
| | 09-Apr-21 | 19-May-21 | 10-Aug-21 |
| Mr M Maphutha (Chairman) | ✓ | ✓ | ✓ |
| Ms N Magadagela | ✓ | ✓ | ✓ |
| Mr CCT Nkadimeng | ✓ | ✓ | ✓ |

## 15.4. BOARD SOCIAL & ETHICS COMMITTEE

| MEMBERS | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| | 29-Sep-20 | 19-Oct-20 | 28-Apr-21 | 11-Aug-21 |
| Mr Mpho P Makwana (Chairman) | ✓ | ✓ | ✓ | ✓ |
| Adv. TM Ncube | ✓ | ✓ | ✓ | ✓ |
| Mr MS Ralebipi | ✓ | ✓ | ✓ | ✓ |

## 15.5. BOARD NOMINATIONS & GOVERNANCE COMMITTEE

| MEMBERS | 1<br>22-Jun-20 | 2<br>25-Jun-20 | 3<br>20-Jul-20 | 4<br>30-Jul-20 | 5<br>26-Aug-20 | 6<br>09-Oct-20 | 7<br>06-Jan-21 | 8<br>17-Mar-21 |
|---|---|---|---|---|---|---|---|---|
| Mr Mpho P Makwana (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr D Kourtoumbellides (Dep.Chair) w.e.f. 01 Dec 2019 - 12 Aug 2020 [Deceased] | ✓ | ✓ | ✓ | × | - | - | - | - |
| Adv TM Ncube | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms N Magadagela | - | - | - | - | - | - | - | ✓ |

## 15.6. BOARD PROCUREMENT COMMITTEE

| MEMBERS | 1<br>24-Jun-21 | 2<br>11-Aug-21 |
|---|---|---|
| Mr CCT Nkadimeng (Chairman) | ✓ | ✓ |
| Mr MS Ralebipi | ✓ | ✓ |
| Mr M Maphutha | ✓ | ✓ |
| Ms N Magadagela | ✓ | ✓ |

## 15.7. BOARD REMUNERATION & HUMAN RESOURCE COMMITTEE

| MEMBERS | 1<br>11-Jun-20 | 2<br>19-Jun-20 | 3<br>14-Sep-20 | 4<br>21-Jan-21 | 5<br>11-Feb-21 |
|---|---|---|---|---|---|
| Adv. TM Ncube (Chairperson) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr D Kourtoumbellides (Dep.Chair) w.e.f. 01 Dec 2019 - 12 Aug 2020 [Deceased] | ✓ | ✓ | - | - | - |
| Mr R Shingange w.e.f.01 Dec 2019 - 04 Jan 2021 | ✓ | × | ✓ | × | ✓ |
| Ms N Magadagela | - | - | - | - | ✓ |
| Mr Mpho P Makwana (invitee) | ✓ | ✓ | ✓ | ✓ | ✓ |

## 15.8. RISIMA BOARD MEETINGS/WORKSHOPS

| DIRECTORS | 1<br>28-Jul-20 | 2<br>20-Aug-20 | 3<br>18-Nov-20 | 4<br>22-Jan-21 | 5<br>15-Feb-21 | 6<br>25-Mar-21 |
|---|---|---|---|---|---|---|
| Mr MS Ralebipi (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr SC Nkadimeng (Deputy Chairman) | ✓ | ✓ | ✓ | ✓ | ü | ü |
| Mr M Maphutha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr E Mushwana | ü | ü | ü | ü | ü | ü |

## 15.9. GREAT NORTH TRANSPORT (SOC) LTD

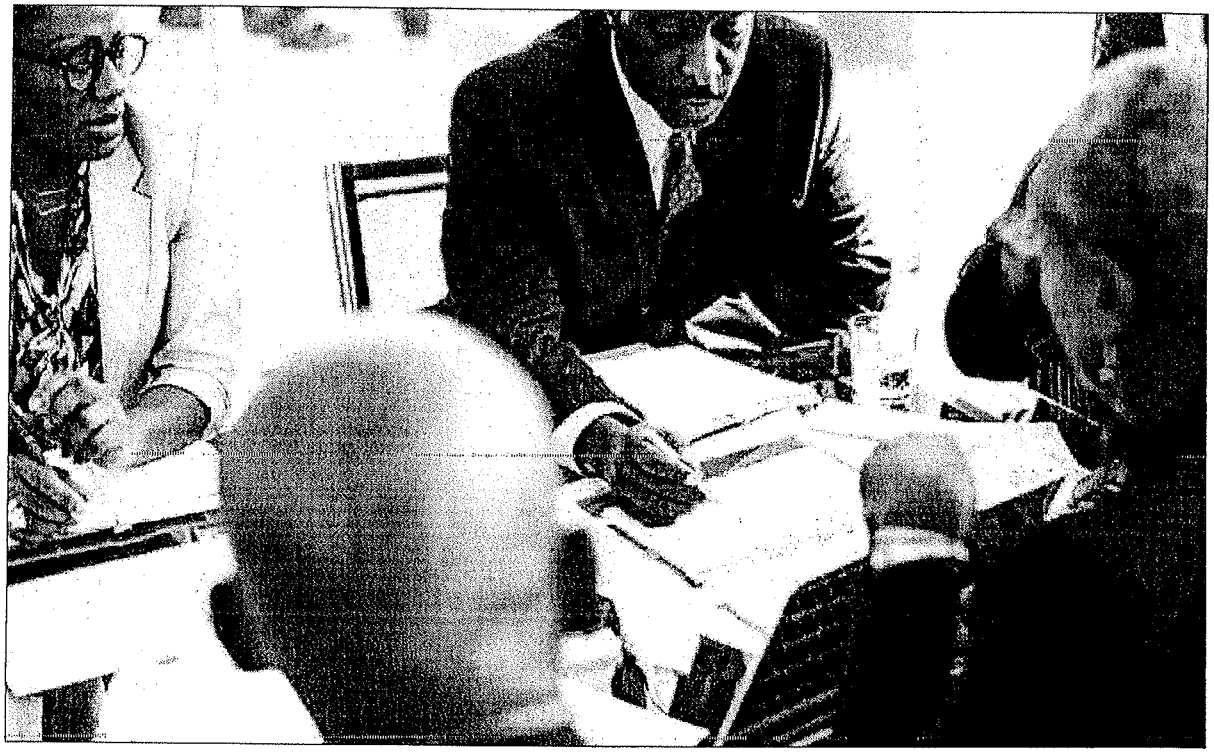
| DIRECTORS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 16-Apr-20 | 18-May-20 | 28-May-20 | 17-Jun-20 | 30-Jul-20 | 13-Aug-20 | 19-Aug-20 | 09-Sep-20 | 15-Sep-20 | 30-Nov-20 | 24-Dec-20 | 07-Jan-21 | 29-Jan-21 | 10-Feb-21 | 15-Mar-21 | 29-Mar-21 |
| Adv. TM Ncube (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr CCT Nkadimeng (Deputy Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms MA Mphahlele | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr NI Masekwameng | ✓ | ✓ | ✓ | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr MO Phasha | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr R Monakedi w.e.f. 20 Dec 19 to 21 Sep 2020 | × | ✓ | ✓ | × | ✓ | ✓ | ✓ | × | - | - | - | - | - | - | - | - |

## 15.10. NEW ERA INSURANCE COMPANY (SOC) LTD

| DIRECTORS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 29-Apr-20 | 07-Aug-20 | 20-Aug-20 | 21-Sep-20 | 11-Nov-20 | 15-Dec-20 | 14-Jan-21 | 22-Jan-21 | 03-Mar-21 | 31-Mar-21 |
| Ms N Magadagela (Chairman) w.e.f. 12 Jan 2021 | - | - | - | - | - | - | - | ✓ | ✓ | ✓ |
| Ms KM Maroga (Deputy Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr JA Malele | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr VL Mashabane | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Adv TM Ncube | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr SA Sebolai | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

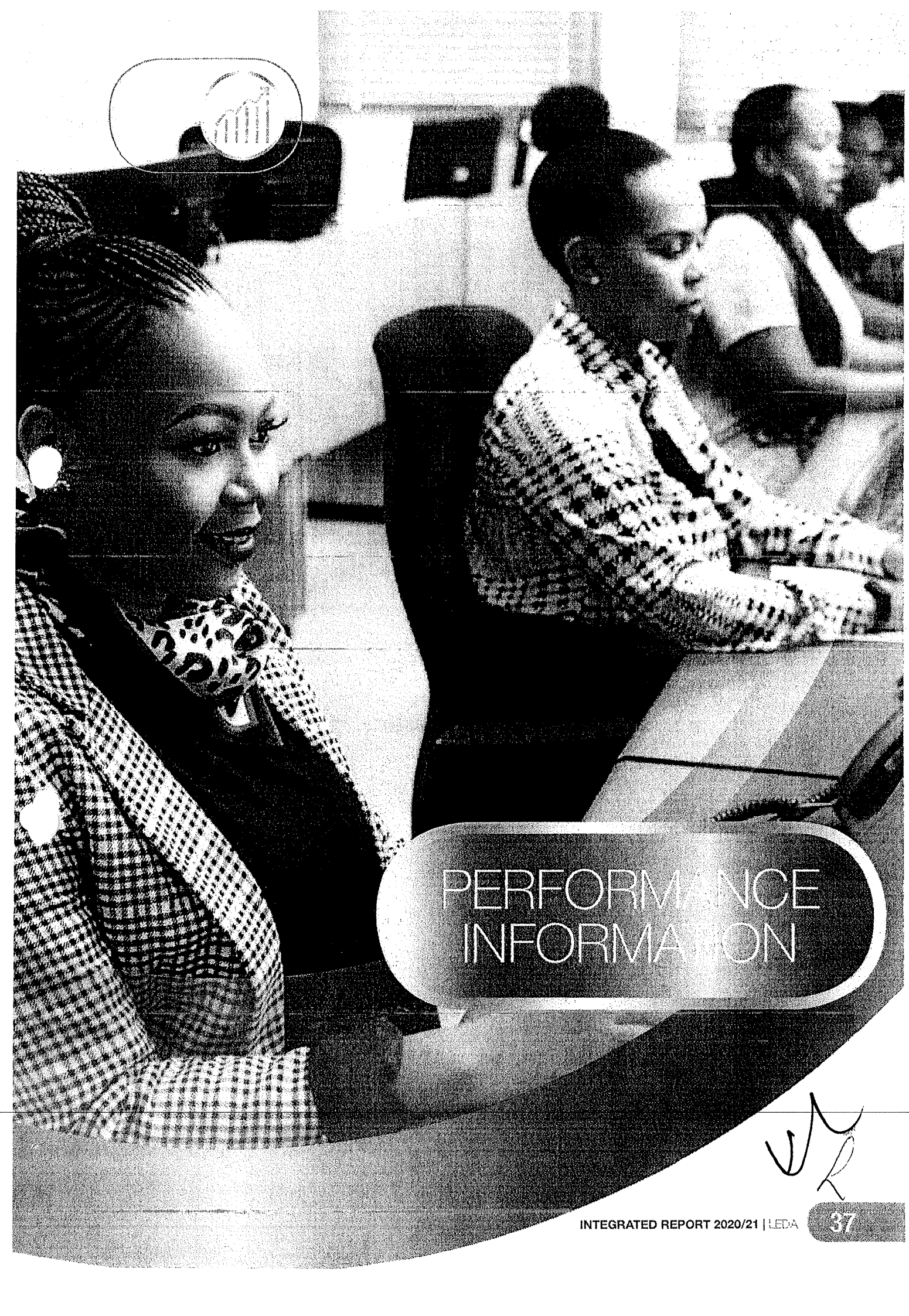
## 15.11. CORRIDOR MINING RESOURCES COMPANY (SOC) LTD

| DIRECTORS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 14-May-20 | 9-Jun-20 | 10-Jul-20 | 31-Jul-20 | 28-Aug-20 | 21-Oct-20 | 23-Oct-20 | 21-Jan-21 | 19-Feb-21 | 26-Feb-21 | 9-Mar-21 |
| Mr R Shingange (Chairperson) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | × | × | × | × |
| Mr SV Chepape (Deputy Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr D Kourtoumbellides | ✓ | ✓ | × | × | × | × | × | × | × | × | × |
| Mr P Mafologele | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr SR Monakedi | ✓ | ✓ | ✓ | ✓ | ✓ | × | × | × | × | × | × |
| Mr RP Ragimana | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |



## 15.12. MUSINA-MAKHADO SPECIAL ECONOMIC ZONE (SOC) LTD

| DIRECTORS | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 28-Apr-20 | 05-May-20 | 04-Jun-20 | 20-Jul-20 | 22-Jul-20 | 30-Jul-20 | 14-Aug-20 | 19-Aug-20 | 19-Sep-20 | 23-Oct-20 | 10-Dec-20 | 21-Jan-21 | 09-Feb-21 | 26-Feb-21 |
| Mr R Tooley (Chairman) w.e.f. 19 Dec 2019 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | - | - | - | - | - | - |
| Mr M Ralebipi (Deputy Chair) | ✓ | - | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Prof H Howard | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr P Sebola | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms K Selane | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ | - |
| Mr J Morotoba | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr S Zikode | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| Mr K Mphela | ✓ | - | - | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr B Shibambu | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | ✓ | ✓ |
| Mr P Ragimana | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | - | - | - | - | - |
| Prof M Maserumule | ✓ | - | - | - | ✓ | - | ✓ | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr Mofasi Lekota w.e.f. 07 Jan 2021 | - | - | - | - | - | - | - | - | - | - | - | ✓ | ✓ | ✓ |



# PERFORMANCE INFORMATION

# Outcomes and Interventions

*For the period under review, this section addresses the seven strategic outcomes that LEDA is actively pursuing and achieving*

Since LEDA is at the fore front of being a world class institution, the decision was made to set out a five-year strategic plan till 2025 in place that will serve to industrialise the province by focusing on three areas, namely:

- Economic development
- Trade and investment, and
- Finance

To determine whether an outcome has been achieved, LEDA established six Success Factors that are important:

1. Building capacity of the Board and staff
2. Enhance financial sustainability
3. Create new awareness of products and services
4. Manage risk
5. Increase the product and performance portfolio
6. Conducting research and innovation

These success factors hinge on LEDAs Board, Executives and staff, our strategic partners support and buy-in, revising and implementing a secure infrastructure that is efficient and effective. Most importantly all of these will contribute towards diversifying LEDA's income stream, with the aim of being financially independent from Fiscus by April 2024.

It is with this aim that LEDA's strategic framework and the seven Outcomes inform the alignment to the delivery structure of the Limpopo Economic Development Agency and the development of outputs, performance indicators and annual and quarterly performance metrics, where each pillar of the organisation have provided an outcome in the form of LEDA's subsidiaries.

## LEGISLATIVE MANDATES

## POLICY MANDATES

## OUR MANDATE

The **three pillars** of the LEDA Act mandate (Act 5 of 2016) are:

1. Economic development;
2. Trade and Inverstement; and
3. Finance.

## OUR VISION

A leader in sustainable, innovative economic growth and development.

## OUR MISSION

To accelerate economic growth, development and job creation through:

1. Industrialisation;
2. Promotion and fascilitation of trade, investment and finance;
3. Creation and support of sustainable enterprises; and
4. Continual innovation.

## OUR VALUES

Accountability
Excellence
Integrity
Transparency
Diversity

## OUR IMPACT

Inclusive economic growth through industrialisation

## OUR OUTCOMES & INTERVENTIONS

A leader in sustainable, innovative economic growth and development.

### 1

**Mineral beneficiation projects contributing towards increasing Limpopo GDP from R400bn to ±R450bn**

- [illegible]

### 2

**Agro-prosessing projects contributing towards increasing Limpopo GDP from R400bn to ±R450bn**

- New primary agriculture and agro-processing projects brought online
- Research, feasability and investment packaging
- Investment attraction
- Investment fascilitation
- Investment operationalisation and support

### 3

**Innovative digital solutions to solve socio-economic problems and other solutions**

- Establishment of science and technology park
- Develop innovative economic development projects aligned to the 4IR strategy
- Digital solutions developed

### 4

**Increased Domestic Direct Investment and Foreign Direct Investment**

- Roll-out of trade and investment strategy
- Investor road show
- Strategic partnerships
- Investor summit (Limpopo)

### 5

**Increased financing of SMMEs and Cooperatives and Youth Entrepreneurship development**

- Repayment of debt for funds advanced
- Targeted procurement
- Enterprise support and development
- Skills development and capacitation
- Youth start-up development

### 6

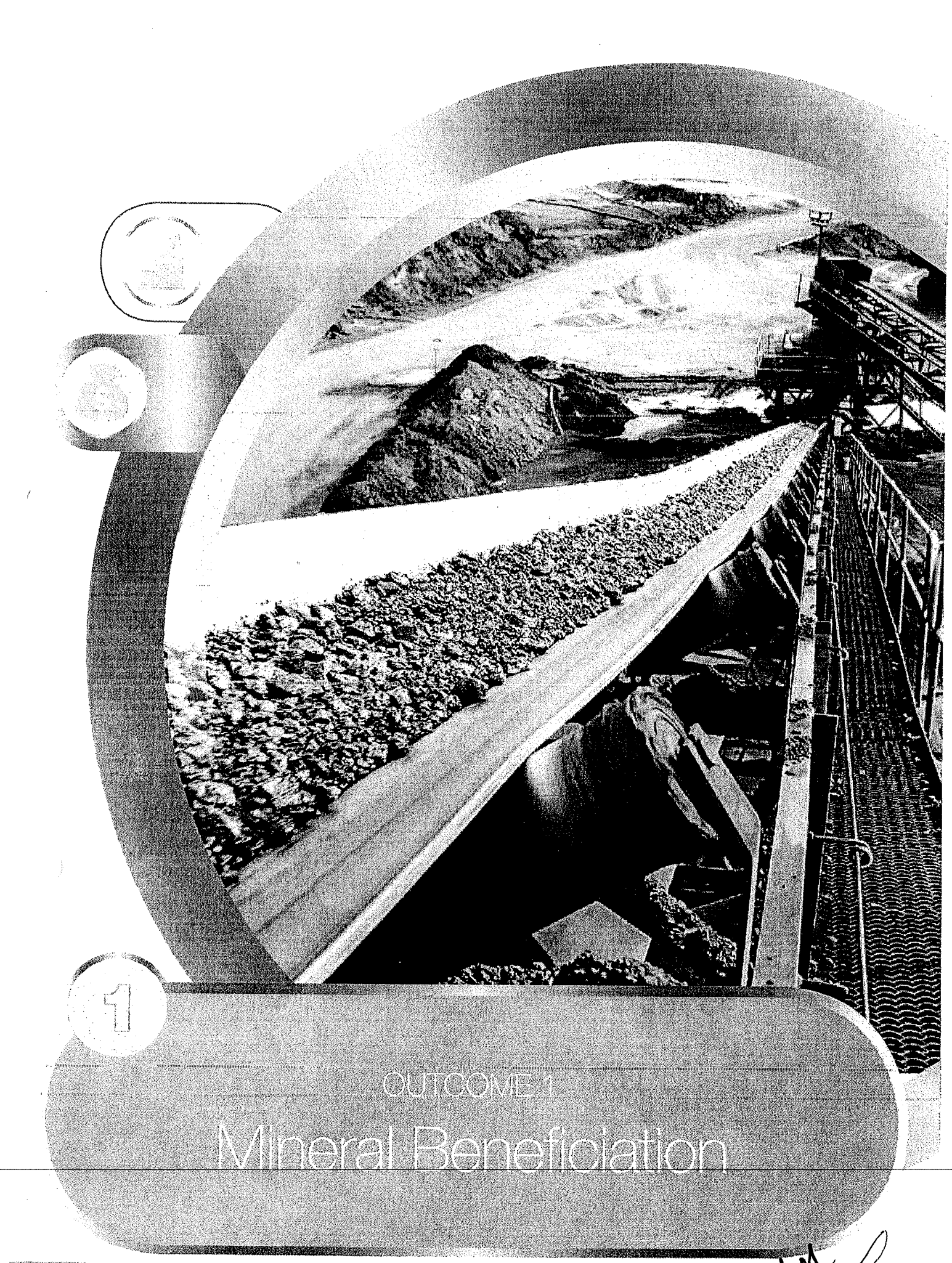
**Increased Return on Investment and profit streams from LEDA Group**

- [illegible]

### 7

**A well capacitated and performing organisation**

- [illegible]



OUTCOME 1

# Mineral Beneficiation

# Outcome 1: Mineral beneficiation projects contributing towards increasing Limpopo GDP by R14.5bn (12.5% increase)

*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 impact Statement by prioritising economic transformation and job creation so that:*

- Unemployment reduced from 20.3% to 16% with 2 million new jobs, especially for youth.
- Economic growth of 2%-3%; and
- Growth in levels of investment to 23% of GDP.

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Rapid implementation of the Special Economic Zone (SEZ) programme.
2. SMME development and support.
3. Mining development.
4. Mobilisation of private sector investment, including foreign direct investment.

The following defines what the applicable Outcomes and Interventions are:

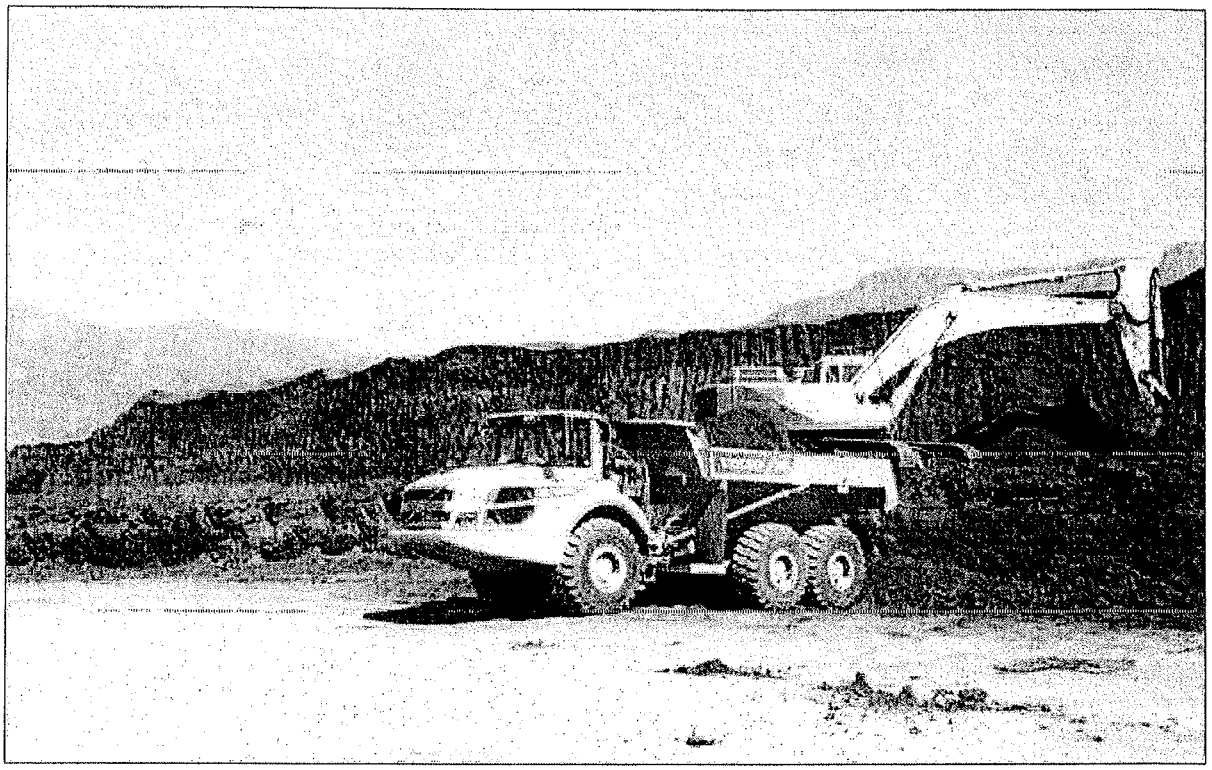
1. Investing for accelerated inclusive growth by improving the ease of doing business.
2. Industrialisation, localisation and exports by supporting localisation and industrialisation through government procurement (on designated products and services).
3. Reduce concentration, and monopolies and expanded small business sector by facilitating the increase in number of functional small businesses with a focus on township economies and rural development (200,000 supported) and ensuring the inclusion of SMMEs in localisation and buy local campaigns.
4. Quality and quantum of investment to support growth and job creation improved by Improving the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).

Mining and quarrying is a dominant sector in the Limpopo province, contributing 24.1% to the provincial GDP in 2015. The mining sector is diverse and rich in the following key minerals: Platinum Group Metals, coal, diamond, chrome, titanium, vanadium and iron-ore. The province has 41% of South Africa's platinum group metals (PGMs) spread across the Eastern Bushveld of Dilokong Corridor (Tubatse) and the Northern Bushveld of Mokopane. 90% of South Africa's red granite resources and approximately 50% of the national's coal reserves. Antimony, a highly strategic mineral found in large quantities in China, is another of Limpopo's major assets.

Beneficiation around Limpopo's mineral wealth presents an opportunity for the following key resources, Platinum Group Metals, coal, diamond, chrome and iron-ore. The province is currently investigating possibilities for steel manufacturing in the Phalaborwa area and various smelters around the beneficiation of iron-ore to augment the existing smelters for platinum and chrome.

# Product: Corridor Mining Resources

*Corridor Mining Resources (CMR) remains the strategic asset to facilitate economic transformation in the mining industry. They achieve this through the facilitation and participation in the mineral and mining activities in the province.*



It remains the provincial government's instrument to facilitate black economic participation through procurement opportunities and equity investment in upcoming as well as in existing mining projects.

The platinum rich province envisages that CMR identifies opportunities for mining rights, create vehicle for investment into the identified opportunity, create participation / stake for local mining community to ensure that as soon as thin mining operation commences, procurement will be done locally to empower local SMMEs.

The year under review has delivered a mix bag of results. On the one hand capital expenditure targets were missed while on the other, the mining right for Tumani Gold Mine was granted, paving way for starting of operations once efforts to raise capital become successful. The income generated continues to underperform expenses which impact on the timeless growth trajectory and its broader investment dispensation. This is due to the fact that, majority of CMR assets are still in project phase, and those operating are grappling with losses, making marginal profits or undergoing development which requires continued capital investment. The liquidity risk continues to be mitigated by the loans advanced by the parent entity, LEDA.

From stakeholder relations standpoint, the organisation continues to make improvements with variety of communities. Jobs created, business opportunities extended to locals, continuous consultations, to name but a few initiatives undertaken, have both helped to build trust and strengthening of the relations. And this has allowed the developments of projects to move forward. In terms of governance matters, the organization has improved its compliance status as reflected by successfully addressing the majority of AGSA findings of the year prior with an unqualified audit opinion. This has created a solid platform upon which future governance performance will be built towards.

Corridor Mining Resources SOC Ltd Group again, received an unqualified audit opinion from the Auditor General (South Africa) for the year ended 31 March 2021. The Consolidated

Annual Financial Statements present fairly, in all material respects, the financial position of the entity as of 31 March 2021 and its financial performance and cash flows for the year then ended and were in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act (PFMA).

Progress towards realisation of company mandate of stimulating and contributing meaningfully to economic activities of the province has been made albeit at slower pace than expected. The establishment of two mining operations in two consecutive years bear testament to that effect.

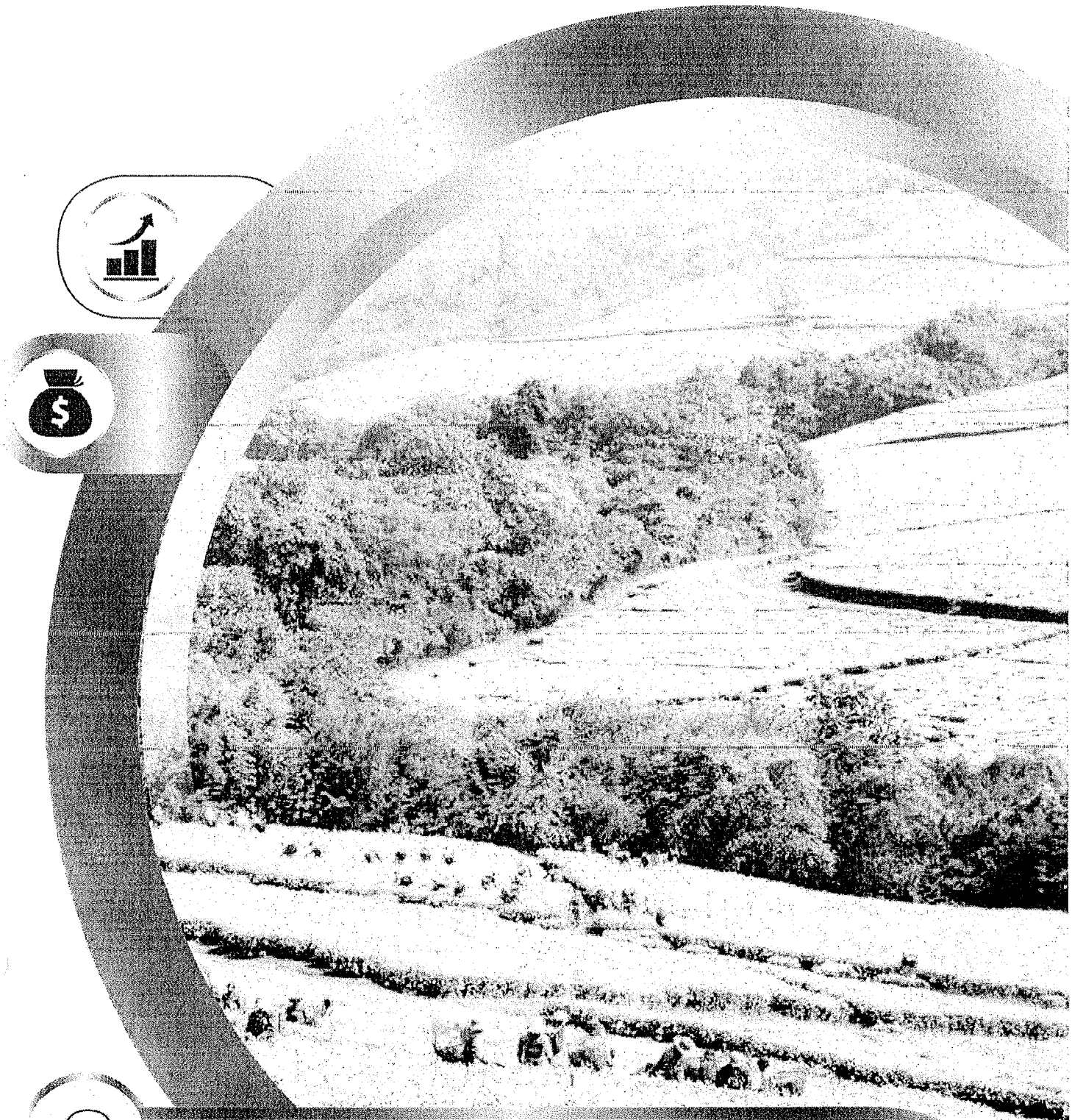
CMR will continue to support mining projects that will stimulate economic activities in Limpopo and will further engage potential investors to inject their funds into the province in order to create jobs and other opportunities within the mining space.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

The desired outcome of an increased return on investment and generating a profit stream for the LEDA Group was not achieved due to the fact that investment was disrupted by economic uncertainty brought about by Covid-19, and projects were only at the built stage and require more cash outflows than inflows. As a corrective action CMR will approach the open market to source funding and explore selling assets and raising capital from the sale. CMR has taken the corrective action of securing increased availability of funds and resources, enhanced relationship with strategic partners - DMR, etc and garnering more support from the Shareholder LEDA Group.

# ANNUAL PERFORMANCE INFORMATION

| **OUTCOME 1:** MINERAL BENEFICIATION PROJECTS CONTRIBUTING TOWARDS INCREASING LIMPOPO GDP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ANNUAL OUTPUT | | |
| | | | | | | | ACTUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 1 | Trade and Investment Promotions | Quarterly | Produce goods/ products from minerals within the province | Rand value of bankable projects exposed to potential investors | Exposing bankable projects of R7bn to potential investors (With allowable deviation of 5% | Exposing bankable projects of R2bn to potential investors (With allowable deviation of 5% | **Achieved** Lephalale logistics – potential investors are looking at R3bn investment The project has passed pre-feasibility phase. TIPS is promoting the investments in the projects | None | None |



2

OUTCOME 2

# Agro-Processing

## Outcome 2: Agro-processing projects contributing towards increasing Limpopo GDP by R1.25bn (12.5% increase)

**Required output:** Produce agro-processed products within the province.

Output indicator: Total value of bankable projects exposed to potential investors and the Agro-processing projects in operationalisation for Limpopo province.

*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

### PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

- Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth
- Economic growth of 2%-3%; and
- Growth in levels of investment to 23% of GDP.

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Revitalisation of primary agriculture and agro-processing.
2. Rapid implementation of the SEZ programme;
3. SMME development and support.
4. Mobilisation of private sector investment, including foreign direct investment

### APPLICABLE OUTCOMES AND INTERVENTIONS

1. More decent jobs created and sustained, with youth, women and persons with disabilities prioritised by creating jobs through Job Summit commitments, Operation Phakisa and other public sector employment programmes.
2. Investing for accelerated inclusive growth by improving the ease of doing business.
3. Industrialisation, localisation and exports thus supporting localisation and industrialisation through government procurement (on designated products and services).
4. Quality and quantum of investment to support growth and job creation improved by improving the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).



## PRIORITY 2: SPATIAL INTEGRATION, HUMAN SETTLEMENT AND LOCAL GOVERNMENT

Achieving spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities; and rapid land and agrarian reform.

### APPLICABLE OUTCOMES AND INTERVENTIONS:

1. Coordinated, Integrated and Cohesive National Spatial Development guidance to enable economic growth and Spatial Transformation by:
   - Adopting National Spatial Development Framework.
   - Establishing funding support mechanisms towards improved quality and quantum of investment and job creation that also contributes to spatial transformation and spatial justice objectives, informed by regional dynamics.
2. Functional Sub-National Regional Development in Urban and Rural Spaces by establishing regional institutional collaboration structures through joint implementation protocols or related mechanisms.
3. Spatial transformation through multi-programme integration in Priority Development Areas (PDAs) with:
   - 94 PDAs invested in
   - Rezone 100% of land acquired in 2014-2019 that falls within the PDAs.
4. Greenhouse Gas Emission Reduction (Mitigation) by:
   - Implement 4 sectors Green House Gas Emission Reduction Implementation Plan (contribution from the largest emitters of GHG);
   - Transition plans for high carbon emitting sectors (energy, transport, agriculture and waste to low carbon economy) developed by 2024.

5) State of ecological infrastructure improved by:
   - Rapidly and intensively rehabilitate and restore land
   - Water resource classes and Resource Quality Objectives (RQOs) by 2024.

6) Sustainable land reform by:
   - Land acquired for redistribution, restitution and tenure reform
   - Land reform projects provided with post settlement support.

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the revitalisation of primary agriculture and agro-processing.

# ANNUAL PERFORMANCE INFORMATION

**OUTCOME 2:** AGRO PROCESSING PROJECTS CONTRIBUTING TOWARDS INCREASING LIMPOPO GDP

| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ANNUAL OUTPUT | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ACTUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 2. | Trade and Investment Promotions | Quarterly | Produce agro-processed products within the province | Rand value of bankable projects exposed to potential investors | Exposing bankable projects of R1bn to potential investors (With allowable deviation of 5%) | Exposing bankable projects of R1bn to potential investors (With allowable deviation of 5%) | **Not achieved** The Conference was not held in March as previously proposed | The Conference was not held in March as previously proposed due to the disruption brought by the 2nd wave | The conference has been moved to 1 & 2 September 2021. The conference would be 100% virtual. |
| 3. | Agri-Business | Quarterly | | Agro-processing project in operation | Operationalisation Lebowakgomo | Operationalisation Lebowakgomo | **Not achieved** Lebowakgomo Abattoir not yet operational Agreements with suppliers/ farmers not yet signed | EIA and regulatory milestones needed to be reached before take-off agreements signed with suppliers | Continuation of the acquirement of all necessary compliance certification led by the partner. |

Product

# Musina-Makhado SEZ

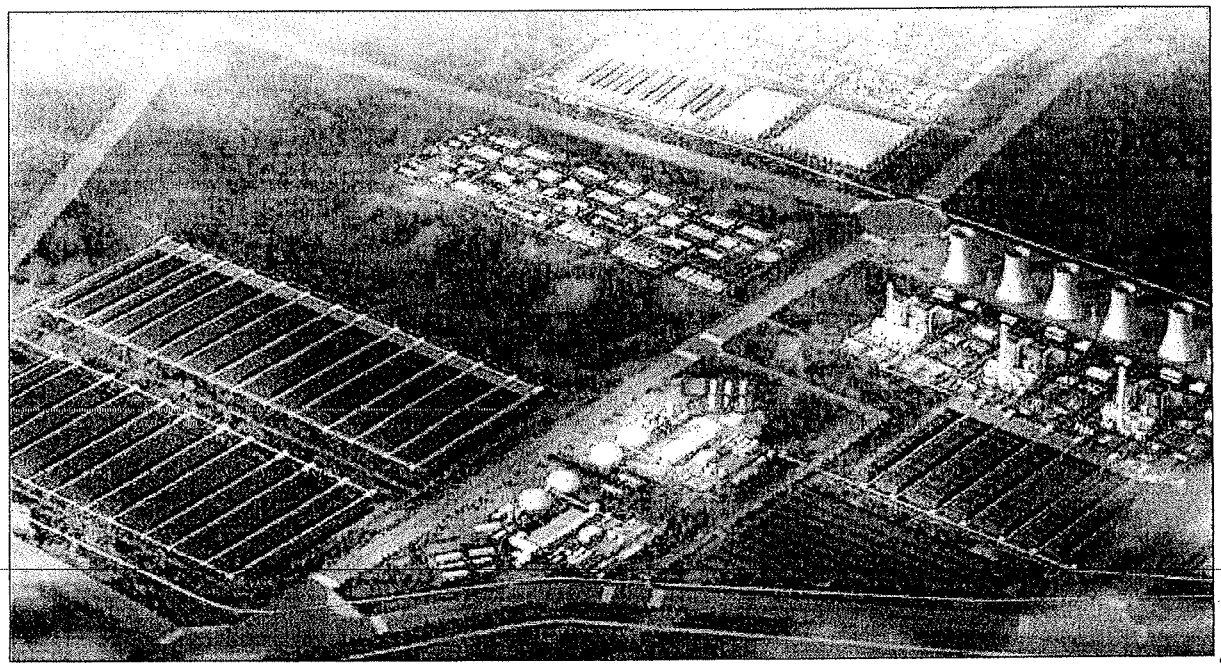
*The decision by the Limpopo Provincial Administration to finally breathe life into the Musina-Makhado Special Economic Zone (MMSEZ) through a commitment to unlock funds for infrastructure development in the North site over the medium term expenditure framework period will go a long way in realising the goals of this initiative.*

The infrastructure rollout will be guided by the newly completed Internal Master Plan outlining the land use plan and spatial mapping of clusters. The North site of the MMSEZ is destined to become an inland port for regional trade given its strategic location adjacent to one of the busiest trade passages in the continent, Beit Bridge Border Post.

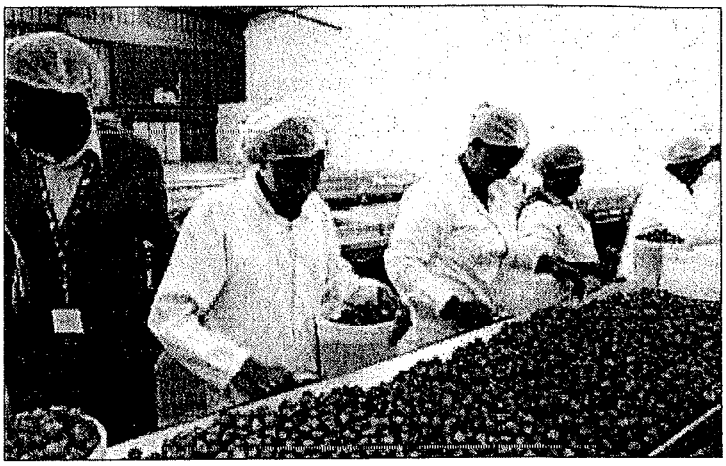
The town of Musina is host to the North site of the MMSEZ and the Beitbridge Border Post is located 20km away. The North site is designated to host light to medium industrial parks focusing on general manufacturing, agro-processing, and a logistics hub. The business case of the North site is already appealing to strategic domestic and foreign investors in the identified sectors. There is also a noticeable appetite from potential investors in the ICT and renewable energy sectors. This window of opportunity is aligned to government's industrialisation and sustainable development priorities.

One of the ground-breaking initiatives in MMSEZ's North site is the establishment of a regional fresh produce market, in collaboration with local farmers, to service both the domestic and cross-border markets. This move is an epitome of regional economic integration. The development of the regional fresh produce market is also aimed at unlocking opportunities for emerging farmers across the value chain by giving them access to a professional platform to supply their produce to new markets. The fresh produce market will be developed, managed and operated by industry led with government providing the necessary

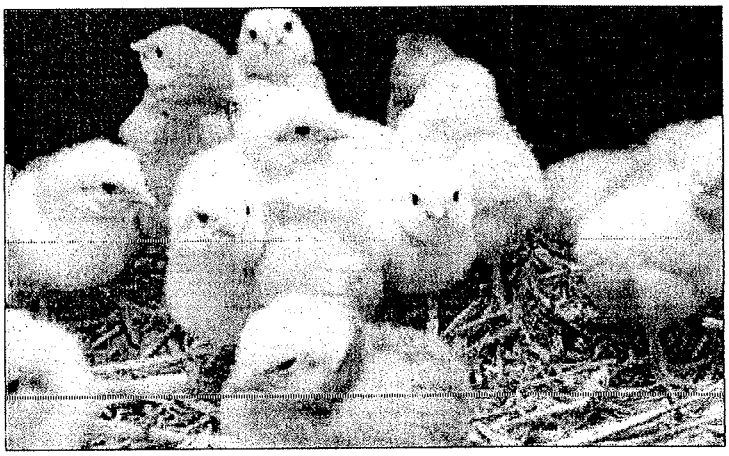
During the period under review, the MMSEZ has also successfully completed three cluster mapping feasibility studies in agro-processing, timber beneficiation and logistics. These studies provide an insight on opportunities for industrialisation through the beneficiation of agricultural produce. Over and above the abundant fruit and vegetable produce in Vhembe, the region is well endowed with timber forests to support the targeted beneficiation initiatives. The logistics study has revealed the nature, volumes and destination of the commodities exported and imported to South Africa through the Beit Bridge Border Post.



As part of the company's strategy to empower local entrepreneurs, MMSEZ has integrated an SMME incubation centre into the North site. The incubation centre represents a strategic platform to enable entrepreneurs to fully explore their innovations and reach their full potential. The model for the incubation centre will be fourth industrial revolution - 4IR oriented. Accordingly, a partnership agreement has been signed between the MMSEZ and the Council for Scientific and Industrial Research (CSIR) to support the centre. Similarly, and in line with the strategic objective of empowering local entrepreneurs, MMSEZ has completed an Enterprise Development Strategy. The development of the enterprise strategy was characterised by massive participation of local entrepreneurs from across various sectors.



To develop the sustainable security of water supply, MMSEZ has partnered with key stakeholders in government and the private sectors to pursue the development of the Musina Dam. This development has the potential to turn around the fortunes of the communities and industry within the Musina-Makhado Corridor and beyond. The completed pre-feasibility study into the establishment of the dam, has concluded that the project is technically and commercially viable with a minimum impact on the environment. The development of the dam will not only provide a new source of water but an establishment of a new water-based economy.



A new giant for regional economic integration will rise in the North-South Corridor.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

The target was to invest R34 million in the SEZ structure however a substantial amount of R32 832 587.69 was nevertheless utilised. The project was heavily affected by the Covid-19 pandemic and thus the corrective action taken for the next financial year would include improved expenditure based on the approved budget and infrastructure project plans.

PERSONAL INFORMATION



Product

# Agri-Processing and Industrial Crops

*The LEDA mandate sits at the centre of the provincial strategy in terms of creating accessible resources to emerging and existing farmers to participate in the mainstream agri-processing business.*

Financial resources in terms of business loans as well as non-financial loans in terms of capacity building in both technical and business skills define the role of LEDA for emerging farmers to accelerate the growth of the industry. During the year under review, the Agri-business division continued to facilitate the agribusiness development in the province by focusing on projects that are catalytic in nature, which are also characterised by these attributes; bearing benefits beyond direct beneficiaries, economic spinoffs and embraces the whole value chain

## MIDI PRODUCTS

The MIDI tea, locally grown and processed in Tshivhase and Mukumbani Tea Estate in Vhembe district, is making inroads in the chain stores and food retailers of the province and parts of Mpumalanga. Midi tea is now available from Goseame Open Market and Spar stores, and the intention is to ramp up production for a scaled-up distribution across Spar stores nation-wide. The business division endeavours to commission the tea to other chain and retail stores operating in the province and country at large.

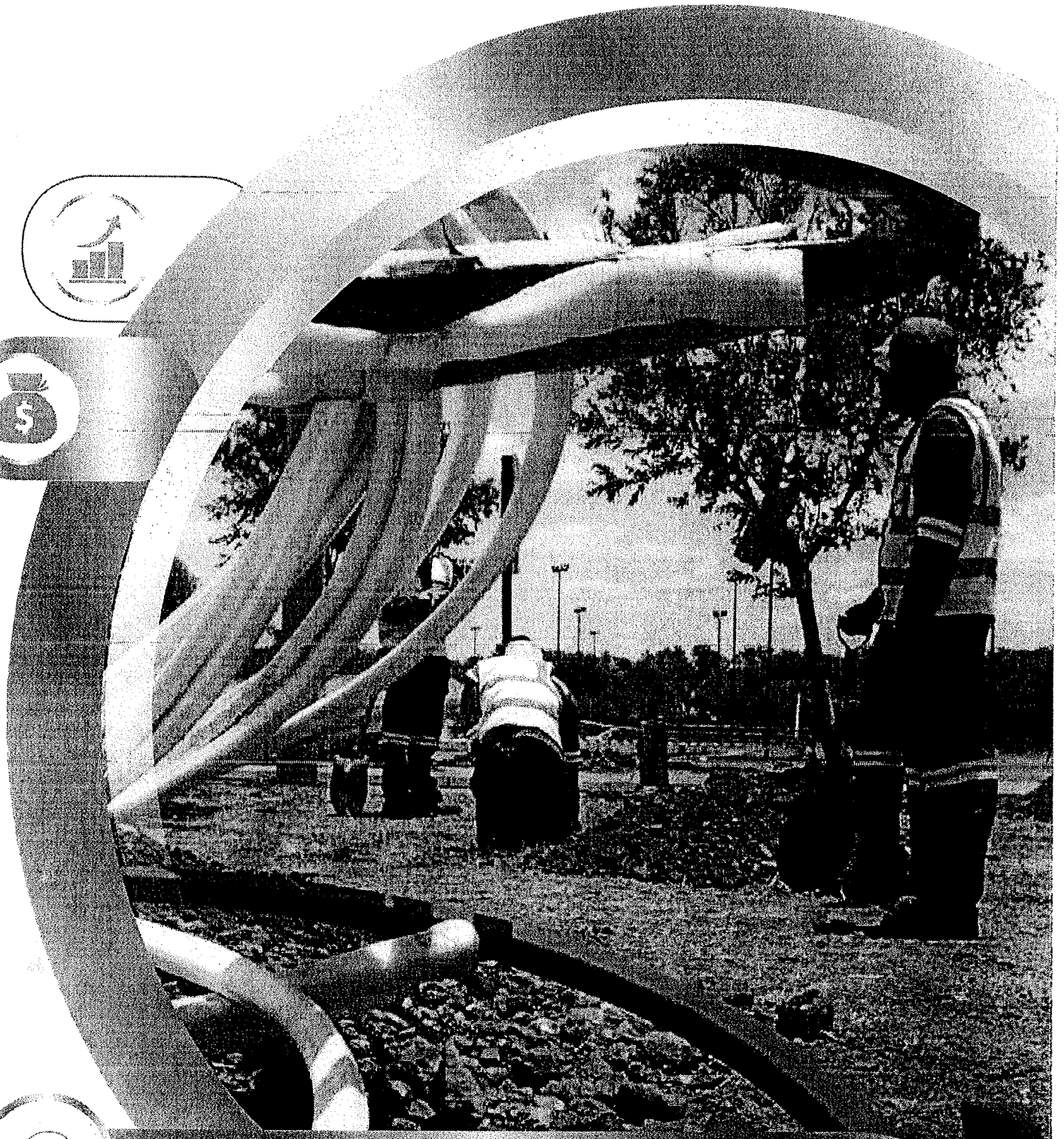


## MASHASHANE HATCHERY

During the period under review Agribusiness was able to fully refurbish Mashashane Hatchery and equipped it with new state of the art machinery to improve the productivity and efficiency of producing day-old chicks. The hatchery supplies day old chicks to small scale broiler farmers in the Province. The future focus will be on infrastructure development which will aim to build infrastructure and releasing constraints for the development of enterprises within the infrastructure arena. The investment in agriculture infrastructure ensures the greater participation in the entire agriculture value chain.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

The desired outcome of producing agro-processing product that is in operation namely Lebowakgomo abattoir could not be reached due to agreements with suppliers and farmers not agreed upon.



3

OUTCOME 3

# Innovative Digital Solutions

## + Outcome 3: Innovative digital solutions to solve socio-economic challenges

Required output: Silicon Innovation, Science and Technology Park
Expand Broadband network, telecommunication infrastructure footprint to municipalities.
Resources Mobilisation – Solicit potential funding from local, national and international investors

*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

### PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

- Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth
- Economic growth of 2%-3%; and
- Growth in levels of investment to 23% of GDP.

### APPLICABLE OUTCOMES AND INTERVENTIONS

1. Improve competitiveness through ICT adoption
2. Spectrum licensing, broadband rollout and reducing the cost of communications:
   - 80% of population have access to the internet by 2024
   - Improve the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Broadband roll-out.
2. SMME development and support.
3. Youth entrepreneurship development and support.



# Product
# Limpopo Connexion

*Limpopo Connexion is an information communication technology (ICT) solution component for the service delivery imperative of the provincial government. The new business and investment environment globally is hinged on technologies that make information for innovative transition accessible to entrepreneurs at affordable costs.*



These are the major drivers for economic growth and development, particularly in the emerging economies. Limpopo connexion will therefore provide support to public and private institutions with ICT infrastructure services that promote the culture of entrepreneurship in Limpopo Province.

## THE CORE INFRASTRUCTURE BUILT

Having completed the data centre, the network operations and call centres, which form the core of the broadband, Limpopo Connexion has connected mainly sites to the system in the Capricorn; notably LEDA offices. This is part of the roll out of the service which mainly includes, but is not limited to data services, voice calls services, cloud computing services, with the incorporation of other related services in the year ahead. The eight LEDA sites already linked to the system are used to monitor and demonstrate the capability of the system to ensure that when investment funding is sourced for Phase II of the roll-out, the system is fully functional and all technical glitches are eliminated from the system. The following milestones were achieved as part of the infrastructure to build business components during the year under review:

- Commercial Model and Marketing Strategy developed.
- Investor Engagement Plan developed and Funding proposal presented to the Infrastructure South Africa (ISA) Programme and the DBSA.

## PHASE II OF BROADBAND ROLL-OUT

As the phase I roll out is completed during the year under review, Limpopo Connexion has put a plan to source funding for the roll out of Phase II, which focuses on the fibre layout to districts of Limpopo province. The ultimate goal is to transform Limpopo Province and enhance and achieve internet penetration across the four corners of the province. Households, businesses, research entities and municipalities are targeted for this roll-out, which will enhance Limpopo as a knowledge economy in the near future.

## CONSULTING AND SOFTWARE SOLUTIONS PROVIDED

Limpopo connexion commenced with consulting services for the ICT solutions during the year under review. Application and consulting services focuses on business advisory services, application development and support services. Free and Open-Source Software Systems (FOSS) focuses on the implementation and support of existing FOSS systems. Eight systems were implemented and supported through the consulting services during the year under review.

## THE SCIENCE AND TECHNOLOGY PARK (STP)

The conceptualisation of Science and Technology Park is the brainchild of Limpopo Connexion and will leverage on the Broadband facility for its sustainability. It is also in line with the strategic 2030 Smart City vision of Polokwane Municipality. It will drive innovation and contribute to economic growth, knowledge economy and skills development. During the year under review, the following milestones were achieved:

- Master Plan and Business Plan for the Limpopo Science and Technology Park developed.
- Investor Engagement Plan developed, and Funding proposal presented to the Infrastructure South Africa (ISA) Programme and the Development Band of Southern Africa.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

The outcome of innovative digital solutions to solve socio-economic challenges has been achieved by presenting a funding proposal presented to DBSA. The output indicator of kilometres of fibre has been achieved with 134.30 km of fibre been rolled out. 92.699 km of fibre rolled out (Q2-Q4) + 41.61 km of fibre rolled out. The outcome of increased return on investment and profit streams from the LEDA Group has been achieved with a 13% net profit.

# ANNUAL PERFORMANCE INFORMATION

| OUTCOME 3: INNOVATIVE DIGITAL SOLUTIONS TO SOLVE SOCIO-ECONOMIC CHALLENGES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ANNUAL OUTPUT | | |
| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ACTUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 4. | Limpopo Connexion | Quarterly | Establish Innovation, Science and Technology Park | Resources Mobilisation -Solicit potential funding from local, national and international investors | Funding commitment form investors obtained | Solicit potential funding from local, national and international investors | **Achieved** Funding proposal presented to DBSA | None | None |
| 5. | | Quarterly | Expand Broadband network telecommunication infrastructure footprint to municipalities | Number of Kms of fibre rolled out | 120 sites connected | 100 kms of fibre rolled out | **Achieved** 134.30 kms of fibre rolled out 92.699 kms of fibre rolled out (Q2-Q4) + 41.61 kms of fibre rolled out in Q1, though the target was reported on sites connected | None | None |



4

OUTCOME 4

# Increased Domestic and Foreign Direct Investment

## + Outcome 4: Increased Domestic and Foreign Direct Investment

**Required output:** Produce goods/ products from minerals within the province
Produce agro processed products within the province
More goods exported

**Output indicator:** Rand value of bankable projects exposed to potential investors
Rand value of exports

*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

### PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION:

- Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth;
- Economic growth of 2%-3%; and
- Growth in levels of investment to 23% of GDP.

#### APPLICABLE OUTCOMES AND INTERVENTIONS

1. Investing for accelerated inclusive growth by improving the ease of doing business.
2. Industrialisation, localisation and exports by supporting localisation and industrialisation through government procurement (on designated products and services).
3. Quality and quantum of investment to support growth and job creation improved by improving the quality and rate of infrastructure investment (R5 billion Infrastructure Fund).

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Rapid implementation of the SEZ programme;
2. Mobilisation of private sector investment, including foreign direct investment.

### PRIORITY 2: A BETTER AFRICA AND THE WORLD

#### APPLICABLE OUTCOMES AND INTERVENTIONS:

1. Increased foreign direct investment (FDI) into South Africa by sourcing investment for the identified sectors in the South African economy.
2. Increased and diversified exports resulted/ contributed to an export orientated economy by facilitating exports through the Export Marketing and Investment Assistance (EMIA) scheme fund.
3. Increased regional integration and trade by the Implementation of the detailed implementation plans for prioritised project of the Indicative Strategic Implementation Plan and the implementation of the African Continental Free Trade Agreement (AfCFTA) and other trade agreements in order to grow intra-Africa trade.
4. International protocols and commitments achieved through ensuring compliance to international protocol and commitments.

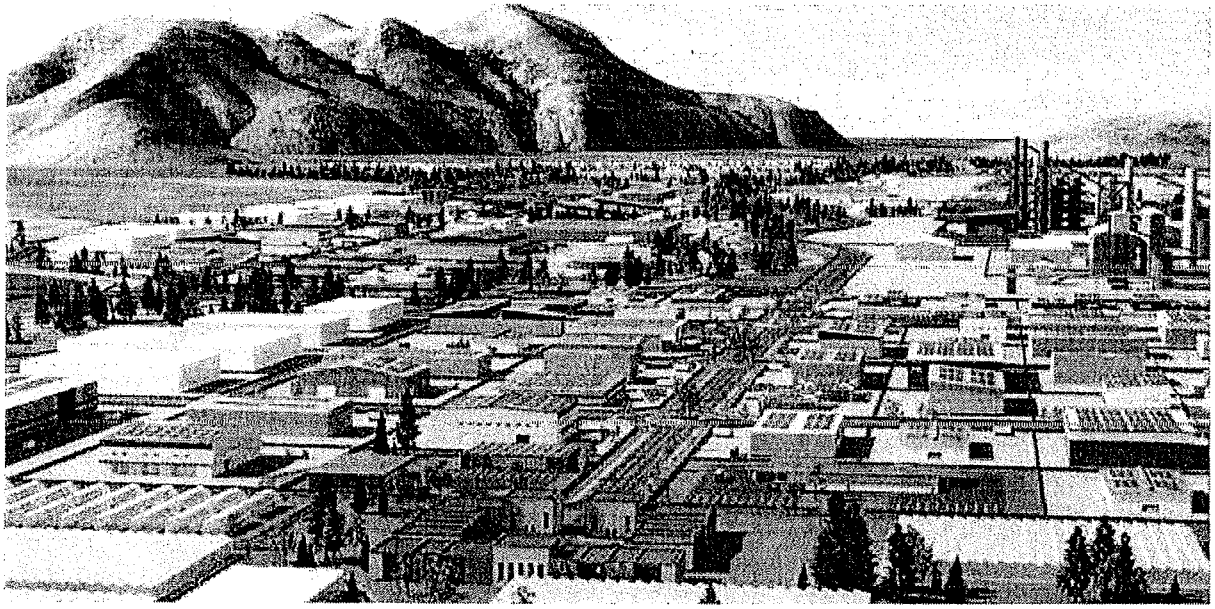
It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Tourism investment and marketing
2. Mobilisation of private sector investment, including foreign direct investment.

Product

# Fetakgomo-Tubatse Proposed SEZ

*With proliferation of mining activities, the focus on beneficiation of the industrial base to localise manufacturing of finished products, the proposed Fetakgomo Tubatse Special Economic Zone presents South Africa, and Limpopo Province in particular, with an opportunity to scale employment creation downstream and facilitate forward and backward linkages for enterprises in the province.*



The establishment of the Fetakgomo Tubatse proposed special economic zone results from the policy imperatives that emphasize inclusive economic growth through the exploration of natural resources. This proposed SEZ is conceived as a one stop world class integrated sector specific SEZ for providing products and related services addressing the entire range of Mining Input Suppliers, the PGMs beneficiation value- chain (upstream and downstream beneficiation), general manufacturing (product-value add) and logistics. The main objective of this SEZ is to develop a low carbon green economy which will offer promising opportunities not only to fight climate change, but to enhance energy security and develop local industries.

This proposed SEZ is strategically located on 1 220ha of land in the industrial hub of the Steelpoort area, in between two huge Chrome mining establishments. There is a great road network, with the R36, R37 and R555 being the main regional arteries that connect directly to the SEZ site, a railway line which connects to the nearest ports and border gates, and the nearest international airport is 184km away.

## INVESTMENT PROSPECTS AND OPPORTUNITIES IN FETAKGOMO-TUBATSE

With the World moving towards alternative and renewable energy to minimise the carbon footprint and safeguard the atmosphere for a sustainable future, the proposed Fetakgomo-Tubatse Special economic Zone is well positioned to become the global centre of excellence for green energy and mineral beneficiation. The strategic aim of this SEZ is to develop green primary energy supply to a localised manufacturing of both upstream and downstream activities of the PGM and Chrome value chains with a secondary backup from electricity. This will enhance energy security on the one hand but also provide a model to scale up the green energy economy to all emerging economies of the world.

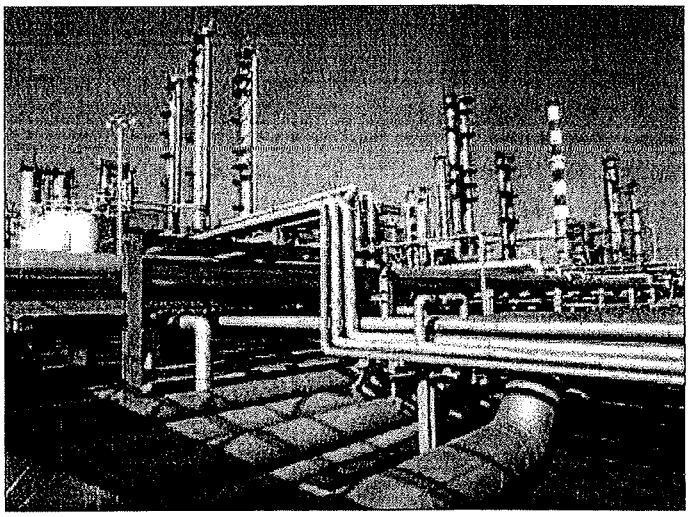
FOR GOVERNANCE INFORMATION

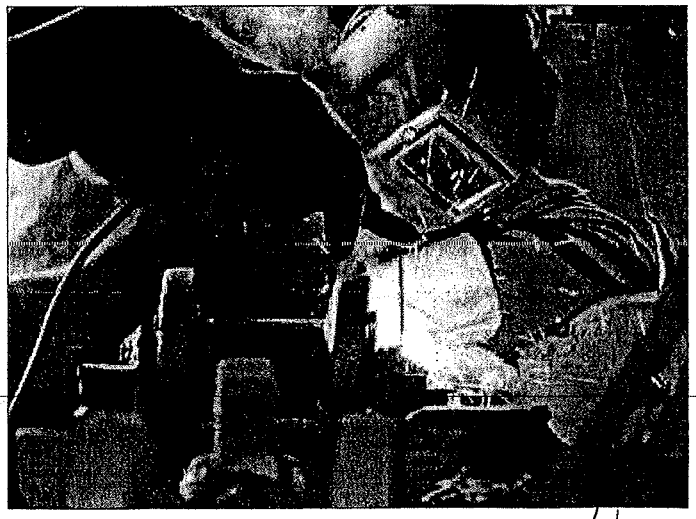


## THE HYDROGEN ECONOMY

The Hydrogen Economy is a potential game changer to reindustrialise global economies, and for this proposed SEZ (FT-SEZ), the Hydrogen Valley platform has the potential to drive the demand for the mining inputs supplies, thereby creating an opportunity for large scale industrialisation for both the manufacturing of mining inputs and the beneficiation of mining outputs with a potential to immensely change the Limpopo provincial economy. In addition, the Hydrogen Valley corridor, which is a national initiative, has the potential to contribute towards the Fetakgomo-Tubatse SEZ's aim of supporting a broad-based industrialisation growth path, balanced regional industrial growth and development of more competitive and productive regional economies with strong up and downstream links in strategic value chains, especially in platinum group metals and chrome. The Fetakgomo Tubatse SEZ will not only play the role of a consumer of hydrogen in the SEZ but will strive to become the producer of hydrogen and other clean energy technologies, and its participation in the SA/UK hydrogen trade deal is a pedestal that confirms the SEZ's inclination towards becoming a global centre of excellence for green technology.





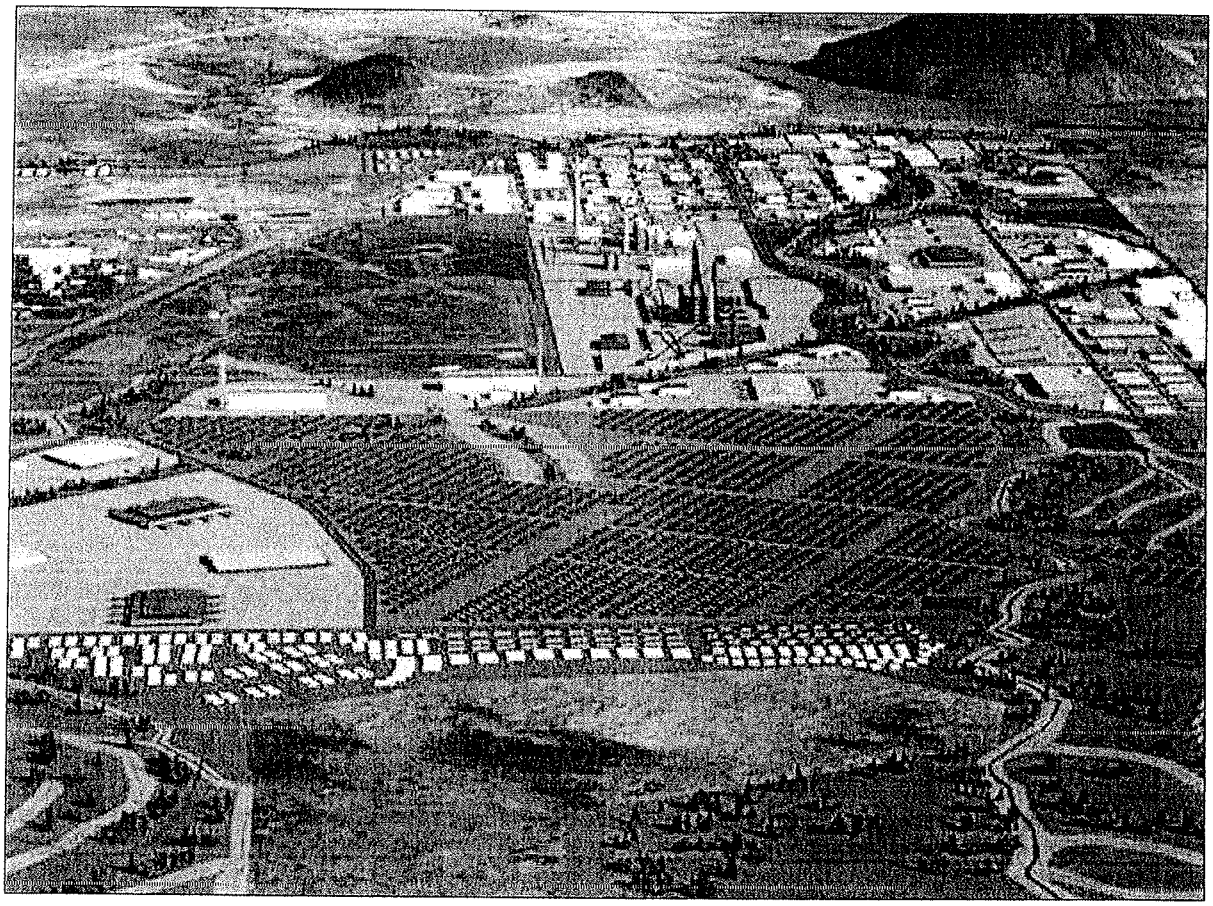


## BROAD BASED INDUSTRIALISATION PATH

Fetakgomo Tubatse SEZ is envisaged to contribute immensely to the imagined future characterized by heightened industrialisation of the economy, thereby stimulating rapid economic recovery and sustainable growth. The establishment will create a huge regional integration down the value chain to drive and enhance the regions' global competitiveness on the PGM economies.

## PROVINCIAL AND NATIONAL GOVERNMENT SUPPORT

The Provincial Government is finalising the purchase of the Mining Input Suppliers Park (MISP) and inclusion of the Lion Ferrochrome Smelter as anchor projects in the Fetakgomo Tubatse SEZ. The commitment of funding made by provincial treasury in the current financial year, confirms the level of readiness towards the realisation of this SEZ.



Some of the key project implementation readiness activities that are being embarked on are:

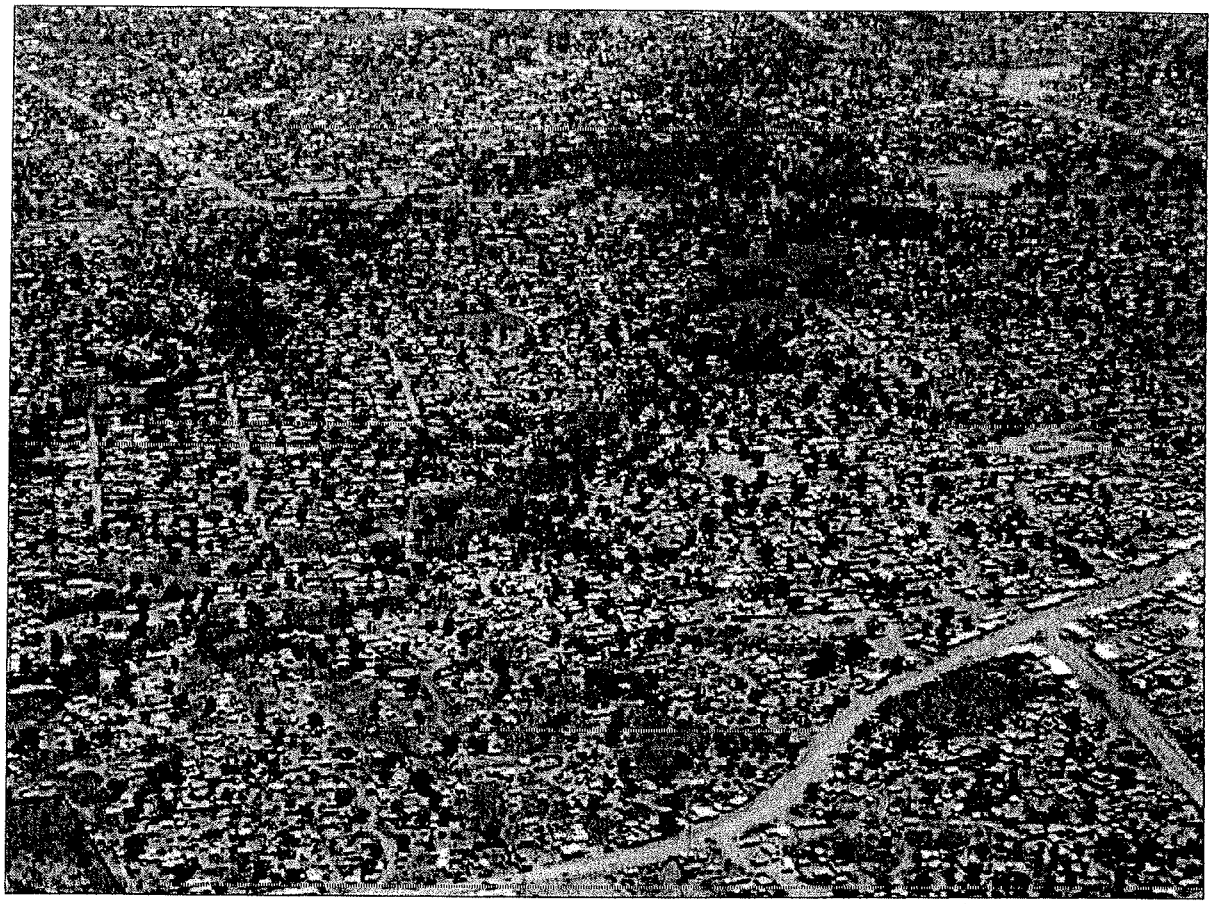
- Township Establishment (land rezoning)
- Engineering designs and costing for the perimeter fence
- Site clearance and fencing
- Acquisition of the Mining Input Suppliers Park from Glencore
- Eskom cost estimation and Acceptance of quote
- Engineering designs for an Eskom switching station
- Water allocations – Assessment of demand per industry, Implementation Readiness Study and Engineering designs

## THE DISTRICT DEVELOPMENT MODEL

In an attempt to harness integration within the Sekhukhune District, key economic infrastructure has been identified in a bid to strengthen the case of the SEZ. In alignment with the District Development Model, the Sekhukhune District Municipality is spearheading the development of a 'Tubatse Smarty City' which properly aligns with the vision to develop this SEZ as a globally recognised Centre of Excellence for Green Energy Technology and Mineral Beneficiation.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

Identifying the land for Tubatse-Fetakgomo special economic zone was not achieved as the required Environmental Impact Study and township establishment process was not actioned. The corrective action undertaken for the next financial year is to complete the EIA and township establishment process.



# ANNUAL PERFORMANCE INFORMATION

**OUTCOME 4:** INCREASED DOMESTIC DIRECT INVESTMENT AND FOREIGN DIRECT INVESTMENT

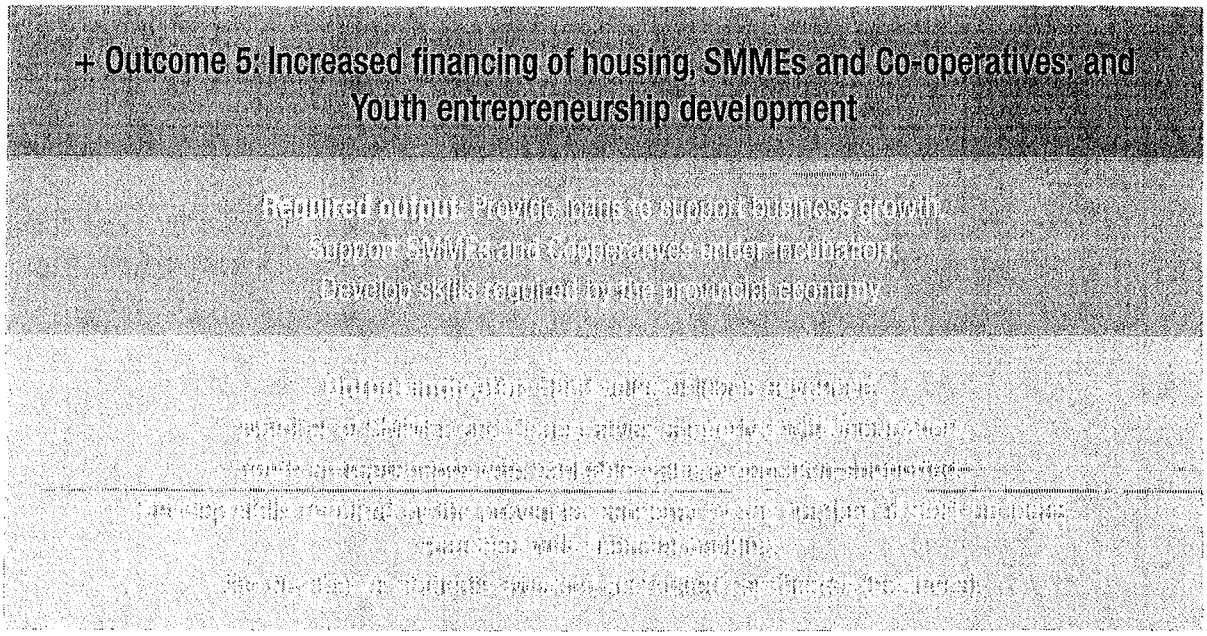
| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ANNUAL OUTPUT ACTUAL OUTPUT | ANNUAL OUTPUT REASON FOR DEVIATION | ANNUAL OUTPUT CORRECTIVE ACTION |
|---|---|---|---|---|---|---|---|---|---|
| 6. | Chief Executive Officer | Quarterly | Limpopo Investor conference | Rand value of investment pledges | Rand value of R8bn (With allowable deviation of 5%) | Rand value of R3bn (With allowable deviation of 5%) | **Not Achieved** Limpopo Investor conference not held in 2020/21 FY | The Conference was not held in March as previously proposed due to the disruptions of the 2nd wave of COVID 19 pandemic. | The conference has been moved to 1 & 2 September 2021. The conference would be 100% virtual. |
| 7. | Trade and Investment Promotions | Quarterly | More goods exported | Rand value of exports | Rand value of R960 million (With allowable deviation of 5%) | Rand value of R300 million (With allowable deviation of 5%) | **Achieved** R365 838 144.35 | None | None |
| 8. | Tubatse SEZ Project Team | Quarterly | Establish Tubatse/ Fetakgomo Special Economic Zone | Rand value of Investment | Development of land identified for Tubatse-Fetakgomo SEZ | Development of land identified for Tubatse-Fetakgomo SEZ | **Not Achieved** Land identified for Tubatse-Fetakgomo SEZ not yet developed | Tubatse-Fetakgomo SEZ had to complete the EIA and township establishment processes. | 1. Complete the EIA. 2. Kickstart the township establishment process. |
| 9. | Musina-Makhado SEZ | Annually | Establish Musina-Makhado Special Economic Zone | Value of investment in SEZ Infrastructure | R183 Million Invested in SEZ Infrastructure (With allowable deviation of 5%) | R34 Million Invested in SEZ Infrastructure | **Not Achieved** R 32 832 587.69 | Projects affected by COVID19 Pandemic had negative impact on expenditure | The expenditure will be improved in the next financial year based on approved budget and infrastructure project plans. |



5

OUTCOME 5

# Increased Financing of SMMEs and Co-operatives




*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

## PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

- Unemployment reduced to 20%-24% with 2 million new jobs, especially for youth;
- Economic growth of 2%-3%; and
- Growth in levels of investment to 23% of GDP.

## APPLICABLE OUTCOMES AND INTERVENTIONS

1. More decent jobs created and sustained, with youth, women and persons with disabilities prioritise by creating jobs through Job Summit commitments, Operation Phakisa and other public sector employment programmes.
2. Investing for accelerated inclusive growth by improving the ease of doing business.
3. Industrialisation, localisation and exports by supporting localisation and industrialisation through government procurement (on designated products and services).
4. Reduce concentration, and monopolies and expanded small business sector by facilitating the increase in number of functional small businesses with a focus on township economies and rural development (200,000 supported) and ensuring inclusion of SMMEs in localisation and buy local campaigns.
5. Increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities with the minimum 40% target for Women, 30% for Youth and 7% for persons with disabilities.

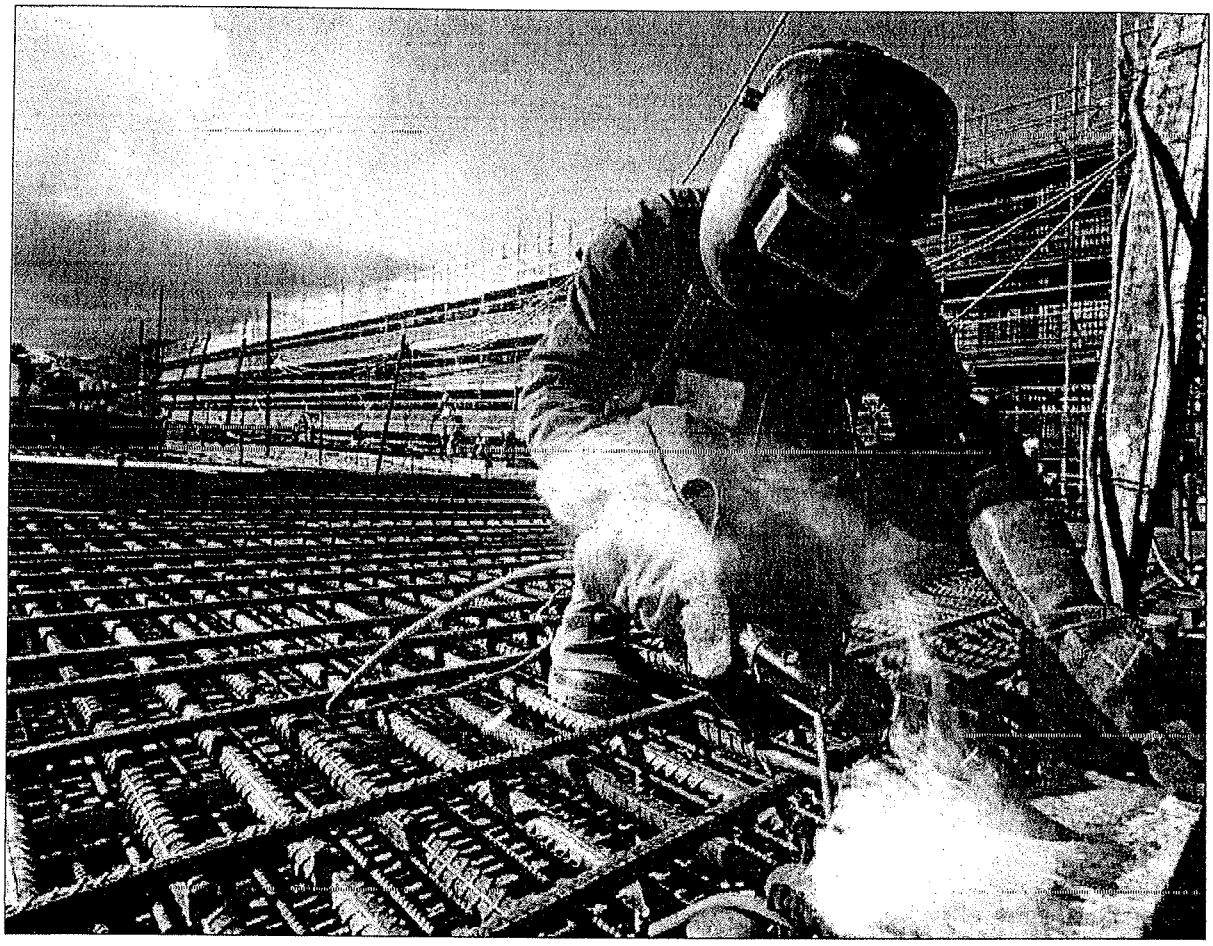
It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by the:

1. Targeted procurement.
2. SMME development and support.
3. Youth entrepreneurship development and support.

LEDA's Enterprise Development and Finance Division offer business developmental support to SMMEs and Cooperatives through the provision of Business Loans, Business Incubation Support and Training and Development. It should be noted from the outset that the financial year 2020/21 brought about its unique challenges, not only to LEDA but to almost all economic development entities the whole world over.

## ENTERPRISE FINANCING UNIT

During the previous financial year LEDA disbursed loans worth R49.5m whilst during the period under review only R18.7m has been disbursed. This is against R82m worth of applications that were received during the year under review. However, realising that the Agency is highly under-capitalised LEDA is engaging the Small Enterprise Development Agency and other Development Finance Institutions to collaborate on SMME financing matters. LEDA is however pleased to report that during the period under review it collected a total amount of R 36 238 388.70 on the disbursed loans.



## SMME DEVELOPMENT SUB-UNIT

The Sub-Unit was able to meet all its targets. However, a lot must be done to encourage young unemployed individuals to participate in the mainstream economy. During the period under review, 118 SMMEs were supported through the Business Incubation Program – of which 59 were Youth-Owned Enterprises. In this regard, a total of 221 employment opportunities were sustained as follows: 108 were female, 113 were male while 123 were youth. Over and above this, 100 Co-operatives were also supported through the Business Incubation Program – of which 20 were Youth-Owned Enterprises. A total of 737 employment opportunities were sustained as follows: 491 were female, 246 were male, while 244 were youth. LEDA would like to commend and appreciate the continuous support it receives from Capricorn District Municipality by supporting incubated SMMEs in Capricorn District. To this end the municipality contributed R200.000 during 2020/21 as compared to R171.000 contributed during 2019/20 towards supporting of identified SMMEs. It should further be noted that on the target to support 20 Youth-Owned Enterprises to Access Finance, the Sub-Unit assisted 26 Youth-Owned Enterprises to access finance from different financiers.

## ACCESS TO COMPANIES AND INTELLECTUAL PROPERTIES COMMISSION SERVICES

LEDA, through EDFD, extended its partnership with CIPC to assist Limpopo based SMMEs to access various CIPC services. During the year under review, LEDA assisted 4025 people to access various CIPC services ranging from Business Registration, filling of annual returns etc.

## LEDA TOLL FREE CALL CENTRE (080 054 6266)

LEDA is proud to report that through its subsidiary; Limpopo Connexions a Toll-Free Call Centre was established which assisted entrepreneurs throughout Limpopo to access LEDA services. Through the Call Centre and other LEDA on-line platforms, more than 22 300 entrepreneurs were assisted on various business inquiries ranging from accessing national incentive schemes, to compliance issues, etc. In appreciating and embracing 4th IR, LEDA is in the process of automating all its operations to improve efficiencies.



## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

Due to the Covid-19 there was a downscaling of the annual target which was re-tabled and approved. In the three cases where actual output was not achieved it was precisely Covid that curtailed this achievement.

The corrective actions for these three are:

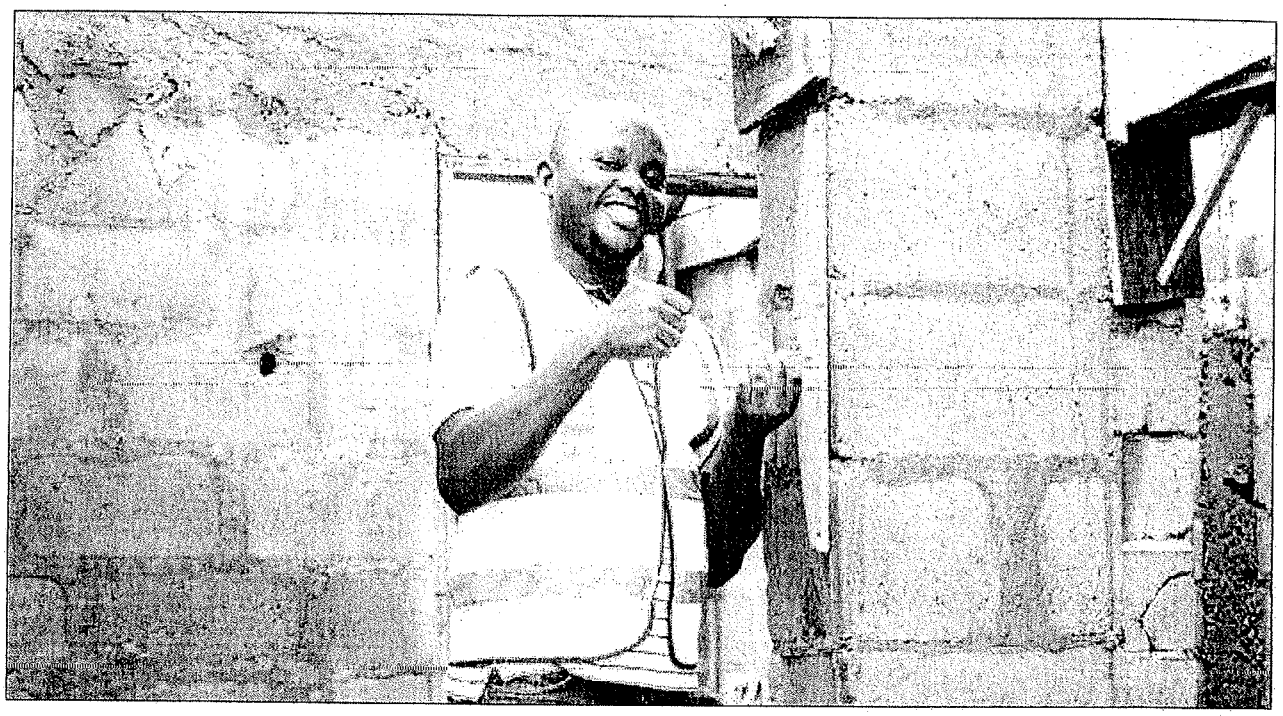
- Rand value of loans advanced: ring fenced budget for business loans and enhanced collection strategy.
- In the areas of student start up ideas and financial backing as well as accredited certificates: virtual skills training programmes currently being designed to counter the disruption caused by Covid.
- The outcome desired of advancing loans of R50 million was not achieved as only R18 151 305.48 was advanced. The actual number of SMMES and Cooperatives supported, both during incubation, successfully exceeded the target output. The number of SMME's supported was 118 (target 100) and Cooperatives was 102 (target 100).
- Regarding students start up ideas matched with financial backing was only 922 (target 3 000).
- Number of students awarded accredited certificates (business) was only 1718 (target 3870).

Note: the negative impact of Covid-19 restrictions on the interaction with students is clear.

# ANNUAL PERFORMANCE INFORMATION

**Outcome 5:** Increased financing of housing, SMMEs and Cooperatives and Youth entrepreneurship development

| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ANNUAL OUTPUT | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ACTUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 10. | Economic Development Finance | Quarterly | Provide loans to support business growth | Rand value of loans advanced | R60m loans advanced | Loans advanced R50m | **Not Achieved** Rand value R18 151 305.48 | Target not achieved due to the effect of COVID-19 on LEDA finances (Cash-flow) | Ring-fenced budget for business loans and enhanced collection strategy. |
| 11. | | | Support SMMEs and Cooperatives under incubation | Number of SMMEs supported with incubation | 150 SMMEs | SMMEs 100 | **Achieved** SMMEs 118 | None | None |
| 12. | | | | Number of Cooperatives supported with incubation | 150 Cooperatives | Cooperatives 100 | **Achieved** Cooperatives 102 | None | None |
| 13. | CEO' s office | Quarterly | Youth entrepreneurs (Start-ups) with bankable value proposition supported | Number of Start-ups ideas matched with financial backing | 20 Start-ups ideas matched with financial backing | 20 Start-ups ideas matched with financial backing | **Achieved** 26 cumulative to complement the annual target to match 20 Start-ups ideas with financial backing | None | None |
| 14. | Economic Development Finance | Quarterly | Develop skills required by the provincial economy | Number of students awarded accredited certificates. (technical) | 4 000 students | 3 000 students | **Not Achieved** 922 | All LEDA training programs were disrupted from March until September 2020 due to COVID 19 regulations. | Virtual skills training programmes are being designed to counter Covid-19 disruptions |
| 15. | | | | Number of students awarded accredited certificates. (Business) | 5 160 | 3 870 | **Not Achieved** 1718 | All LEDA training programs were disrupted from March until September 2020 due to COVID 19 regulations. | Virtual skills training programmes are being designed to counter Covid-19 disruptions |
| 16. | RISIMA | Quarterly | Housing and finance related services provided | Number of home loans approved | 250 | 107 | **Not Achieved** 74 | Low business in-take due to COVID-19 Impact on business. Deed's office was closed under certain levels of Covid-19 regulations. | More advertising to reach more potential clients and increase loan take up |
| 17. | | | | Rand value of home loans approved | R101m | R58,9m | **Not Achieved** R31.3m | Low business in-take due to COVID-19 Impact on business. Deed's office was closed under certain levels of Covid-19 regulations. | More advertising to reach more potential clients and increase loan take up |



**Outcome 5:** Increased financing of housing, SMMEs and Cooperatives and Youth entrepreneurship development

| NO. | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATORS | 2020/21 ANNUAL TARGET (BEFORE RE-TABLING) | 2020/21 ANNUAL TARGET (AFTER RE-TABLING) | ANNUAL OUTPUT | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ANNUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 18. | Land and Property Development | Quarterly | Support economic activities by entrepreneurs | Occupations of developed factory space | Increase occupancy by 20% of the unoccupied space (20% of 100 400 m²) (With allowable deviation of 5%) | Increase occupancy by 15% of the unoccupied space (15% of 100 400 m²) (With allowable deviation of 5%) | **Achieved** New leases over area of 17 875.31m² | None | None |
| 19. | | Quarterly | | Compliance with established LEDA factory standards | Meeting pre-determined state of acceptable property standard for leased properties | Meeting pre-determined state of acceptable property standard for leased properties | **Not Achieved** 71.24% (based on annual maintenance expenditure) | More work and long periods were required to refurbish. Covid-19 regulations and lockdown disrupted the programmes and prohibited construction work. | We are currently mobilizing more resources to meet targets in 2021/22 financial year. |
| 20. | Land and Property Development (continued) | Quarterly | Support economic activities by entrepreneurs (continued) | Amount spend on refurbishment of industrial parks | R10 million | R3 million | **Not Achieved** R2 171 133,37 | More work and long periods were required to refurbish. Covid-19 regulations and lockdown disrupted the programmes and prohibited construction work. | We are currently mobilizing more resources to meet targets in 2021/22 financial year. |

Product

# Risima Housing Finance Corporation

*The RISIMA service delivery mandate reflects the housing and human settlement imperatives that the institution aspires to achieve as part of the socio-economic development mission derived from the Limpopo Development Plan (LDP).*

Through research and market surveys, Risima Housing Development Corporation has done exceptionally well over the years of existence in terms of its portfolio of products and services on the one hand and the quality of houses delivered to meet the developmental needs of the province. In fulfilling this mandate of promoting home ownership amongst the previously disadvantaged individuals, Risima Housing Finance Corporation offers 100% home loans to public servants and employees of public entities and can require as little as 10% deposit from customers working in the private sector.

## PRODUCTS AND SERVICES

RISIMA prides itself in the range of products and services provided in Limpopo Province that includes the following:

- **Affordable rural and urban housing loans**

  The company provides affordable housing solutions that are more accessible to households with a combined minimum income from R800 per month.

- **Interest linked home loans**

  A home loan charged at prime plus 1% interest rate across the board with a flexible term up to 30 years. This product is suitable for consumers that aspire to switch over their capital financing and experience low interest rate

- **Incremental Housing Finance**

  Unsecured home loan finance for rural areas, which affords clients an opportunity to build their houses on a staggered approach. Loans range from R10 000 to R350 000 and the products are tailor made for low-income earners.

- **Additional home loans**

  It is a top up loan granted to the client in addition to the existing loan, in line with the value of the property and can only be applied for 12 months after of implementation of the first loan.

- **Access bond**

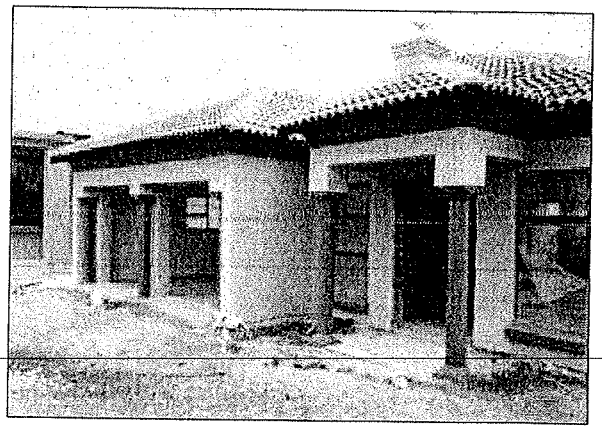
  All Risima Housing Finance Corporation clients who have paid their accounts in advance can apply for an amount of not less than R12 500.00 and not exceeding 80% of that advance.

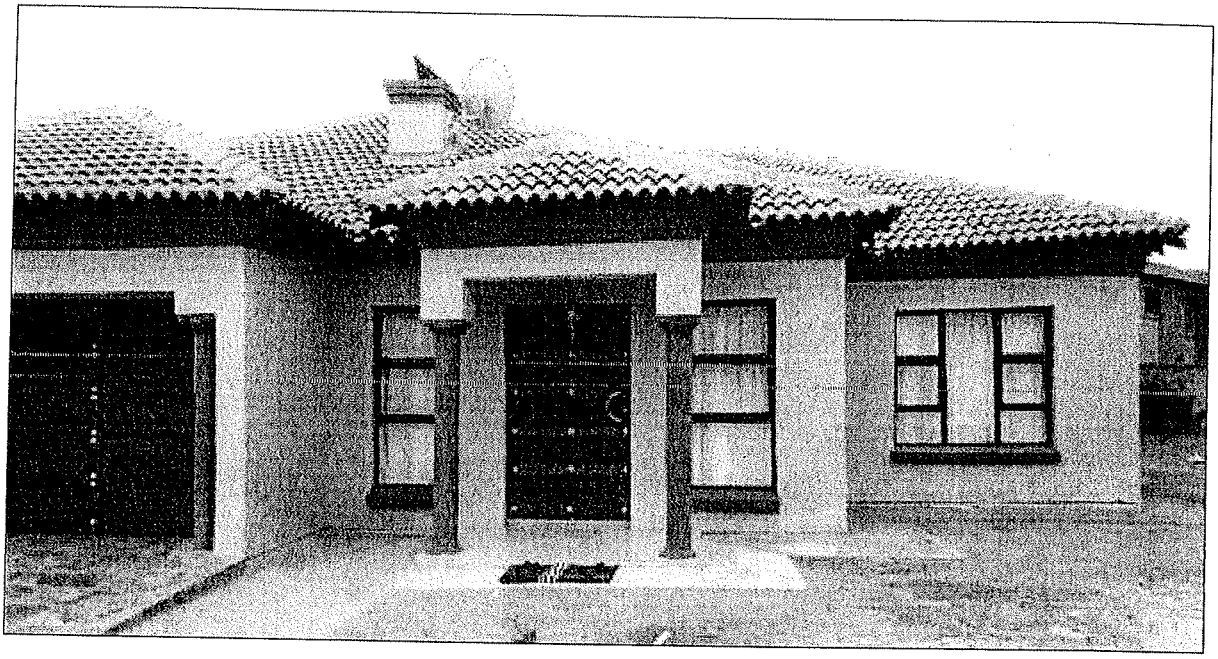
- **Finance Linked Individual Subsidy Program (FLISP)**

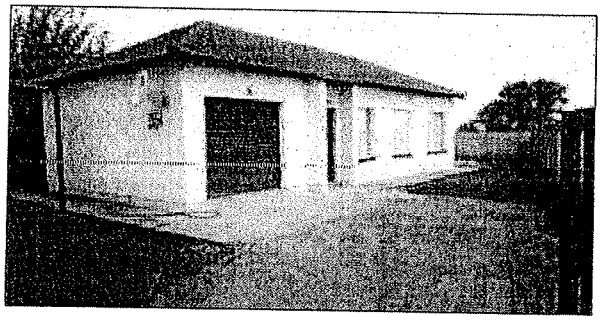
  FLISP is aimed at individuals that earn too much to qualify for an RDP house and too little to qualify for a Bond. (GAP Market) The FLISP subsidy is used as a deposit to enable clients to qualify for a bond. Risima has been appointed by COGHSTA to administer FLISP in the province. A client who has been approved by any of the major banks may apply for the subsidy portion at Risima. On registration of the Bond, Risima will pay the FLISP subsidy directly into the client's home loan account.

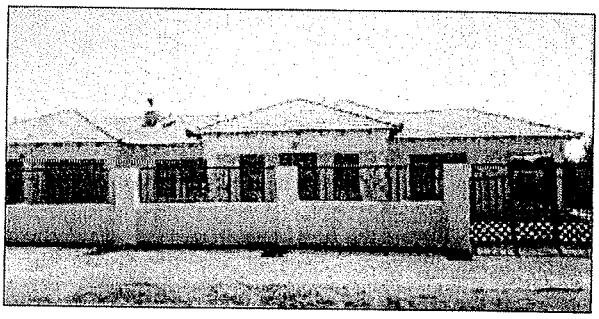
## HOME LOAN EQUITY FINANCE

Clients who earn less than R15 000 and have been approved for FLSP may qualify for a Home Loan Equity Finance as a form of developmental credit. Based on the value of the property, first time clients can be financed to buy a property and consolidate their commitments simultaneously.









## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

The desired outcome of increased financing of housing, SMMEs and Cooperatives and Youth entrepreneurship development output was:

- **Housing and finance services provided:**
  - Output indicators:
    1. Number of home loans approved was 74 (target 107)
    2. Rand value of home loans approved was R 31.3m (target R58.9m)
    3. Note: the close of the Deeds office and Covid-19 impacted severely.
    4. Corrective to be action taken, is increased advertising campaigns.

- **Increased return on Investment (ROI) and Profit streams from LEDA Group**
  - Output indicators:
    1. Subsidiary ROI percentage was 5.37% (target 6%)
    2. Subsidiary net profit percentage was 62.26% (target 5.6%)
    3. All actuals to be adjusted after financials are audited.




OUTCOME 6

# Increased Return on Investment and Profit Streams from LEDA Group

**+ Outcome 6: Increased return on investment and profit streams from LEDA Group**

**Increase Net asset value of LEDA Group from R1.3bn to R3.5bn**

**Increase LEDA Group return on total assets percentage from -2% to 5%**

**Increase LEDA Group net profit percentage from -4% to 5%**

*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

## PRIORITY 1: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

Public value and trust by active citizenry and partnerships in society.

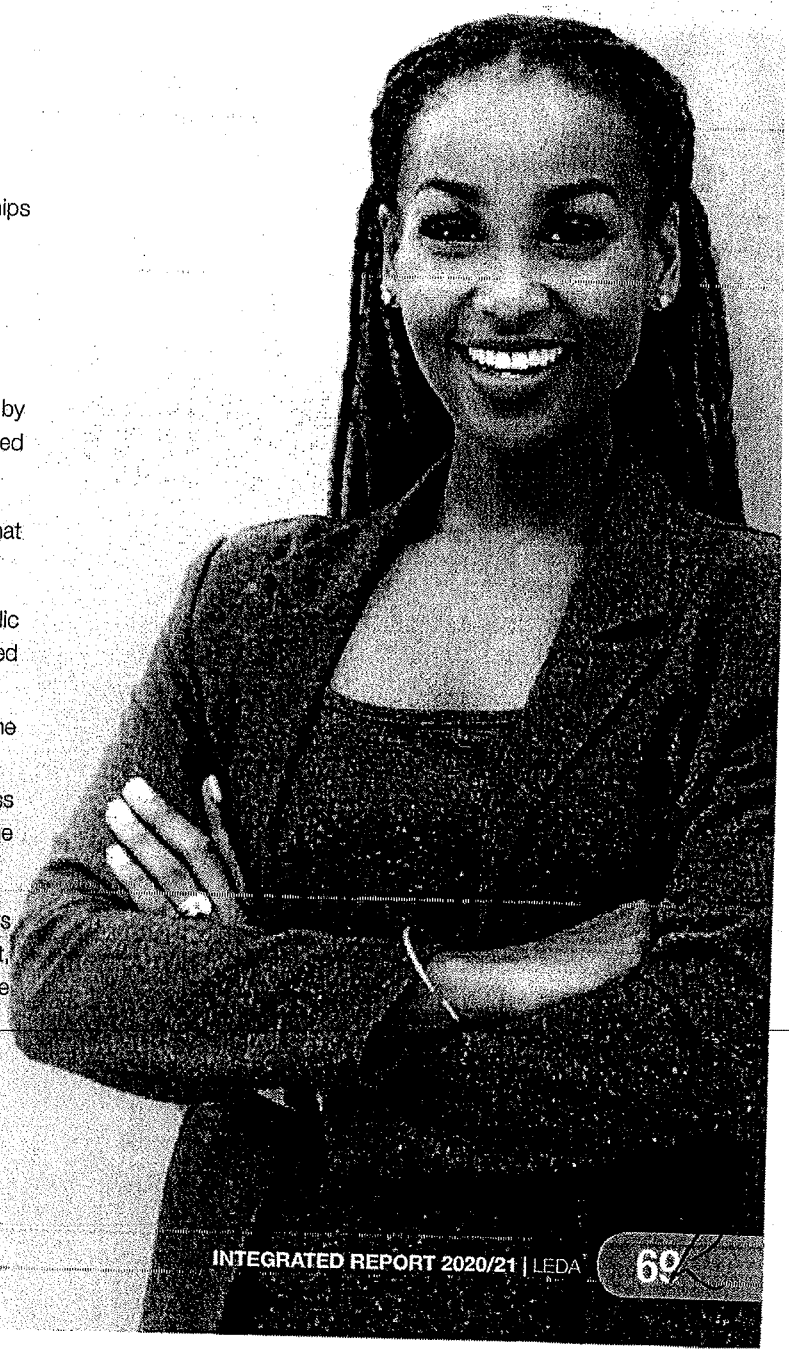
### APPLICABLE OUTCOMES AND INTERVENTIONS

1) Improved governance and accountability by strengthening the governance system of state-owned entities.

2) Functional, efficient and integrated government that will:

- Enhance productivity and functionality of public sector institutions in supporting people-centred service delivery.
- Improve financial management capability in the public sector.
- Measures taken to reduce wasteful and fruitless expenditure, and irregular expenditure in the public sector.

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by strengthening the implementation capacity of LEDA.



# ANNUAL PERFORMANCE INFORMATION

| OUTCOME 6: INCREASED RETURN ON INVESTMENT AND PROFIT STREAMS FROM LEDA GROUP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| 21. | Finance | Quarterly | Revenue and debt collection | Revenue collection rate | 95% revenue collection | 80% revenue collection | **Achieved** 95% collected on current rental revenue of R128 million. | None | None |
| 22. | | | | Debt collection rate | 95% of collectable debt | 95% of collectable debt | **Not Achieved** R5 million (2%) collected on arrear rental revenue. | Debtors were not responsive hence all 120+ days were handed over to external debt collection services. | Debts over 120+ days were handed over to external auditors. |
| 23. | Agency | Annually | Increased Return on Investment from LEDA Group | Net asset value of LEDA Group | R2.5 bn | R2.5 bn | **Not Achieved** R1 052 388 610 | Net asset value of LEDA Group not achieved due to Covid 19 budget cuts. | Growth rate would be adjusted to new resource levels. |
| 24. | Agency | Quarterly | | LEDA Agency Return on Investment percentage | 5% | 5% | **Not Achieved** 0.4% | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |
| 25. | Risima | Quarterly | | Subsidiary Return on Investment percentage | 10% | 6% | **Not Achieved** 5.37% | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |
| 26. | CMR | Quarterly | | | 5% | 5% | **Not Achieved** 2% | Investment drive was disrupted due to economic uncertainties brought by Covid-19. | 1. CMR will go into the open market to source funding.<br>2. Explore asset sale as a mechanism of raising capital. |



PERSONAL INFORMATION

**OUTCOME 6:** INCREASED RETURN ON INVESTMENT AND PROFIT STREAMS FROM LEDA GROUP

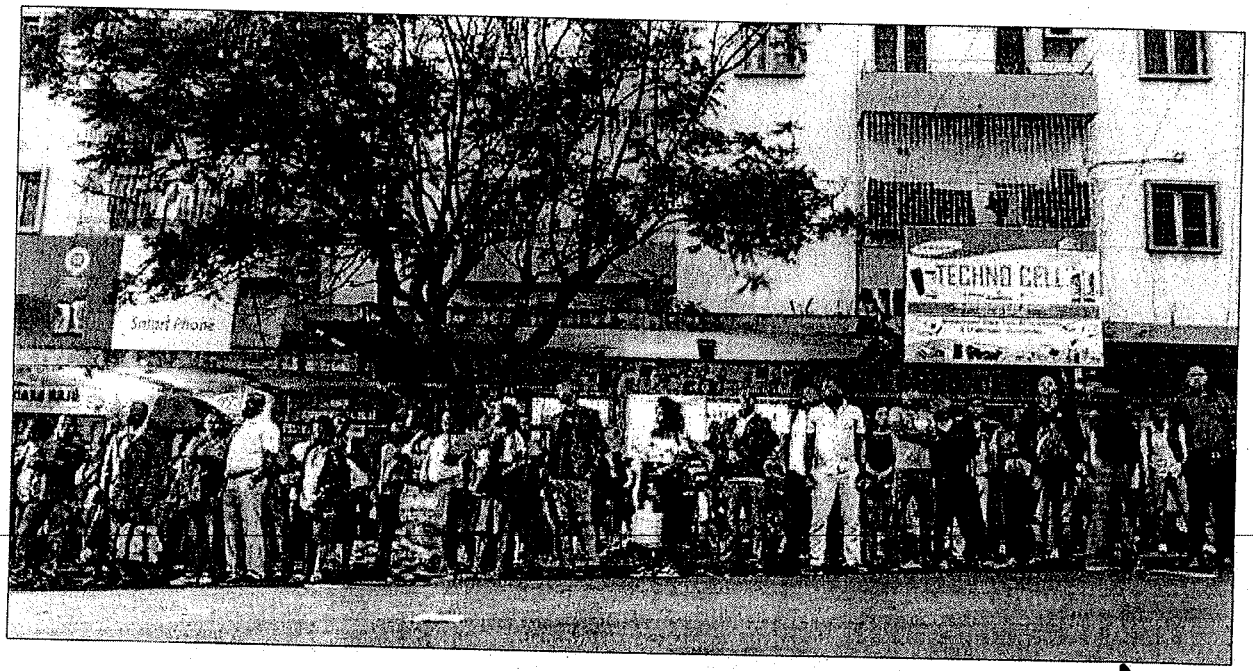
| No. | Responsible Business Unit | Reporting Frequency | Output | Output Indicator | 2020/21 Annual Target | 2020/21 Annual Actual | Actual Result | Reason for Deviation | Corrective Measures |
|---|---|---|---|---|---|---|---|---|---|
| 27. | New Era | Quarterly | Increased Return on Investment from LEDA Group | Subsidiary Return on Investment percentage | 0% | 1% | **Not Achieved** (5%) | High claims stemming from the second wave of Covid-19 deaths that affected the business in January 2021. Decrease in revenue due to lapsed schemes that owe New Era Life premiums. | • Keeping costs at bay and avoid any instances of wasteful, irregular, fruitless expenditure<br>• Increase revenue by exploiting new business opportunities through varying distribution channels<br>• Improve loss ratios by being vigilant in terms of scheme diligently meeting our onboarding requirements<br>• Manage shareholder funds by protecting our assets required to fund policyholder obligations<br>• Ensure that New Era is self-sustainable by managing assets to avoid dependencies on LEDA, with the view that the business will return to profitability and future pay dividends |
| 28. | GNT | Quarterly | | | 10% | 2% | **Not Achieved** (38%) | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |
| 29. | Agency | Quarterly | Increased profit streams from the LEDA group | LEDA Agency net profit percentage | 5% | 2% | **Not Achieved** 0.2%% | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |
| 30. | Risima | Quarterly | | Subsidiary net profit percentage | 9.24% | 5.6% | **Achieved** 62.66% | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |
| 31. | CMR | Quarterly | | | 5% | Break-even | **Not Achieved** (300%) | Projects still at build phase and requires more cash outflows than inflows. | 1. CMR will go into the open market to source funding.<br>2. Explore asset sale as a mechanism of raising capital. |
| 32. | Limpopo Connexion | Quarterly | | | 0% | Break-even | **Achieved** Net profit - 13% | None | None |

**OUTCOME 6:** INCREASED RETURN ON INVESTMENT AND PROFIT STREAMS FROM LEDA GROUP

| No. | Responsible business unit | Frequency | Output | Output indicators | 2020/21 annual target | 2020/21 annual target (adjusted) | Annual output | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Status quo | Reasons for deviation | Corrective measures |
| 33. | New Era | Quarterly | Increased profit streams from the LEDA group (continued) | Subsidiary net profit percentage (continued) | 2% | 2% | **Not Achieved** (73%) | Unprofitable loss ratios as a result of high claims and low revenue margins affected the business In terms of profitability. High claims caused by the second wave of Covid-19 where large deaths were experienced due to the festive season. Most scheme not paying their premiums and rather opting to self-insure their books. Premiums in the industry tend to be low during this time of year as schemes reprioritise premiums to other requirements and see underwriting as discretionary spend as deaths are low in the summer months. | Keeping costs at bay to avoid wastage caused by overruns in professional fees.<br>• Increase revenue by exploiting new business opportunities through varying distribution channels<br>• Improve loss ratios by<br>• Improve revenue by increasing premium rates and increasing new business volumes<br>• Improve the quality of new business underwritten and ensure previously non-underwritten schemes serve their waiting period<br>• Effectively manage claims expenses to reduce loss ratio<br>• Ensure that administration costs are kept at bay and wastage/ leakages avoid at all costs<br>• Renegotiate acquisition costs to ensure that the maximum commission paid to all intermediaries does not exceed 18%.<br>• Increase sales by enhancing or revamping product offering to increase market share in the funeral and credit life business |

## OUTCOME 6: INCREASED RETURN ON INVESTMENT AND PROFIT STREAMS FROM LEDA GROUP

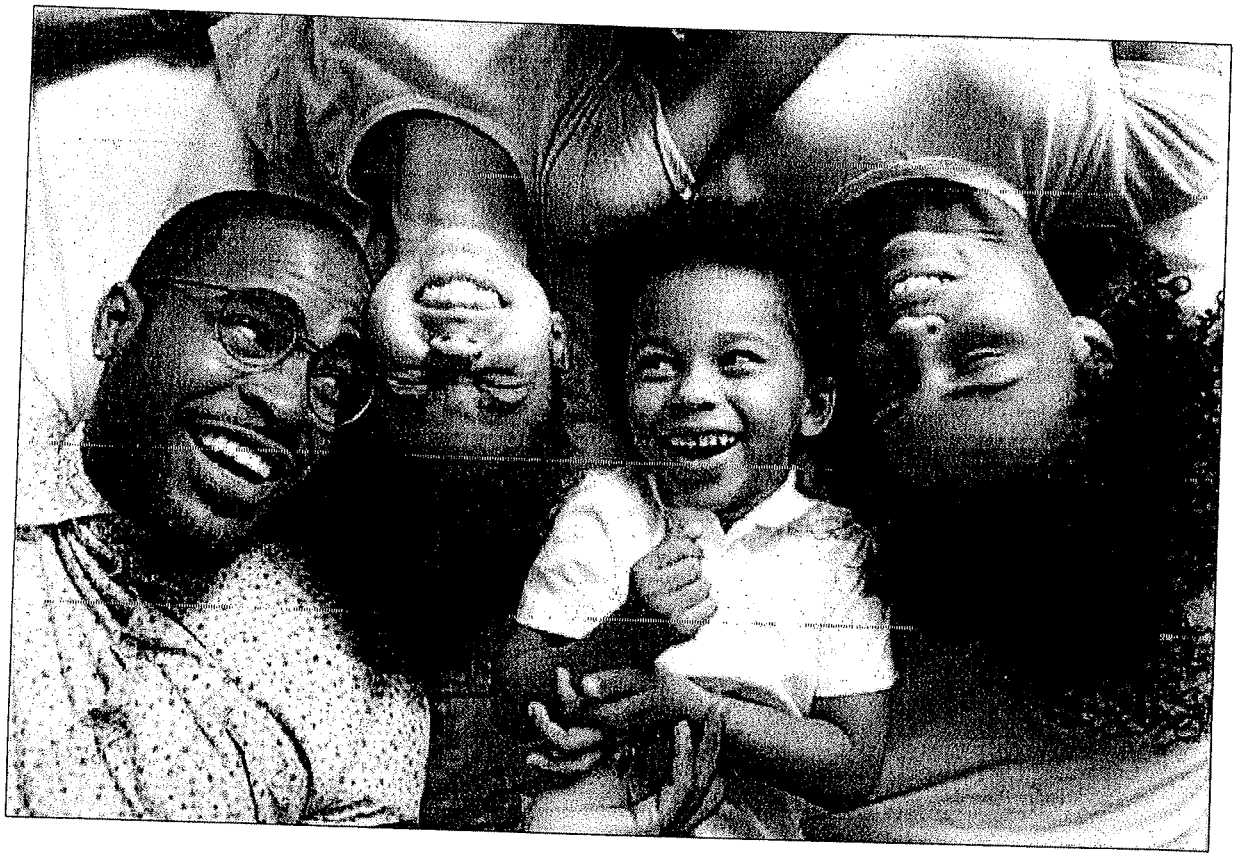
| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Actual results | Reasons for variance | Corrective actions |
| | | | Increased profit streams from the LEDA group (continued) | Subsidiary net profit percentage (continued) | | | | | • Remodel the business to focus more on individual book of business and reduce dependencies on group funeral schemes<br>• Focus on organisational effectiveness by increase staff and executive capacity, focus on technology and utilisation of systems for ease of user interface<br>• Improve competitiveness by ensuring that claims are paid speedily, within 48 hours.<br>• Maximise relationships with LEDA and subsidiaries to expand and distribute our products especially in the Limpopo province |
| 34. | GNT | Quarterly | | | 3% | Break-even | **Not Achieved** (R119 m) | Actuals would be adjusted to the audited financials | Actuals would be adjusted to the audited financials |



Product

# The New Era Life

*The mandate of New Era Life is to generate return on investment by distributing affordable value for money financial products and services for the benefit of the population of Limpopo Province*



New Era Life had a bittersweet year as the drive to grow revenue was soon watered down by the outbreak of the COVID-19 pandemic and the subsequent lockdowns. These brought the wheels to a grinding halt as the insurer. The highlight of the year under review was the phenomenal tenfold growth in policyholder numbers from the legacy 4500 to 46 000, as the enrolled groups rose from 62 to 212. The growth in membership led to unprecedented growth in gross written premiums, rising from R6.5m to R21m. On the flip side the gains were wiped out by the flurry of claims emanating from the growth in membership, growth in group schemes, exacerbated by the COVID-19 related death claims. This called for a concerted effort on compliance and put strains on the company resources in so far as risk management was concerned. We tightened our policies by appointing the Chief Risk Officer and passing the GOI5 policies through the board for approval, which included insurance fraud risk policy, ORSA policies.

The Management of New Era Life, in recognition of the need to contribute towards economic development in Limpopo, went on a drive across the province to identify nodes with critical mass with a view to setting up a physical presence in the province. Plans were set afoot for the offices in Mokopane and Tzaneen, and these were slowed down by the announcement of alert level 4 of the COVID-19 lockdowns. The impact of opening these offices will be skills transfer in Insurance, revenue generation from the business activities of these two towns, and job creation in the communities we serve. The organisational capacity will now be bolstered by the recent lifting of the moratorium on recruitments, which will see the appointment of the Business Development Team and fast-track New Era Life's market presence well into the future.

Product

# Great North Transport

Great North Transport continued to provide essential bus services to the people of Limpopo Province and some parts of Mpumalanga despite operating under a difficult economic environment. The financial year which ended on 31 March 2021 has seen GNT transporting 6.4 million passengers. These are Covid-19 impacted and significantly reduced numbers as compared to the period before the Covid-19 era. Great North Transport however continues to pride itself with a route network that has a potential to transport over 30 million passengers per annum. Some of the negative side effects of the pandemic were the significant loss of revenue, negative cash flows and delay in implementation of the approved turnaround strategy.

## EFFECTS OF LOCKDOWN ON THE BUSINESS

The lockdown regulations which restricted the loading capacity and reduced the movement of people through the use of curfews has had a huge impact on the transportation systems in the world and GNT was not excluded. The GNT revenue stream consists of subsidy and cash components from commuters and passengers respectively. As more and more companies were forced to operate with skeletal staff, it meant that fewer people will be travelling, consequently affecting transportation systems and more directly the variable costs associated with business operations. Public transport is the backbone of the provincial economy and the effects of restrictions had a snow-balling effect on many fronts.

## NEW FLEET

The delivery of 75 new buses bought during the year under review was shared between Polokwane and Makhado depots respectively. Although these buses brought about some relief to the two depots, the impact on the overall performance of the company remained minimal. The 75 buses improved the quality of transportation services significantly in the two towns in terms of reliability and availability.

## AUCTION OF OLD ASSETS

The company further embarked on phase two of the auction process to dispose of its old buses and ancillary vehicles that are no longer economical to repair. The auction process took place during the alert level 3 of the nationwide lockdown and a total amount of R2million revenue was generated. In attempts to minimise the negative impact of the pandemic, GNT applied for business relief funds from the Department of Labour. An amount of R15.3 million was successfully claimed which was utilised for the compensation of employees in the affected hard(?) periods. Despite the hardships experienced by the companies in both commerce and industry, GNT was able to pay salaries to employees month to month.

## DEPLOYMENT OF INTERIM CHIEF EXECUTIVE OFFICER

The Shareholder deployed Dr. M Mokoele from 01 January 2021 as the interim CEO following the resignation of the GNT's former CEO.

## AUDIT OUTCOME: FINANCIAL YEAR-ENDED 31 MARCH 2021

GNT managed to maintain the unqualified audit opinion for the third time in a row regardless of the operational challenges it was faced with. Management is still looking forward to work together on addressing the historical audit issues for the betterment of the audit outcome in the future.

## IN SUM: DESIRED OUTCOME AND ACTUAL OUTCOME OF THE PRODUCT

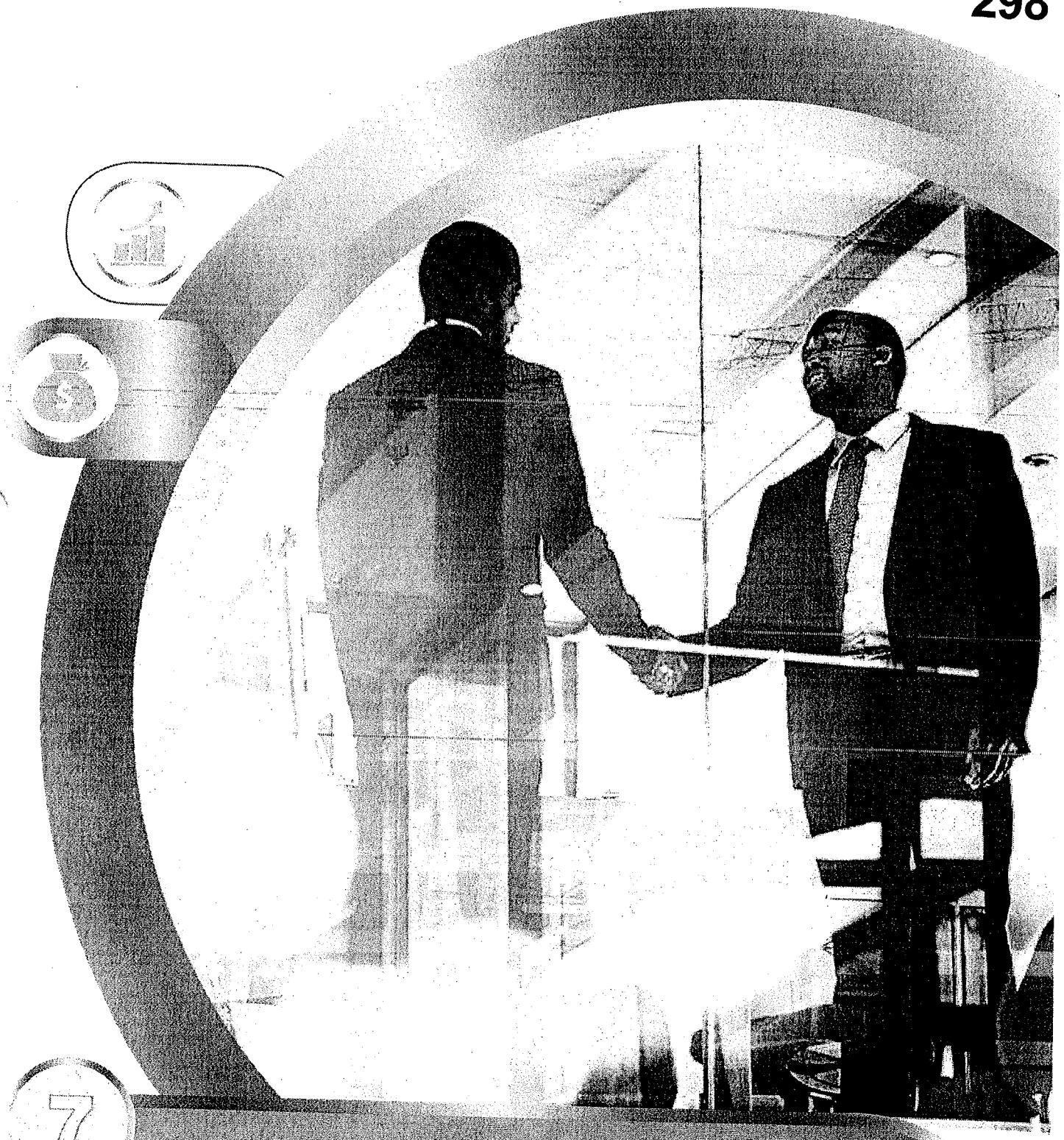
The desired outcome of Increased Return on Investment and profit streams from LEDA Group

The increased return on Investment from LEDA Group

**Output indicators showed:**

- Annual target of 2% and break-even are not achieved, respectively being (38%) and (R119 m)

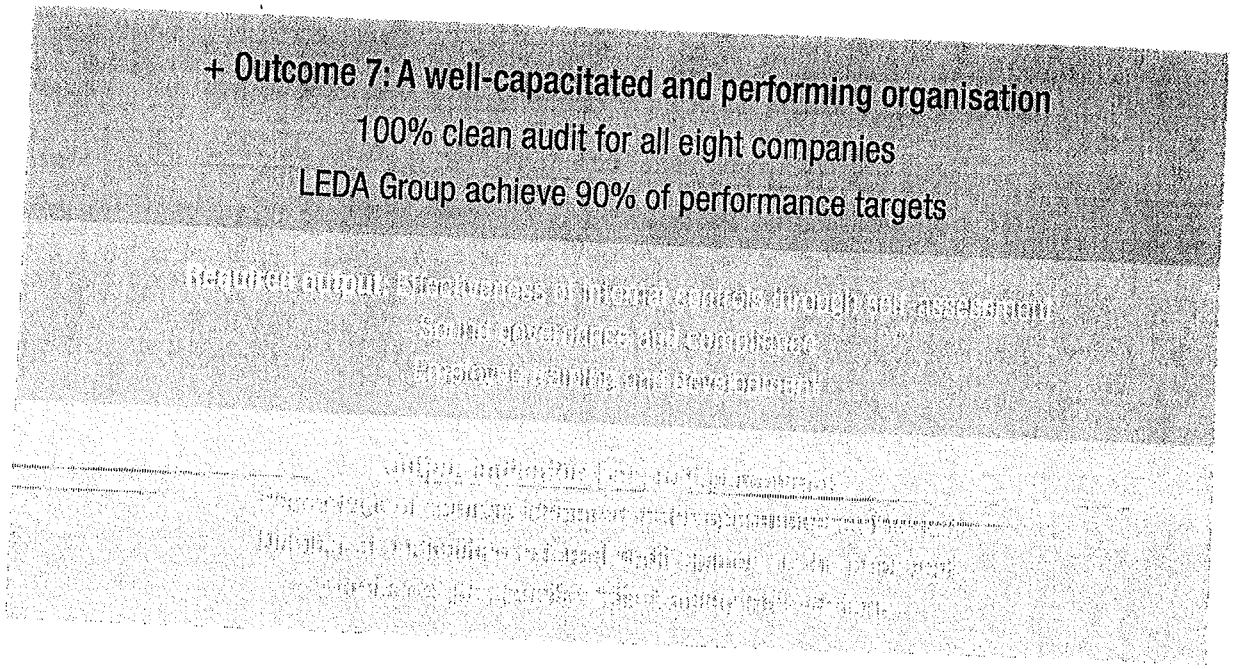
Note: reasons for deviations and corrective actions are all subject to actual financials being audited.



7

OUTCOME 7

# A Well-Capacitated and Performing Organisation




*This pillar contributes towards our Medium-Term Strategic Framework (MTSF) 2019-2024 envisioned 2024 Impact Statement regarding the following priorities as important, namely:*

## PRIORITY 1: A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE

- Public value and trust
- Active citizenry and partnerships in society.

## APPLICABLE OUTCOMES AND INTERVENTIONS

1. Improved governance and accountability by strengthening the governance system of state-owned entities.
2. Functional, efficient and integrated government by:
    - Enhancing productivity and functionality of public sector institutions in supporting people-centred service delivery
    - Improving financial management capability in the public sector
    - Taking measures to reduce wasteful and fruitless expenditure, and irregular expenditure in the public sector.
3. Professional, meritocratic and ethical public administration by building programmes for building a professional public administration.
4. Social compact and engagement with key stakeholders by utilising participatory governance mechanisms and citizen engagement.
5. Mainstreaming of gender, youth and disability, empowerment and development institutionalised by the implementation of Gender, Youth and Disability responsive planning, budgeting, interventions, policies and legislations.

It also contributes to the Limpopo Provincial Priorities Limpopo Department of Economic Development, Environment and Tourism (LEDET) by strengthening the implementation capacity of LEDA.



## ANNUAL PERFORMANCE INFORMATION

| OUTCOME 7: A WELL CAPACITATED AND PERFORMING ORGANISATION | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ANNUAL OUTPUT | | |
| NO | RESPONSIBLE BUSINESS DIVISION | REPORTING FREQUENCY | OUTPUT | OUTPUT INDICATOR | 2020/21 ANNUAL TARGET (PREVIOUS TARGET) | 2020/21 ANNUAL TARGET (ADJUSTED TARGET) | ANNUAL OUTPUT | REASON FOR DEVIATION | CORRECTIVE ACTION |
| 35. | CEO's office | Quarterly | Strengthened internal control environment and financial management | Positive External Audit opinion | Unqualified opinion | Unqualified opinion | **Achieved** Unqualified audit opinion obtained | None | None |
| 36. | CEO's office | Quarterly | Enhanced business integration and optimisation and ICT support | Multi-year (MTEF-aligned) ICT Master Plan approved and thereafter implemented | Automation of identified processes | Automation of identified processes | **Achieved** Two IT projects (Application system) implemented. Diligent and EDFD Loan origination Automation, COVID 19 questionnaire. | None | None |
| 37. | CEO's office | Quarterly | Efficient and effective operations | Skills matching strategy | Skills matching jobs profile | Skills matching jobs profile | **Partially Achieved** Skills Matching –Job Profiling achieved at 100% | Training based on the Skills Report suspended due to the pandemic in 2021/22 | Training will be implemented during 2021/22 financial year. |

# Corporate Services

*There are many stakeholders that make a contribution towards the strategic goals of LEDA. The following section depicts the value and activities undertaken during the period under review, of our corporate services division that consists of Human resources and development department and our marketing and communications department.*

## HUMAN RESOURCES

In order to add significant value to a business, HR must be able to support and enable the execution of strategy through building organisational capability. This is a role that cannot be automated, shared as a service or outsourced. It comes from an intimate knowledge of the business's strategy and the existing capabilities of the organisation.

### 1. GROUP LEDA STAFF PROFILE

LEDA's mandate and objectives are dependent on a variety of stakeholders. Our employees are one of the key success factors as they contribute towards value generation for LEDA. Uultimately, all strategy is executed by people – people who need to be supported, trained and equipped to fulfil the strategic vision of LEDA.

Below is our staff profile:

We collaborate with our employees to help them realise their worth. We are committed to providing a stimulating work environment and development opportunities. Training and development are prioritised in our human resources strategy,

### 2. SOUND LABOUR RELATIONS

The Labour Relations programme ensures that employees of LEDA are treated fairly and that LEDA adheres to the legislation governing employment, relationship and practices. This includes treating our employees fairly and equitably, with due concern being for their job security and the principle of Freedom of Association and Disassociation.

As a department our purpose is to advance the economic development, social justice, labour peace and democratisation of the workplace by fulfilling the primary objects of the Labour Relations Act No. 66 of 1995.

| EMPLOYEE LEVEL | APPROVED ESTABLISHMENT | VACANCIES | RACE | | GENDER | | STAFF TERMINATIONS | |
|---|---|---|---|---|---|---|---|---|
| | | | AFRICANS | WHITES | MALES | FEMALES | MALES | FEMALES |
| Top Management (P1 – P3) | 12 | 7 | 6 | 0 | 6 | 0 | 0 | 0 |
| Senior Management & high-level specialists (P4 – P6) | 104 | 45 | 48 | 4 | 34 | 18 | 7 | 3 |
| Middle Management & lower level specialists (P7 – P9) | 247 | 49 | 175 | 1 | 103 | 73 | 5 | 3 |
| Supervisory & high level skilled / Clerical (P10 – P12) | 110 | 38 | 97 | 0 | 29 | 68 | 1 | 1 |
| Lower-level skilled / Clerical (P13 – P16) | 36 | 23 | 15 | 0 | 10 | 5 | 3 | 2 |
| Very low skilled (P17) | 96 | 13 | 83 | 0 | 20 | 63 | 0 | 1 |
| **TOTAL PERMANENT** | **605** | **175** | **424** | **5** | **202** | **227** | **16** | **10** |
| Temporary Staff | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| Interns | 6 | 0 | 6 | 0 | 1 | 5 | 0 | 0 |
| TVET Learners | 2 | 0 | 2 | 0 | 1 | 1 | 0 | 0 |
| **TOTAL** | **614** | **175** | **433** | **5** | **206** | **233** | **16** | **10** |

PERSONAL INFORMATION



We understand that it is our responsibility to understand what motivates our staff to perform at the highest level possible while maintaining an organisational culture of high morale.

## 3. KEEPING OUR EMPLOYEES SAFE, SOUND AND RECOGNISED

- **Occupational Health and Safety**

  LEDA subscribes to the provisions of the Occupational Health and Safety Act, No. 85 of 1993, as amended. This concerns the health and safety of persons at work, as well as the health and safety of persons using operational equipment. It also includes the protection against hazards to health and safety of persons other than employees at the workplace arising out of and in connection with the activities of persons at work. Another objective is to establish a health and safety committee to provide for matters connected therewith and prevent and report work-place injuries.

- **Employee Wellness Programme (EWP)**

  LEDA cares for the health and well-being of its employees and recognises that a variety of personal problems can disrupt employees' work lives. Attached to the WSP is the Employee Assistance Programme (EAP) with the purpose to offer confidential assistance to employees who have the potential to be adversely affected by both personal and work-related challenges. The Employee Wellness Programme enables LEDA to provide access to professional counselling services for all employees and encourages them to use the service in order to remain fit for purpose. The programme is a free service available to all employees and their immediate dependants. It gives access to specialist information from consultants who provide information and advice using both telephone and face-to-face counselling on a range of both work and domestic issues for 24/7/365

- **Long – Service Recognition Awards**

  LEDA has a long – service award recognition policy to reward staff loyalty and dedication, which serves as a staff retention strategy.

## 4. SKILLS DEVELOPMENT

LEDA values a strong people development ethic and is committed to the growth of its employees. Training and development processes form an important component of human resources management within the organisation and programmes are in place that up-skill employees for the immediate requirements of their jobs and to better prepare them for horizontal and vertical career development opportunities in future.

The realisation of such opportunities in practice is based on sound individual performance taking into account employee aspirations and potential as well as organisational needs.

In line with the above philosophy, LEDA is committed to exposing employees to structured external management programmes as well as supporting employees who are prepared to undertake relevant studies through the Educational Financial Assistance, provided that such studies are linked to business needs and to the employee's career goals. LEDA identified principles applied to implement talent management and succession planning processes which recognises LEDA as Employer of Choice. The mode of delivery for the skills development in LEDA includes internship, learnership and developmental programmes that are undertaken to release the potential of our employees and prospective employees.

### 4.1 ANNUAL MASTER TRAINING PLAN (AMTP):

The HRM has developed an Annual Master Training Plan (AMTP) to support LEDA's mission and identified a comprehensive set of educational goals and objectives that fosters professional development and provides the skills training necessary for employees to perform their duties in an unbiased, safe and proficient manner. The plan also relates and is linked to personal development plans for all employees through the LEDA performance management system.

### 4.2. GROUP LEDA SKILLS MATCH EXERCISE

LEDA conducted a Skills Matching exercise where each employee's skills and job profile were matched with the requirements for the job and his /her qualifications with a view to identifying employees with gaps in their qualifications and skills requirements and positions they are holding. The report will guide the Skills Development programmes and deployments across the group and promotions where possible going forward.



### 4.3 LEARNERSHIPS AND INTERNSHIPS

Due to challenges posed by the COVID 19 pandemic, LEDA did not host learners or interns during the financial year 2020/21.

## 5. PERFORMANCE MANAGEMENT SYSTEM

LEDA has a Performance Management and Development System (PMDS) which is focused on the development of employees to optimise and exceed organisational, team, and individual levels and to align them with best practice.

PMDS is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Its primary focus is the development and growth of employees to drive excellent performance. The PMDS supports performance planning in the context of the organisational strategy and divisional business plans.

## 6. EMPLOYMENT EQUITY

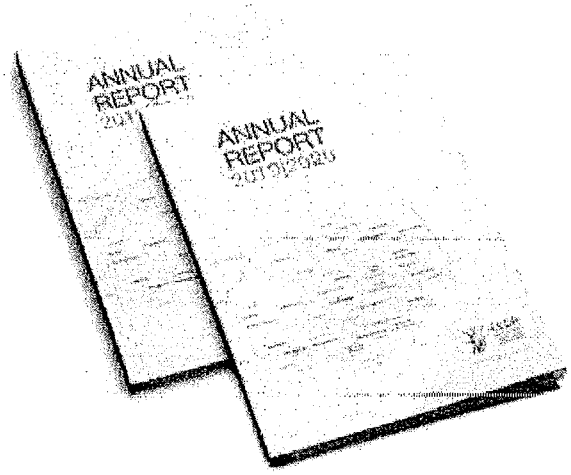
LEDA has developed an employment equity plan with required numeric goals. The plan is monitored and evaluated according to EEA guidelines. This is a standard requirement and management submitted the equity plan as well as report to the Department of Labour. The EE Plan will be considered whenever recruitment takes place in order to attain the numerical targets as set.

# Marketing and Communications

*The Marketing and Communications department plays the critical role of supporting the LEDA Corporate Strategy in terms of the dissemination of key messages of economic development for inclusive growth. This department consists of various sub sections whose focus and specialities complement each other towards the accomplishment of the annual plan imbedded in the LEDA Annual Operations Plan (AOP). The advent of Covid-19 has accelerated the application and use of electronic media in communicating our messages.*

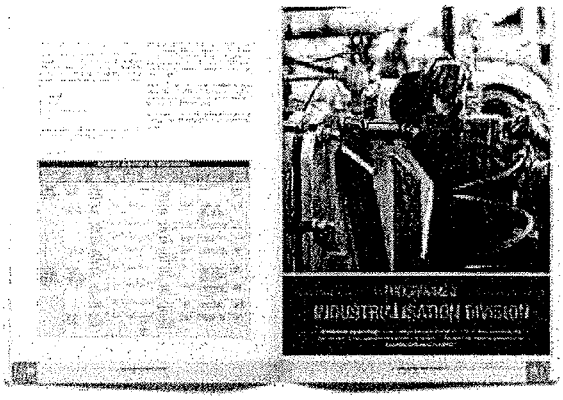
## CORPORATE COMMUNICATIONS

Corporate Communications forms the heartbeat of LEDA's information dissemination, public relations and linkages with local, national and international stakeholders. During the year under review, corporate communications implemented programs and activities as follows:



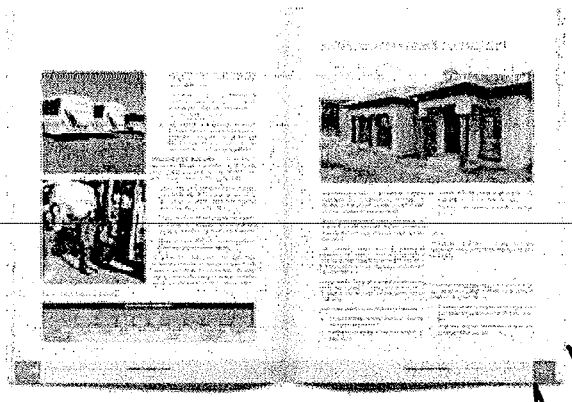

### ELECTRONIC MEDIA

LEDA used its media platforms; the website, Facebook and Iwitter to distribute business development information to business communities. To date, the LEDA Facebook account has about 9000 followers and we hope to grow the account tenfold as we increase our content distribution online. The launch of new Great North Transport buses by the Premier of Limpopo Province is among the highlights of information dissemination. As the semi-rural province, radio is the medium that still remains the source of information for communities in the five districts. The department collaborated with local radio stations, the SABC Combo in responding to queries and enquiries. Much of the enquiries and queries related to the activities and programs undertaken by LEDA and its subsidiaries in terms of the LEDA mandate of growing the economy.



### PRINT MEDIA

The Print media remains the most important information dissemination tool outside of LEDA's own mediums. LEDA's interest in transport, mining, housing, and business development are subjects of continuous debates in the business communities and the broad communities at large. During the year under review, print media enquiries were on Corridor Mining Resources, Musina-Makhado Special Economic Zones as well as Great North Transport tragedies that affected communities. The print media was also used by LEDA communications to disseminate information on the



Covid-19 relief funds for manufacturing and services SMMEs operating in the province.

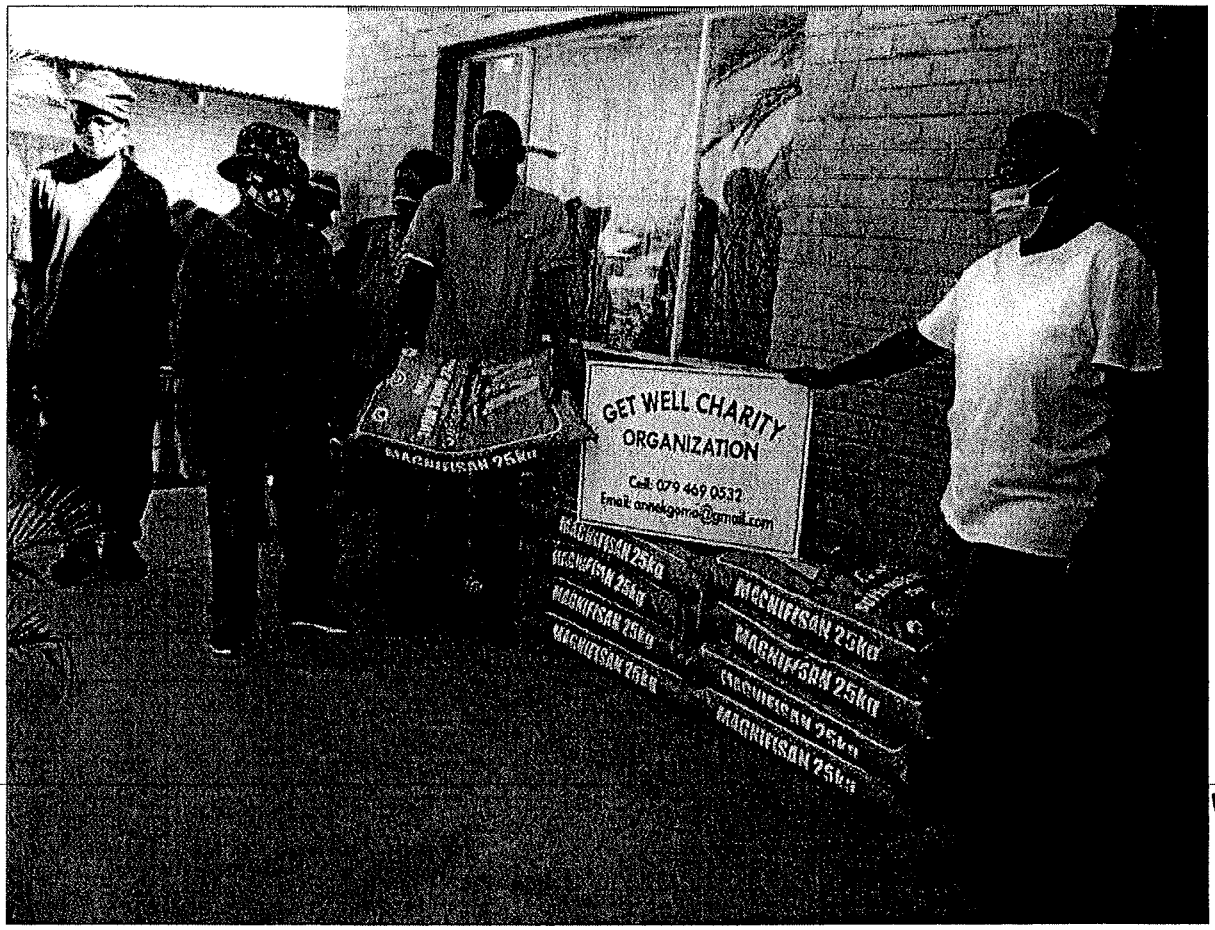
## CORPORATE BRANDING

The corporate branding section is responsible for the development, management and maintenance of the LEDA Brand. This work is carried through the brand audit to ensure that the application of the LEDA Brand elements is at all times aligned and subscribe to the brand manual. During the year under review, the corporate branding section provided a supportive role to the establishment of the Limpopo Province One Stop Shop, a branch of the Department of Trade, Industry and Competition responsible for supporting investment drives by the province. Among the other activities, the branding sections carried out the following activities:

- Preparations and coordination of the memorial service of the late deputy chairman of LEDA board, Mr D Kourtoumbellides.
- Assisted with the design of the 2019/20 LEDA annual report.
- Registration of LEDA under provincial government handbook.
- Re-design of LEDA letterhead.

## CORPORATE SOCIAL INVESTMENT (CSI)

The LEDA CSI positions LEDA as a corporate citizen by identifying community-based development initiatives and makes contributions for sustainable development of those initiatives. The initiatives are mainly in education, skills development and health. Our contribution to these focus areas has over the years changed the lives of communities in the five districts of the province as we rotate our involvement throughout the province within the limited resources. The Covid-19 pandemic and the resultant lockdowns affected the implementation of some of the activities aimed at the CSI in light of budget cuts as well as limitation for travelling and interaction with communities. However, the CSI reviewed both the sponsorship and CSI policies which were approved by the LEDA Board of Directors. Again, with partnership with private sector company, VBK Milling, the CSI identified the NPO in Waterberg for investment.



# Information Technology

*LEDA IT has achieved significant progress in the past year towards achieving its mandate to support the rest of the business units by providing the Information technology services that enable them to achieve their strategic goals.*

It has endeavoured to meet its service level agreements with business, despite all the challenges experienced during the year. LEDA IT will continue its efforts to align to industry standards and guidelines such as King Iv, ITIl, and COBIT. The primary focus within IT during the past financial year continued to be on stabilising and improving existing IT capabilities.

Specifically, IT activities were focused on the following areas:

| IT Governance | Operational Efficiency | Cyber Security |
|---|---|---|
| More attention was given to addressing audit and risk issues that were outstanding for a while, and creating awareness of the approved governance structures and policies.<br><br>A significant number of audit issues were addressed through the review of internal policies like IT user policy, accounts management and development of new IT plan. Implementation of projects like office 365. The digital transformation strategy gave Management an opportunity to identify priority projects to be implemented during 2020/2021 financial year. | Power outages were eradicated by implementing green energy in the main data centre. systems were kept relatively stable during the year achieving an average availability of 90%. The focus was on the efficient utilisation of IT resources (people & IT infrastructure) and cost effective use of IT for growth. The migration of corporate network to utilise Limpopo broadband improved connectivity and use of digital technologies. | Cyber security activities gained momentum during the year. Focus was put on equipping the IT security functions by increase user awareness at Group level.<br><br>Operational activities like firewall and patch management were given attention. Cloud based solution was deployed on our critical infrastructure to fight the outbreak of ransomware.<br><br>Vulnerability and threat monitoring of the environment continued to be carried out through the use of Managed security services.<br><br>The security policy was revised to address issues of data classification. |

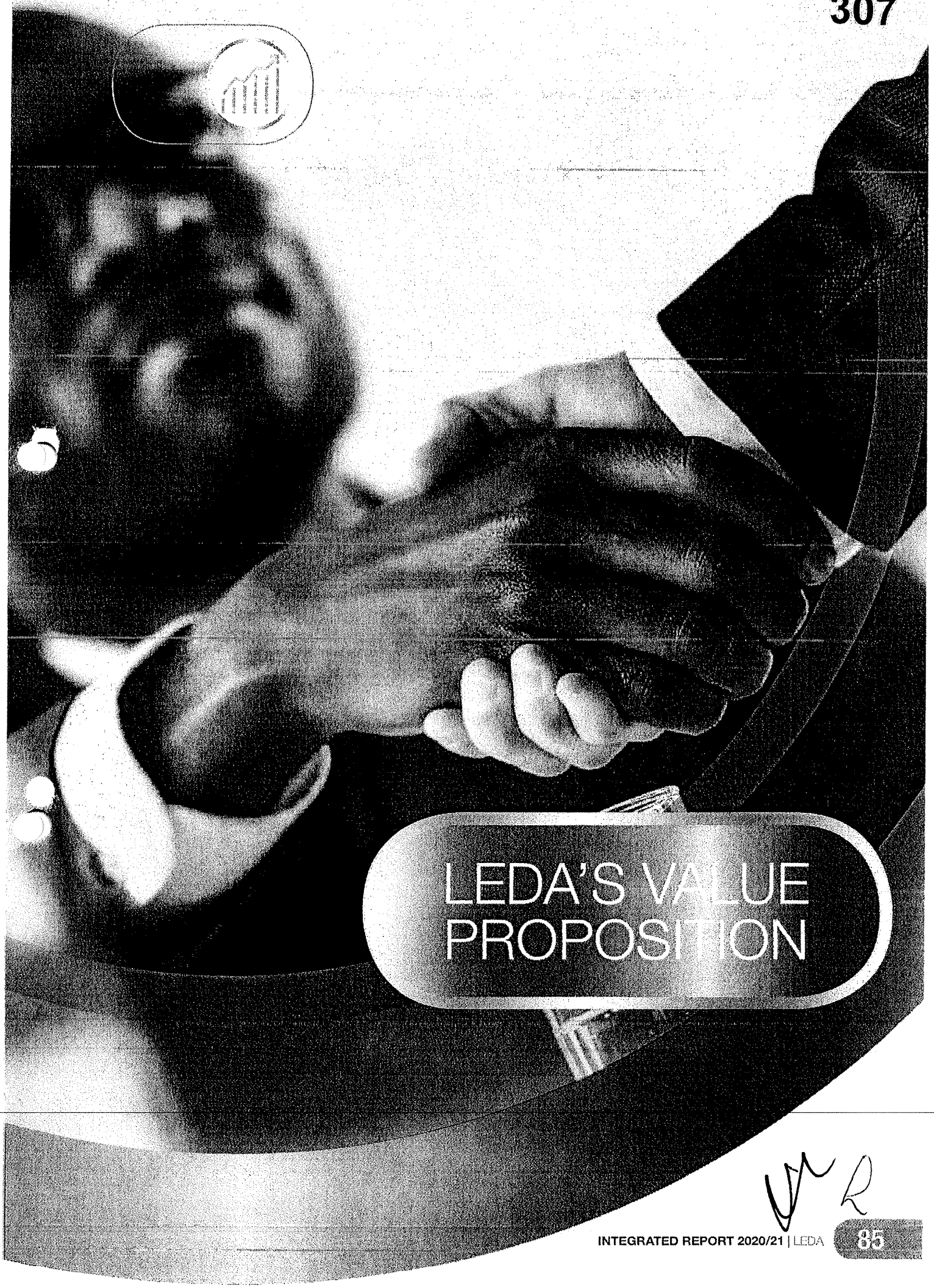
During the year under review, a number of projects were delivered. Some of the projects worth noting are the following.

- Corporate network migration: the migration of the network into Limpopo Broadband enabled LEDA offices connectivity enhanced including the use of digital platforms like Ms Teams.
- The implement of work from home plan driven by digital technologies enabled LEDA to operational during the pandemic in particular hard lockdowns.
- The development of IT Digital transformation strategy that is aligned to the Group Strategy.

## GOING FORWARD

While the emphasis will continue to be on stabilisation of the IT systems environment, focus within IT will gradually move towards becoming a true business partner by providing flexible and scalable solutions that will be responsive to business need. This will be achieved through considering modern ways of provisioning IT services and transforming the IT environment to move with current trends. It will need to build sufficient competence and investment to become a true partner and support business in realising its strategies.

The cost of software licensing will continue to pose challenge but with the outcome of the FOSS assessment (conducted by Limpopo Connexion) well-defined technology architecture and strategy will assist the IT Department to reduce cost. The IT Department will enhance its project execution capability to improve speed of execution and ensure that projects are delivered within acceptable timelines. It will also build capacity to manage contracts and licensing arrangements more efficiently.



# LEDA'S VALUE PROPOSITION

*LEDA, with unparalleled local and international partnerships, strives to be the preferred catalyst efficiently connecting local and international finance availability to a wide variety of aspirant individuals and entities to create sustainability of their function in mutually profitable partnerships, to maximise ongoing job creation in the area and the clients it serves.*

## OUTLOOK AND CHALLENGES FACING THE COMPANY AND THEIR IMPLICATIONS

LEDA has and faces numerous challenges brought about through global, macro and micro socio-economic factors, as the synergistic interplay of cause and effect has only been re-emphasised by the impact brought about t by the covid-19 pandemic. In truly assessing and mitigating risk, it requires outlier thinking that not only understands how everything is linked together, but how a risk can become a positive opportunity that can benefit the an individual, family or the broader community.

Based on the foregoing, the analysis of planned outcomes and currently identified key risks together with actions to mitigate said risks are addressed below.

### 1. MINERAL BENEFICIATION PROJECTS CONTRIBUTING TOWARDS INCREASING LIMPOPO GDP FROM R400BN TO +- R450BN

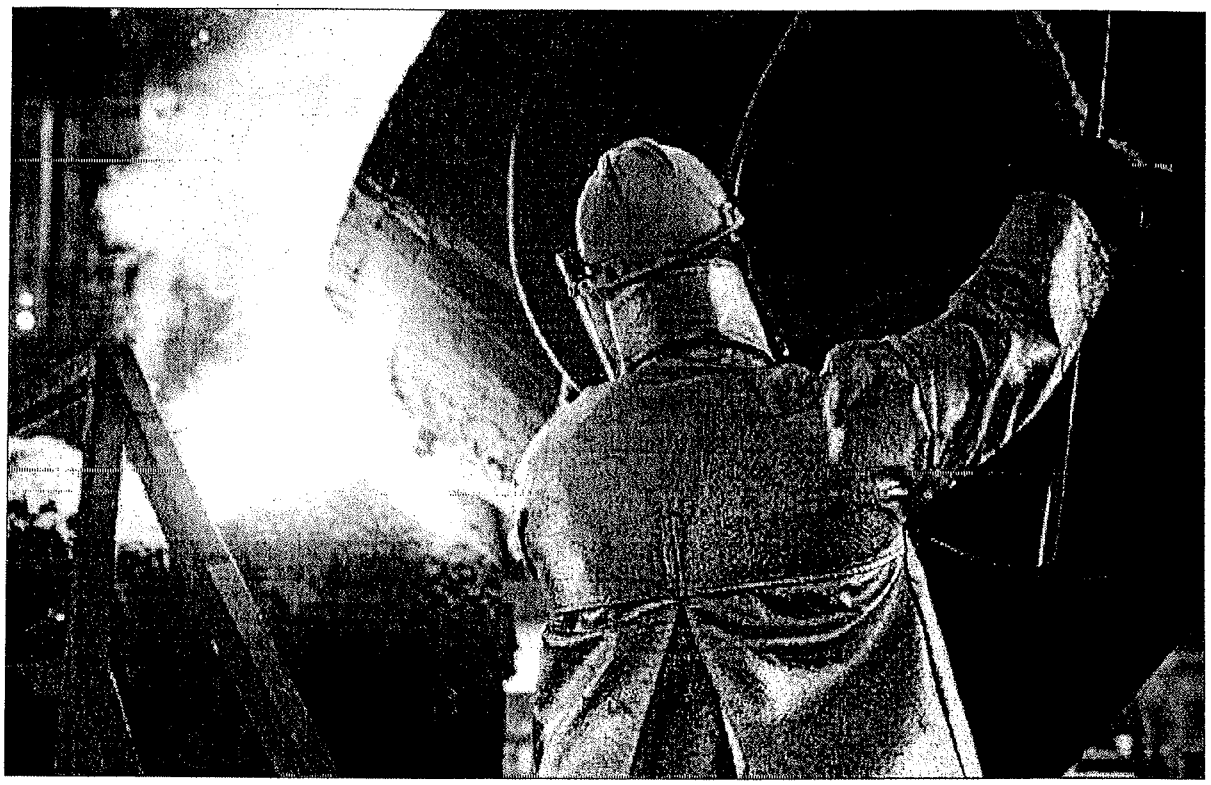
There has been a lack of stakeholder buy-in, which can be mitigated by the development and implementation of a stakeholder management strategy. We are faced with an inadequate infrastructure, however with an integrated planning and partnership with local and other spheres of government, it can be resolved. South Africa and consequently our province faces an energy crisis, though LEDA is focusing on integrated energy solutions in our planning and designing of projects that exist already and creating new projects. The world is facing water scarcity as a resource, just as Limpopo is, but with local and other spheres of government involved in planning and partnership we can and will come up with a solution. Commodity prices is a risk that can be addressed with forward thinking agreements and utilising leveraging of other financial instruments better.

### 2. AGRO-PROCESSING PROJECTS CONTRIBUTING TOWARDS INCREASING LIMPOPO GDP FROM R400BN TO +-R450BN

Economic uncertainty has resulted in a paucity of stakeholder buy-in, however we are developing and implementing a compelling stakeholder management strategy that can result in real economic dividends. The global threat of climate change, especially addressing drought nationally, we can strive to innovate and integrate projects that can impact our climate footprint positively, indeed it our projects of hydrogen and solar implantation can be seen as global trend setters towards positive impact of climate change. In terms of drought, we are redeploying and reorganising our natural agricultural resources that takes into account drought prevention strategies.

### 3. INNOVATIVE DIGITAL SOLUTIONS TO SOLVE SOCIO-ECONOMIC CHALLENGES

There is a risk regarding a lack of consumer readiness for digitisation, as well as tough competition and well-established current competitors within the digital solutions environment. What this target market also offers however, is an opportunity for LEDA to provide a consumer engagement strategy after conducting an intensive market analysis based on available data. LEDA's market within this objective of providing innovative digital solutions is very expansive. It potentially covers all market segments in the province, from: provincial governments departments as indirect customers, parastatals, large and small organisations, large and small businesses, non-profit businesses, individuals and general public at large, local government and its entities, state owned enterprises, and education institutions.



### 4. INCREASED DOMESTIC DIRECT INVESTMENT AND FOREIGN DIRECT INVESTMENT

The covid-19 pandemic made a devastating economic impact on our economy as a nation that already faced incredibly difficult economic challenges. The negative credit ratings exaggerated the economic environment situation in the country, consequently ffecting the economic growth of Limpopo Province. All these developments affected not only national institutions but also LEDA in the province . LEDA has taken the foresight to engage broader stakeholders, is repackaging investment projects to re-ignite the economy..

### 5. INCREASED FINANCING OF SMMES AND COOPERATIVES; AND YOUTH ENTREPRENEURSHIP DEVELOPMENT

The risks that LEDA is faced with this objective has been largely due to investments that were not as sound as it should have been, however by implementing further adequate credit risk analysis will enhance the quality of business start-ups . Collection should have been opitmised that will be addressed by incorporating more effective policies and procedures. There is a need for more forward planning and how it can contribute towards better partnerships more effectively and addressing SMMEs collapsing with agile planning.

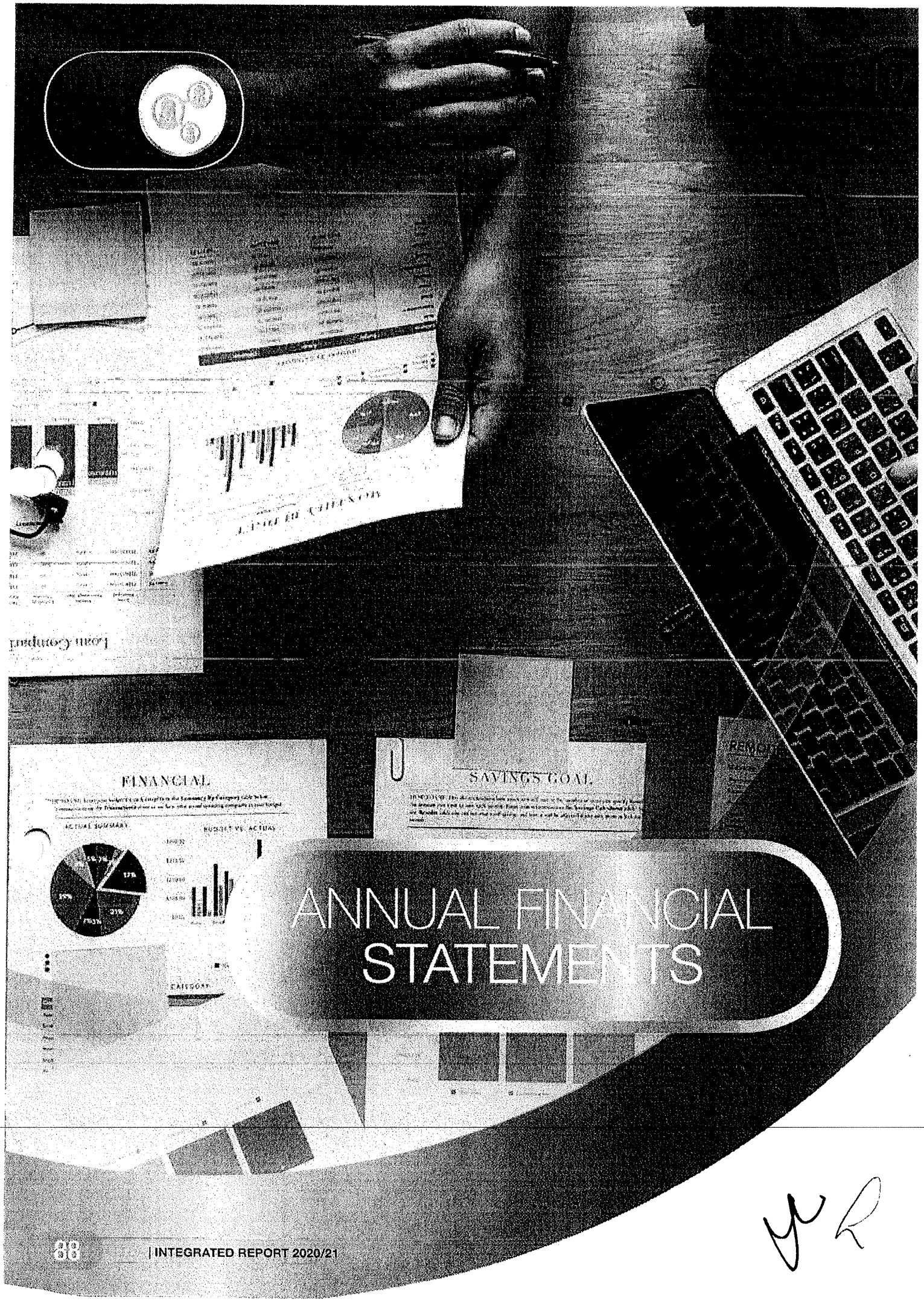
### 6. INCREASED RETURN ON INVESTMENT AND PROFIT STREAMS FROM LEDA GROUP

There is a risk regarding contractual arrangements entered into, however our risk mitigation decision is to source and involve commercial legal expertise applicable to deal making and contracts. Through education, training and upskilling, more sound investment decisions are possible, guided by policy. There is a need to have more effective coordination between LEDA Group Holdings and its subsidiaries.

### 7. A WELL CAPACITATED AND PERFORMING ORGANISATION

A challenging environment requires an organisation to be responsive and proactive in order to thrive. Organisational structure, skilled and knowledgeable employees ensures that an organisation can do so. LEDA will mitigate any risk associated with this so that the required and available skills set of employees match the required expertise to contribute towards an organisational structure that fits the purpose of the organisation. An annual skills audit and corresponding implementation of training programmes will contribute towards preventing this as a foregoing risk.

LEDA has a solid five-year strategy plan that will contribute towards our objectives, especially establishing financial independence by April 2024 from Fiscus. As an organisation, we are committed to making every effort possible to ensure that the jewel in South Africa's crown, Limpopo, will shine the brightest of all our nine provinces.




# ANNUAL FINANCIAL STATEMENTS

# General Information

| | |
|---|---|
| **COUNTRY OF INCORPORATION AND DOMICILE** | South Africa |
| **NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES** | Financing, Development, Business and Financial Management<br>1) Economic development, (2) Trade and Investment promotion, and (3) Development finance, through SMME support, investment in mining exploration and beneficiation |
| **DIRECTORS** | Mr M Makwana (Chairman)<br>Mr CC Nkadimeng (Deputy chairman)<br>Mr T Makhuvha ( Group Chief Executive)<br>Adv Ncube<br>Mr MS Ralebipi<br>Mr M Maphutha<br>Mr CA Chikane<br>Mr IM Rathumbu<br>Ms N Magadagela (Barc chairperson)<br>Mr F Magidi (Group Financial Officer)<br>Mr NB Mokobane Chief Operations Officer (Interim) |
| **REGISTERED OFFICE** | Enterprise Development House Main Road<br>Lebowakgomo 0737 |
| **BUSINESS ADDRESS** | Enterprise Development House Main Road<br>Lebowakgomo 0737 |
| **POSTAL ADDRESS** | P O Box 760<br>Lebowakgomo 0737 |
| **ULTIMATE HOLDING COMPANY** | Limpopo Department of Economic Development, Environment and Tourism (LEDET) incorporated in South Africa |
| **BANKERS** | ABSA Bank Limited |
| **AUDITOR** | Auditor General of South Africa |
| **COMPANY SECRETARY** | Ms MC Mokoma |
| **LEVEL OF ASSURANCE** | These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008. |
| **PREPARER** | The consolidated financial statements were internally compiled by:<br>F. Mayidi<br>Group Chief Financial Officer |

# Report of the Board Audit and Risk Committee

## REPORT OF THE BOARD AUDIT AND RISK COMMITTEE IN TERMS OF TREASURY REGULATION 27.1.7 AND 27.1.10(B) AND (C) OF THE PUBLIC FINANCE

In meeting its responsibilities and in executing its duties, the Board Audit and Risk Committee is required to consider the adequacy and effectiveness of the Group's internal controls and the quality of its financial information.

The Committee has adopted formal terms of reference and satisfied its responsibilities, during the year under review, in compliance with its terms of reference. In order to discharge its responsibilities, the Committee has reviewed, on a regular basis during the year under review, the following:

- The risk areas of the Group's operations to be covered in the scope of internal audits;
- Activities of the internal audit function to determine the effectiveness thereof;
- Internal audit reports, including the response of management to issues raised therein;
- The external audit scope to ensure that the critical areas of the business are being addressed;
- The external auditors' report and management letter;
- The operational effectiveness of the Group's policies, systems and procedures;
- The effectiveness of the system for monitoring compliance with laws and regulations and
- The annual financial statements.

Based on the outcome of such reviews and information provided by management, we are of the view that the internal controls of the company operated fairly effective throughout the year under review.

Following our review of the consolidated financial statements for the year, we are in agreement with the external auditor's opinion.

### 1. MEMBERS OF THE BOARD AUDIT AND RISK COMMITTEE

The members of the Board Audit and Risk committee are all independent non-executive directors of the group and include:

| NAME | QUALIFICATION |
|---|---|
| Mr MS Ralebipi | BCOM (Acc) |
| Adv MT Ncube | LLB |
| Mr R Shingange | B Proc |
| Ms N Magadagela (Chairperson) | Chartered Accountant (SA) |

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008, Public Finance Management Act, 1 of 1999 (PFMA), Regulation 42 of the Companies Regulation, 2011, and is in compliance wth King IV, at least three members have qualified experience.

### 2. MEETINGS HELD BY THE AUDIT COMMITTEE

The Audit and Risk committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 and the Public Finance Management Act, 1 of 1999 (PFMA) by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

The Committee held 15 scheduled meetings during 2021 and attendance was as follows:

| MEMBERS | NUMBER OF MEETINGS ATTENDED |
|---|---|
| Ms N Magadagela (Chairperson)* | 4 |
| Mr MS Ralebipi | 15 |
| Adv TM Ncube | 15 |
| Mr R Shingange** | 7 |

* Ms Magadagela joined LEDA on 12 January 2021
** Resigned 9 February 2021

## 3. EXTERNAL AUDITOR

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Public Audit Act, 25 of 2001 (revised in 2004) as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

Following the review of the consolidated financial statements the Committee recommend board approval thereof.

## 5. ACCOUNTING PRACTICES AND INTERNAL CONTROL

No significant accounting practices or internal control changes have occurred in the year. On behalf of the Board Audit and Risk Committee

**Ms N Magadagela**
Board Audit and Risk Committee Chairperson

# Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act 71 of 2008 and the Public Finance Management Act 1 of 1999 (PFMA) to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and the Agency as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future. The Group does not expect liquidity risk in the foreseeable future due to the Corona Virus Pandemic, as the impact of the Corona Virus Pandemic is not significant to the group.

The external auditor is responsible for independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been examined by the Group's external auditor and their report is presented on page 96.

The consolidated financial statements set out on pages 102 to 224, which have been prepared on the going concern basis, were approved by the Board on 31 May 2021 and were signed on their behalf by:

**Approval of financial statements**

**Mr M Makwana**
Chairman

**Mr TR Makhuvha**
GCEO

# Group Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I commit that the group shall lodge with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns shall be true, correct and kept up to date.

**Ms MC Mokoma**
Group Company Secretary

# Directors' Report

The Directors have pleasure in submitting their report on the consolidated financial statements of Limpopo Economic Development Agency and its Subsidiaries (the Group) for the year ended 31 March 2021.

## 1. NATURE OF BUSINESS

Limpopo Economic Development Agency and its subsidiaries (LEDA Group) is a juristic entity established in terms of the Limpopo Economic Development Agency's Act from 2 October 2017 and prior to this under the Limpopo Development Corporations Act, 5 of 1994 and operates as a Provincial Government Business Enterprise, entitled to make profit, as listed in schedule 3D of the Public Finance Management Act, 1 of 1999 (as amended by Act 29 of 1999).

LEDA Group's mandate is to promote and carry out the economic development of the Limpopo Province in the agricultural, commercial, financial and industrial fields, as well as mining, transport, housing finance, export promotion and investment attraction.

The consolidated annual financial statements of the LEDA Group for the year ending 31 March 2021 comprises the Agency, its subsidiaries and the group's interests in associates and joint ventures (together referred to as the group).

There have been no material changes to the nature of the group's business from the prior year.

## 2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Limpopo Economic Development Agency Act, the Companies Act 71 of 2008 and the Public Finance Management Act 1 of 1999 (PFMA). The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated financial statements.

## 3. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

## 4. INSURANCE AND RISK MANAGEMENT

The Group follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the Group's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

## 5. DIRECTORATE

The Directors in office at the date of this report are as follows:

| NAME SURNAME | OFFICE | DESIGNATION | CHANGES |
|---|---|---|---|
| Mr M Makwana | Chairperson | Non-executive Independent | Appointed 3 December 2019 |
| Mr CCT Nkadimeng | Deputy Chairman | Non-executive Independent | Appointed 01 March 2021 |
| Mr TR Makhuvha | GCEO | Executive | Appointed 01 November 2020 |
| Adv TM Ncube | Director | Non-executive Independent | Appointed 3 December 2019 |
| Mr MS Ralebipi | Director | Non-executive Independent | Appointed 3 December 2019 |
| Mr M Maphutha | Director | Non-executive Independent | Appointed 3 December 2019 |
| Mr A Chikane | Director | Non-executive Independent | Appointed 01 March 2021 |
| Mr IM Rathumbu | Director | Non-executive Independent | Appointed 3 December 2019 |
| Ms N Magadagela | Director | Non-executive Independent | Appointed 12 January 2021 |
| Mr F Magidi | GCFO | Executive | Appointed 01 June 2019 |
| Mr NB Mokobane | Interim COO | Executive | Appointed 01 June 2019 |
| Mr R Shingange | Director | Non-executive Independent | Resigned 9 February 2021 |

## 6. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material investments in subsidiary companies, associates and joint arrangements are presented in the consolidated financial statements in notes 9, 10 and 11.

There were no significant acquisitions or divestitures during the year ended 31 March 2021.

## 7. HOLDING COMPANY

The group's holding company is Limpopo Department of Economic Development, Environment and Tourism (LEDET) which holds 100% (2020: 100%) of the group's equity. Limpopo Department of Economic Development, Environment and Tourism (LEDET) is a provincial department in Limpopo Province in South Africa.

## 8. EVENTS AFTER THE REPORTING PERIOD

During December 2019, an urgent health notice was issued by China about Corona Virus (COVID-19). This virus was officially declared a Public Health Emergency of International Concern (PHEIC or pandemic) on 30 January 2020 by the Word Health Organisation. Many actions taken by governments and the private sector to respond to the outbreak resulted in a decline in the global economy.

The President of the Republic of South Africa declared a National State of Disaster, effective 26 March 2020. This resulted in a lockdown of the economy, affecting all major business sectors. Management is still in the process of carefully assessing the specific facts and circumstances that existed for the entity at the time of the outbreak and the effect thereof on the entity.

Currently, the impact of COVID-19 on the entity cannot be measured with any degree of accuracy.

Management did however compile an assessment of going concern and is satisfied that the entity will be able to continue its operations for the foreseeable future.

The outbreak of Corona Virus (COVID-19) that started in the previous financial year had a significant impact on the South African economy with the historic decline in the economic activities leading to economic pressure still felt even after the easing of lock-down rules for the financial period ending 31 March 2021.

Details of the impact are set out in Note 58.

## 9. AUDITORS

The Office of the Auditor General of South Africa will continue in 2021 as the auditors for the LEDA Group excluding New Era Life Insurance Company Limited and Sefateng Chrome Mine (Pty) Ltd

## 10. SECRETARY

The company secretary is Ms MC Mokoma.

**Business address:** Enterprise Development House
Main Road
Lebowakgomo
0737

**Mr M Makwana**
Chairman of the Board

# Independent Auditor's Report

## REPORT OF THE AUDITOR-GENERAL TO LIMPOPO PROVINCIAL LEGISLATURE ON LIMPOPO ECONOMIC DEVELOPMENT AGENCY AND ITS SUBSIDIARIES

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND UNQUALIFIED OPINION ON THE SEPARATE FINANCIAL STATEMENTS

1. I have audited the consolidated and separate financial statements of the Limpopo Economic Development Agency and its subsidiaries (the group) set out on pages 102 to 224 which comprise the consolidated and separate statement of financial position as at 31 March 2021, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Limpopo Economic Development Agency and its subsidiaries (the group) as at 31 March 2021, and the group s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act of South Africa (Act No.1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No.71 of 2008) (Companies Act).

3. In my opinion, the separate financial statements present fairly, in all material respects, the financial position of Limpopo Economic Development Agency as at 31 March 2021 and its separate financial performance and separate cash flows for the year then ended, in accordance with the in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act of South Africa (Act No.1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No.71 of 2008) (Companies Act).

### BASIS FOR QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### PROPERTY, PLANT AND EQUIPMENT

4. The financial statements of Limpopo Connexion SOC Limited, which is a subsidiary of Limpopo Economic Development Agency, were materially misstated, as completed assets that were ready for use in terms of IAS 16, Property, plant and equipment were incorrectly classified as work in progress. The effect on the consolidated financial statements was overstatement of work in progress and understatement of completed assets by R37 486 852 (2020: R22 727 218). In addition, I identified differences between the work in progress register, fixed asset register and the annual financial statements. I was unable to quantify the misstatement of the depreciation, deferred income, grant income realized, intangible assets, lease liability, right of use of asset and retained earnings because it was impracticable to do so.

5. The Limpopo Connexion SOC Limited, which is a subsidiary of Limpopo Economic Development Agency, did not assign unique identifying codes for completed assets. As a result, was unable to obtain sufficient appropriate audit evidence relating to the existence and completeness of these assets. Consequently, I was unable to determine whether any further adjustments were necessary to property, plant and equipment stated at R1 119 468 212 (2020: R621 657 529) in note 3 to the financial statements. I was unable to verify these by alternative means.

### CONTEXT FOR THE OPINION

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.

7. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants International code of eth/cs for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## EMPHASIS OF MATTER

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### UNCERTAINTY RELATING TO THE FUTURE OUTCOME OF EXCEPTIONAL LITIGATION

10. With reference to note 51 to the consolidated and separate financial statements, the group is the defendant in a number of law suits. The group is opposing the claims, as it believes that the claims can be successfully defended. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

### RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 54 to the consolidated and separate financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the group at, and for the year ended, 31 March 2021.

### MATERIAL IMPAIRMENTS

12. As disclosed in note 12, to the consolidated and separato financial statements, material impairments amounting to R373 549 884 and R183 553 668 were made to loans to subsidiaries and associates, respectively, as a result of losses incurred by subsidiaries and associates.

13. As disclosed in note 14 to the consolidated and separate financial statements, material impairments amounting to R141 528 267 and R133 836 190 were made to other financial assets as a result of irrecoverable loans and investments.

14. As disclosed in note 21 to the consolidated and separate financial statements, material impairments amounting to R214 889 495 and R208 663 955 were made to trade and other receivables as a result of irrecoverable trade and other receivables.

## OTHER MATTER

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### UNAUDITED SUPPLEMENTARY SCHEDULES

16. The supplementary information set out on page 225 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

17. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

18. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

## AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

20. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

22. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the group enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the public entity's annual performance report for the year ended 31 March 2021:

| OBJECTIVES | PAGES IN THE ANNUAL PERFORMANCE REPORT |
|---|---|
| Objective 2 — Agro-processing projects contributing towards increasing Limpopo | 44-49 |
| Objective 5 — Increased financing of housing, SMMEs and cooperatives and youth entrepreneurship development. | 60-67 |

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

25. I did not identify any material findings on the usefulness and reliability of the reported performance information for these objectives:

- Objective 2 - Agro-processing projects contributing towards increasing Limpopo GDP
- Objective 5 - Increased financing of housing, SMMEs and cooperatives and youth entrepreneurship development

### OTHER MATTERS

26. I draw attention to the matters below.

### ACHIEVEMENT OF PLANNED TARGETS

27. Refer to the annual performance report on page 40 to 84 for information on the achievement of planned targets for the year and management explanations provided for the underachievement of targets. This information should be considered in the context of the opinions expressed on the usefulness and reliability of the reported performance information in paragraphs 22 and 23 of this report.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

29. The material findings on compliance with specific matters in key legislation are as follows:

### ANNUAL FINANCIAL STATEMENTS

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.

    Material misstatements were identified in the submitted financial statements and were not adequately corrected and/or the supporting records were not provided resulting in the financial statements receiving a qualified audit opinion.

### CONSEQUENCE MANAGEMENT

31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as eVidence to support the investigations into irregular expenditure.

32. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful eXpenditure.

### REVENUE MANAGEMENT

33. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

### EXPENDITURE MANAGEMENT

34. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R404 251, as disclosed in note 62 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest charged on overdue accounts.

## OTHER INFORMATION

35. The accounting authority is responsible for the other information. The other information comprises the information included in the intergrated report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

37. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

39. I considered internal controls relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance

with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the performance report and on compliance with legislation included in this report.

40. The accounting authority did not adequately prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information as the financial statements contained numerous misstatements that were not corrected.

41. The entity did not ensure that staff were trained to apply proper records management procedures to facilitate sound records management which resulted in significant delays in management providing the required information and an extensive effort to obtain sufficient appropriate audit evidence.

42. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

43. The internal audit function was not adequately and appropriately resourced relative to the size of the entity and the nature of its operations.

Auditor-General

Polokwane
23 September 2021

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

# Annexure
# Auditor-general's responsibility for the audit

1. As part of an audit in aCcordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

## FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity s internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
   - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Limpopo Economic Development Agency and its subsidiaries to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor s report. However, future e\ lents or conditions may cause a public entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
   - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# Statement of Financial Position

## AS AT 31 MARCH 2021

| | NOTES | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, plant and equipment | 3 | 1 119 468 212 | 621 657 529 | 42 442 700 | 46 191 358 |
| Right-of-use assets | 4 | 20 391 319 | 28 109 475 | 1 046 533 | 347 556 |
| Investment property | 5 | 185 257 881 | 191 070 058 | 180 174 542 | 185 974 251 |
| Goodwill | 7 | - | 31 649 157 | - | - |
| Intangible assets | 8 | 148 635 027 | 124 517 496 | 93 673 | 252 562 |
| Investments in subsidiaries | 9 | - | - | 178 052 207 | 236 954 810 |
| Investments in associates | 11 | 91 025 491 | 89 024 627 | 3 503 094 | 3 503 094 |
| Other financial assets | 14 | 561 188 445 | 660 775 464 | 31 597 005 | 74 389 077 |
| Deferred tax | 17 | 1 194 752 | - | - | - |
| Environmental rehabilitation deposit | 19 | 27 023 239 | 31 584 787 | - | - |
| | | **2 154 184 366** | **1 778 388 593** | **436 909 754** | **547 612 708** |
| **CURRENT ASSETS** | | | | | |
| Biological assets | 6 | 796 167 | 2 282 964 | - | - |
| Inventories | 20 | 14 621 439 | 19 861 733 | 615 996 | 750 410 |
| Loans to group companies | 12 | - | 36 285 240 | 82 997 368 | 137 368 838 |
| Loans to shareholders | 13 | 1 500 000 | 1 500 000 | - | - |
| Trade and other receivables | 21 | 148 337 113 | 137 195 397 | 58 160 183 | 64 886 216 |
| Other financial assets | 14 | 135 779 277 | 93 463 956 | 11 040 785 | 2 204 274 |
| Prepayments | 18 | 4 576 140 | 4 380 786 | - | - |
| Other receivables | 64 | 715 707 | 56 834 961 | - | - |
| Cash and cash equivalents | 22 | 229 954 958 | 375 479 378 | 38 104 439 | 132 437 307 |
| | | **536 280 801** | **727 284 415** | **190 918 771** | **337 647 045** |
| Assets held for sale | 67 | 4 454 880 | - | - | - |
| **Total Assets** | | **2 694 920 047** | **2 505 673 008** | **627 828 525** | **885 259 753** |
| EQUITY AND LIABILITIES | | | | | |
| **EQUITY** | | | | | |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT | | | | | |
| Share capital | 23 | 409 216 005 | 409 216 005 | 409 216 005 | 409 216 005 |
| Retained income | | 543 883 716 | 702 455 821 | 12 527 713 | 143 540 813 |
| | | **953 099 721** | **1 111 671 826** | **421 743 718** | **552 756 818** |
| Non-controlling interest | | 6 733 876 | 3 752 586 | - | - |
| | | **959 833 597** | **1 115 424 412** | **421 743 718** | **552 756 818** |

# Statement of Financial Position
## AS AT 31 MARCH 2021 (CONTINUED)

| | NOTES | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| NON CURRENT LIABILITIES | | | | | |
| Loans from shareholders | 25 | 2 399 502 | 2 399 502 | - | - |
| Insurance Contracts | 26 | 6 714 340 | 6 864 275 | - | - |
| Investment Contracts | 27 | 6 125 197 | 5 993 562 | - | - |
| Finance lease liabilities | 4 | 12 009 184 | 19 779 671 | 343 465 | 389 709 |
| Retirement benefit obligation | 16 | 27 765 839 | 27 405 839 | 14 842 000 | 14 273 000 |
| Employee benefits | 34 | 4 944 000 | 4 625 000 | 882 000 | 881 000 |
| Deferred income | 35 | 662 110 816 | 658 767 798 | 5 077 264 | 27 537 249 |
| Deferred tax | 17 | - | 9 950 685 | - | - |
| Provisions | 28 | 84 329 128 | 77 477 027 | - | - |
| Rural Housing Loan Finance Fund (RHLF) | 30 | 5 926 502 | 20 702 446 | - | - |
| Borrowings | 32 | 299 294 385 | - | - | - |
| | | **1 111 618 893** | **833 965 805** | **21 144 729** | **43 080 958** |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 33 | 399 572 453 | 334 104 776 | 146 471 327 | 210 597 767 |
| Loans from group companies | 24 | - | - | - | 13 569 471 |
| Loans from shareholders | 25 | 38 003 998 | 38 003 998 | - | - |
| Insurance Contracts | 26 | 9 571 549 | 10 388 138 | - | - |
| Finance lease liabilities | 4 | 7 961 819 | 10 820 691 | 892 631 | - |
| Operating lease liability | 15 | 2 425 | 2 425 | - | - |
| Retirement benefit obligation | 16 | 3 371 000 | 3 493 000 | 1 747 000 | 1 742 000 |
| Employee benefits | 34 | 1 492 001 | 1 272 000 | 322 000 | 272 000 |
| Deferred income | 35 | 120 511 577 | 116 438 647 | 35 507 120 | 63 240 739 |
| Current tax payable | 36 | 4 257 952 | 4 257 952 | - | - |
| Provisions | 28 | 4 108 157 | 2 716 336 | - | - |
| Other liability | 29 | 1 807 411 | 1 807 411 | - | - |
| Rural Housing Loan Finance Fund (RHLF) | 30 | 14 861 339 | 12 530 674 | - | - |
| FLISP Fund | 31 | 17 945 876 | 20 446 743 | - | - |
| | | **623 467 557** | **556 282 791** | **184 940 078** | **289 421 977** |
| **Total Liabilities** | | **1 735 086 450** | **1 390 248 596** | **206 084 807** | **332 502 935** |
| **Total Equity and Liabilities** | | **2 694 920 047** | **2 505 673 008** | **627 828 525** | **885 259 753** |

# Statement of Profit or Loss and Other Comprehensive Income

## FOR THE YEAR ENDED 31 MARCH 2021

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | NOTES | 2021 R | 2020 R | 2021 R | 2020 R |
| Revenue | 37 | 638 125 645 | 983 887 143 | 117 220 655 | 115 356 519 |
| Cost of sales | 38 | (171 015 870) | (357 130 255) | - | - |
| **Gross profit** | | **467 109 775** | **626 756 888** | **117 220 655** | **115 356 519** |
| Other operating income | 39 | 117 678 656 | 43 460 388 | 17 643 501 | 4 266 662 |
| Government grants | 63 | 382 705 944 | 453 056 076 | 266 135 586 | 322 097 436 |
| Other operating gains (losses) | 40 | 1 269 357 | 1 597 595 | (51 534) | 1 709 777 |
| Expected credit loss allowance | 41 | (31 574 521) | (89 463 965) | (216 711 832) | (165 078 364) |
| Other operating expenses | 68 | 1 084 906 842) | (1 164 458 429) | (325 493 087) | (405 852 523) |
| **Operating (loss) profit** | 41 | **(147 717 631)** | **(129 051 447)** | **(141 256 711)** | **(127 500 493)** |
| Investment income | 44 | 21 640 215 | 22 626 510 | 12 029 605 | 13 641 969 |
| Finance costs | 45 | (11 019 637) | (14 371 712) | (1 785 994) | (1 444 579) |
| Fair value gains / (losses) | | - | (282 601) | - | (282 601) |
| Income from equity accounted investments | 66 | 9 113 769 | 3 677 900 | - | - |
| Other non operating gains (losses) | 46 | (39 162 968) | (8 630 865) | - | - |
| **(Loss) profit before taxation** | | **(167 146 252)** | **(126 032 215)** | **(131 013 100)** | **(115 585 704)** |
| Taxation | 47 | 11 145 437 | (2 664 153) | - | - |
| **(Loss) profit for the year** | | **(156 000 815)** | **(128 696 368)** | **(131 013 100)** | **(115 585 704)** |
| OTHER COMPREHENSIVE INCOME: | | | | | |
| ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS: | | | | | |
| Remeasurements on net defined benefit liability/asset | 48 | 410 000 | (1 348 000) | - | - |
| **Other comprehensive income for the year net of taxation** | 48 | **410 000** | **(1 348 000)** | **-** | **-** |
| **Total comprehensive (loss) income for the year** | | **(155 590 815)** | **(130 044 368)** | **(131 013 100)** | **(115 585 704)** |
| (LOSS) PROFIT ATTRIBUTABLE TO: | | | | | |
| Owners of the parent | | (158 982 105) | (128 870 709) | (131 013 100) | (115 585 704) |
| Non-controlling interest | 9 | 2 981 290 | 174 341 | - | - |
| | | **(156 000 815)** | **(128 696 368)** | **(131 013 100)** | **(115 585 704)** |
| TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO: | | | | | |
| Owners of the parent | | (158 572 105) | (130 218 709) | (131 013 100) | (115 585 704) |
| Non-controlling interest | | 2 981 290 | 174 341 | - | - |
| | | **(155 590 815)** | **(130 044 368)** | **(131 013 100)** | **(115 585 704)** |

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2021

| | NOTE | Share capital R | Revaluation reserve R | Retained income R | Total attributable to equity holders of the group / company R | Non-controlling interest R | Total equity R |
|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | |
| Opening balance as previously reported | | 409 216 005 | (2 607 151) | 326 622 636 | 1 233 231 490 | 3 578 245 | 1 236 809 735 |
| *Adjustments* | | | | | | | |
| Prior year adjustments | 54 | - | - | 6 655 493 | 6 655 493 | - | 6 655 493 |
| **Balance at 01 April 2019 as restated** | | **409 216 005** | **(2 607 151)** | **833 278 129** | **1 239 886 983** | **3 578 245** | **1 243 465 228** |
| Loss for the year | | - | - | (128 870 709) | (128 870 709) | 174 341 | (128 696 368) |
| Other comprehensive income | 48 | - | - | (1 348 000) | (1 348 000) | - | (1 348 000) |
| **Total comprehensive loss for the year** | | **-** | **-** | **(130 218 709)** | **(130 218 709)** | **174 341** | **(130 044 368)** |
| Adjustment from the adoption of IFRS 16 | | - | - | (603 599) | (603 599) | - | (603 599) |
| Movement in revaluation reserve | | - | 2 607 151 | - | 2 607 151 | - | 2 607 151 |
| **Total contributions by and distributions to owners of company recognised directly in equity** | | **-** | **2 607 151** | **(603 599)** | **2 003 552** | **-** | **2 003 552** |
| Opening balance as previously reported | | 409 216 005 | - | 696 989 290 | 1 106 205 295 | 3 752 586 | 1 109 957 881 |
| *Adjustments* | | | | | | | |
| Prior year adjustments | 54 | - | - | 5 466 531 | 5 466 531 | - | 5 466 531 |
| **Balance at 01 April 2020 as restated** | | **409 216 005** | **-** | **702 455 821** | **1 111 671 826** | **3 752 586** | **1 115 424 412** |
| Loss for the year | | - | - | (158 982 105) | (158 982 105) | 2 981 290 | (156 000 815) |
| Other comprehensive income | 48 | - | - | 410 000 | 410 000 | - | 410 000 |
| **Total comprehensive Loss for the year** | | **-** | **-** | **(158 572 105)** | **(158 572 105)** | **2 981 290** | **(155 590 815)** |
| **Balance at 31 March 2021** | | **409 216 005** | **-** | **543 883 716** | **953 099 721** | **6 733 876** | **959 833 597** |

Notes 23

# Statement of Changes in Equity
FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

| | NOTE | Share capital R | Revaluation reserve R | Retained income R | Total attributable to equity holders of the group / company R | Non-controlling interest R | Total equity R |
|---|---|---|---|---|---|---|---|
| COMPANY | | | | | | | |
| Opening balance as previously reported | | 409 216 005 | - | 259 007 751 | 668 223 756 | - | 668 223 756 |
| *Adjustments* | | | | | | | |
| Prior year adjustments | 54 | - | - | 201 826 | 201 826 | - | 201 826 |
| **Balance at 01 April 2019 as restated** | | **409 216 005** | **-** | **259 209 577** | **668 425 582** | **-** | **668 425 582** |
| Loss for the year | | - | - | (115 585 704) | (115 585 704) | - | (115 585 704) |
| **Total comprehensive Loss for the year** | | **-** | **-** | **(115 585 704)** | **(115 585 704)** | **-** | **(115 585 704)** |
| Transfer between reserves | | - | - | (83 060) | (83 060) | - | (83 060) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | | **-** | **-** | **(83 060)** | **(83 060)** | **-** | **(83 060)** |
| Opening balance as previously reported | | 409 216 005 | - | 144 477 947 | 553 693 952 | - | 553 693 952 |
| *Adjustments* | | | | | | | |
| Prior year adjustments | 54 | - | - | (937 134) | (937 134) | - | (937 134) |
| **Balance at 01 April 2020 as restated** | | **409 216 005** | **-** | **143 540 813** | **552 756 818** | **-** | **552 756 818** |
| Loss for the year | | - | - | (131 013 100) | (131 013 100) | - | (131 013 100) |
| Other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive Loss for the year** | | **-** | **-** | **(131 013 100)** | **(131 013 100)** | **-** | **(131 013 100)** |
| **Balance at 31 March 2021** | | **409 216 005** | **-** | **12 527 713** | **421 743 718** | **-** | **421 743 718** |
| Note(s) | | 23 | | | | | |

The accounting policies on pages 108 to 139 and the notes on pages 140 to 224 form an integral part of the consolidated financial statements.

# Statement of Cash Flows

## FOR THE YEAR ENDED 31 MARCH 2021

| | NOTES | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash receipts from customers | | 997 446 198 | 1 687 282 356 | 390 082 274 | 479 332 086 |
| Cash paid to suppliers and employees | | (946 145 674) | (1 308 494 775) | (439 517 887) | (370 715 717) |
| **Cash (used in)/generated from operations** | 49 | **51 300 524** | **378 787 581** | **(49 435 613)** | **108 616 356** |
| Interest income | | 21 640 215 | 22 626 510 | 4 390 813 | 7 511 579 |
| Dividends received | | - | - | 7 638 792 | 6 130 390 |
| Finance costs | | (11 019 637) | (14 371 712) | (1 785 994) | (1 444 579) |
| Tax received (paid) | | - | 6 353 993 | - | - |
| **Net cash from operating activities** | | **61 921 102** | **393 396 372** | **(39 192 002)** | **120 813 760** |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of property, plant and equipment | 3 | (591 407 999) | (163 425 655) | (1 184 096) | (11 004 352) |
| Sale of property, plant and equipment | 3 | 3 088 925 | 4 218 082 | 107 083 | 1 779 780 |
| Biological assets | | 1 486 797 | 2 822 060 | - | - |
| Purchase of investment property | 5 | (2 357 014) | (17 549 950) | (2 357 014) | (17 549 950) |
| Purchase of other intangible assets | 8 | (36 312 758) | (2 555 342) | - | - |
| Movement in investments (incl subs, JVs & Assoc) | | (2 000 846) | (732 526) | (6 000 000) | (29 000 000) |
| Loans advanced to group companies | | - | - | (68 756 927) | (66 480 181) |
| Other financial assets | | 58 025 150 | (89 942 765) | 37 294 179 | 21 310 887 |
| Movement in environmental rehabilitation deposit | | 4 561 548 | 3 036 009 | - | - |
| Assets held for sale | | (4 454 880) | - | - | - |
| **Net cash from investing activities** | | **(569 371 095)** | **(264 130 087)** | **(40 656 383)** | **(100 943 813)** |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of loans from group companies | | 36 284 132 | 9 496 902 | (13 569 471) | 13 569 471 |
| Investment contracts | | 131 635 | 138 138 | - | - |
| Insurance contracts | | (966 524) | (749 298) | - | - |
| Movement in RHLF liability | | (12 445 279) | (11 414 524) | - | - |
| Movement in FLISP Fund liability | | (2 500 867) | (2 316 074) | - | - |
| Other payables | | - | 1 807 411 | - | - |
| Finance lease obligation | | (13 991 163) | (10 288 691) | (915 012) | (941 695) |
| Other receivables | | 56 119 254 | (55 126 403) | - | - |
| Borrowings | | 299 294 385 | - | - | - |
| **Net cash from financing activities** | | **361 925 573** | **(68 452 539)** | **(14 484 483)** | **12 627 776** |
| **Total cash movement for the year** | | **(145 524 420)** | **60 813 746** | **(94 332 868)** | **32 497 723** |
| Cash at the beginning of the year | | 375 479 378 | 314 665 632 | 132 437 307 | 99 939 584 |
| **Total cash at end of the year** | 22 | **229 954 958** | **375 479 378** | **38 104 439** | **132 437 307** |

# Accounting Policies

## CORPORATE INFORMATION

Limpopo Economic Development Agency is a public company incorporated and domiciled in South Africa.

The consolidated and separate consolidated financial statements for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 31 May 2021.

## FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the consolidated financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Rand which is the group functional and presentation currency.

## 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate consolidated financial statements are set out below.

### 1.1 BASIS OF PREPARATION

The consolidated and separate consolidated financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These consolidated financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group functional currency and reporting currency.

These accounting policies are consistent with the previous period.

### HISTORICAL COST CONVENTION

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment – measured at fair value
- assets held for sale – measured at fair value less costs to sell.

### SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### NON-CONTROLLING INTERESTS

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### LOSS OF CONTROL

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### INTERESTS IN EQUITY-ACCOUNTED INVESTEES

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

### TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity- accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### MATERIALITY AND AGGREGATION

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Each material class of similar items must be presented separately in the financial statements. Dissimilar items may be aggregated only if they are individually immaterial.

However, information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all the parts of the financial statements, and even when a standard requires specific disclosure, materiality considerations do apply.

## 1.2 CONSOLIDATION

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The group has control of an entity when the group has power over the investee and is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

When the Group has less than a majority of the voting rights of an investee, it considers that it does have power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### ASSOCIATES

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

### JOINT ARRANGEMENTS

Joint arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

### JOINT VENTURES

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

### INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

### BUSINESS COMBINATIONS

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non- controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition dato fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

SIGNIFICANT ESTIMATE: KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash- generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates

## 1.3 JOINT ARRANGEMENTS

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

JOINT VENTURES

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the group's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Any goodwill on acquisition of a joint venture is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

INVESTMENTS IN JOINT VENTURES IN THE SEPARATE FINANCIAL STATEMENTS

In the company's separate financial statements, investments in joint ventures are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

## 1.4 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

### INVESTMENTS IN ASSOCIATES IN THE SEPARATE FINANCIAL STATEMENTS

In the company's separate financial statements, investments in associates are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 1.5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### POLICY LIABILITIES FOR INSURANCE CONTRACTS

#### DISCOUNTED LIABILITIES

The key assumptions used in the calculation of the insurance liabilities are based on recent experience investigations of the company's business. The intention is to arrive at a best estimate of the company's experience. Once the best estimate is determined, compulsory margins (per SAP104 Version 10) are incorporated as described above. Where data is not credible (e.g. withdrawal and mortality on individual business), more prudent assumptions are used based on industry data, where available.

The results of the experience investigations are briefly described below:

### DEMOGRAPHIC ASSUMPTIONS

#### MORTALITY

The mortality basis remained unchanged at 100% of SA85-90 with a constant addition of 0.00412 for discounted liabilities.

To allow for the expected deterioration in claims due to AIDS, the AIDS tables produced by the Actuarial Society of South Africa were used as a base. The AIDS assumption remained unchanged.

### WITHDRAWALS

Withdrawal assumptions were left unchanged as 20% in year 1, 10% in year 2 and 5% in years 3 onwards.

## ECONOMIC ASSUMPTIONS

### INVESTMENT RETURN

The nominal government bond ("risk free") yield curve as at 31 March 2021 as published by the Prudential Authority was used to discount the cashflows for valuation purposes. The same approach was used in the previous valuation using the respective yield curve as at 31 March 2020.

### INFLATION

Similarly, inflation rates implied by the nominal and real yield curves were used to inflate expenses at both the current and the previous valuations.

### EXPENSES

Different per policy renewal expenses were increased in line with inflation from the previous valuation period and assumed across different products.

An expense over-run reserve was established to cover excess expenses that were not covered by the expenses. This method is consistent with that used in the previous valuation.

### TAXATION

Future taxation and taxation relief are allowed for at the rates and on the bases applicable to Section 29A of the Income Tax Act at the reporting date. The company's current tax position is taken into account, and taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

## EFFECT OF CHANGE IN ASSUMPTIONS

The changes in economic assumptions resulted in a R 274 464 (2020: R 213 455) reduction in the liabilities.

There was no change in decrement assumptions, this resulted in a Rnil (2020: R 23 200) reduction in liabilities.

## SENSITIVITY ANALYSIS

The sensitivity of the insurance liabilities to the main assumptions was tested by calculating the effect of certain assumptions not being met. The following sensitivities were tested:

- Increasing renewal expenses by 10%;
- Increasing withdrawals by 10%;
- Increasing the yield curve by 1% (absolute change in rates);
- Decreasing the yield curve by 1% (absolute change in rates); and
- Increasing claims experience by 10%.

The results of the sensitivity analysis (gross of reinsurance) on the actuarial liabilities (in R'000), can be summarised as follows:

| | GROSS LIABILITY R'000 | | PERCENTAGE CHANGE IN NEGATIVE TO MAIN BASIS | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Main basis | | 14 934 | | |
| Renewal expenses +10% | | 15 274 | % | 2.28% |
| Withdrawals +10% | | 14 856 | % | -0.52% |
| Yield curve +1% | | 14 656 | % | -1.93% |
| Yield curve -1% | | 15 249 | % | 2.11% |
| Risk experience +10% | | 15 172 | % | 1.60% |

The above figures combine discounted and undiscounted liabilities. The latter are not sensitive to the assumptions as they are valued retrospectively.

The investment contracts are also not sensitive to changes in assumptions.

## CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

## KEY SOURCES OF ESTIMATION UNCERTAINTY

### IMPAIRMENT OF FINANCIAL ASSETS

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

### ALLOWANCE FOR SLOW MOVING, DAMAGED AND OBSOLETE INVENTORY

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

### FAIR VALUE ESTIMATION

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed and reference must be made to note 56.

IMPAIRMENT TESTING

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as the provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The rehabilitation provision is quantified by the surveyed amount of rehabilitation to be performed at market related rates at year end.

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 28.

TAXATION

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

## 1.6 BIOLOGICAL ASSETS

An entity shall recognise a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

## 1.7 INVESTMENT PROPERTY

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

### COST MODEL

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|---|---|---|
| Property - land | Straight line | Indefinite |
| Property - buildings | Straight line | 50 years |
| Capitalised renovations and other components | Straight line | 5 to 50 years |

## 1.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| ITEM | DEPRECIATION METHOD | AVERAGE USEFUL LIFE |
|---|---|---|
| Land | Straight line | Indefinite |
| Buildings | Straight line | 50 years |
| Communication equipment | Straight line | 5 years |
| Plant and machinery | Straight line | 2 to 30 years |
| - For agricultural use | Straight line | 2 to 30 years |
| - For mining use | Straight line | 20 years |
| - For operation use | Straight line | 2 to 10 years |
| Leasehold improvements and temporary buildings | Straight line | 5 to 10 years |
| IT equipment | Straight line | 2 to 6 years |
| Motor vehicles | Straight line | 5 to 50 years |
| Office equipment | Straight line | 5 years |
| Mining assets | Straight line | per mines useful lives |
| Ancilliary vehicles | Straight line | 200 000 kilometres |
| Sundry equipment | Straight line | 5 to 10 years |
| Security equipment | Straight line | 4 years |
| Workshop equipment | Straight line | 5 years |
| Operating equipment | Straight line | 4 years |
| Furniture's and fixtures | Straight line | 3 to 35 years |
| Computer software | Straight line | 3 to 8 years |
| Broadband IT equipment | Straight line | 5 to 10 years |
| Broadband civil works | Straight line | 30 to 50 years |
| Broadband fibre works | Straight line | 25 to 30 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.9 SITE RESTORATION AND DISMANTLING COST

The company has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'.

## 1.10 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

### EXPLORATION AND EVALUATION

Exploration and evaluation expenditure is capitalised to the extent that the expenditure can be associated with finding specific mineral resources.

Exploration and evaluation expenditure is not amortised until proven reserves can be determined or when there is an indication of impairment. An impairment is recognised in profit or loss. Sales of proven and unproven reserves during the exploration and evaluation phase are accounted for as an adjustment to the exploration and evaluation asset.

Exploration and evaluation assets incurred to develop proven reserves are measured at cost and amortised on the unit of production method.

Exploration and evaluation asset (IFRS6) is reclassified to a Mining asset category within intangible assets (IAS38), when it is known that the project is feasible.

An intangible asset classified as a mining asset arising from exploration and evaluation is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to apply for the Mining Right license.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| ITEM | AVERAGE USEFUL LIFE |
|---|---|
| Bulk sampling selling | Over the prospecting right period |
| Mining Rights - Sefateng Chrome | 41 300 000tns - Life of mine |
| Mine Mining asset - Fumani Project | 1.8m ounces of Gold available for production |
| Mining asset - Tshepong Project | UoP method - 2200000 |
| Computer software | 3 to 5 years |
| Computer licences | As per the licence term |
| Rights to water usage | 25 years |
| Broadband licence | Not amortised until licence terms are effective |
| Bus routes | 10 years |
| Lebelelo Water Project | 25 years |
| Work in progress | Not assessed until brought into use by management |

FINANCIAL INSTRUMENT

CLASSIFICATION

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

IFRS 9 requires the Agency and group to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

FINANCIAL ASSETS

The group recognises a financial asset, it classifies it based on the Agency's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- Loans to related parties: Amortised cost
- Trade and other receivables: Amortised cost
- All investments outside the scope of IAS 27, IAS 28, IFRS 16 and IFRS 10: Fair Value through profit or loss

A financial asset is measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at fair value through other comprehensive income.

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A financial asset is measured at fair value through profit or loss.

Any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

### INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

### SUBSEQUENT MEASUREMENT

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss are recognised net of dividends and interest. Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

### DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

### FAIR VALUE DETERMINATION

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

IMPAIRMENT LOSSES ARE RECOGNISED IN PROFIT OR LOSS.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Impairment of financial assets is recognised in stages:

- Stage 1 - as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).
- Stage 2 - if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1.
- Stage 3 - if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

FINANCIAL LIABILITIES

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that an Agency designates to be measured at fair value through profit or loss (see 'fair value option' below).

All Agency's financial liabilities are measured at amortised costs as derivation after initial recognition, an Agency cannot reclassify any financial liability.

FAIR VALUE OPTION

An Agency may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortised cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') or otherwise results in more relevant information.

## LOANS TO (FROM) GROUP COMPANIES

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

## LOANS TO SHAREHOLDERS, DIRECTORS, MANAGERS AND EMPLOYEES

These financial assets are classified as loans and receivables.

## TRADE AND OTHER RECEIVABLES

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables are classified as loans and receivables.

## TRADE AND OTHER PAYABLES

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

## 1.12 HEDGE ACCOUNTING

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

## 1.13 TAX

### CURRENT TAX ASSETS AND LIABILITIES

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### DEFERRED TAX ASSETS AND LIABILITIES

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

TAX EXPENSES

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## 1.14 LEASES

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

GROUP AS LESSEE

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 41) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 4 Leases (group as lessee).

LEASE LIABILITY

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 45).

The group remeasures the lease liability, when applicable, in accordance with the following table:

| LEASE LIABILITY REMEASUREMENT SCENARIO | LEASE LIABILITY REMEASUREMENT METHODOLOGY |
|---|---|
| Change to the lease term. | Discounting the revised lease payments using a revised discount rate. |
| Change in the assessment of whether the group will exercise a purchase, termination or extension option. | Ddiscounting the revised lease payments using a revised discount rate. |
| Change to the lease payments as a result of a change in an index or a rate. | Discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); |
| Change in expected payment under a residual value guarantee. | Discounting the revised lease payments using the initial discount rate. |
| Lease contract has been modified and the lease modification is not accounted for as a separate lease. | Discounting the revised payments using a revised discount rate. |

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of- use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

RIGHT-OF-USE ASSETS

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;

- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

As an exception, when the underlying assets are land and buildings, the group adopts the revaluation model consistent with the accounting policy for land and buildings which are owned by the group. The accounting policy for the revaluation model is explained in the property, plant and equipment accounting policy.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

## 1.15 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## 1.16 IMPAIRMENT OF ASSETS

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The write down is included in expected credit loss allowance.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 1.17 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

## 1.18 EMPLOYEE BENEFITS

### SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

DEFINED BENEFIT PLANS

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of [illegible] financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the group is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.19 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating income.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingencies recognised in the current year required estimates and judgments. Commitments require certain judgement when determining if a contractual obligation exists and to determine if the entity's future expenditure has been committed in an irrevocable agreement or that there are elements of non-cancelability.

## 1.20 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or income already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets are presented in the statement of financial position by setting up the grant as deferred income that is recognised in profit and loss on a systematic basis over the useful life of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

## 1.21 REVENUE

SALES OF GOODS

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excluded amounts collected on behalf of third parties. Revenue from the sale of goods is recognised when performance obligations are satisfied, meaning when the entity transfers control of a product to a customer.

Performance obligation will, inter alia, include the following five steps to recognise revenue:

- Identify the contract with a customer
- Identify the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligation
- Recognising revenue when/as performance obligations are satisfied

## RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity,
- the stage of completion of the transaction at the end of the reporting period can be measured reliably, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

## RENTAL INCOME

Rental income is recognised on the straight-line basis over the term of the rental agreement.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

## GOVERNMENT AND OTHER GRANTS

### EQUITABLE SHARE

Equitable share allocation is recognised in the financial statements in the financial year for which it has been approved. The amount recognised is accounted for excluding the amount deducted for value added tax. Approved allocations not received in cash at the end of the financial year is accrued for.

### GOVERNMENT AND OTHER GRANTS

Government and other grants are recognised in the balance sheet, initially as deferred income when there is reasonable assurance that it will be received, and that the entity will comply with the conditions attached to it. Once conditions are met during a specific year, the total of the expenses incurred for the year is transferred from deferred income and recognised under grants received. Value added tax is taken into consideration in respect of the conditions for individual grants received.

### INTEREST RECEIVED

Interest is recognised, in profit or loss, using the effective interest rate method as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt. Interest income is included in investment income and interest expense in finance cost in the statement of profit or loss.

DIVIDENDS

Dividends are recognised, in profit or loss, when the entity's right to receive payment has been established, which is generally when shareholders approve the dividend.

## 1.22 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all income of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

## 1.23 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 1.24 TRANSLATION OF FOREIGN CURRENCIES

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

## 1.25 RELATED PARTIES

The Group operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the provincial sphere of government will be considered to be a related party.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entities in the Group. We regard all individuals from the level of executive manager up to the Board of Directors as key management per the definition of the standard.

Close family members of key personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entities in the Group.

Other related party transactions are also disclosed in terms of the requirements of the standard. The objective of the standard and the financial statements is to provide relevant and reliable information and therefore materiality is considered in the disclosure of these transactions.

## 1.26 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before the end of the year financial period and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial period and for which condonement is being awaited at period end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial period the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 1.27 CLASSIFICATION OF INSURANCE AND INVESTMENT CONTRACTS

Contracts under which the company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rate, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Policyholder contracts that do not transfer significant insurance risks are classified as investment contracts.

## 1.28 RECOGNITION AND MEASUREMENT OF INSURANCE CONTRACTS PREMIUMS, ACQUISITION COSTS AND POLICYHOLDER BENEFITS PREMIUMS

Group scheme premiums receivable in terms of policy contracts are accounted for as premium income when receivable and where there is reasonable assurance of collection in terms of the policy contracts. Where premiums are not determined in advance, they are accounted for upon receipt. Premiums are shown before the deduction of acquisition costs. Premiums written include adjustments to premiums written in prior accounting periods.

Outward re-insurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance.

### ACQUISITION COSTS

Expenses for the acquisition of insurance contracts consist of commission and marketing costs paid by the company upon the acquisition of new and additional insurance business and are expensed in full when incurred.

The related reinsurance commission, which consists of commission received or earned on insurance premiums ceded to reinsurers, is measured at fair value of the considerations received or receivable and represents the amount receivable for services provided in the normal course of business.

## POLICYHOLDER BENEFITS

Policyholder benefits comprise insurance claims paid and claims events that have occurred but not yet reported to the company.

## INSURANCE CLAIMS

Claims on insurance contracts include benefit payments that are charged to profit or loss when the company is notified of a claim by policyholders. The amount is based on the estimated liability for compensation owed to the policyholder.

Insurance claims are recorded as an expense gross of any reinsurance recovery when they are incurred. Claims incurred consist of claims paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims comprises the company's estimate of the undiscounted ultimate cost of settling all claims incurred but not paid at the reporting date whether reported or not.

Reinsurance recoveries are recognised in profit or loss in the same financial year as the related gross claim at the undiscounted amount receivable in terms of the contract. Anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed consistently with the assessment of claims outstanding.

## POLICYHOLDER LIABILITIES

### DISCOUNTED LIABILITIES

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the premiums. The liability is based on mortality, persistency, maintenance expenses and investment income assumptions adjusted if necessary, during the valuation. A margin for adverse deviations is included in the assumptions.

Policyholder liabilities have been established in accordance with the Financial Soundness Valuation basis as set out in the guidelines issued by the Actuarial Society of South Africa in Prudential Guidance Note (SAP 104) (Version 10). Under this guideline, provisions are valued using realistic expectations of future experience, with prescribed margins for prudence and deferral of profit emergence.

### UNDISCOUNTED LIABILITIES

The OCP, which consists of NOCP and IBNR claims provision, has been established. The IBNR claims provision is based on an estimated delay in reporting claims. Benefit payments in respective of maturities and surrenders that have not been included in the schedules of paid, outstanding and intimated claims provided by management have also been included in the NOCP.

## REINSURANCE CONTRACTS HELD

The company reinsures insurance risk in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the company of its direct obligations to its policyholders.

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held.

The benefits to which the company is entitled under reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contract and in accordance with the terms of each reinsurance contract.

The company assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in profit or loss.

### RECEIVABLES AND PAYABLES RELATED TO INSURANCE CONTRACTS

Receivables and payables related to insurance contracts and reinsurance contracts are initially measured at fair value and subsequently at amortised cost. They are recognised when due or owing. These include amounts due to and from agents, brokers and insurance contract holders.

### LIABILITIES AND RELATED ASSETS UNDER LIABILITY ADEQUACY TESTS

The net liability recognised for insurance contracts is tested for adequacy by discounting current best estimates of all future contractual cash flows, which comprise future premiums, claims, claims handling and administration expenses, as well as investment income from the assets backing such liabilities. Where a shortfall is identified, an additional provision is made and the company recognises the deficiency in profit or loss.

## 1.29 RECOGNITION AND MEASUREMENT OF INVESTMENT CONTRACTS

The company issues investment contracts where the returns are directly linked to the performance of the underlying investments.

Provision is made for expected payments to policyholders in terms of policies that incorporate a savings element and are in force at year end. The provision is calculated based on the terms and conditions of the policies in place at year end. Except for facility and administration fees, the receipts from and payments against investment contracts are excluded from profit or loss and recognised directly against the liability or asset.

Investment contract liabilities are reflected at fair value. The fair value of the liability is set equal to the accumulated fair value of the underlying assets. The profits or losses that accrue to shareholders are equal to fees received during the year.

Fair value movements are reflected in profit or loss.

## 1.30 PROPERTIES IN POSSESSION

Properties in possession comprise assets that are expected to be recovered primarily through a sale transaction rather than through continuing use. Properties in possession are recognised at the lower of fair value less costs to sell and the carrying amount of the asset with which they are associated. The Company is firmly committed to the sale of these assets with various initiatives implemented to ensure transfer of these properties. No depreciation is charged on these assets. Any subsequent write-down of the acquired asset to fair value less costs to sell is recognised in the statement of comprehensive income, as 'Operating expenditure'.

Any subsequent increase in the fair value less costs to sell, to the extent that this does not exceed the cumulative write down is also recognised as 'Credit impairment charge', and any realised gains and losses on disposal recognised in 'Fees and other income'.

## 1.31 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

## 1.32 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, desc bed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

## 1.33 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by surveys of work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 1.34 EVENTS AFTER REPORTING PERIOD

Events after the reporting period date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

### 1.35 FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

# Notes to the Annual Financial Statements

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2021 or later periods but are not relevant or yet effective to its operations:

#### AMENDMENTS TO IFRS 10 AND IAS 28: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

#### DISCLOSURE OF ACCOUNTING POLICIES: AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the consolidated financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

#### DEFINITION OF ACCOUNTING ESTIMATES: AMENDMENTS TO IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in consolidated financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT - AMENDMENT TO IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

IFRS 17 INSURANCE CONTRACTS

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 01 January 2023.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

The expected impact of the standard is significant specifically in areas such as profit recognition, presentation in the statement of comprehensive income and level of transparency of components of reserving. Data collection and storage, modelling and general ledger configuration will require significant development. In addition, the proposal made by the South African Revenue Services to move to an IFRS adjusted basis for taxation of insurers means IFRS 17 is likely to have significant taxation consequences. An entity may re-assess its classification and designation of financial instruments under IFRS 9, on adoption of IFRS 17.

ANNUAL IMPROVEMENT TO IFRS STANDARDS 2018-2020: AMENDMENTS TO IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

REFERENCE TO THE CONCEPTUAL FRAMEWORK: AMENDMENTS TO IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine

if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

### ANNUAL IMPROVEMENT TO IFRS STANDARDS 2018-2020: AMENDMENTS TO IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT: PROCEEDS BEFORE INTENDED USE: AMENDMENTS TO IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

### ONEROUS CONTRACTS - COST OF FULFILLING A CONTRACT: AMENDMENTS TO IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

### ANNUAL IMPROVEMENT TO IFRS STANDARDS 2018-2020: AMENDMENTS TO IAS 41

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets. The effective date of the group is for years beginning on or after 01 January 2022.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the group's consolidated financial statements.

## 3. PROPERTY, PLANT AND EQUIPMENT

| GROUP | 2021 Cost or revaluation R | 2021 Accumulated depreciation R | 2021 Carrying value R | 2020 Cost or revaluation R | 2020 Accumulated depreciation R | 2020 Carrying value R |
|---|---|---|---|---|---|---|
| Land | 6 049 625 | - | 6 049 625 | 6 027 225 | - | 6 027 225 |
| Buildings | 98 881 269 | (31 764 144) | 67 117 125 | 76 041 796 | (28 505 271) | 47 536 525 |
| Leasehold property | 3 266 497 | (1 866 570) | 1 399 927 | 7 947 044 | (1 248 110) | 6 698 934 |
| Plant and machinery | 79 063 255 | (32 934 949) | 46 128 306 | 74 727 493 | (29 183 755) | 45 543 738 |
| Furniture and fixtures | 13 582 099 | (11 593 137) | 1 988 962 | 13 722 671 | (10 876 367) | 2 846 304 |
| Motor vehicles | 421 154 381 | (165 806 032) | 255 348 349 | 344 511 363 | (164 260 063) | 180 251 300 |
| Office equipment | 10 079 666 | (8 747 808) | 1 331 858 | 10 242 312 | (8 378 976) | 1 863 336 |
| IT equipment | 241 809 194 | (43 359 163) | 198 450 031 | 68 304 731 | (19 690 850) | 48 613 881 |
| Sundry equipment | 4 351 568 | (1 801 366) | 2 550 202 | 4 346 428 | (1 391 679) | 2 954 749 |
| Leasehold improvements | 126 115 | (37 735) | 88 380 | 84 107 | (15 484) | 68 623 |
| Bearer plants | 1 266 341 | (145 618) | 1 120 723 | 1 266 341 | (96 447) | 1 169 894 |
| Specialised equipment infrastructure | 55 184 | (46 678) | 8 506 | 55 184 | (41 160) | 14 024 |
| Workshop equipment | 22 623 847 | (14 999 441) | 7 624 406 | 21 457 338 | (10 449 460) | 11 007 878 |
| Rehabilitation assets | 106 667 017 | (6 689 054) | 99 977 963 | 94 040 915 | (6 304 229) | 87 736 686 |
| WIP Broadband infrastructure | 234 432 011 | - | 234 432 011 | 179 324 432 | - | 179 324 432 |
| Development assets | 195 851 838 | - | 195 851 838 | - | - | - |
| **Total** | **1 439 259 907** | **(319 791 695)** | **1 119 468 212** | **902 099 380** | **(280 441 851)** | **621 657 529** |

| COMPANY | 2021 Cost or revaluation R | 2021 Accumulated depreciation R | 2021 Carrying value R | 2020 Cost or revaluation R | 2020 Accumulated depreciation R | 2020 Carrying value R |
|---|---|---|---|---|---|---|
| Land | 2 793 839 | - | 2 793 839 | 2 771 439 | - | 2 771 439 |
| Buildings | 42 947 521 | (17 089 938) | 25 857 583 | 42 603 715 | (16 193 663) | 26 410 052 |
| Plant and machinery | 2 162 881 | (1 201 110) | 961 771 | 1 519 300 | (1 019 333) | 499 967 |
| Furniture and fixtures | 9 763 848 | (8 181 456) | 1 582 392 | 9 812 766 | (7 532 022) | 2 280 744 |
| Motor vehicles | 5 086 797 | (4 996 435) | 90 362 | 5 086 797 | (4 994 448) | 92 349 |
| Office equipment | 6 791 945 | (5 872 272) | 919 673 | 6 800 021 | (5 513 181) | 1 286 840 |
| IT equipment | 19 100 559 | (15 361 236) | 3 739 323 | 18 970 327 | (14 171 896) | 4 798 431 |
| Sundry equipment | 4 196 697 | (1 667 236) | 2 529 461 | 4 196 697 | (1 258 397) | 2 938 300 |
| Workshop equipment | 8 303 657 | (4 335 361) | 3 968 296 | 8 303 657 | (3 190 421) | 5 113 236 |
| **Total** | **101 147 744** | **(58 705 044)** | **42 442 700** | **100 064 719** | **(53 873 361)** | **46 191 358** |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2021

| | Opening balance R | Additions R | Write-offs and Disposals R | Transfers R | Reclassifications R | Depreciation R | Impairment loss R | Impairment reversal R | Total R |
|---|---|---|---|---|---|---|---|---|---|
| Land | 6 027 225 | - | - | 22 400 | - | - | - | - | 6 049 625 |
| Buildings | 47 536 525 | 16 070 658 | (105 389) | 5 796 480 | - | (2 181 149) | - | - | 67 117 125 |
| Leasehold property | 6 698 934 | - | - | (4 064 902) | - | (1 234 105) | - | - | 1 399 927 |
| Plant and machinery | 45 543 738 | 1 627 237 | (966) | 3 759 798 | - | (4 801 501) | - | - | 46 128 306 |
| Furniture and fixtures | 2 846 304 | 15 936 | (82 530) | - | - | (790 147) | (601) | - | 1 988 962 |
| Motor vehicles | 180 251 300 | 131 050 314 | (1 556 945) | - | (4 454 887) | (24 531 023) | (25 410 410) | - | 255 348 349 |
| Office equipment | 1 863 336 | 93 174 | (5 676) | (27 421) | - | (591 305) | (250) | - | 1 331 858 |
| IT equipment | 48 613 881 | 1 010 796 | (42 760) | 171 490 050 | - | (22 621 936) | - | - | 198 450 031 |
| Sundry equipment | 2 954 749 | 5 140 | - | - | - | (409 687) | - | - | 2 550 202 |
| Leasehold improvements | 68 623 | 42 008 | - | - | - | (22 251) | - | - | 88 380 |
| Bearer plants | 1 169 894 | - | - | - | - | (49 171) | - | - | 1 120 723 |
| Specialised equipment infrastructure | 14 024 | - | - | - | - | (5 518) | - | - | 8 506 |
| Workshop equipment | 11 007 878 | 60 743 | (25 302) | 1 505 926 | - | (4 924 839) | - | - | 7 624 406 |
| Rehabilitation assets | 87 736 686 | 12 016 527 | - | - | - | (384 824) | - | 609 574 | 99 977 963 |
| Work in progress | 179 324 432 | 233 563 628 | - | (178 456 049) | - | - | - | - | 234 432 011 |
| Development assets | - | 195 851 838 | - | - | - | - | - | - | 195 851 838 |
| | **621 657 529** | **591 407 999** | **(1 819 568)** | **26 282** | **(4 454 887)** | **(62 547 456)** | **(25 411 261)** | **609 574** | **1 119 468 212** |

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2020

| | Opening balance R | Additions R | Write-offs and Disposals R | Transfers R | Depreciation R | Impairment loss R | Total R |
|---|---|---|---|---|---|---|---|
| Land | 6 027 225 | - | - | - | - | - | 6 027 225 |
| Buildings | 44 975 572 | 781 802 | (8 627) | 7 458 381 | (2 362 307) | (3 308 296) | 47 536 525 |
| Leasehold property | 4 680 551 | 3 266 493 | - | - | (1 248 110) | - | 6 698 934 |
| Plant and machinery | 41 603 799 | 829 608 | (113 984) | 20 241 691 | (7 087 624) | (9 929 752) | 45 543 738 |
| Furniture and fixtures | 3 796 720 | 74 595 | (5 251) | (45 797) | (969 244) | (4 719) | 2 846 304 |
| Motor vehicles | 131 429 595 | 70 024 443 | (2 315 712) | 120 525 | (15 495 243) | (3 512 308) | 180 251 300 |
| Office equipment | 2 242 389 | 311 436 | (18 758) | (24 345) | (647 564) | 178 | 1 863 336 |
| IT equipment | 50 734 032 | 1 643 458 | (156 520) | (35 825) | (3 613 131) | 41 867 | 48 613 881 |
| Sundry equipment | 36 695 | 3 806 906 | - | - | (888 852) | - | 2 954 749 |
| Leasehold improvements | - | 84 107 | - | - | (15 484) | - | 68 623 |
| Bearer plants | 1 219 071 | - | - | - | (49 177) | - | 1 169 894 |
| Specialised equipment | 19 543 | - | - | - | (5 519) | - | 14 024 |
| infrastructure | | | | | | | |
| Workshop equipment | 8 466 026 | 4 695 117 | (1 635) | - | (2 151 630) | - | 11 007 878 |
| Rehabilitation assets | 74 028 359 | 14 630 724 | - | - | (922 397) | - | 87 736 686 |
| Work in progress | 116 047 466 | 63 276 966 | - | - | - | - | 179 324 432 |
| | **485 307 043** | **163 425 655** | **(2 620 487)** | **27 714 630** | **(35 456 282)** | **(16 713 030)** | **621 657 529** |

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2021

| | Opening balance R | Additions R | Write-offs and Disposals R | Transfers R | Depreciation R | Total R |
|---|---|---|---|---|---|---|
| Land | 2 771 439 | - | - | 22 400 | - | 2 793 839 |
| Buildings | 26 410 052 | 304 976 | - | 3 883 | (861 328) | 25 857 583 |
| Plant and machinery | 499 967 | 643 581 | - | - | (181 777) | 961 771 |
| Furniture and fixtures | 2 280 744 | - | (13 334) | - | (685 018) | 1 582 392 |
| Motor vehicles | 92 349 | - | - | - | (1 987) | 90 362 |
| Office equipment | 1 286 840 | 14 690 | (3 254) | - | (378 603) | 919 673 |
| IT equipment | 4 798 431 | 220 849 | (42 029) | - | (1 237 928) | 3 739 323 |
| Sundry equipment | 2 938 300 | - | - | - | (408 839) | 2 529 461 |
| Workshop equipment | 5 113 236 | - | - | - | (1 144 940) | 3 968 296 |
| | **46 191 358** | **1 184 096** | **(58 617)** | **26 283** | **(4 900 420)** | **42 442 700** |

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - COMPANY - 2020

| | Opening balance R | Additions R | Disposals R | Depreciation R | Total R |
|---|---|---|---|---|---|
| Land | 2 771 439 | - | - | - | 2 771 439 |
| Buildings | 26 437 449 | 781 802 | - | (809 199) | 26 410 052 |
| Plant and machinery | 20 567 | 571 528 | - | (92 128) | 499 967 |
| Furniture and fixtures | 3 006 677 | 58 023 | - | (783 956) | 2 280 744 |
| Motor vehicles | 475 579 | - | (70 003) | (313 227) | 92 349 |
| Office equipment | 1 424 225 | 252 992 | - | (390 377) | 1 286 840 |
| IT equipment | 5 252 584 | 963 622 | - | (1 417 775) | 4 798 431 |
| Sundry equipment | 19 772 | 3 806 906 | - | (888 378) | 2 938 300 |
| Workshop equipment | 1 522 339 | 4 569 478 | - | (978 581) | 5 113 236 |
| | **40 930 631** | **11 004 351** | **(70 003)** | **(5 673 621)** | **46 191 358** |

### PROPERTY, PLANT AND EQUIPMENT ENCUMBERED AS SECURITY

Refer to Note 67 for non-current relating to buses and ancillary vehicles that are currently held for sale and accordingly reclassified to current assets as per IFRS 5 requirements.

### CHANGES IN ESTIMATES

The group reassesses the useful lives and residual values of items of group at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### LIMPOPO AGRIBUSINESS

CHANGES IN ESTIMATES

The useful lives and residual values of items of property, plant and equipment are reassessed at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information. The latest reassessment of the useful lives will be effective from 1 April 2020.

The depreciation methods and average useful lives of property, plant and equipment have been assessed and based on this analysis. The impact of the change is a reduction in the annual depreciation charge for the current year of R 75 539.

DEPRECIATION METHOD

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group.

None of the property plant and equipment are restricted through title and/or pledges or serve as security of any of the liabilities in the Group.

A register containing the information required by paragraph 25(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

## 4. RIGHT OF USE ASSETS/LEASES (GROUP AS LESSEE)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

The group leases several assets, including buildings, plant and IT equipment. The average lease term is 7 years.

### NET CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

| The carrying amounts of right-of-use assets are as follows: | | | | |
|---|---|---|---|---|
| Buildings | 7 334 112 | 9 527 594 | 1 046 533 | 15 055 |
| Motor vehicles | 6 505 471 | 7 864 823 | - | - |
| Office equipment | 3 595 515 | 5 393 384 | - | 332 501 |
| Fibre leases | 476 470 | 2 504 468 | - | - |
| PPE subject to operating lease arrangements | 2 479 751 | 2 819 206 | - | - |
| | **20 391 319** | **28 109 475** | **1 046 533** | **347 556** |

### ADDITIONS TO RIGHT-OF-USE ASSETS

| | | | | |
|---|---|---|---|---|
| Buildings | 1 910 159 | 13 173 326 | 1 761 399 | 142 776 |
| Motor vehicles | - | 9 224 175 | - | - |
| Office equipment | - | 7 668 598 | - | 1 105 568 |
| PPE subject to operating lease arrangements | 1 627 335 | 5 750 861 | - | - |
| Fibre leases | - | 2 709 079 | - | - |
| | **3 537 494** | **38 526 039** | **1 761 399** | **1 248 344** |

### TERMINATION OF BUILDINGS AND OFFICE EQUIPMENT CONTRACTS

| | | | | |
|---|---|---|---|---|
| Buildings | (175 690) | - | - | - |

| 4. RIGHT OF USE ASSETS/LEASES (GROUP AS LESSEE) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **DEPRECIATION RECOGNISED ON RIGHT-OF-USE ASSETS** | | | | |
| Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 41), as well as depreciation which has been capitalised to the cost of other assets. | | | | |
| Buildings | 6 131 641 | 5 665 591 | 729 921 | 137 430 |
| Motor vehicles | 1 359 352 | 1 359 352 | - | - |
| Office equipment | 1 797 868 | 2 275 214 | 332 501 | 773 067 |
| PPE subject to operating lease arrangements | 1 791 100 | 2 931 655 | - | - |
| | **11 079 961** | **12 231 812** | **1 062 422** | **910 497** |
| **OTHER DISCLOSURES** | | | | |
| Interest expense on lease liabilities | 2 244 099 | 3 380 505 | 235 734 | 152 635 |
| Total cash outflow | 16 914 658 | 14 814 200 | 1 150 746 | 1 094 330 |
| **FINANCE LEASE LIABILITIES** | | | | |
| Within one year | 7 961 819 | 10 820 691 | 892 631 | - |
| Two to five years | 12 009 184 | 19 779 672 | 343 465 | 389 709 |
| | **19 971 003** | **30 600 363** | **1 236 096** | **389 709** |
| Non-current liabilities | 12 009 184 | 19 779 671 | 343 465 | 389 709 |
| Current liabilities | 7 961 819 | 10 820 691 | 892 631 | - |
| | **19 971 003** | **30 600 362** | **1 236 096** | **389 709** |

**EXPOSURE TO LIQUIDITY RISK**

Refer to note 56 Financial instruments and risk management for the details of liquidity risk exposure and management.

**EXPOSURE TO CURRENCY RISK**

Refer to note 56 Financial instruments and financial risk management for details of currency risk management for lease liabilities.

## 5. INVESTMENT PROPERTY

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| GROUP | Cost / Valuation R | Accumulated depreciation R | Carrying value R | Cost / Valuation R | Accumulated depreciation R | Carrying value R |
| Investment property | 338 393 334 | (153 135 453) | 185 257 881 | 336 122 512 | (145 052 454) | 191 070 058 |
| COMPANY | | | | | | |
| | 333 272 276 | (153 097 734) | 180 174 542 | 331 001 454 | (145 027 203) | 185 974 251 |

### RECONCILIATION OF INVESTMENT PROPERTY - GROUP - 2021

| | Opening balance R | Additions R | Transfers R | Depreciation R | Impairments R | Total R |
|---|---|---|---|---|---|---|
| Investment property | 191 070 058 | 2 357 014 | (26 283) | (8 058 462) | (84 446) | 185 257 881 |

### RECONCILIATION OF INVESTMENT PROPERTY - GROUP - 2020

| | Opening balance R | Additions R | Transfers R | Depreciation R | Total R |
|---|---|---|---|---|---|
| Investment property | 208 495 953 | 17 549 950 | (27 630 237) | (7 345 608) | 191 070 058 |

### RECONCILIATION OF INVESTMENT PROPERTY - COMPANY - 2021

| | Opening balance R | Additions R | Transfers R | Depreciation R | Impairments R | Total R |
|---|---|---|---|---|---|---|
| Investment property | 185 974 251 | 2 357 014 | (26 283) | (8 045 994) | (84 446) | 180 174 542 |

### RECONCILIATION OF INVESTMENT PROPERTY - COMPANY - 2020

| | Opening balance R | Additions R | Disposals R | Depreciation R | Total R |
|---|---|---|---|---|---|
| Investment property | 175 757 596 | 17 549 950 | (2) | (7 333 293) | 185 974 251 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |
| Fair value of investment properties | 322 988 247 | 316 707 075 | 322 988 247 | 316 707 075 |

The fair value of the property reflects the present value of the total future benefits which an owner may expect to derive from the property.

These benefits are expressed in monetary terms and are based upon the estimated rentals such a property would generate in the market between a willing landlord and tenant.

The fair value of investment property is calculated based on the Group's actual rate of return which should be higher or equal to the expected rate of return of 12% which is a rate agreed with the shareholder.

| 5. INVESTMENT PROPERTY (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

### AMOUNTS RECOGNISED IN PROFIT AND LOSS FOR THE YEAR

| | | | | |
|---|---|---|---|---|
| Rental income from investment property | 112 393 344 | 106 207 902 | 112 393 344 | 106 207 902 |
| Direct operating expenses from rental generating property | (44 151 675) | (68 203 054) | (44 151 675) | (68 203 054) |
| | **68 241 669** | **38 004 848** | **68 241 669** | **38 004 848** |

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Agency.

None of the investment property is restricted through title and / pledges or serves as security of any of the liabilities in the Group.

### DETERMINATION OF FAIR VALUE OF INVESTMENT PROPERTY

In estimating the fair value of the properties, the highest and best use of the properties is their current use which is commercial rental.

In calculating the annual fair value of investment property the following estimates or totals are used:

- net profit that can be directly attributed to the investment property accounting cycle. This will include all direct rental income less expenses that can be directly linked to generating the rental income,
- The expected rate of return for future benefits on the investment property is set at a rate higher than 12% or 12%. A rate higher than 12% will only be used if there is visible proof that a rate in the open market is higher than 12%. At the end of the financial year the expected rate of 12% was agreed by the shareholder. Should the rate of return drop materially below 12% the expected rate will be approved and adjusted accordingly.

There has been no change in the valuation technique during the year.

## 6. BIOLOGICAL ASSETS

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| GROUP | Cost / Valuation R | Accumulated depreciation R | Carrying value R | Cost / Valuation R | Accumulated depreciation R | Carrying value R |
| Tea leaves | 796 167 | - | 796 167 | 2 282 964 | - | 2 282 964 |

| RECONCILIATION OF BIOLOGICAL ASSETS - GROUP - 2021 | Opening balance R | Fair value adjustment R | Total R |
|---|---|---|---|
| Tea leaves | 2 282 964 | (1 486 797) | 796 167 |

## 6. BIOLOGICAL ASSETS (CONTINUED)

### RECONCILIATION OF BIOLOGICAL ASSETS - GROUP - 2020

| | Opening balance R | Decrease due to harvest / sales R | Physical changes R | Gains (losses) arising from changes in fair value R | Shortages R | Total R |
|---|---|---|---|---|---|---|
| Tea leaves | 2 192 809 | - | - | 90 155 | - | 2 282 964 |
| Laying hens | 2 112 233 | (1 610 221) | (240 882) | - | (261 130) | - |
| Hatchable eggs | 799 982 | (799 982) | - | - | - | - |
| | **5 105 024** | **(2 410 203)** | **(240 882)** | **90 155** | **(261 130)** | **2 282 964** |

| NON – FINANCIAL INFORMATION | GROUP | | COMPANY | |
|---|---|---|---|---|
| QUANTITIES OF EACH BIOLOGICAL ASSET | 2021 R | 2020 R | 2021 R | 2020 R |
| Tea leaves | 14 050 | 33 573 | - | - |

### FINANCIAL RISK MANAGEMENT STRATEGIES RELATED TO AGRICULTURAL ACTIVITY

The group is not exposed to any specific financial risks related to agricultural activities other than the normal price fluctuations in the market prices of agricultural produce. The group is not exposed to any foreign currency risk in its agricultural activities as it does not export. The group does not have any formal financial risk management strategies in place regarding its agricultural activities. Most strategies are focused on operational measures to increase production and reduce input costs.

### NATURE OF THE ACTIVITIES INVOLVING EACH GROUP OF BIOLOGICAL ASSETS

TEA LEAVES

The group harvests green tea leaves from tea plants which qualifies as agricultural produce. The tea leaves are harvested for further processing to produce Midi Tea. The tea plants are accounted for in bearer plants as part of property, plant and equipment

None of the biological assets are restricted through title and / pledges or serve as security for any of the liabilities in the Group.

### NET BIOLOGICAL ASSETS

| | | | | |
|---|---|---|---|---|
| Current assets | 796 167 | 2 282 964 | - | - |

## 7. GOODWILL

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| GROUP | Cost / Valuation R | Accumulated impairment R | Carrying value R | Cost / Valuation R | Accumulated impairment R | Carrying value R |
| Goodwill | - | - | - | 31 649 157 | - | 31 649 157 |

| | Opening balance R | Impairment loss R | Total R |
|---|---|---|---|
| Goodwill | 31 649 157 | (31 649 157) | - |

## 7. GOODWILL (CONTINUED)

| RECONCILIATION OF GOODWILL - GROUP - 2020 | Opening balance R | Total R |
|---|---|---|
| Goodwill | 31 649 157 | 31 649 157 |

The purchase of New Era Life Insurance Co. Limited share investment of 100% in 2017 contributed to goodwill in the group amounting to in 2020: R 31 649 157. The group impaired goodwill in 2021.

### IMPAIRMENT LOSS

According to the accounting standards, in assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

EXTERNAL SOURCES:

- There are observable indications that the asset's value has declined during the period significantly more than would be expected because of the passage of time or normal use.
- Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- The carrying amount of the net assets of the entity is more than its market capitalisation.

INTERNAL SOURCES:

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the entity have taken place during the period or are expected to take place in the near future, in the extent to which, or way, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

According to the latest impairment calculations performed for the LEDA investment in New Era, the value of the company declined resulting in an impairment of the investment in 2021. This is mainly due to the loss-making history of the Company.

The Directors are of the opinion that the balance of the goodwill no longer represents the true reflection of Company as was at the acquiring stage. Based on the above it was decided to fully impair the goodwill asset.

The impairment affects the following balances on the group financial statements:

- Goodwill on the statement of financial position,
- Impairment losses on the statement of financial performance.

## 8. INTANGIBLE ASSETS

| GROUP | 2021 Cost / Valuation R | 2021 Accumulated amortisation R | 2021 Carrying value R | 2020 Cost / Valuation R | 2020 Accumulated amortisation R | 2020 Carrying value R |
|---|---|---|---|---|---|---|
| Mining right | 53 086 408 | (3 563 449) | 49 522 959 | 53 086 408 | (3 331 703) | 49 754 705 |
| Broadband intangible assets | 61 083 808 | (11 655 512) | 49 428 296 | - | - | - |
| Broadband licenses | - | - | - | 100 000 | - | 100 000 |
| WIP Broadband computer | - | - | - | 25 025 590 | - | 25 025 590 |
| Computer software | 2 562 179 | (2 468 495) | 93 684 | 2 562 179 | (2 402 942) | 159 237 |
| Intangible assets under development | 6 213 432 | (1 993 827) | 4 219 605 | 5 958 892 | (1 851 411) | 4 107 481 |
| Bus routes | 2 675 000 | - | 2 675 000 | 2 675 000 | - | 2 675 000 |
| Exploration and evaluation assets | 47 787 587 | (5 829 803) | 41 957 784 | 47 787 587 | (5 829 803) | 41 957 784 |
| Broadband servitudes | 737 699 | - | 737 699 | 737 699 | - | 737 699 |
| **Total** | **174 146 113** | **(25 511 086)** | **148 635 027** | **137 933 355** | **(13 415 859)** | **124 517 496** |
| **COMPANY** | | | | | | |
| Broadband licenses | - | - | - | 100 000 | - | 100 000 |
| Computer software | 807 978 | (714 305) | 93 673 | 807 978 | (655 416) | 152 562 |
| **Total** | **807 978** | **(714 305)** | **93 673** | **907 978** | **(655 416)** | **252 562** |

### RECONCILIATION OF INTANGIBLE ASSETS - GROUP - 2021

| | Opening balance R | Additions R | Transfers R | Amortisation R | Total R |
|---|---|---|---|---|---|
| Mining right | 49 754 705 | - | - | (231 746) | 49 522 959 |
| Broadband intangibles assets | - | - | 61 083 808 | (11 655 512) | 49 428 296 |
| Broadband licenses | 100 000 | - | (100 000) | - | - |
| WIP Broadband computer | 25 025 590 | 36 058 218 | (61 083 808) | - | - |
| Computer software | 159 237 | - | - | (65 553) | 93 684 |
| Intangible assets under development | 4 107 481 | 254 540 | - | (142 416) | 4 219 605 |
| Bus routes | 2 675 000 | - | - | - | 2 675 000 |
| Exploration and evaluation assets | 41 957 784 | - | - | - | 41 957 784 |
| Broadband servitudes | 737 699 | - | - | - | 737 699 |
| | **124 517 496** | **36 312 758** | **(100 000)** | **(12 095 227)** | **148 635 027** |

## 8. INTANGIBLE ASSETS (CONTINUED)

| RECONCILIATION OF INTANGIBLE ASSETS - GROUP - 2020 | Opening balance R | Additions R | Amortisation R | Impairment loss R | Total R |
|---|---|---|---|---|---|
| Environmental rehabilitation asset | 50 381 181 | - | (626 476) | - | 49 754 705 |
| Broadband licenses | 100 000 | - | - | - | 100 000 |
| WIP Broadband computer | 25 025 590 | - | - | - | 25 025 590 |
| Computer software | 324 135 | - | (164 898) | - | 159 237 |
| Intangible assets under development | 3 393 359 | 856 538 | (142 416) | - | 4 107 481 |
| Bus routes | 2 675 000 | - | - | - | 2 675 000 |
| Exploration and evaluation assets | 41 162 533 | 961 105 | - | (165 854) | 41 957 784 |
| Broadband servitudes | - | 737 699 | - | - | 737 699 |
| | **123 061 798** | **2 555 342** | **(933 790)** | **(165 854)** | **124 517 496** |

| RECONCILIATION OF INTANGIBLE ASSETS - COMPANY - 2021 | Opening balance R | Transfers R | Amortisation R | Total R |
|---|---|---|---|---|
| Broadband licenses | 100 000 | (100 000) | - | - |
| Computer software | 152 562 | - | (58 889) | 93 673 |
| | **252 562** | **(100 000)** | **(58 889)** | **93 673** |

| RECONCILIATION OF INTANGIBLE ASSETS - COMPANY - 2020 | Opening balance R | Amortisation R | Total R |
|---|---|---|---|
| Broadband licenses | 100 000 | - | 100 000 |
| Computer software | 303 298 | (150 736) | 152 562 |
| | **403 298** | **(150 736)** | **252 562** |

### OTHER INFORMATION

CORRIDOR MINING RESOURCES

MINING RIGHT

Sefateng Chrome Mine (Pty) Ltd successfully obtained a mining right for opencast and underground mining. Management performs a discounted cash flow to assess the recoverability of the mining right. No impairment was deemed necessary. The useful life of the Mining Asset has been assessed as the life of mine. This is estimated at total production tonnages of approximately 41,3 million tonnes.

WATER USE RIGHTS - LEBALELO

The remaining useful life at date of assessment is 12 years (2020:13 years)

EXPLORATION AND EVALUATION ASSET

The projects categorised as exploration and evaluation asset have been fully impaired. These projects do not seem feasible.

MINING ASSET

Tshepong project and Fumani Greenstone project have been classified as Mining assets. The feasibility of these projects have been determined. Fumani Greenstone project has been granted a mining right but this has not been executed as yet. Corridor Mining Resources is in the process of applying for the Mining Right on the Tshepong Project.

Mining assets are amortised on the unit of production method.

## 8. INTANGIBLE ASSETS (CONTINUED)

GREAT NORTH TRANSPORT

The computer software under development represents a financial system that will be implemented once tested and approved. The final development cost will be capitalised in the intangible fixed asset register when the software development is finalised and ready for use.

The residual values and useful lives of intangible assets were reviewed, and possible impairment has been assessed at reporting date. The residual values and useful lives of these assets were reviewed by Management as per IAS 16, 36 and 38, as well as reports were obtained from independent valuator. The last valuation for bus routes was done on 31st of March 2017 and there has not been material changes in manner or pattern in which assets are used. Therefore, the current residual values and useful lives of the assets were found appropriate.

None of the intangible assets are restricted through title and / pledges or serve as security of any of the liabilities in the Group.

The intangible assets have a finite useful life. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. Refer to accounting policy 1.10 for the useful lives of the intangible assets.

## 9. INVESTMENTS IN SUBSIDIARIES INCLUDING CONSOLIDATED STRUCTURED ENTITIES

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

| Name of company | Held by | % voting power 2021 | % voting power 2020 | % holding 2021 | % holding 2020 | Carrying amount 2021 R | Carrying amount 2020 R |
|---|---|---|---|---|---|---|---|
| Risima Housing Finance Corporation (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 156 953 900 | 156 953 900 |
| Great North Transport (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 500 000 | 500 000 |
| Corridor Mining Resources (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 100 | 100 |
| New Era Life (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 85 500 000 | 79 500 000 |
| Musina Makhado SEZ (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 100 | 100 |
| Bakgaga Bakone Crossing (SOC) Limited | Unlisted | 51% | 51% | 51% | 51% | 510 | 510 |
| Limpopo Connexion (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 100 | 100 |
| Limpopo Agribusiness (SOC) Limited | Unlisted | 100% | 100% | 100% | 100% | 100 | 100 |
| | | | | | | **242 954 810** | **236 954 810** |
| Impairment of investment in subsidiaries | | | | | | (64 902 603) | - |
| | | | | | | **178 052 207** | **236 954 810** |

### SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

## 5. INVESTMENTS IN SUBSIDIARIES INCLUDING CONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

2021

| SUMMARISED STATEMENT OF FINANCIAL POSITION | Non-current assets R | Current assets R | Total assets R | Non-current liabilities R | Current liabilities R | Total liabilities R | Carrying amount of non- controlling interest R |
|---|---|---|---|---|---|---|---|
| Corridor Mining Resources (SOC) Limited | 529 170 987 | 46 815 235 | 575 986 222 | (383 623 513) | (262 777 008) | (646 400 521) | 6 733 876 |
| Great North Transport (SOC) Limited | 283 329 394 | 38 300 092 | 321 629 486 | (257 448 431) | (296 781 731) | (554 230 162) | - |
| Risima Housing Finance Corporation (SOC) Limited | 520 499 677 | 122 042 199 | 642 541 876 | (84 937 993) | (43 826 526) | (128 764 519) | - |
| Limpopo Connexion (SOC) Limited | 383 651 108 | 75 568 553 | 459 219 661 | (422 197 061) | (14 822 739) | (437 019 800) | - |
| Bakgaga Bakone Crossing (SOC) Limited | 4 834 000 | - | 4 834 000 | (4 876 953) | - | (4 876 953) | - |
| Musina-Makhado Special Economic Zone (SOC) Limited | 17 362 152 | 78 518 652 | 95 880 804 | - | (42 423 997) | (42 423 997) | - |
| New Era Life Insurance Co Limited | 1 466 467 | 55 736 007 | 57 202 474 | (13 908 950) | (22 054 178) | (35 963 128) | - |
| Limpopo Agribusiness (SOC) Limited Total | 67 790 639 | 18 086 145 | 85 876 784 | (4 376 477) | (133 363 798) | (137 740 275) | - |
| | **1 808 104 424** | **435 066 883** | **2 243 171 307** | **(1 171 369 378)** | **(816 049 977)** | **(1 987 419 355)** | **6 733 876** |

2021

| SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Revenue R | Profit/(loss) before tax R | Tax expense R | Profit (loss) R | Other comprehensive income R | Total comprehensive income R | Profit (loss) allocated to non-controlling interest R |
|---|---|---|---|---|---|---|---|
| Corridor Mining Resources (SOC) Limited | 132 621 880 | (57 418 421) | 11 145 437 | (46 272 984) | - | (46 272 984) | 2 981 290 |
| Great North Transport (SOC) Limited | 281 122 744 | (131 756 590) | - | (131 756 590) | 410 000 | (131 346 590) | - |
| Risima Housing Finance Corporation (SOC) Limited | 45 572 190 | 25 412 952 | - | 25 412 952 | - | 25 412 952 | - |
| Limpopo Connexion (SOC) Limited | 2 458 115 | 16 736 010 | - | 16 736 010 | - | 16 736 010 | - |
| Bakgaga Bakone Crossing (SOC) Limited | - | (41 100) | - | (41 100) | - | (41 100) | - |
| Musina-Makhado Special Economic Zone (SOC) Limited | - | 12 344 963 | - | 12 344 963 | - | 12 344 963 | - |
| New Era Life Insurance Co Limited | 57 491 870 | (9 576 147) | - | (9 576 147) | - | (9 576 147) | - |
| Limpopo Agribusiness (SOC) Limited Total | 4 032 750 | (49 977 119) | - | (49 977 119) | - | (49 977 119) | - |
| | **523 299 549** | **(194 275 452)** | **11 145 437** | **(183 130 015)** | **410 000** | **(182 720 015)** | **2 981 290** |

| 2020<br>SUMMARISED STATEMENT OF FINANCIAL POSITION | Non-current assets R | Current assets R | Total assets R | Non-current liabilities R | Current liabilities R | Total liabilities R | Carrying amount of non- controlling interest R |
|---|---|---|---|---|---|---|---|
| Corridor Mining Resources (SOC) Limited | 221 534 774 | 97 962 346 | 319 497 120 | (87 427 712) | (256 210 723) | (343 638 435) | 3 752 586 |
| Great North Transport (SOC) Limited | 212 039 620 | 164 446 415 | 376 486 035 | (258 744 052) | (218 996 069) | (477 740 121) | - |
| Risima Housing Finance Corporation (SOC) Limited | 573 726 614 | 55 927 458 | 629 654 072 | (84 210 157) | (57 079 509) | (141 289 666) | - |
| Limpopo Connexion (SOC) Limited | 262 863 865 | 164 752 891 | 427 616 756 | (401 150 363) | (21 002 541) | (422 152 904) | - |
| Bakgaga Bakone Crossing (SOC) Limited | 4 834 000 | - | 4 834 000 | (4 835 853) | - | (4 835 853) | - |
| Musina-Makhado Special Economic Zone (SOC) Limited | 302 119 | 45 661 441 | 45 963 560 | - | (4 851 718) | (4 851 718) | - |
| New Era Life Insurance Co Limited | 1 638 732 | 57 704 929 | 59 343 661 | (14 182 825) | (20 345 344) | (34 528 169) | - |
| Limpopo Agribusiness (SOC) Limited Total | 73 920 282 | 23 978 520 | 97 898 802 | (4 623 451) | (95 161 725) | (99 785 176) | - |
| | **1 350 860 006** | **610 434 000** | **1 961 294 006** | **(855 174 413)** | **(673 647 629)** | **(1 528 822 042)** | **3 752 586** |

| 2020<br>SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Revenue R | Profit before tax R | Tax expense R | Profit (loss) R | Other comprehensive income R | Total comprehensive income R | Profit (loss) allocated to non-controlling interest R |
|---|---|---|---|---|---|---|---|
| Corridor Mining Rescurces (SOC) Limited | 376 529 794 | (17 354 740) | (2 664 153) | (20 018 893) | - | (20 018 893) | 174 341 |
| Great North Transport (SOC) Limited | 419 300 636 | (61 453 027) | - | (61 453 027) | (1 348 000) | (62 801 027) | - |
| Risima Housing Finance Corporation (SOC) Limited | 59 475 728 | 38 289 070 | - | 38 289 070 | - | 38 289 070 | - |
| Limpopo Connexion (SOC) Limited | 115 853 | 5 957 051 | - | 5 957 051 | - | 5 957 051 | - |
| Bakgaga Bakone Crossing (SOC) Limited | - | (2 853) | - | (2 853) | - | (2 853) | - |
| Musina-Makhado Special Economic Zone (SOC) Limited | - | 24 971 591 | - | 24 971 591 | - | 24 971 591 | - |
| New Era Life Insurance Co Limited | 6 932 995 | (6 474 810) | - | (6 474 810) | - | (6 474 810) | - |
| Limpopo Agribusiness (SOC) Limited Total | 6 291 470 | (73 237 953) | - | (73 237 953) | - | (73 237 953) | - |
| | **868 646 476** | **(89 305 671)** | **(2 664 153)** | **(91 969 824)** | **(1 348 000)** | **(93 317 824)** | **174 341** |

## 10. JOINT ARRANGEMENTS

### JOINT VENTURES

UNRECOGNISED LOSSES

The investment is equity accounted for and hence the investment in Rock Island 17 (Pty) Ltd has reduced by the accumulated losses to zero on group level.

## 11. INVESTMENTS IN ASSOCIATES

The following table lists all of the associates in the group:

| GROUP<br>Name of company | Held by | % ownership interest 2021 | % ownership interest 2020 | Carrying amount 2021 R | Carrying amount 2020 R |
|---|---|---|---|---|---|
| Vanadium & Magnetite Exploration & Development Co. (SA) (Proprietary) Limited | | 33.33 % | 33.33 % | 300 000 | 300 000 |
| AttaClay (Proprietary) Limited | | 30.00 % | 30.00 % | 2 462 260 | 4 269 843 |
| Makapan Mall (Proprietary) Limited | | 50.00 % | 50.00 % | 53 742 273 | 52 901 199 |
| OK Bazaars Venda Limited | | 33.33 % | 33.33 % | 29 346 932 | 28 247 554 |
| AON Limpopo (Proprietary) Limited | | 48.48 % | 48.48 % | 4 642 040 | 3 306 031 |
| NTK Venda Roller Mills (Proprietary) Limited | | 36.36 % | 36.36 % | 531 986 | - |
| | | | | **91 025 491** | **89 024 627** |
| **COMPANY**<br>**Name of company** | | | | | |
| ASA Metals (Proprietary) Limited | Unlisted | 40.00 % | 40.00 % | 13 750 000 | 13 750 000 |
| AttaClay (Proprietary) Limited | Unlisted | 30.00 % | 30.00 % | 30 | 30 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | Unlisted | 50.00 % | 50.00 % | 2 250 500 | 2 250 500 |
| Mahube Mining (Proprietary) Limited | Unlisted | 21.00 % | 21.00 % | 200 | 200 |
| The New Chuene Resort (Proprietary) Limited | Unlisted | 30.00 % | 30.00 % | 1 000 000 | 1 000 000 |
| OK Bazaars Venda Limited | Unlisted | 33.33 % | 33.33 % | 951 800 | 951 800 |
| Rent a sign Lebowa (Proprietary) Limited | Unlisted | 50.00 % | 50.00 % | 500 | 500 |
| AON Limpopo (Proprietary) Limited | Unlisted | 48.48 % | 48.48 % | 9 914 | 9 914 |
| NTK Venda Roller Mills (Proprietary) Limited | Unlisted | 36.36 % | 36.36 % | 290 850 | 290 850 |
| | | | | **18 253 794** | **18 253 794** |
| Impairment of investments in associates | | | | (14 750 700) | (14 750 700) |
| | | | | **3 503 094** | **3 503 094** |

### SIGNIFICANT EVENTS REGARDING ASSOCIATES

ASA Metals (Pty) Ltd started with business processes during February 2016. The business process has recently been finalised with LEDA receiving no proceeds from the business rescue process. The Directors of LEDA are in a consultative process to consider writing off the investment in and loan account to ASA Metals.

## 11. INVESTMENTS IN ASSOCIATES (CONTINUED)

### MATERIAL ASSOCIATES

The following associates are material to the group:

| GROUP<br>Name of company | Country of incorporation | Method | % Ownership interest<br>2021 | <br>2020 |
|---|---|---|---|---|
| AON Limpopo (Proprietary) Limited | South Africa | Equity | 48.48 % | 48.48 % |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | South Africa | Equity | 50.00 % | 50.00 % |
| AttaClay (Proprietary) Limited | South Africa | Equity | 30.00 % | 30.00 % |
| OK Bazaars Venda Limited | South Africa | Equity | 33.33 % | 33.33 % |
| NTK Venda Roller Mills (Proprietary) Limited | South Africa | Equity | 36.36 % | 36.36 % |
| Vanadium & Magnetite Exploration (Proprietary) Limited | South Africa | Equity | 33.33 % | 33.33 % |

The country of incorporation is the same as the principle place of business for all associates. The percentage voting rights is equal to the percentage ownership for all associates.

### CORRIDOR MINING RESOURCES

Represented by a 33.33% shares in Vanadium & Magnetite Exploration & Development Co. (SA) (Proprietary) Limited, a company whose main activities include obtaining mining rights and concessions and to explore such grants towards the mining and marketing of mineral products. Negotiations to transfer a percentage of the shareholding to the effected community is in progress. Corridor Mining Resources will then have a remainder of 24.67%.

### SUMMARISED FINANCIAL INFORMATION OF MATERIAL ASSOCIATES

2021

| SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Revenue<br>R | Profit (loss) from continuing operations<br>R | Total comprehensive income<br>R |
|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 12 540 825 | 2 755 794 | 2 755 794 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 14 769 414 | 8 082 149 | 8 082 149 |
| AttaClay (Proprietary) Limited | 26 867 787 | (402 037) | (402 037) |
| OK Bazaars Venda Limited | 170 107 500 | 11 554 750 | 11 554 750 |
| NTK Venda Roller Mills (Proprietary) Limited | 85 391 528 | 1 463 109 | 1 463 109 |
| | **309 677 054** | **23 453 765** | **23 453 765** |

| SUMMARISED STATEMENT OF FINANCIAL POSITION | Non-current assets<br>R | Current assets<br>R | Non-current liabilities<br>R | Current liabilities<br>R | Total net assets<br>R |
|---|---|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 684 150 | 38 054 585 | 293 115 | 27 763 274 | 10 682 346 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 149 909 864 | 4 529 530 | 29 303 697 | 10 610 962 | 114 524 735 |
| ~~AttaClay (Proprietary) Limited~~ | ~~590 048~~ | ~~18 349 253~~ | ~~550 354~~ | ~~4 866 876~~ | ~~13 522 071~~ |
| OK Bazaars Venda Limited | 7 586 228 | 87 447 016 | 2 101 824 | 21 462 520 | 71 468 900 |
| NTK Venda Roller Mills (Proprietary) Limited | 7 446 385 | 12 293 198 | 906 096 | 19 172 950 | (339 463) |
| | **166 216 675** | **160 673 582** | **33 155 086** | **83 876 582** | **209 858 589** |

## 11. INVESTMENTS IN ASSOCIATES (CONTINUED)

| RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES | Total net assets R | Interest in associate at % ownership R | Investment in associate R |
|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 10 682 346 | 5 178 801 | 5 178 801 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 114 524 735 | 57 262 368 | 57 262 368 |
| AttaClay (Proprietary) Limited | 13 522 071 | 4 056 621 | 4 056 621 |
| OK Bazaars Venda Limited | 71 468 900 | 23 820 584 | 23 820 584 |
| NTK Venda Roller Mills (Proprietary) Limited | (339 463) | (123 429) | (123 429) |
| | **209 858 589** | **90 194 945** | **90 194 945** |

| RECONCILIATION OF MOVEMENT IN INVESTMENTS IN ASSOCIATES | Investment at beginning of 2021 R | Share of profit / (loss) R | Dividends received from associates R | Investment at end of 2021 R |
|---|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 3 306 031 | 1 336 009 | - | 4 642 040 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 52 901 199 | 4 041 075 | (3 200 000) | 53 742 274 |
| AttaClay (Proprietary) Limited | 4 269 843 | (120 611) | (1 686 971) | 2 462 261 |
| OK Bazaars Venda Limited | 28 247 554 | 3 851 198 | (2 751 820) | 29 346 932 |
| NTK Venda Roller Mills (Proprietary) Limited | - | 531 986 | - | 531 986 |
| Vanadium & Magnetite Exploration (Proprietary) Limited | 300 000 | - | - | 300 000 |
| | **89 024 627** | **9 639 657** | **(7 638 791)** | **91 025 493** |

2020

| SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Revenue R | Profit (loss) from continuing operations R | Total comprehensive income R |
|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 11 236 281 | 2 403 484 | 2 403 484 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 16 012 932 | 3 414 108 | 3 414 108 |
| AttaClay (Proprietary) Limited | 22 118 304 | 1 761 556 | 1 761 556 |
| OK Bazaars Venda Limited | 156 895 750 | 9 796 000 | 9 796 000 |
| NTK Venda Roller Mills (Proprietary) Limited | 101 412 302 | - | - |
| | **307 675 569** | **17 375 148** | **17 375 148** |

| SUMMARISED STATEMENT OF FINANCIAL POSITION | Non-current assets R | Current assets R | Non-current liabilities R | Current liabilities R | Total net assets R |
|---|---|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 152 273 | 19 839 700 | 17 558 | 11 451 160 | 8 523 255 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 148 213 716 | 8 266 302 | 30 335 522 | 14 362 471 | 111 782 025 |
| AttaClay (Proprietary) Limited | 797 993 | 14 216 508 | (612 238) | 2 473 471 | 13 153 268 |
| OK Bazaars Venda Limited | 7 586 228 | 87 447 016 | 2 101 824 | 21 462 520 | 71 468 900 |
| NTK Venda Roller Mills (Proprietary) Limited | 8 119 298 | 8 711 815 | 917 832 | 17 715 852 | (1 802 571) |
| | **164 869 508** | **138 481 341** | **32 760 498** | **67 465 474** | **203 124 877** |

## 11. INVESTMENTS IN ASSOCIATES (CONTINUED)

| RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES | Total net assets R | Interest in associate at % ownership R | Investment in associate R |
|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 8 523 255 | 4 132 074 | 4 132 074 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 111 782 025 | 55 891 013 | 55 891 013 |
| AttaClay (Proprietary) Limited | 13 153 268 | 3 945 980 | 3 945 980 |
| OK Bazaars Venda Limited | 71 468 900 | 23 820 584 | 23 820 584 |
| NTK Venda Roller Mills (Proprietary) Limited | (1 802 571) | (655 415) | (655 415) |
| Vanadium & Magnetite Exploration (Proprietary) Limited | - | - | - |
| | **203 124 877** | **87 134 236** | **87 134 236** |

| RECONCILIATION OF NET ASSETS TO EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES | Investment at beginning of 2020 R | Share of profit R | Dividends received from associates R | Investment at end of 2020 R |
|---|---|---|---|---|
| AON Limpopo (Proprietary) Limited | 3 352 724 | 1 165 257 | (1 211 950) | 3 306 031 |
| Makapan Mall (Proprietary) Limited trading as Mokopane Mall | 52 041 899 | 1 709 300 | (850 000) | 52 901 199 |
| AttaClay (Proprietary) Limited | 4 735 876 | 528 467 | (994 500) | 4 269 843 |
| OK Bazaars Venda Limited | 27 274 732 | 4 046 762 | (3 073 940) | 28 247 554 |
| NTK Venda Roller Mills (Proprietary) Limited | 586 871 | (586 871) | - | - |
| Vanadium & Magnetite Exploration (Proprietary) Limited | 300 000 | - | - | 300 000 |
| | **88 292 102** | **6 862 915** | **(6 130 390)** | **89 024 627** |

### ASSOCIATES WITH DIFFERENT REPORTING DATES

The end of the reporting year of Limpopo Economic Development Agency and its subsidiaries is a group. The associates with year-ends three months and less than the group's reporting period were equity accounted. The Group scrutinises the period from the most recent year end to 31 March 2021 for significant transactions and adjusts the audited financial statements where necessary.

Associates with year-ends greater than three months compared to the Group's financial year end, management accounts were applied up to and including 31 March 2021. The adjustments to the year ending 31 March 2021 were not significant to the group.

Associates with different year-ends equity accounted (with consideration to significant transactions) are:

| | |
|---|---|
| ASA Metals (Proprietary) Limited | 31 December 2020 |
| Makapan Mall (Proprietary) Limited | 28 February 2021 |
| OK Bazaars Venda Limited | 30 June 2020 ( All transactions included up until 31 March 2021) |
| AttaClay (Proprietary) Limited | 30 June 2020 ( All transactions included up until 31 March 2021) |
| AON Limpopo (Proprietary) Limited | 31 December 2020 |

### NATURE OF INVESTMENTS IN ASSOCIATES

The relationship between the Group and the associates are purely of an investment nature and the activities of the associates are not strategic to the Group's operations.

### CONTINGENCIES

Refer to note 51 Contingencies for details of contingencies related to associates.

| 12. LOANS TO GROUP COMPANIES | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **SUBSIDIARIES** | | | | |
| Bakgaga Bakone Crossing (SOC) Limited | - | - | 2 483 648 | 2 436 343 |
| Limpopo Connexion (SOC) Limited | - | - | 1 546 278 | - |
| Great North Transport (SOC) Limited | - | - | 58 286 466 | 56 524 612 |
| Musina Makhado Special Economic Zone (SOC) Limited | - | - | 549 678 | - |
| Limpopo Agribusiness (SOC) Limited | - | - | 119 109 048 | 65 054 069 |
| Risima Housing Finance Corporation (SOC) Limited | - | - | 78 417 765 | 78 401 382 |
| Corridor Mining Resources (SOC) Limited | - | - | 196 136 496 | 185 307 076 |
| New Era Life Insurance Co | - | - | 17 873 | 307 232 |
| Provision for impairment of loans to subsidiaries | - | - | (373 549 884) | (250 661 876) |
| **Total for subsidiaries** | **-** | **-** | **82 997 368** | **137 368 838** |

Limpopo Economic Development Agency (LEDA) has deferred its right to claim payment of debts owing to it by the subsidiaries until their assets, fairly valued, exceeds their liabilities. Loans to subsidiaries where their liabilities are exceeding their assets, have been subordinated in favour of the other creditors. The Agency also issued letters of financial support to these subsidiaries for them to meet their liabilities as they become due in normal course of business on an ongoing basis.

Limpopo Economic Development Agency (LEDA) has an intention to continue to provide shared service and financial support. The loans bear no interest

These loans are unsecured and have no fixed repayment terms.

Maximum risk exposure: where subsidiaries are unable to pay debts, LEDA will be forced to impair the loans and where the loans become irrecoverable, write off the loans after Board approval is obtained.

Limpopo Economic Development Agency (LEDA) has subordinated the right to claim or accept payment of the loan to them in favour of other creditors until the assets of Great North Transport (SOC) Ltd, Corridor Mining Resources (SOC) Ltd and Limpopo Agribusiness (SOC) fairly valued, exceeds it's liabilities. The subordination agreements were signed subsequent to year-end.

| | | | | |
|---|---|---|---|---|
| **JOINT VENTURES** | | | | |
| Rock Island Trading 17 (Proprietary) Limited | - | 26 582 907 | - | - |

The loan is unsecured, has no fixed terms of repayment and is by intent of a long term nature and bears interest at prime plus 1%.

| | | | | |
|---|---|---|---|---|
| **ASSOCIATES** | | | | |
| Vanadium & Magnetite Exploration & Development Co. (SA) (Proprietary) Limited | - | 9 702 333 | - | - |
| ASA Metals (Proprietary) Limited | 114 695 897 | 114 695 897 | 114 695 897 | 114 695 897 |
| Rent-a-sign Lebowa (Proprietary) Limited | 1 635 082 | 1 633 974 | 1 635 082 | 1 633 974 |
| Mahube Mining (Proprietary) Limited | 67 222 689 | 67 222 689 | 67 222 689 | 67 222 689 |
| Provision for impairment of loans to associates | (183 553 668) | (183 552 560) | (183 553 668) | (183 552 560) |
| **Total for associates** | **-** | **9 702 333** | **-** | **-** |
| **Group total for loans to group companies** | **-** | **36 285 240** | **82 997 368** | **137 368 838** |

| 12. LOANS TO GROUP COMPANIES (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

### ASA METALS (PTY) LTD

Except for the loans below the above loans bear no interest. No securities are in place for the loans and no fixed terms of repayment have been negotiated:

- Mahube Mining (Proprietary) Limited which carries interest at prime less 0.5%.

### GRAND TOTAL FOR LOANS TO GROUP COMPANIES

CURRENT ASSETS

| | | | | |
|---|---|---|---|---|
| Loans to group companies | 183 553 668 | 219 837 800 | 640 100 920 | 571 583 274 |
| Provision for impairment | (183 553 668) | (183 552 560) | (557 103 552) | (434 214 436) |
| | - | 36 285 240 | 82 997 368 | 137 368 838 |

### LOANS TO GROUP COMPANIES IMPAIRED

As at 31 March 2021, the loans to subsidiaries and associates of R557 103 552 (2020: R434 214 436) were impaired in the Company and R183 553 668 (2020: R183 552 560) in the Group.

### ASSUMPTIONS USED IN IMPAIRMENT LOANS TO GROUP COMPANIES

The Company measures the loss allowances for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since the initial recognition.

The Company measures the expected credit losses of the inter-group loans in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- The time value of money, and
- Reasonable and supportive information that is available without undue cost or effort at the reporting date about passed events, current conditions and forecasts of future economic conditions.

In calculating the expected credit losses for the individual inter-group loans trends and ratios were also taken into consideration:

- Current liquidity and solvency ratios per latest annual financial statements and current financial management reporting information,
- Future cash flow and financial operational forecasts,
- Past history on the financial performance of the entities,
- Past loan re-payment history,
- Recoverability of balances that are long overdue,
- Past history in respect of calculation of expected credit losses.

In the evaluation process for possible impairment of inter group loan accounts the evaluations are performed per entity.

### EXPOSURE TO CREDIT RISK

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

### RECONCILIATION OF LOSS ALLOWANCES

FAIR VALUE OF GROUP LOANS RECEIVABLE

The fair value of group loans receivable approximates their carrying amounts.

| 13. LOANS TO SHAREHOLDERS | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| Calipso Motlhwa Mining (Pty) Ltd | 1 500 000 | 1 500 000 | - | - |

The loan bears no interest and has no fixed repayment terms and is by intent of a long term nature.

### SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

| | | | | |
|---|---|---|---|---|
| Current assets | 1 500 000 | 1 500 000 | - | - |

### FAIR VALUE OF LOANS TO SHAREHOLDERS

The fair value of loans to shareholders approximates their carrying amounts.

## 14. OTHER FINANCIAL ASSETS

| | | | | |
|---|---|---|---|---|
| Designated as FV through profit / (loss) | 52 948 838 | 88 987 067 | 99 546 | 22 099 546 |
| At amortised cost | 785 093 519 | 807 194 953 | 176 473 980 | 191 768 159 |
| Credit losses or allowances | (141 528 267) | (142 322 120) | (133 935 736) | (137 274 354) |
| Other investments - INCA Mining | 453 632 | 379 520 | - | - |
| | **696 967 722** | **754 239 420** | **42 637 790** | **76 593 351** |

### NON-CURRENT ASSETS

| | | | | |
|---|---|---|---|---|
| Designated as at FV through profit (loss) (FV through income) | 7 916 995 | 34 613 705 | - | 22 000 000 |
| At amortised cost | 552 817 818 | 625 782 238 | 31 597 005 | 52 389 077 |
| Other investment - INCA Mining | 453 632 | 379 521 | - | - |
| | **561 188 445** | **660 775 464** | **31 597 005** | **74 389 077** |

### CURRENT ASSETS

| | | | | |
|---|---|---|---|---|
| Designated as at FV through profit (loss) (FV through income) | 44 932 297 | 54 273 815 | - | - |
| At amortised cost | 90 846 980 | 39 190 141 | 11 040 785 | 2 204 274 |
| | **135 779 277** | **93 463 956** | **11 040 785** | **2 204 274** |
| | **696 967 722** | **754 239 420** | **42 637 790** | **76 593 351** |

### FAIR VALUE INFORMATION

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

| 14. OTHER FINANCIAL ASSETS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **FAIR VALUES OF OTHER FINANCIAL ASSETS** | | | | |
| Financial Assets at amortised cost - loans and receivables | 694 246 539 | 768 004 812 | 165 433 195 | 189 563 885 |
| Credit losses or allowances | (141 428 721) | (142 222 574) | (133 836 190) | (137 174 808) |
| **Subtotal** | **552 817 818** | **625 782 238** | **31 597 005** | **52 389 077** |
| Other financial assets INCA Mining | 453 632 | 379 521 | | - |
| | **553 271 450** | **626 161 759** | **31 597 005** | **52 389 077** |
| Financial assets at fair value through profit or loss | 8 016 541 | 34 713 251 | 99 546 | 22 099 546 |
| Credit Loss Allowance | (99 546) | (99 546) | (99 456) | (99 456) |
| **Sub-total** | **7 916 995** | **34 613 705** | **-** | **-** |
| | **561 188 445** | **660 775 464** | **31 597 005** | **74 389 077** |
| **CURRENT PORTION** | | | | |
| Financial assets at amortised costs - current portion | 44 932 297 | 54 273 815 | 11 040 785 | 2 204 274 |
| Financial assets at fair value - current portion | 90 846 980 | 39 190 141 | - | - |
| | **696 967 722** | **754 239 420** | **42 637 790** | **76 539 351** |

**OTHER FINANCIAL ASSETS IMPAIRED**

As of 31 March 2021, loans and receivables of R141 528 267 (2020: R142 322 120) for the Group were impaired and provided for.

**RECONCILIATION OF PROVISION FOR IMPAIRMENT OF OTHER FINANCIAL ASSETS**

CREDIT LOSS ALLOWANCES

| | | | | |
|---|---|---|---|---|
| Opening balance | (142 322 120) | (25 942 911) | (137 274 354) | (22 936 256) |
| Provision for impairment - decrease / (increase) | 793 853 | (116 379 209) | 3 338 618 | (114 338 098) |
| | **(141 528 267)** | **(142 322 120)** | **(133 935 736)** | **(137 274 354)** |

**GROUP**

**AGENCY**

EDFU LOANS

The company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

QUANTITATIVE CRITERIA

The remaining Lifetime probability default at the reporting date has increased, compared to the residual Lifetime probability default expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold per the table below:

| LIFETIME PD BAND AT INITIAL RECOGNITION | INCREASE IN LIFETIME | PD AT REPORTING DATE WHICH IS CONSIDERED SIGNIFICANT |
|---|---|---|
| EDFU Loans | 20% | 10 Basis Points |

LIMPOPO ECONOMIC DEVELOPMENT AGENCY SOC LTD trading as LEDA
Declaration of Annual Financial Statements for the year ended 31 March 2021

## 14. OTHER FINANCIAL ASSETS (CONTINUED)

### QUALITATIVE CRITERIA

For Retail portfolios, if the borrower meets one or more of the following criteria:

- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months

### BACKSTOP

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 120 days past due on its contractual payments.

### EXPECTED CREDIT LOSSES

Expected credit losses are calculated using the following model ECL = EAD x LGD x PD, where :

- ECL : Expected Credit Loss
- EAD : Exposure at default
- LGD : Loss given default
- PD : Probability of default

In estimating expected credit losses, entities are required to consider more than one outcome and consider the likelihood of a number of potential outcomes occurring in practice. An expected loss estimate should reflect: – An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. The entity uses past payment patterns as well as forward looking factors to estimate the potential outcomes.

| | PROBABILITY | RECOVERY RATE |
|---|---|---|
| Scenario 1 | 0.80 | 0.90 |
| Scenario 2 | 0.20 | 0.67 |

### STAGES IN TERMS OF IFRS 9

Under the General Approach, at each reporting date, entities are required to determine whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in Stage 1, Stage 2 or Stage 3, which in turn determines both:

### PERFORMING STAGE 1

- As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established.
- This serves as a proxy for the initial expectations of credit losses.
- For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

### NON PERFORMING STAGE 2

- If the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss.
- The calculation of interest revenue is the same as for Stage 1.

UNAUDITED CONSOLIDATED SEGMENT REPORT AND ITS SUBSIDIARIES TRADING AS LEDA
OF PUBLIC COMPANIES INTERNATIONAL A SECTION 7 COMPANY INCORPORATED

| 14. OTHER FINANCIAL ASSETS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **CREDIT IMPAIRED** | | | | |
| STAGE 3 | | | | |
| • If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). | | | | |
| • Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets. | | | | |
| LEVEL 1 | | | | |
| Product A | - | - | - | - |
| LEVEL 2 | | | | |
| Product A | 4 269 774 | 10 065 062 | 4 269 774 | 10 065 062 |
| LEVEL 3 | | | | |
| Product A | 112 113 069 | 106 474 648 | 112 113 069 | 106 474 648 |

**RISIMA HOUSING FINANCE CORPORATION**

REPOSSESSED PROPERTIES

Properties held for sale comprise two vacant stands that have been acquired as a result of repossession on default repayments of debt. Properties are sold on an open and active market as soon as there is a willing buyer. The amount includes the two vacant stands with a current land claim against the land. The outcome of the claim is yet to be finalised. The valuation of properties were carried out in 2019 financial year and are valid for the next 5 years: 2021: R312 772 (2020: R312 772).

The company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

QUANTITATIVE CRITERIA:

The remaining Lifetime Probability Default at the reporting date has increased, compared to the residual Lifetime Probability Default expected at the reporting date when the exposure was first recognised, so that it exceeds the relevant threshold per the table below:

RETAIL MORTGAGE LOANS

| LIFETIME PD BAND AT INITIAL RECOGNITION | INCREASE IN LIFETIME | PD AT REPORTING DATE WHICH IS CONSIDERED SIGNIFICANT |
|---|---|---|
| Product A | 5% | 4 Basis Points |
| Product B | 1% | 2 Basis Points |

QUALITATIVE CRITERIA:

For Retail portfolios, if the borrower meets one or more of the following criteria:

- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months

## 14. OTHER FINANCIAL ASSETS (CONTINUED)

BACKSTOP

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 120 days past due on its contractual payments.

EXPECTED CREDIT LOSSES

Expected credit losses are calculated using the following model ECL = EAD x LGD x PD, where :

- ECL : Expected credit loss
- EAD : Exposure at default
- LGD : Loss given default
- PD : Probability of default

In estimating expected credit losses, entities are required to consider more than one outcome and consider the likelihood of a number of potential outcomes occurring in practice. An expected loss estimate should reflect:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The entity uses past payment patterns as well as forward looking factors to estimate the potential outcomes.

The entity also considered the impact of the Covid 19 pandemic on possible potential outcomes. The national lockdown commenced on 26 March 2020 (in effect for more than a year) and the effects of the lockdown on the economy and debtors is now history as it is reflected in the level of arrears already reported at year-end. South Africa's economy is expected to rebound in 2021 and 2022 after the dire impact of COVID-19. The sharp contraction in 2020, due to enforced shutdowns and the resulting lack of economic activity, resulted in a high expected growth rate of 3.3% in 2021 due, in part, to base effects (growing from a lower base). The entity also took into account the substantial interest rate decreases that have been implemented since the previous year.

The prime lending rate decreased from 8.75% in the prior year to 7.00% at year-end and remained at 7.00% after year-end. The decrease of 1.75% (at year-end) in the prime lending rate has reduced instalments on loans and has improved the ability of borrowers to pay. The expected growth rate of at least 3% and the reduced interest rates supports a reduction in the probability rate for scenario 1 of between 3 and 4 basis points. The impact of the third wave of COVID-19 is however not known and it was therefore resolved to keep the probability unchanged for the current year due to the unknown impact of the third wave on the projected economic recovery.

| | PROBABILITY | RECOVERY RATE |
|---|---|---|
| Scenario 1 | 0,75 | 0,8 |
| Scenario 2 | 0,25 | 0,6 |

STAGES IN TERMS OF IFRS 9

Under the General Approach, at each reporting date, entities are required to determine whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in Stage 1, Stage 2 or Stage 3, which in turn determines both:

PERFORMING

**Stage 1**

- As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established.
- This serves as a proxy for the initial expectations of credit losses.
- For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

| 14. OTHER FINANCIAL ASSETS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

NON PERFORMING

**Stage 2**

- If the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss
- The calculation of interest revenue is the same as for Stage 1.

CREDIT IMPAIRED

**Stage 3**

- If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance).
- Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

| | | | | |
|---|---|---|---|---|
| LEVEL 1 | | | | |
| Product A | 1 149 014 | 1 197 774 | - | - |
| Product B | 8 568 | 44 581 | - | - |
| LEVEL 2 | | | | |
| Product A | 218 761 | 63 815 | - | - |
| Product B | 25 269 | 8 313 | - | - |
| LEVEL 3 | | | | |
| Product A | 6 112 161 | 3 733 283 | - | - |
| Product B | 78 756 | - | - | - |

LOANS AND RECEIVABLES IMPAIRED

As of 31 March 2021, loans and receivables of R 598 345 811 (2020: R 607 719 324) were accounted for. The amount of the provision was R 7 592 531 as of 31 March 2021 (2020: R 5 047 766).

The ageing of these loans is as follows:

| | | | | |
|---|---|---|---|---|
| 3 to 6 months | 40 313 766 | 18 426 254 | - | - |
| Over 6 months | 568 169 340 | 594 341 836 | - | - |
| Impaired | (7 592 531) | (5 047 766) | - | - |

| 15. OPERATING LEASE ASSET (ACCRUAL) | | | | |
|---|---|---|---|---|
| Current liabilities | (2 425) | (2 425) | - | - |

## 16. RETIREMENT BENEFIT OBLIGATION

### RETIREMENT MEDICAL BENEFIT

GROUP

The plan is a post-employment medical benefit plan, governed by the Pension Fund Act of 1956. Members and their dependents are entitled to a 60% subsidy of medical aid contributions for LEDA and 70% contribution for GNT.

Former employees of the Limpopo Economic Development Agency and subsidiary Great North Transport (SOC) Limited, participate in Bonitas, Discovery Health or Health Squared medical schemes

Great North Transport (SOC) Ltd subsidise 100% of AdmedGap contributions in retirement.

Dependents of members who die whilst in service are entitled to a 60% subsidy of medical aid contributions.

LEDA and Great North Transport (SOC) Ltd embarked on a reduction exercise to better manage their post-employment health care liability. A consultative process was entered into with retired members who are currently in receipt of the benefit and negotiations are still ongoing. Further, as mentioned above, a resolution was passed by the Board of Directors confirming that future retirees will no longer qualify for post employment health care subsidisation.

AGENCY

The plan is a post-employment medical benefit plan, governed by the Pension Fund Act 1956.Members and their dependents are entitled to 60% subsidy and medical aid contribution.

The accrued liability is currently unfunded and will in future increase with the discount rate used to calculate the present value of the expected future cash flows. LEDA Agency has not legally ring-fenced any assets to fund this liability and there are therefore no "Plan Assets" ( as defined by IAS 19). Unanticipated changes in the subsidised medical schemes contributions will directly affect the liability. The risk is therefore that LEDA Agency will have to fund any medical aid expenses for the individuals on the plan that is not covered by the medical aid funds.

The estimate cost of post-employment benefit accruing over the year following the valuation date of 31 March 2021 is R0 in respect of service cost and interest cost respectively. The expected future payments for the next financial year is R1 742 000.

At this stage there are no planned amendments, curtailments and settlements to the plan.

Retired employees of Limpopo Economic Development Agency participate in Bonitas, Discovery Health or Health Squared medical schemes.

Limpopo Economic Development Agency embarked on a reduction exercise to better manage their post-employment health care liability. A consultative process was entered into with retired members who are currently in receipt of the benefit and negotiations are still ongoing. Further, as mentioned above, a resolution was passed by the Board of Directors confirming that future retirees will no longer qualify for post-employment health care subsidisation.

HEALTH CARE SUBSIDY

LEDA Agency pays a percentage of the contributions of the selected plan option of one of the medical schemes on which LEDA Agency participates. There are no in-service employees eligible for post-employment health care subsidisation. Therefore, only the continuation members currently eligible for post- employment health care subsidisation have been included in the valuation.

PRE-RETIREMENT BENEFIT

Since there are no in-service employees eligible for post-employment health care subsidisation, there is no subsidy payable to the spouse or life partner of an employee on the death of the in-service employee of LEDA Agency.

## 16. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

### POST-EMPLOYMENT BENEFIT

On the death of a continuation member, the surviving spouse will continue to receive post-employment health care subsidisation. Current retired members are entitled to a 60% subsidy of medical aid risk contributions in retirement. This subsidy does not include any elected savings. Contributions towards loyalty reward programmes such as Vitality are not included in the subsidised contributions.

### DISCOUNT RATE

IAS 19 requires that the market returns on high quality corporate interest-bearing bonds should be used. Should a sufficiently deep market of high-quality corporate bonds not exist, government interest bearing bonds must be used instead. The currency and term of the bonds should be consistent with the currency and estimated term of the liabilities.

The discount rates and the inflation is based on assumptions on the yields taken from the government zero coupon bond yield curves as at 31 March 2021, at the appropriate term. The discount rate that was used is 9.10% which is taken from the South African government zero coupon bond yield curve as at 31 March 2021.

The health cost inflation of 7,65% per annum implies that a real discount rate of 1.35% per annum was used in the valuation.

### ACCRUED LIABILITY

For the purpose of the valuation the benefit is assumed to accrue uniformly since the date at employment commenced at Limpopo Economic Development Agency until the expected date of payment. The accrual of benefit in this way is consistent with the Projected Unit Credit Method of Valuation referred to in IAS 19. The benefit for the continuation members is regarded as being fully accrued.

### COST OF POST-EMPLOYMENT HEALTH CARE BENEFITS ACCRUING OVER THE YEAR

The cost of the benefits accruing over the next year has been calculated using the key assumptions below.

The interest cost represents the investment return required so that the benefits accrued in respect of past service can be met in the future.

### RETIREMENT AGE

The normal retirement age for qualifying employees is 65. Subsidisation is payable to the main member should they retire early from age 55. All members eligible for post-employment health care subsidisation have already retired..

### REGULATORY FRAMEWORK

The actuarial valuation was performed taking into account the stipulations of IAS 19.

The valuation for the 2021 financial year-end was performed by an Associate Actuary of the Actuarial Society of South Africa (AMASSA) and complies with the Professional Conduct Standards (PCSSA) and all other guidance of best practice as stipulated by APN301 for Post-employment Health Care Benefit Plans, the relevant professional guidance of the Actuarial Society of South Africa.

## 16. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### PLAN ASSETS

Limpopo Economic Development Agency has not legally ring-fenced any assets to fund this liability and there are therefore no "Plan Assets" as defined in IAS 19.

The retirement medical benefit value is summarised below.

### CARRYING VALUE

| | | | | |
|---|---|---|---|---|
| Non-current liabilities | (27 765 839) | (27 405 839) | (14 842 000) | (14 273 000) |
| Current liabilities | (3 371 000) | (3 493 000) | (1 747 000) | (1 742 000) |
| | **(31 136 839)** | **(30 898 839)** | **(16 589 000)** | **(16 015 000)** |

### MOVEMENTS FOR THE YEAR

| | | | | |
|---|---|---|---|---|
| Opening balance | 30 898 839 | 31 931 839 | 16 015 000 | 15 536 000 |
| Contributions by members | (3 493 000) | (3 300 000) | (1 742 000) | (1 541 000) |
| Net expense recognised in profit or loss | 3 731 000 | 2 267 000 | 2 316 000 | 2 020 000 |
| | **31 136 839** | **30 898 839** | **16 589 000** | **16 015 000** |

### NET EXPENSE RECOGNISED IN PROFIT OR LOSS

| | | | | |
|---|---|---|---|---|
| Interest cost | 3 089 000 | 2 703 000 | 1 606 000 | 1 319 000 |
| Actuarial gains (losses) | 642 000 | (436 000) | 710 000 | 701 000 |
| | **3 731 000** | **2 267 000** | **2 316 000** | **2 020 000** |

### KEY ASSUMPTIONS USED

| Assumptions used on the last valuation: | GROUP 2021 | GROUP 2020 | COMPANY 2021 | COMPANY 2020 |
|---|---|---|---|---|
| Subsidised weighted average age | 60 | 65 | 60 | 65 |
| Discount rates used | 9.10 % | 10.60 % | 9.10 % | 10.60 % |
| Health care cost of inflation | 7.65 % | 7.57 % | 7.65 % | 7.57 % |

### ACCRUED CONTRACTUAL LIABILITY

The contractual liability (contributions liability) is the present value of the employer's share of the total expected future post-employment contributions that will become payable in accordance with the assumptions.

### SENSITIVITY ANALYSIS

#### HEALTH CARE COST INFLATION

Medical scheme contributions have in the past increased at a significantly higher rate than general price inflation. On 31 March 2021 the implied consumer price inflation rate amounted to 5.65% per annum.

It would be appropriate to assume that medical scheme contributions will increase at a faster rate than the CPI , eg. CPI plus 2% per annum.

#### MORTALITY

There are no in service members eligible for post employment health care subsidation, therefore pre-retirement mortality is not applicable.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **17. DEFERRED TAX** | 2021 R | 2020 R | 2021 R | 2020 R |
| **DEFERRED TAX LIABILITY** | | | | |
| Property plant and equipment | 1 194 752 | (9 950 685) | - | - |

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

| | | | | |
|---|---|---|---|---|
| Deferred tax liability | 1 194 752 | (9 950 685) | - | - |
| **RECONCILIATION OF DEFERRED TAX ASSET / (LIABILITY)** | | | | |
| At beginning of year | (9 950 685) | (6 934 785) | - | - |
| Taxable / (deductible) temporary difference movement on tangible fixed assets | 11 145 437 | (3 015 900) | - | - |
| | **1 194 752** | **(9 950 685)** | **-** | **-** |

## 18. PREPAYMENTS

The balance for prepaid expenses relates to payments made for bus licences and subscription services.

| | | | | |
|---|---|---|---|---|
| Current assets | 4 576 140 | 4 380 786 | - | - |

## 19. ENVIRONMENTAL REHABILITATION DEPOSIT

The environmental rehabilitation deposits comprise of the following components:

1) All entities listed below, with the exception of Sefateng Chrome Mine, have paid a cash deposit to the Department of Mineral Resources as guarantee for future rehabilitation activities on the prospecting areas and / or mining permit areas.
2) Sefateng Chrome Mine has invested funds at Lombard Insurance Company with a current value as indicated below and has ceded this guarantee to the Department of Mineral Resources as security for future rehabilitation activities over the whole mining right area.

| | | | | |
|---|---|---|---|---|
| Fumani Green Stone | 1 958 904 | 1 958 904 | - | - |
| Khumong Chrome mine | 70 000 | 70 000 | - | - |
| Tshepong Chrome mine | 12 060 | 12 060 | - | - |
| Sefateng Chrome mine | 24 982 275 | 29 543 823 | - | - |
| | **27 023 239** | **31 584 787** | **-** | **-** |

## 20. INVENTORIES

| | | | | |
|---|---|---|---|---|
| Stationery and consumables | 11 670 109 | 16 501 063 | 615 996 | 750 410 |
| Production supplies | 1 860 440 | 2 474 601 | - | - |
| Inventories other | 1 086 271 | 484 500 | - | - |
| Diesel | 2 084 | 401 569 | - | - |
| Agricultural produce - pepper stock | 2 535 | - | - | - |
| | **14 621 439** | **19 861 733** | **615 996** | **750 410** |
| **INVENTORY RECONCILIATION** | | | | |
| Opening balance | 19 861 733 | 35 675 635 | 750 410 | 815 814 |
| Net: purchases / issues | (5 240 294) | (15 813 902) | (134 414) | (65 404) |
| Closing balance | **14 621 439** | **19 861 733** | **615 996** | **750 410** |

**INVENTORY PLEDGED AS SECURITY**

The group has no external liabilities and no inventory serves as security for any liabilities.

| 21. TRADE AND OTHER RECEIVABLES | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **FINANCIAL INSTRUMENTS** | | | | |
| Trade receivables - other | 279 929 100 | 242 376 782 | 256 225 733 | 226 567 994 |
| Rental debtors | 872 061 | 912 690 | - | - |
| Deposits | 2 681 481 | 2 526 698 | 825 366 | 763 293 |
| Trade receivables - Student debtors | 8 618 434 | 8 450 589 | 4 560 822 | 3 821 121 |
| Other receivables | (412 598) | 28 341 258 | 5 212 217 | 10 581 922 |
| Provision for bad debt | (214 889 495) | (182 423 643) | (208 663 955) | (176 848 114) |
| **NON-FINANCIAL INSTRUMENTS** | | | | |
| VAT | 48 931 448 | 16 340 653 | - | - |
| Grants receivable | 22 436 246 | 20 499 934 | - | - |
| Prepayments | 170 436 | 170 436 | - | - |
| **Total trade and other receivables** | **148 337 113** | **137 195 397** | **58 160 183** | **64 886 216** |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Current assets | 148 337 113 | 137 195 397 | 58 160 183 | 64 886 216 |
| **FINANCIAL INSTRUMENT AND NON-FINANCIAL INSTRUMENT COMPONENTS OF TRADE AND OTHER RECEIVABLES** | | | | |
| At amortised cost | 76 798 998 | 100 184 374 | 58 160 183 | 64 886 216 |
| Non-financial instruments | 71 538 130 | 37 011 023 | - | - |
| | **148 337 128** | **137 195 397** | **58 160 183** | **64 886 216** |

### EXPOSURE TO CREDIT RISK

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

### RECONCILIATION OF LOSS ALLOWANCES

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

| | | | | |
|---|---|---|---|---|
| Opening balance in accordance with IFRS 9 | 182 423 643 | 111 722 474 | 176 848 114 | 105 730 339 |
| Provision raised on new trade receivables | 32 465 852 | 70 701 169 | 31 815 841 | 71 117 775 |
| **Closing balance** | **214 889 495** | **182 423 643** | **208 663 955** | **176 848 114** |

### CONTRACT RECEIVABLES (STUDENT DEBT)

Total outstanding student debt at the end of the financial year amounted to R 4 560 822 (2020: R 3 821 121).The impairment on student debt is included in the total impairment balance above and amounts to R 3 834 653 (2020: R 3 695 368).

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment provided for in the current year amounted to R (139 285) , (2020: R 2 468 552) and was allocated to the statement of financial performance as part of the impairment total. The biggest portion of the balances impaired are overdue for longer than 120 days. LEDA Agency has subsequently implemented credit control measures that require that students must first settle student fees outstanding before any certificates will be issued or before they can register for the next course.

The student loans are interest free and therefore not affected by possible interest rate risks.

### FAIR VALUE OF TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables approximates their carrying amounts.

### ASSUMPTIONS USED IN IMPAIRMENTS

#### STUDENT DEBTORS

The Company measures the loss allowances for a financial instrument (student debtors) at an amount equal to the lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since the initial recognition.

The Company measures the expected credit losses of the student debtors in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes,
- The time value of money, and
- Reasonable and supportive information that is available without undue cost or effort at the reporting date about passed events, current conditions and forecasts of future economic conditions.

In calculating the expected credit losses for student debtors the alternative method was followed and the following trend and rations were also taken into consideration:

- Payment history per ageing reports per group and individual debtors,
- Recoverability of balances that are long overdue,
- Past history in respect of calculation of expected credit losses.

History shows that on average, for the past three years, 92% of new loans granted are paid. Therefore only 5% of the current balances are provided as expected credit losses. The risk of non-recoverability therefore lies in accounts in arrears after the current ageing period. Based on the above and taking into consideration past history all balances in arrears for 30 days and over are deemed as high risk and are therefore provided in full as expected credit losses.

#### RENTAL DEBTORS

The company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

#### QUANTITATIVE CRITERIA

The remaining Lifetime probability default at the reporting date has increased, compared to the residual Lifetime probability default expected at the reporting date when the exposure was first recognised.

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

QUALITATIVE CRITERIA

For loan portfolios, if the borrower meets one or more of the following criteria:

- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months

BACKSTOP

A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 120 days past due on its contractual payments.

EXPECTED CREDIT LOSSES

Expected credit losses are calculated using the simplified approach of provision matrix, where :

- The contractual cash flows that are due to an entity under the contract
- Probability of default
- Present value of the net of cash flows due and the probability of default

In estimating expected credit losses, entities are required to consider more than one outcome and consider the likelihood of a number of potential outcomes occurring in practice. An expected loss estimate should reflect: – An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. The entity uses past payment patterns as well as forward looking factors to estimate the potential outcomes.

STAGES IN TERMS OF IFRS 9

Under the Simplified approach, at each reporting date, entities are required to determine whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. This determines whether the loan is in Stage 1, Stage 2 or Stage 3, which in turn determines both:

PERFORMING STAGE 1

- As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established.
- This serves as a proxy for the initial expectations of credit losses.
- For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

NON-PERFORMING STAGE 2

- If the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss.
- The calculation of interest revenue is the same as for Stage 1.

CREDIT IMPAIRED STAGE 3

- If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance).
- Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

| 21. TRADE AND OTHER RECEIVABLES (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| LEVEL 1 | | | | |
| Product A | - | - | - | - |
| LEVEL 2 | | | | |
| Product A | 9 446 809 | 28 601 886 | 9 446 809 | 28 601 886 |
| LEVEL 3 | | | | |
| Product A | 200 670 925 | 187 861 346 | 200 670 925 | 187 861 346 |

## 22. CASH AND CASH EQUIVALENTS

| | | | | |
|---|---|---|---|---|
| Cash and cash equivalents consist of: | | | | |
| Cash on hand | 7 986 | 49 025 | 2 810 | 34 001 |
| Bank balances | 65 523 896 | 112 773 108 | 8 288 307 | 30 187 006 |
| Short-term deposits | 140 101 854 | 251 349 943 | 29 813 322 | 102 216 300 |
| Other cash and cash equivalents | 24 321 222 | 11 307 302 | - | - |
| | **229 954 958** | **375 479 378** | **38 104 439** | **132 437 307** |

ABSA account number 6900642659 with a balance of R 553 161 (2020: R 553 161) serves as security for Eskom guarantee. This balance is included in the total of bank balance above.

## 23. SHARE CAPITAL

| | | | | |
|---|---|---|---|---|
| **AUTHORISED** | | | | |
| 409 216 005 Ordinary shares of R1 each | 409 216 005 | 409 216 005 | 409 216 005 | 409 216 005 |
| **ISSUED** | | | | |
| Ordinary shares | 409 216 005 | 409 216 005 | 409 216 005 | 409 216 005 |

## 24. LOANS FROM GROUP COMPANIES

| | | | | |
|---|---|---|---|---|
| **SUBSIDIARIES** | | | | |
| Limpopo Connexion (SOC) Limited | - | - | - | 5 883 112 |
| Musina-Makhado SEZ (SOC) Limited | - | - | - | 7 686 359 |
| | - | - | - | **13 569 471** |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Non-current liabilities | - | - | - | - |
| Current liabilities | - | - | - | 13 569 471 |
| | - | - | - | **13 569 471** |

Limpopo Economic Development Agency (LEDA) has deferred its right to claim payment of debts owing to it by the subsidiaries until their assets, fairly valued, exceeds their liabilities. Loans to subsidiaries where their liabilities are exceeding their assets, have been subordinated in favour of the other creditors. The Agency also issued letters of financial support to these subsidiaries for them to meet their liabilities as they become due in normal course of business on an ongoing basis.

### FAIR VALUE OF GROUP LOANS PAYABLE

The fair value of group loans payable approximates their carrying amounts.

| 25. LOANS FROM SHAREHOLDERS | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| BEE Partners | 38 003 998 | 38 003 998 | - | - |
| Bakgaga Bakone (SOC) Ltd. | 2 399 502 | 2 399 502 | - | - |
| | **40 403 500** | **40 403 500** | **-** | **-** |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Non-current liabilities | 2 399 502 | 2 399 502 | - | - |
| Current liabilities | 38 003 998 | 38 003 998 | - | - |
| | **40 403 500** | **40 403 500** | **-** | **-** |

Bolepu Holdings (Proprietary) Limited is a minority shareholder of Sefateng Chrome Mine (Proprietary) Limited, a subsidiary of Corridor Mining Resources (Proprietary) Limited and a sub-subsidiary of the Agency. The loan to Batho Panda Mining and Trading CC is to a minority shareholder of Bakgaga Bakone Crossing (SOC) Limited, a subsidiary of Limpopo Economic Development.

The loans bear no interest and have no fixed repayment terms and are by intent of a long term nature.

| 26. INSURANCE CONTRACTS | | | | |
|---|---|---|---|---|
| Insurance contracts | 16 285 889 | 17 252 413 | - | - |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Non-current policyholder liabilities | 6 714 340 | 6 864 275 | - | - |
| Current policyholder liabilities | 9 571 549 | 10 388 138 | - | - |
| | **16 285 889** | **17 252 413** | **-** | **-** |
| **INSURANCE CONTRACTS** | | | | |
| Policy holder liabilities for insurance contracts | 12 925 682 | 14 933 515 | - | - |
| Outstanding claims | 3 360 207 | 2 318 898 | - | - |
| | **16 285 889** | **17 252 413** | **-** | **-** |
| **THE MOVEMENT IN THE POLICY HOLDER LIABILITIES FOR INSURANCE CONTRACTS DURING THE YEAR IS AS FOLLOWS:** | | | | |
| Balance at the beginning of the year | 14 933 515 | 15 744 577 | - | - |
| Transfer to/from profit or loss | (2 007 834) | (811 062) | - | - |
| | **12 925 681** | **14 933 515** | **-** | **-** |
| **RECONCILIATION OF TRANSFER TO/FROM PROFIT OR LOSS:** | | | | |
| Movement in the policy holder liabilities for insurance contracts | (2 007 834) | (811 062) | - | - |
| Movement in the reinsurance asset | 18 744 | (61 276) | - | - |
| | **(1 989 090)** | **(872 338)** | **-** | **-** |
| **THE MOVEMENT IN OUTSTANDING CLAIMS DURING THE YEAR IS AS FOLLOWS:** | | | | |
| Balance at the beginning of the year | 2 318 898 | 2 257 134 | - | - |
| Current year claims intimated | 18 744 | (61 764) | - | - |
| | **2 337 642** | **2 195 370** | **-** | **-** |

| 26. INSURANCE CONTRACTS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **NET POLICY HOLDER LIABILITIES FOR INSURANCE CONTRACTS:** | | | | |
| Policy holder liabilities for insurance contracts | 12 925 681 | 14 933 515 | - | - |
| Reinsurer's share of policy holder liabilities for insurance contracts | (357 532) | (376 276) | - | - |
| | **12 568 149** | **14 557 239** | - | - |
| **THE NET POLICY HOLDER LIABILITIES FOR INSURANCE CONTRACTS ARE SPLIT BETWEEN DISCOUNTED AND UNDISCOUNTED LIABILITIES AS FOLLOWS:** | | | | |
| Discounted liabilities | 7 517 010 | 8 706 918 | - | - |
| Undiscounted liabilities | 5 051 139 | 5 850 321 | - | - |
| | **12 568 149** | **14 557 239** | - | - |

At each reporting date, the adequacy of the insurance is assessed. If that assessment shows that the carrying amount of the insurance liabilities (as measured under the FSV basis) is inadequate in light of the estimated future cash flows (based on the best estimate basis underlying the FSV basis, but excluding compulsory margins as described in SAP 104 as well as any additional discretionary margins), the deficiency is recognised in profit or loss.

The compulsory margins used for the discounted policy holder liabilities were as follows:

| ASSUMPTION | MARGINS | |
|---|---|---|
| Investment return | 0.25 % | Increase / decrease * |
| Mortality | 7.50 % | Increase |
| Expenses | 10.00 % | Increase |
| Expenses inflation | 10.00 % | Increase |
| Lapses (where relevant) | 25.00 % | Increase / decrease * |
| Surrenders (where relevant) | 10.00 % | Increase / decrease * |

* Depending on which change increases the liability.

## 27. INVESTMENTS CONTRACTS

| | | | | |
|---|---|---|---|---|
| Investments contracts | 6 125 197 | 5 993 562 | - | - |

The fair value of the liabilities is set equal to the accumulated fair value of the underlying assets which are classified as level 2 fair value assets.

In the ordinary course of business, the above liabilities are not expected to mature within the next twelve months, however benefits due to death, surrender and paid-up transfers are expected.

| | | | | |
|---|---|---|---|---|
| Opening Balance | 5 993 561 | 5 855 424 | - | - |
| Proceeds on investment contracts | 9 148 | 7 544 | - | - |
| Investment returns | 122 487 | 130 593 | - | - |
| | **6 125 196** | **5 993 561** | - | - |

| 27. INVESTMENT CONTRACTS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

**MATURITY PROFILE**

In the ordinary course of business, the above liabilities are not expected to mature within the next twelve months, however, benefits due to death, surrender and paid-up transfers are expected. The estimated outflow is as follows:

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

| | | | | |
|---|---|---|---|---|
| Benefits expected to be paid after 12 months | 6 125 197 | 5 993 562 | - | - |
| Benefits expected to be paid within 12 months | - | - | - | - |

**FAIR VALUE DISCLOSURES**

The fair value of the liability is set equal to the accumulated fair value of the underlying assets which are classified as Level 2 fair value assets.

## 28. PROVISIONS

| RECONCILIATION OF PROVISIONS - GROUP - 2021 | Opening balance R | Additions R | Utilised during the year R | Total R |
|---|---|---|---|---|
| Environmental rehabilitation | 77 477 027 | 16 711 453 | (9 859 352) | 84 329 128 |
| Long service awards | 595 629 | 1 743 168 | (550 055) | 1 788 742 |
| Incentive bonus | 2 120 707 | 2 408 729 | (2 210 021) | 2 319 415 |
| | **80 193 363** | **20 863 350** | **(12 619 428)** | **88 437 285** |

RECONCILIATION OF PROVISIONS - GROUP - 2020

| | Opening balance R | Additions R | Reversed during the year R | Utilised during the year R | Total R |
|---|---|---|---|---|---|
| Environmental rehabilitation | 61 747 439 | 15 729 588 | - | - | 77 477 027 |
| Long service awards | 326 000 | 269 629 | - | - | 595 629 |
| Incentive bonus provision | 9 720 055 | 2 143 497 | (5 752 721) | (3 990 124) | 2 120 707 |
| | **71 793 494** | **18 142 714** | **(5 752 721)** | **(3 990 124)** | **80 193 363** |

| RECONCILIATION OF PROVISIONS - COMPANY - 2021 | Opening balance R | Reversed during the year R | Paid during the year R | Total R |
|---|---|---|---|---|
| Incentive bonus | 18 282 274 | (16 185 756) | (2 096 518) | - |
| Non-current liabilities | 84 329 128 | 77 477 027 | - | - |
| Current liabilities | 4 108 157 | 2 716 336 | - | - |
| | **88 437 285** | **80 193 363** | **-** | **-** |

LEDA group policy is to pay all full-time employees after a number of years continuous unbroken service. The amount payable is determined and approved by the Board.

LEDA Group has a performance management system in place. The Policy regulates both the performance employee and the entity. The policy is approved by the Board .

## 28. PROVISIONS (CONTINUED)

### CORRIDOR MINING RESOURCES

The bonus provision was in relation to the performance bonuses to employees.

The environmental rehabilitation provision is made to comply with the National Environmental Management Act (NEMA) and the Mineral and Petroleum Resources Development Act (MPRDA). Any disturbance to the environment caused during any phase under a right or permit issued by the Department of Mineral Resources should be restored to its natural state upon closure of any activities performed. The costs of restoration/rehabilitation remain the responsibility of the owner of that right or permit. The provision is made with the guidance as set out in IFRIC 1.

The Group makes full provision for the cost of rehabilitating mine sites and related production facilities (if applicable) at the time of developing the mines and installing and using those facilities.

The calculation of these provisions requires management to estimate the quantum and timing of future costs, taking into account the unique nature of each site, the long timescales involved and the potential associated obligations. These provisions have been created by an external independent expert – Gudani Consulting Environmental and Social Scientist represented by Mr. Setenane Nkopane (Pr.Sci.Nat). Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These calculations also require management to determine an appropriate rate to discount future costs to their net present value as required by IAS 37. The discount rates applied are the percentages of yields on government bonds with maturities approximating the timing of expected cash flows for each project.

The environmental rehabilitation provision is raised on the estimated future discounted cash flow value of rehabilitating the full mining for the sub-subsidiaries of LEDA held by Corridor Mining Resources (SOC) Limited.

The provision for legal proceedings are claims provided for, as a reliable estimate regarding the cost can be determined, but where the timing of the outflow is still pending the court case finalisation.

Long service awards are valued at a discounted cash flow basis by external valuators and the assumptions used are based on a discount rate of 9,18% (2020: 10,73% ) and a retirement age of 65, and are based on the Long service awards as per the human resources policies of the Group and Agency respectively.

A provision for incentive bonuses is calculated annually based on short term employee benefits which are based on the performance contract of individual employees entered into with the Agency and Group.

The Board took a decision during the year to not continue paying the incentive bonus and to replace it with the 13th Cheque bonus.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **29. OTHER LIABILITY** | **2021 R** | **2020 R** | **2021 R** | **2020 R** |
| MICT SETA | 1 807 411 | 1 807 411 | - | - |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Current liabilities | 1 807 411 | 1 807 411 | - | - |

| 30. RURAL HOUSING LOAN FINANCE FUND (RHLF) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

Risima Housing Finance corporation (SOC) Limited received a loan of R 50 000 000 from Rural Housing Loan Finance (RHLF) towards the end of March 2018.

Interest is payable monthly in arrears on the amount outstanding from time to time on an interest rate of prime minus 1.5%, compounded monthly. Repayment of capital shall commence 6 months after the advance date, thereafter amortised in instalments over a period of 54 months.

Risima Housing Finance Corporation (SOC) Limited has been appointed to administer and implement Finance Linked Individual Subsidy Program (FLISP) by COGHSTA up to 2021.

| | | | | |
|---|---|---|---|---|
| RHLF fund - liability | 20 787 841 | 33 233 120 | - | - |
| Non-current liabilities | 5 926 502 | 20 702 446 | - | - |
| Current liabilities | 14 861 339 | 12 530 674 | - | - |
| | **20 787 841** | **33 233 120** | - | - |

## 31. FLISP FUND (FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME)

Risima Housing Finance Corporation (SOC) Limited has been appointed to administer and implement Finance Linked Individual Subsidy Programme (FLISP) by COGHSTA up to 2021 amounting to R 17 945 876 (2020: R 20 446 743).

## 32. BORROWINGS

| HELD AT AMORTISED COST | | | | |
|---|---|---|---|---|
| Development facility | 299 294 385 | - | - | - |

### SEFATENG CHROME MINE (PTY) LTD (EXEMPT FROM PFMA)

The Development Facility Agreement ("Facility") was entered into on the 16 March 2021 between The Company and Sefateng Chrome Valley Development Pty Ltd ("SCVD") for the development of the mine. The Facility is denominated in South African Rands. The Facility is partially secured by pledge of shares, bears interest of Prime Rate plus 1% and shall be repaid by way of repayment equal to ZAR511/Tonne of product delivered to SCVD under and in terms of the off-take agreement. SCVD has also undertaken to provide continued financial support to the Company to enable it to fulfil its obligations as they fall due.

## 33. TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |
| **FINANCIAL INSTRUMENTS:** | | | | |
| Trade payables | 115 719 055 | 96 587 394 | 51 714 060 | 31 678 990 |
| Grants payable to subsidiaries | - | - | 461 347 | 74 161 676 |
| Unknown deposits | 90 493 636 | 56 836 865 | 3 485 997 | 5 926 975 |
| Annual bonus - 13th cheque | 10 860 509 | 30 493 526 | - | 13 707 849 |
| Accrued leave pay | 57 545 134 | 38 521 623 | 12 958 581 | 9 853 690 |
| Accrued bonus | 2 942 402 | 3 236 810 | 2 942 402 | 2 496 334 |
| Accruals | 24 517 594 | 13 897 735 | 4 620 309 | 3 617 838 |
| Other payables | 10 149 863 | 10 209 749 | 7 949 863 | 7 155 120 |
| Incentive bonusses | 749 082 | 152 792 | - | - |
| Deposits received | 18 108 555 | 17 969 995 | 16 431 803 | 15 526 442 |
| Other payables | 6 554 281 | 6 299 823 | 1 612 186 | 3 240 295 |
| **NON-FINANCIAL INSTRUMENTS:** | | | | |
| Amounts received in advance | 10 054 372 | 10 000 000 | - | - |
| Refund liability | 5 051 284 | 5 051 284 | - | - |
| VAT | 46 826 686 | 44 847 180 | 44 294 779 | 43 232 558 |
| | **399 572 453** | **334 104 776** | **146 471 327** | **210 597 767** |
| **FINANCIAL INSTRUMENT AND NON-FINANCIAL INSTRUMENT COMPONENTS OF TRADE AND OTHER PAYABLES** | | | | |
| At amortised cost | 337 640 111 | 274 206 312 | 102 176 548 | 167 365 209 |
| Non-financial instruments | 61 932 342 | 59 898 464 | 44 294 779 | 43 232 558 |
| | **399 572 453** | **334 104 776** | **146 471 327** | **210 597 767** |

### EXPOSURE TO CURRENCY RISK

Refer to note 56 Financial instruments and financial risk management for details of currency risk management for trade payables.

### EXPOSURE TO LIQUIDITY RISK

Refer to note 56 Financial instruments and financial risk management for details of liquidity risk exposure and management.

### EXPOSURE TO INTEREST RATE RISK

Refer to note 56 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

### FAIR VALUE OF TRADE AND OTHER PAYABLES

The fair value of trade and other payables approximates their carrying amounts.

### AGENCY

The amount disclosed as grants payable to subsidiaries amounting to 2021: R 461 347 (2020: R 74 161 676) represents grants received that have not been paid over to Great North Transport 2021: R 461 347 (2020: R 48 361 676) and Limpopo Connection 2021:R - (2020: R 25 800 000).

| 34. EMPLOYEE BENEFITS | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **SUMMARY OF LONG SERVICE AWARDS** | | | | |
| Long service award | 6 436 001 | 5 897 000 | 1 204 000 | 1 153 000 |
| **MOVEMENT FOR THE YEAR** | | | | |
| Opening balance | 5 897 000 | 6 281 500 | 1 153 000 | 1 322 000 |
| Net expense recognised in profit or loss | 539 001 | (384 500) | 51 000 | (169 000) |
| | **6 436 001** | **5 897 000** | **1 204 000** | **1 153 000** |
| **SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS** | | | | |
| Non-current liabilities | 4 944 000 | 4 625 000 | 882 000 | 881 000 |
| Current liabilities | 1 492 001 | 1 272 000 | 322 000 | 272 000 |
| | **6 436 001** | **5 897 000** | **1 204 000** | **1 153 000** |

The long service award benefit value is summarised below.

The last actuarial valuation for the long service award was concluded on 31 March 2021.

During the valuation process the following key assumptions were used:

| | | |
|---|---|---|
| Discounted rate | 9.18 | 10.73 |
| Active members | 438 | 432 |
| Expected average retirement age | 63.70 | 63.60 |
| Liability duration in years | 7.00 | 7.00 |

The provision for incentive bonuses are calculated annually based on short term employee benefits which are based on the performance contract of individual employees entered into the Agency.

| 35. DEFERRED INCOME | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| Non-current liabilities | 662 110 816 | 658 767 798 | 5 077 264 | 27 537 249 |
| Current liabilities | 120 511 577 | 116 438 647 | 35 507 120 | 63 240 739 |
| | **782 622 393** | **775 206 445** | **40 584 384** | **90 777 988** |
| Musina Makhado - Special Economic Zone | 34 782 609 | 643 528 | - | 643 528 |
| Transnet | 1 392 000 | 1 392 000 | 1 392 000 | 1 392 000 |
| Technology Innovation Agency Project | 1 514 408 | 1 514 408 | 1 514 408 | 1 514 408 |
| Sanitation Project (Department of Education) | 23 172 | 23 172 | 23 172 | 23 172 |
| Department of Science and Technology Project | 574 650 | 574 650 | 574 650 | 574 650 |
| Dilokong Chrome Mine | - | 40 792 981 | - | 40 792 981 |
| Marula Festival | - | 9 300 000 | - | 9 300 000 |
| GNT - Recapitalisation grant | 279 995 154 | 263 036 879 | - | - |
| Limpopo Connexion - Operating grant | 420 743 356 | 396 820 851 | - | - |
| Business Training | 5 919 203 | 12 617 427 | 5 919 203 | 12 617 427 |
| One Stop Shop | 4 031 185 | 16 074 249 | 4 031 185 | 16 074 249 |
| Revitalisation of industrial park | 6 461 418 | 7 845 572 | 6 461 418 | 7 845 573 |
| Limpopo Agribusiness | 6 516 890 | 24 570 728 | - | - |
| Covid Relief | 10 000 000 | - | 10 000 000 | - |
| Digital Hub | 10 477 739 | - | 10 477 739 | - |
| Business Incubation Programme | 190 609 | - | 190 609 | - |
| | **782 622 393** | **775 206 445** | **40 584 384** | **90 777 988** |
| Opening balance | 775 206 447 | 418 960 676 | 90 777 988 | 97 613 385 |
| Funding received | 189 517 923 | 455 450 504 | 20 668 348 | 14 983 547 |
| Expenses transferred to grant income | (182 101 977) | (99 204 735) | (70 861 952) | (21 818 944) |
| - Equitable share | - | - | (58 905 326) | - |
| - Expenditure incurred | - | - | (11 956 626) | (21 818 944) |
| | **782 622 393** | **775 206 445** | **40 584 384** | **90 777 988** |

The deferred income liability is secured by a separate call account with a balance of 2021: R 29 574 169 (2020: R 99 971 859) at year end.

## NATURE AND EXTENT OF DEFERRED REVENUE GRANT- AGENCY

### MUSINA - MAKHADO - SPECIAL ECONOMIC ZONE (DEFERRED REVENUE OF 2021: R 0 ;2020: R643 528)

The grant was received from the Provincial Treasury. The grant was received to perform a detailed environmental impact study, finalise the project master plan and implement the special economic zone.

### TRANSNET (DEFERRED REVENUE OF 2021: R 1 392 000;2020: R1 392 000)

The grant was received from Transnet. The funding was provided to assist in the establishment of a business hub for small and medium business enterprises in the Tubatse area of Limpopo.

### TECHNOLOGY INNOVATION AGENCY PROJECT (DEFERRED REVENUE OF 2021:R 1 514 408; 2020: R1 514 408)

The grant was received from the Technology and Innovation Agency. The SIP capital funding received is used to fund small and medium business enterprises to be established.

## 35. DEFERRED INCOME (CONTINUED)

SANITATION PROJECT (DEPARTMENT OF EDUCATION) (DEFERRED REVENUE OF 2021:R 23 172; 2020: R 23 172)

The grant was received from the Department of Education (DoE) for the cleaning project. LEDA was appointed as the project administrator/coordinator - It involves the cleaning of pit latrines in schools. The Annual grant of R5 000 000 was extended to LEDA to identify relevant service providers. The project ended in 2017/18, no further funding was received from DoE.

DEPARTMENT OF SCIENCE AND TECHNOLOGY (DEFERRED REVENUE OF 2021: R 574 650; 2020: R 574 650)

The grant was received from the Department of Science and Technology. The grant was received to provide financial support for small amd medium business enterprises.

DILOKONG CHROME MINE (DEFERRED REVENUE OF 2021: R 0;2020: R40 792 981)

The grant was received from the Provincial Treasury to bid for Dilokong Chrome Mine. It is currently used for paying legal fees in respect to the Bid process.

MARULA FESTIVAL (DEFERRED REVENUE OF 2021: R 0;2020: R9 300 000)

The grant was allocated from LEDET, the funds were allocated for the purchase of Inkwe Park for the development of Marula products, including promotion/marketing those products.

The Section 54 approval was received from Treasury during the current financial year and the project will be finalised once the funds are available.

BUSINESS TRAINING (DEFERRED REVENUE OF 2021: R5 910 203; 2020: R12 617 427)

The grant was received from the Provincial Treasury. The funding on the grant is utilised to assist with the accreditation of training centres and the procuring of required materials at these training centres.

ONE STOP SHOP (DEFERRED REVENUE OF 2021: R 4 031 185; 2020: R16 074 240)

The grant was received from the Department of Trade and Industries for the development of the Limpopo One Stop Shop, the retrofit, furniture and high-end Audio visual equipment.

The retrofit is complete, furniture and Audio-visual equipment is outstanding.

REVITALISATION OF INDUSTRIAL PARK (DEFERRED REVENUE OF 2021 R 8 461 418;2020: R7 845 573)

This is the confirmed investment amount of Seshego Industrial Park phase 1B refurbishment of security features.

The DTIC runs the revitalisation and /or refurbishment of state owned Industrial Parks (IPs) throughout South Africa. LEDA is a beneficiary of the programme in Limpopo. Three IPs (Seshego,Nkowankowa and Thohoyandou) will be refurbished.

COVID RELIEF FUND (DEFERRED REVENUE OF 2021: R10 000 000; 2020: R0)

The funding was allocated to provide a prompt remedial action to the challenges faced by Cooperatives and SMME's threatening the collapse of the majority of community enterprises due to the effect of COVID. The funding to be utilised to provide financial and non-financial support.

DIGITAL HUB FUND (DEFERRED REVENUE OF 2021: R1C 477 739; 2020: R0)

The purpose of the digital hub funding is to promote digital transformation in Limpopo Province. The funding to be used to establish new facilities that will assist in addressing the needs of the youth and the unemployed who wish to be gainfully employed either by seeking employment or through the establishment of enterprises. The facilities will offer various training programmes, high bandwidth and cutting edge technical facilities and services, as well as meeting rooms, event and training rooms.

## 35. DEFERRED INCOME (CONTINUED)

BUSINESS INCUBATION PROGRAM (DEFERRED REVENUE OF 2021: R 190 609; 2020 R0)

The funding was allocated to provide a prompt remedial action to the challenges faced by Cooperatives and SMME's threatening the collapse of the majority of community enterprises due to the effect of COVID. The funding to be utilised to provide financial and non-financial support. The deferred income is the same as the Covid Relief grant that was received.

### LIMPOPO AGRIBUSINESS

CSIR (DEFERRED REVENUE OF 2021: R3 470 993; 2020: R3 688 236)

This grant was received from the Department of Agriculture as well as the Department of Science and Technology (DST). A number of assets were bought for use by Venteco (Pty) Ltd at the Tshivhase Tea Estate for production purposes.

USE OF GOVERNMENT HOUSING (DEFERRED REVENUE OF 2021: R905 484; 2020: R935 315)

The company has access to exclusive use of residential houses on Government land. The right of use is recorded as deferred revenue and the amount is amortised over the useful life of the related asset.

POTATO PROJECT (DEFERRED REVENUE OF 2021:R0; 2020: R12 000 000)

The grant was received from the Department of Agriculture. The R12 000 000 was returned to the Department of Agriculture as Covid-19 support to the government.

BUSINESS PLAN (DEFERRED REVENUE OF 2021: R2 140 413; 2020: R5 000 000)

The grant was received by the Department of Agriculture for the use to undertake a comprehensive situation analysis and develop a bankable business plan for restitution projects.

The remaining balance of the R17m deferred revenue balance of the prior year is R2 140 413 . This amount is the remaining balance of the business plan with an initial grant of R5m.

HATCHERY EQUIPMENT (DEFERRED REVENUE OF 2021: R0; 2020: R2 947 276)

The grant was received from the Department of Agriculture for the purchase of equipment for the Hatchery. The total amount of the grant was spent and hatchery equipment was transferred to Property, plant and equipment.

The deferred revenue balance of R17m is not fully funded by cash as some of the cash was utilised to fund operational expenses that were supposed to be funded by the shareholder. The shareholder will therefore fund the utilisation of the deferred revenue balance of R17m.

### LIMPOPO CONNEXION

OPERATING GRANT (DEFERRED REVENUE OF 2021: R420 743 356; 2020: R396 820 851)

The majority of government grants received in the current year related to designing, building, operating and maintaining a transmission carried broadband open access secure and affordable network infrastructure.

### GREAT NORTH TRANSPORT

RECAPITALISATION GRANT (DEFERRED REVENUE OF 2021: R279 935 154; 2020: R263 036 879)

The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited. Unfulfilled condition attaching to government assistance that has been recognised relating to the acquisition of busses.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **36. CURRENT TAX PAYABLE (RECEIVABLE)** | R | R | R | R |
| Current tax payable | 4 257 952 | 4 257 952 | - | - |

## 37. REVENUE

| | | | | |
|---|---|---|---|---|
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | | | |
| Students revenue (business support) | 1 385 520 | 4 092 780 | 1 385 520 | 4 092 780 |
| **REVENUE OTHER THAN FROM CONTRACTS WITH CUSTOMERS** | | | | |
| Other rental income | 112 803 315 | 106 445 276 | 112 393 344 | 106 207 902 |
| Interest received - Other financial as-sets held at cost | 3 340 593 | 4 850 850 | 3 340 593 | 4 850 850 |
| Gross premiums & rendering of services | 57 650 535 | 7 107 890 | 95 108 | 174 894 |
| Subsidy received from Department of Roads and Transport | 191 379 868 | 234 633 009 | 6 090 | 30 093 |
| Sale of goods | 237 155 913 | 542 234 756 | - | - |
| Private hire and contract revenue | 1 475 931 | 17 899 621 | - | - |
| Subsidised tickets | 32 933 970 | 66 622 961 | - | - |
| | **636 740 125** | **979 794 363** | **115 835 135** | **111 263 739** |
| | **638 125 645** | **983 887 143** | **117 220 655** | **115 356 519** |

The total disclosed as contract revenue represents class fees paid by students to attend classes to possibly obtain certificates. Revenue is currently acknowledged in the financial year that students register. At the end of each financial year an analysis is performed to determine the revenue that falls outside the financial period. As the total of the differences is not material, the financial statements are not adjusted.

The balances of students that failed to pay student fees are evaluated at the end of each financial period and such balances are impaired. Refer to note 21 of the financial statements in respect of impairment of student balances.

## 38. COST OF SALES

| | | | | |
|---|---|---|---|---|
| Sale of goods | 150 043 260 | 349 224 921 | - | - |
| Rendering of services | 6 590 163 | 2 084 369 | - | - |
| Re-insurance premiums | 10 940 167 | 2 756 540 | - | - |
| *Manufactured goods:* | | | | |
| Depreciation and impairment | 3 442 280 | 3 064 425 | - | - |
| | **171 015 870** | **357 130 255** | **-** | **-** |

| 39. OTHER OPERATING INCOME | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| Administration and management fees received | 209 800 | 380 692 | 209 800 | 380 692 |
| Fees earned | 3 545 282 | 3 216 177 | - | - |
| Compensation from insurance claims | 292 629 | 193 011 | - | - |
| Other recoveries | 17 425 621 | 2 738 840 | 17 421 421 | 2 735 840 |
| Sundry income | 2 857 647 | 2 725 118 | - | - |
| Sponsorships | 12 280 | 1 150 130 | 12 280 | 1 150 130 |
| Other income | 21 754 179 | 7 559 412 | - | - |
| GNR Reinsurance profit share | 1 622 699 | 262 934 | - | - |
| Transfer from policyholder liabilities for insurance contracts | 2 007 834 | 872 338 | - | - |
| Donor funding | 54 927 060 | 23 234 861 | - | - |
| Group funeral claims reinsured | 13 023 625 | 1 126 875 | - | - |
| | **117 678 656** | **43 460 388** | **17 643 501** | **4 266 662** |

## 40. OTHER OPERATING GAINS (LOSSES)

| GAINS (LOSSES) ON DISPOSALS, SCRAPPINGS AND SETTLEMENTS | | | | | |
|---|---|---|---|---|---|
| Property, plant and equipment | 3 | 1 269 357 | 1 597 595 | (51 534) | 1 709 777 |

## 41. OPERATING PROFIT (LOSS)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

| AUDITOR'S REMUNERATION - EXTERNAL | | | | |
|---|---|---|---|---|
| Audit fees | 20 100 194 | 18 425 032 | 9 309 471 | 8 858 457 |
| **REMUNERATION, OTHER THAN TO EMPLOYEES** | | | | |
| Administrative and managerial services | 9 221 810 | 10 030 612 | - | 221 073 |
| Consulting and professional services | 30 168 361 | 32 333 445 | 13 013 788 | 21 786 051 |
| Secretarial services | 532 406 | 312 105 | - | - |
| | **39 922 577** | **42 676 162** | **13 013 788** | **22 007 124** |
| **EMPLOYEE COSTS** | | | | |
| Salaries, wages, bonuses and other benefits | 480 634 811 | 514 210 590 | 190 193 674 | 208 972 436 |
| Directors fees | 11 224 326 | 18 323 510 | 1 386 988 | 3 247 543 |
| Other short term costs | 61 928 796 | 63 672 618 | 28 128 | 929 959 |
| Retirement benefit plans: de-fined contribution expense | (30 830) | 98 960 | (30 830) | 98 960 |
| Retirement benefit plans: defined benefit expense | 1 000 | - | - | - |
| Long term incentive scheme | (110 000) | 8 000 | (129 000) | 8 000 |
| Total employee costs | 553 648 103 | 596 313 678 | 191 448 960 | 213 256 898 |

| 41. OPERATING PROFIT (LOSS) (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **LEASES** | | | | |
| OPERATING LEASE CHARGES | | | | |
| Premises | 1 887 080 | 1 791 675 | - | - |
| Equipment | 258 102 | 162 360 | 235 734 | 152 636 |
| Operating lease (other) | 6 402 462 | 11 187 967 | - | - |
| | **8 678 665** | **13 644 170** | **235 734** | **152 636** |
| CONTINGENT RENTALS ON OPERATING LEASES | | | | |
| Equipment | (6 880) | 838 168 | (6 880) | 838 168 |
| **Total operating lease charges** | **8 671 785** | **14 482 338** | **228 854** | **990 804** |
| DEPRECIATION AND AMORTISATION | | | | |
| Depreciation of investment property on the cost model | 8 058 471 | 7 354 608 | 8 045 994 | 7 333 293 |
| Depreciation of property, plant and equipment | 62 547 456 | 35 456 282 | 4 900 420 | 5 673 622 |
| Depreciation of right-of-use assets | 11 079 961 | 12 231 812 | 1 062 422 | 910 497 |
| Amortisation of intangible assets | 12 095 227 | 933 790 | 58 889 | 150 735 |
| **Total depreciation and amortisation** | **93 781 115** | **55 976 492** | **14 067 725** | **14 068 147** |
| Less: Depreciation included in cost of merchandise sold and inventories | (3 442 280) | (3 064 425) | - | - |
| **Total depreciation and amortisation expensed** | **90 338 835** | **52 912 067** | **14 067 725** | **14 068 147** |
| IMPAIRMENT LOSSES | | | | |
| Investment property | 84 446 | - | 84 446 | - |
| Property, plant and equipment | 24 801 687 | 16 713 030 | - | - |
| Goodwill | 31 649 157 | - 165 854 | - | - |
| Intangible assets | - | 16 878 884 | - | - |
| | **56 535 290** | | **84 446** | **-** |
| MOVEMENT IN CREDIT LOSS ALLOWANCES | | | | |
| Expected credit loss allowance | 31 574 521 | 89 463 965 | 216 711 832 | 165 078 364 |

The total represents the expected credit loss allowance for the year for investment in associates, other financial assets, investments in subsidiaries and trade and other receivables.

| 42. EMPLOYEE COSTS | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **EMPLOYEE COSTS** | | | | |
| Basic | 443 789 620 | 458 157 440 | 176 492 362 | 182 061 245 |
| Bonus | 8 323 694 | 37 396 747 | 7 409 448 | 28 998 374 |
| SDL | 4 320 124 | 4 704 042 | 1 569 313 | 1 739 063 |
| Other payroll levies | 805 669 | 1 210 170 | - | - |
| Leave pay provision charge | 23 395 704 | 12 742 191 | 4 722 551 | (3 826 246) |
| Directors fees | 11 224 326 | 18 323 510 | 1 386 988 | 3 247 543 |
| Other short term costs | 61 928 796 | 63 672 618 | 28 128 | 929 959 |
| Retirement benefit plans | (29 830) | 98 960 | (30 830) | 98 960 |
| Long-term benefits - incentive scheme | (110 000) | 8 000 | (129 000) | 8 000 |
| | **553 648 103** | **596 313 678** | **191 448 960** | **213 256 898** |

| 43. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES | | | | |
|---|---|---|---|---|
| **DEPRECIATION** | | | | |
| Property, plant and equipment | 59 105 176 | 32 400 857 | 4 900 420 | 5 673 622 |
| Right-of-use assets | 11 079 961 | 12 231 812 | 1 062 422 | 910 497 |
| Investment property on the cost model | 8 058 471 | 7 345 608 | 8 045 994 | 7 333 293 |
| | **78 243 608** | **51 978 277** | **14 008 836** | **13 917 412** |
| **AMORTISATION** | | | | |
| Intangible assets | 12 095 227 | 933 790 | 58 889 | 150 735 |
| **IMPAIRMENT LOSSES** | | | | |
| Property, plant and equipment | 24 801 687 | 16 713 030 | - | - |
| Investment property | 84 446 | - | 84 446 | - |
| Intangible assets | - | 165 854 | - | - |
| Goodwill | 31 649 157 | - | - | - |
| | **56 535 290** | **16 878 884** | **84 446** | **-** |
| **TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT** | | | | |
| Depreciation | 78 243 608 | 51 978 277 | 14 008 836 | 13 917 412 |
| Amortisation | 12 095 227 | 933 790 | 58 889 | 150 735 |
| Impairment losses | 56 535 290 | 16 878 884 | 84 446 | - |
| | **146 874 125** | **69 790 951** | **14 152 171** | **14 068 147** |

| 44. INVESTMENT INCOME | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **DIVIDEND INCOME** | | | | |
| GROUP ENTITIES: | | | | |
| Associates - Local | - | - | 4 438 792 | 5 280 390 |
| EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS: | | | | |
| Unlisted investments - Local | - | - | 3 200 000 | 850 000 |
| EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: | | | | |
| Listed investments - local | 4 910 196 | - | - | - |
| | **4 910 196** | **-** | **7 638 792** | **6 130 390** |
| **INTEREST INCOME** | | | | |
| INVESTMENTS IN FINANCIAL ASSETS: | | | | |
| Bank and other cash | 16 730 019 | 22 626 510 | 4 390 813 | 7 511 579 |
| **Total investment income** | **21 640 215** | **22 626 510** | **12 029 605** | **13 641 969** |

Investment income on financial instruments which are available for sale or held to maturity is only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning of the current reporting period, which is the date of adoption of IFRS 9 Financial Instruments. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

| 45. FINANCE COSTS | | | | |
|---|---|---|---|---|
| Shareholders | - | 2 970 | - | - |
| Employee benefits and creditors | 8 690 329 | 9 874 956 | 1 779 181 | 1 444 574 |
| Bank overdraft | 130 762 | 158 970 | 6 813 | 5 |
| Interest paid - other | 1 983 483 | 4 040 008 | - | - |
| Other interest paid | 215 063 | 294 808 | - | - |
| **Total finance costs** | **11 019 637** | **14 371 712** | **1 785 994** | **1 444 579** |

| 46. OTHER NON-OPERATING GAINS (LOSSES) | | | | | |
|---|---|---|---|---|---|
| **IMPAIRMENT LOSSES ON** | | | | | |
| Other financial assets | 14 | (39 102 211) | - | - | - |
| **FAIR VALUE GAINS (LOSSES)** | | | | | |
| Financial assets designated as at fair value through profit or loss | | (4 696 710) | 747 204 | - | - |
| Net gains (losses) on the hedging instrument in fair value hedges | | 4 635 953 | (9 378 069) | - | - |
| | | **(60 757)** | **(8 630 865)** | **-** | **-** |
| **Total other non-operating gains (losses)** | | **(39 162 968)** | **(8 630 865)** | **-** | **-** |

| 47. TAXATION | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **MAJOR COMPONENTS OF THE TAX (INCOME) EXPENSE** | | | | |
| DEFERRED: | | | | |
| Originating and reversing temporary differences | (11 145 437) | 2 664 153 | - | - |
| RECONCILIATION OF THE TAX EXPENSE | | | | |
| Reconciliation between accounting profit and tax expense. | | | | |
| Accounting loss | (167 146 252) | (126 032 215) | - | - |
| Tax at the applicable tax rate of 28% (2020: 28%) | (46 800 951) | (35 289 020) | - | - |
| TAX EFFECT OF ADJUSTMENTS ON TAXABLE INCOME | | | | |
| Temporary difference on deferred tax movement | 11 145 437 | (2 664 153) | - | - |
| Exempt entities | 24 510 077 | 40 617 326 | - | - |
| | **(11 145 437)** | **2 664 153** | - | - |

## 48. OTHER COMPREHENSIVE INCOME

| COMPONENTS OF OTHER COMPREHENSIVE INCOME - GROUP - 2021 | Gross R | Tax R | Net R |
|---|---|---|---|
| ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT (LOSS) | | | |
| Remeasurements on net defined benefit liability/asset | 410 000 | - | 410 000 |

| COMPONENTS OF OTHER COMPREHENSIVE INCOME - GROUP - 2020 | Gross R | Tax R | Net R |
|---|---|---|---|
| ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT (LOSS) | | | |
| Remeasurements on net defined benefit liability/asset | (1 348 000) | - | (1 348 000) |

| 49. CASH (USED IN)/GENERATED FROM OPERATIONS | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| Loss before taxation | (156 000 815) | (128 696 368) | (131 013 100) | (115 585 704) |
| ***Adjustments for:*** | | | | |
| Depreciation and amortisation | 93 781 105 | 55 967 493 | 14 067 726 | 14 058 437 |
| (Gains) losses on disposals, scrappings and settlements of assets and liabilities | (1 269 357) | (1 597 595) | 51 534 | (1 709 777) |
| Expected credit losses | 31 713 508 | 88 357 385 | - | - |
| Actuarial loss on net defined benefits | 410 000 | (1 348 000) | - | - |
| Dividends received (trading) | - | - | (7 638 792) | (6 130 390) |
| Interest income | (21 640 215) | (22 626 510) | (4 390 813) | (7 511 579) |
| Finance costs | 11 019 637 | 14 371 712 | 1 785 994 | 1 444 579 |
| Impairment loss/(reversal) PPE and Investment property | 24 886 133 | 16 878 884 | 216 352 280 | 165 046 523 |
| Movements in retirement benefit assets and liabilities | 238 000 | (1 033 000) | 574 000 | 479 000 |
| Movements in provisions | 8 243 922 | (9 624 736) | - | (18 282 274) |
| Revaluation of assets | - | 2 607 151 | - | - |
| Transfer of assets | 4 554 881 | (84 393) | - | - |
| Taxation provision | (11 145 437) | 2 664 153 | - | - |
| Goodwill impaired | 31 649 157 | - | - | - |
| ***Changes in working capital:*** | | | | |
| Inventories | 5 240 294 | 15 813 902 | 134 414 | 65 404 |
| Trade and other receivables | (43 607 568) | (57 741 895) | (25 089 808) | (29 239 645) |
| Prepayments | (195 354) | 299 708 | - | - |
| Trade and other payables | 65 467 684 | 46 627 414 | (64 126 444) | 112 986 179 |
| Employee benefits | 539 001 | (384 500) | 51 000 | (169 000) |
| Deferred income | 7 415 948 | 358 336 776 | (50 193 604) | (6 835 397) |
| | **51 300 524** | **378 787 581** | **(49 435 613)** | **108 616 356** |

## 50. COMMITMENTS

### AUTHORISED CAPITAL EXPENDITURE

ALREADY CONTRACTED FOR BUT EXPENSES NOT YET INCURRED

| | | | | |
|---|---|---|---|---|
| • Capital commitments | 114 705 819 | 258 216 752 | - | - |
| • Investment in joint ventures | 5 770 031 | - | - | - |
| | **120 475 850** | **258 216 752** | - | - |

Represent capital expenditure contracts entered into for which work has not yet been committed at year-end.

### CONTRACTUAL COMMITMENTS

MINIMUM LEASE PAYMENTS DUE

| | | | | |
|---|---|---|---|---|
| • within one year | 79 760 506 | 263 861 763 | - | - |

### OPERATING LEASES – AS LESSEE (EXPENSE) (IAS 17)

MINIMUM LEASE PAYMENTS DUE

| | | | | |
|---|---|---|---|---|
| • within one year | 6 983 716 | 20 419 310 | - | - |
| • in second to fifth year inclusive | 6 842 604 | 18 477 796 | - | - |
| | **13 826 320** | **38 897 106** | - | - |

| 50. COMMITMENTS (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| **OTHER COMMITMENTS - SERVICE LEVEL AGREEMENT** | | | | |
| MINIMUM LEASE PAYMENTS DUE | | | | |
| • first year | 48 364 241 | 73 803 682 | 30 384 434 | 32 053 917 |
| • second to fifth year | 62 111 617 | 99 224 409 | 46 643 086 | 59 736 116 |
| • later than five years | 3 600 | - | 3 600 | - |
| | **110 479 458** | **173 028 091** | **77 031 120** | **91 790 033** |

**COMMITTED PURCHASE ORDERS BEFORE YEAR END**

The committed purchase orders represent orders issued to specific suppliers or service providers for which the goods or services have not yet been supplied at year end. The outstanding purchase orders are all payable within one year.

| | | | | |
|---|---|---|---|---|
| Amounts payable within one year | 9 210 065 | 1 434 166 | 9 210 065 | 1 434 166 |

## 51. CONTINGENCIES

The following contingencies are in place, and are disclosed in the financial statements of the Group and its subsidiaries, namely:

**CONTINGENT LIABILITIES**

LEDA 2021

Litigation is in process against the company due to repairs of vandalised property before transferring to the owner, M.E. Khangale who bought the property. The current owner has since passed away and we are waiting for the appointment of an executor in order to substitute the deceased in the litigation proceedings. The amount of contingent liability is unquantified.

The Haxane traditional authority is demanding payment of R 300 000 for alleged outstanding rental on land utilised by LEDA. The land is however registered in the name of the South African Government as government owned land and LEDA is confident that the claim will be successfully defended.

Litigation is underway by S. Ndou, T. Madilonga and J. Howell regarding claims for passing of transfer of properties arising from sales of various immovable properties sold by LEDA to various purchasers. Their claims have prescribed in that summons was served very late upon LEDA. The amount is non-monetary and LEDA is of the opinion that the case will be successfully defended.

Litigation by KJ Lephauphau and others is underway for a claim for passing of transfer of properties arising from the sale of various immovable properties sold by LEDA to various purchasers. LEDA is of the opinion that the claim will be successfully defended and the amount is estimated as R 121 500 or the amount is alternatively unquantified.

The Department of Labour has instituted litigation against Venteco (a division of LEDA) for failure to submit Employment Equity Plans and related reports to the Department. The estimated amount of fine, penalties and litigation is estimated at R1,5 million but LEDA is of the opinion that case will be successfully defended.

LEDA is currently being sued by the Polokwane Municipality for payment for water and electricity allegedly consumed by LEDA's tenant. LEDA denies liability and is challenging the validity of the bill in that it was raised or billed after the tenant had already vacated the premises and after LEDA having notified the municipality about the tenant's vacation of the premises. The estimated amount is R 758 481,70.

Demand for transfer or refund of purchase price R 113 314 or alternatively unquantified damages claim by MG Lamola due to LEDA's failure in passing transfer of Portion 10 of Erf 224, Thohoyandou A.

Demand for transfer or refund of purchase price R 121 500 or alternatively unquantified damages claim by YM & M Patel due to LEDA's failure in passing transfer of Portion 6 of Erf 224, Thohoyandou A.

Demand for transfer or refund of amount unquantified by Aaron Madiba due to LEDA's failure in passing transfer of Portion 17 of Erf 224, Thohoyandou A. The amount of contingent liability is unquantified.

## 51. CONTINGENCIES (CONTINUED)

LEDA is going to court to request the suspension of the section 11 consent and to prevent Cheetah Chrome from purchasing Dilokong Chrome. The Competition Commission approved the sale to Cheetah Chrome. The Limpopo Economic Development Agency (Leda) has gone to court to try to protect and retain its 40% stake in a chrome mine after its Chinese partner ran the enterprise into business rescue and the assets were sold to another Chinese company. The amount of the contingent liability is non-monetary.

LEDA is being sued for by Maphetho Business Service for the refusal to adjust the security rates in line with the Ministerial Sectoral Determination for the security industry for the payment of R 3 087 101.

LEDA is currently being sued for vacant land that was unlawfully claimed and registered in the name of LEDA. LEDA is being sued by N.O Livuwani Gloria Simali on behalf of her late father's estate. The amount of the contingent liability is non-monetary.

LEDA is being sued by Mike's Kitchen for 1 day old chickens that were sold and delivered. The lawsuit contracted a payment of R163 641.

LEDA is being sued by Motse LMI CC for the payment of R781 458 for architectural, mechanical, electrical and civil engineering services that were rendered for LEDA One Stop Shop and not yet paid.

The Traditional Council is suing LEDA, seeking to give them back land as LEDA derives occupation on the land from a Permission to Occupy that was issued to LEDA. Leda is being sued by Rubye Charles Mohlaba N.O. The amount of the contingent liability is non-monetary.

Damages claim for injuries sustained by ME Malatse, PM Modjadji, MD Makgalemele and PT Masindi for a ceiling that fell upon the employees at of the LEDA premises which is leased by the South African Post Office. The estimated amount of litigation is estimated at R 100 000 for each employee, summing to a total of R 400 000.

Demand for transfer or refund of purchase price R 114 000 by Aaron Madiba due to LEDA's failure in passing transfer of Portion 17 of Erf 224, Thohoyandou A.

### GREAT NORTH TRANSPORT

Litigation is in process against the company by twenty (2020: eighteen) former employees relating to labour disputes. The following table refers:

| PARTIES | DESCRIPTION | 2021 | 2020 |
|---|---|---|---|
| M.N. Gololo | Dismissal | R 3 036 272 | R 3 036 272 |
| T.J. Sekgobela | Dismissal | Cannot be estimated reliably | Cannot be estimated reliably |
| P. Motshana | Dismissal | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| Marble Hall Employees | Demand for payment for no work no pay during national bus driver's strike | R 547 000 | R 547 000 |
| NN Hlungwane | Dismissal | R 1 200 000 | R 1 200 000 |
| W. Ledwaba | Dismissal for misconduct | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| M.P. Mathebula | Dismissal for misconduct | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| L. Notley | Dispute over settlement award | R 1 800 000 | R 1 800 000 |
| Khoza and other | Fixed term contract: to enjoy same benefits | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| S. Maphosa | Dismissal | Cost cannot be estimated reliably | Cost cannot be estimated reliably |

## 51. CONTINGENCIES (CONTINUED)

| PARTIES | DESCRIPTION | 2021 | 2020 |
|---|---|---|---|
| M. Makgatho | Dismissal | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| TOWU obo 8 Employees | Dismissal | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| S.G. Makhudu | Contract not renewed | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| M. Makgoka | Dismissal for misconduct | - | Cost cannot be estimated reliably |
| Ndlovu | Dismissal | - | Cost cannot be estimated reliably |
| Mphela and others | Dismissal for misconduct | Cost cannot be estimated reliably | Cost cannot be estimated reliably |
| Mbambo | Dismissal for misconduct | - | Cost cannot be estimated reliably |
| Manyathela | Dismissal for misconduct | - | Cost cannot be estimated reliably |
| F.B. Monyai | Dismissal for misconduct | - | Cost cannot be estimated reliably |
| Ramewela Mosibudi and others | Dismissal | Cost cannot be estimated reliably | - |

Litigation is in the process against the company relating to the loss of income, suffering / trauma and medical expenses, after Mr T.A. Manzini was shot at by another employee on company premises. The amount of the claim is R2.5 million.

The Company is sued by Mr MP Raboyanyana for R 400 000 for defamation of character. The company is sued by D. Maila for R 900 000 for defamation of character.

The company is sued by M.M. Seakamela for R 100 000 for defamation of character.

Litigation is in process against the company in respect of rental of sleeping grounds payment as a result of the tribal authority ownership dispute, the total claim amount is R350 000.

Litigation is in process against the company by Kgaphola Investments. The dispute is for bus routes. The amount of the claim is R 29 648 170.

Contingent liability exists in respect of the contractual dispute with the contracted bus operator, Kopani Transport Services, for subsidy claims above the contracted rates. The matter is currently being dealt with by means of arbitration process as per agreement between the two parties.

Management is of the opinion that, after consultation with the company's legal advisors, the above claims, which amount to an estimated total R 40,5 million against the company will not succeed and has therefore not provided for any losses.

### CONTINGENT ASSETS

Litigation is in the process by GNT against Nnyofu Attorneys. The company is suing for services paid but not provided by the supplier. The amount of the claim is R 448 635

## 51. CONTINGENCIES (CONTINUED)

### CORRIDOR MINING RESOURCES (SOC) LIMITED

TSHEPONG CHROME MINE SOC LTD

VAT refundable amounting to R3 581 812 (2020: R3 451 754) and Current tax receivable amounting to R10 080 518 (2020: R1 532 285) has been identified as a contingent asset until confirmation is received from SARS that the money will be refunded to the entity. The amounts receivable have been fully provided for until clarity is obtained on the outcome of the amounts as disclosed. Investigations relating to fraud committed at SARS regarding the refund of the VAT amount into the perpetrators' bank account is still in progress. A full report on the incident is available, however, due to the matter not being finalised with SAPS, the report is made known only to those charged with governance.

### LEDA 2020

Litigation is in the process against the LEDA due to repairs of vandalised property before transferring to the owner, M.E. Khangale who bought the property. The current owner has since passed away and we are waiting for the appointment of an executor in order to substitute the deceased in the litigation proceedings. No provision has been made for the claim as the outcome and final amount cannot be confirmed.

The Haxane traditional authority is demanding payment for alleged outstanding rental on land utilised by LEDA. The land is however registered in the name of the South African Government as government owned land and LEDA is confident that the claim will be successfully defended.

Litigation is underway by Mr. S.N. Tshimange on behalf of his daughter for damages occurred on a vacant stand next to LEDA's owned property. No provision has been made as LEDA is confident of successfully defending the claim.

Litigation is undway by S. Ndou, T. Madilonga and J. Howell regarding claims for passing of transfer of properties arising from sales of various immovable properties sold by LEDA to various purchasers. Their claims have prescribed in that summons was served very late upon LEDA. The amount is not determinable and LEDA is of the opinion that the case will be successfully defended.

Litigation by KJ Lephauphau and others is underway for claims for passing of transfer of properties arising from sale of various immovable properties sold by LEDA to various purchasers. LEDA is of the opinion that the claim will be successfully defended and the amount is estimated as R 121 500.

The Department of Labour has instituted litigation against Venteco (a division of LEDA) for failure to submit Employment Equity Plans and related reports to the Department. The estimated amount of fine, penalties and litigation is estimated at R1,5 Million but LEDA is of the opinion that case will be successfully defended.

LEDA is currently being sued by the Polokwane Municipality for payment for water and electricity allegedly consumed by LEDA's tenant. LEDA denies liability and is challenging the validity of the bill in that it was raised or billed after the tenant had already vacated the premises and after LEDA had notified the municipality about the tenant's vacation of the premises. The estimated amount is R 758 481,70.

Damages claim for injuries sustained by ME Malatse, PM Modjadji, MD Makgalemele and PT Masindi for a ceiling that fell upon the employees at one of LEDA premises which is leased by the South African Post Office. The estimated amount of litigation is estimated at R 100 000 for each employee, summing to a total of R 400 000.

Demand for transfer or refund of purchase price R 113 314 by MG Lamola due to LEDA's failure in passing transfer of Portion 10 of Erf 224, Thohoyandou A.

## 51. CONTINGENCIES (CONTINUED)

Demand for transfer or refund of purchase price R 121 500 by YM & M Patel due to LEDA's failure in passing transfer of Portion 6 of Erf 224, Thohoyandou A.

Demand for transfer or refund of purchase price R 114 000 by Aaron Madiba due to LEDA's failure in passing transfer of Portion 17 of Erf 224, Thohoyandou A.

Demand for transfer by MC Sadiki of Erf 169 Thohoyandou Q. The purchase price was not paid but was to be secured or covered by a guarantee from a Bank. The estimated amount cannot be quantified.a

LEDA is going to court to request the suspension of the section 11 consent and to prevent Cheetah Chrome from purchasing Dilokong Chrome. The Competition Commission approved the sale to Cheetah Chrome. The Limpopo Economic Development Agency (Leda) has gone to court to try to protect and retain its 40% stake in a chrome mine after its Chinese partner ran the enterprise into business rescue and the assets were sold to another Chinese company.

### GREAT NORTH TRANSPORT – 2020

Litigation is in the process against the company relating to the loss of income, suffering / trauma and medical expenses, after Mr T.A. Manzini was shot at by another employee on company premises. The amount of the claim is R2.5 million.

The Company is sued by Mr MP Raboyanyana for R 400 000 for defamation of character. The company is sued by D. Maila for R 900 000 for defamation of character.

The company is sued by M.M. Seakamela for R 100 000 for defamation of character.

Litigation is in process against the company by Kgaphola Investments. The dispute is for bus routes. The amount of the claim is R 29 648 170.

Contingent liability exists in respect of the contractual dispute with the contracted bus operator for subsidy claims above the contracted rates. The matter is currently being dealt with by means of arbitration process as per agreement between the two parties.

Management is of the opinion that, after consultation with the company's legal advisors, the above claims, which amount to an estimated total R 40.2 million against the company will not succeed and has therefore not provided for any losses.

### CONTINGENT ASSETS

Litigation is in process by GNT against Nnyofu Attorneys. The company is suing for services paid for but not provided by the supplier. The amount of the claim is R448 635.

## 52. RELATED PARTIES (CONTINUED)

### RELATIONSHIPS

| | |
|---|---|
| **Holding company** | Limpopo Department of Economic Development, Environment and Tourism (LEDET)<br>Mr M Rathumbu Respresentative - Ms L Maja<br>Limpopo Tourism Agency (Refurbishment of Limpopo Tourism building) |
| **Subsidiaries** | Refer to note 9 |
| **Joint ventures** | Refer to note 10 |
| **Associates** | Refer to note 11 |
| **Subsidiaries (Group and Agency)** | MokopaneKodumela Mining Investments<br>Sefateng Chrome Mine<br>Fumani Green Stone<br>Tshepong Chrome Mine<br>Autumn Star Trading 625<br>Maruleng Mining and Construction<br>Khumong<br>Venteco<br>Inca Mining<br>Kulungisa |
| **Directors and executive manager holding key management positions** | Refer to Note 34 (Group and Agency) |
| **Subsidies received (Group - Great North Transport (SOC) Limited)** | Limpopo Department of Transport |
| **Permission to occupy land for Agricultural purposes and Project revenue** | Limpopo Department of Agriculture (Group) |
| **Special Economic Zone - Funding** | Department of Trade and Industry |
| **Post employment benefit plan for employees of entity and/or other related parties** | Multikor<br>Southern Life<br>Metropolitan<br>MedScheme |

### RELATED PARTY TRANSACTIONS

| GRANT RECEIVED FROM SHAREHOLDER UTILISED IN CURRENT YEAR | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|
| Limpopo Department of Economic Development, Environment and Tourism (LEDET) | 554 305 324 | 379 498 423 | 274 532 324 | 323 391 085 |

The grant received represents equitable shares, of unconditional nature for the funding of the operations of the company. Balance disclosed exclude the apportionment for VAT.

### COMPENSATION TO DIRECTORS AND OTHER KEY MANAGEMENT

Refer to note 53 for details on compensation paid to directors and other key management for Limpopo Economic Development Agency and its subsidiaries (the Group).

Compensation to key management personnel:

## 53. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS

| EXECUTIVE GROUP: 2021 | Salary R | S & T R | Bonus R | Total R |
|---|---|---|---|---|
| Ms MC Mokoma | 2 036 682 | - | - | 2 036 682 |
| Mr KR Nkadimeng | 2 465 088 | - | - | 2 465 088 |
| Mr NB Mokobane | 2 106 031 | 1 710 | - | 2 107 741 |
| MR D Rankwe | 919 879 | - | - | 919 879 |
| Dr JM Mokoele | 2 755 467 | 847 | - | 2 756 314 |
| Mr F Magidi | 2 410 247 | - | - | 2 410 247 |
| Mr SH Maphutha | 2 188 457 | - | - | 2 188 457 |
| Ms MT Raphoalo | 1 954 322 | 855 | - | 1 955 177 |
| Mr MLA Masoga | 2 024 799 | - | - | 2 024 799 |
| Mr K Bogatsu | 1 185 021 | - | - | 1 185 021 |
| Mr MD Matshamba | 1 838 867 | - | - | 1 838 867 |
| Mr R Zitha | 1 668 043 | - | - | 1 668 043 |
| Mr SJ Kwesa | 2 279 939 | 687 991 | 27 000 | 2 994 930 |
| Mr I Hlongwane | 1 258 216 | 228 203 | - | 1 486 419 |
| Mr BR Mkhize | 2 092 847 | 34 271 | - | 2 127 118 |
| Mr RB Ramasobane | 2 835 885 | 20 221 | - | 2 856 106 |
| Mr ND Maloba | 1 949 503 | - | - | 1 949 503 |
| Mr TR Makhuvha | 1 596 733 | - | - | 1 596 733 |
| Mr GJ Blaauw | 1 990 719 | - | - | 1 990 719 |
| Dr SMH Nokaneng | 3 509 142 | - | - | 3 509 142 |
| Mr MM Nkosi | 1 112 673 | 38 829 | 60 833 | 1 212 335 |
| | **42 178 560** | **1 012 927** | **87 833** | **43 279 320** |

| EXECUTIVE GROUP: 2020 | | | | |
|---|---|---|---|---|
| Mr R Zitha | 1 502 957 | 63 307 | - | 1 566 264 |
| Ms MC Mokoma | 1 944 239 | - | 248 359 | 2 192 598 |
| Mr SH Maphutha | 1 811 508 | 88 154 | 204 084 | 2 103 746 |
| Mr MD Mashamba | 2 505 120 | 15 040 | 133 337 | 2 653 497 |
| Mr RB Ramasobane | 2 261 469 | 47 402 | 322 005 | 2 630 876 |
| Mr KR Nkadimeng | 2 688 384 | - | - | 2 688 384 |
| Dr SHM Nokaneng | 3 450 462 | 128 358 | - | 3 578 820 |
| Mr F Magidi | 2 885 846 | 50 621 | 324 682 | 3 261 149 |
| Mr MB Mphahlele | 2 300 565 | 24 558 | 90 228 | 2 415 351 |
| Dr JM Mokoele | 2 144 500 | 28 911 | 172 253 | 2 345 664 |
| Mr M Matwla | 1 967 410 | 11 917 | 242 931 | 2 222 258 |
| Mr ND Maloba | 1 904 234 | - | - | 1 904 234 |
| Mr SJ Keswa | 1 606 016 | 801 659 | 108 000 | 2 515 675 |
| Mr I Hlongwane | 1 250 283 | 228 203 | - | 1 478 486 |
| Mr MLA Masoga | 1 242 121 | - | - | 1 242 121 |
| Mr K Bogatsu | 509 900 | 20 202 | - | 530 102 |
| Mr BR Mkhize | 1 741 666 | - | - | 1 741 666 |
| Mr H Augustyn | 483 276 | - | - | 483 276 |
| Mr MM Nkosi | 166 833 | 13 839 | 12 167 | 192 839 |
| | **34 366 789** | **1 522 171** | **1 858 046** | **37 747 006** |

## 53. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

| NON-EXECUTIVE GROUP: 2021 | Directors' fees R | S & T R | Total R |
|---|---|---|---|
| Mr D Kourtoumbellides (Deceased 12 August 2020) | 84 418 | 920 | 85 338 |
| Mr SV Chepape | 191 572 | 9 412 | 200 984 |
| Ms KM Maroga | 204 434 | - | 204 434 |
| Mr M Maphutha | 277 267 | - | 277 267 |
| Mr JA Malele | 173 312 | - | 173 312 |
| Ms MA Mphahlele | 174 747 | - | 174 747 |
| Prof MH Maserumule | 221 472 | - | 221 472 |
| Mr TP Sebola | 239 758 | - | 239 758 |
| Mr KJ Mphela | 195 022 | - | 195 022 |
| Mr MJ Morotoba | 261 024 | - | 261 024 |
| Ms K Selane | 253 984 | - | 253 984 |
| Mr S Lediga | 122 861 | 13 693 | 136 554 |
| Mr NI Masekwameng | 122 861 | - | 122 861 |
| Mr MS Ralebipi | 664 888 | - | 664 888 |
| Mr A Kale | 141 005 | 29 356 | 170 361 |
| Mr R Tooley | 111 720 | - | 111 720 |
| Mr B Shibabmu | 338 938 | - | 338 938 |
| Dr MH Lekota | 42 720 | - | 42 720 |
| Mr RP Ragimana | 230 401 | 3 567 | 233 968 |
| Mr SR Monakedi | 58 320 | 222 | 58 542 |
| Mr R Shingange | 233 785 | - | 233 785 |
| Mr NT Mathabatha | 126 749 | 5 586 | 132 335 |
| Mr SA Sebolai | 263 451 | 8 284 | 271 735 |
| Mr E Thuketana | 118 973 | 19 981 | 138 954 |
| Mr V Mashabane | 180 950 | - | 180 950 |
| Mr E Mushwana | 80 093 | - | 80 093 |
| Mr TC Nkadimeng | 201 830 | - | 201 830 |
| Mr MO Phaasha | 146 189 | - | 146 189 |
| Mr PA Mafologelo | 126 749 | 10 884 | 137 633 |
| Mr SC Nkadimeng | 96 009 | - | 96 009 |
| Mr MP Makwana | 419 986 | 13 524 | 433 510 |
| Adv TM Ncube | 1 383 963 | 3 889 | 1 387 852 |
| Mr CA Chikane | 8 611 | - | 8 611 |
| Prof RL Howard | 430 331 | 1 553 | 431 884 |
| Ms N Magagadela | 150 508 | - | 150 508 |
| Mr MF Maguga | 95 955 | - | 95 955 |
| Mr M Mhinga | 1 306 510 | - | 1 306 510 |
| Mr P Ngwasheng | 1 622 089 | - | 1 622 089 |
| | **11 103 455** | **120 871** | **11 224 326** |

## 53. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

| NON-EXECUTIVE GROUP: 2020 | Directors' fees R | S & T R | Total R |
|---|---|---|---|
| Dr MH Lekota | 1 023 667 | 45 744 | 1 069 411 |
| Mr D Kourtoumbellides | 1 119 101 | 11 246 | 1 130 347 |
| Mr SV Chepape | 2 076 315 | 11 938 | 2 088 253 |
| Ms KM Maroga | 1 271 143 | 24 450 | 1 295 593 |
| Mr ML Mokoatlo | 384 675 | - | 384 675 |
| Mr SC Nkadimeng | 651 236 | 9 162 | 660 398 |
| Mr M Maphutha | 374 991 | 17 014 | 392 005 |
| Mr JA Malele | 464 103 | - | 464 103 |
| Ms MA Mphahlele | 555 583 | 6 471 | 562 054 |
| Prof MH Maserumule | 129 884 | 5 153 | 135 037 |
| Mr TP Sebola | 110 444 | 21 482 | 131 926 |
| Mr KJ Mphela | 110 444 | 11 090 | 121 534 |
| Mr MJ Morotoba | 230 923 | 9 896 | 240 819 |
| Ms K Selane | 129 884 | 5 511 | 135 395 |
| Ms MM Ntsaba | 88 355 | 12 739 | 101 094 |
| Ms S Maleka | 88 355 | 511 | 88 866 |
| Mr TA Mokone | 31 108 | - | 31 108 |
| Mr TL Makunyane | 285 386 | - | 285 386 |
| Mr S Lediga | 370 356 | 61 677 | 432 033 |
| Mr NI Masekwameng | 262 480 | 47 712 | 310 192 |
| Mr MW Ramoshaba | 88 355 | 7 825 | 96 180 |
| Mr MS Ralebipi | 635 588 | 18 213 | 653 801 |
| Mr R Tooley | 379 709 | 5 357 | 385 066 |
| Mr LS Morallane | 267 387 | - | 267 387 |
| Prof. R Howard | 701 527 | 20 576 | 722 103 |
| Mr BR Shibabmu | 77 311 | 4 156 | 81 467 |
| Mr A Kale | 384 903 | 7 280 | 392 183 |
| Mr M Makwana | 290 781 | - | 290 781 |
| Adv T Ncube | 1 405 700 | 33 905 | 1 439 605 |
| Ms R Nkadimeng | 925 112 | - | 925 112 |
| Mr R Shinange | 160 834 | - | 160 834 |
| Ms YSM Mathabatha | 26 364 | - | 26 364 |
| Mr S Sebolai | 77 271 | - | 77 271 |
| Mr E Thuketana | 26 364 | - | 26 364 |
| Mr V Mashabane | 50 907 | - | 50 907 |
| Mr PA Mafologelo | 26 364 | - | 26 364 |
| Mr TC Nkadimeng | 214 679 | 11 160 | 225 839 |
| Mr R Monakedi | 56 616 | 171 | 56 787 |
| Mr MO Phaasha | 138 047 | 9 082 | 147 129 |
| Mr P Ragimana | 68 048 | 29 370 | 97 418 |
| Mr E Mushwana | 26 364 | - | 26 364 |
| Ms MM Sebothoma | 424 068 | - | 424 068 |
| Mr M Mhinga | 1 524 354 | - | 1 524 354 |
| Mr P Ngwasheng | 139 533 | - | 139 533 |
| | **17 874 619** | **448 891** | **18 323 510** |

## 53. DIRECTORS' AND PRESCRIBED OFFICER'S EMOLUMENTS (CONTINUED)

| NON-EXECUTIVE - AGENCY: 2021 | Salary R | S & T R | Total R |
|---|---|---|---|
| Mr PM Makwana | 419 986 | 13 524 | 433 510 |
| Mr D Kourtoumbellides | 68 866 | 460 | 69 326 |
| Adv TM Ncube | 296 374 | 3 889 | 300 263 |
| Mr MS Ralebipi | 257 679 | - | 257 679 |
| Mr R Shingange | 64 075 | - | 64 075 |
| MR TC Nkadimeng | 7 246 | - | 7 246 |
| Mr M Maphuta | 197 174 | - | 197 174 |
| Mr CA Chikane | 3 381 | - | 3 381 |
| Mr N Magagadela | 54 334 | - | 54 334 |
| | **1 369 115** | **17 873** | **1 386 988** |

| NON-EXECUTIVE - AGENCY: 2020 | Salary R | S & T R | Total R |
|---|---|---|---|
| Mr MH Lekota | 614 034 | 26 961 | 640 995 |
| Mr D Kourtoumbellides | 796 290 | 10 450 | 806 740 |
| Mr M Maphuta | 260 272 | 17 014 | 277 286 |
| Ms MA Mphahlele | 232 772 | 6 134 | 238 906 |
| Mr TL Makunyane | 197 031 | - | 197 031 |
| Mr S Lediga | 255 637 | 45 386 | 301 023 |
| Mr MS Ralebipi | 134 229 | 11 683 | 145 912 |
| Mr M Makwana | 290 781 | - | 290 781 |
| Adv T Ncube | 117 461 | - | 117 461 |
| Ms R Nkadimeng | 121 777 | - | 121 777 |
| Mr R Shingange | 109 630 | - | 109 630 |
| | **3 129 914** | **117 628** | **3 247 542** |

| AGENCY EXECUTIVE: 2021 | Salary R | S & T R | Total R |
|---|---|---|---|
| Ms MC Mokoma | 2 036 682 | - | 2 036 682 |
| Mr NB Mokobane | 2 106 031 | 1 710 | 2 107 741 |
| Dr JM Mokoele | 2 755 467 | 847 | 2 756 314 |
| Mr F Magidi | 2 410 247 | - | 2 410 247 |
| Mr SH Maphutha | 2 188 457 | - | 2 188 457 |
| Ms MT Raophala | 1 954 322 | 855 | 1 955 177 |
| Mr TR Makhuvha | 1 596 733 | - | 1 596 733 |
| | **15 047 939** | **3 412** | **15 051 351** |

| AGENCY EXECUTIVE: 2020 | Salary R | S & T R | Bonus R | Total R |
|---|---|---|---|---|
| Ms Mokoma | 1 944 239 | - | 248 359 | 2 192 598 |
| Mr NB Mokobane | 1 811 508 | 88 154 | 204 084 | 2 103 746 |
| Dr JM Mokoele | 2 885 846 | 50 621 | 324 682 | 3 261 149 |
| Mr F Magidi | 2 300 565 | 24 558 | 90 228 | 2 415 351 |
| Mr SH Maphutha | 2 144 500 | 28 911 | 172 253 | 2 345 664 |
| Ms MT Ramphalo | 1 967 410 | 11 917 | 242 931 | 2 222 258 |
| | **13 054 068** | **204 161** | **1 282 537** | **14 540 766** |

## 54. PRIOR PERIOD ADJUSTMENTS

### LIMPOPO ECONOMIC DEVELOPMENT AGENCY

2020 FINANCIAL YEAR - ADJUSTMENTS

LOANS TO/(FROM) GROUP COMPANIES

Correction of the intergroup balances between the subsidiaries. The balances of the following subsidiaries was adjusted:

| SUBSIDIARIES | ADJUSTMENT R |
|---|---|
| Corridor Mining Resources (SOC) Limited | 517 062 |
| Limpopo Connexion (SOC) Limited | (124 511) |
| Venteco Limpopo Agribusiness (SOC) Limited | (1 703 923) |
| Limpopo Agribusiness (SOC) Limited | 676 231 |
| Musina Makhado Special Economic Zone (SOC) Limited | 222 305 |
| Risima Housing Finance Corporation (SOC) Limited | (597 470) |
| Mashashane Hatchery | 209 900 |
| | **(800 406)** |

TRADE AND OTHER RECEIVABLES

Increase due to sale of investment property not previously accounted for (R860 000) and reclassification of human resource receivable balances (R47 124).

TRADE AND OTHER PAYABLES

Increase due to additional creditors provisions amounting to R1 720 665, while reclassification to receivables amounted to R 47 124, adjustment to human resource balances amounted to (R 415 018).

OTHER INCOME

The balance of human resource expenses recovered decreased by R260 877.

INVESTMENT INCOME

Adjustment to interest received not previously accounted for and bank account due to differences between bank statement and bank confirmation letter.

PROFIT AND LOSS ON DISPOSAL OF WRITE OFF

Profit increased due to sale of investment property that was not previously accounted for. Also refer to increase in trade and other receivables.

OTHER OPERATING EXPENSES

Increase mainly due to additional expenses provided for as well as adjustment to human resource expense balances.

INVESTMENT PROPERTY

The adjustment of R 214 012 in respect of the investment property is due to the following:

- Renovation expenses not previously capitalised - R 226 790
- Depreciation on renovation expenses capitalised - (R 7 669)
- Repairs and maintenance expenses incorrectly capitalised - (R 5 109)

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

LOAN FROM GROUP COMPANY

Correction of loan account balances to agree to the financial statements of group companies.

IMPAIRMENT OF CREDIT LOSSES

Represent the reversal of Mahube Mining interest that was included in the credit loss total.

### GREAT NORTH TRANSPORT (SOC) LTD

RIGHT OF USE ASSETS

Right of use assets increased due to right of use assets that were incorrectly estimated to have a useful life in line with the lease term instead of useful life of the underlying asset in accordance with IFRS 16.

INVENTORY

Inventory increased as a result of adjustments made to accruals for the 2020 financial year.

PREPAID EXPENSES

Prepaid expenses decreased as a result of understatement of accruals for the 2020 financial year.

TRADE AND OTHER PAYABLES

The trade and other payables increased as a result of an understatement of accruals for the 2020 financial year.

OTHER OPERATING EXPENSES

- Other operating expenses decreased by R 1 271 652 due to depreciation relating to right of use assets that were incorrectly estimated to have a useful life in line with the lease term instead of useful life of the underlying asset in accordance with IFRS 16.
- Other operating expenses increased due to correction of understatement of accruals for the 2020 financial year. The categories of affected operating expenses accounts are as per below:

| OPERATING EXPENSE | INCREASED/ (DECREASED) R |
|---|---|
| Advertising and marketing expenses | (300) |
| Bank charges | 1 |
| Consulting and professional fees- Legal fees | 138 000 |
| Tickets | 43 044 |
| Tow-in services | 3 680 |
| Fines and penalties | 7 186 |
| Printing and stationary | (1 962) |
| Repairs and maintenance | (28 487) |
| Security | 198 536 |
| Subscriptions | 9 157 |
| Telephone and fax | 2 404 |
| Transport and freight | (3 273) |
| | **367 986** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

### CORRIDOR MINING RESOURCES SOC LTD AND ITS SUBSIDIARIES

#### CORRIDOR MINING RESOURCES SOC LTD

Late invoices were received from suppliers relating to the previous financial year. The invoices amount to R37 448 in total.

It was identified that a creditor had been accounted for twice in the prior financial year which was corrected in the current financial year amounting to R16 566.

An amount of R12 060 for environmental rehabilitation deposit expensed during the 2017 financial year was reallocated to environmental rehabilitation deposits.

The amount of R173 323 for irregular expenditure in the prior year caused by an overpayment of director fees were not included in the disclosure in the sign off of the 2020 Audited Annual Financial Statements - this disclosure being corrected in the current financial year

During the current period under review, it was noted that interest charges from the prior year were not captured against a creditor. This was corrected during the current period. The amount being R27 344-32. The error was also corrected in the disclosure of fruitless and wasteful expenditure note.

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the subsidiaries in the prior years should be accounted for as loans to the subsidiaries. The total amount of R27 200 was corrected and restated as follows:

- Tshepong Chrome Mine SOC Ltd R14 550
- Khumong Chrome Mine SOC Ltd R3 050
- Mokopane-Kodumela Mining Investments R3 050
- Fumani Greenstone SOC Ltd R3 050
- Autumn Star Trading SOC Ltd R3 500

It was noted that the management fee received amounting to R270 000 was with regards to services rendered by a director to a subsidiary in the prior period. This was adjusted and restated.

A vat output portion amounting to R1 228 070-16 on a prepayment on anticipated future sales in 2012 was reversed to the prepayment amount - The sale transactions did not occur and hence the prepayment is to the full value as received.

#### SEFATENG CHROME MINE (PTY) LTD

Various line items of Sefateng Chrome Mine had been adjusted in the prior year as the financial statements of Sefateng. Chrome Mine were not finalised by Deloitte Inc. at the time that the Corridor Mining Resources consolidation was signed off by the Auditor-General (S.A).

#### TSHEPONG CHROME MINE SOC LTD

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the company in the prior years should be accounted for as loans from shareholder. The amount of R14 550 was corrected and restated in 2020. The disclosure for fruitless and wasteful expenditure was also updated amounting to R3 150 for the 2020 financial year.

#### MOKOPANE KODUMELA MINING INVESTMENTS SOC LTD

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the company in the prior years should be accounted for as loans from shareholder. The amount of R3 050 was corrected and restated in 2020. The disclosure for fruitless and wasteful expenditure was also updated amounting to R350 for the 2020 financial year.

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

### KHUMONG CHROME MINE SOC LTD

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the company in the prior years should be accounted for as loans from shareholder. The amount of R3 050 was corrected and restated in 2020. The disclosure for fruitless and wasteful expenditure was also updated amounting to R350 for the 2020 financial year.

### AUTUMN STAR TRADING 625 SOC LTD

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the company in the prior years should be accounted for as loans from shareholder. The amount of R3 500 was corrected and restated in 2020. The disclosure for fruitless and wasteful expenditure was also updated amounting to R350 for the 2020 financial year.

### FUMANI GREENSTONE SOC LTD

During the period under review it was identified that the CIPC costs paid by Corridor Mining Resources on behalf of the company in the prior years should be accounted for as loans from shareholder. The amount of R3 050 was corrected and restated in 2020. The disclosure for fruitless and wasteful expenditure was also updated amounting to R350 for the 2020 financial year.

| ADJUSTMENTS IN SEFATENG CHROME MINE (PTY) LTD | INCREASED/ (DECREASED) R |
|---|---|
| Cost of Sales | 1 948 626 |
| Depreciation | 102 654 |
| Operating expenses | 728 197 |
| Taxation - Deferred + Royalties | (1 025 443) |
| Retained Income | 1 079 641 |
| Property, plant and equipment | 8 152 785 |
| Trade and other receivables | (2 095 960) |
| Provisions | (9 916 344) |
| Deferred tax | 716 612 |
| SARS - Royalties payable | 308 830 |

### LIMPOPO AGRIBUSINESS (SOC) LTD

#### PROPERTY, PLANT AND EQUIPMENT

The investment property was reclassified to property, plant and equipment in the prior year but the depreciation was not transferred correctly.

An asset was written off in the prior year but the asset is still in use and was incorrectly written off with the Mununzwu assets.

#### TRADE AND OTHER RECEIVABLES

Trade and other receivables were overstated with R1 869 in the previous year due to the VAT component of the incorrect accruals made. Trade and other receivables was overstated with R220 564 in the prior year due to the allocation between debtors invoices and payments received not being correct resulting in provisions for bad debt and the Customer control account not being correct. Trade and other receivables were understated with R44 002.06 in the previous year due to the interest received on the Eskom deposit not being accounted for in the correct period.

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

### TRADE AND OTHER PAYABLES

Trade and other payables were overstated with R14 327 due to accrual made in the prior year for expenses that relate to the 2021 financial year. Trade and other payables was overstated with R351 302 in the prior year due to the amount that is claimed as income received in advance not being correct as the allocation between debtors invoices and payments received was not correct.

### OTHER EXPENSES

The investment property was reclassified to property, plant and equipment in the prior year but the depreciation was not transferred correctly. An asset was written off in the prior year but the asset is still in use and was incorrectly written off with the Mununzwu assets. Other operating expenses were overstated in the prior year with R12 458 due to accruals made for expenses that relate to the 2021 financial year. Other operating expenses was overstated with R571 866 due to the allocation between debtors invoices and payments received not being correct resulting in provisions for bad debt and the Customer control account not being correct.

### INVESTMENT INCOME

Investment income was understated with R44 002.06 in the previous year due to the interest received on the Eskom deposit not being accounted for in the correct period.

### LIMPOPO CONNEXION (SOC) LTD

Included in the adjustment for property, plant and equipment is the correction of the fixed asset register where assets that were disposed of incorrectly, was reversed as they were still in use. Broadband Work in Progress assets were adjusted where it was accounted for in the incorrect period and this also resulted in corrections processed to trade payables and deferred income.

Additional adjustments were made to property, plant and equipment where broadband sites and assets were capitalised from work-in-progress. Adjustments to lease liabilities, finance cost and right-of-use assets were as a result of accounting for the 15 Biccard office and Fibre/POP rentals in terms of IFRS 16 - Leases.

Corrections processed to trade receivables and accrued interest relate to a correction processed for the under provision of accrued interest in the prior periods as well as R115 853 for revenue from broadband services that were not accounted for.

Corrections processed in loans to shareholders, employee cost and local travel relate to directors remuneration and disbursements that were not accounted for in the prior period. Corrections processed to finance cost and trade payables relate to interest and penalties levied by SARS for the late payment of EMP201 submissions in the prior year.

Corrections made in trade payables, deferred income, other income and project expenses all relate to donor funding that was received and realised in the prior periods not being accounted for correctly. The net effect of the above mentioned transactions was accounted for in retained earnings where the resulting income statement effect had to be accounted for.

### BAKGAGA BAKONE CROSSING (SOC) LIMITED

The correction below relates to audit fees that were never accounted for.

### STATEMENT OF FINANCIAL POSITION

Loan from shareholders (2021: R-) ; (2020: -R 2 853)

### PROFIT OR LOSS

Audit fees (2021: R-) ; (2020: R 2 853)

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The correction of the error(s) results in adjustments as follows:

| GROUP: 2020<br>STATEMENT OF FINANCIAL POSITION | As previously reported 2020<br>R | Prior year adjustments<br>R | 2020 restated<br>R |
|---|---|---|---|
| Property, plant and equipment | 617 164 708 | 4 492 821 | 621 657 529 |
| Right of use assets | 19 364 692 | 8 744 783 | 28 109 475 |
| Investment property | 190 856 046 | 214 012 | 191 070 058 |
| Goodwill | 31 649 157 | - | 31 649 157 |
| Intangible assets | 123 779 797 | 737 699 | 124 517 496 |
| Investment in associates | 89 024 627 | - | 89 024 627 |
| Other financial assets | 660 775 473 | (9) | 660 775 464 |
| Environmental rehabilitation deposit | 31 572 727 | 12 060 | 31 584 787 |
| Biological assets | 2 282 964 | - | 2 282 964 |
| Inventories | 19 859 125 | 2 608 | 19 861 733 |
| Loans to group companies | 36 285 241 | (1) | 36 285 240 |
| Loans to shareholders | 1 500 000 | - | 1 500 000 |
| Trade and other receivables | 135 952 267 | 1 243 130 | 137 195 397 |
| Other financial assets | 93 463 956 | - | 93 463 956 |
| Prepayments | 4 482 018 | (101 232) | 4 380 786 |
| Other receivables | 56 834 961 | - | 56 834 961 |
| Cash and cash equivalents | 375 479 378 | - | 375 479 378 |
| Share capital | (409 216 005) | - | (409 216 005) |
| Non-controlling interest | (3 752 586) | - | (3 752 586) |
| Loans from shareholders | (2 399 502) | - | (2 399 502) |
| Insurance contracts | (6 864 275) | - | (6 864 275) |
| Investment contracts | (5 993 562) | - | (5 993 562) |
| Finance lease liabilities | (17 217 464) | (2 562 207) | (19 779 671) |
| Retirement benefit obligation | (27 405 839) | - | (27 405 839) |
| Employee benefits | (4 625 000) | - | (4 625 000) |
| Deferred income | (439 914 617) | (218 853 181) | (658 767 798) |
| Deferred tax | (10 667 297) | 716 612 | (9 950 685) |
| Provisions | (68 862 513) | (8 614 514) | (77 477 027) |
| RHLF Fund - liability | (20 702 446) | - | (20 702 446) |
| Trade and other payables | (320 522 222) | (13 582 554) | (334 104 776) |
| Loans from shareholders | (38 003 998) | - | (38 003 998) |
| Insurance contracts | (10 388 138) | - | (10 388 138) |
| Finance lease liabilities | (9 878 348) | (942 343) | (10 820 691) |
| Operating lease liability | (2 425) | - | (2 425) |
| Retirement benefit obligation | (3 493 000) | - | (3 493 000) |
| Employee benefits | (1 258 900) | (13 100) | (1 272 000) |
| Deferred income | (351 006 223) | 234 567 576 | (116 438 647) |
| Current tax payable | (4 257 952) | - | (4 257 952) |
| Provisions | (2 120 707) | (595 629) | (2 716 336) |
| RHLF Fund - liability | (12 530 674) | - | (12 530 674) |
| FLISP Fund | (22 254 154) | 1 807 411 | (20 446 743) |
| Other liability | - | (1 807 411) | (1 807 411) |
| **Retained income** | **696 989 290** | **5 466 531** | **702 455 821** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

| GROUP: 2020<br>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | As previously reported 2020<br>R | Prior year adjustments<br>R | 2020 restated<br>R |
|---|---|---|---|
| Revenue | 983 887 143 | - | 983 887 143 |
| Cost of sales | (353 422 754) | (3 707 501) | (357 130 255) |
| Other income | 17 148 086 | 26 312 302 | 43 460 388 |
| Government grants | 464 352 479 | (11 296 403) | 453 056 076 |
| Other operating gains losses | (8 687 900) | 10 285 495 | 1 597 595 |
| Impairments and allowance for credit losses | (96 506 765) | 7 042 800 | (89 463 965) |
| Other operating expenses | (1 152 092 269) | (12 366 160) | (1 164 458 429) |
| Investment income | 34 949 870 | (12 323 360) | 22 626 510 |
| Finance costs | (13 809 581) | (562 131) | (14 371 712) |
| Income from equity accounted investments | 3 677 900 | - | 3 677 900 |
| Other non-operating gains and losses | - | (8 630 865) | (8 630 865) |
| Taxation | (3 380 765) | 716 612 | (2 664 153) |
| Fair value adjustment | 464 603 | (747 204) | (282 601) |
| Non-controlling interest | (174 341) | - | (174 341) |
| **(Loss) / profit for the year** | **(123 594 294)** | **(5 276 415)** | **(128 870 709)** |

| AGENCY: 2020<br>STATEMENT OF FINANCIAL POSITION | As previously reported 2020<br>R | Prior year adjustments<br>R | 2020 restated<br>R |
|---|---|---|---|
| Property Plant and Equipment | 46 191 359 | (1) | 46 191 358 |
| Right of use asset | 347 556 | - | 347 556 |
| Investments Property | 185 760 239 | 214 012 | 185 974 251 |
| Intangible Assets | 252 562 | - | 252 562 |
| Investments in subsidiaries | 236 954 810 | - | 236 954 810 |
| Investments in associates | 3 503 094 | - | 3 503 094 |
| Other financial assets | 74 389 077 | - | 74 389 077 |
| Inventory | 750 410 | - | 750 410 |
| Loan to group companies | 138 267 039 | (898 201) | 137 368 838 |
| Trade and other receivables | 63 979 091 | 907 125 | 64 886 216 |
| Other financial assets | 2 204 274 | - | 2 204 274 |
| Cash and cash equivalent | 132 437 307 | - | 132 437 307 |
| Share capital | (409 216 005) | - | (409 216 005) |
| Finance Lease Liabilities | (389 709) | - | (389 709) |
| Deferred income | (27 537 249) | - | (27 537 249) |
| Retirement obligation | (14 273 000) | - | (14 273 000) |
| Employee benefits | (881 000) | - | (881 000) |
| Provisions | - | - | - |
| Trade and other payables | (209 339 899) | (1 257 868) | (210 597 767) |
| Loans from group companies | (13 667 266) | 97 795 | (13 569 471) |
| Retirement obligation | (1 742 000) | - | (1 742 000) |
| Employee benefits | (272 000) | - | (272 000) |
| Deferred income | (63 240 738) | (1) | (63 240 739) |
| Provisions | - | - | - |
| **Retained income** | **144 477 952** | **(937 139)** | **143 540 813** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

**AGENCY: 2020**

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | As previously reported 2020 R | Prior year adjustments R | 2020 restated R |
|---|---|---|---|
| Revenue | 115 356 519 | - | 115 356 519 |
| Other income | 4 527 539 | (260 877) | 4 266 662 |
| Other operating gains | 809 777 | 900 000 | 1 709 777 |
| Government Grants | 322 097 436 | - | 322 097 436 |
| Impairment and allowance for credit losses | (172 121 164) | 7 042 800 | (165 078 364) |
| Other operating expenses | (403 842 849) | (2 009 674) | (405 852 523) |
| Investment income | 20 453 187 | (6 811 218) | 13 641 969 |
| Finance cost | (1 444 579) | - | (1 444 579) |
| Fair Value gain | (282 601) | - | (282 601) |
| **(Loss)/profit for the year** | **(114 446 735)** | **(1 138 969)** | **(115 585 704)** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

| GROUP: 2019<br>STATEMENT OF FINANCIAL POSITION | As previously reported 2019<br>R | Prior year adjustments<br>R | 2019 restated<br>R |
|---|---|---|---|
| Property, plant and equipment | 485 307 042 | - | 485 307 042 |
| Right of use assets | - | 1 815 249 | 1 815 249 |
| Investment property | 208 495 953 | - | 208 495 953 |
| Biological assets | 2 112 233 | - | 2 112 233 |
| Goodwill | 31 649 157 | - | 31 649 157 |
| Intangible assets | 123 061 800 | - | 123 061 800 |
| Investment in associates | 88 292 101 | - | 88 292 101 |
| Other financial assets | 609 008 230 | - | 609 008 230 |
| Environmental rehabilitation deposit | 34 620 796 | - | 34 620 796 |
| Biological assets | 2 992 791 | - | 2 992 791 |
| Inventories | 35 675 635 | - | 35 675 635 |
| Loans to group companies | 45 811 686 | - | 45 811 686 |
| Loans to shareholders | 1 500 000 | - | 1 500 000 |
| Trade and other receivables | 151 906 765 | (1 752 002) | 150 154 763 |
| Other financial assets | 72 915 004 | - | 72 915 004 |
| Current tax receivables | 6 002 246 | - | 6 002 246 |
| Prepayments | 4 680 494 | - | 4 680 494 |
| Other receivables | 1 708 558 | - | 1 708 558 |
| Cash and cash equivalents | 314 665 632 | - | 314 665 632 |
| Share capital | (409 216 005) | - | (409 216 005) |
| Reserves | 2 607 151 | - | 2 607 151 |
| Non-controlling interest | (3 578 245) | - | (3 578 245) |
| Loans from shareholders | (2 399 502) | - | (2 399 502) |
| Insurance contracts | (9 152 525) | - | (9 152 525) |
| Investment contracts | (5 827 560) | - | (5 827 560) |
| Finance lease liabilities | - | (1 745 313) | (1 745 313) |
| Retirement benefit obligation | (28 626 839) | - | (28 626 839) |
| Employee benefits | (4 613 000) | - | (4 613 000) |
| Deferred income | (293 566 420) | - | (293 566 420) |
| Deferred tax | (6 934 785) | - | (6 934 785) |
| Provisions | (61 747 439) | - | (61 747 439) |
| RHLF Fund - liability | (33 252 959) | - | (33 252 959) |
| Trade and other payables | (292 428 529) | 4 951 168 | (287 477 361) |
| Loans from shareholders | (38 003 998) | (1) | (38 003 999) |
| Insurance contracts | (8 849 186) | - | (8 849 186) |
| Investment contracts | (27 864) | | (27 864) |
| Finance lease liabilities | (14 102) | - | (14 102) |
| Operating lease liability | (2 425) | - | (2 425) |
| Retirement benefit obligation | (3 305 000) | - | (3 305 000) |
| Employee benefits | (1 668 500) | - | (1 668 500) |
| Deferred income | (126 757 972) | 3 454 723 | (123 303 249) |
| Current tax payable | (4 257 952) | - | (4 257 952) |
| Provisions | (28 002 329) | (68 331) | (28 070 660) |
| RHLF Fund - liability | (11 394 685) | - | (11 394 685) |
| FLISP Fund | (22 762 817) | - | (22 762 817) |
| Retained income | **826 622 636** | **6 655 493** | **833 278 129** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

**GROUP: 2019**

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | As previously reported 2019 R | Prior year adjustments R | 2019 restated R |
|---|---|---|---|
| Revenue | 1 165 517 752 | (94 595) | 1 165 423 157 |
| Cost of sales | (467 947 713) | (1 760 500) | (469 708 213) |
| Other income | 21 522 816 | 3 272 397 | 24 795 213 |
| Government grants | 330 192 796 | 97 524 | 330 290 320 |
| Fair value gain | 1 483 758 | - | 1 483 758 |
| Impairments and allowance for credit losses | 16 115 530 | - | 16 115 530 |
| Other operating expenses | (1 169 745 533) | - | (1 169 745 533) |
| Investment income | 34 194 103 | 65 694 | 34 259 797 |
| Finance costs | (7 456 004) | (115 414) | (7 571 418) |
| Income from equity accounted investments | 12 653 920 | - | 12 653 920 |
| Taxation | (822 200) | - | (822 200) |
| Other operating gains losses | (1 920 005) | - | (1 920 005) |
| Non-controlling interest | 5 621 240 | - | 5 621 240 |
| **(Loss) / profit for the year** | **(60 589 540)** | **1 465 106** | **(59 124 434)** |

**AGENCY: 2019**

| STATEMENT OF FINANCIAL POSITION | As previously reported 2019 R | Prior year adjustments R | 2019 restated R |
|---|---|---|---|
| Property Plant and Equipment | 40 930 632 | (1) | 40 930 631 |
| Investments Property | 175 757 596 | - | 175 757 596 |
| Intangible Assets | 403 298 | - | 403 298 |
| Investments in subsidiaries | 207 954 810 | - | 207 954 810 |
| Investments in associates | 3 503 094 | - | 3 503 094 |
| Other financial assets | 102 899 786 | 1 | 102 899 787 |
| Inventory | 815 814 | - | 815 814 |
| Loan to group companies | 149 231 938 | - | 149 231 938 |
| Trade and other receivables | 106 764 346 | - | 106 764 346 |
| Other financial assets | 10 589 921 | - | 10 589 921 |
| Cash and cash equivalent | 99 939 585 | (1) | 99 939 584 |
| Share capital | (409 216 005) | - | (409 216 005) |
| Deferred income | (38 979 478) | - | (38 979 478) |
| Retirement obligation | (13 990 000) | - | (13 990 000) |
| Employee benefits | (1 199 000) | - | (1 199 000) |
| Provisions | - | - | - |
| Trade and other payables | (97 813 410) | 201 824 | (97 611 586) |
| Retirement obligation | (1 546 000) | - | (1 546 000) |
| Employee benefits | (123 000) | - | (123 000) |
| Deferred income | (58 633 906) | - | (58 633 906) |
| Provisions | (18 282 274) | - | (18 282 274) |
| **Retained income** | **259 007 747** | **201 823** | **259 209 570** |

## 54. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

**AGENCY: 2019**

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | As previously reported 2019 R | Prior year adjustments R | 2019 restated R |
|---|---|---|---|
| Revenue | 112 299 791 | 1 | 112 299 792 |
| Other income | 10 602 893 | - | 10 602 893 |
| Government Grants | 292 604 300 | - | 292 604 300 |
| Other operating gains/(losses) | 6 154 173 | - | 6 154 173 |
| Impairment and allowance for credit losses | 17 428 019 | - | 17 428 019 |
| Other operating expenses | (503 784 035) | 182 088 | (503 601 947) |
| Investment income | 18 281 612 | (1) | 18 281 611 |
| Finance cost | (192 953) | - | (192 953) |
| Fair Value gain | 8 733 497 | - | 8 733 497 |
| **(Loss)/profit for the year** | **(37 872 703)** | **182 088** | **(37 690 615)** |

## 55. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated. Refer to Note 54.

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

**CATEGORIES OF FINANCIAL INSTRUMENTS**

| CATEGORIES OF FINANCIAL ASSETS<br>GROUP - 2021 | Note(s) | Fair value through other comprehensive income - debt instruments R | Amortised cost R | Total R |
|---|---|---|---|---|
| Loans to shareholders | | - | 1 500 000 | 1 500 000 |
| Other receivables | 64 | - | 715 707 | 715 707 |
| Trade and other receivables | 21 | - | 148 337 113 | 148 337 113 |
| Other financial assets | 14 | 53 302 924 | 643 664 798 | 696 967 722 |
| Cash and cash equivalents | 22 | - | 229 954 958 | 229 954 958 |
| Prepayments | 18 | - | 4 576 140 | 4 576 140 |
| | | **53 302 924** | **1 028 748 716** | **1 082 051 640** |
| GROUP - 2020 | | | | |
| Loans to group companies | 12 | - | 36 285 240 | 36 285 240 |
| Loans to shareholders | 13 | - | 1 500 000 | 1 500 000 |
| Other receivables | 64 | - | 56 834 961 | 56 834 961 |
| Trade and other receivables | 21 | - | 137 195 397 | 137 195 397 |
| Cash and cash equivalents | 22 | - | 375 479 378 | 375 479 378 |
| Prepayments | 18 | - | 4 380 786 | 4 380 786 |
| Other financial assets | 14 | 88 954 269 | 665 285 151 | 754 239 420 |
| | | **88 954 269** | **1 276 960 913** | **1 365 915 182** |

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

| COMPANY - 2021 | Note(s) | Amortised cost R | Total R |
|---|---|---|---|
| Loans to group companies | 12 | 82 997 368 | 82 997 368 |
| Trade and other receivables | 21 | 58 160 183 | 58 160 183 |
| Cash and cash equivalents | 22 | 38 104 439 | 38 104 439 |
| Other financial assets | 14 | 42 637 790 | 42 637 790 |
| | | **221 899 780** | **221 899 780** |

| COMPANY - 2020 | Note(s) | Fair value through other comprehen- sive income - debt instruments R | Amortised cost R | Total R |
|---|---|---|---|---|
| Loans to group companies | 12 | - | 137 368 838 | 137 368 838 |
| Trade and other receivables | 21 | - | 64 886 216 | 64 886 216 |
| Cash and cash equivalents | 22 | - | 132 437 307 | 132 437 307 |
| Other financial assets | 14 | 22 000 000 | 54 593 351 | 76 593 351 |
| | | **22 000 000** | **389 285 712** | **411 285 712** |

CATEGORIES OF FINANCIAL LIABILITIES

| GROUP - 2021 | Note(s) | Fair value through profit or loss - Designated R | Amortised cost R | Total R |
|---|---|---|---|---|
| Trade and other payables | 33 | - | 337 640 111 | 337 640 111 |
| Loans from shareholders | 13 | - | 40 403 500 | 40 403 500 |
| Insurance contracts | 26 | - | 16 285 889 | 16 285 889 |
| RHLF Fund - liability | 30 | - | 20 787 841 | 20 787 841 |
| Investment contracts | 27 | 6 125 197 | - | 6 125 197 |
| Borrowings | 22 | - | 299 294 385 | 299 294 385 |
| Operating lease liabilities | 29 | - | 2 425 | 2 425 |
| FLISP Fund | 32 | 17 945 876 | - | 17 945 876 |
| Finance lease liabilities | 4 | 19 971 003 | - | 19 971 003 |
| | | **44 042 076** | **714 414 151** | **758 456 227** |

| GROUP - 2020 | | | | |
|---|---|---|---|---|
| Trade and other payables | 33 | - | 274 206 312 | 274 206 312 |
| Loans from shareholders | 13 | - | 40 403 500 | 40 403 500 |
| Insurance contracts | 26 | - | 17 252 413 | 17 252 413 |
| Investment contracts | 27 | 5 993 562 | - | 5 993 562 |
| Operating lease liability | 29 | - | 2 425 | 2 425 |
| RHLF Fund - liability | 30 | - | 33 233 120 | 33 233 120 |
| FLISP Fund | 32 | 20 446 743 | - | 20 446 743 |
| Finance lease liabilities | 4 | 30 600 362 | - | 30 600 362 |
| | | **57 040 667** | **365 097 770** | **422 138 437** |

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

| COMPANY - 2021 | Note(s) | Fair value through other comprehen- sive income - debt instruments R | Amortised cost R | Total R |
|---|---|---|---|---|
| Trade and other payables | 33 | - | 102 176 548 | 102 176 548 |
| Finance lease liability | 4 | 1 236 096 | - | 1 236 096 |
| | | **1 236 096** | **102 176 548** | **103 412 644** |
| COMPANY - 2020 | | | | |
| Trade and other payables | | - | 167 365 209 | 167 365 209 |
| Loans from group companies | | - | 13 569 471 | 13 569 471 |
| Finance lease obligations | | 389 709 | - | 389 709 |
| | | **389 709** | **180 934 680** | **181 324 389** |

### FINANCIAL RISK MANAGEMENT

#### OVERVIEW

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk, cash flow interest rate risk and price risk).

The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group Chief Risk Officer under policies approved by the LEDA Board. Risk management identifies, evaluates and manages certain financial risks. The Board of Directors provides oversight on risk management activities.

#### CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The agency only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from nonperformance by these counter-parties.

Where management did expect potential losses from non-performance by the parties listed, sufficient provision had been made for credit loss allowances.

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP (economic growth) and the unemployment rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial instrument assets exposed to credit risk at year-end were as follows:

| FINANCIAL INSTRUMENT | Group 2021 R | Group 2020 R | Agency 2021 R | Agency 2020 R |
|---|---|---|---|---|
| Cash and cash equivalents | 229 954 958 | 375 479 378 | 38 104 439 | 132 437 307 |
| Trade and other receivables | 148 337 113 | 137 195 397 | 58 160 183 | 64 886 216 |
| Other financial assets | 696 967 722 | 754 239 420 | 42 637 790 | 76 593 351 |
| Loans to shareholders | 1 500 000 | 1 500 000 | - | - |
| Prepayments | 4 576 140 | 4 380 786 | - | - |
| Loans to group companies | - | 36 285 240 | 82 997 368 | 137 368 838 |
| Other receivables | 715 707 | 56 834 961 | - | - |
| | **1 082 051 640** | **1 365 915 182** | **221 899 780** | **411 285 712** |

### LIQUIDITY RISK

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash and other financial assets.

The group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. The Group's policy to counteract credit exposures uncertainty that only counter parties of a high credit standing are used for the investment of excess cash.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Surplus cash is invested in short term investment call accounts. At the reporting date the Group and Agency's held liquid assets.

The Group determines the liquidity risk and cash flow forecasts monthly to meet these commitments.

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's non-derivative financial liabilities exposed to liquidity risk into relevant maturity groupings:

| GROUP - 2021 | | Less than 1 year R | 1 to 2 years R | Total R | Carrying amount R |
|---|---|---|---|---|---|
| Trade and other payables | 29&33 | 337 640 111 | - | 337 640 111 | 337 640 111 |
| Loans from shareholders | 24 | 38 003 998 | 2 399 502 | 40 403 500 | 40 403 500 |
| Insurance contracts | 26 | 9 571 549 | 6 714 340 | 16 285 889 | 16 285 889 |
| Investment contracts | 27 | - | 6 125 197 | 6 125 197 | 6 125 197 |
| Finance lease liabilities | 4 | 7 961 819 | 12 009 184 | 19 971 003 | 19 971 003 |
| Borrowings | 50 | - | 299 294 385 | 299 294 385 | 299 294 385 |
| RHLF Fund Liability | 30 | 14 861 339 | 5 926 502 | 20 787 841 | 20 787 841 |
| FLISP Fund Liability | 32 | 17 945 876 | - | 17 945 876 | 17 945 876 |
| Operating lease liability | 15 | 2 425 | - | 2 425 | 2 425 |
| | | **425 987 117** | **332 469 110** | **758 456 227** | **758 456 227** |
| **GROUP - 2020** | | | | | |
| Trade and other payables | 33 | 274 206 312 | - | 274 206 312 | 274 206 312 |
| Loans from shareholders | 25 | 38 003 998 | 2 399 502 | 40 403 500 | 40 403 500 |
| Finance lease liabilities | 4 | 10 820 691 | 19 779 671 | 30 600 362 | 30 600 362 |
| Operating lease liability | 15&29 | 2 425 | - | 2 425 | 2 425 |
| Investment contracts | 50 | - | 5 993 562 | 5 993 562 | 5 993 562 |
| Insurance contract | 26 | 10 388 138 | 6 864 275 | 17 252 413 | 17 252 413 |
| RHLF Fund Liability | 30 | 12 530 674 | 20 702 446 | 33 233 120 | 33 233 120 |
| FLISP Fund Liability | 32 | 20 446 743 | - | 20 446 743 | 20 446 743 |
| | | **366 398 981** | **55 739 456** | **422 138 437** | **422 138 437** |
| **COMPANY - 2021** | | | | | |
| Trade and other payables | 33 | 102 176 548 | - | 102 176 548 | 102 176 548 |
| Finance lease liabilities | 4 | 892 631 | 343 465 | 1 236 096 | 1 236 096 |
| | | **103 069 179** | **343 465** | **103 412 644** | **103 412 644** |
| **COMPANY - 2020** | | | | | |
| Trade and other payables | 33 | 167 365 209 | - | 167 365 209 | 167 365 209 |
| Loans from group companies | 24 | 13 569 471 | - | 13 569 471 | 13 569 471 |
| Finance lease liabilities | 4 | - | 389 709 | 389 709 | 389 709 |
| | | **180 934 680** | **389 709** | **181 324 389** | **181 324 389** |

### INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The group has no significant interest-bearing assets.

The interest rate risk arises from interest rates charged on the loans to group companies. Loans are issued at a variable rate that exposes the Group to a fair value interest rate risk.

The Group's exposure to interest rate risk is managed by the Risk Management and Credit Risk Divisions. It is a policy of the Group to charge its related parties a rate linked to the prime interest rate as determined by the Reserve Bank. The prime rate decreased in the current year from 8,75% to 7%. This policy has not changed since the prior year.

| 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED) | GROUP 2021 R | GROUP 2020 R | COMPANY 2021 R | COMPANY 2020 R |
|---|---|---|---|---|

RISIMA HOUSING FINANCE

The company interest rate risk arises from interest rate charged on the housing loans debt. Housing loans are issued at a prime linked interest rate and it exposes the company to fair value interest rate risk.

The company's exposure to interest rate risk is managed by the Credit Risk Division. It is a policy of the company to charge its clients prime interest rate as determined by the Reserve bank. This policy has not changed since prior year.

The company has investments in financial assets (home loans) as per note 3 of the financial statements and in 32 days' notice and current bank accounts.

At the end of the reporting period the profile of the company's interest-bearing financial instruments as reported to the management of the company was as follows:

The company monitors the potential impact on interest revenue or potential changes to the interest rate. Below is the sensitivity analysis of the effect of a 1.75% movement in interest rates.

1,75% Increase in prime rate: R 9 000 342

1,75% Decrease in prime rate: R (11 917 518)

| | | | | |
|---|---|---|---|---|
| Other financial assets: Home loans | 598 658 583 | 608 010 603 | - | - |
| Cash and cash equivalents | 41 887 045 | 18 598 692 | - | - |
| | **640 545 628** | **626 609 295** | - | - |

CASH FLOW SENSITIVITY ANALYSIS

The interest rate remained steady at 7% after year end.

MARKET RISK

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Group's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

PRICE RISK

The Group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

Post-tax profit for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

IMPAIRMENT OF LOANS AND OTHER FINANCIAL ASSETS

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

## 56. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower. Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

## 57. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the agency and that the shareholder Limpopo Economic Development, Environment and Tourism (LEDET) will continue to support the Group.

We draw attention to the fact that at 31 March 2021, the Group had accumulated income of R 543,9 million (2020: R 702,5 million) and the Group's total assets exceed its liabilities by R 959,8 million (2020: R 1 115,4 million).

The ability of the Group to continue as a going concern is dependent on several factors which include some of the following interventions:

- LEDA Group has revised the annual plan for the financial year 2021/22 considering the allocation of the Grant by the Provincial Treasury
- LEDA Group is currently operating in terms of negotiated subsidy contracts with the Department of Transport. These contracts are subject to renewal on an annual basis. The current contracts have been extended for 3 years from 1 April 2021 to 31 March 2024
- Limpopo Executive Council has further directed the Provincial Treasury to reprioritize the allocation of R 182 million to the subsidiary GNT.
- The leasing out of the Lebowakgomo Chicken abattoir is in the implementation phase and is expected to positively contribute to the cash flows of Limpopo Agribusiness and the Group.
- CMR has revised their turnaround strategy which has been approved by the Board.

## 58. EVENTS AFTER THE REPORTING PERIOD

During December 2019, an urgent health notice was issued by China about Corona Virus (COVID-19). This virus was officially declared a Public Health Emergency of International Concern (PHEIC or pandemic) on 30 January 2020 by the Word Health Organisation. Many actions taken by governments and the private sector to respond to the outbreak resulted in a decline in the global economy.

The President of the Republic of South Africa declared a National State of Disaster, effective 26 March 2020. This resulted in a lockdown of the economy, affecting all major business sectors. Management is still in the process of carefully assessing the specific facts and circumstances that existed for the entity at the time of the outbreak and the effect thereof on the entity. Currently, the impact of COVID-19 on the entity cannot be measured with any degree of accuracy.

Management did however compile an assessment of going concern and is satisfied that the entity will be able to continue its operations for the foreseeable future.

## 59. COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

## 60. ADDITIONAL DISCLOSURE IN TERMS OF THE HOME AND LOAN MORTGAGE DISCLOSURE ACT NO. 63 OF 2000

| RISIMA HOUSING FINANCE CORPORATE | 2021 | | 2020 | |
|---|---|---|---|---|
| TYPE | Number | Value R | Number | Value R |
| Applications received | 99 | 42 963 298 | 221 | 120 598 073 |
| Declined applications / cancellations | (16) | (8 054 021) | (20) | (14 151 878) |
| Approved applications | 83 | 34 909 277 | 201 | 106 446 195 |
| Withdrawals of applications | (3) | (1 170 148) | (9) | (5 496 873) |
| | **80** | **33 739 129** | **192** | **100 949 322** |

Risima operates in five regional districts in the Limpopo province and the loans approved during the current year were:

| REGION | Number | Value R |
|---|---|---|
| Sekhukhune | 1 | 257 300 |
| Vhembe | 5 | 1 806 343 |
| Waterberg | 8 | 2 732 397 |
| Mopani | 26 | 7 484 535 |
| Capricorn | 40 | 21 458 554 |
| | 80 | 33 739 129 |

The reason for the declined applications were due to over-indebtedness and non-compliance in terms of National Credit Act and to Risima housing policy.

67 home loans were disbursed/implemented in the current financial year amounting to R39,1m which include outstanding from/prior financial year, compared to 169 home loans valued ar R95.6m in the 2019/2020 financial year.

## 61. PUBLIC PRIVATE PARTNERSHIP

Great North Transport was required to give 10% of its business on the signing of three (3) negotiated contracts (Mokopane, Seshego and Hoedspruit) to small operators.

Certain routes were given to small operators (Matholc Bus Service, Madodi and Kopano) in the province as part of empowerment. Kopano was further given the Lebowakgomo corridor as a sub-contractor to GNT under the Seshego depot. Permits were transferred to Kopano to operate these routes.

Subsidies relating to these routes are claimed by GNT on behalf of Kopano and is paid over to them. The total amount claimed on behalf of Kopano in the current financial year was R9,2m (2020: R 9,8m). This agreement will expire with the expiry of the negotiated contracts held by the company or by mutual agreement of both parties.

During the year under review Great North Transport subcontracted it's bus operation in Bushbuckridge depot to Myboet Trading. Subsidies relating to these routes are claimed by Great North Transport and paid over to Myboet less 5% management fee.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **62. FRUITLESS AND WASTEFUL EXPENDITURE** | R | R | R | R |
| Opening balance | 55 624 891 | 29 190 550 | 3 004 352 | 1 964 997 |
| Add: Fruitless and wasteful expenditure - current year | 16 142 794 | 26 434 341 | 404 251 | 1 039 355 |
| | **71 767 685** | **55 624 891** | **3 408 603** | **3 004 352** |

Fruitless and wasteful expenditure was as a result of interest and penalties paid on overdue accounts. Management has not yet instituted processes to investigate the fruitless and wasteful expenditure.

## 63. GOVERNMENT GRANTS

| | | | | |
|---|---|---|---|---|
| LEDET | 337 707 581 | 397 517 623 | 254 178 960 | 300 278 492 |
| Grants realised from deferred income | 44 998 363 | 55 538 453 | 11 956 626 | 21 818 944 |
| | **382 705 944** | **453 056 076** | **266 135 586** | **322 097 436** |

## 64. OTHER RECEIVABLES

| | | | | |
|---|---|---|---|---|
| Deposit paid - buses | - | 56 050 006 | - | - |
| Sundry deposits | 358 175 | 408 679 | - | - |
| Reinsurance assets | 357 532 | 376 276 | - | - |
| | **715 707** | **56 834 961** | **-** | **-** |

## 65. IRREGULAR EXPENDITURE

| | | | | |
|---|---|---|---|---|
| Opening balance | 445 232 159 | 295 573 116 | 80 421 623 | 67 144 715 |
| Irregular expenditure incurred in the current year | 76 198 258 | 149 659 043 | 825 541 | 13 276 908 |
| Irregular expenditure condoned | (60 000) | - | - | - |
| | **521 370 417** | **445 232 159** | **81 247 164** | **80 421 623** |

Irregular expenditure was as a result of payment of directors fees not in line with Treasury regulations, payments made on expired contracts and non- compliance with SCM regulations. Management has not yet instituted processes to investigate the irregular expenditure.

## 66. INCOME FROM EQUITY ACCOUNTED INVESTMENTS

| GROUP: 2021 | Revenue R | Profit R | Total comprehensive income R | % held | Share of profit / (loss) R |
|---|---|---|---|---|---|
| AON Limpopo | 12 540 825 | 2 755 794 | 2 755 794 | 48.48 % | 1 336 009 |
| Atta Clay | 2 867 787 | (402 037) | (402 037) | 30.00 % | (120 611) |
| Makapan Mall | 14 769 414 | 8 082 149 | 8 082 149 | 50.00 % | 4 041 075 |
| NTK Venda Roller Mills | 85 391 528 | 1 463 109 | 1 463 109 | 36.36 % | 531 986 |
| OK Bazaar | 170 107 500 | 11 554 750 | 11 554 750 | 33.33 % | 3 851 198 |
| Rock Island | - | - | - | 45.00 % | (525 888) |
| Vanadium & Magnetite Exploration & Development Co. | - | - | - | 33.33 % | - |
| | **285 677 054** | **23 453 765** | **23 453 765** | | **9 113 769** |
| **GROUP: 2020** | | | | | |
| AON Limpopo | 11 236 281 | 2 403 584 | 2 403 584 | 48.48 % | 1 165 257 |
| Atta Clay | 22 118 304 | 1 761 556 | 1 761 556 | 30.00 % | 528 467 |
| Makapan Mall | 16 012 932 | 3 414 108 | 3 414 108 | 50.00 % | 1 709 300 |
| NTK Venda Roller Mills | 101 412 302 | - | - | 36.36 % | (586 870) |
| OK Bazaar | 156 895 750 | 9 796 000 | 9 796 000 | 33.33 % | 4 046 762 |
| Rock Island | - | - | - | 45.00 % | (3 185 016) |
| Vanadium & Magnetite Exploration & Development Co. | - | - | - | 33.00 % | - |
| | **307 675 569** | **17 375 248** | **17 375 248** | | **3 677 900** |

## 67. ASSETS HELD FOR SALE

The company has decided to dispose of buses and ancillary vehicles that are no longer economical to repair as per approved disposal listing. These assets are expected to be sold through a public auction which is expected to take place within the next 12 months. The details of the assets (disposal group) are set out below.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| ASSETS HELD FOR SALE | 2021 R | 2020 R | 2021 R | 2020 R |
| Property, plant and equipment | 4 454 880 | - | - | - |

## 68. OPERATING EXPENSES

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | | R | R | R | R |
| Actuarial fees | | 1 023 345 | 1 046 883 | - | - |
| Administration and management fees | 41 | 9 221 810 | 10 030 612 | - | 221 073 |
| Advertising | | 1 733 754 | 3 841 892 | 23 203 | 1 739 654 |
| Amortisation | 43 | 12 095 227 | 933 790 | 58 889 | 150 735 |
| Auditors remuneration - external auditors | 41 | 20 100 194 | 18 425 032 | 9 309 471 | 8 858 457 |
| Bad debts | | (123 393) | 3 111 960 | - | - |
| Bank charges | | 1 639 732 | 2 923 397 | 226 264 | 693 356 |
| Business training | | 4 621 526 | 26 969 355 | 709 717 | 21 001 713 |
| Cleaning | | 1 830 736 | 722 728 | 1 813 957 | 711 291 |
| Computer expenses | | 3 684 913 | 2 309 118 | 3 438 306 | 2 123 046 |
| Consulting and professional fees | | 30 168 361 | 32 333 445 | 13 013 788 | 21 786 051 |
| Consumables | | 21 310 | 37 391 | - | - |
| Depreciation | 43 | 78 243 608 | 51 969 277 | 14 000 901 | 13 907 702 |
| Donations | | 13 586 | 1 731 605 | - | 1 689 066 |
| Employee costs | 42 | 553 648 103 | 596 313 678 | 191 448 960 | 213 256 898 |
| Entertainment | | 1 846 365 | 2 089 377 | 212 057 | 1 368 304 |
| Fines and penalties | | 3 384 256 | 4 939 128 | - | - |
| Fire prevention costs | | 219 174 | 31 098 | 219 174 | 31 098 |
| Flowers | | 9 109 | 2 999 | - | - |
| Gifts | | 325 480 | 1 555 734 | - | - |
| IT expenses | | 21 261 | 176 473 | 21 261 | 48 865 |
| Impairment | 43 | 56 535 290 | 16 878 884 | 84 446 | - |
| Inspection costs | | 3 701 260 | 4 409 978 | - | - |
| Insurance | | 29 505 841 | 37 748 954 | 14 062 648 | 24 412 213 |
| Lease rentals on operating lease | | 8 671 785 | 14 482 338 | 228 854 | 990 804 |
| Levies | | 1 444 161 | 1 260 757 | 1 280 277 | 1 015 079 |
| Social Responsibility | | 23 133 091 | 23 518 089 | - | 201 600 |
| Marketing expense - Marula Festival | | - | 2 961 660 | - | 2 961 660 |
| Medical expenses | | 11 705 851 | 2 540 817 | - | - |
| Motor vehicle expenses | | 57 542 985 | 110 264 090 | 724 824 | 1 177 504 |
| Municipal expenses | | 39 638 362 | 32 782 640 | 30 632 447 | 25 362 398 |
| Other expenses | | 25 040 365 | 12 387 107 | - | - |
| Other farming expenses | | - | 54 496 | - | - |
| Pest control | | 52 772 | 212 900 | 295 | 98 900 |
| Placement fees | | 623 832 | 147 264 | 440 135 | 147 264 |
| Postage | | 42 758 | 70 006 | 41 284 | 60 802 |
| Printing and stationery | | 1 538 621 | 2 084 521 | 195 640 | 1 062 732 |
| Protective clothing | | 977 199 | 179 268 | 889 503 | 179 268 |
| Rental expenses | | 3 081 167 | 3 912 358 | 3 081 167 | 3 776 358 |
| Repairs and maintenance | | 18 580 187 | 26 712 225 | 1 932 480 | 10 834 976 |
| Royalties and license fees | | 1 220 939 | 2 302 302 | - | - |
| Sanitation project expenses | | 511 102 | 4 606 151 | 619 717 | 2 456 118 |
| Secretarial fees | | 532 406 | 312 105 | - | - |
| Security | | 48 314 232 | 35 832 507 | 24 376 873 | 14 418 153 |
| Seminar - events and conferences | | 829 742 | 7 355 618 | 133 209 | 5 871 395 |
| Staff welfare | | 2 083 213 | 2 430 577 | 741 097 | 1 010 245 |
| Subscriptions | | 2 499 553 | 2 270 628 | 916 888 | 1 163 660 |
| Telephone and fax | | 14 171 743 | 12 246 754 | 9 240 488 | 8 917 385 |
| Ticket costs | | 417 315 | 773 969 | - | - |
| Training | | 1 236 600 | 5 304 855 | 825 569 | 4 629 620 |
| Transport and freight | | 1 289 991 | 2 372 773 | - | - |
| Travel - local | | 2 019 436 | 11 414 386 | 549 310 | 7 079 765 |
| Travel - overseas | | - | 2 390 496 | - | 250 225 |
| Youth entrepreneur project expense | | 3 117 442 | 19 361 294 | - | 187 090 |
| | | 1 084 906 842 | 1 164 458 429 | 325 493 087 | 405 852 523 |

## 66. INCOME FROM EQUITY ACCOUNTED INVESTMENTS

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| Rock Island | - | - | - | 45.00 % | (525 888) |
| Vanadium & Magnetite Exploration & Development Co. | - | - | - | 33.33 % | - |
| | **285 677 054** | **23 453 765** | **23 453 765** | | **9 113 769** |
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| Rock Island | - | - | - | 45.00 % | (3 185 016) |
| Vanadium & Magnetite Exploration & Development Co. | - | - | - | 33.00 % | - |
| | **307 675 569** | **17 375 248** | **17 375 248** | | **3 677 900** |

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| | GROUP | | COMPANY | |
|---|---|---|---|---|
| ASSETS HELD FOR SALE | 2021 R | 2020 R | 2021 R | 2020 R |
| Property, plant and equipment | 4 454 880 | - | - | - |

## 68. OPERATING EXPENSES

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | | R | R | R | R |
| Actuarial fees | | 1 023 345 | 1 046 883 | - | - |
| Administration and management fees | 41 | 9 221 810 | 10 030 612 | - | 221 073 |
| Advertising | | 1 733 754 | 3 841 892 | 23 203 | 1 739 654 |
| Amortisation | 43 | 12 095 227 | 933 790 | 58 889 | 150 735 |
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| Employee costs | 42 | 553 648 103 | 596 313 678 | 191 448 960 | 213 256 898 |
| Entertainment | | 1 846 365 | 2 089 377 | 212 057 | 1 368 304 |
| Fines and penalties | | 3 384 256 | 4 939 128 | - | - |
| Fire prevention costs | | 219 174 | 31 098 | 219 174 | 31 098 |
| Flowers | | 9 109 | 2 999 | - | - |
| Gifts | | 325 480 | 1 555 734 | - | - |
| IT expenses | | 21 261 | 176 473 | 21 261 | 48 865 |
| Impairment | 43 | 56 535 290 | 16 878 884 | 84 446 | - |
| Inspection costs | | 3 701 260 | 4 409 978 | - | - |
| Insurance | | 29 505 841 | 37 748 954 | 14 062 648 | 24 412 213 |
| Lease rentals on operating lease | | 8 671 785 | 14 482 338 | 228 854 | 990 804 |
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| Medical expenses | | 11 705 851 | 2 540 817 | - | - |
| Motor vehicle expenses | | 57 542 985 | 110 264 090 | 724 824 | 1 177 504 |
| Municipal expenses | | 39 638 362 | 32 782 640 | 30 632 447 | 25 362 398 |
| Other expenses | | 25 040 365 | 12 387 107 | - | - |
| Other farming expenses | | - | 54 496 | - | - |
| Pest control | | 52 772 | 212 900 | 295 | 98 900 |
| Placement fees | | 623 832 | 147 264 | 440 135 | 147 264 |
| Postage | | 42 758 | 70 006 | 41 284 | 60 802 |
| Printing and stationery | | 1 538 621 | 2 084 521 | 195 640 | 1 062 732 |
| Protective clothing | | 977 199 | 179 268 | 889 503 | 179 268 |
| Rental expenses | | 3 081 167 | 3 912 358 | 3 081 167 | 3 776 358 |
| Repairs and maintenance | | 18 580 187 | 26 712 225 | 1 932 480 | 10 834 976 |
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| Sanitation project expenses | | 511 102 | 4 606 151 | 619 717 | 2 456 118 |
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| Subscriptions | | 2 499 553 | 2 270 628 | 916 888 | 1 163 660 |
| Telephone and fax | | 14 171 743 | 12 246 754 | 9 240 488 | 8 917 385 |
| Ticket costs | | 417 315 | 773 969 | - | - |
| Training | | 1 236 600 | 5 304 855 | 825 569 | 4 629 620 |
| Transport and freight | | 1 289 991 | 2 372 773 | - | - |
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| Travel - overseas | | - | 2 390 496 | - | 250 225 |
| Youth entrepreneur project expense | | 3 117 442 | 19 361 294 | - | 187 090 |
| | | 1 084 906 842 | 1 164 458 429 | 325 493 087 | 405 852 523 |

# Notes

# LEDA branch and regional offices

LEDA

LIMPOPO ECONOMIC DEVELOPMENT AGENCY

AN AGENCY OF THE LIMPOPO PROVINCIAL GOVERNMENT REPUBLIC OF SOUTH AFRICA

ROOTED IN THE FUTURE



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Email: info@allrise.org.za
Web : www.allrise.org.za

Attention:
Mr. I. Semenya
**EnviroXcellence Service**
By email: projects@enviroxcellence.co.za
REF NO. 12/1/9/2-V19
NEAS REF NO.: LIM/EIA/0000793/2019

Copied to:
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**MEC: Limpopo Department of Economic Development, Environment and Tourism**
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Mr L. Fenn
**Limpopo Economic Development Agency**
By Email: Laurence.Fenn@lieda.co.za

15 September 2021

Dear Mr. Semenya,

**RE: ENVIRONXCELLENCE MMSEZ FINAL ENVIRONMENTAL IMPACT REPORT (FEIR)**

1. We are a registered interested and affected party (I&AP) in respect of the environmental impact assessment (EIA) for the site clearance for the Musina Makhado Special Economic Zone (MMSEZ) Southern site, with Limpopo Economic Development, Environment and Tourism (LEDET) reference number LIM/EIA/0000793/2019.
2. We submitted comment to the EAP on the draft EIA report on 22 October 2020, to which we have yet to receive a response. I have attached a copy of our submission for ease of reference.
3. Today we received notice of the FEIR that has been made available for further comment.
4. Please provide us with a copy of the Comments and Response report so that we can see how and where our comments submitted on 22 October 2020, as well as those comments submitted by other I&APs have been addressed to date in the latest version of the EIA Report. This is a requirement required not only in terms of Appendix 3 of the EIA Regulations, but also in terms of Regulation 13(1)(f).

All Rise Attorneys for Climate and Environmental Justice is a non-profit company with registration number 2019/305876/08 and NPO Ref. 232-020 and an accredited law clinic in terms of section 34(8)(b)(iv) of the Legal Practice Act, 2014
Directors: Jeanne Fick, (non-executive), Renee Kirkham (non-executive), Mawande Mazibuko (non-executive), Trudie Nichols (non-executive), Dineo Skosana-Ngwenya (non-executive), Janice Tooley (executive), Kirsten Youens (chief executive) Attorneys: Kirsten Youens, Janice Tooley

5. According to Regulation 43 of the EIA Regulations, all I&APs are entitled to comment on all reports or plans and Regulation 3(8) of the EIA regulations requires the commenting period to be at least 30 days. The Promotion of Administrative Justice Act (PAJA) also requires a reasonable and fair administrative process, requiring proper notification to the public and a commenting process. We advise that since numerous I&APs have been excluded from the present EIA process and all relevant documents, including the EIA documents, have not been made available to the public, the current public participation process is defective, and does not meet the NEMA and the EIA regulation requirements, or reasonable administrative decision making process requirements in terms of PAJA.
6. We undertake to submit our comments within 30 days of receipt of the Comments and Response Report being provided.
7. We look forward to your response as soon as possible.

Yours truly,

Kirsten Youens
*(sent electronically and therefore unsigned)*

All Rise Attorneys for Climate and Environmental Justice is a non-profit company with registration number 2019/305876/08 and NPO Ref. 232-020 and an accredited law clinic in terms of section 34(8)(b)(iv) of the Legal Practice Act, 2014
Directors: Jeanne Fick, (non-executive), Renee Kirkham (non-executive), Mawande Mazibuko (non-executive), Trudie Nichols (non-executive), Dineo Skosana-Ngwenya (non-executive), Janice Tooley (executive), Kirsten Youens (chief executive) Attorneys: Kirsten Youens, Janice Tooley

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 1 | Erika Helm | Waterpoort Farmers Union Bobrakrivier Farmers Union | Email | 21-Sep-18 | I&AP Registration | We refer to the above project and wish to inform you that the agricultural union hereby request to be registered as an interested and affected party in this regard as members of the agricultural union foresee to be affected by the project. | Noted and registered |
| 2 | Vhutshilo Theo Muthurwana | King Makhado Investment Holdings (Pty) Ltd | Email | 25-Sep-18 | I&AP Registration | Is interested and Affected party by virtue of holding shares on behalf of the 14 communities who are claimants in terms of Restitution of Land Rights Act of 1994 as amended and Mineral & Petroleum Resource Development Act of 2004 as amended. We request your office to forward to us the Master Plan for the complex as to allow us to consult with our stakeholders. Alternatively, you can advise us to get hold of all the documents pertaining to the Project. Your cooperation will be highly appreciated for the mutual befit and sustainability of the project. | A copy of the currently available SEZ plan is attached to the scoping report that will be availed. Available documentation will be shared as part of the ENVIRONMENTAL IMPACT ASSESSMENT available documentation and these are now contained in the EIA report. The internal master plan is also attached to the EIA Report as an appendix. |
| 3 | George Mbulaheni | | Email | 25-Sep-18 | I&AP Registration | Showed interest in the development of the Makhado Musina Project | Noted and registered |
| 4 | Christo Rheeders | Vhembe Mineral Resources Stakeholders | Email | 26-Sep-18 | Objection / Support | Registration and he has led the appeals against the Coal of Africa mining license and water use licenses in the area. | Noted and registered |
| 5a | Jacob Hendrik Lyon / David Reese Rowling | Ramprotest Trading / Mopani Game Safaris | Reply Form | 27-Sep-18 | I&AP Registration | They own the farm Jan van Rensburg 525 MS | Noted and registered |
| 5b | | | | | Professional Registration | Concerns are the loss of income, business clients and loss of property | Noted and registered. These matters have been addressed and is included with the EIA report under the appendices for socio-economic and tourism and food security. |
| 5c | | | | | Objection / Support | I do not agree with the proposed project and therefore wish to express my objection to the proposed application for environmental authorisation. I am going to lose my clientele for hunting and tourism. | Noted and registered. These matters have been addressed and is included with the EIA report under the appendices for socio-economic and tourism and food security. |
| 5d | | | | | Water Uses | I am going to lose my water that I need to give my animals as there is no strong water in this area. | Noted and registered. These matters have been updated and is now included as part of the EIA report. |
| 5e | | | | | Public Participation | I request a suitable location within in the Louis Trichardt, Musina area for an information session. | Noted and registered. Thank you for the suggestion. This will be carried forward and all Interested and Affected Parties will be notified once the public meeting or meeting session has been arranged. A public meeting will be held in September 2020 to discuss the EIA and process thus far. |
| 6a | Sam Malaudzi | Mulambwane CPA | Reply Form | 01-Oct-18 | Public Participation | Has the land use been approved by the community | Noted. LIMPOPO ECONOMIC DEVELOPMENT AGENCY engaged with and obtained a lease agreement for the land for the proposed project from the Communal Property Association, the registered landowner. Land use rights are primarily managed by the respective municipalities. Separate applications for the changing of land use rights are to be submitted to the municipalities. |
| 6b | | | | | Impact Assessment | Land use change should not be done before other applications | Noted and registered |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 6c | | | | | I&AP Registration | Please register me as an I&AP | Noted and registered |
| 7 | Cath Vise | Vhembe Biosphere Reserve | Email | 04-Oct-18 | I&AP Registration | Could you please register the UNESCO Vhembe Biosphere Reserve as an I&AP | Noted and registered |
| 8a | Louise Agenbag | Polygon Environmental Planning | Email | 18-Oct-18 | Project Description | Could you please provide us with information pertaining to the proposed project? | Noted and registered. Please refer to the EIA report for further information on the developments on the EIA and Process thus far. |
| 8b | | | | | Impact Assessment | Are you doing only a component of the SEZ or the entire development? | This application for environmental authorisation is for the clearance of land to enable the SEZ project. Authorisation for external bulk infrastructure services as well as for specific industrial activities in the SEZ, such as a specific smelter plant or industrial plant must still be applied for in the future. |
| 8c | | | | | I&AP Registration | I know the registration period ended, but would appreciate it if you could register me as an I&AP. | Noted and registered |
| 9a | John Sparrow | Fumaria Investments (Pty) Ltd | Reply Form | 18-Oct-18 | I&AP Registration | I own the property Vriendin 589 MS | Noted and registered |
| 9b | | | | | Impact Assessment | I want to be kept fully informed on the process and development in this project | Noted and registered. You will be kept informed of all developments regarding the ENVIRONMENTAL IMPACT ASSESSMENT process. |
| 9c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. |
| 10a | Muraga Mudau | Mulonga Capital (Pty) Ltd | Reply Form | 18-Oct-18 | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. |
| 10b | | | | | Supporting Services | My main interest in the area is prospecting / mining | Noted and registered |
| 10c | | | | | Supporting Services | What would happen to the holders of prospecting / mining rights within the SEZ farms? | Noted and registered. An enquiry has been lodged with the Department of Mineral Resources (DMR). The applicant will engage with the holders of mining rights within the SEZ area to address the way forward. |
| 11a | Tshifiliwa Aubbrey Luvha | Mulambwane CPA | Reply Form | 19-Oct-18 | Impact Assessment | All farms where the SEZ is to be implemented belongs to our Farms CPA Mulambwane | Noted and registered |
| | | | | | | We are supporting all activities for the purposes of economic growth etc. | Noted and registered |
| 11b | | | | | Impact Assessment | All areas are of interest to us. | Noted and registered |
| 11c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. A meeting during the EIA phase will be undertaken in September 2020 at the Delta BEC offices in Pretoria. |
| 12 | Thanyani Mariba | Mulambwane CPA | Email | 21-Oct-18 | I&AP Registration | Thank you I have received the notice and information | Noted and registered |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 13a | Louise Agenbag | Polygon Environmental Planning | Reply Form | 19-Oct-18 | Impact Assessment | What are the potential environmental impacts (bio-physical) - refer to email | Please refer to the scoping report and scoping level assessment in the scoping report that indicates the potential impacts. These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA. |
| 13b | | | | | Impact Assessment | Potential socio-economic impacts of the proposed industries, and enquiry as to where people working on the project will be sourced (local / foreign) | Noted and registered. Please refer to the scoping report as well as the SEZ plan provided by the operator attached to the Scoping Report. These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA. |
| 13c | | | | | I&AP Registration | I want to be registered as an I&AP | Noted and registered |
| 13d | | | | | Objection / Support | I do not object as such, but there are several environmental issues that will have to be addressed. | Noted and registered. These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA. |
| 13e | | | Email | | Impact Assessment | My queries / comments in relation to the proposed development are for two main reasons: (a) I live in Tzaneen, which is not too far from Makhado, and given the large scale of the proposed project I feel that the area where I live might also be affected by some of the potential impacts of the project; and (b) like you, I'm an environmental consultant, and some of my projects (past, current and potential future projects) are based in the Makhado area. I therefore need to be up to date on issues / developments that might affect the projects I'm working on, or that I might need to take into account in my BAs/ENVIRONMENTAL IMPACT ASSESSMENTs/WULAs/etc. I'm not involved in any projects that might conflict with the SEZ, but where aspects like the local water resources, air quality etc may be affected, I'd like to know what's in the pipeline. | Noted and registered. These matters will be assessed and reported during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project. These will be included within the EIR and all will be rated in terms of the impact ratings. Specialist studies will also be undertaken by the relevant specialists which will inform the EIR. This information will be shared with the sub-sequent ENVIRONMENTAL IMPACT ASSESSMENT phase and matters raised.<br><br>These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 13f | | | | | Impact Assessment | • Why is there a small portion in the centre of the SEZ that appears to have been cut out? Is this a farm that won't form part of the SEZ? Just out of curiosity.<br>• Do any new mines form part of this project, or is the plan for the industries as part of the proposed SEZ to process minerals from existing mines? There have been rumours in the media of a new coal mine associated with this development; is this the case, and if so, do the applications and investigations around this form part of your scope?<br>• Which area do you anticipate the main supply of ore etc to come from? I'm asking this specifically to know where trucks are anticipated to be travelling most of the time.<br>• Will trucks bringing in ore etc use public roads? Between Phalaborwa and Hoedspruit, a section of the R40 suffered enormous damage from mining trucks (which continue using the road) hence my concern for increased maintenance costs on public roads leading to the SEZ, which might be borne by tax payers.<br>• I've heard a figure of 21 000 workers being bandied about. Will most of these be accommodated onsite in the township development you are applying for?<br>• How will solid waste generated within the SEZ be handled, and to what extent is provision being made for recycling? Will the development include a landfill and/or recycling facility, or can the municipal landfill site accommodate the waste that will be generated here? | Noted and registered. Your enquiries will be taken into consideration. The small section referred to is a separate inactive mining operation. It currently does not form part of the SEZ. The land on which the SEZ falls currently excludes this section. There is no new mining operation that directly forms part of SEZ. The plan is for the industries to process minerals sourced from available mining sources, an aspect that the investors in the SEZ will establish through their own agreements. The MMC (Coal of Africa) project initiatives is separate from the SEZ and has merely been referred to in the draft scoping report (desktop researched reference) as a benchmark case study on local environmental conditions. It is likely that investors may engage with this mine company and any other mining companies concerning available mineral resources regarding offtake agreements. These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 13g | | | | | Water Uses | • Where will water be sourced to supply the development, and is an investigation being done into the availability of water and the potential impact on other water users? I'm concerned that the development will greatly increase pressure on available water resources.<br>• Are potential water quality impacts being investigated?<br>• How will treated effluent from the wastewater treatment plant(s) be disposed of, and are there plans to re-use treated effluent, e.g. for cooling at the industries, to reduce total water usage?<br>• Is a WULA being undertaken for the various water uses likely to be triggered? | Various options for the sourcing of water are being investigated including to source water from Zimbabwe. The Department of Water and Sanitation are leading these investigations. The potential water quality impacts will be addressed by the aquatic specialist. It must be noted that the bulk supply of water to the SEZ will require a separate ENVIRONMENTAL IMPACT ASSESSMENT and water use license process. Each of the separate developments (i.e. metallurgical plants, and / or manufacturing operations/ businesses) who will use water for cooling and / or manufacturing purposes will require separate ENVIRONMENTAL IMPACT ASSESSMENT applications for authorisation and necessary licenses and permit for the operation. Separate water treatment plants will be developed, whilst the current development concept documents indicate that wastewater will be used for recycling and reused in order to reduce water usage. As indicated above several WULAs will have to be applied by the respective developers / investors.<br><br>A water study forms part of the EIA report and is contained in an appendix accompanying the EIA report. Reference to the DWS water study is also made. |
| 13h | | | | | Air Quality | • Is an AEL application being undertaken?<br>• Will the industries in the SEZ be held to the NEMAQA emissions standards, or will they be exempted or subjected to less stringent standards?<br>• Are you looking at the potential impacts of air pollution on agriculture? Particularly to the east of Makhado, the Levubu area is used intensively for production of a variety of crops. Will emissions and particles from the SEZ's industries impact on this? | An Air Quality Impact Assessment is currently being undertaken for purposes of this application. It must be noted that separate ENVIRONMENTAL IMPACT ASSESSMENT applications including air quality impact assessment and emissions licensing must be applied for, for each of the metallurgical and manufacturing plants by the respective developers / investors. These impacts were assessed and are now contained in the EIA report. Appendices containing specialist investigations accompany the EIA for air quality and climate change. |
| 13i | | | | | Supporting Services | • There have been rumours in the media that a lot of the workers in the SEZ will be brought in from China by the Chinese operators. Will this be the case? If so, do you know what proportion of employees (construction phase as well as operational phase) will be hired locally (South African and especially in the greater Makhado and Musina areas)?<br>• There have also been rumours that the industries within the SEZ will receive tax incentives, which could give some of these industries an unfair advantage over established South African industries, for instance steel manufacturers, which could lead to existing firms closing down, leading to job losses and knock-on negative financial impacts, as well as loss of tax revenue from these firms. Is any investigation being done in this regard, or are the rumours not the full story?<br>• Is an assessment being done of potential impacts of the SEZ on the local tourism industry? There are several game farms and hunting farms in the Huntleigh area, and many visitors to the Kruger National Park pass through Makhado. | These matters are noted and addressed in the Socio-Economic Impact Assessment. The planned SEZ development needs to comply with relevant government legislation, policies and plans. |
| 14a | Mbavhalelo | Ndalamo | Reply | 24-Oct- | Impact Assessment | Physical Address is Maseque farm 714 Ms | Noted and registered |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 14b | Tshiovhe | Management Group and Musekwa CPA | Form | 18 | Impact Assessment | We would like to be consulted and we have claimed properties around the area where SEZ activities will be happening | Noted and registered |
| 14c | | | | | I&AP Registration | I would like to register as an I&AP and would like to attend an information session at the Delta Head Office | Noted and registered. You will be informed of arrangements pertaining to information sessions. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 14d | | | | | Impact Assessment | What opportunities may arise within the proposed activities (economic opportunities) | The socio-economic impact assessment was developed and be reported. The purpose of the SEZ inter alia includes: investment opportunities and job creation along the economic value-chains of the respective main mineral cluster investments that are being planned. |
| 14e | | | | | Public Participation | We would like to be consulted in the whole process and informed on the progress of the establishment of the project. | Noted and registered |
| 15a | Michael Kerileng Motswasele | Mountain View Place (Pty) Ltd | Reply Form | 24-Oct-18 | Supporting Services | My interest is building and engineering and contractors | Noted |
| 15b | | | | | I&AP Registration | Please register me as an I&AP and I want to attend an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 16a | Abraham Maphari | Alilali Angela (Pty) Ltd | Reply Form | 25-Oct-18 | Supporting Services | My interest is the coke plant, construction and engineering | Noted and registered. Please refer to the scoping report as well as the SEZ plan provided by the operator attached to the Scoping Report. These aspects have been addressed and are now contained in the EIA report. Specialist studies have been undertaken which accompanies the EIA report. |
| 16b | | | | | Public Participation | Waterpoort and Mopane Community never consulted about the project | Delta BEC have notified the immediate and surrounding land owners and various methods were utilised to communicate the initial registration for instance newspapers, onsite notices, delivery of notices and electronic methods. We also confirm the meetings held at our offices in Pretoria with your community leaders and email correspondences. |
| 16c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 17a | Richman Isaac Setene Ketlele | MAB Trading and Projects | Reply Form | 24-Oct-18 | Supporting Services | My interest is machinery and fleet supply and management, health and safety material supply and construction | Noted and registered. Please refer to the scoping report as well as the SEZ plan provided by the operator attached to the Scoping Report. These aspects have been addressed in the EIA report together with specialist studies and investigations which form part of the EIA report. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 17b | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 18a | Malose Onismus Ramolobeng | Siliki Building Construction and Multi-purpose Primary | Reply Form | 27-Oct-18 | Supporting Services | My interest is construction and general maintenance and services | Noted and registered. Please refer to the scoping report as well as the SEZ plan provided by the operator attached to the Scoping Report. The EIA report with specialist studies has been compiled and the information is available in these. |
| 18b | | | | | Supporting Services | Service delivery and all general services and supplier is what we offer and much more. | Noted and reported |
| 18c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 19a | Rachel Radzilane | Rachel Hotel and Conference | Reply Form | 22-Oct-18 | Supporting Services | Our interest is on hospitality hotel and lodging | Noted and reported |
| 19b | | | | | Supporting Services | Local entrepreneurs need to be skilled before the commencement of physical activities as it has impact on local economy not forgetting the participation of the locals in all processes. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 19c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 20a | Livhuwani Shadrack Muthurwana | Clouds End Hotel and Resort (Pty) Ltd | Reply Form | 22-Oct-18 | Supporting Services | Our interest is in accommodation, hospitality and tourism as well as participation of local business people and project beneficiation. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 20b | | | | | Impact Assessment | We fully support the initiative as it promotes local economy. The major issue is for the initiative to create enabling working environment whereby local entrepreneurs be afforded an opportunity to own stake in the business in the form of BBBE as described by the South African Constitution. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 20c | | | | | Public Participation | MCCI is the voice of voiceless entrepreneurs within Makhado Local Municipality partnering with Developed Business / Companies in South Africa with the aim of advancing the issue of Broad Based Black Economic Interests is to see to it that the proposed activities is benefitting locals without prejudiced, our concern is that the local initiative is not promoted, localised (Public Participation) | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 21a | William Masindi | Waterpoort Community Development | Reply Form | 27-Oct-18 | Impact Assessment | Interest is in better future / better life development and un-poverty | Noted. The socio-economic impact assessment has been prepared and provides more detail. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 21b | | Trust | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 22a | John Kabini | Magwa Group Link Debt Construction & PCP Security | Reply Form | 19-Oct-18 | Supporting Services | Infrastructure Development, Fleet supply, transport and mineral and security service provision | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 22b | | | | | Supporting Services | Building Construction up to 9GB CIDB grading, security services up to 500 physical security guarding, fleet transport of mineral up to 70 trucks (32 ton) | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 22c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings |
| 23a | Ndiitsheri Albert Dzombe | Waterpoort Community Development Trust | Reply Form | 31-Oct-18 | Public Participation | Job creation in our area. BBBEE | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 23b | | | | | Impact Assessment | I agree with the process due to fight against unemployment | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 23c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 24a | Muladelo Mashila | Waterpoort Community Development Trust | Reply Form | 30-Oct-18 | Impact Assessment | I agree with the process due to fight against unemployment and to develop the area | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 24b | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 24c | | | | | Impact Assessment | My interest is job creation in the area; BBBEE | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 25a | Elisa Nematshema | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | My interest is in jobs/business, procurement and social investment plan | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 25b | | | | | Impact Assessment | We are proud of the proposed projects, but it must empower poor people, special people who are still staying in different farms | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 25c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 26a | Mc A Manenzhe | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Impact Assessment | Part of employment, business, social investment, procurement and other benefits | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 26b | | | | | Impact Assessment | We are still staying inside farming communities. We want to be relocated to a place where the development, building of clinics, schools, houses | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 26c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| | | | | | | | opportunity to join in these meetings. |
| 27a | Tshililo Maphari | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | Employment, business, social labour plan, procurement and other benefits | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 27b | | | | | Public Participation | Be part of all activities, consulted be part of meetings, relocated, build houses for our communities, schools and clinics | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 27c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 28a | Elsie Maphari | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | Employment, business, social investment plan, be part of the BBBEE procurement | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 28b | | | | | Impact Assessment | People who residing in farming community are suffering with no houses, schools, clinics and other infrastructure, we ned to be preferences. Because this community is a disadvantaged community. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 28c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 29a | Tshianeo Lizzy Maphari | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Public Participation | Employment and other benefits, procurement | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 29b | | | | | Public Participation | First preference is farm dweller, people who are residing within farming community they are disadvantaged communities | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 29c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 30a | Joseph Mushambo | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Public Participation | We want to be part of all businesses | Noted and reported. |
| 30b | | | | | Supporting Services | We want to be relocated to a better place, because where we stay the is no development, no schools, clinics, infrastructure, shops etc. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 30c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 31 | Nicholas Maphari | Waterpoort Community Development Trust | Reply Form | 01-Nov-18 | I&AP Registration | Please register me as an I&AP | Registered and added on the I&AP register |
| 32a | Kwena Cholo | Cholo Trading | Reply | 01-Nov- | Supporting Services | Building Construction and Civil Engineering | Noted and reported |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 32b | | Enterprise (Pty) Ltd | Form | 18 | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 33a | Takalani Maphari | Waterpoort Community Development Trust | Reply Form | 07-Nov-18 | Supporting Services | Employment, business interest, social development | Noted. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 33b | | | | | Public Participation | Consults the mephem community interest to address the issues of the mephem land in Waterpoort area | Noted. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 33c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 34a | Abraham Maphari | Waterpoort Community Development Trust | Reply Form | 08-Nov-18 | Public Participation | Construction, coal and power plant interest | Noted and reported |
| 34b | | | | | Public Participation | Not consulted from the start until today. No one came to the community and addressed us about the project areas. | Noted, Delta BEC have notified the immediate and surrounding land owners and various methods were utilised to communicate the initial registration for instance newspapers, onsite notices, delivery of notices and electronic methods. We also informed the local municipalities and district municipalities in which jurisdiction the project falls under. |
| 34c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 34d | | | | | Objection / Support | I object against the project | Noted. Please provide reasons for your objection. |
| 35a | Sakie Chaane | Waterpoort Community Development Trust | Reply Form | 08-Nov-18 | Impact Assessment | Construction and engineering and coal plant | Noted and reported |
| 35b | | | | | Public Participation | No consultation to the community of Waterpoort and Mopane | Noted, Delta BEC have notified the immediate and surrounding land owners and various methods were utilised to communicate the initial registration for instance newspapers, onsite notices, delivery of notices and electronic methods. We also informed the local municipalities and district municipalities in which jurisdiction the project falls under. |
| 35c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 35d | | | | | Objection / Support | I object against the project | Noted. Please provide reasons for your objection. |
| 36a | Siphiwe Skhosana | Waterpoort Community Development Trust | Reply Form | 08-Nov-18 | Impact Assessment | Coal plant, power plant including construction | Noted and reported |
| 36b | | | | | Public Participation | Not consulted as interested and affected parties | Noted, Delta BEC have notified the immediate and surrounding land owners and various methods were utilised to communicate the initial registration for instance newspapers, onsite notices, delivery of notices and electronic methods. We also informed the local municipalities and district municipalities in which jurisdiction the project falls under. |
| 36c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 36d | | | | | Objection / Support | I object against the project | Noted. Please provide reasons for your objection. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 37a | Fortune Moeng | Fortunes Urban Projects (Pty) Ltd | Reply Form | 12-Nov-18 | Supporting Services | My interest is in the construction infrastructure | Noted and reported |
| 37b | | | | | Supporting Services | Building constructions, and surveying, electrical plumbing works, landscaping, office works, welding etc. | Noted. The socio-economic impact assessment has been prepared and provides more detail. |
| 37c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 38a | Julian Dreyer | Curodam Estates (Pty) Ltd | Reply Form | 10-Sep-18 | Impact Assessment | My interest is in the farming activities, inclusive of game farming, hunting and tourism will be severely impacted upon. | Noted. The socio-economic impact assessment has been prepared and provides more detail. Other specialist impact assessments and findings are contained in the EIA report and reported. |
| 38b | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria. | Noted and registered. Information sessions will be held in September 2020 at various localities and all registered I&APs will be provided an opportunity to join in these meetings. |
| 38c | | | | | Objection / Support | I object against the project | Noted. Please provide reasons for your objection. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 38d | | | | | Specialist Studies | The Musina-Makhado Special Economic Zone (SEZ) will cause major negative impacts and consequences such as:<br>• No socio-economic upliftment;<br>• Severe negative impact on the environment, game farming, agriculture and tourism which not only forms a major part of the local communities' livelihood and subsistence but serves the country as a whole;<br>• Surface and groundwater resources which are inadequate will be depleted and the quantity thereof severely affected by the proposed activities in an already water stressed area with no identifiable adequate water resources to sustain this proposed project much less any of the other projects i.e. the Makhado Mining project and the Musho Power Station project, all of which are currently proposed in tandem although by different parties;<br>• Disturbance of archaeological and burial sites;<br>• Dust;<br>• Noise and air pollution;<br>• Skyline/view pollution;<br>• Traffic and road safety on an extremely busy part of the N1 and on the Huntleigh gravel roads. | These matters are noted. These matters have been scoped within this Scoping Report and the issues identified with potential impacts on the bio-physical and socio-economic environments have been included and indicated in the EIA report together with specialist studies undertaken as part of the EIA. |
| 38e | | | | | Specialist Studies | 1. The SEZ will by and largely destroy a vast area of pristine bushveld with all its constituent fauna and flora. | These matters are noted and are included with the EIA report. Specialist studies form part of the EIA report which looks at these aspects. |
| 38f | | | | | Specialist Studies | 2. Furthermore, rehabilitation to the land's present pristine condition will be impossible. The activities sought to be established and transport will have a further major impact on biodiversity, land use and safety of inhabitants of the area concerned. | These matters are noted and are included with the EIA report. Specialist studies form part of the EIA report which looks at these aspects. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 38g | | | | | Specialist Studies | 3. In short, the sense of place will be destroyed and the constitutional demand of a right to have the environment and the right to access to sufficient water protected for the current generation and future generations, would be rendered nugatory by embarking on the proposed project. | These matters are noted and are included with the EIA report. Specialist studies form part of the EIA report which looks at these aspects. |
| 39a | Jonas Petja | Afrika Menia Ltd | Reply Form | 13-Sep-18 | Public Participation | Supply of goods and services | Noted and reported |
| 39b | | | | | Public Participation | Request to be registered as a potential supplier to developers | Noted. The socio-economic impact assessment was undertaken and forms part of the EIA report. |
| 39c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 40 | Dane Cresswell | Syferfontein Dolomite (Pty) Ltd | Email | 14-Sep-18 | I&AP Registration | Please register us as an Interested and Affected Party to this SEZ Musina Makhado rezoning initiative. We are the Owners of the Syferfontein Dolomite and Syferfontein Carbonates Processing Plant situated at Mopane. Please also register Syferfontein Dolomite (Pty) Ltd as an interested and affected party. | Noted, both parties' details have been captured in the I&AP database. |
| 41 | Thabela Azwifaneli | | Email | 15-Sep-18 | I&AP Registration | Please register me as part of the Interested and Affected Parties | Noted and registered |
| 42a | Nkhangweni Musekwa | Tshivhidzo Royal Community | Reply Form | 17-Sep-18 | Supporting Services | Partnership with SEZ, recognition for royalties as land owners, our communities involved in terms of employment. Trucking business (engineering transport) public participation and any other matters relating to the development of this area | Noted. The socio-economic impact assessment was undertaken and forms part of the EIA report. |
| 42b | | | | | Public Participation | The Tshivhidzo Royal Community are the Land owners of the areas where the SEZ will be developed. | Noted, ownership of all Farms vests in the name of the Mulamwane Communal Property Association (Reg 08/1105/A) |
| 42c | | | | | Public Participation | We feel that partnering with the SEZ should be considered to be the highly placed priority | Noted. The socio-economic impact assessment was undertaken and forms part of the EIA report. |
| 42d | | | | | Public Participation | The community will benefit the most when employment will be made available to them including the public participation | Noted, all registered interested and affected parties will be communicated with regarding progress and all the steps that is part of this application process for environmental authorisation. |
| 42e | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 43a | Tshamano Sebola | Collins Sebola Incorporated | Reply Form | 18-Oct-28 | Public Participation | I am interested in supply, security and farming | Noted and registered |
| 43b | | | | | Public Participation | The residents are residing within the farms and are in need of proper infrastructure in order to improve their way or standard of living. | Noted |
| 43c | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 44a | Nhlanhla | Dietsheni Pty | Reply | 10-Nov- | Impact Assessment | I am interested in coal plant and constructions | Noted and registered |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 44b | Mdletshe | Ltd | Form | 18 | | Need to explain who owns the land and were they consulted when the project was started. | The registered land owner is Mulambwane Communal Property Association. The Limpopo Economic Development Agency has entered into a long-term lease with the registered landowner. The CPA as well as surrounding landowners and municipalities within the area have been informed of the proposed development. |
| 44c | | | | | I&AP Registration | Showed interest in the development of the project. | Noted and registered |
| 45a | Strike Basaya | Waterpoort | Reply Form | 12-Nov-18 | Public Participation | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 45b | | | | | | I am interested in property and infrastructure | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 46a | Solly Mtsimeni | Waterpoort | Reply Form | 12-Nov-18 | Public Participation | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | |
| 46b | | | | | | I am interested in mining and property | Noted and registered. This is not a mining project, but rather focus on the beneficiation of mineral resources. |
| 46c | | | | | Objection / Support | Objects against the project | Your objection has been noted. Please provide reasons for the objection. |
| 47a | Tiego Nwokoro | Ahia Advisory | Reply Form | 05-Nov-18 | | Interested in economic involvement of the community in a sustainable and environmentally friendly way. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 47b | | | | | I&AP Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 48a | Thabo Fisha | Flyfofa Airways | Email | 21-Nov-18 | Services | Interested in the planned Special Economic Zone to have Airport next to the planned area and operate cargo operations and passenger transporting between Musina and OR Tambo/Lanseria. Please advise who can I discuss this proposal with. | Noted, your details will be forwarded to the operator / developer. The Limpopo Economic Development Agency can be contacted in this regard. |
| 48b | | | | | I&AP Registration | Showed interest in the development of the project. | Noted and registered |
| 49a | Lucas Moleya | Waterpoort Community Development Trust | Reply Form | 26-Oct-18 | Supporting Services | Interested in employment, social and labour plan. Procurement and other community benefits. | Noted and registered |
| 49b | | | | | Public Participation | Empower disadvantaged communities. More especially, around Waterpoort and Mopane | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 49c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| S0a | Daniel Mafela | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | Interested in employment, housing for the poor and procurement. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S0b | | | | | Public Participation | We are still residing within farming community - but with no proper housing, clinics, schools and other infrastructure | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S0c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| S1a | Peter Muleya | South African Communist Party | Reply Form | 02-Nov-18 | Supporting Services | Interested in employment, business, so current investigation to be part of triple BEE procurement | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S1b | | | | | Project Description | People residing on property are suffering with no shelter, schools, clinics and other infrastructure | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S1c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| S2a | Piet Maphari | Waterpoort Community Development Trust | Reply Form | 29-Oct-18 | Supporting Services | Interested in employment, procurement, BBBEE and other benefits | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S2b | | | | | Project Description | This project must empower our community because they still residing within farming community, they need to be relocated | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S2c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. You will be informed of arrangements pertaining to information sessions. |
| S3a | Mavhungu Maphari | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| S4a | Takalani Masinsi | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | Interested in being part of all activities - including business, social investment plan, procurement | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S4b | | | | | Supporting Services | We want schools, clinics, house and other infrastructure that can help our communities because we are a disadvantaged community. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| S4c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 55a | Ndesene Godfrey Maphari | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Supporting Services | Interested in business (social labour plan, BBBEE Procurement) | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 55b | | | | | Project Description | There are communities within farming areas which still reside | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 55c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 56a | Tuwani Mudau | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Public Participation | Interested in being a part of all activities, including business | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 56b | | | | | Public Participation | All residents near the project are interested in business, and to be part of social labour plan | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 56c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 57a | Dovhani Nicholas Leshivha | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Public Participation | Interested in employment, procurement, social labour plan, community investment plan and other benefits | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 57b | | | | | Project Description | The project must invest in poor communities like the Waterpoort community, which are still residing in farms, people who still stay in the Mopani area build them schools, clinics and others | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 57c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 58a | Selinah Maphari | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Public Participation | Interested in our children must be employed, get business opportunities, be involved in procurement, BBBEE | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 58b | | | | | Public Participation | People who are staying in various farms must get houses, schools, clinics, be part of the project, be consulted, attend meetings. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 58c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 59a | Prince Lishivha | Waterpoort Community Development Trust | Reply Form | 26-Oct-18 | | Interested in procurement, BBBEE, social investment plan, labour and any benefit | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 59b | | | | | Public Participation | We are still residing within farming community since 1800 and we want to be considered and properly informed about the projects. To have quality houses, clinics and schools. | The socio-economic assessment has been undertaken and forms part of the EIA report. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 59c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 60a | Solomon Bologo | Waterpoort Community Development Trust | Reply Form | 29-Oct-18 | Supporting Services | Interested in employment, business, BBBEE, social investment, procurement | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 60b | | | | | Public Participation | The project must develop our community still residing in farms where there is no development, no schools and other infrastructure | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 60c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 61a | Kgabo Maphari | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Supporting Services | Interested in procurement, social and labour plan and to be part of BBBEE | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 61b | | | | | Public Participation | Give the youth a chance and empower them in business and other social benefit | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 61c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 62a | Solomon Maphari | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Supporting Services | Interested in jobs, business, all activities procurement | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 62b | | | | | Supporting Services | Create jobs, build houses for poor people, consult, give them opportunities in procurement | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 62c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 63a | Petrus Mohcaba | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Public Participation | Interested in BBBEE, procurement, social labour plan | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 63b | | | | | Public Participation | I am residing 30km away from the projects, I want any information regarding these projects and attend any meetings | Noted and registered |
| 63c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 64a | Nkhumeleni Maphapi | Waterpoort Community Development Trust | Reply Form | 30-Oct-18 | Public Participation | Interested in employment, business, procurement, social and labour plan | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 64b | | | | | Public Participation | We are still residing within farming communities and we are historically disadvantaged community, you must build schools and health facilities and relocate the community | The socio-economic assessment has been undertaken and forms part of the EIA report. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 64c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 65a | Maria Mudau | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Supporting Services | Interested in employment, business, procurement and any other interests | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 65b | | | | | Public Participation | Building houses for poor, schools, clinics | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 65c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 66a | Phuravhathu Maphari | Waterpoort Community Development Trust | Reply Form | 27-Oct-18 | Project Description | Interested in social labour plan, BBBEE, procurement and other related businesses | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 66b | | | | | Public Participation | There are communities within farming areas, which still reside, we believe that the project will employ them, build schools, clinics and other infrastructure. Proper consultation and be part of procurement and other benefits. The secretary of trust please direct any queries home. | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 66c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 67a | Charles Mandobe | Waterpoort Community Development Trust | Reply Form | 31-Oct-18 | Supporting Services | Interested in social labour BBBEE procurement, any other related business | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 67b | | | | | Public Participation | Please inform us about any development and residents on the farms constantly and I want to attend any meetings | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 67c | | | | | I&AP Registration | Showed interest in the development of the project. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 68a | Takalani Sioga | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | Supporting Services | I am interested in labour, BBBEE. Any business procurement. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 68b | | | | | Public Participation | I am still residing at Waterpoort. We want to know, what kind of development it's going to bring to the community. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 68c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria. | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 69a | Sipel James Maphari | Waterpoort Community Development | Reply Form | 27-Oct-18 | Public Participation | Interested in social labour, BBBEE procurement and any other related business | The socio-economic assessment has been undertaken and forms part of the EIA report. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 69b | | Trust | | | Professional Registration | Please inform us about any development, I reside at farm conistone and I want to attend any meetings. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 69c | | | | | Professional Registration | Please register me as an I&AP and I want to attend to an information session at the Delta BEC head office in Pretoria. | Noted and registered. Information sessions will be undertaken in September 2020 at various localities and all I&APs will be notified of these venues. |
| 70a | Kenneth Maphari | Waterpoort Community Development Trust | Reply Form | 28-Oct-18 | | Interested in employment, business, social labour plan and other interests. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 70b | | | | | Supporting Services | Empower disadvantage communities especially those who are still residing in farming communities, no school, no clinics, no proper housing. | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 70c | | | | | I&AP Registration | Showed interest in the development | The socio-economic assessment has been undertaken and forms part of the EIA report. |
| 1a | Department of Water and Sanitation | Department of Water and Sanitation (Limpopo Provincial Operations) | Email | 18-Mar-19 | Water Uses | The following are the Section 21 water uses which requires authorization prior any water use can take place:<br>a) taking water from a water resource;<br>b) storing water;<br>c) impeding or diverting the flow of water in a watercourse;<br>d) engaging in a stream flow reduction activity contemplated in section 36;<br>e) engaging in a controlled activity identified as such in section 37(1) or declared under section 38(1) ;<br>f) discharging waste or water containing waste into a water resource through a pipe, canal, sewer, sea outfall or other conduit;<br>g) disposing of waste in a manner which may detrimentally impact on a water resource;<br>h) disposing in any manner of water which contains waste from, or which has been heated in, any industrial or power generation process;<br>i) altering the bed, banks, course or characteristics of a watercourse;<br>j) removing, discharging or disposing of water found underground if it is necessary for the efficient continuation of an activity or for the safety of people; and<br>k) using water for recreational purposes. | Noted. The proposed Musina-Makhado SEZ requires water use licencing and environmental authorisation for the bulk water supply. There will also be several water use activities within the SEZ relating to each specific development i.e. mineral beneficiation plant and / or manufacturing plants. Each of these plants will require plant specific water use license applications and Environmental Impact Assessment authorisations. Delta BEC is currently only applying in terms of the National Environmental Management Act, 1998 ENVIRONMENTAL IMPACT ASSESSMENT regulations, 2014 (as amended) for Listing Notice 2 Activity no. 15 which is the clearance of more than 20 ha of land. Other potential listed activities in the SEZ development are also listed in order to indicate the potential impacts associated with such developments. These matters have been included with the EIA report and a specialist study on water has been included. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| 1b | | | | | | The activities involve development of a metallurgical cluster and associated bulkinfrastructure within the Musina - Makhado Local Municipalities in the Vhembe District of the Limpopo Province.In light of the above, the development is likely to trigger water uses listed under section 1 and therefore a triggers application for an Integrated Water Use Licence (IWULA). | Noted. The proposed Musina-Makhado SEZ requires water use licencing and environmental authorisation for the bulk water supply. There will also be several water use activities within the SEZ relating to each specific development i.e. mineral beneficiation plant and / or manufacturing plants. Each of these plants will require plant specific water use license applications and Environmental Impact Assessment authorisations. Delta BEC is currently only applying in terms of the National Environmental Management Act, 1998 ENVIRONMENTAL IMPACT ASSESSMENT regulations, 2014 (as amended) for Listing Notice 2 Activity no. 15 which is the clearance of more than 20 ha of land. Other potential listed activities in the SEZ development are also listed in order to indicate the potential impacts associated with such developments. These matters have been included with the EIA report and a specialist study on water has been included. |
| 1c | | | | | | This office reserves the right to inspect this project for compliance at any given time during construction and implementation. | Noted. |
| 1d | | | | | | Please be advised that no development can be undertaken within 1: 100-year floodline/riparian vegetation (whichever is the greatest) and 500m distance of a wetland without authorization by this Department. | Noted |
| 2 | Morne' Brummer | Corea Game Ranch | Email | 22-Feb-19 | I&AP Registration | Please add me to your mailing list as a I&AP | Noted and registered |
| 3a | Andre du Preez. | GoosenNolharding 530MS & Pretorius 531 MS (nou Du Preez 834MS). | Email | 23-Feb-19 | | Ek is geregistreer as 'n "I&AP" LA du Preez van die plase Goosen / Volharding 530 MS en Pretorius 531 Ms (Nou Du Preez 834 MS) Soutpansberg en die meegaande limpopo vallei is 'n SONDERLINGE EN SONDER TWYFEL 'n EKOLOGIESE BAIE SENSITIEWE & BROSE gebied ! Dit is sonderling omdat dit 'eie-en-enigste' van sy soort in die RSA is wat betref topografie, klimaat, plante, insekte, voels & diereryk. Daar is 'n wye verskeidenheid baie skaars en bedreigde fauna & flora, wat streng deur landswette beskerm word, behalwe as die regering van die dag skielik anders besluit, deur ondeurdagte, oningeligte en dalk populisties-roekelose-beplanning aan die orde te bring, veral nog in samewerking met landsvreemde mense (die Chinese) as besigheids vennote ... mense wat nog minder weet van omstandighede, landswette ens. EN NOG MINDER OMGEE OOK! Dit is duidelik dat ons Provinsie (en ook die Staat) nie gebore instaat is (of die geld het, om verskeie goeie redes) om enige projekte 'self aan te pak nie en moet dus altyd 'uitverkoop' aan ander. Dit sou goedkoper en meer sin gemaak het, veral met die toename in die VERSTEDELIKING van vandag, om sodanige beplanning te vestig waar die nodige INFRASTRUKTUUR, DIENSTE, WERKSMAG/OPLEIDING, HUISVESTING, INTERNASIONALE LUGHAWE ENS. noem maar op!!, reeds bestaan, bv. POLOKWANE ... Maar helaas, wil ons leiers/politici graag "gesien" word om populariteit as enigste oorweging en maak wel deurdagte & finansieele besluite min daarvan uit. .daarom sommer 'n "nywerheidstad" inni bos! Daar word op die verhoog/podium en in die pers na verwys as "the flagship project" ... | Hierdie aangeleenthede word van kennis geneem·en sal geevalueer word gedurende die Omgewingsimpakstudie proses en sal die bevindinge beskikbaar stel in antwoord op hierdie kwessies. Die omgewingsimpak verslag bevat nou meer inligting aangaande die projek, insluitend 'n evaluasie van al die impakte en kumulatiewe impakte, sowel as 'n gevolgtrekking aangaande of die omgewingsimpak studie in die area sal werk of nie. |
| 3b | | | | | | Die WERKLIKE WATERKWESSIE & ALLE VORME VAN MOONTLIKE | Hierdie aangeleenthede word van kennis geneem en sal geevalueer |

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| | | | | | | BESOEDELLING in die Limpopo vallei is 'n ou bekende. Prof. Willem van Riel ("Conservationist") se studie en bevindinge van 'n tydjie gelede (in opdrag van "Coal of Africa"), veral oor WATER, moet nageslaan en ter tafel gele word. | word gedurende die Omgewingsimpakstudie proses en sal die bevindinge beskikbaar stel in antwoord op hierdie kwessies. Die omgewingsimpak verslag bevat nou meer inligting aangaande die projek, insluitend 'n evaluasie van al die impakte en kumulatiewe impakte, sowel as 'n gevolgtrekking aangaande of die omgewingsimpak studie in die area sal werk of nie. |
| 3c | | | | | | Ten slotte: die 'Psalm skrywer' verwys in die 'WOORD' na "my erfenis wat vir my mooi is", en Ja, dit is vir my mooi. .. die vraag is wat ons regering van die dag daaraan gaan doen .. of dit ook so vir ons nageslag gaan wees? | Hierdie aangeleenthede word van kennis geneem en sal geevalueer word gedurende die Omgewingsimpakstudie proses en sal die bevindinge beskikbaar stel in antwoord op hierdie kwessies. Die omgewingsimpak verslag bevat nou meer inligting aangaande die projek, insluitend 'n evaluasie van al die impakte en kumulatiewe impakte, sowel as 'n gevolgtrekking aangaande of die omgewingsimpak studie in die area sal werk of nie. |
| 4a | Julian Dreyer | Circle Chambers Advocates | Email | 25-Feb-19 | Objection / Support | I refer to my comments of record which in principle remain the same. The report is replete with identified challenges which speak to the non-viability of the suggested development. I remain opposed thereto. | The matters raised and the opposing of the planned development of the SEZ is noted. The Scoping Report aimed at introducing the project and to identify the anticipated impacts as well as the studies required to inform the ENVIRONMENTAL IMPACT ASSESSMENT process. All comments were captured in this Comments and Responses Report. |
| 4b | | | | | Objection / Support | I furthermore subscribe to the views expressed on behalf of the Vhembe Mineral Resources Stakeholders Forum dated 25 February 2019 filed of record. | Noted and you will be notified of all future correspondence pertaining to this ENVIRONMENTAL IMPACT ASSESSMENT process of the project. |

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| 5a | Christo Reeders Attorneys | Representative of the Vhembe Mineral Rescurces Stakeholders Forum ("VMRSF"). | Email | 25-Feb-19 | Legislation & Policies | This communication is preceded by an upfront cautionary statement. It is apparent from multiple press releases and statements made by various government authorities, politicians, ministers and businessmen that the establishment of the SEZ is a foregone conclusion. The financing that is required as having been obtained from the Chinese Government was announced in the media with great fanfare late last year already. To all intents and purposes, the establishment of the SEZ is a *fait accomplis*. On this basis, and given the extent of state capture and rampant corruption that have emerged from a number of commissions of enquiry that are presently in progress; certain of which have a tenure extending for approximately 2 years, we will in the interest of environmental justice and in ensuring the protection of the environment, as we are entitled to and indeed, obliged to do as socially aware and responsible citizens, insist that:<br>• all processes are rigorously, fairly and properly conducted;<br>• all processes are subject to the necessary transparency and public scrutiny;<br>• decisions taken are, as a minimum, lawful, appropriate, properly reasoned and informed by relevant considerations. as contemplated in the Promotion of Administrative Justice Act ("PAJA").<br>In this regard, we recommend that it would be prudent for all relevant reports to be subjected to independent peer review. | The matters raised pertaining to the planned development of the SEZ are noted. This application for authorisation is for site clearance under Listing Notice 2 Activity 15 for the clearance of vegetation of more than 20ha in terms of NEMA, 1998 ENVIRONMENTAL IMPACT ASSESSMENT regulations, 2014 as amended. Each individual planned development within the SEZ by prospective investors will have to apply for their own environmental authorisations, licenses and permits in the future prior to commencement of any such development. It is the intend that this ENVIRONMENTAL IMPACT ASSESSMENT authorisation will set a framework and reflect on the cumulative impacts for the anticipated development within the SEZ. The initial public notice and associated background information document pertaining to the planned project was advertised during August 2018, inviting interested and affected parties to register their interest in the planned project. We continued to register interested parties up to December 2018 and captured all of the registrations and comments made. We subsequently issued a draft scoping report for comments in January 2019 to all registered interested and affected parties. All parties registered as well as the further comments received on the draft scoping report will be included in the final scoping to be submitted to the competent authority. The concerns raised is noted and will be conveyed to the competent authority and the applicant. The final Scoping report was accepted by LEDET on 30 May 2019 and thereafter the EIA process with detailed specialist studies were undertaken. The covid 19 pandemic pushed the release of the draft EIA report out due to limited travel, congregations etc. |

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| 5b | | | | | Legislation & Policies | We note, *inter alia* , the fact of the purported first draft of the scoping report having been prepared and issued for comments on 6 September 2018 already, yet the application process does not appear to be undertaken in accordance with the prescribed and mandatory time periods set forth in the Environmental Impact Assessment Regulations,2014 (the "ENVIRONMENTAL IMPACT ASSESSMENT Regulations"). In this regard, in addition to the information requested below, kindly provide us with confirmation of the date of submission and acceptance by the authorities of the application, allied to the reasons for the prescribed time frames not being followed in this instance; alternatively, the basis upon which the applicant might have been exempted from compliance. We remind you, and the competent authority, of the content and importance of regulation 45 of the ENVIRONMENTAL IMPACT ASSESSMENT Regulations. | A first draft of the Scoping report was not issued for comments on the 6th of September 2018. The initial public notice and associated background information document, the purpose of which was to introduce the planned project and was advertised during August 2018, inviting interested and affected parties to register their interest in the planned project. The application form was submitted to the competent authority on 25 January 2019 and the acknowledgement of the application was received on 8 February 2019 from LIMPOPO ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM. The timeframes were correctly followed as indicated in Regulation 45. The application form along with the draft scoping report was submitted once all information was in order on 25 January 2019. All registered Interested and Affected Parties were notified of the submission and requested to provide input on the draft scoping report by way of comments. The prescribed timeframes and procedures have been followed. |
| 5c | Christo Reeders Attorneys | Representative of the Vhembe Mineral Resources Stakeholders Forum ("VMRSF"). | Email | 25-Feb-19 | Public Participation | The present status of the report is unclear, as are the applicant's understanding or intentions regarding the next steps in the process. Although we have access to the ENVIRONMENTAL IMPACT ASSESSMENT Regulations, for interested and affected parties who do not have this access or a general understanding of the process, the incumbent process must inevitably be very confusing and does not meet the requirements of proper public participation. Compliance with these tenets is even more important in a project of this size and the failure to follow the prescripts we shall in due course argue is a fatal flaw. | The status of the report that was issued for comments on 25 January 2019 was indicated as being a draft report for comments. The statement pertaining to the nature of the process is noted. We have indicated in the report that as part of the process a roadshow (information sessions) will be held as part of the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project to ensure that there is no confusion regarding the process and that proper public participation takes place. We refer to the Plan of Study for ENVIRONMENTAL IMPACT ASSESSMENT in the Scoping Report and invite any further comments on the proposed participation process to assist in ensuring that proper public participation will take place. |
| 5d | | | | | Public Participation | We note that with the annexures, the report is roughly 613 pages. This notwithstanding and despite the apparent delay, only 30 days has been made available for comment. We submit that given the magnitude of the project, its associated impacts as well as the length of the report, the environmental assessment practitioner ought, in the interest of ensuring fair and reasonable public participation, to have requested permission which enabled a longer time period for commenting. | The comment is noted. The process will be addressed in a fair and reasonable manner. The Public participation process is continuing during the ENVIRONMENTAL IMPACT ASSESSMENT phase with opportunity to provide further comments on the ENVIRONMENTAL IMPACT ASSESSMENT documentation. The report is now available and the comments, specialist studies, impact assessment and conclusions of all these and cumulative impacts have been assessed, to overall rate whether this project will be feasible or not. |

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| Se | | | | | | Bearing in mind regulation 40(2) of the ENVIRONMENTAL IMPACT ASSESSMENT Regulations, in addition to the details regarding the date of submission and acceptance of the application, kindly provide us with the following information which we believe reasonably has or may have the potential to influence the decision and which we will consider as part of further submissions to be made in relation to this application:<br>7.1 Confirmation of the Competent Authority to which the application is being submitted;<br>7.2 Confirmation of consultation with the Vhembe Biosphere Reserve NPC;<br>7.3 Proof of landowner consent;<br>7.4 All correspondence between the applicant, the Environmental Assessment Practitioner and Coal of Africa, particularly inasmuch as there is significant attention in the Report on Coal mining projects despite the fact that they ostensibly fall outside of the SEZ;<br>7.5 Minutes of all meetings conducted hitherto with the Competent Authority;<br>7.6 Information regarding the decision to select Musina over Tubatse;<br>7.7 Information regarding the steel production facility (particularly inasmuch as these are apparently contemplated as foregone conclusions despite no apparent regulatory approvals);<br>7.8Information regarding the energy generation facility (particularly inasmuch as these are apparently contemplated as foregone conclusions despite no apparent regulatory approvals); and<br>7.9 Details of any international funding to be made available subject to the above projects being granted regulatory approvals and the SEZ proceeding. In this regard, we refer to the delegation which recently visited China and which made reference to the existence of the SEZ (notwithstanding that at the time no environmental authorisation had yet been obtained). | 7.1 Confirmation of the competent authority is contained in Appendix G of the final Scoping Report. The competent authority is the Limpopo Department of Economic Development, Environment and Tourism (LEDET).<br>7.2 Consultation with the Vhembe Biosphere Reserve was included in Appendix D2. Delta BEC has notified the Vhembe Biosphere Reserve representatives of the availability of the draft Scoping Report in January 2019 subsequent to their registration of interest in the project.<br>7.3 Land owner consent has been included in Appendix G of the Scoping report.<br>7.4 There is no correspondence between Coal of Africa (MCM) and the Environmental Assessment Practitioner other than the public notices concerning the notice of the planned SEZ project. References in the draft scoping report to the activities of Coal of Africa (MCM) was done as part of desktop studies in order to determine potential local environmental conditions and impacts as gleaned from reports and studies conducted for Coal of Africa's (MCM) ENVIRONMENTAL IMPACT ASSESSMENT authorisation applications that is in the public domain. Should any correspondence or information regarding Coal of Africa (MCM) relating to the SEZ become known, this will be incorporated / reflected in the ENVIRONMENTAL IMPACT ASSESSMENT documentation. The applicant confirmed that it has engaged with Coal of Africa (MCM) in the past regarding the potential supply of coal to the SEZ and also introduced potential investors to Coal of Africa (MCM). Some of the investors took samples of the available coal resources available for analysis.<br>7.5 Meeting minutes with the competent authority have been included in Appendix D2. Relevant minutes will be incorporated in the documentation of the scoping report.<br>7.6 The Tubatse's SEZ designation application is currently being undertaken by LIMPOPO ECONOMIC DEVELOPMENT AGENCY. One of the key determinants will remain the securing of interested investors.<br>7.7 and 7.8. The facilitation of a potential investment pipeline comprising of investors in the energy and metal clusters are being pursued by LIMPOPO ECONOMIC DEVELOPMENT AGENCY and the SEZ operator. Any such investors will have to ensure compliance with relevant legislation including environmental authorisations and permits to address their operational needs.<br>7.9. The applicant confirmed that there is no international funding made available to the South African government for the SEZ. Each potential investor will source their own funding subject to its own due diligence and financial viability investigations concerning their potential investment in the SEZ.<br><br>Please refer to the EIA report as it evaluates the detailed information available, and assesses the viability of such a development in terms of specialist findings and EAP evaluation of available information. |

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| 5f | | | | | Specialist Studies | We do not believe that the assessment adequately satisfies the requirements for a proper scoping report as set out in Appendix 2 and consequently it should be rejected as contemplated in Regulation 22(b) of the ENVIRONMENTAL IMPACT ASSESSMENT Regulations. It is not sufficient simply to include reference to the chapter of the report in which this is addressed. What is required is that it is properly and substantively addressed in the applicable chapter. In making its decision to approve or reject the Scoping Report, we require that the Competent Authority provides reasons for why it concludes that each of the requirements set out in Appendix 2 has been properly addressed. | The comment is noted. The report that was issued was a draft report for comments by interested and affected parties. The structure of the report is such that Appendix 2 in the ENVIRONMENTAL IMPACT ASSESSMENT Regulations 2014 is reflected in the introductory parts of the report with cross referencing (for ease of reference to the relevant chapter where the relevant aspect is properly and substantively described.<br><br>For more information, please refer to the EIA report with specialist studies. |
| 5g | | | | | Specialist Studies | By way of example, we are of the view that the following objectives of the scoping process have not been met:<br>**- 1 (a): motivate the need and desirability of the activity in the context of the preferred location;**<br>This is particularly lacking inasmuch as the preferred site was selected out of two options prior to the undertaking of the impact assessment process. Moreover, the activities which are proposed to fall within the SEZ itself have also not been considered from this perspective. It is also our view that not all listed activities have been properly identified and described. An extensive list is included in the report but the notification of the Scoping Report refers, most confusingly, to the SEZ site clearance and township development;<br>**- 1 (d): identify and confirm the preferred site, through a detailed site selection process, which includes an identification of impacts and risks inclusive of identification of cumulative impacts and a ranking process of all the identified alternatives focusing on the geographical, physical, biological, social, economic, and cultural aspects of the environment;**<br>This is particularly lacking inasmuch as the preferred site was selected out of two options prior to undertaking of the the impact assessment process;<br>**-1(e): identify the key issues to be addressed in the assessment phase;**<br>This is particularly lacking inasmuch as there are a number of specialist reports which ought to have been identified as being necessary as is discussed below. | 1(a). The comment is noted. This application for authorisation is for the clearance of the site of 20ha or more. Each potential investor will subsequently have to undertake their own environmental impact assessments and licensing for its operations that extend beyond the site clearance. The potential activities of such investments indicate that several other activities listed in the ENVIRONMENTAL IMPACT ASSESSMENT Regulations will have to be authorised by way of application by the investors. The external bulk engineering infrastructure services will also require separate environmental authorisations. These activities have been listed in the scoping report in an endeavour to establish the framework on the potential overall impact of the SEZ development on the environment and for which specific specialist studies will be conducted as part of the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project. The need and desirability of the proposed SEZ is provided in the scoping report based on the guidelines by the Department of Environmental Affairs (DEA), 2016.<br>1(d). The identified site has not been selected from two alternative sites. The site was identified as part of the initial feasibility studies conducted by the applicant. The economic analysis report compares Musina-Makhado SEZ to Tubatse SEZ. Refer to the EIA report.<br>1(e). The key issues to be addressed has been identified including the listing of specialist studies to be conducted during the ENVIRONMENTAL IMPACT ASSESSMENT phase as indicated in the plan of study for ENVIRONMENTAL IMPACT ASSESSMENT. Please refer to the EIA report. |
| 5h | | | | | Project Description | In relation to the content, the following is lacking:<br>2(d): a description of the scope of the proposed activity, including (i) alllisted and specified activities triggered; (ii) a description of the activitiesto be undertaken, including associated structures and infrastructure;This is particularly inasmuch as the listed activities are not properlyenunciated; | Please refer to the final scoping report under Section 6. Your comments were noted and addressed within the Final Scoping Report. |

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| | | | | | Legislation & Policies | 2(e): a description of the policy and legislative context within which the development is proposed including an identification of all legislation, policies, plans, guidelines, spatial tools, municipal development planning frameworks and instruments that are applicable to this activity and are to be considered in the assessment process; This is particularly relevant inasmuch as the Vhembe Biosphere Reserve Biodiversity Conservation Strategy for the reserve based on a revision of zonation, January 2019 has not been considered. | Please refer to the final scoping report under Section 6. Your comments were noted and addressed within the Final Scoping Report. |
| | | | | | Site Selection / Alternatives | 2(f): a motivation for the need and desirability for the proposed development including the need and desirability of the activity in the context of the preferred location; Without a proper cost benefit analysis or details of why Musina was selected over Tubatse, this cannot be properly addressed. | Please refer to the final scoping report under Section 7. Your comments were noted and addressed within the Final Scoping Report. |
| | | | | | Site Selection / Alternatives | 2(g): a full description of the process followed to reach the proposed preferred activity, site and location of the development footprint within site; the This is particularly lacking inasmuch as the preferred site was selected from two options (Tubatse or Musina) prior to the impact assessment process being conducted. | Please refer to the final scoping report under Section 1, Section 3 and Section 4. Your comments were noted and addressed within the Final Scoping Report. More information will be provided with the ENVIRONMENTAL IMPACT ASSESSMENT reports in due course. The exact development footprint within the site has not been finalised and will be addressed within the ENVIRONMENTAL IMPACT ASSESSMENT phase.<br><br>Please refer to the EIA report for more information. The internal master plan under Appendix Z and the main report provides information of the site and reasons why it was selected, even though it was designated prior to undertaking any NEMA EIA. |
| | | | | | Site Selection / Alternatives | 2(i): details of all the alternatives considered This is particularly lacking inasmuch as the preferred site was selected out of two options prior to the undertaking of the impact assessment process. Moreover, the activities which are proposed to fall within the SEZ itself have also not been considered from this perspective. | Please refer to the final scoping report under Section 9. Your comments were noted and addressed within the Final Scoping Report. |
| SI | | | | | Site Selection / Alternatives | We have noted this concern in our assessment of the Report's compliance with Appendix 2. In our view, the two alternative sites for the SEZ ought both to have been considered as part of the alternative's analysis required to inform the environmental impact assessment. The decision to select Musina over Tubatse ought to have been informed by the environmental impact assessment. It is required that this exercise be conducted now as part of the alternatives impact assessment, particularly bearing in mind the significant biodiversity impacts likely to be suffered. | Please refer to the final scoping report under Section 9. Your comments were noted and addressed within the Final Scoping Report. Please also refer to the Plan of Study for ENVIRONMENTAL IMPACT ASSESSMENT under Section 11.<br><br>The EIA report is now available and includes an assessment and specialist studies as well as recommendations. Please refer to the economic rationale under Section 5 of the EIA report. |

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| 5j | | | | | Impact Assessment | Although a very rudimentary paragraph on cumulative impact assessments is included in the Scoping Report, it is plainly inadequate. A comprehensive regional strategic and / or cumulative impact assessment which takes account of the activities contemplated to be conducted both within the SEZ and outside of the SEZ is required. Coal of Africa, has, for example, in an affidavit filed in October 2016 committed on oath to undertaking/ participating in an initiative of this nature. | Cumulative impacts will be addressed and provided in more detail during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project.<br><br>Cumulative impacts and the impacts of such have been included in the EIA report. Limitations on certain specialist studies and the overall cumulative impacts have been included and assessed in the EIA report. |

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| 5k | | | | | Impact Assessment | It bears mention that although a response to an access to information request submitted to the Department of Mineral Resources had been forthcoming, the discussion on the apparently multiple prospecting, exploration and related rights in the area focuses solely on Coal of Africa. Patently the impact of all of these activities, were they to reach finality, must be comprehensively considered as part the above assessment. We fear greatly that the Limpopo Province will, if all of these activities proceed, be left in the dire and desperate environmental situation that has become the Mpumalanga wasteland. It is submitted that it is up to the environmental authorities and the independent environmental assessment practitioners to ensure that their recommendations are sufficiently robust to ensure that this does eventuality does not materialise. As a bare minimum, we remind both the authorities and the EAP's of, the necessity to act with a cautious and risk averse approach. | Noted and reported. Your comments will be investigated during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project.<br><br>Please refer to the EIA report with specialist studies. |

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| 5l | | | | | Water Uses | This assessment ought to consider the very real possibility that there is inadequate water available for projects currently in the pipeline. This is likely to become an even greater concern in the future as climate change impacts are realised, particularly now that a material dispute has arisen with regard to Coal's New Water Project Agreement dated October 2012. It has become plainly apparent the "new water" that would be created has not been created at all and is unlikely to be created at any future point. On Coal's own version, the Makhado Project cannot proceed without significantly prejudicing commercial farmers downstream of the Nzhelele dam unless the new water is created. This is a materially significant consideration and the outcome of the proposed dispute resolution process ought to be taken into account in relation to any decision that might be made regarding environmental authorisation. | Please refer to Appendix G of the scoping report for information regarding the sources of water in the Development Plan. The applicant and operator are investigating the sources of water for the SEZ which includes water sources in the Limpopo Province as well as water from the Zhovhe Dam in Zimbabwe.<br><br>A full water assessment has been prepared by Matukane and Associates and forms part of the EIA report. Please refer to it. |
| 5m | | | | | Site Selection / Alternatives | At least a cost benefit analysis ought to have preceded the decision to select Musina over Tubatse as the development area. However, in its absence, it is submitted that an analysis of this nature ought to be conducted in any event. This is even more important in light of, for example, the prominence of agriculture in the region and its contribution to food security. | Please refer to Appendix G of the scoping report for the information as per the request.<br><br>The economic rationale why Musina and not Tubatse was utilised is provided in the EIA report. |
| 5n | | | | | Impact Assessment | We note that notwithstanding the apparent purpose of the SEZ as being one which is earmarked for the development of energy and a metallurgical cluster for the production of high-grade steel, no climate change assessment has been proposed. This is more alarming given the prevailing case law which confirms the relevance of these impact assessments to the environmental impact assessment process as well as the fact that greenhouse gas emissions from the proposed industries have been captured as high/ medium. | A climate change impact assessment specialist study will form part of the proposed development and has been commissioned. The climate change will look into the greenhouse gas emissions from the industries. Please note however, that this application is only for site clearance and the establishment of the SEZ. Site specific ENVIRONMENTAL IMPACT ASSESSMENTs will have to be undertaken for each investor within the SEZ. All permits and licenses will have to be obtained for each investor.<br><br>Please refer to the climate change specialist study which forms part of the EIA for more information. |
| 5o | | | | | Impact Assessment | In our view, a health impact assessment is required to consider not only the potential impacts of the SEZ itself but its long-term implications from a climatechange perspective, particularly given the water scarcity noted in the region. | A climate change impact assessment specialist study will form part of the proposed development and has been commissioned. The climate change will look into the greenhouse gas emissions from the industries. Please note however, that this application is only for site clearance and the establishment of the SEZ. Site specific ENVIRONMENTAL IMPACT ASSESSMENTs will have to be undertaken for each investor within the SEZ. All permits and licenses will have to be obtained for each investor. The health assessment was mentioned to the applicant. LIMPOPO ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM will confirm this study.<br><br>Please refer to the health specialist study which forms part of the EIA for more information. |

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| 5p | | | | | Air Quality | It is unclear why environmental authorisation for activity 6 of GNR. 984, 2014 is being applied for. We base our comment which follows on the assumption that this is the intention behind the triggering of listed activity 6 of GNR. 984, 2014. It is submitted that no environmental authorisation can validly be granted in support of an application for what appears to be a generic approval of atmospheric emission licences for activities falling within the SEZ in terms of the National Environmental Management: Air Quality Act ("AQA"). Applications pertaining to atmospheric emissions require not only clarity on which categories of activities are triggered under the Listing Notice published in terms of AQA but moreover, a careful analysis of the impacts of the emissions profile applicable to that activity. The information regarding the activities which will be regulated by the licence is simply not available and it would therefore be improper to grant a "blanket" type approval in this regard. Moreover, any environmental authorisation granted would, on the basis of the information presented, be unable to be relied on for purposes of an application for an atmospheric emission licence since that Act requires the application for a licence of that nature to be made within 60 days of the granting of environmental authorisation. | Thank you for your comment regarding the air quality permit and the inclusion of Activity 6 under the ENVIRONMENTAL IMPACT ASSESSMENT regulations, 2014 (as amended). Please note Activity 15 of Listing Notice 2 is the only activity this application is being applied for. Delta BEC has included the other activities with Listing Notices to illustrate potentially all activities which may be possible after successfully authorising the Musina-Makhado SEZ site clearance application with township establishment.<br><br>Please refer to the air quality specialist study which forms part of the EIA for more information. |
| 5q | | | | | Impact Assessment | We note this by way of example only and require that the EAP and the Competent Authority conducts a careful analysis of the listed activities for which it is appropriate to grant environmental authorisation in light of the prevailing requirements of the National Environmental Management Act as informed by the Constitutional right to an environment that is not harmful to health or wellbeing. It is our considered view that the Special Economic Zones Act cannot supersede the requirements for conducting appropriate environmental impact assessment in relation to each activity to be undertaken within the proposed economic zone. This is not a justifiable limitation of section 24 of the Constitution. | Noted, cumulative impacts are being taken into consideration at this early onset for the Musina-Makhado SEZ project. A noise impact assessment has been conducted for the proposed development and the cumulative impacts associated not only at the site, but also the surrounding environments have also been investigated. Cognisance of the Special Economic Zones Act and the Constitution of South Africa mention that all noise requirements and impacts not harmful to health or wellbeing has been adequately taken into consideration and undertaken.<br><br>Please refer to the EIA report which outlines the legislation and EIA process. |
| 5r | | | | | | Apart from the fact that there is insufficient information available to properly consider the impacts of the SEZ and the activities which will be conducted within its boundaries, we note that the Makhado Strategic Development Framework does not yet provide for the establishment of the SEZ. It is submitted that the inclusion of the SEZ in that plan following the prerequisite consultation process is a prerequisite to its ultimate approval. | Noted, a scoping report introduces the public and Interested and Affected Parties to the general project, the alternatives and site. Specialist scoping reports are included and the plan of study for ENVIRONMENTAL IMPACT ASSESSMENT is provided. The Makhado SDF is currently being updated.<br><br>The EIA report utilised a town planning impact assessment which looks at the SDFs as a way whether the SEZ will fit into such an environment. |
| 5s | | | | | I&AP Registration | Kindly ensure that for all future purposes our client and we are recorded as interested and affected parties and therefore, that we receive all further communication and notifications regarding this matter. | Noted, you are registered on our project database and will be notified of all future happenings on the project. |

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| | | | | | | We are constrained to record our dismay at what clearly is a deeply flawed process as matters stand presently. We sincerely hope that where it is readilyapparent that the CoaL coal mining projects, the Mutsho Power Project (whichhas escalated from an initial 600 mW project to a proposed 4 400 mW projectand in which CoAL holds an interest of at least 10%), the SEZ, ·the smelter projectand allied activities are all interconnected and components of an overarchingwhole that is being presented as yet another project "too big to fail"; theestablishment of which appears to be a *fait accomplis* (as we have said earlier),that the entire system of environmental management as embodied in theapplicable legislative matrix does not stand to be ridden roughshod over for themere sake of expedience, and that you are a party to this type of abuse. | Noted, as indicated this is a scoping report which introduced the public, stakeholders etc of the project and the plan of how the project will be carried forward in the ENVIRONMENTAL IMPACT ASSESSMENT phase and all specialist studies to be conducted. The ENVIRONMENTAL IMPACT ASSESSMENT process for the township establishment and the site clearance of the SEZ is currently underway. Investors within the SEZ will have to apply for their own site-specific ENVIRONMENTAL IMPACT ASSESSMENTs and permitting.<br><br>Please refer to the EIA report for further information. |
| 5t | | | | | Public Participation | Kindly acknowledge receipt of this letter, provide us with your considered response and confirm that copies of this letter and your response have been made available to the Competent Authority. | Noted, the information will be forwarded in due course. This information will be included during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project.<br><br>It was resolved that the Competent Authority for this application is LEDET. Please refer to the EIA report for proof of the Competent Authority. |
| 6 | Tiego Nwokoro | | Email | 04-Mar-19 | Public Participation | In the Scoping Report you make reference to a business's plan by the Chinese, could we have a copy of the said business plan? | The business plan is still in development and will be made available to the public in due course. The masterplan will be attached with the ENVIRONMENTAL IMPACT ASSESSMENT which is part of the next phase of the project. |
| 7a | Department of Economic Development, Environment and Tourism | Limpopo Provincial Government | Email | 28-Feb-19 | Project Description | The Department request for clarity to be provided regarding the current application for environmental authorisation:<br>a) The application form on page 4 indicates the applicant's intention is to apply for environmental authorisation for township establishment and the industrial park with its associated mixed use urban development.<br>b) The consultation Scoping Report on page 13 indicates the report is only limited to metallurgical cluster.<br>c) The newspaper advert reflect that the nature of the proposed development entails a change of land use for the Musina-Makhado Special Economic Zone.<br>d) On page 61 and 62 the title of the section 7.2.2 "Public participation required as part of the application for township establishment" and details make reference to township establishment".<br>In light of the above points (township establishment, industrial park, metallurgical cluster and change of land use), the Department request for clarity on what this application entails. | The proposed development entails the development of a heavy industrial zone / park between the town of Musina and Makhado. The majority of the industries within the SEZ will encompass a metallurgical nature, however other infrastructures will also form part of the SEZ. Please note however, that Delta BEC is only applying for site clearance and township development Each investor within the SEZ will have to apply for their own site-specific ENVIRONMENTAL IMPACT ASSESSMENT and permitting. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
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| 7b | | | | | Project Description | The Department has noted the identified "potential" listed activities in terms of the ENVIRONMENTAL IMPACT ASSESSMENT Regulations 2014 within the SR. Since the listed activities are currently identified as potential to be triggered by the proposed development, the Department is unable to provide comments as to whether they are listed or not as still need clarity with regard to description of the activity that will detail out the scope of work of the proposed development. | This application is only for Listing Notice 2 Activity 2 for removal of vegetation of more than 20ha. Other potential associated activities and listings are mentioned and these will be addressed for each site-specific ENVIRONMENTAL IMPACT ASSESSMENTs by different investors. The specialists have included the cumulative impacts associated with the proposed SEZ. |
| 7c | | | | | Specialist Studies | Inconsistency regarding envisaged specialist has been observed which must be addressed. The executive summary section of the SR reflects 13 specialist studies while the plan of study reflects 14 specialist studies (addition of Topographical Survey). | This has been addressed in the final scoping report. The specialist studies to form part of this scope of work is: • Soil classification and land capability• Biodiversity Assessment• Wetland and Aquatic Assessment• Noise Impact Assessment• Air Quality Assessment• Climate Impact Assessment• Socio-Economic Assessment• Heritage Impact Assessment• Paleontological Impact Assessment• Visual Impact Assessment• Geotechnical Assessment• Flood line Assessment• Cadastral Assessment• Traffic Impact Assessment• Topographical Survey• Engineering Studies• Geo-hydrological Survey<br><br>Additional specialist studies which were commissioned included health, food security, economic rationale, tourism, water, waste. |
| | | | | | Specialist Studies | The Department recommends that an Air Quality Assessment study should not be considered as an alternative (as denoted by the forward slash sign) to Climate Impact Assessment. A climate impact study must be considered as a stand-alone recommended study that will further incorporate associated green-house-gases (GHS). | Noted and reported.<br><br>Please refer to the climate change specialist study forming part of the EIA report. |
| | | | | | Specialist Studies | As part of the specialist studies listed, the department recommends for the Engineering Study and Geo-hydrological study. | Noted and reported.<br><br>Please refer to the internal master plan, traffic and water study contained in the EIA report. |
| 7d | | | | | Legislation & Policies | The Department recommends the incorporation of the Special Economic Zone of 2014 (Act 16 of 2014) as well as the Special Economic Zone Regulation and Policy under the applicable legal framework to this proposed development. | Noted and reported. |
| 7e | | | | | Project Description | The actual size of the proposed development area must be provided. The Department has noted that the combined total of the property sizes provided (8 048ha on page 37 of the SR exceed that Gazetted by the minister of Department of Trade and Industry in GN. 1324 of 1 December 2017. | Noted and reported. The cadastral size (study area) of the Proposed SEZ is 8 048,223 hectares, while the designated site is 7 262,691 hectares. Please refer to Section 4 of the Final Scoping Report for more information.<br><br>Please refer to the EIA report. |
| 7f | | | | | Project Description | According to response given to one of the Interested and Affected Parties, the area bound by the farms Somme 6116 MS, Steenbok 565 MS and Antrobus 566 MS is excluded from the area considered for the proposed development of the Musina-Makhado SEZ. For ease of identification, the Department recommends the locality map to clearly distinguish the excluded area. | Noted and reported. These farms were designated and form part of the proposed SEZ. Please refer to Figures 4.6 and 4.7 of the socpng report for clarity on this matter. |

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| 7g | | | | | | Please note there is no facility illustration map/site development appended to the SR for the proposed development. | Noted and reported. The master plan will be included during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project. The current facility illustration is shown in Figure 4.8 and an enlargement in Appendix C of the scoping report. |
| | | | | | | In addition, the SR has no Appendix C "Hazardous metals in mineral processing plants in South Africa - the risk of occupational exposure SIMRAC - Safety in mine research advisory committee September 2000". | Noted and reported in Appendix G of the scoping report. |
| 7h | | | | | Public Participation | A proof of distribution of the SR must be appended to the forthcoming SR. | Noted and reported. Refer to Appendix D.2 and the comments received in Appendix D.8 during the draft Scoping Phase. |
| | | | | | Public Participation | The BID failed to reach majority of the stakeholders about eleven (11) in total, according to the proof of email submission. The Department recommends for the consideration of other means of reaching out the stakeholders such as hand-delivery and/or mails. | Noted and reported. The report was available as indicated in Appendix D.2 to respective I&AP and send registered mail to these. Hard and soft copies were also delivered to stakeholders. Refer to Appendix D. |
| | | | | | Public Participation | According to page 142, it has been indicated that Eskom will be able to supply 5MW/Year. However, in the public participation section, no records or correspondence regarding such a commitment was identified. | Noted and reported. Please refer to Appendix G for confirmation LIMPOPO ECONOMIC DEVELOPMENT AGENCY received pertaining to this question. This is now included in the EIA report with specialist studies. |
| | | | | | Public Participation | The Department request that a register of interested and affected parties be compiled in accordance with regulation 42 of the ENVIRONMENTAL IMPACT ASSESSMENT Regulation 2014. The current appended register did not incorporate all the individuals requested to be registered as Interested and Affected parties. | Noted and reported. Please refer to Appendix D.7 of the scoping report |
| 7i | | | | | | Please note an arrangement for site visit/inspection will be arranged in due course. The Department reserve the right to provide comments based on the findings of the site inspection/visit. | Noted and reported. A site visit was undertaken. |
| 8a | Mr Maphari Solomon | Waterpoort community development trust (WCDT 12/2014) | Letter | 05-Mar-19 | Public Participation | *We started participating in your ENVIRONMENTAL IMPACT ASSESSMENT through delta built environmental consultant but we still need more proper consultation, we need delta built environmental consultant and representative from SEZ to visit our community at waterpoort. We receive an email stating that Ronald Retief need a meeting with our community but it is enough for us to call meeting in few days since many of our community are farm workers and they are residing in different farms so it will need more time to inform our community.* | Noted, meetings / road shows will be held and the Applicant to respective stakeholders and the tribal communities in due course.<br><br>Meetings with the tribal communities, municipalities and stakeholders will be undertaken during September 2020. |
| 8b | | | | | Public Participation | ***The only date that can fit our community is the 16th of March 2019 at the waterpoort and we need to agree on time and venue.*** | Noted, meetings / road shows will be held and the Applicant to respective stakeholders and the tribal communities in due course. Meetings with the tribal communities, municipalities and stakeholders will be undertaken during September 2020. |

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| 8c | | | | | Objection / Support | *We also appreciate your cooperation since the community start engaging with you using your comments sheets and since this proposed project SEZ is big and brode our community to discuss issue relating to social labour plan, BBB, EEE, procurement and others and we are not against the project it will empower our historical disadvantages community and we believe that this will done under the guidance of our constitution and the south African mining charter.* | Noted and reported. Please refer to the Socio-economic specialist study which will be made available during the ENVIRONMENTAL IMPACT ASSESSMENT phase of the project. |
| 8d | | | | | Public Participation | *Therefore, all information, correspondence must be directed to the following people secretary of the trust, chairperson and coordinator to avoid future incontinence.* | Noted and reported. All information pertaining to meetings will be communicated to all registered Interested and Affected Parties. |
| FINAL SCOPING REPORT COMMENTS FROM CENTRE FOR ENVIRONMENTAL RIGHTS | | | | | | | |
| 1 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We address you as the Centre for Environmental Rights (CER)[1] on behalf of our clients groundWork[2] and Earthlife Africa[3] – who have particular interest and expertise in environmental justice issues, and a long-standing history of working with, and representing, the interests of historically disadvantaged communities within the Limpopo Province. | Noted and reported. You are registered on the project I&AP database. |
| 2 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We submit these comments on the final scoping assessment report (FSR) [4] for an environmental impact assessment (EIA) process in respect of the proposed Musina-Makhado Special Economic Zone (SEZ), to be managed and facilitated by the Limpopo Economic Development Agency (LEDA), also called the Energy Metallurgical Special Economic Zone (EMSEZ), which the Minister of Trade and Industry designated as a SEZ in 2016. | Noted and reported. |
| 3 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We refer to our letter to you of 4 September 2019, a copy of which is attached as "A", wherein werecorded:<br>3.1. our concerns in relation to the EMSEZ project proponent's failure to register the CER and its clients as interested and affected parties (I&APs) despite our repeated requests;<br>3.2. the inadequate public participation held to date in relation to the EIA process; and<br>3.3. our clients' preliminary concerns about the impacts of the EMSEZ to human health, wellbeing, and the environment, and reserved all rights to submit formal, detailed objections in relation to this process at a later stage. | You are registered on the I&AP database. Your request to be registered was received late from the operator, however you are now on the project database.<br><br>Please note that the public participation has been undertaken as stipulated in terms of NEMA, 1998. This was only the scoping phase of the project and the EIA phase is the next phase in the project. Public meetings and other focus groups will be handled and mentioned in due course.<br>Noted, these aspects have been included as part of the EIA phase of the project. This is one of the main reasons why the EIA process has been delayed, is to adhere and the specialist requests and conditions. |
| 4 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We record that we initially requested to be registered as I&APs as far back as 7 December 2018 upon first becoming aware of the EMSEZ project, but were not registered until 28 July 2019, on confirmation from the appointed environmental assessment practitioners (EAP), Delta Built Environmental Consultants ("Delta BEC"). As such:<br>4.1. we were not made aware of the scoping assessment process or provided with any information in relation to | The notice for registration by CER only came through to Delta BEC on 28 July 2019. The initial registration for the Public Participation was held in 2018 and during this 30-day period, the CER never registered directly with Delta BEC.<br><br>Unfortunately Delta BEC was appointed to run the EIA process. It is unfortunate that the CER did not register to be aware of the EIA |

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| | | | | | | the developmental status of the EMSEZ, until July 2019 – despite this being requested in December 2018;<br><br>4.2. we were not provided with a copy of the draft scoping assessment report or any opportunity to comment thereon prior to its approval; and<br><br>4.3. it was only after numerous attempts at following up with Delta BEC and LEDA, that we were notified, on 19 August 2019 – almost 8 months after our initial enquiry – that the FSR had already been approved by the Limpopo Department of Economic Development, Environment & Tourism (LEDET) on 31 March 2019. A copy of the approval is attached as "8". | process. Delta has however accommodated the CER by providing them with the final Scoping report and also adding them onto the project database.<br>As mentioned CER never registered directly with Delta BEC during the Scoping phase initial registration or during the review of the draft Scoping report. The CER was only registered during the transition between the Scoping and EIA phases of the project.<br>This statement is incorrect. Delta BEC have accommodated the CER and adhered to all their requests. If LEDA did not adhere to these, then this is a different aspect. |
| 5 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Given the nature of our clients and the interests we collectively represent, a failure to provide for an opportunity to consider and comment on the FSR undermines the right to an adequate, fair and reasonable public participation process, as enshrined in section 33 of the Constitution of the Republic of South Africa, 1996 ("the Constitution") in relation to crucial planning documents that will have far-reaching implications for the people of South Africa. | This statement is not true. The release of the draft scoping report was made available for the public longer than the initial 30-days review from September 2018 to December 2018. The CER never registered directly with the EAP until July 2019 and thereafter all the information the CER requested was provided. |
| 6 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Although the deadline for commenting on the scoping phase for the EMSEZ EIA has passed. For the above stated reasons, and in light of the significant and far-reaching human health, climate and environmental impacts of the EMSEZ, we request that:<br><br>6.1. our comments on the FSR herein and below be considered despite the time period for comment on the FSR having lapsed;<br><br>6.2. the FSR be withdrawn;<br><br>6.3. both the scoping and EIA for the EMSEZ be postponed until a thorough Strategic Environmental Assessment (SEA) is conducted with full and proper public participation, taking into account our clients' comments made herein, and any comments by other I&APs; and<br><br>6.4. the Minister of Environment, Forestry and Fisheries must be designated as the competent decision-making authority for any EMSEZ EIA processes | Thank you for your comments. Your comments have been taken into account during the EIA phase of the project. This is one of the main reasons why the release of the draft EIA report has been delayed so considerably. Unfortunately, the FSR cannot be withdrawn as this was an approved document by the competent authority. Regarding the SEA, this is a decision-making tool and does not form part of the NEMA, 1998 regulations. It is good to have reviewed and assessed a few areas or sites, however the SEA is thus not compulsory for any EIA process. Please also note that the site for the SEZ was designated by the minister and the competent authority, however Delta BEC have enquired numerous times between LEDET and DEA, the resolution was the competent authority is LEDET.<br><br>As indicated above, the competent authority for the Musina-Makhado SEZ is LEDET and this was resolved by DEA and Minister Creecy. |
| 7 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | A failure to take the above steps would, render the current EIA process, for which the FSR has been approved, unlawful and inadequate given the fatal flaws of the FSR and public participation process followed thus far. | Noted and reported. All the processes and information was provided to CER upon their request. |
| 8 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In summary, our clients' key concerns in relation to EMSEZ and FSR process are as follows:<br><br>8.1 an SEA for the Musina-Makhado region[5] must be completed prior to the scoping and EIAs for the listed activities of each individual facility associated to the EMSEZ due to its massive scale and the far-reaching | This statement is wrong as an SEA even though it is a decision-making tool is not a requirement of NEMA, 1998. |

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| | | | | | | implications that the many projects associated with it would have. Without an SEA, this EIA, which purportedly focuses only on the clearing of land, should not proceed because it is not capable of assessing the full breadth of cumulative impacts of EMSEZ and its associated projects; | |
| | | | | | | 8.2 the incorrect competent authority has been appointed to oversee the scoping assessment and the other EIA processes in relation to the EMSEZ. We submit that this is a matter of national importance and one which cannot proceed without the consultation and approval of the Department of Environment, Forestry and Fisheries (DEFF). Further, the EMSEZ EIA process falls within the scope of section 24C(2)(d)(iii) of the National Environmental Management Act, 1998 (NEMA) by virtue of the fact that the activities are being undertaken by a statutory body i.e. the LEDA. Therefore, it is the Minister of Environment, Forestry and Fisheries – and not LEDET – which must be regarded as the competent authority for the EIA process currently being undertaken for the EMSEZ, and for all future EIA processes for EMSEZ; | Refer to point 7 above. The matter was taken up with both the provincial and national environmental departments and the resolution was that the provincial environmental department LEDET is the competent authority for this application. |
| | | | | | | 8.3 EMSEZ is not in the public interest as it will have severe and irreversible impacts on water resources, climate change, food security, agriculture, air quality and soil quality. There is also no discussion of – or proposal to assess in the EIA – the risk that the entire EMSEZ and all of its associated infrastructure will become a stranded asset; | These aspects have now been addressed within the EIA report and more than the mentioned 17 specialist studies in the final Scoping report Plan of Study for EIA has been undertaken to ensure that the project addresses all the concerns for such a big and large magnitude development. |
| | | | | | | 8.4 the FSR's discussion of need and desirability for EMSEZ is narrow and flawed, as it fails to take into account the potential significant environmental and human rights impacts of EMSEZ; | The FSR has a section for need and desirability, however the scoping report is only an indication of what the client intends to do and during the EIA phase these are assessed in more details. A need and desirability study was undertaken and has been included with the EIA. |
| | | | | | | 8.5 the FSR does not adequately provide for an assessment and consideration of the climate change impacts *of* EMSEZ, or the impacts of climate change *on* EMSEZ. We submit that the EIA must calculate direct, indirect and cumulative greenhouse gases (GHG) emissions from construction, operation and decommissioning of EMSEZ and associated activities arising from the EMSEZ. This will undoubtedly impact significantly on South Africa's international commitments under the Paris Agreement and Constitutional obligations to reduce GHG emissions and the impacts of climate change. Adequate assessment must include the full life-cycle of fuels, and the environmental, ecological and social costs of GHG | A complete climate change specialist study was undertaken and has been included in the EIA report. The climate change specialist study provides mitigation and the anticipated levels of each of the proposed plants within the SEZ. |

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| | | | | | | emissions from the EMSEZ. The EIA must also evaluate the impacts of climate change on the EMSEZ, including severe water shortages, heatwaves, and flooding over the anticipated lifespan of EMSEZ, and how these impacts will affects itsoperations; | |
| | | | | | | 8.6 the FSR's analyses of water use and water availability in the region are extremelyflawed; | A specialist study has been undertaken and forms part of this EIA phase of the project. Please refer to the specialist study. |
| | | | | | | 8.7 the FSR lacks basic facts about the proposed projects that will be part of EMSEZ, including: what each component will entail; the amount and type of fuel to be used; annual water requirements during construction and operation; wastewater volumes; solid waste volumes; and annual air pollution emissions, including mercury and other heavy metals, and it fails to include an adequate baseline assessment of air, soil and water quality in the region; | Please note that although this EIA is only for the clearance of an area of 20ha or more of indigenous vegetation the entire SEZ with proposed investors have been included in the EIA. Delta BEC have done their utmost best to obtain all the quantities and values, etc. for the entire development and a master plan has been developed showing the Musina-Makhado SEZ site with all the activities and water needs etc. |
| | | | | | | 8.8 the FSR fails to sufficiently consider the various EMSEZ projects' impacts on biodiversity, heritage and ecological function. In particular it fails to assess impacts in the Vhembe Biosphere Reserve (a United Nations Educational, Scientific and Cultural Organization (UNESCO) Biosphere Reserve), Kruger National Park, Nzehlele Nature Reserve and Mapungubwe National Park (a UNESCO World Heritage site); | This statement is wrong as the EIA does not exclude any of these areas. Each specialist study has undertaken a cumulative impact assessment in their respective fields of practice. |
| | | | | | | 8.9 the FSR does not adequately provide for the assessment of alternatives to the EMSEZ, including the "no-go" option, which is legally required to be assessed during the EIAprocess; | The FSR provides details of possible alternatives to be assessed during the EIA phase of the project. Alternative sites are not possible, however configuration of the plants and layout alternatives has been considered. |
| | | | | | | 8.10 the FSR fails to consider the cumulative impacts of the project including the environmental, health and climate impacts of the many new coal and mineral mines that will supply EMSEZ. According to the FSR, over 104,000 ha of new coal mines are proposed for the region, including Mopane Project, Chapudi Project, Makhado Project, Generaal Project, and Vele Project, with no assessment of, or reference to, their environmental impacts. The SEA and EIA processes must assess the impacts of these new coal mines that will supply EMSEZ – in particular no provision is made for the assessment of impacts of these mines and associated projects on protected areas, endangered species, and ecosystems; | A specialist study has been undertaken to oversee all the mining and coal projects for the entire Vhembe area. This has been included with the draft EIA report. |
| | | | | | | 8.11 the FSR's assessment and evaluation of impact significance and risk is wholly inadequate as it seeks to draw conclusions on impacts prior to any assessments actually being done, and is therefore speculative at | This aspect is analysed and addressed in more detail during the impact assessment of this EIA process. Please refer to the Impact Assessment in the EIA report for more details. |

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| | | | | | | best;<br><br>8.12 the FSR failed to adequately identify the scope of specialist studies required to comprehensively assess the EMSEZ's impacts and promote informed decision-making; and<br><br>8.13 the public participation process related to the FSR has been wholly inadequate. Many people, particularly those who will potentially be impacted by the project, did not have access to the scoping assessment records, or an adequate opportunity to consider and comment on these records, which are in any event, very technical in nature and would require additional expertise, resources and assistance for meaningful participation. The EMSEZ will have significant implications in terms of its scale and range of harmful impacts for communities living within the areas where the project will be based. In the circumstances, we also note that the EMSEZ's proponents failed in the legal duty to provide meaningful opportunities for public participation as, despite several requests made in this regard and a clear expression of our interest in the EMSEZ, we were not afforded any notification as to the project's developmental status and opportunities for engagement. | Specialist studies formed part of the EIA and mentioned in the plan of study for EIA. The applicant has seen the need for additional specialist studies and these have been undertaken and forms part of the EIA phase of the project.<br><br>This statement is incorrect. As mentioned above, Delta BEC had an initial registration for the EIA and this process ran from September 2018 to December 2018. Thereafter the draft scoping report was made available for public review and although it was set out for 30-days, the period was extended on request from the general public due to the size of the scoping report. |
| 9 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | On 21 October 2019, we wrote to the Minister of Environment, Forestry and Fisheries to raise some of the above concerns, in particular the requirements for an SEA to be conducted and for the Minister to be appointed as the competent authority for this, and other, EIA processes relating to the EMSEZ. A copy of this letter is attached as "C". | Noted and reported |
| 10 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The 2014 EIA Regulations[6] under NEMA, state that the purpose of the scoping process is, *inter alia*, to:<br><br>*10.1 "identify the relevant policies and legislation relevant to the activity";*<br><br>*10.2 "motivate the need and desirability of the proposed activity, including the need and desirability of the activity in the context of the preferred location";*<br><br>*10.3 "identify and confirm the preferred activity and technology alternative through an identification of impacts and risks and ranking process of such impacts and risks";*<br><br>*10.4 "identify and confirm the preferred site, through a detailed site selection process, which includes an identification of impacts and risks [assessment process]* | Noted and reported. The scoping report only introduces the public to the proposed development, while the EIA report provides an in-depth analysis of the entire process with direct, indirect and cumulative impacts analysed as well as the input of various specialist studies to ensure that the EAP can make an informed decision of the overall project and the significant issues of a project of this magnitude. |

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| | | | | | | *inclusive of identification of cumulative impacts and a ranking process of all the identified alternatives focusing on the geographical, physical, biological, social, economic, and cultural aspects of the environment";*<br><br>10.5 *"identify the key issues to be addressed in the assessment phase";*<br><br>10.6 *"agree on the level of assessment to be undertaken, including the methodology to be applied, the expertise required as well as the extent of further consultation to be undertaken to determine the impacts and risks the activity will impose on the preferred site through the life of the activity, including the nature, significance, consequence, extent, duration and probability of the impacts to inform the location of the development footprint within the preferred site"; and*<br><br>10.7 *"identify suitable measures to avoid, manage or mitigate identified impacts and to determine the extent of the residual risks that need to be managed and monitored".* | |
| 11 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In light of the above, we submit that the FSR, in its current form and based on processes currently undertaken by the EAP, does not meet these regulatory requirements. Without addressing the above concerns, the FSR is flawed, and any further environmental review based on the FSR would be similarly flawed. | This statement is incorrect. The scoping report introduced the public to the project and all the aspects not known at the stage of submission to LEDET have now been incorporated and included in the EIA report.<br><br>Please refer to the EIA report with specialist studies and impact assessments. |
| 12 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | These comments are structured under the following headings:<br><br>A. Background;<br>B. South Africa's overarching environmental framework;<br>C. The need for an SEA to precede any EIA for the EMSEZ;<br>D. The Minister of Environment, Forestry and Fisheries must be designated as the competent decision-making authority for any EMSEZ EIA processes;<br>E. Objections to the Scoping Report and the EMSEZ more broadly;<br>F. Inadequate, unreasonable, unfair public participation and stakeholder engagement; and<br>G. Conclusion | Noted and reported. |
| 13 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | On 8 July 2019, the CER received access to the Background Information Document (BID) of the project (attached as "D") for the proposed SEZ, which highlighted the following:<br><br>13.1 *"the Limpopo Economic Development Agency (LEDA) has appointed Delta Built Environment Consultants* | Noted and reported. The BID was forwarded to CER as requested with all the information send to LEDET after they granted approval of the final scoping report. The registration of the CER was only done on 8 July 2019 as this was the date that the request reached Delta BEC. The initial registration was undertaken in 2018 and thereafter the draft scoping report was set out for public review and it was published in |

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| | | | | | | *(Delta BEC) to undertake the environmental authorisation process and the change of land use for the proposed Musina-Makhado SEZ. The proposed Musina-Makhado SEZ is situated within the Makhado and Musina local municipalities under jurisdiction of the Vhembe District Municipality within the Limpopo Province";*<br><br>13.2 *"the main strategic objective of the LEDA is to accelerate industrial diversification through strategic economic development interventions. The metallurgical cluster zone of the SEZ's primary focus will be the beneficiation of minerals endowed in the Vhembe district and its neighbouring areas. Coking coal and other minerals, which are key inputs into the steel and iron production process will be part of the upstream and downstream value adding process, in line with the country's national industrialisation objectives and mineral beneficiation strategy";*<br><br>13.3 "other land uses envisaged to complement the energy and metallurgical complex will comprise bulk infrastructure, light industries, intermodal facilities, housing, retail centres, business uses, community facilities and telecommunication services. The zone will generate job opportunities for the skilled, semi- *skilled and skilled labour market";*<br><br>13.4 *"the proposed Musina-Makhado SEZ is located on eight farms across the Makhado and Musina local municipalities, which fall under jurisdiction of the Vhembe District Municipality in the Limpopo Province. The nearest towns are Makhado (located 31 km south) and Musina (located 36 km north) of the proposed SEZ";*<br><br>13.5 *"the Musina-Makhado SEZ will comprise an offering of mixed land uses and infrastructure provision to ensure the optimal manufacturing operations in the SEZ";* and<br><br>13.6 *"it is envisaged that the energy and metallurgical complex shall consist of various industrial components" which includes a 3 300 MW thermal power station that will rely primarily on coal".* | reputable sources and to all I&APs who registered on the project database. The registration of the CER was sent through the DTi. |
| 14 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Although the FSR purportedly concerns the EMSEZ's application for environmental authorisation for clearance of the southern EMSEZ site and a change in land use, the FSR also discusses (in general terms), the various projects associated with the EMSEZ and the potential benefits of a fully operating industrial zone. | Noted and reported. This is correct, as although the application is only for site clearance, the EAP had to introduce the public to the overall SEZ and proposed industries. This is to determine the cumulative impacts associated with such a development. Should the SEZ development be granted authorisation by LEDET, each industry and /or |

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| | | | | | | | investor will have to undertake their own licensing and EIA to comply with NEMA, 1998 and other laws govern by South Africa and Internationally sound legislative requirements. |
| 15 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Some of the key environmental concerns around the EMSEZ include that:<br>15.1 it proposes using, and will require, vast amounts of water in a water-scarce area;<br>15.2 its various components are likely to emit significant GHGs – with irreversible climate impacts and would also impact South Africa's international climate commitments;<br>15.3 it will exacerbate the Limpopo area's current vulnerability to the impacts of climate change by using and polluting already-limited water and land, clearing natural vegetation and carbon sinks;<br>15.4 throughout its lifespan, it will pollute the surrounding area's air and water—with related impacts for health and the surrounding environment; and<br>15.5 it will irreversibly impact on natural ecosystems and species, as well as cultural heritage sites. | Noted, specialist studies have been undertaken to identify the sources of water. The Limpopo province is water scarce area.<br>A climate change specialist study was undertaken and the impacts of the anticipated investors / plants have been determined, i.e. the overall cumulative impacts.<br>Noted, these aspects are addressed in the EIA report and the EAP thus can make an informed decision about the EIA process based on the specialist studies and cumulative impacts being assessed.<br>A health specialist study was undertaken and forms part of the EIA report. Cumulative impacts have also been assessed and included.<br>Ecological, Biodiversity Offset, Palaeontological and heritage specialist studies were undertaken by specialists and these have been included with the EIA report. |
| 16 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In light of the above, it is expected that each industrial component and related infrastructure under the EMSEZ will require its own scoping report and EIA process, if, after an SEA has been conducted it is recommended and decided that the EMSEZ should proceed. We herein reserve our clients' rights to comment on all of those assessments as and when they become available, and request that we be duly notified. | Noted and reported. Each industrial component will have to undertake their own EIA and licensing. This EIA even though is only for site clearance of indigenous vegetation of more than 20 ha, has taken into account the entire plant with cumulative impacts and surroundings. |
| 17 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | As a project with far-reaching impacts for health, climate, well-being, and the environment, the EMSEZ will impact numerous fundamental rights enshrined in the Bill of Rights in the Constitution. Government must therefore ensure that the proposed development – along with its associated activities and requisite EIA processes – respects, protects, promotes and fulfils these rights. | Noted and reported. Specialist studies have been carried out by specialists in their respective fields of practice. The specialists have to comply with the constitution and NEMA, 1998 and therefore they have to declare that all information they provide is accurate and according to law. |
| 18 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In particular, the Constitution guarantees a right to an environment that is not harmful to health or well-being; and to have the environment protected, for the benefit of present and future generations.[8] The state has a duty to take reasonable legislative and other measures to give effect to that right. Therefore, all law – which includes EIA-related activities taken in terms of environmental legislation – must be consistent with and give effect to the right to an environment that is not harmful to human health and well-being. | Noted and reported. Specialist studies have been carried out by specialists in their respective fields of practice. The specialists have to comply with the constitution and NEMA, 1998 and therefore they have to declare that all information they provide is accurate and according to law. |

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| 19 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We point out that the Freedom Charter of the African National Congress also recognises the need to protect the well-being of the people of South Africa from the harmful impacts of industrial activity, stating that "*(a)ll other industry and trade shall be controlled to assist the well-being of the people*". | Noted and reported. |
| 20 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Other Constitutional rights that are relevant include: the right of access to water;[10] the right to equality;[11] the right to human dignity;[12] to just administrative action;[13] and of access to information.[14] The state has a clear legal obligation to ensure that there is adequate public consultation and engagement with the public at all stages of the project. | Noted and reported. The initial registration was from September 2018 to December 2018. The draft Scoping report was set out for a 30-days public review in 2019.<br><br>The EIA public participation in September 2020 will consist of public meetings. |
| 21 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The overarching environmental legislation which gives effect to section 24 of the Constitution is the NEMA.[15] The National Environmental Management (NEM) Principles in NEMA's section 2, must be adhered to by any organ of state in all decision-making and when exercising its functions. Some of these binding directive principles are as follows:<br><br>21.1 **the environment is held in public trust for the people, the beneficial use of environmental resources must serve the public interest and the environment must be protected as the people's common heritage ("public trust doctrine");[16]**<br><br>21.2 **a risk-averse and cautious approach must be applied,** which takes into account the limits of current knowledge about the consequences of decisions and actions[17] ("precautionary principle");<br><br>21.3 **negative impacts on the environment and on people's environmental rights must be anticipated and prevented, and where they cannot be altogether prevented, must be minimised and remedied ("preventive principle");[18]**<br><br>21.4 **environmental justice must be pursued so that adverse environmental impacts shall not be distributed in such a manner as to unfairly discriminate against any person, particularly vulnerable and disadvantaged persons;[19]**<br><br>21.5 **responsibility for the environmental health and safety consequences of a policy, programme, project, product, process, service or activity exists throughout its lifecycle;[20]**<br><br>21.6 ***"sensitive, vulnerable, highly dynamic or stressed ecosystems … require specific attention in management and planning procedures, especially where they are subject to significant*** | Noted. The EIA report considers the entire development with all investment opportunities, the social, environment and economical aspects of the Musina-Makhado SEZ. Various specialist studies have been undertaken and the cumulative impacts of the overall proposed development as well as impacts on climate change, water sourcing, pollution, impacts on the water and groundwater, impacts on biodiversity, wetlands and watercourses have been included in the EIA report. These and other aspects are addressed in the impact assessment and all the aspects are addressed in the environmental management programme which is a legal document which needs to be kept onsite by the applicant and adhered to. Mitigation measures proposed by the EAP and specialist studies will be enforced and should be adhered to. Each industrial component inside the SEZ will have to comply to having their own EIA and licensing and comply with international and South African Standards. |

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| | | | | | | ***human resource usage and development pressure"*** (emphasis added);<br><br>21.7 the cost of remedying the pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects **must be paid for by those responsible for harming the environment ("polluter pays' principle");**[22]<br><br>21.8 use and exploitation of non-renewable natural resources must be responsible and equitable;[23] and<br><br>21.9 the participation of all I&APs in environmental governance must be promoted | |
| 22 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | It is therefore evident that the Constitution recognises the interrelationship between the environment and development, and envisages that all environmental considerations be balanced with justifiable socio-economic considerations through the principles of sustainable development. Therefore, socio-economic development that does not adequately account for environmental considerations can neither be deemed consistent with the Constitution nor with NEMA's principles of sustainable development. | Noted. The EIA report considers the entire development with all investment opportunities, the social, environment and economical aspects of the Musina-Makhado SEZ. Various specialist studies have been undertaken and the cumulative impacts of the overall proposed development as well as impacts on climate change, water sourcing, pollution, impacts on the water and groundwater, impacts on biodiversity, wetlands and watercourses have been included in the EIA report. These and other aspects are addressed in the impact assessment and all the aspects are addressed in the environmental management programme which is a legal document which needs to be kept onsite by the applicant and adhered to. Mitigation measures proposed by the EAP and specialist studies will be enforced and should be adhered to. Each industrial component inside the SEZ will have to comply with having their own EIA and licensing and comply with international and South African Standards. |
| 23 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In the context of giving effect to section 24 of the Constitution, and the NEM Principles, EIAs are meant to facilitate environmentally-sound and informed decision-making in relation to proposed activities and their environmental impacts.[25] | Noted and reported. Various specialist studies have been undertaken and the cumulative impacts of the overall proposed development as well as impacts on climate change, water sourcing, pollution, impacts on the water and groundwater, impacts on biodiversity, wetlands and watercourses have been included in the EIA report. These and other aspects are addressed in the impact assessment and all the aspects are addressed in the environmental management programme which is a legal document which needs to be kept onsite by the applicant and adhered to. Mitigation measures proposed by the EAP and specialist studies will be enforced and should be adhered to. Each industrial component inside the SEZ will have to comply with having their own EIA and licensing and comply with international and South African Standards. |
| 24 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Section 24 of NEMA – which explicitly deals with environmental assessments and authorisations – lays down the general rule that in order to give effect to the objectives of integrated environmental management (described above) ***"...the potential consequences for or*** | Noted. That is the main reason why the EAP did not only consider the clearance of more than 20ha listed activity, but also all the potential activities in the listed activities for listing notices 1 to 3 to obtain the potential impacts of each industry and the cumulative impacts of |

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| | | | | | | *impacts on the environment of listed activities or specified activities must be considered, investigated, assessed and reported on to the competent authority"* (emphasis added). | these. |
| 25 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The EIA Regulations[26] set out the procedure and criteria for carrying out EIAs. The objective of the EIA regulations is to establish the procedures that must be followed in the consideration, investigation, assessment and reporting of the activities that have been identified. | Noted and reported. That is the main reason why the EAP did not only consider the clearance of more than 20ha listed activity, but also all the potential activities in the listed activities for listing notices 1 to 3 to obtain the potential impacts of each industry and the cumulative impacts of these. |
| 26 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The purpose of the scoping process, according to the EIA Regulations, is already set out above at paragraph 10. It includes: to motivate the need and desirability of the proposed activity – including the need and desirability of the activity in the context of the preferred location; to identify and confirm the preferred activity and technology alternatives through an identification of impacts and risks and ranking process of such impacts and risks; to identify the key issues to be addressed in the assessment phase; to agree on the level of assessment to be undertaken, including the methodology to be applied; and to identify suitable measures to avoid, manage or mitigate identified impacts and to determine the extent of the residual risks that need to be managed and monitored. | The scoping report sets out the plan of study to be carried forward during the EIA phase of the project. The scoping report thus introduces the public to the proposed development and anticipates impacts that the development will have on the environment in terms of the social, environmental and economic. |
| 27 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | As described below in our submissions, the FSR fails to satisfy the legal requirements for a scoping report, as set out above. | This statement is incorrect. The EAP has attempted to ensure the scoping report was addressed as accurately as possible with the information that was available at the stage of submission of the Final Scoping report. |
| 28 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The FSR purports to be limited to an EIA for the site clearance of the southern EMSEZ site. It makes clear that each project under the EMSEZ will have its own separate EIA, and that technical details about these specific projects are not available for this environmental review process. In other words, the FSR is limited to the assessments of the impacts of the site clearance and intended only to provide a limited assessment of potential impacts of the EMSEZ, yet at the same time attempting to receive authorisation to clear the entire EMSEZ site, without first assessing the impacts of the various EMSEZ components and necessary approvals for them to go ahead. The FSR specifies:<br><br>"This EIA is only applicable to site clearance for the Musina-Makhado SEZ southern site. Each investor within the Musina-Makhado SEZ southern site will require their own site-specific EIA and application to the relevant Competent Authority for authorisation, permits and licensing. Considering the development approach cognisance must be taken of the fact that the proposed SEZ development will take place in stages or phases. The first phase primarily involves the external bulk services provision, as well as the onsite land development infrastructure development. The subsequent phases will involve further bulk services upgrades as well as the development of site-specific land uses such as temporary human settlement or industrial activities. These activities will in its own right trigger the need for infrastructure and site-specific environmental authorisations, requirements that will need to be implemented at the time. The detail design of the respective phases and | Noted and reported. The final scoping report only assesses the impacts of site clearance; however the EAP has included all aspects and cumulative impacts of such a magnitude project in the draft EIA report which will be set out for public review of at least 50-days from 1 September 2020 to 22 October 2020. |

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| | | | | | | infrastructure is not available yet and remain a function of the specific project phasing and investor confirmation and designs information that is not known or available at this stage of the process".[27] | |
| 29 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The FSR only broadly and generally discusses the various projects under the EMSEZ, and the EIA will likely do the same. In light of the massive scale of the EMSEZ and the potential for significant harm throughout the region, such an approach is flawed and unlawful. We therefore submit that the EMSEZ must undertake an SEA prior to any EIA processes for EMSEZ, and before any further steps under this EIA process are taken. | The EIA report discusses the entire SEZ with the industries and the cumulative impacts of all these impacts together on the environment, based on the social, environment and economic impacts for sustainable development. |
| 30 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Although NEMA does not address SEAs in great detail, it does enable the Minister to make regulations prescribing the procedures to be followed for an SEA.[28] | Noted and reported. An SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. A specialist study was undertaken and forms part of the EIA report. |
| 31 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In 2004, the then Department of Environmental Affairs and Tourism (DEAT) issued an information document on SEAs, which followed its 2000 guideline document on SEAs.[29] The information document noted several other bases for an SEA in South African laws and policy, noting *"role of SEA ... is to allow for the decision maker to proactively determine the most suitable development type for a particular area, before development proposals are formulated*<br>*... [an] EIA is used to evaluate the impacts of development on the environment and socio-economic conditions, while SEA can be used to evaluate the opportunities and constraints of the environment and socio-economic conditions on development"* (emphasis added).[30] | Noted and reported. An SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. |
| 32 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The International Union for the Conservation of Nature (IUCN) is an Advisory Body to the United Nations Educational, Scientific and Culture Organization's (UNESCO) World Heritage Committee (WHC). In its guidance document on Environmental Assessment & World Heritage, the IUCN defines an SEA as a tool that *"applies to policies, plans and programmes (i.e. multiple or very large projects) [that] have the advantage of assessing impacts at a strategic level and at a landscape scale before individual projects are decided upon"* (emphasisadded).[31] | Noted an SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. These include the designated site, Lephalale and Tubatse. The only designated site is Musina-Makhado SEZ (southern site). Tubatse is in process to be gazetted and so too the northern Musina-Makhado SEZ site, which already has environmental authorisation and is adjacent to Eco-Industrial. |
| 33 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | An Environmental and Social Impact Assessment (ESIA), on the other hand - according to the IUCN guidance document - *"applies to individual projects – because ESIAs generally apply to individual projects that have already been designed, they often focus on assessing different design options for a particular project and are therefore not well suited to assess the cumulative impacts of multiple projects (existing and planned) at a landscape scale or to identify strategic alternatives" (emphasis added).32 The IUCN's guidance notes:*<br><br>*"IUCN strongly recommends that Strategic Environmental Assessments are undertaken for large-scale proposals, proposals comprised of multiple projects or landscape-scale land use proposals (e.g. large dams, multiple road development proposals, and large-scale commercial agriculture* | Noted an SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. These include the designated site, Lephalale and Tubatse. The only designated site is Musina-Makhado SEZ (southern site). Tubatse is in process to be gazetted and so too the northern Musina-Makhado SEZ site, which already has environmental authorisation and is adjacent to Eco-Industrial. |

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| | | | | | | *development). The cumulative impacts of these types of proposals may have a serious negative effect [...] and are best assessed early on through a process that is designed to consider 'high- level' strategic alternatives. For example, multiple proposals for the development of a regional road network are best assessed through a single comprehensive SEA than through several project-specific ESIAs, which are unlikely to consider the cumulative effects of the proposals as a whole, or alternative routes for the road network." 33* | |
| 34 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The same applies here. The EMSEZ is a large-scale proposal comprised of multiple polluting projects that could each and cumulatively have serious negative effects on the environment and human rights. It is proposed in a highly water sensitive region and could have disastrous consequences on water and food security in the area. In addition, a large amount of mining will be associated with the EMSEZ, potentially wreaking havoc on air and water quality, and human health. Moreover, the region surrounding the EMSEZ is an intact and ecologically critical ecosystem, which has the potential to provide economic development and valuable services in a sustainable way. The area also has cultural and heritage significance. Yet despite these widespread potential harms, the current FSR and environmental review is limited to only clearance of one of two sites for EMSEZ, and does not and will not consider thoroughly the potential impacts of all actions associated with the EMSEZ. In other words, the project proponents are seeking to begin site clearance for a potentially disastrous project without first holistically assessing the true risks of the EMSEZ. | Noted an SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. These include the designated site, Lephalale and Tubatse. The only designated site is Musina-Makhado SEZ (southern site). Tubatse is in process to be gazetted and so too the northern Musina-Makhado SEZ site, which already has environmental authorisation and is adjacent to Eco-Industrial. |
| 35 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | NEMA provides for the development of procedures for the assessment of the impact of policies, plans and programmes, [34] and requires that *"environmental management must be integrated, acknowledging that all elements of the environment are linked and interrelated, and it must take into account the effects of decisions on all aspects of the environment and all people in the environment* ***by pursuing the selection of the best practicable environmental option"*** (added emphasis).[35] | Noted an SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. These include the designated site, Lephalale and Tubatse. The only designated site is Musina-Makhado SEZ (southern site). Tubatse is in process to be gazetted and so too the northern Musina-Makhado SEZ site, which already has environmental authorisation and is adjacent to Eco-Industrial. |
| 36 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In light of the above, due to the sheer scale of the EMSEZ and its cumulative and anticipated harmful impacts, we submit that a SEA would be the *"best practicable environmental option"* here as EMSEZ is broader than a 'single project'. The SEA process would enable the proactive consideration of the objectives of sustainability at the earliest and most important stages of decision-making, and allow for the full assessment of EMSEZ and all its associated activities against the Constitution and NEM principles.[36] | Noted an SEA is a decision-making tool and not prescribed by NEMA, but a matter of good practice. The SEZ was designated and various sites were assessed before gazetting the current site. These include the designated site, Lephalale and Tubatse. The only designated site is Musina-Makhado SEZ (southern site). Tubatse is in process to be gazetted and so too the northern Musina-Makhado SEZ site, which already has environmental authorisation and is adjacent to Eco-Industrial. The EIA report assessed the cumulative impacts and various specialist studies form part of the EIA report than mentioned in the Plan of Study for EIA. This is in light of various concerns raised by I&APs and the CER. Please refer to the EIA report. |
| 37 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Indeed, many other similar large-scaled projects have undertaken SEAs at early stages, pursuant to the 2000 DEAT guidelines.[37] A notable example includes the Tubatse SEZ[38] where it was stated that *"[t]he introduction of SEA has resulted from the limitations of project specific [EIA's] and the need to ensure that environmental issues are proactively addressed in policies, plans and programmes."* | Noted and reported. The Tubatse SEZ has undergone an SEA. |

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| 38 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In the letter to the Minister of 21 October 2019, referred to above and attached as "C", we asserted that LEDET was the incorrect competent authority appointed to oversee this and other EIA processes in relation to the EMSEZ, and that the Minister of Environment, Forestry and Fisheries should instead be designated as the competent authority. We reiterate this submission. | The EAP has been in communication with DEA and LEDET long before the draft scoping report was set out for public review. The EAP directed correspondence to both Departments, and DEA confirmed that they are the Competent Authority; however LEDET also confirmed that they are the Competent Authority. Upon consultation with DEFF, they informed Delta BEC that a MoA was undertaken whereby LEDET is the Competent Authority for the Musina-Makhado SEZ. The EAP has confirmation from LEDET that they are the Competent Authority for the proposed project. The CER is in possession of an official letter from DEFF whereby it is stated that DEFF is not the competent authority and it was also published in the Daily Maverick. |
| 39 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The EMSEZ EIA process falls within the scope of section 24C(2)(d)(iii) of NEMA by virtue of the fact that LEDA, the project proponent, is a statutory body governed by the Limpopo Economic Development Agency Act 5 of 2016. In this regard, section 24C(2)(d)(iii) NEMA states that *"[t]he Minister must be identified as the competent authority ... if the activity ... (d) is undertaken, or is to be undertaken, by ... (iii) a statutory body, excluding any municipality, performing an exclusive competence of the national sphere of government".* | The EAP has been in communication with DEA and LEDET long before the draft scoping report was set out for public review. The EAP directed correspondence to both Departments, and DEA confirmed that they are the Competent Authority; however LEDET also confirmed that they are the Competent Authority. Upon consultation with DEA, they informed Delta BEC that a MoA was undertaken whereby LEDET is the Competent Authority for the Musina-Makhado SEZ. The EAP has confirmation from LEDET that they are the Competent Authority for the proposed project. The CER is in possession of an official letter from DEFF whereby it is stated that DEFF is not the competent authority and it was also published in the Daily Maverick. |
| 40 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | On this basis alone, the Minister must be the competent authority with respect to the EMSEZ EIA processes, including this EIA process in respect of which the scoping has been conducted. | The EAP has been in communication with DEA and LEDET long before the draft scoping report was set out for public review. The EAP directed correspondence to both Departments, and DEA confirmed that they are the Competent Authority; however LEDET also confirmed that they are the Competent Authority. Upon consultation with DEA, they informed Delta BEC that a MoA was undertaken whereby LEDET is the Competent Authority for the Musina-Makhado SEZ. The EAP has confirmation from LEDET that they are the Competent Authority for the proposed project. The CER is in possession of an official letter from DEFF whereby it is stated that DEFF is not the competent authority and it was also published in the Daily Maverick. |
| 41 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Notwithstanding the legal requirements of section 24C(2)(d)(iii), we submit that given its far-reaching environmental and human rights impacts, the EMSEZ and the industrial development plans associated with it are a matter of national importance, which cannot proceed without the consultation and express approval of the DEFF, among other Departments, at a national level. | The EAP has been in communication with DEA and LEDET long before the draft scoping report was set out for public review. The EAP directed correspondence to both Departments, and DEA confirmed that they are the Competent Authority; however LEDET also confirmed that they are the Competent Authority. Upon consultation with DEA, they informed Delta BEC that a MoA was undertaken whereby LEDET is the Competent Authority for the Musina-Makhado SEZ. The EAP has confirmation from LEDET that they are the Competent Authority for the proposed project. The CER is in possession of an official letter from DEFF whereby it is stated that DEFF is not the competent authority and it was also published in the Daily Maverick. |
| 42 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Notwithstanding the requirements that an SEA precede this EIA process and the Minister be appointed as competent authority, there are numerous additional reasons why the FSR should not have been approved and why, we submit, it would be in the interests of justice for | The EAP has been in communication with DEA and LEDET long before the draft scoping report was set out for public review. The EAP directed correspondence to both Departments, and DEA confirmed that they are the Competent Authority; however LEDET also confirmed that they |

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| | | | | | | the scoping approval to be set aside and the scoping phase to begin afresh. These reasons are set out below as objections to the FSR. | are the Competent Authority. Upon consultation with DEA, they informed Delta BEC that a MoA was undertaken whereby LEDET is the Competent Authority for the Musina-Makhado SEZ. The EAP has confirmation from LEDET that they are the Competent Authority for the proposed project. The CER is in possession of an official letter from DEFF whereby it is stated that DEFF is not the competent authority and it was also published in the Daily Maverick. |
| 43 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | EMSEZ is not in the public interest due to the extensive negative impacts it will have on, *inter alia*: the climate and water availability; air quality and health; and the social wellbeing and livelihoods of communities in the area and the economy. | Noted and reported. The impacts have been assessed in the EIA report. Various specialists studies, far and beyond the ones mentioned in the plan of study for EIA have been commenced and undertaken to assess the cumulative impacts of the proposed development. Mitigation measures were provided and these will be enforced and should be adhered to as these have been included in the EMPr. |
| 44 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | 3. Government has confirmed the urgent need to reduce South Africa's GHG emissions[39] and the country's extreme vulnerability to the impacts of climate change.[40] The industrial components of the EMSEZ would individually and cumulatively emit significant GHG emissions, given the intensive nature of their processes, such as coal boilers and the indirect emissions of the supplying coal mines. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 45 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | In addition to our obligations under the Paris Agreement, the UN Secretary General (Mr Antonio Guterres) has climate for the future, as per the findings and recommendations of the UN Intergovernmental Panel on Climate Change (IPCC) in its October 2018 Special Report,[42] which include that:<br>45.1 the risks and consequences of allowing temperature increases to reach even 1.5 degrees Celsius are dire;<br>45.2 limiting global warming to 1.5°C would require rapid and far-reaching transitions in land, energy, industry, buildings, transport, and cities;<br>45.3 the global net human-caused emissions of carbon dioxide ("CO2") must fall by about 45% from 2010 levels by 2030, reaching 'net zero' around 2050; and<br>45.4 a 60-80% reduction in the use of coal by 2030 and negligible use of coal by 2050 are necessary. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 46 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | We have, in many instances, pointed out that the reduction of South Africa's GHG emissions is not merely an international obligation but a Constitutional imperative. We submit that allowing the EMSEZ to go ahead would be a flagrant violation of, *inter alia*, the Constitutional rights: to human dignity; to life; and to an environment not harmful to health or well-being and to have the environment protected for the benefit of present and future generations, on the basis of the immense climate change impacts that the EMSEZ will have. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |

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| 47 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The international community, including South Africa, has committed to limiting the global average increase in temperature to *"well below 2°C above pre-industrial levels"* and to *"pursue efforts to limit the temperature rise to 1.5 °C above pre-industrial levels"*. This requires South Africa to take urgent action to drastically reduce its fossil fuel emissions, not ramp them up. The EMSEZ would move South Africa very far in the wrong direction, particularly with a proposed 3 300MW coal-fired power station, cement plant, other proposed industrial processes, and associated mining activities. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 48 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The EMSEZ, with its heavily carbon polluting projects is clearly out-of-line with mitigation pathways to prevent global warming of more than 1.5 °C. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 49 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The EMSEZ developments would also likely significantly exacerbate South Africa's extreme vulnerability to the impacts of climate change, and climate change impacts could have serious consequences on the EMESEZ and its project components.[43] For example, investigations at a national level have confirmed that climate change will reduce the water yield throughout the region. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 50 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *According to the 2016 LEDET Provincial Climate Change Response Strategy44 ("LEDET Strategy"):*<br><br>*"...the region is likely to experience greater variability in rainfall, and will almost certainly witness an increase in evaporation rates, implying a drier future even in the presence of greater rainfall and heavy rainfall events. Limpopo Province would therefore experience regular droughts and heat intensity, water shortages, spread of diseases with adverse effects on the economy, natural resources, infrastructure, human health and community livelihoods. Water shortages are already a key feature in the drier Limpopo Province and the situation is going to become even more severe as a result of climate change. Important water use sectors such as agriculture and electricity generation (i.e. the energy sector) will face severe effects from climate change" (emphasis added).*[45] | Noted and reported. |
| 51 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *Furthermore, the LEDET strategy finds:*<br><br>*"[a] detailed climate change vulnerability assessment for Limpopo revealed that sectors such as human health, agriculture, plant and animal biodiversity, water resources, and water and road infrastructure, livelihoods as [sic] areas showing the highest vulnerability to climate change mainly because the Province comprises predominantly rural areas that are dependent on rain-fed agriculture with a low economic development, low levels of human and physical capital, poor infrastructure standing, and therefore very low adaptive capacity."*[46] | Noted and reported. |
| 52 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *The strategy concludes: "in most climate change scenarios projected for the Limpopo river basin in South Africa, future water supply availability will 'worsen considerably' by 2050."*[47] | Noted and reported. |
| 53 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *A May 2017 report by the Academy of Science of South Africa entitled 'First Biennial Report to Cabinet on the State of Climate Change Science and Technology in South Africa' highlights the key climate change challenges* | Noted and reported. |

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| | | | | | | *and impacts in South Africa over the next 30 years.48 The report states that "[t]he strongest impacts of climate change in South Africa in the first half of the 21st century will be on the security of freshwater supplies to industry, towns and agriculture; on crop and livestock agriculture, due to less favourable growing conditions; on human health, due to heat stress and disease spread, particularly in urban areas; and on biodiversity, due to shifting habitat suitability."*[49] | |
| 54 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The project would be built in an area of Limpopo that is already so water-stressed that the Department of Human Settlements, Water and Sanitation, and the FSR concede that a *"definite source of sustainable water for the SEZ is still under investigation"*. [50] As shown from the reports above, climate change will exacerbate the stress on water resources in the region. Without a guaranteed supply of water, the EMSEZ would not be able to function, nor would it be able to contribute towards long-term regional "development" goals without having severe consequences for other water-users and ecosystems. This could have country-wide repercussions, particularly if water resources from other parts of the country are to be relied on. | Noted and reported. Please refer to the Climate Change Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. |
| 55 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | The EMSEZ will be located within.a province where the government has declared much of the area as a non- attainment priority area under the National Environmental Management: Air Quality Act, 2004. The threat assessment for the Waterberg-Bojanala Priority Area published by the then Department of Environmental Affairs (DEA) in April 2015, as part of the draft air quality management plan for the priority area, pointed out that the planned expansion of energy-based projects and coal mining in the region threatens ambient air quality, and poses threats to human and environmental health. | Noted and reported. Please refer to the Air quality Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. Various other specialists studies far and beyond the ones mentioned in the Plan of Study for EIA have been commenced and undertaken. Please refer to the EIA report. |
| 56 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Already parts of the Waterberg in the Limpopo province are exceeding ambient air quality standards as a result of industrial and mining activities in the area.[51] | Noted and reported. Please refer to the Air quality Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. Various other specialists studies far and beyond the ones mentioned in the Plan of Study for EIA have been commenced and undertaken. Please refer to the EIA report. |
| 57 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | It is certain that the EMSEZ will contribute to the worsening of air quality and human health impacts in thearea. | Noted and reported. Please refer to the Air quality Specialist study which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. Various other specialists studies far and beyond the ones mentioned in the Plan of Study for EIA have been commenced and undertaken. Please refer to the EIA report. |
| 58 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | Industrial emissions, particularly from coal-fired power generation, are major sources of South Africa's air pollution – and its attendant health impacts. The proposed industrial components of the EMSEZ, as well as its associated mining operations, will emit harmful air pollutants such as particulate matter, sulphur dioxide, nitrogen oxides, poly-aromatic hydrocarbons, dioxins and heavy metals which including chromium, mercury, cadmium and lead. | Noted and reported. Please refer to the Air quality Specialist study and climate change specialist study, which assesses the entire SEZ, industries and sets out mitigation measures and the cumulative impacts of the SEZ together. Various other specialists studies far and beyond the ones mentioned in the Plan of Study for EIA have been commenced and undertaken. Please refer to the EIA report. |

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| 59 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *The FSR gives highly incomplete lists of pollutants by facility type. It fails to describe best available technologies or to adequately discuss the health impacts of the project. In this regard, the EIA must:*<br><br>*59.1. estimate the amount of air pollutants generated by type from each proposed facility;*<br><br>*59.2. assess wind and weather patterns that would affect dispersal and deposition of pollutants; and*<br><br>*59.3. address best available technologies to control air pollutants by facility type, and how captured pollutants would be disposed of safely without harming local surface or ground water. We submit that an EIA would need to address this deficiency.* | The EIA report and the specialist studies undertaken especially the air quality and climate change specialist studies have incorporated all the anticipated emissions and pollutants for each industry in the proposed SEZ. Please refer to the EIA report. |
| 60 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *The FSR also fails to discuss the health impacts of any pollutants, either individually or cumulatively, and the EIA would need to thoroughly assess such impacts.* | A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 61 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *The World Health Organisation has confirmed that air pollution, both ambient and indoor, is one of the largest causes of death worldwide. Poor air quality is closely correlated with non-communicable diseases – as approximately a quarter of all heart attack deaths, and about a third of all deaths from stroke, lung cancer, and chronic obstructive pulmonary disease are due to air pollution exposures. Health impacts are largest among women, children, older people, and the poor.* [52] | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 62 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *Coal-fired power stations are a significant contributor to these negative health impacts. The 2017 study commissioned by groundwork, conducted by Dr Mike Holland53 finds that air pollution from Eskom's coal-fired power stations:*<br><br>*62.1. costs (in terms of quantifiable economic impacts)54 South Africa around R35.7 billion55 each year;*<br><br>*62.2. causes a total equivalent of 2 239 attributable human deaths each year; and*<br><br>*62.3. causes approximately 12 314 attributable cases of bronchitis and related respiratory diseases in adults and children each year.* | Noted, please refer to the EIA report. An energy information study was undertaken and provides more information. |
| 63 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *Outside of air quality, these emissions also threaten water resources and sensitive ecosystems, as, criteria pollutants (such as sulphur, oxides of nitrogen and particulate matter) which are released into the atmosphere lead to: excess amounts of acid in water resources (lakes and rivers); damage to trees and forest soils; and harm to fish and other aquatic life when deposited on surface waters.* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 64 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *64. Industrial facilities and coal-fired power plants are disproportionately located in low-income communities— making this an environmental justice issue.*[56] | Noted and reported. The main reason why the SEZ site was selected in the area was to support the Limpopo area with economic growth and development. |
| 65 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *65. The negative health and environmental impacts are therefore typically disproportionately borne by poor and marginalised communities living in these areas – as are the negative costs of these impacts. This is in contravention of the NEMA 'polluter pays' principle,57 as referenced at* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |

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| | | | | | | *paragraph 21.7 above* | |
| 66 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *66. Further, the failure to regulate, and ensure timely, speedy clean-up, and prevention of hazardous waste at coal- fired power plants and other industrial facilities places the health and safety of these communities at disproportionately higher risk.* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 67 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *67. The above issues – particularly the anticipated impacts on health and water availability and exacerbation of climate change impacts – mitigate strongly against any public benefits of the EMSEZ. We submit that, instead of being beneficial, the EMSEZ would:*<br><br>*67.1. negatively affect the livelihoods of local communities – through affecting land and/or water use of key sectors and not delivering sustainable jobs or alternate forms of sustained employment; and/ or*<br><br>*67.2. have major negative impacts on public health and wellbeing – as a consequence of pollution of air, land and/ or water resources and climate change.* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 68 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *68. The FSR fails to discuss the impacts of the EMSEZ on existing and potential tourism in the region, which is the main economic activity along with agriculture.[58]* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 69 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *69. In light of the above, the EMSEZ would aggravate - rather than improve - the wellbeing of local communities, reducing their resilience and adding pressure on local resources and governmental capacity to support people who have migrated to or settled in the vicinity of the SEZ in search of work.* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. |
| 70 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *70. Since the purpose of the EMSEZ is to deliver long-term benefits, and employment is a top priority of government,59 it is not clear why – and highly inadequate that – the FSR only considers employment during the construction phase of the EMSEZ.[60] This approach provides a skewed and short-term view of socio-economic expectations from the EMSEZ. Moreover, an influx of people settling in the area during the construction phase is expected. These people would need to be employed or their employment sustained post-construction* | Noted and reported. A health assessment specialist study together with air quality and climate change specialist studies have been undertaken and these form part of the EIA report. A socio-economic specialist study and social assessment specialist study was also undertaken and these specialist studies assess the entire SEZ in terms of social and socio-economic impacts, both positive and negative. This is included as part of the EIA report. |
| 71 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *71. Within the context of employment, the EIA must also address the extent to which employment will be sourced locally and skills training will target local people, rather than skilled personnel being brought into the area. In this regard, the FSR states that:*<br><br>*71.1. the development of the SEZ southern site 'will improve' the unemployment situation, without providing any supporting information;[61] and*<br>*71.2. 'jobs, internships and bursaries' are – without supporting information – assessed as having 'high' 'significant' 'regional' and 'permanent' benefits.[62] On this basis, skills development is questionably assumed to target local communities and South African nationals.* | A socio-economic specialist study and social assessment specialist study was also undertaken and these specialist studies assess the entire SEZ in terms of social and socio-economic impacts, both positive and negative. This is included as part of the EIA report and the EIA report will include the number of job opportunities for the province, national and international opportunities and ways to improve skills and the transfer of skills to local communities. |
| 72 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *72. The EIA Regulations state that the objective of the scoping process is to, inter alia, motivate the need and desirability of the proposed activity, including the need and desirability of the activity in the context of* | With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and |

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| | | | | | | *the preferred location.[63] The FSR does not do this.* | desirability specialist study for the SEZ was also undertaken in terms of the social aspects. |
| 73 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *73. The FSR explains that the EMSEZ is needed and desirable for the following reason:*<br><br>*Musina-Makhado SEZ Project is proposed in specific response to a national government initiative, namely the Department of Trade and Industry (DTI) in an effort to reposition itself in the world economy, established the Industrial Development Zones (IDZ) programme. The Programme's main focus was to attract Foreign Direct Investment and export of value-added commodities. Although there are major achievements with the IDZs there were weaknesses that led to the policy review and the new SEZ policy. As a result, the need and desirability of the project from a national perspective can largely be assimilated from the project's alignment with national government policies, plans and programme which have relevance to planning and production.[64]* | Noted and reported.<br><br>The need and desirability has been updated and included in the EIA report from national to provincial to site level. |
| 74 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *74. This is in no way a motivation of the need and desirability of the EMSEZ. Alleged alignment with policy is not evidence of necessity, nor of desirability for a particular project.* | With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ was also undertaken in terms of the social aspects. |
| 75 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *75. The FSR seeks to base the need and desirability of the project on national development policies – such as South Africa's National Development Plan (NDP) 2030.[65] This limited and narrow and fails to assess many factors that should also be considered in a project-specific need assessment.* | With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ was also undertaken in terms of the social aspects. |
| 76 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *76. For example, DEA's 2017 Guideline on Need and Desirability ("the DEA Guideline") sets out a list of questions that should be answered when considering need and desirability of a proposed development. These questions include:*<br><br>*76.1. how will this development (and its separate elements/aspects) impact on the ecological integrity of the area, including how will this development impact on non-renewable resources? What measures were explored to firstly avoid these impacts?[66]*<br><br>*76.2. how were the global and international responsibilities relating to the environment i.e. RAMSAR sites, climate change etc. taken into account?[67]*<br><br>*76.3. what is the socio-economic context of the area, and in considering the socio-economic context, what will the socio-economic impacts be in relation to the development (and its separate elements/aspects), and specifically also on the socio-economic objectives of the area?[68]* | Noted and reported. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. |
| 77 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *77. The DEA Guideline further states that:*<br><br>*"[d]uring screening and "scoping" the abovementioned questions must be used to identify the key issues to be addressed as well as to identify alternatives that will better respond to the considerations (i.e. that will* | Noted and reported. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. |

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| | | | | | | *firstly avoid the negative impact or better mitigate the negative impact, or that will better enhance the positive impact). The "scoping" process might find that many of the questions have clear answers and that no further information has to be gathered related to the specific question. In this regard [what] would be required is for the relevant report (first part of the Basic Assessment Report or the Scoping Report) to clearly answer all the questions including a clear indication which questions do not require further information to be generated during the assessment."*[69] | |
| 78 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *78. The FSR does not evaluate the need and desirability of the EMSEZ considering any of the above factors, particularly around ensuring ecological sustainability and integrity. On this basis alone, the FSR should not have been approved, as it does not meet the requirements of the law.* | Noted and reported. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ. |
| 79 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *79. In any event, the NDP itself recognises that South Africa's market and policy failures have resulted in the global economy entering a period of 'ecological deficit' as natural resources – such as groundwater, terrestrial biodiversity, freshwater ecosystems, crop land and grazing – are being degraded, destroyed, or depleted faster than they can be replenished.*[70] *Towards this end, the NDP 2030 recognises that, the country needs to:*<br><br>• *"Protect the natural environment in all respects, leaving subsequent generations with at least an endowment of at least equal value.*<br>• *Enhance the resilience of people and the economy to climate change.*<br>• *Extract mineral wealth to generate the resources to raise living standards, skills and infrastructure in a sustainable manner.*<br>• *Reduce greenhouse gas emissions and improve energy efficiency".*[71] | Noted and reported. Relevant international, provincial and national legislation was consulted and included in the EIA report. |
| 80 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *80. Moreover, we submit that the FSR cannot sufficiently consider the need and desirability of EMSEZ without considering, in detail, compliance with the NEM Principles. Table 6-4 of the FSR, which purports to demonstrate compliance with the NEM Principles, only speaks to compliance with these principles in general and broad terms. Other statements in the FSR cannot be supported by the evidence. For example, the FSR states that "SEZ will make use of green technology and green infrastructure that will reduce emissions, conserve water, reduce waste and consume less energy, resulting in a reduced level of impact on the environment."* [72] *However, this statement has no support and is contradicted by the nature of the proposed noxious industries operating under the EMSEZ and their wide range of potentially significant environmental, human rights, and social impacts. Likewise, the FSR fails to address the issue of ecological resilience entirely, focusing solely on job creation and economic benefits.* | With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ was also undertaken in terms of the social aspects. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. |
| 81 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *81. Furthermore, the FSR makes numerous general assertions concerning the economic benefits of the EMSEZ, however, it does not specify:* | This aspect has been addressed in the EIA report. Various specialist studies have been undertaken and these have assessed and weighed negative and positive impacts of the SEZ and the cumulative impacts. |

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| | | | | | | *81.1. what these benefits actually are and how they will be quantified; and*<br><br>*81.2. how the alleged benefits weigh up against the negative external impacts.* | |
| 82 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *82. In light of the above, we submit that the need and desirability for the EMSEZ must consider more than just the general economic benefits of the EMSEZ projects, and must consider any such benefits in light of the climate change, human rights, environmental, social and other impacts. In this respect, the following points are also noted:*<br><br>*82.1. cognisance must be taken of strategic concerns such as climate change, food security, as well as sustaining the limited supply of natural resources and preserving the status of our ecosystem. In other words, to achieve our Constitutional goal of a better quality of life for all now and in future, through equitable access to resources and shared prosperity, it is essential that society improves on the efficiency and responsibility with which we use resources – which involves a complete transition away from using fossil fuels;[73]*<br><br>*82.2. South Africa faces urgent developmental challenges in terms of poverty, unemployment and inequality, and will need to find ways to "decouple" the economy from fossil fuels, to break the links between economic activity, environmental degradation and carbon-intensive energy consumption as recent economic reports have stated that "the economic results show that it is possible to both meet climate change targets and grow the economy" (emphasis added);[74] and*<br><br>*82.3. considering the merits of a specific application in terms of the need and desirability considerations, it must be decided which alternatives represent the "best practicable environmental option", which in terms of the definition in NEMA and the purpose of the EIA Regulations is that option that provides the most benefit and causes the least damage to the environment as a whole, at a cost acceptable to society, in the long- term as well as in the short-term. The EMSEZ would not be aligned with this requirement.* | With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ was also undertaken in terms of the social aspects. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. |
| 83 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *83. In summary, the FSR has not given adequate and full regard to these considerations, and has not satisfied the requirements for a "need and desirability assessment" through, inter alia, failing to adequately identify key issues[75] and questions to be addressed in the EIA. The FSR cannot reasonably make, nor has it made any determinations on need and desirability[76] – as required by the NEMA EIA Regulations. For this reason, the FSR is flawed and must be withdrawn.* | Noted and reported. With the information available at the time of compiling the scoping report, the need and desirability was prepared. A comprehensive need and desirability chapter is included in the EIA report and need and desirability specialist study for the SEZ was also undertaken in terms of the social aspects. These questions by DEA's 2017 Guideline on Need and Desirability will be utilised to assess its needs and desirability based on all environmental, social and economic aspects. |
| 84 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *84. We note further that the submissions above at paragraphs 43 to 71, highlight that in considering the impacts of EMSEZ for human health; livelihoods; the climate and the environment more broadly, the project would not be in the public interest. It is therefore unlikely that – on proper and holistic consideration – it could be found to be necessary or desirable.* | Noted and reported.<br><br>Please refer to the health impact assessment forming part of the EIA report. |

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| 85 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *85. Alarmingly, the FSR makes no mention of the need for a climate change impact assessment (CCIA).* | This statement is incorrect. The Plan of Study for EIA clearly identifies the need for one. Please refer to the scoping report and the climate change specialist study in the EIA report. |
| 86 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *86. In line with the judgment in Earthlife Africa Johannesburg v the Minister of Environmental Affairs & Others,77 the EIA process for EMSEZ must ensure that a thorough CCIA is conducted, which analyses the direct climate impacts from the GHG emissions of the EMSEZ as well as indirect and cumulative climate change impacts from the growth in coal mines and other industries that would be enabled by, and linked to, the proposed EMSEZ project. The FSR, however, does not address climate change or even identify it as an area requiring further assessment under the EIA. A major and unacceptable shortcoming.* | This statement is incorrect. The Plan of Study for EIA clearly identifies the need for one. Please refer to the scoping report and the climate change specialist study in the EIA report. |
| 87 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *87. The EIA must provide for a CCIA, which must be a comprehensive and accurate assessment of the climate change impacts of the proposed NEMA activities. The CCIA must consider several aspects of the relationship between the proposed project and climate change, including:*<br><br>*87.1. the project's direct impacts on climate change, specifically, a full assessment of EMSEZ's GHG emissions. In addition to simply considering the extent of GHG emissions to arise from the project, this must include an assessment of: indirect and full lifecycle emissions; cumulative emissions; and the environmental and social cost of the project's GHG emissions;*<br><br>*87.2. the ways in which the effects of climate change will impact on the project, including the effect on the water resources necessary for the project and the likelihood of the project being unable to operate for its full expected lifespan; and*<br><br>*87.3. how predicted climate change effects on the environment and society – at both national level and at the scale of Musina and Makhado – will be aggravated by the project's impacts. This would include the ways in which the proposed project would impact on the area's own capability of adapting to a changed climate. This is a particularly fundamental consideration, given the area's high vulnerability to the impacts of climate change as outlined above.* | The Plan of Study for EIA clearly identifies the need for a climate change specialist study. Please refer to the scoping report and the climate change specialist study in the EIA report. The climate change specialist study has identified impacts associated with each industry in the SEZ and also looks at the cumulative impacts of the SEZ. Water supply and need for water is also mentioned and considered in the climate change specialist study. |
| 88 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *88. LEDA proposes a 3 300 MW power station which – notwithstanding its associated infrastructure – would emit significantly high volumes of GHG emissions. We submit that the only means to substantially avoid these unacceptable GHG emissions would be through carbon capture and storage technology, which is neither technically nor financially feasible for South Africa.* | Noted and reported. Various specialist studies far and beyond the list mentioned in the Plan of Study for EIA have been undertaken. A climate change and air quality assessment as well as visual impact study especially looks at the power station and the other infrastructure proposed. |
| 89 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *89. It is therefore imperative that the EIA assesses the direct, as well as indirect and cumulative, GHG emissions associated with the project, and make this information available so that I&APs, authorities and relevant decision- makers can properly consider these significant impacts and provide appropriate comments.* | The impact assessment looks at the direct, indirect and cumulative impacts of the entire SEZ site. Specialist studies undertaken also looked at the cumulative, direct and indirect impacts. Mitigation measure proposed by the specialist studies have been incorporated in the EIA report and the EMPr. The EAP with all the information available was able to make an informed decision on the viability of the SEZ based on if the developed will be sustainable by looking at the environment, social and economic aspects. |

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| 90 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *90. As stated above, this is particularly important considering that South Africa has committed to reduce its GHG emissions through its ratification of the Paris Agreement.78 Taking steps to guard against the harmful impacts which climate change has on our environment and human health is required by our international obligations under the Paris Agreement as well as the national obligations to realise the environmental right in our Constitution and the duty of care contained in section 28 of NEMA.[79]* | Noted and reported. Please refer to the Climate Change and Air Quality Specialist studies together with the EIA report. |
| 91 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *91. Further, there is a real risk that the new coal-fired power plant or other high-emitting facilities forming part of the EMSEZ, will be unable to operate for their intended operational lifespans as South Africa's commitments would require significant GHG emission reductions by 2035. South Africa's Nationally Determined Contribution (NDC) under the Paris Agreement recognises that "near zero" GHG emissions are required by the second half of the century to avoid even greater impacts that are beyond adaptation capability.* | Noted and reported. Please refer to the Climate Change and Air Quality Specialist studies together with the EIA report. |
| 92 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *92. The EMSEZ will be based in a water-scarce area – where water availability is predicted to be severely impacted by climate change. This is a fundamental consideration, which needs to be considered in all the project's EIA processes.* | Noted and reported. Please refer to the Climate Change and Air Quality Specialist studies. The fact that the SEZ falls within a water scarce area has been taken into account. Water related specialist studies form part of the EIA report. Please refer to these. |
| 93 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *93. The FSR fails to consider predicted climate change trends in relation to potential water sources, both in South Africa and with regard to apparent plans to obtain water from Zimbabwe. There is no proposed analysis of how climate change scenarios will impact water availability in the region. Surface temperatures are projected to increase, and precipitation is projected to possibly become heavier but less frequent in the region.* | Noted and reported. Please refer to the Climate Change and Air Quality Specialist studies. The fact that the SEZ falls within a water scarce area has been taken into account. Water related specialist studies form part of the EIA report. Please refer to these. |
| 94 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *94. According to the IPCC Fourth Assessment Report (2018), water stress in Southern Africa is projected to increase under at least six different climate change scenarios, with significant loss of runoff in parts of South Africa.80 The Department of Human Settlements, Water and Sanitation's report, entitled, "Climate Change Risk and Vulnerability Assessment of Water Resources in the Limpopo WMA" states that:*<br><br>*"Water resources are key to socio-economic development and environmental sustainability for South Africans livelihood. Despite remaining uncertainties regarding the exact nature, magnitude and pattern of future rainfall changes in South Africa, it appears likely that water resources will be under pressure. This is a result of growing water demand in relation to a finite and limited supply, added to the expected climate change impacts. This is a result of three factors:*<br><br>• *the projected decrease in rainfall over much of the country,*<br>• *increased evaporation resulting from higher temperatures, and*<br>• *the amplifying effect that the hydrological cycle has on climate change".(emphasis added)[81]* | Noted and reported. |
| 95 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *95. Moreover, given the existing crisis with water resources in South Africa, shifting available water from such sectors as agriculture, as proposed by the EMSEZ, i.e. reducing food security as well as cutting back on people's and ecosystems' basic water needs, would increase vulnerability* | Noted and reported. |

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| | | | | | | *to climate change instead of improving resilience to such impacts – which would be inconsistent with the NDP 2030, the NEM Principles and the Constitution.* | |
| 96 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *96. In light of the above, and in an effort to avoid placing the burden and costs associated with the EMSEZ's contributions to the climate crisis, on the general public, we submit and recommend that:*<br><br>*96.1. the externalities of the EMSEZ and its various projects must be internalised to ensure that neither the public nor government bears the costs of mitigating and remedying the negative impacts that climate change will have; and*<br><br>*96.2. the climate change effects of the associated GHG emissions of all the projects and activities under the EMSEZ will need to be rigorously assessed in the EIA, together with all carbon tax implications.* | The impact assessment looks at the direct, indirect and cumulative impacts of the entire SEZ site. Specialist studies undertaken also looked at the cumulative, direct and indirect impacts. Mitigation measure proposed by the specialist studies have been incorporated in the EIA report and the EMPr. The EAP with all the information available was able to make an informed decision on the viability of the SEZ based on if the developed will be sustainable by looking at the environment, social and economic aspects. The fact that the SEZ falls within a water scarce area has been taken into account. Water related specialist studies form part of the EIA report. |
| 97 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *97. It is clear that an adequate and stable water supply is crucial to the EMSEZ; however, the FSR states that a "definite source of sustainable water for the SEZ is still under investigation".[82] Without a guaranteed supply of water, the EMSEZ – which is intended to be located within a water scarce region – would not be able to:*<br><br>*97.1. function adequately or at all;*<br><br>*97.2. meet the requirements of so-called ecologically "sustainable development"; and*<br>*97.3. contribute towards long-term regional "development" goals without having severe consequences for other water-users and ecosystems.* | Noted and reported. Please refer to the water specialist studies undertaken as part of the EIA process. A water study on the need and supply of water for the SEZ has been undertaken. A desktop groundwater and detailed groundwater specialist study by Matukane and Associates was undertaken and forms part of the EIA report. |
| 98 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *98. In general, the FSR's estimations of water availability in the region are inaccurate, vague, and significantly overstated. There is a very strong likelihood that there will not be sufficient water to meet the EMSEZ's water needs.* | Noted and reported. Please refer to the water specialist studies undertaken as part of the EIA process. A water study on the need and supply of water for the SEZ has been undertaken. A water study on the need and supply of water for the SEZ has been undertaken. A desktop groundwater and detailed groundwater specialist study by Matukane and Associates was undertaken and forms part of the EIA report |
| 99 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *99. The FSR includes incorrect or incomplete information in relation to the water requirements of the EMSEZ, that must be corrected or reconciled in the EIA, as:*<br><br>*99.1. the FSR contains typographical errors within the water requirement estimate. The values for water use for construction alone over 9 years is written as 13 910.5 10k m3.83 If this number is for construction alone, water use of 139,105 m3 for 12 facilities seems theoretically plausible. However, this value is written incorrectly in three other places in the report, as 13 910.5 10km3. 84 Water requirements for industrial facilities are commonly expressed in million cubic meter units or less, not km3, let alone 10km3. Divided over 9 years, that means over 15 trillion m3 of water each year for construction. To illustrate, Lake Tanganyika is 17 trillion m3.85 On page 60, the report states the water requirement for the construction period is 13 910,5 $km^3$, or*<br>*1.5 trillion m3 per year for 9 years. Considering that the Limpopo River's annual flow is only 153 million $m^3$* | Noted and reported. Please refer to the water specialist studies undertaken as part of the EIA process. A water study on the need and supply of water for the SEZ has been undertaken. A water study on the need and supply of water for the SEZ has been undertaken. A desktop groundwater and detailed groundwater specialist study by Matukane and Associates was undertaken and forms part of the EIA report |

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| | | | | | | *[86] this value is also clearly an error and must be addressed;*<br><br>*99.2. the FSR provides no supporting evidence that the "Musina-Makhado SEZ [...] requires a total of 123 million m³ of water for its operation".[87] This appears to be the only place in the FSR that water for operations is estimated, and it does not specify the timeframe. Assuming the report meant to state 123 million m3 of water per year, there is simply no identified source of such water volumes anywhere in the region. The FSR states that total permissible surface and groundwater abstraction available for the SEZ is 0.377 million cubic meters per year,[88] leaving a shortfall of 122.6 million m³ of water needed per year. Even if 30 million m3 of water is provided by the Limpopo Department of Water Affairs[89] and an additional 30 million m³ per year is taken from below the Zhove Dam in Zimbabwe,[90] over 62.6 million m³ of water are still needed, with no identified source;*<br><br>*99.3. it is inexplicable why the FSR would include only water use for construction over a 9-year period and not include water use during operations by facility type. Thus, the estimate of 123 million m3 (presumably annual) water requirement[91] is not credible. The EMSEZ electricity resources webpage states that a 1 200 MW coal-fired power plant will use 76 million m3 of water per year. If the 3 300MW plant is built, as proposed,[92] the thermal plant alone could use 209 million m³ water/year. So, shortfalls far greater than 62 million m³ of water per year seem likely even without any other facilities; and*<br><br>*99.4. there is no estimation of water requirements during the operation of at least 5 new coal mines that will extend over 1 000 km² in the region (Mopane, Chapudi, Makhado, Generaal and Vale).[93] Despite taking up a large part of the FSR, there is no analysis of the mines' potential impacts to groundwater and surface water in the region, which could alter the amount of water available for use in EMSEZ facilities, as well as all other uses.* | |
| 100 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *The EMSEZ webpage "Hydraulic Resources" lists water sources—although it is not clear that these are intended to supply EMSEZ—that are not described in the FSR, including Limpopo Province Woke Mountain Area, Mutara, Mutare Luvuvhu, Luvuvhu Limpopo River, Leita Taba, and Fragrance Lake ("one of South Africa's largest freshwater lakes").[94] The website goes on to state, "[p]lans are under way to further import water to the Limpopo River in support of mining development."[95] If these water resources would supply EMSEZ, they need to be assessed in the EIA.* | Noted and reported. Information published by the operator and applicant is out of the EAPs control. The EAP followed NEMA, 1998 and various specialist studies have beer undertaken which anticipates to answer the questions and concerns posted by the Centre for Environmental Rights.<br><br>Please refer to the EIA report for more details. |
| 101 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *101. The Executive Summary of the FSR notes that the "[h]igh water requirements of the development in a water scarce area where much of the existing water resources are required for agriculture and thus food security". Therefore, any sale or transfer of water rights from agriculture to industry will have irreversible implications for future water allocations – which will also negatively impact food security. The EIA must thoroughly assess impacts on existing water uses.* | A specialist study was undertaken assessing the water uses in the area and need for water in the area and SEZ. |
| 102 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *102. Zimbabwe is proposed as a 'potential water supply source'. The FSR states that "[r]aw water could also be purchased from the Zimbabwe National Water Authority Zimbabwe, which has available at least 30 million* | Noted and reported. Please refer to the water specialist studies undertaken as part of the EIA process. A water study on the need and supply of water for the SEZ has been undertaken. A water study on the |

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| | | | | | | *$m^3$ per annum, when agreements are in place".[96] However, the FSR remains largely silent on the need to assess potential impacts of taking water from a neighbouring state, other than from a legal and practical perspective, it merely notes that this action would necessitate cross-border water transfers and international water user agreements, and that "the implications of sourcing water from across the border in terms the health and safety, contamination and carrying capacity as well as the exact position above or below the soil surface for the laydown of the pipeline or channel to the southern site"[97] would need to be addressed.* | need and supply of water for the SEZ has been undertaken. A desktop groundwater and detailed groundwater specialist study by Matukane and Associates was undertaken and forms part of the EIA report |
| 103 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *103. The FSR goes on to state that the project envisages taking water from the Zhove Dam in Zimbabwe,98 where water is abstracted from a tributary of the Limpopo. This requires a full study of the effects on: the Limpopo River; the Reserve; [99] water users in Zimbabwe and downstream users. The potential impacts of taking water from Zimbabwe – on land use, people's livelihoods and ecosystems – must be addressed before any such assumption on water availability, and its acceptability, can be made.* | Noted and reported. Please refer to the water specialist studies undertaken as part of the EIA process. A water study on the need and supply of water for the SEZ has been undertaken. A water study on the need and supply of water for the SEZ has been undertaken. A desktop groundwater and detailed groundwater specialist study by Matukane and Associates was undertaken and forms part of the EIA report |
| 104 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *104. The FSR fails to include basic facts around the EMSEZ and its associated industrial projects, which limit the scope of issues that have been identified and will be needed to inform the EIA. In this regard we point out the following:*<br><br>*104.1. nature of fuel sources: the FSR fails to include any estimates of the fuel use by type for each EMSEZ facility. The many coal mines described in the FSR are presumably to provide fuel to EMSEZ facilities, but no estimate of fuel use is provided;*<br><br>*104.2. existing status of air, soil and water quality in the region: the FSR fails to include an adequate baseline assessment of air, soil and water quality in the region. Without a baseline assessment, it is unlikely that the EAP would be able to accurately assess, identify and mitigate against potentially significant environmental impacts – this must be addressed;*<br>*104.3. annual water requirement during construction and operation: as stated above, the FSR fails to adequately discuss the annual water requirements for the EMSEZ during key phases of its development and operation. This oversight is deeply problematic as the region is already water-scarce, the proposed operations are water-intensive and without a stable supply of water the EMSEZ would not be able to function;*<br><br>*104.4. waste management: the FSR fails to include basic facts around the volumes of waste water to be produced each year or the volume of solid waste that will be produced each year, including from each project under the EMSEZ. This includes coal ash, which contains toxic metals and radioactive elements, and poses significant public health risks. By failing to do so, the scoping assessment process has neglected a serious consideration that will have lasting impacts on the surrounding environment if not managed properly; and*<br><br>*104.5. annual air pollution emissions: the FSR lacks basic information in relation to the projected annual air emissions for the EMSEZ and its associated infrastructure. This is an important consideration as air quality* | Specialist studies have been undertaken which assesses the minerals and water availability in the area. The status of the air quality was assessed by the air quality specialist. The water, electricity, labours for the entire development was included in the scoping report and will be included in the EIA report. A waste specialist has also looked at the types of waste to be generated and the quantities of each plant in terms of domestic, hazardous, construction, etc. |

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| | | | | | | *has been flagged as a threat to human health and an air quality "priority area" has already been established within the region. Without an assessment of the expected emissions nor any baseline assessment of existing air quality within the development region/site, it would be impossible to accurately determine the individual and cumulative impacts that the EMSEZ (as well as its associated infrastructure) would have on human health and the issues that the EIA process would need to consider in further detail.* | |
| 105 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *105. The FSR fails to consider the impacts of the EMSEZ on biological diversity, conservation of endangered species, and ecological processes. The EMSEZ and its associated mines would carve up the very centre of the Vhembe UNESCO Biosphere Reserve, called "land of the baobab", which is home to 250 species of butterfly, 44 species of amphibians, 140 species of reptiles, 542 species of birds and 152 species of mammals.[100] The Biosphere Reserve includes a UNESCO World Heritage Site, the Mapungubwe Cultural landscape and a RAMSAR site, the Makuleke Wetlands. The FSR recognizes that the area includes protected areas known for baobab trees (Musina Nature Reserve), endangered Cape Vultures (Blouberg Nature Reserve), gemsbok (Langjam Nature Reserve), and giraffe, antelope, and white rhino (Nwanedi Nature Reserve).* | A baseline ecological study, comprehensive ecological study, freshwater resources, soil and land capability and biodiversity offset specialist studies have been undertaken and form part of the EIA report. These mitigation measures have been included in the EIA report and EMPr. Furthermore, a protected trees study and a biodiversity offset strategy plan forms part of the EIA report. |
| 106 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *106. According to the website of Vhembe Biosphere Reserve:*<br><br>*Within the context of a Biosphere Reserve, "development" is defined as: "the fostering of economic and human development which is socio-culturally and ecologically sustainable". This is a fundamental objective of any Biosphere Reserve and particularly relevant in the case of the Vhembe Biosphere Reserve. The challenge is to establish a development framework and strategy that is aimed at conserving the bio-diverse environment while at the same time creating socio- economic opportunities for the people of the area."[101]* | Noted and reported. The current SEZ site falls within the Vhembe Biosphere Reserve. The applicant has registered with LEDET on the draft Vhembe Biosphere Plan as well. |
| 107 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *107. The FSR notes that EMSEZ is located in the "transitional zone" of the Biosphere Reserve, which "support/contains a diversity of sustainable activities".[102] But there is no analysis in the FSR that defines "sustainable activities" and whether EMSEZ meets that definition.* | Noted and reported. The study site falls in terms of the Limpopo Biodiversity Sector Plan on CBA and ESA areas. |
| 108 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *108. EMSEZ would affect a Critical Biodiversity Area 2,[103] and Ecological Support Area 2,[104] and – depending on the area of influence of EMSEZ activities – the project could also negatively affect one of the world's largest Cape Vulture colonies,[105] as well as a number of protected and priority biodiversity areas, including areas earmarked for Protected Area Expansion.* | Noted and reported. A biodiversity offset specialist study has been undertaken for the tree species and biodiversity offset study for wetlands and drainage is currently being proposed as part of the EIA process. |
| 109 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *109. These potential impacts are of national and international importance, given that they relate directly to South Africa meeting its global conservation commitments and national biodiversity targets. The EIA must thoroughly address all of the above potential impacts.* | Noted and reported. A biodiversity offset specialist study has been undertaken for the tree species and biodiversity offset study for wetlands and drainage is currently being proposed as part of the EIA process. |
| 110 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *110. With specific reference to heritage resources and objects of cultural significance, we submit that the potential impacts of the EMSEZ to the UNESCO World Heritage Site: Mapungubwe Cultural Landscape[106] has not been considered. We find this deeply concerning, as:*<br><br>*110.1. the Mapungubwe Cultural Landscape is legally protected* | Cumulative impacts of the SEZ on the surrounding environments have been incorporated in the freshwater specialist study and the biodiversity specialist studies. Furthermore, the offset specialist studies have been undertaken and suitable land of the same vegetation type and consultation with DEFF has to be undertaken. |

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| | | | | | | *through the World Heritage Convention Act 49 of 1999 – which incorporated the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage[107] (The World Heritage Convention) into South African Law. The World Heritage Convention recognises that the Mapungubwe Cultural Landscape is "...of outstanding interest and therefore need[s] to be preserved as part of the world heritage of mankind as a whole" (emphasis added). We submit, with such interests in mind, that this should necessitate - at the bare minimum - a basic assessment of the EMSEZ's potential impacts on the Mapungubwe Cultural Landscape given its status as an object of international significance;[108]*<br><br>*110.2. NEMA's definition of the "environment" encompasses not only components of the natural environment (air, land and water)[109] but also "the physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human-health and well-being"(emphasis added);[110] and*<br><br>*110.3. the NEM Principles specifically refer to the "nations cultural heritage" in applying the 'preventative principle'[111] and that "[d]ecisions must take into account the interests, needs and values of all interested and affected parties, and this includes recognising all forms of knowledge, including traditional and ordinary knowledge" (emphasis added).[112]* | |
| 111 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *111. In light of the above, we submit that destruction or deprivation of cultural properties and heritage resources – especially in instances where such impacts were not assessed adequately or at all – would be unconstitutional, as international and national legal mechanisms demand the protection of world heritage sites for the benefit of the international public. Therefore, a comprehensive assessment of any potential impacts to this area must be included in the EIA process.* | Noted and reported. Various specialist studies have been undertaken, far and beyond the ones initially mentioned in the Plan of Study for EIA. The Specialists looked at the site as well as cumulative impacts associated when one or more impacts are imposed together. A heritage specialist study was also undertaken. |
| 112 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *112. The EIA process is intended to shape and influence the proposed development in a way that ensures that it meets the requirements of the Constitution and NEMA.* | Noted and reported. Various specialist studies have been undertaken, far and beyond the ones initially mentioned in the Plan of Study for EIA. The Specialists looked at the site as well as cumulative impacts associated when one or more impacts are imposed together. |
| 113 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *113. The identification and confirmation of alternatives is a critical element of the scoping phase, and is at the heart of EIA – ensuring that sustainable development is achieved. The DEAT's "Criteria for determining alternatives in the EIA" states that "[d]ue consideration of alternatives ensures that the EIA is not reduced to defence of a single project proposal that is the desire of the proponent. Rather, it provides the opportunity for an unbiased, proactive consideration of options, to determine the optimal course of action".[113]* | The designation process looked at various sites before the designation of the current site. A specialist study with motivation and the negative and positive impacts associated with each site, has been included as part of the EIA report.<br><br>Please refer to the economic rationale specialist study contained in the EIA report for more information. |
| 114 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *114. The FSR states:*<br><br>*"The following alternatives have been mentioned throughout this Consultative Scoping Report and will be further investigated during the EIA phase of the proposed development:*<br>*• Design or Layout alternatives (based on the Hoi-mor Master plan)*<br>*• Demand alternatives (Demand and need in terms of socio-* | Noted and reported. The alternative types were based on the information available at the time of the compilation of the scoping report. |

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| | | | | | | *economic and job creation)*<br>• *Technology Alternatives (There are different technologies involved as well relating to the plants itself but, we are not applying for that now and hence it is not discussed here – it is however important since the ultimate development will have these technologies aimed at better environmental mitigation*<br>• *'No-Go' Option"*[114] | |
| 115 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *115. The description of these alternatives is vague and general, and without additional information, it is impossible to determine the scope of alternatives that will be addressed in the EIA. For example, it is unclear as to why the layout design alternatives are limited to, and constrained by, the Hoi-mor Master plan, and/or what this master plan comprises, as it is not described in the FSR.* | Noted and reported. The alternative types were based on the information available at the time of the compilation of the scoping report. |
| 116 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *116. The FSR also fails to adequately identify site alternatives or alternative industrial components or activities within the EMSEZ. Furthermore, it does not present alternatives that respond to the range of potentially "highly significant" negative impacts that have been identified, such as:*<br><br>*116.1. the irreplaceable loss of agricultural land, wetlands, river, groundwater, GHG emissions*[115] *(assumed to recognise that climate change effects will lead to irreplaceable loss); and*<br><br>*116.2. Critical Biodiversity Areas, fauna and flora, and soil erosion (assumed to mean that there would be irreplaceable loss of soils) and cultural heritage.*[116] | Noted and reported. The alternative types were based on the information available at the time of the compilation of the scoping report. The site selection alternatives was verified by a specialist study and have been included as part of the EIA report. |
| 117 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *117. In summary, any alternatives – including any "no-go" options – that could feasibly be supported in this particular landscape and satisfy the need to create employment through the leveraging of lower-impact industries, technologies and components must be thoroughly considered, considering the significant potential harms of the project, as this could meet the overarching objectives of the EMSEZ without undermining the long term social ecological resilience of the region.* | Noted and reported. The alternative types were based on the information available at the time of the compilation of the scoping report. The site selection alternatives was verified by a specialist study and have been included as part of the EIA report.<br><br>Please refer to the Economic Rationale Specialist study which forms part of the EIA report. |
| 118 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *118. We submit that without an adequate consideration of alternatives, neither the EAP nor the competent authority is in a position to advise or reach an informed decision in relation to a project of this magnitude and the significant socio-economic, environmental and human health impacts likely to be suffered.* | Noted and reported. The alternative types were based on the information available at the time of the compilation of the scoping report. The site selection alternatives was verified by a specialist study and have been included as part of the EIA report.<br><br>Please refer to the Economic Rationale Specialist study which forms part of the EIA report. |
| 119 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *119. The FSR has a short section on cumulative impacts and recognizes that this EIA process "should be considered along with all other applications and activities in the area."*[117] *Other language through the FSR contradicts this statement, however, noting that because each project under the EMSEZ will develop its own EIA. Therefore, the current FSR and EIA process cannot adequately assess these other potential impacts.*[118] | The EIA report addresses the cumulative impacts in detail. Various specialist studies in relation to the SEZ and cumulative impacts associated have been assessed. |
| 120 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *120. As mentioned, the EIA must thoroughly consider cumulative impacts of all actions and projects associated with the EMSEZ, along with other existing and proposed activities in the region. Without doing so, the EIA would present a significantly flawed and incomplete assessment of the* | The EIA report addresses the cumulative impacts in detail. Various specialist studies in relation to the SEZ and cumulative impacts associated have been assessed. |

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| | | | | | | *potential harms of the EMSEZ.* | |
| 121 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *121. The accurate assessment of impact significance and risk involves deciding whether a project is likely to cause significant negative environmental impacts and is therefore central to the practice, administration and decision making processes of the EIA.[119] In this regard, Table 10.1 of the FSR presents a "preliminary impact assessment" of the EMSEZ, which, among other things:*<br><br>*121.1. describes the nature, duration, significance, extent and probability of various impacts;*<br><br>*121.2. provides a significance rating for each impact (e.g. medium low, medium high, high, etc.);*<br><br>*121.3. determines the degree to which the impacts can be reversed;*<br><br>*121.4. determines the degree to which the impact may cause irreplaceable loss of resources;*<br><br>*121.5. determines the degree to which the impacts can be avoided, managed, or mitigated; and*<br><br>*121.6. concludes with a determination of risk, taking into account the preceding three factors (e.g. low, medium, high, etc.).* | Noted and reported.<br><br>Please refer to the EIA report under section 6 and section 7 for more information of the assessment and ratings of each impact. Furthermore, the EMPr provides details on how to possibly mitigate each aspect if possible. |
| 122 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *122. We submit that Table 10.1 and the FSR's approach for assessing preliminary impacts is highly flawed and all conclusions should be disregarded. This is so for the following reasons:*<br><br>*122.1. the FSR has presented only a general assessment of potential impacts, with vast amounts of missing information about the EMSEZ associated projects. It has not considered major areas of concern, such as climate change impacts or harm to human health. Nor has it accurately submitted any information on baseline conditions in the region, including on air quality or water availability or quality. Without this vital information, any assessment on potential risks and impacts is fatally flawed, and presents a substantially incomplete and misleading assessment;*<br><br>*122.2. the impact assessment inappropriately does not consider the cumulative impacts of all the projects in the EMSEZ;*<br><br>*122.3. impact reversibility is a separate concept from irreplaceable loss of resources, and should therefore be addressed separately;*<br>*122.4. the FSR inappropriately groups 'avoidance', 'mitigation' and 'management' together. Since these are three very different concepts and no measures are actually specified in the FSR, this approach is misleading and has limited valid application;[120]*<br><br>*122.5. the criteria for assessing the 'likelihood of impact' is incorrect* | Noted and reported. The scoping report is only an introduction of the proposed intention by the applicant. In-depth specialist studies and investigations have been undertaken and these have been provided in the EIA report. The impact assessment of each specialist study is included in the EIA report and this let the EAP make an informed decision whether the project is sustainable and feasible in the area. |

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| | | | | | | *as it includes the "sensitivity of the receiving environment", which we understand to be a consideration that is taken into account when assessing the "severity" of impact rather than its "likelihood"; and*<br><br>*122.6. the table's conclusions are not rationally connected to or supported by any facts or evidence. For example, the table describes the probability of pollution and disruption of the ecological integrity of groundwater as highly likely, significant and permanent. It is also "likely" to cause irreplaceable loss of resources. Yet, the FSR conveniently determines the risk to groundwater after avoidance, mitigation, and management as "low". In many other instances, the table identifies impacts as irreversible and definite, yet the risk after avoidance, mitigation, and management is medium. In no instance has the FSR observed a high risk of any potential impact, despite impacts being identified as irreversible and definite. With respect to projects at the scale of the EMSEZ, these outcomes are unlikely and cannot be supported by evidence.* | |
| 123 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *123. In summary, the failure to adequately ascribe and quantify impacts – through a flawed and improper assessment, which seeks to draw conclusions on impacts prior to any assessments actually being done – is arbitrary, speculative and threatens the integrity of the EIA process by promoting uninformed decisions.* | Noted and reported. The scoping report is only an introduction of the proposed intention by the applicant. In-depth specialist studies and investigations have been undertaken and these have been provided in the EIA report. The impact assessment of each specialist study is included in the EIA report and this let the EAP make an informed decision whether the project is sustainable and feasible in the area. |
| 124 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *124. We maintain that the scope of specialist studies set out in section 11, entitled "Plan of Study for EIA" is inadequate. We submit that:*<br><br>*124.1. a "human health impact assessment" must be carried out, given the spectrum of likely harmful emissions and toxic wastes associated with the projects associated (noxious) industries;*<br><br>*124.2. the "socio-economic assessment" should be separated into a social and economic assessment,[121] in which the social component of the impact assessment specifically includes an assessment of impacts on land use, both directly and indirectly i.e. through pollution and other pathways such as through the sale of water rights;*<br><br>*124.3. all information in relation to employment during the construction phase and the operational phase of the SEZ must be made available, specifically, information on skills development and target groups as this information is critical to properly evaluating the project's alleged benefits;*<br><br>*124.4. all information in relation to waste management[122] must be made available to enable assessment of associated impacts on water, air, land, biodiversity and human health;*<br><br>*124.5. the proposed 'wetland and aquatic assessment' should be conducted as a separate study as it addresses the fundamental issue of water supply;*<br><br>*124.6. the potential impacts of water supply options must be* | A human health impact assessment was undertaken and is part of the EIA report. As required, a socio-economic assessment and social and economic assessment has been carried out and forms part of the EIA report. Employment opportunities and job seekers etc. have been included in the EIA report. A waste specialist study has been undertaken and the types of waste generation and disposal has been included as part of the EIA report. Freshwater Specialist study and wetland assessment was undertaken, as well as water specialist studies (groundwater, geo-hydrological, geotechnical, etc.) and form part of the EIA report. A soil and land capability specialist study was undertaken and has been included also as part of the EIA report.<br><br>Furthermore a biodiversity offset specialist study was undertaken at the site and a biodiversity offset plan prepared for the wetlands / drainage and other sensitive features at the site especially the critically biodiversity areas.<br><br>A climate change specialist study and air quality assessment was undertaken and forms part of the EIA report.<br><br>The biodiversity assessment has looked at the aquatic birds.<br><br>Lastly, remedial / mitigation measures were proposed by all specialist studies and have been included in the EIA report and EMPr and should be enforced and adhered to. These will set the basis for the plant specific specialist studies and EIAs to be undertaken for each industry within the SEZ. |

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| | | | | | | *assessed; taking into account predicted climate change effects on water resources, along with the associated impacts on land use, people's livelihoods and ecological impacts;*<br>*124.7. the 'soil classification and land capability' specialist study must address the land use issues as part of an independent specialist assessment;*<br><br>*124.8. separate hydrological and geo-hydrological specialist studies should be carried out – as the 'water' specialist study[123] conflates surface water and groundwater issues and impacts. These must be separated in light of the potential for groundwater extraction as a water source and consequences for local groundwater-dependant users/ecosystems, and the potential pollution from the project's industries' waste management practices;*<br><br>*124.9. the 'critical biodiversity areas' specialist study[124] must also assess the impacts associated with solid waste pollutants, ground pollutants, ecological process impacts, and changes in water flow and quality due to alterations and disturbances;*<br><br>*124.10. further information must be provided on "aquatic bird studies". As it stands, little is provided in relation to terrestrial birds, including highly threatened species such as the Cape Vulture that lives, nests and breeds in close proximity to the project site. The associated impacts of the proposed development i.e. pollution, expanding settlements and edge effects that will impact on their flight paths, roosting and feeding areas presents an increased risk to their survival and must be addressed;*<br><br>*124.11. as stated above, an extensive CCIA must be undertaken, ensuring that the study, satisfies the requirements of NEMA and section 24 of the Constitution, whilst comprehensively assessing the project's climate change impacts;*<br><br>*124.12. the requirement to remedy impacts through compensation or offsets must also be addressed by specialists; and*<br><br>*124.13. an epidemiological baseline survey must be undertaken to monitor and manage future impacts.* | |
| 125 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *125. We note with concern that the public consultation and participation process conducted to date in relation to EMSEZ has been woefully inadequate. This is highly problematic as it threatens I&APs' rights to a fair process and access to information. These issues and concerns include, inter alia:*<br><br>*125.1. "national" advertisements of the EIA process were only placed in in the Citizen newspaper on one date – 24 August 2018 (distributed mainly in Gauteng, but also in Mpumalanga, Limpopo and the North West provinces) and on two dates in the Limpopo Mirror (24 August and 31 August 2018). This limits notification to a restricted pool of I&APs, and considerably curtails input into the EIA process. We submit that an advertisement should have also been placed in an official Gazette that is* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-days public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, in newspaper; media etc. will be communicated at least 14 days prior to having the meetings. A community liaison officer was appointed by LEDA. |

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| | | | | | | *published specifically for the purpose of providing public notice in terms the EIA Regulations.[125] We submit further that the proposed placement of only one English advertisement and one Venda advertisement to notify potential I&APs of the availability of the EIA Reports is wholly inadequate for this SEZ, given its scale, range of potentially significant impacts, and national, if not global significance.*<br><br>*125.2. there appears to have been little to no representation of affected landowners and civil society organisations in the public participation processes conducted to date for the EIA; and*<br>*125.3. it is recorded that only two purported "civil society organisations" participated in the consultation process for the FSR, namely Anglo-American Platinum and representatives of the Tubatse Municipality. Clearly Anglo-American is not a civil society organisation nor is the Tubatse Municipality. There has thus been no civil society organisation participation to date.* | |
| 126 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *126. In addition, many people, particularly those who will be impacted by the project, do not have access to the resources and expertise required to access, consider and comment on the records relating to the project, which are voluminous and technical in nature. Yet this project will have significant implications in terms of its scale and range of potentially significant impacts - which include climate change and health impacts – particularly for communities living in the areas where the project will be based. In order to ensure access to a reasonable, adequate and fair public participation process, the project's proponents should have used (and must in future use) reasonable alternative methods to inform affected communities of the significant adverse health, climate and environmental impacts that this project could have on them.* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-days public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, focus group meeting and consultations in newspaper; media etc. will be communicated 14 days having the meetings. A community liaison officer was appointed by LEDA. |
| 127 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *127. We remind you that the proposed development is situated across historically disadvantaged areas. These people must be afforded a reasonable opportunity to consider, understand, and provide input into the proposed development and its associated processes, which will undoubtedly have a direct impact on their daily lives, health and well-being. These are the people who bear the brunt of the impacts of proposed development and we submit that environmental justice demands that their voices be heard. A process which does not provide for this or does not adequately consider their input will be unfair and flawed.* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-days public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, focus group meeting and consultations in newspaper; media etc. will be communicated 14 days prior to having the meetings. A community liaison officer was appointed by LEDA. |
| 128 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *128. In light of the above, we remind you that NEMA's section 2 principles; in particular section 2(4)(f), make clear that "[t]he participation of all interested and affected parties in environmental governance must be promoted, and all people must have the opportunity to develop the understanding, skills and capacity necessary for achieving equitable and effective participation, and participation by vulnerable and disadvantaged persons must be ensured" (emphasis added).* | Noted and reported. |
| 129 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *129. We remind you that the CER has, since its establishment in 2010, advocated for greater transparency in environmental governance and for swift and easy access to environmental information, and accordingly* | Noted and reported. |

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| | | | | | | *disputes the failures to register our clients as I&APs and make information available despite repeated requests. In this regard, we refer you to the following judgments that confirm that there is no room for secrecy in relation to the environment:*<br><br>*129.1. Uzani Environmental Advocacy v BP Southern Africa (Pty) Ltd[126] – "NEMA not only requires a transparent administration but recognised the contribution that can be made to the protection of the environment by a vigilant and committed public which has most to lose...[s]ecuring protection is therefore no longer the exclusive preserve of those engaged in these activities, nor of an opaque administration or an under capacitated and potentially inhibited law enforcement agency which cannot claim the number of successful convictions one would have expected despite clear evidence of historic degradation to our environment."; and*<br><br>*129.2. Company Secretary of Arcelormittal South Africa and Another v Vaal Environmental Justice Alliance[127] – where the court confirmed that civil society organisations are entitled to exercise and protect the right to a healthy environment by seeking information to enable them to assess environmental impacts, and to exercise a watch-dog role. The Supreme Court of Appeal went on to hold that "...industrial activities, impacting as they do on the environment, including on air quality and water resources, has an effect on persons and communities in the immediate vicinity and is ultimately of importance to the country as a whole. Translated, this means that the public is affected and that ... activities and effects thereof are matters of public interest" and "Corporations operating within our borders, whether local or international, must be left in no doubt that in relation to the environment .there is no room for secrecy and that constitutional values will be enforced."[128]* | |
| 130 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *130. It is therefore essential that adequate public participation takes place early in the process – when key options are still open. This will ensure that all perspectives are captured and can be properly assessed at the outset. It will also ensure that all stakeholder groups have equal opportunities to convey their views.* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-cays public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, focus group meeting and consultations in newspaper; media etc. will be communicated 14 days prior to having the meetings. A community liaison officer was appointed by LEDA. |
| 131 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *131. We note that, with the annexures, the FSR (in its current form) is approximately 600 pages. Given the magnitude of the project, its associated impacts as well as the length of the report, I&APs should have been initially afforded a longer period of time for commenting. Although now passed, the one-month time period allowed for the public to comment on the scoping report was in any event too short to allow the public to meaningfully evaluate and comment on the contents.* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-days public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, |

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| | | | | | | | focus group meeting and consultations in newspaper; media etc. will be communicated 14 days prior to having the meetings. A community liaison officer was appointed by LEDA. |
| 132 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *132. The CER has long contested the Constitutionality of the short timeframes prescribed by NEMA's EIA Regulations for commenting on EIA documents. The requirement for an applicant to, within 44 days of receipt of the application, submit to the competent authority a scoping report, which has been subjected to a public participation process of at least 30 days[129] – is too short to allow for adequate and meaningful assessment and participation, as required by the Constitution and the Promotion of Administrative Justice Act, 2000 (PAJA). We submit that arrangements should have been made for more time for both comment, and consideration of the comments, before submission of the scoping report.* | The initial project registration was scheduled for a 30-days public participation process, however due to the magnitude and scale of the proposed project, the registration lasted 4-months. With the release of the draft Scoping report a 30-days public review period was announced, however this was also exceeded due to the size of the document and requests from the public for consultations and CD copies.<br><br>The EIA report will be set out for at least 50-days and public meetings, focus group meeting and consultations in newspaper; media etc. will be communicated 14 days prior to having the meetings. A community liaison officer was appointed by LEDA. |
| 133 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *133. In the light of the significant negative impacts that the proposed EMSEZ stands to have on the climate as well as on the health and well-being of the people of South Africa, we and our clients oppose, and will continue to oppose, the development in order to protect Constitutional rights and the realisation of environmental and social justice in South Africa.* | Noted and reported. Please refer to the EIA report and various specialist studies addressing the impacts associated with climate change, human health etc. |
| 134 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *134. We submit that, the FSR does not meet the requirements of NEMA and the EIA Regulations, and as the EMSEZ fails to satisfy the basic principles of sustainable development – at its earliest stage of impact assessment – any socio-economic benefits perceived are short-sighted, likely to dissipate in the long term and significantly outweighed by its negative impacts. This would cause irreplaceable harm to the environment, human health and well-being – which would be inconsistent with the Constitution.* | Noted and reported. The EIA report addresses the concerns raised by the Centre for Environmental Rights in terms of the specialist studies and impact assessment and mitigation measures proposed by the specialists. |
| 135 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *135. In light of the above, it is our recommendation that:*<br><br>*135.1. our comments above regarding the need for a SEA and the appropriate competent authority as well the objections on the FSR are duly considered;*<br><br>*135.2. the FSR be withdrawn on this basis;*<br><br>*135.3. both the scoping and EIA for the EMSEZ be placed in hold until a thorough SEA is conducted with full and proper public participation, taking into account our clients' comments made herein, and any comments by other I&APs; and*<br><br>*135.4. the Minister of Environment, Forestry and Fisheries must be designated as the competent decision-making authority for this, and any further EMSEZ EIA processes.* | Noted and reported. As indicated a MoA was issued whereby DEA confirmed that LEDET is the Competent Authority for the proposed SEZ. The SEA is a tool for good practise and the current SEZ site was designated by the South African Government. The final Scoping Report has been approved by LEDET and it can't be withdrawn as the EIA report is basically ready for release. The concerns raised by CER have been incorporated in the EIA report and various specialist studies have been undertaken to alleviate negative impacts associated with such a big industrial development in the bushveld. |
| 136 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *136. Please ensure that adequate consideration is given to these comments.* | Noted and reported. |
| 137 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *A failure to take the above steps would render the EIA process fatally flawed and susceptible to legal challenge.* | Noted and reported. |

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| 138 | Ruchir Naidoo | CER | EMAIL | 1 Nov 2019 | | *138. We reserve our clients' rights fully, including the right to supplement these comments and/or to make further submissions.* | Noted and reported. |
| Comments received after Final Scoping Report (30 July to 28 August 2020) | | | | | | | |
| 1 | Tonderai Makoni | Vhembe Biosphere Reserve | Email | 29 August 2019 | | We refer to the above report and request the Vhembe Biosphere Reserve be registered as an interested and affected party. | Noted and you are registered on the I&AP database |
| 2 | Peta A. Jones | Donkey Power<br><br>Facilitation and Consultancy Services | Email | 15 September 2019 | | *1. This 246-page document is badly in need of proper editing, being poorly written and rather haphazardly organized, robbing it of much authority. The map appendix is empty, but it turns out that maps do appear in the text, the most important probably being on p.48 wherein "Musina-Makhado SEZ southern site – designated area (7 262.691 ha)" is delineated. This report is therefore meant to refer generally to the area between the N1 on the east and the railway line on the west, with the Hunttleigh road as its southern boundary, and to the north projecting just a little beyond the R525.*<br>*2. Very little of the information is specific to this particular area, however, and most was acquired second-hand from the much earlier scoping and other reports circulated by Coal of Africa (apparently now morphed into "MC Mining"). Coal of Africa focused on mining and its impacts, whereas the current proposal concerns mineral processing, energy generation and the creation of a permanent residential community. As a result, it is not as up to date as it might be, and important changes are not taken into account.*<br>*3. Mining. Although on p.89 various mining projects are shown surrounding the SEZ southern site, only the Syferfontein dolerite mine currently exists, and the others may never do so, depending on the prevailing economic picture and also the doubtful availability of water.*<br>*4. Water is discussed on pp 59-66, 92-93 and p 233. There seems little acknowledgement of the possible effects of climate change, already discernible, and the fact that bad land use practices over the last several decades have resulted in the drying out of rivers, the virtual disappearance of aquifers and the poisoning of soils. All the same, one does get the impression that the most reliable source of water will be Zimbabwe.*<br>*5. Education does not seem to be one of the amenities proposed for residents (see p.42). Perhaps such a thing is not deemed to be necessary, in view of the existence of Mopane Intermediate School just outside the north-west boundary of the proposed development site. It is, however, a secondary-level boarding school, having environmental problems of its own, and there is no nearby primary school.*<br>*6. Emissions. At several points it is acknowledged that the various forms of processing will result in the formation of dangerous and uncomfortable chemicals and particulate* | Noted and the draft EIA report is now available for public review. The issues mentioned and referred to here have been included in it and specialists were appointed to undertake respective specialist studies. |

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| | | | | | | *matter, and it is recommended (e.g. p.231) that "Waste disposal areas are to be planned down-wind of villages and townships". Unfortunately, the whole of the present settlement of Mopane and its school is situated neatly UPWIND of the proposed scheme, to judge by the wind rose (p.55).*<br>*7. <u>Alternative economic activities</u>. Nothing for this little SEZ southern site area is in fact considered, but for Vhembe generally only two alternatives are considered at all viable: tourism and game farming, somewhat interconnected. It needs to be remembered that tourism can have devastating effects on both environments and people, and would have to be very carefully regulated in such a vulnerable area. The provincial government has so far shown little acknowledgement of this. Game farming in Vhembe has already been as badly managed as the other forms of farming, as witnessed by the signs of overgrazing everywhere, and would need even more strict regulation.*<br><br>*GENERAL REMARKS:*<br><br>*A. It is perfectly true that the unusual geological past of the area has resulted in the deposit of some interesting and valuable minerals, quite apart from coal. It would be naïve to suppose that this will remain neglected for long, especially given the mining background of South Africa's current president.*<br>*B. It is also true that the processing of the minerals can make the mining much more worthwhile, and South Africa is capable of doing this.*<br>*C. The demographics of the province (p.94) paint a dismal picture of a predominance of unemployed, undereducated youth with nowhere to go, and this is likely to persist for another generation or so. Existing cities, however, are already absorbing much of this, however unhappily.*<br>*D. Absorption and recycling of wastes (p.231) is naturally recommended, but if the focus on this is intensified so as create not just a processing and residential area creating minimal damage, but a MODEL CITY in which absolutely everything is recycled and nothing escapes, not even water, this can put South Africa on an entirely different tourist map, focusing on the future and not just a decaying heritage. The techniques and designs for all varieties of re-use and recycling already exist, if not in South Africa, but elsewhere, and South Africa can bring such things together. The existence of the SEZ southern site on one of the main continental transport routes – road and rail – just where very little else is possible, would be an excellent choice for demonstrating South Africa's ability to handle the problems of an uncertain future. However, it will take considerable political will to achieve it, and probably a great deal of money. If investors can be found ...* | |

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| 3 | John Rosmarin | | Email | 18 September 2019 | | I refer to the above report and request that I be registered as an interested and affected party. | Noted and registered |
| 4 | Evert van Wyk | Drilling Developments | Email | 21 November 2019 | | Please see attached my company profile, as a possible service provider, and contractor on the proposed Musina-Makhado Economic Developments Zone | Noted and reported |
| 5 | Derek Muller | Leger Risk Management | Email | 6 May 2020 | | Please register Leger Risk Management (represented by Derek Muller) as I&AP i.r.o. the above | Noted and registered |
| 6 | Sally Archibald | University of Witwatersrand | Email | 7 May 2020 | | Please can you register me as an IAP for this EIA process? | Noted and registered |
| 7 | Nokhuthala Hlongwana. | | Email | 6 May 2020 | | Please register me as an I&AP for the Musina-Makhado Special Economic Zone EIA | Noted and registered |
| 8 | Lorrine Botha | Smile Business Creation | Email | 5 May 2020 | | Please may I register as an IAP for the MM SEZ.<br><br>Please confirm receipt of this email. | Noted and registered |
| 9 | Riaan Smit | EVN Africa Consulting Services | Email | 9 June 2020 | | We EVN Africa Consulting Services are requesting Registration as an I&AP for the above Musina Makhado SEZ | Noted and registered |
| 10 | Greg Matthews | Archon | Email | 15 June 2020 | | Greg Matthews would like to recall the message, "LEDET REF:12/1/9/2-V79 - Registration as I&AP for MUSINA-MAKHADO SPECIAL ECONOMIC ZONE EIA". | Noted and registered |
| 11 | Catherine Keene | Tabacks | Email | 17 June 2020 | | Please register Taback & Associates (Pty) Limited as an Interested and Affected Party in connection with the above matter.<br><br>All correspondence in this regard is to furnished to the writer, Catharine Keene, at the email address referred to below (ck@tabacks.com).<br><br>Physical Address: 13 Eton Road, Parktown, Johannesburg 2193. | Noted and registered |
| 12 | MICHIEL DE BRUIN | DE BRUIN OBERHOLZER ATTORNEYS | Email | 17 June 2020 | | Kindly register DE BRUIN OBERHOLZER INCORPORATED as an interested and affected party. | Noted and registered |
| 13 | Hermanus Schoeman | Eco-Industrial Solutions | Email | 19 June 2020 | | Please kindly register me as a Interested and Affected Parties (IAPs) in above. | Noted and registered |
| | | | | | | *Eco-Industrial Solutions (Pty) Ltd (EIS) objects to the Scoping and Environmental Impact Assessment (EIA) Process undertaken by Delta BEC Consultants with Ronaldo Retief as the Environmental Assessment Practitioner (EAP) on behalf of the Limpopo Economic Development Agency (LEDA) as the Applicant, for the following reasons:*<br>• *EIS has entered a Memorandum of Understanding (MoU) with LEDA on 23 July 2018. However, EIS was not identified as a* | Noted and the draft EIA report is now available for public review. The issues mentioned and referred to here have been included in the EIA report and specialists were appointed to undertake respective specialist studies.<br><br>Noted |

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| | | | | | | *stakeholder for the Scoping and EIA Process for the MMSEZ Development and was thus excluded from participating in the public participation process (PPP) until after EIS became aware of the existence of the Scoping and EIA Process following an article published by the Daily Maverick on 1 April 2020.*<br>• *The competent authority for the Scoping and EIA Process should have been the Department of Environment, Forestry and Fisheries (DEFF) because:*<br>o *the water transfer from the Zovhi Dam in Zimbabwe proposed to the MMSEZ site is a listed activity;*<br>o *the consideration of the MMSEZ as part of a Zimbabwean initiative, the Trans-Limpopo Spatial Development;*<br>o *the Background Information Document (and thus the EAP) identified the DEFF as the competent authority; and*<br>o *the MMSEZ Technical Feasibility Report of 2016 undertaken by a separate consultant, Mott MacDonald, also identified the DEFF as the competent authority.*<br>• *The Scoping and EIA Process includes only one listed activity, i.e. Listed Activity 15 of Listing Notice 2 (i.e. the clearance of an area of 20 hectares or more of indigenous vegetation, excluding where such clearance of vegetation is required for the undertaking of a linear activity (such as roads, railway lines, power lines) to be able to establish a township (for the ultimate development of the MMSEZ).*<br>• *The EAP was aware of the existence of EIS and the LEIP, but did not include EIS or the LEIP apparently because EIS did not register as an interested and affected party (I&AP), yet no BID was sent by the EAP to EIS.*<br>• *The EAP incorrectly claims that "the approach adopted when compiling this FSR was based on the information and data available and accessible at the time of compiling the report", because the following information was not included in the FSR:*<br>o *Musina Special Economic Zone (MSEZ) Application for Designation Pre-Feasibility Report (2015), compiled by Mott McDonald;*<br>o *MSEZ Application for Designation Technical Feasibility Report (2016), compiled by Mott McDonald;*<br>o *MSEZ Application for Designation Business Plan (2015), compiled by Mott McDonald;*<br>o *Draft Limpopo Water Management Area North Reconciliation Strategy. Report compiled by AECOM for the Department of Water and Sanitation (DWS) in September 2016;*<br>o *Final EIA Reports for the eco-industrial park, the bulk water storage facilities and the Musina Eco-* | No, this is not true. DEFF provided confirmation to CER regarding this. Delta BEC is also in possession of confirmation that LEDET is the competent authority. We agree that it may have international ties.<br><br>Yes, as this EIA is only for clearance of the site and removal of trees and species, therefore a biodiversity offset strategy is suggested. But all specialists have assessed cumulative impacts associated with such a development and the magnitude based on the internal master plan layout of the proposed SEZ.<br><br>This is not true. LEDA informed the EAP that the Antonvilla site (northern site) has authorisation and the contact details were requested. The initial registration period was open and no one from the LEIP registered for the designated (southern site)<br><br>This is not true. This was the only information available at the time and further planning and development of the EIA had to be undertaken. Specialist studies informed the EAP to conclude their opinion whether the site would be feasible or not. |

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| | | | | | | *housing Estate by AGES Environmental on behalf of EIS (2012);*<br>o *Notice in terms of Section 23(7) of the Special Economic Zones Act (Act 16 of 2104): Objection to Intention to Designate the South African Energy and Metallurgical Special Economic Zone in Musina/Makhado in the Province of Limpopo by EIS (2016);p and*<br>o *Final EIA Report for the Mutsho Power Station by Savannah Environmental (2018).* | Delta BEC did utilise the Mutsho Power Station report by Savannah Environmental |
| | | | | | | • *The EAP states in Section 1.1.2 of the FSR that "the SEZ Programme focuses on much more than just building world-class industrial infrastructure but includes building robust industrial eco-systems in the host regions (DTI, 2016)". If this were the case, the LEIP should have been included as it is the only industrial eco-park in the Limpopo Province that has gone through all the required government, including environmental, approvals from the LEDET.* | True, but the intension of the EIA was for the development of the southern site and not the northern site, adjacent to LEIP. |
| | | | | | | • *Sufficient water has been allocated to the LEIP in the Draft Limpopo Water Management Area North Reconciliation Strategy by the DWS, while the proposed MMSEZ requires more water than the entire Limpopo Province is able to provide.* | A water specialist study has been undertaken and forms part of the EIA Report for the southern site. |
| | | | | | | • *The FSR is fatally flawed because:*<br>o *Only one listed activity (i.e. Listed Activity 15 of Listing Notice 2) is being applied for to establish a township (for the ultimate development of the MMSEZ);*<br>o *Phase 1 of the township development includes bulk infrastructure services that will trigger listed activities that are not being applied for, which would not be subjected to a full PPP;*<br>o *No alternatives sites have been identified, described and assessed;*<br>o *The LEIP has been authorised by LEDET to build identical factories proposed in the FSR;*<br>o *Unavoidable impacts are identified, which is not in line with Section 2 of NEMA; and*<br>o *The impact assessment methodology proposed (and in some cases used in all the specialist reports) is inconsistent with that used by the EAP in the FSR in terms of rating criteria to be used in determining the significance of any specific impact.* | As explained the southern site EIA application is for site clearance. Each investor inside the southern site will have to apply for their own EIA and specialist studies and will require permits and licenses to operate. |
| | | | | | | • *The competent authority, LEDET, has:*<br>o *approved a draft Scoping Report;*<br>o *authorised the EAP to continue with the EIA Phase prior to approving the FSR;*<br>o *has not considered the Need and Desirability questionnaire in the DEFF Integrated* | 30 May 2019<br>Correct<br><br>In the EIA Report which is now available, this has been incorporated. |

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| | | | | | | *Environmental Management Guideline on Need And Desirability (2017) when approving the draft Scoping Report, alternatively the FSR;*<br>o *not applied its mind in ensuring that the FSR uses the correct terminology in the impact assessment methodology;*<br>o *not applied its mind in determining the correctness of the draft Scoping Report, alternatively the FSR.*<br>• *The EAP has contravened Regulations 13(1)(a), (d), (e) and (f), the latter which is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended).*<br>• *The Biodiversity Specialist has contravened Regulation 13(1)(d) and (f), the latter which is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended).* | This statement is not true.<br><br>The EAP utilised information which was available at the time to develop the report.<br>The EAP is independent and not affiliated with LEDA or Musina-Makhado SEZ whatsoever. The EAP utilised the information available at the time to prepare the scoping report to the best of their abilities in compliance with NEMA.<br><br>The biodiversity specialist has undertaken a complete assessment of the southern site. The protected trees assessment and biodiversity offset strategy plan forms part of the EIA report. |
| 14 | Sydney Kloppers | Gunda Imports and Distribution | Email | 19 June 2020 | | To the Environmental Assessment Practitioner (EAP), I request to register "Gunda Imports and Distribution CC" as an IAP. | Noted and registered |
| 15 | Sean Brunke | Green Code Designs | Email | 20 June | | I would like to register as an Interested and Affected Party (IAP).<br>Regarding the MUSINA-MAKHADO SPECIAL ECONOMIC ZONE EIA<br>Please can you send proof of receipt of this email? | Noted and registered |
| 16 | Peter Teurlings | Freelance Environmental Scientist | Email | 9 April 2020 | | On behalf of my client, Eco-Industrial Solutions (Pty) Ltd (hereinafter referred to as EIS), I would like to register as an I&AP in terms of Regulation 42(b) of the 2014 EIA Regulations (as amended) for the Scoping and EIA Process for the Musina-Makhado Special Economic Zone (MMSEZ) Development. In this regard, you can also register Mrs Deshika Kathawaroo, CEO of EIS, Tel: (010) 590-1256; PO Box 3318, Modimolle, 0510; e-mail address: dk@eco-industrialsolutions.org as an I&AP.<br><br>EIS has been granted Environmental Authorisations (see attached) from the Limpopo Department of Economic Development, Environment and Tourism (LDEDET) for eco-housing estates on the Farm Uitenpas 2MT, chalets on the Farm Maryland 1MT, a dam and pipeline on the Farm Uitenpas 2MT and for the Limpopo Eco-Industrial Park on the Farms Uitenpas 2MT, Maryland 1MT and Munnichshausen 151MS. These properties border the proposed Musina part of the SEZ on the Farm Antonvilla.<br><br>I was surprised to read that you did not include EIS as an I&AP into your Final Scoping Report, and I was equally surprised to see that you did not mention the LEIP in the description of the affected environment for the Musina part of the MMSEZ or identified the LEIP as a potential socio-economic impact on the MMSEZ. | Please see below the link to the Appendices for the Musina Makhado SEZ. The Final Scoping Report link was shared directly with Dropbox to your email address. Thank you too for the Environmental Authorisations as indicated on the attached PDFs.<br><br>https://www.dropbox.com/sh/a9yt5i1twy9hmgi/AABMBs7sZ4nvLTFdBRK3cMlKa?dl=0<br><br>You will be registered on the I&AP database as well as the two representatives you indicated. All future correspondence will be send to all registered I&APs.<br><br>Trust that you will find this in order and be safe during this Covid 19 time.<br><br>Kind regards |

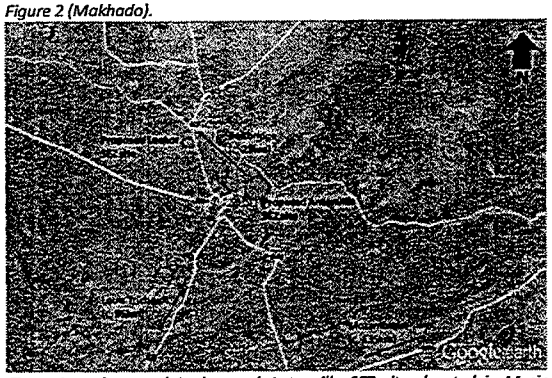
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| | | | | | | Note that I reserve my right to add comments and concerns at any time during the Scoping and EIA process. In this regard and although the commenting period for the Final Scoping Report has already lapsed, note that I will still review the Final Scoping Report in preparation for any appeal that may sprout out of this project.<br><br>Could you forward to me the link to the Draft and/or Final Environmental Impact Assessment Reports, which is not included in the projects list on your company's website? | |
| | | | | | | 5 May 2020<br><br>I only saw today that you are working for NCC Environmental Services. This raises a number of questions, such as:<br>• Does this mean that Delta BEC has been closed? No Delta BEC is still in operation.<br>• Are you continuing as EAP for the EIA Phase of the Musina-Makhado SEZ?<br>• With regard to the latter, can you please forward to me the letter from the LEDET accepting the FSR?<br>• When do you expect the Draft EIA Report to be submitted to the I&APs for public review? | Yes the EAP will be continuing as the EAP for the Musina-Makhado SEZ.<br><br>The letter has been attached to this email.<br>The initial public review was intended for April 2020, however the National Disaster and Covid-19 Pandemic was declared and there can't be any public meetings, nor social gatherings of people should the draft EIA report be released. The DEFF also have issued a directive where they indicate that no EIA reviews may be undertaken up to 15 June 2020, where after if the lockdown is to be extended they will issue a subsequent directive to make provision for the timeframe. As soon as there is more clarity in terms of social distancing which prevents meetings and social gatherings (public meetings / open days) the report will be made available for review and a 50-days review period will be granted due to the magnitude of the southern site draft EIA report and request from various stakeholders. |
| 17 | Theo Pieterse | Prof Planners | Email | 11 June 2020 | | Please register me as an Interested and Affected Party for the above EIA process.<br><br>Details will be provided for my objection against the MUSINA-MAKHADO SPECIAL ECONOMIC ZONE EIA in terms of the public participation process that still needs to be followed.<br><br>Please confirm receipt of this email. | Noted and registered |
| 18 | Santie Pieterse | PC Wireless | Email | 11 June 2020 | | Please register me as an Interested and Affected Party for the above EIA process. | Noted and registered |
| 19 | Greg Matthews | Delta Blue Investments | Email | 15 June 2020 | | Please register Delta Blue Trading 765 (Pty) Ltd as an IAP | Noted and registered |
| | | | | | | Please register the following companies as IAP's:<br><br>• Archon Projects (Pty) Ltd;<br>• Delta Blue Tradig 765 (Pty) Ltd<br>• Closeprops 82 CC | Noted and registered |

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| | | | | | | • Praxos 750 CC | |
| 20 | Greg Matthews | Archon Projects (Pty) Ltd;<br><br>Delta Blue Tradig 765 (Pty) Ltd<br><br>Closeprops 82 CC<br><br>Praxos 750 CC | Email | 15 June 2020 | | *Eco-Industrial Solutions (Pty) Ltd (EIS) objects to the Scoping and Environmental Impact Assessment (EIA) Process undertaken by Delta BEC Consultants with Ronaldo Retief as the Environmental Assessment Practitioner (EAP) on behalf of the Limpopo Economic Development Agency (LEDA) as the Applicant, for the following reasons:*<br>• *EIS has entered a Memorandum of Understanding (MoU) with LEDA on 23 July 2018. However, EIS was not identified as a stakeholder for the Scoping and EIA Process for the MMSEZ Development and was thus excluded from participating in the public participation process (PPP) until after EIS became aware of the existence of the Scoping and EIA Process following an article published by the Daily Maverick on 1 April 2020.*<br>• *The competent authority for the Scoping and EIA Process should have been the Department of Environment, Forestry and Fisheries (DEFF) because:*<br>o *the water transfer from the Zovhi Dam in Zimbabwe proposed to the MMSEZ site is a listed activity;*<br>o *the consideration of the MMSEZ as part of a Zimbabwean initiative, the Trans-Limpopo Spatial Development;*<br>o *the Background Information Document (and thus the EAP) identified the DEFF as the competent authority; and*<br>o *the MMSEZ Technical Feasibility Report of 2016 undertaken by a separate consultant, Mott MacDonald, also identified the DEFF as the competent authority.*<br>• *The Scoping and EIA Process includes only one listed activity, i.e. Listed Activity 15 of Listing Notice 2 (i.e. the clearance of an area of 20 hectares or more of indigenous vegetation, excluding where such clearance of vegetation is required for the undertaking of a linear activity (such as roads, railway lines, power lines) to be able to establish a township (for the ultimate development of the MMSEZ).*<br>• *The EAP was aware of the existence of EIS and the LEIP, but did not include EIS or the LEIP apparently because EIS did not register as an interested and affected party (I&AP), yet no BID was sent by the EAP to EIS.*<br>• *The EAP incorrectly claims that "the approach adopted when compiling this FSR was based on the information and data available and accessible at the time of compiling the report", because the following information was not included in the FSR:*<br>o *Musina Special Economic Zone (MSEZ) Application for Designation Pre-Feasibility Report (2015), compiled by Mott McDonald;*<br>o *MSEZ Application for Designation Technical Feasibility Report (2016), compiled by Mott* | Noted and the draft EIA report is now available for public review. The issues mentioned and referred to here have been included in the EIA report and specialists were appointed to undertake respective specialist studies.<br><br>Noted<br><br>No, this is not true. DEFF provided confirmation to CER regarding this. Delta BEC is also in possession of confirmation that LEDET is the competent authority. We agree that it may have international ties.<br><br>Yes, as this EIA is only for clearance of the site and removal of trees and species, therefore a biodiversity offset strategy is suggested. But all specialists have assessed cumulative impacts associated with such a development and the magnitude based on the internal master plan layout of the proposed SEZ.<br><br>This is not true. LEDA informed the EAP that the Antonvilla site (northern site) has authorisation and the contact details were requested. The initial registration period was open and no one from the LEIP registered for the designated (southern site)<br><br>This is not true. This was the only information available at the time and further planning and development of the EIA had to be undertaken. Specialist studies informed the EAP to conclude their opinion whether the site would be feasible or not. |

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| | | | | | | *McDonald;*<br>o *MSEZ Application for Designation Business Plan (2015), compiled by Mott McDonald;*<br>o *Draft Limpopo Water Management Area North Reconciliation Strategy. Report compiled by AECOM for the Department of Water and Sanitation (DWS) in September 2016;*<br>o *Final EIA Reports for the eco-industrial park, the bulk water storage facilities and the Musina Eco-housing Estate by AGES Environmental on behalf of EIS (2012);*<br>o *Notice in terms of Section 23(7) of the Special Economic Zones Act (Act 16 of 2104): Objection to Intention to Designate the South African Energy and Metallurgical Special Economic Zone in Musina/Makhado in the Province of Limpopo by EIS (2016);p and*<br>o *Final EIA Report for the Mutsho Power Station by Savannah Environmental (2018).* | Delta BEC did utilise the Mutsho Power Station report by Savannah Environmental |
| | | | | | | • *The EAP states in Section 1.1.2 of the FSR that "the SEZ Programme focuses on much more than just building world-class industrial infrastructure but includes building robust industrial eco-systems in the host regions (DTI, 2016)". If this were the case, the LEIP should have been included as it is the only industrial eco-park in the Limpopo Province that has gone through all the required government, including environmental, approvals from the LEDET.* | True, but the intension of the EIA was for the development of the southern site and not the northern site, adjacent to LEIP. |
| | | | | | | • *Sufficient water has been allocated to the LEIP in the Draft Limpopo Water Management Area North Reconciliation Strategy by the DWS, while the proposed MMSEZ requires more water than the entire Limpopo Province is able to provide.* | A water specialist study has been undertaken and forms part of the EIA Report for the southern site. |
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| | | | | | | *in the FSR in terms of rating criteria to be used in determining the significance of any specific impact.*<br>• *The competent authority, LEDET, has:*<br>o *approved a draft Scoping Report;*<br>o *authorised the EAP to continue with the EIA Phase prior to approving the FSR;*<br>o *has not considered the Need and Desirability questionnaire in the DEFF Integrated Environmental Management Guideline on Need And Desirability (2017) when approving the draft Scoping Report, alternatively the FSR;*<br>o *not applied its mind in ensuring that the FSR uses the correct terminology in the impact assessment methodology;*<br>o *not applied its mind in determining the correctness of the draft Scoping Report, alternatively the FSR.*<br>• *The EAP has contravened Regulations 13(1)(a), (d), (e) and (f), the latter which is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended).*<br>• *The Biodiversity Specialist has contravened Regulation 13(1)(d) and (f), the latter which is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended).* | 30 May 2019<br>Correct<br><br>In the EIA Report which is now available, this has been incorporated.<br><br>This statement is not true.<br><br>The EAP utilised information which was available at the time to develop the report.<br>The EAP is independent and not affiliated with LEDA or Musina-Makhado SEZ whatsoever. The EAP utilised the information available at the time to prepare the scoping report to the best of their abilities in compliance with NEMA.<br><br>The biodiversity specialist has undertaken a complete assessment of the southern site. The protected trees assessment and biodiversity offset strategy plan forms part of the EIA report. |
| 21 | Gideon Parsons | Gianpar | Email | 20 June 2020 | | I herewith request to be registered as an interested and effected party (IAP), pertaining to the Musina-Makhado Special Economic Zone – LEDET REFERENCE NUMBER: 12/1/9/2-V79 that is currently in process.<br><br>Could you please assist me in this regard? | Noted and registered |
| 22 | | | | | | *1. **The EIA Application is Fundamentally Flawed***<br><br>*The Applicant is the Limpopo Economic Development Agency (LEDA), which is the implementation agency of the Limpopo Economic Development Environment and Tourism (LEDET). LEDA submitted its application for environmental authorisation to the provincial government, LEDET, instead of the national Department of Environment Fisheries and Forestry (DEFF). In terms of Section 24C of the National Environmental Management Act 107 of 1998 (NEMA), the competent authority should be national government, not the provincial government.*<br><br>*The Background Information Document distributed by the EAP correctly identified the national department of environmental affairs as the competent authority but in contrast, the application was submitted to LEDET.*<br><br>*Furthermore, the MMSEZ will be linked to the Trans-Limpopo Spatial Development, which is a Zimbabwean initiative that requires national* | The EAP had various information sessions with LEDET and DEFF. A MoA was reached and confirmed that the competent authority for the proposed Musina-Makhado SEZ southern site (designated site) is LEDET. The CER received a confirmation letter from DEFF indicating this, while the EAP has written confirmation from LEDET that they are the competent authority for the project. |

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| | | | | | | *approval, and the water requirements for the MMSEZ will be sourced from either the Limpopo River, which forms an international boundary, or the Zhove Dam located in Zimbabwe. Thus, the EIA application should be submitted and processed on a national level, i.e. with the DEFF.* | |
| | | | | | | *To avoid self-regulation, and in compliance with section 24C of the NEMA, the competent authority should therefore be the national DEFF.* | LEDET as indicated above. |
| | | | | | | *2. Public Consultation Process is Fatally Flawed* | |
| | | | | | | *The EAP conducted the public consultation process in a way that defeats the intention and purpose of the Public Participation Process (PPP) as prescribed by the National Environmental Management Act. Brief points are highlighted here below while further technical details are outlined in Annexure A.* | |
| | | | | | | *2.1. Minimal public input* | |
| | | | | | | *It can be considered a failure by the public participation consultant and the EAP, in terms of Regulation 41(6)(a) of the 2014 EIA Regulations (as amended), that only two stakeholders and one IAP made comments on the DSR submitted for public review on 25 January 2019. Nevertheless, LEDET approved this DSR, one of many flaws in the process as outlined in Section 4 of this letter.* | An initial registration period was allowed for more than 30-days, longer than prescribed by NEMA. Thereafter the draft Scoping report was set out for 30-days public review. However due to the magnitude of comments and responses the EAP accepted correspondence and replies for 4 months after the release of the Scoping Report. All comments received due to the timeframes running out, were included in the scoping report which was send to LEDET for authority review and acceptance. The EAP did follow NEMA as prescribed for public participation. |
| | | | | | | *2.2. Lack of public meetings* | |
| | | | | | | *The EAP is incorrect to state that public meetings and/or roadshows should only be held if there is substantial public interest in such events. A project of this nature and magnitude, coupled with the controversy around the Chinese investors and concerns by citizens of both Makhado and Musina, demands the inclusion of at least one public meeting in both Makhado and Musina.* | Correct, however due to legislated timeframes in terms of NEMA the public meetings will be held now during the EIA phase of the project. Meetings are scheduled from 14 to 16 September 2020 at various localities in the project area. These are advertised in printed media and will be communicated to all registered I&APs. The draft EIA report will be set out for 50-days from 1 September 2020 to 22 October 2020. |
| | | | | | | *2.3. Failure to consult with project developers who have authorisation from LEDET* | |
| | | | | | | *EIS and the LEIP are significant investors in the Musina local economy with three positive environmental authorisations issued by LEDET as well as a Memorandums of Understanding (MOU) with the Musina Local Municipality and LEDA.* | Noted. |
| | | | | | | *The LEIP has also formed part of the Musina Spatial Development Framework and Integrated Development Plan since 2012 and is currently listed as project number 2 on the Public Private Growth Initiative list of top 17 national priority projects.* | Noted |
| | | | | | | *By the EAP's own admission over email (Annexure B), he was aware of the existence of EIS and the LEIP and therefore should have sent EIS and the LEIP a Background Information Document from the very outset of the* | The EAP only knew about Eco-Industrial through the town planning representative as the town planning representative had to take both northern and southern sites into consideration for the township |

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| | | | | | | *environmental authorisation process.*<br><br>*2.4. Failure to consult with affected landowners*<br><br>*Other interested and significantly affected parties such as the landowners in Musina namely, Mr Jako Lee and Mr Hermanus Schoeman were not consulted. Mr Jako Lee owns the truck stop located in Musina – Gateway Holdings – the "proposed Leekor SEZ site". Mr Schoeman jointly owns the LEIP farm properties to the east of the N1, which is located directly adjacent (contiguous) to the "proposed Antonvilla SEZ site". The proposed sites in Musina are shown in Figure 41 of the MSEZ Technical Feasibility Report, namely the "Leekor SEZ Site" and the "Antonvilla SEZ Site" and can be viewed as Figures 1 and 2 below.*<br><br>*3. Confusion about the Proposed SEZ Sites*<br><br>*According to the MSEZ Technical Feasibility Report "there are two potential sites proposed for the SEZ development, one is in the vicinity of the town of Musina, whilst the other is in the vicinity of Makhado". However, the EAP states that the Department of Trade, Industry and Competition (the DTIC) "evaluated the submission and approved two of the areas for further feasibility investigation including Musina and Tubatse". The EAP states that "the Limpopo province subsequently motivated that the proposed Musina SEZ will include two components situated at two different locations", which EIS assumes are the two sites shown in Figure 1 (Leekor and Antonvilla) and Figure 2 (Makhado).*<br>  <br>*Figure 1: . Proposed Leekor and Antonvilla SEZ sites located in Musina (taken from the MSEZ Pre-Feasibility and Technical Feasibility Reports).* | establishments. LEIP did not register for the southern site when the registration was opened and the EIA application is only for the southern SEZ designated site.<br><br>Noted, however the current EIA application is for the southern site (designated site) and during the initial registration or even on release of the scoping report, these entities did not register or ask to be registered on the project database. Furthermore, the Antonvilla site already has environmental authorisation and does not form part of this EIA nor included in the EIA scope.<br><br>This statement was made from the Mott MacDonald report. The Antonvilla site (northern site) is excluded from the EIA for the southern site (designated site). Both sites will once operational be utilised. The Antonvilla SEZ already has environmental authorisation, but not designated, while the southern site has been designated and this EIA is applying for environmental approvals.<br><br>An Economic Rationale Study forms part of the application for the southern SEZ site and provides reasons why the southern site, is preferred over Tubatse. |

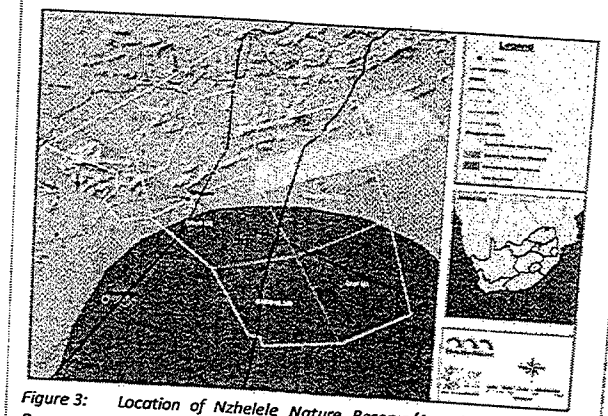
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| | | | | | |  <br>*Figure 2: Proposed Makhado SEZ Site (taken from the MSEZ Pre-Feasibility and Technical Feasibility Reports)*<br><br>*To add to the confusion, the site shown in the FSR for the Makhado site differs from the actual designated site, shown in Government Notice 41827 of 1 December 2017 (Annexure 1 of Annexure A).*<br><br>*According to the project description in the specialist report - Appendix D of the FSR, "the Musina SEZ will include two components: a light industrial and agro-processing component to the north (i.e. on the Farm Antonvilla in Musina, also referred to as the northern site in the FSR [own insertion]) and the Project, which will focus on metallurgical and mineral beneficiation activities, to the south (i.e. the MMSEZ southern site as described in the FSR [own insertion]). These will complement each other in terms of logistics and their product value chains. However, the FSR impact assessment chapter focuses on the southern site only i.e. Makhado.*<br><br>*The EAP refers to the Antonvilla site, located in Musina, numerous times in the text:*<br>• *"these sectors have immediate potential and the establishment of a Logistics and secondary Metallurgical production based SEZ is deemed as feasible at Antonvilla in Musina, whilst there is an immediate potential for primary production in the Metallurgical sector in Makhado".*<br>• *"The metallurgic cluster will be placed at Site 2 and all their secondary services will be located at Site 1" without defining what these secondary services are.*<br>• *"the essence of the Musina-Makhado SEZ is", inter alia, "the creation of a new industrial hub at the Musina-Makhado SEZ, which is part of the Trans-Limpopo Spatial Development Initiative, situated at two locations each with its own unique industrial focus, as described in more detail later on".* | Noted<br><br>Noted<br><br>These refinement and finer details will be undertaken once operational at the Antonvilla site. The heavy industrial processes will be undertaken at the southern designated site. |

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| | | | | | | *However, the proposed northern sites located in Musina do not form part of the impact assessment. The EAP states a "short overview of the site, different types of operations that characterise the energy and metallurgical complex, and proposed infrastructure services for the MMSEZ southern site". Furthermore, the descriptions provided do not cover all the proposed plants, as specified in Table 4.1 of the FSR. Major omissions are related to the logistics sector, the agro-industrial and the petrochemical sectors i.e. the northern sites located in Musina.* | Noted |
| | | | | | | *Based on a Sponsored article published in the Mail & Guardian of 6 - 12 December 2019 (Annexure C), Richard Zitha of LEDA, states the following " The MMSEZ is among the biggest in the country in terms of land mass availability, divided into a North (Musina) and South (Makhado) site each having a defined focus...The 3500 hectare North site's main focus will be on light and medium industries. The following are examples of investment opportunities around a logistics hub, warehousing and distribution, agro-processing, automotive, pharmaceutical and many others. Based on initial studies, upgrading the infrastructure on the northern and southern sites will require approximately R1.2 billion and R2.8 billion respectively. The Environmental Impact Assessment (EIA) for the northern site is approved and its poised to proceed with critical infrastructure construction on or before June 2020."* | Noted |
| | | | | | | *Considering that the farm Antonvilla is located directly adjacent to the LEIP farm properties and EIS was unable to obtain a copy of the Environmental Authorisation that LEDA has purportedly obtained, EIS commissioned a PAIA-application to ascertain whether LEDA had in fact applied for environmental authorisation for the MMSEZ northern site i.e. Antonvilla. Based on the outcome of the PAIA investigation, there is no evidence of any EIA application for the farm Antonvilla (Annexure D) even though the FSR repeatedly refers to agricultural and logistics hubs located on the northern sites i.e. Musina.* | Environmental Authorisation was issued to LEDA by LEDET for the Antonvilla site. Noted. |
| | | | | | | *Even if environmental authorisation is issued, in spite of the highly irregular EIA process undertaken and a biased EAP, the Applicant will be not be able to commence with the construction of basic infrastructure as these listed activities have not been applied for and therefore cannot be authorised.* | Noted and correct. The EIA is only for site clearance and every investor inside the SEZ (southern site) will need to apply for their own EIA for their respective plant with permits and licenses. The statement of the EAP being biased (unfair) is not correct. |
| | | | | | | *Furthermore, and of major significance, the authorisation cannot apply to the farms located in Musina (Leekor and Antonvilla) since the impact assessment was limited to the southern site only i.e. the Makhado site despite the misleading statements contained in the FSR and news articles.* | As indicated the Antonvilla SEZ (it is not designated yet and the northern site near Musina town) does not form part of this EIA application for the southern site (Musina-Makhado SEZ designated site) where heavy industrial processes is to occur. |
| | | | | | | *4. LEDET's Fatal Flaws*<br><br>*4.1. Approval of DRAFT Scoping Report instead of a FINAL Scoping Report* | |
| | | | | | | *LEDET approved the DSR on 31 March 2019 (Annexure E) and authorised the EAP to continue with the EIA Phase prior to approving a FSR. This means* | Unfortunately this is incorrect. The final Scoping Report was accepted by LEDET on 30 May 2019 and the EAP commenced with the EIA phase |

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| | | | | | | *that impacts identified during the public consultation process will not be incorporated into the Plan of Study for EIA defeating the intention and purpose of meaningful public participation in terms of the NEMA.* | of the EIA process. |
| | | | | | | *Best practice dictates that IAPs are given the opportunity to review the FSR to ensure that their comments on the DSR have been incorporated in the FSR to inform the Plan of Study for EIA. Comments must be submitted directly to the LEDET, after which the LEDET should have approved the FSR, not the DSR.* | The I&APs did get a chance to review the scoping report and they had almost 3 months. |
| | | | | | | *4.2. Irregular process* | |
| | | | | | | *The scoping phase of the application commenced in September 2018 with at least three versions of the scoping reports drafted since then. It is unclear which report was made available for public review and how the various drafts differ. This has made the EIA process very confusing for IAPs.* | The report which was released in January 2019 was the report which was set out for public review. |
| | | | | | | *The first FSR was submitted for "Authority Review" in May 2019, after the DSR was already approved by LEDET on 31 March 2019! Nevertheless, a second FSR was issued by the EAP on 5 June 2019, while Mr Teurlings reviewed a third FSR issued in August 2019. The findings of which are outlined in Annexure A.* | This is not correct. The EAP released the draft Scoping report dated January 2019 and LEDET granted approval on 30 May 2019. The confusion here is that the template utilised to prepare the report automatically updates monthly and with every request for certain details or sections, this is the reason for the different dates. There was never a report to LEDET on 31 March 2019. |
| | | | | | | *According to the EAP and Table 8.1 in the FSR the "public review of the DSR was undertaken in January 2019 as part of the proposed SEZ". However, the first draft of the DSR was issued for comment on 6 September 2018 (it is not clear to whom as IAPs were not notified thereof) as shown on page ii of the FSR and a second draft was issued on 25 January 2019, which was submitted to the IAPs for a 30 day review.* | The initial public registration was in September 2018. The release of the draft scoping report was in January 2019. |
| | | | | | | *Not all the IAPs were provided with an opportunity to comment on all the three FSRs to determine what had changed and why. The public participation process followed therefore lacks in transparency and clarity.* | The PP process is clear. |
| | | | | | | *4.3. LEDET did not apply its mind* | |
| | | | | | | *LEDET did not apply its mind based on the following:*<br>• *It should have informed LEDA that the competent authority is in fact DEFF, from the very outset, in terms of Section 24C of NEMA* | LEDET is the competent authority and this had been resolved by DEFF. |
| | | | | | | • *It should have considered the DEFF Integrated Environmental Management Guideline on Need and Desirability (2017) prior to approving the DSR* | The EIA report utilises this guideline on need and desirability. |
| | | | | | | • *It should have approved a Final Scoping Report and not a Draft Scoping Report to ensure that IAPs comments and concerns were incorporated into the Plan of Study for EIA* | Noted. |
| | | | | | | • *Lastly, it should have ensured that the EAP and the specialists used the correct terminology and standard impact assessment rating tools in the impact assessment methods.* | Noted |

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| | | | | | | *5. EAP did not Apply his Mind and has Shown Bias towards the Applicant*<br><br>*5.1. Contravention of Regulations*<br><br>*The EAP has contravened Regulations 13(1)(a), (d), (e) and (f), the latter is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended). The EAP lists standard impacts which can be applied to any site and EIA process. The EAP states that the impacts listed are unavoidable, which is not the purpose of a Scoping and EIA process and is not aligned with Section 2 of the NEMA. Please refer to Annexure A for further details.*<br><br>*5.2. Exclusion of available information*<br><br>*The EAP claims that "the approach adopted when compiling this FSR was based on the information and data available and accessible at the time of compiling the report", but the following available information was not included in the FSR:*<br><br>• *Musina Special Economic Zone (MSEZ) Application for Designation Pre- Feasibility Report (2015), compiled by Mott McDonald*<br>• *MSEZ Application for Designation Technical Feasibility Report (2016), compiled by Mott McDonald*<br>• *MSEZ Application for Designation Business Plan (2015), compiled by Mott McDonald*<br>• *Draft Limpopo Water Management Area North Reconciliation Strategy. Report compiled by AECOM for the Department of Water and Sanitation (DWS) in September 2016*<br>• *Final EIA Reports for the eco-industrial park, the bulk water storage facilities and the Musina Eco-housing Estate by AGES Environmental on behalf of EIS (2015)*<br>• *Notice in terms of Section 23(7) of the Special Economic Zones Act (Act 16 of 2104): Objection to Intention to Designate the South African Energy and Metallurgical Special Economic Zone in Musina/Makhado in the Province of Limpopo by EIS (2016)*<br>• *Final Scoping and/or EIA Report for the Mutsho Power Project by Savannah Environmental (June 2018).*<br><br>*5.3. Exclusion of Interested and Affected Parties*<br><br>*The EAP did not include the LEIP and other obviously affected landowners. The LEIP was considered in the MSEZ Pre-Feasibility Report and Feasibility Reports) and the Draft Limpopo Water Management Area North Reconciliation Strategy and thus the EAP should have sent a Background Information Document to EIS and LEIP. In fact, the EAP admits that he was aware of EIS and LEIP (Annexure B). This begs the question, why didn't the EAP consult with EIS and LEIP?*<br><br>*The exclusion of the LEIP and affected landowners means that the EAP has not identified any of the impacts that the proposed MMSEZ will impose on* | These impacts listed here were anticipated impacts which were prepared for the Musina-Makhado SEZ screening by the ex EAP and utilised by myself in preparing a list of potential impacts anticipated with such a large industrial complex. The EAP did not contravene the environmental law. The EAP has undertaken oaths for writing the EIA reports, under EAPASA and SACNASP.<br><br>As indicated already, these information pieces were utilised in preparation of the draft Scoping Report.<br><br>Now with the release of the draft EIA report, detailed specialist studies were prepared for the southern site and the cumulative impacts associated with the heavy industrial complex anticipated forms part of the EIA Report.<br><br>As indicated, the scope of the EIA was to obtain EA for the southern site (designated site) and not for Antonvilla (northern site) as the northern site already has EA. No official registrations were received from LEIP with the initial or draft Scoping Report releases. |

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| | | | | | | *the LEIP and vice versa. Of major significance, these impacts were therefore not incorporated into the FSR and the Plan of Study for EIA.*<br><br>*5.4. The EAP's impact assessment rating tools do not comply with the Regulations*<br><br>*The EAP does not use the acceptable terms specified in Appendix 2 Section 2(1)(g)(v) and Appendix 3 Section 3(1)(j)(i) to (vii) of the 2014 EIA Regulations (as amended), namely nature, significance, extent, duration, and probability of impacts. Instead the EAP uses terms such as sensitivity in Table 11.3, and severity and spatial scope in Table 11.4 of the FSR.*<br><br>*Furthermore, the EAP should have stated that the specialists have not used the same impact assessment methodology as proposed by the EAP in the Plan of Study for EIA in Chapter 11. Since the specialists use different methodologies than the EAP, the risk exists that impacts are differently assessed which shows bias towards specific impacts, thereby making a mockery of the actual impact assessment process.*<br><br>*The EAP should thus align his methods with the requirements of the 2014 EIA Regulations (as amended) and ensure that the specialists use standard impact assessment rating tools.*<br><br>*5.5. Lack of assessment of cumulative impacts*<br><br>*The EAP did not ensure that the specialists use the same impact assessment rating tools thereby making it impossible to determine cumulative impacts. It is up to the EAP to determine the cumulative impacts and request the specialists to assess these from their individual specialist perspective. Thereafter, the EAP needs to assess the cumulativeness of the impacts taking the combined specialists' views into account. That is why it is imperative to ensure that all the specialists use the same impact assessment rating tool, which was not the case in the EIA for the MMSEZ.*<br><br>*5.6. Lack of consideration of the no-go alternative*<br><br>*The no-go alternative is the basis against which the acceptability of the environmental issues as well as technical and socio-economical alternatives have been identified and assessed. However, the EAP did not assess the alternatives and did not consider the no- go from an impact on the receiving social and natural environmental perspective, which implies that the EAP is biased towards the Applicant.*<br><br>*The EAP should assess the viability of the project in relation to internationally respected protocols such as the Sustainable Development Goals, the Paris Agreement as well as the Equator Principles.*<br><br>*5.7. Failure to Incorporate Key Stakeholder's Concerns*<br><br>*The heritage and cultural attributes in Section 5.3.4 of the FSR described do* | Please refer to the Impact Assessment Methodology utilised in the compilation of the EIA report contained in Chapter 4.<br><br>Noted<br><br>Noted, the specialists all who prepared specialist reports for inclusion in the draft EIA report were provided with the standard EIA impact rating methodology.<br><br>Noted, the specialists all who prepared specialist reports for inclusion in the draft EIA report were provided with the standard EIA impact rating methodology. Cumulative impacts were mentioned in the scoping report, while these were assessed by each specialist and the EAP in the EIA Report.<br><br>The no-go alternative was assessed in detail in the EIA report. The scoping report highlighted risks anticipated at that stage on the information available.<br><br>Noted, these were taken into account, especially for the climate change and air quality assessments and included with the EIA report. |

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| | | | | | | *not correspond with the Heritage Impact Assessment included in the FSR in Appendix D. Of major significance, it does not include the comments that the South African Heritage Resources Authority (SAHRA) made in its letter of comment in Appendix E, namely that the "region has significant provincial heritage sites like the Machemma Ruins, Verdun Ruins, Dzata Ruins and the Nzhelele ruins". Failure to incorporate key stakeholder concerns into the FSR defeats the purpose and intention of meaningful public participation as outlined in the NEMA.* | The comments from SAHRA or LHIRA will be included with the EIA report. The comments if any which was available with the scoping report is based on desktop work and not physically being to the site. |
| | | | | | | *6. The Biodiversity Specialist has not applied his mind and has shown bias towards the Applicant*<br><br>*The Biodiversity Specialist has contravened Regulation 13(1)(d) and (f), the latter which is a criminal offence in terms of Regulation 48(1) of the 2014 EIA Regulations (as amended). The Biodiversity Specialist has erred significantly when stating that the "the project area does not traverse a nature reserve". The MSEZ Technical Feasibility Study (Figure 87 on page 344) shows clearly that the proposed MMSEZ crosses the Nzhelele Nature Reserve, the Limpopo Province's very own protected area, and at the time of the compilation of the MSEZ Technical Feasibility Report, the Avarel Private Nature Reserve was also directly affected. The Nzhelele Nature Reserve is 2,122.07 ha in extent (reference www.ncc- group.co.za) and coincides with approximately half of the proposed Makhado site at the time of the Technical Feasibility Report in 2015 (Figure 3). Further details are provided in Annexure A.*<br><br>  <br>*Figure 3: Location of Nzhelele Nature Reserve/Avarel Private Nature Reserve in relation to the proposed Makhado site. Source: http://bgisviewer.sanbi.org; www.protectedplanet.net*<br><br>*7. Discrepancy between Listed Activity applied for and the Proposed Listed Activities* | Noted<br><br>Noted, however the study the biodiversity specialist presented was a scoping desktop study and not based on fact and ground work. They have undertaken an in-depth detailed specialist study based in terms of NEMA and EIA Regulations, 2014 (As amended) and these are included with the EIA report. |

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| | | | | | | *The EAP acknowledges in Section 6.1 that Phase 1 of the proposed MMSEZ development "primarily involves the external bulk services provision, as well as the on-site land development infrastructure development". However, the Scoping and EIA Process includes one listed activity only, i.e. Listed Activity 15 of Listing Notice 2 i.e. the clearance of an area of 20 hectares or more of indigenous vegetation, excluding where such clearance of vegetation is required for the undertaking of a linear activity (such as roads, railway lines, power lines) to be able to establish a township for the ultimate development of the MMSEZ.* | Noted. This EIA and EIA report acknowledges possible listed activities with such a heavy industrial park for the southern site, which this application is for in obtaining environmental authorisation. The cumulative impacts are thus assessed, however this application is only for site clearance and each investor in the southern SEZ will be required to obtain EA and permits and licenses for their respective plants. |
| | | | | | | *The BID is an unlawful document as it includes listed activities that are not applied for, which makes the Scoping and EIA Process unlawful in terms of the 2014 EIA Regulations (as amended).* | The BID is not unlawful and was for information purposes at the stage of registration by I&APs of what is proposed in concept to be located at the site if Environmental Authorisation is granted by LEDET. |
| | | | | | | *The EAP mentions in Section 6.1 (Requirements of the EIA Process) that "Chapter 5 of this Scoping Report contains the detailed list of activities contained in R327, R325 and R324 which may be triggered for developments such as the Musina-Makhado SEZ southern site with thresholds and thus form part of this Scoping and EIA Process" [own emphasis]. This means that not only Listed Activity 15 of Listing Notice 2 should apply, but also all listed activities that are applicable to the establishment of a township for the installation of basic infrastructure and services.* | Noted |
| | | | | | | *The proposed list of activities relevant to the establishment of the township is not included in Chapter 5 as stated by the EAP but has been included in Section 6.8 of Chapter 6, and more specifically in Table 6.5. The statement by the EAP that "these activities form part of this Scoping and EIA Process" implies that the application form should be changed to include all listed activities relevant to the establishment of a township. Importantly, the listed activities must exclude specific industrial plants that must be subject to separate EIAs for plant-specific activities, each to be undertaken by an independent EAP to avoid a conflict of interest.* | Please refer to the town planning impact assessment for the southern site which forms part of the EIA Report. |
| | | | | | | *This means that even if environmental authorisation is issued, in spite of the contraventions and highly irregular EIA process followed, the Applicant will not be able to commence with the construction of basic infrastructure as these listed activities have not been applied for and therefore cannot be authorised. The authorisation will be limited to the clearing of vegetation on the southern site only i.e. Makhado.* | Noted, and correct. The applicant LEDA only seeks site clearance. The operator of the SEZ will have to obtain environmental authorisations for the investor plants inside the SEZ; each entity will require their own licensing, permits and authorisations. |
| | | | | | | *If the EIA process continues, despite the above-mentioned contraventions and irregularities, the comments on the FSR encapsulated in Annexure A must be incorporated and addressed in the Draft EIA Report. The EAP should ensure that both the Draft EIA Report and the Final EIA Report are subject to a public review, with changes in the Final EIA Report highlighted in a colour to show IAPs where their comments have been incorporated, if any, as required by Regulation 23(1)(a) of the 2014 EIA Regulations (as amended). If the comments were not incorporated, the EAP can explain the reasons for this decision in the Comment and Responses Report. The EAP* | Noted and the draft EIA report will be set out for a public review of 50-days. |

| NO. | NAME | AFFILIATION | FORM | DATE | CATEGORY | COMMENT | RESPONSE |
|---|---|---|---|---|---|---|---|
| | | | | | | *can simultaneously submit the Final EIA Report to both the DEFF and registered IAPs. DEFF, the competent authority should approve the Final EIA Report, not the Draft EIA Report.*<br><br>*In conclusion, the EIA process for the MMSEZ, currently in progress, is fundamentally and fatally flawed as both the EAP and LEDET have not complied with the requirements of the National Environmental Management Act. Thus, the Applicant should be instructed to start the entire application process again.* | Noted, please refer to the draft EIA Report. The EIA Report seeks to clarify items and issues which were unclear at the stage of the scoping report and remediate confusion. |

IN THE HIGH COURT OF SOUTH AFRICA

(LIMPOPO DIVISION, POLOKWANE)

Case No:

In the matter between:

| | |
|---|---|
| THE HERD NATURE RESERVE, NPC | |
| LIVING LIMPOPO, NPC | First Applicant |
| CENTRE FOR APPLIED LEGAL STUDIES | Second Applicant |
| And | Third Applicant |
| THE LIMPOPO ECONOMIC DEVELOPMENT AGENCY | First Respondent |
| MEC OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO | Second Respondent |
| CHIEF DIRECTOR: ENVIRONMENTAL TRADE AND PROTECTION, DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM, LIMPOPO | Third Respondent |
| MINISTER OF FORESTRY, FISHERIES AND THE ENVIRONMENT | Fourth Respondent |
| MUSINA-MAKHADO SPECIAL ECONOMIC ZONE STATE OWNED COMPANY | Fifth Respondent |

# EXPERT AFFIDAVIT

I, the undersigned,

**Albert Victor Munnik**

state under oath that:

1. I am a political ecologist with a PhD in geography and environmental studies from the University of the Witwatersrand, an independent researcher associated with the Society Work and Politics (SWOP) Institute at the University of the Witwatersrand.

2. My PhD was awarded by the University of the Witwatersrand's School of Geography and Environmental Science; my dissertation was titled "Discursive power and Environmental Justice in the new South Africa: The Steel Valley struggle against pollution (1994 – 2006)".

3. I have wide ranging research and project lead experience, including but not limited to, conducting research for the Water, Nature and Society, SWOP Institute; as a Senior policy specialist, to the Mvula Trust as well as being a Policy analyst for the South African Civil Society Secretariat for the World Summit on Sustainable Development. A copy of my curriculum vitae is annexed hereto and marked as **"AVM 1"**.

4. In addition to the above, I have written several research reports for the Water Research Commission (WRC) of South Africa, where I also serve regularly as

a reviewer of proposals and projects. I am the author of the reports "Water risks of coal-driven mega projects in Limpopo, the EMSEZ and MCWAP", May 2020 and "Water for the EMSEZ megaproject at all costs: A report into the absence of water governance in the Limpopo River Catchment" August 2021.

5. I understand the background of the Environmental Authorisation (EA) relating to Musina-Makhado Special Economic Zone (MMSEZ) and have read the Environmental Impact Assessment Report (EIAR) of 13 September 2021 which describes the said authorisation. I am familiar with the processes, in as far as it relates to my expertise, that were and ought to have been followed as it regards the EA.

6. Consequently, I authored the report titled "Expert statement on the water requirements of the proposed MMSEZ and the likely impact of such requirements on other water users in the relevant catchment" the contents of which may be used in the review of the decision to grant the EA of MMSEZ. A copy of the report is attached hereto as **"AVM 2"**.

**DEPONENT**

The Deponent has acknowledged that the deponent knows and understands the contents of this affidavit, which was signed and sworn to before me at Pretoria on this the 12 day of December 2022.

the regulations contained in Government Notice No.R1258 of 21 July 1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.

SUBSCRIBED.

COMMISSIONER OF OATHS

SOUTH AFRICAN POLICE SERVICE
COMMUNITY SERVICE CENTRE/C SHIFT
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AVM 1

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**Academic affiliations**

Research Associate, Society, Work and Politics (SWOP) Institute, Wits University;

Research associate, groundWork

Senior Research Associate, Institute for Water Research, Rhodes University;

## Tertiary qualifications

**2012, Ph D:** Discursive power and Environmental Justice in the new South Africa: The Steel Valley struggle against pollution (1994 – 2006). University of the Witwatersrand, School of Geography and Environmental Science.

**1998: Management Advancement Programme** (Wits Business School) (MAP 36) – Organisational behaviour, operations management, industrial relations, economics, financial accounting, marketing.

**1996: BA Honours (Geography)** (Wits) (cum laude) – rural development, environmental management, industrial geography, local economic development. Stanley Jackson medal.

**1994: Development Administration III and Geography III** (hydrology and soil science) (Unisa)

**1986: BA (Hons) (Comparative Literature)** (Wits)

**1980: BA Hons (Journalism)** (Stellenbosch)

**1978: BA (languages)** (Pretoria)

## Selected Publications

Hallowes, D and Munnik, V., 2020. *Down to Zero. The politics of just transition.* GroundWork Report 2020, groundWork, Pietermaritzburg

Munnik, V. 2020. *The risks of fossil fuel development and competition for water in a water scarce area: the MCWAP & EMSEZ in Limpopo*. Friedrich Ebert Foundation. https://www.fes-southafrica.org/event/water-risks-of-fossil-fuel-mega-projects-in-limpopo-the-mcwap-and-the-emsez/

Munnik, V. 2019. *The Reluctant Roll-out of Catchment Management Agencies: Assessing the key risks and consequences of delays on finalising institutional arrangement s for decentralised water resource management.* WRC Report No. K5/2943.

Palmer, C.G. and Munnik, V. 2017. In collaboration with Du Toit D, Rogers KH, Pollard S, Hamer N, Weaver M, Retief H, and Sahula A. In Press. *The Practice of Adaptive Integrated Water Resources Management.* Based on Water Resources Management in South Africa: Towards Practising a New Paradigm. WRC Report. Project K5/2248.

Munnik, V. and Palmer, C.G. 2017. *Developing a multi-sectoral integrative licensing and monitoring framework to align and integrate biodiversity and environmental water quality in the coal mining development life-cycle.* WRC Report. Project K5/2355.

Munnik, V., 2017. *Making space for cognitive justice: creating a level playing field for catchment forums in South Africa.* Action Learning Action Research Association (ALARA) 2015 Conference Papers.

Munnik V., Burt, J., Price, L., Barnes, G., Ashe, B. and Motloung, S. 2016. *Principled, pragmatic revitalisation of Catchment Management Forums in South Africa.* Based on the research project: Catchment Management Forums. The evolving priority in effecting subsidiarity principles in water management. K5/2411. Water Research Commission.

Munnik V, and Barnes, G. 2016. *Engaging a complex problem through a community of practice approach: improvement of dysfunctional waste water treatment works through a multistakeholder Green Drop Support Campaign.* K5/ 1098. Water Research Commission.

Munnik, V and Burt, J. 2014: *Towards Developing a Social Science Research Agenda for the South African Water Sector.* K8/1024/1

Loate, L., Molose, V., Motloung, S., Munnik, V., Wilson I and K. Zuma. 2012: *Bridging The Policy Divide: Women in rural villages and the Water for Growth and Development Framework.* WRC Report 1988/1/12.

Munnik, V., Molose, V., Moore, B., Tempelhoff, J., Gouws, I., Motloung, S., Sibiya, Z., Van Zyl, A., Malapela, P., Buang, B., Mbambo, B., Khoadi, J., Mhlambi, L., Morotolo, M., Mazibuko, R., Mlambo, M., Moeketsi, M., Qamakwane, N., Kumalo N. and A Tsotetsi. 2011. *The Potential of Civil Society Organisations in monitoring and improving water quality.* Water Research Commission, Pretoria, WRC project no. K8/968/1

Munnik, V, Zuma K. and I Wilson, 2011: *People-centred Operations and Maintenance in remote rural villages..* Water Research Commission, Pretoria. WRC Project No: K5/1815/3

Munnik, V, 2010: *Civil Society Working with the Regulator: The Green Drop Campaign in the Rietspruit Catchment Forum.* Mvula Trust unpublished case study.

Munnik, V., with Timm, J. and Zuma K. 2009: *Social aspects of people-centred, sustainable technology transfer: transfer of the IAPS model in the Eastern Cape.* Water Research Commission. WRC Project No: K8/846/3.

Munnik, V., and Phalane, M., 2004: *"Rural Water Committees, the civil society water caucus, parliament and the WSSD"* Centre for Civil Society at the University of Kwazulu-Natal.

Munnik, V., and Wilson, J., 2003. *"The World Comes to One Country, an Insider History of the WSSD"*, Heinrich Boell Foundation, Johannesburg.

## Assignments[1]

**2021 and 2020: Strategice advisor to Life After Coal campaign.**

**2019 & 2020 SWOP, Wits University**. Project Co-ordinator, working with community researchers, SWOP researchers and NGOs under lockdown conditions. **"Coal Affected Communities' Voices". Researcher,** Ford Foundation project on resistance to coal mining and the just transition.& FES supported **"Analysis of relations amongst coal workers and local communities (PS/PT 2633).**

[1] Excluding projects that are listed as publications or reports.

**2020: Project evaluation.** Taking Adaptation to the Ground. With Jessica Wilson and Jane Burt, Final Evaluation of the Small Grants Facility Project: SANBI.

**2018, 2019, 2020. Benchmarks Foundation.** Evaluation and certification of activist course.

**2017. EMG/AWARD.** Midcourse review, Changing Practice, Olifants catchment.

**2014 – 2019, groundWork.** Convener and facilitator, **Push Back Coal** (meeting, twice a year, of civil society, labour, faith based groups and academics with the aim of sharing information about organisational strategies and/or activities on pushing back coal and pushing for renewable energy.)

**Oct 2013 to February 2015: Institute for Water Research, Rhodes University** Mbombela, Mpumalanga THRIP project leader: Developing an Integrated Water Quality Management Process for the Crocodile (East) River Catchment, including initiation of Crocodile Catchment Green Drop Support Campaign.

**February – March 2013: European Climate Foundation:** Support Climate Change Response Country Situation Assessment Mission to South Africa.

**July to December 2008: Mvula Trust:** *Creating Wealth In Rural and Peri-Urban Communities Through Small Wastewater Treatment Plants* (Algal ponds as a sewage works alternative)/WRC technology transfer research WRC contract no. 1815).

**May to November 2008: SECCP (Earthlife Africa)** (project manager): Response to the SA Long Term Mitigation Scenarios (Climate Change), supported by Oxfam

**November 2007 to April 2008: Oxfam (Great Britain):** Research report: Climate change mapping in Southern Africa

**January to March 2007: Chris Albertyn and Associates.** Member of team undertaking Danida country programme review

**September 2006 to February 2007: Group for Environmental Monitoring.** Vaal Environmental Justice Alliance, research and political support, part of Danida's Urban Environmental Programme

**February 2006 to October 2006: Heinrich Boell Foundation,** Project Manager (part time), Biopolitics Spring School

**December 2005: International Secretariat of the Multistakeholder Review on Private Sector Participation in Water and Sanitation,** multistakeholder workshop. Presentations and resource person on multistakeholder documentation.

**May to August 2005: CARE (Lesotho):** Develop advocacy strategies through workshops

with project staff.

**January 2004 to October 2005: Group for Environmental Monitoring/Danida:** Consultant on "Learning with Mogale City" – Integrated Waste Management Planning: Lessons learnt in working with local government.

**July 2003 to 2004: Earthlife Johannesburg.** Part time advisor and support, to "Nuclear Energy Costs the Earth Campaign".

## Employment

**2003 to 2008; 2012 to present:** Independent Research for Water, Energy and Climate Justice (own business).

**2014; 2019 – 2020** Senior Researcher, Nature and Society, SWOP Institute, WITS (part time)

**January 2009 to September 2012:** Senior policy specialist, The Mvula Trust.

**August 2001 to November 2002:** Policy analyst, South African Civil Society Secretariat for the World Summit on Sustainable Development (WSSD).

**1997 to August 2001: Communications Manager, EDA Trust.**

**1995 to 1997: Communications Officer**, EDA Trust.

**1993 to 1995: New Ground magazine, assistant editor** and training officer at New Ground magazine.

**1990 - 1991: Junior Lecturer** (Afrikaans Literature) University of Durban Westville.

**1989: Vrye Weekblad** founder member. Feature writer, books editor and sub arts pages.

AVM 2

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# Expert statement on the water requirements of the proposed MMSEZ and the likely impact of such requirements on other water users in the relevant catchment

By Dr Victor Munnik, PhD

## Contents

Expert statement on the water requirements of the proposed MMSEZ and the likely impact of such requirements on other water users in the relevant catchment

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## 1. Declaration

I am a political ecologist with a PhD in geography and environmental studies from the University of the Witwatersrand, an independent researcher associated with the Society Work and Politics (SWOP) Institute at the University of the Witwatersrand. I have also written a number of research reports for the Water Research Commission (WRC) of South Africa, where I also serve regularly as a reviewer of proposals and projects. I am the author of the reports "Water risks of coal driven mega projects in Limpopo, the EMSEZ and MCWAP", May 2020 and "Water for the EMSEZ megaproject at all costs: A report into the absence of water governance in the Limpopo River Catchment" August 2021.

## 2. Overview

This is a summary of my opinion on the water requirements of the proposed MMSEZ (Southern site) and the likely impact of such requirements on other water users in the relevant catchment.

1. There is no extra water available in the Limpopo (North) catchment, it is a closed catchment that imports water from other catchments already. The Sand River catchment is also water stressed.
2. The MMSEZ (Southern site) has a huge water demand. Earlier figures pointed to 123 million m3/year, subsequently revised to 80 million $m^3$ per year when in operation, and 30 million $m^3$ during the construction phase[1]. Only 35 $Mm^3$ of this has been planned for in the Department of Water and Sanitation most recent (2016) reconciliation strategy, leaving a gap of 45 $Mm^3$ in an overall water budget of 771 $Mm^3$ by 2025.
3. The proposals to close this gap cover a broad span, and have varied over time. They include the construction of a dam (or two dams) in the Sand River, the use of various small sources such as recycled sewage water, "borrowing" water from a mining operation etc, as well as importing water from Zimbabwe and Zambia. None of these plans are convincing, and the Integrated Water Services Report, part of the EIA, express serious doubts about their feasibility.
4. As a result, the risks to other water users are huge in a closed catchment, in the likely event that the water plans for the EMSEZ are not adequate, and the EMSEZ turns to existing water sources. While this would put big users like irrigation and cities and towns at risk, the largest impact will be on "invisible water users", the majority of catchment residents living in female headed households and mostly practicing subsistence agriculture. The water use of these residents is too low, per capita, to show in water planning documents, but any pressure on water resources will impact on them first and have drastic results.
5. The EMSEZ water use poses additional challenges, chief among them threats of water quality impacts from a series of steel factories and a coal fired power station for which the DWS in the province is poorly prepared.
6. The area also suffers from serious governance deficits: there is no catchment management (there is a proto-Catchment Management Agency or CMA) which denies water users the opportunity to participate in rational discussions in a closed or over-allocated catchment. The international Limpopo River Commission (LIMCOM) has low enforcement capacity.

[1] As calculated in the EIA, water report appendix U by Matukane and Pretorius, 2020..

This opinion is based on research into coal mining and coal fired power stations and their water impacts, since 2006, on pollution impacts from the Vanderbijlpark steel factories, various inquiries into water quality and catchment processes, specific studies in 2020 and 2021, as well as study of various documents that can be found in the reference section. More detail is available in Munnik 2020 and Munnik 2021, see references.

## 3. There is no extra water available in the Limpopo catchments

Both the international Limpopo river catchment and the Limpopo North Water Management Area in South Africa, are closed catchments. All the existing water resources are allocated, and in some cases over-allocated. This is also true for the Sand River sub-catchment, in which the Northern and Southern sites of the MMSEZ are located. It is extremely difficult for new water users to find water allocations. There are really only two solutions: (1) existing water allocations are reallocated, and strategies for water efficiency are used via a well-developed catchment management system, or (2) new water resources are developed, either as large reservoirs or in the form of inter basin transfers.

### 3.1 International Limpopo river is over-exploited

Around 18 million people were living in the international Limpopo basin by 2011[2] (see figure 1). It covers an area of approximately 408 000 km² and is shared by South Africa, Botswana, Zimbabwe and Mozambique (Midgley et al 2013). Its annual rainfall varies from 200 to 1 500 mm per year, but most of the catchment receives less than 500 mm/year, which generally arrives in a short rainy season (fewer than 50 rainy days) between October and April. Irrigation dominates water use in the catchment, accounting for around 50%. Urban use is 30%, and mining, power generation and rural water use each claim around 6%[3] (Midgley et al 2013).

All water resources in the International Limpopo catchment "have been allocated to activities already in operation. In reality, South Africa's water usage alone exceeds the basin's yield by 800 mm per year" (Midgley et al 2013: 17). This shortfall is made up by water transfers from the Vaal River system, in effect water from the Lesotho Highlands schemes.

South Africa has 45% of the surface area of the Limpopo basin (or catchment), but already uses 60% of the total water available. Analysts foresee growing competition and tension between the four Limpopo riparian states and urge strengthening of the LIMCOM structure and capacity (Gomo and Vermeulen 2017, Lautze et al, 2019). While there is an international organisation responsible for basin management, the Limpopo River Commission (LIMCOM, see website[4]) it is generally regarded as having very low enforcement ability. It is dependent on member states, of which South Africa is by far the most influential.

### 3.2 Limpopo North WMA's water resources are fully allocated

The Limpopo North WMA (LNWMA) is only one part of the South African section of the international Limpopo Basin. It includes the towns of Polokwane, Lephalale, Musina, Louis Trichardt. Mokopane, Mookgophong and Modimolle. With the exception of Lephalale, all are along the N1 highway. Around

[2] These are the figures used in the DWS 2016 reconciliation strategy.
[3] Mining water use is not only an issue of volume, but also of pollution impact. In the Upper Olifants, for example, coal mines use 7% of water but are responsible for 70% of pollution.
[4] http://www.limpopo.riverawarenesskit.org/LIMPOPORAK_COM/EN/GOVERNANCE/WATER_GOVERNANCE_IN_THE_LIMPOPO/LIMCOM.HTM

760 rural communities are scattered throughout the area, with concentrations in the former Lebowa and Venda homeland areas. The total population in the catchment was estimated at just under 2 million people, 51% of them living in the Sand River catchment in Polokwane, Makhado and Musina, with 40% of the rural settlements also in the Sand river catchment (DWS 2016). The overall population growth rate has been less than 1%, due to outmigration to seek economic opportunities elsewhere.

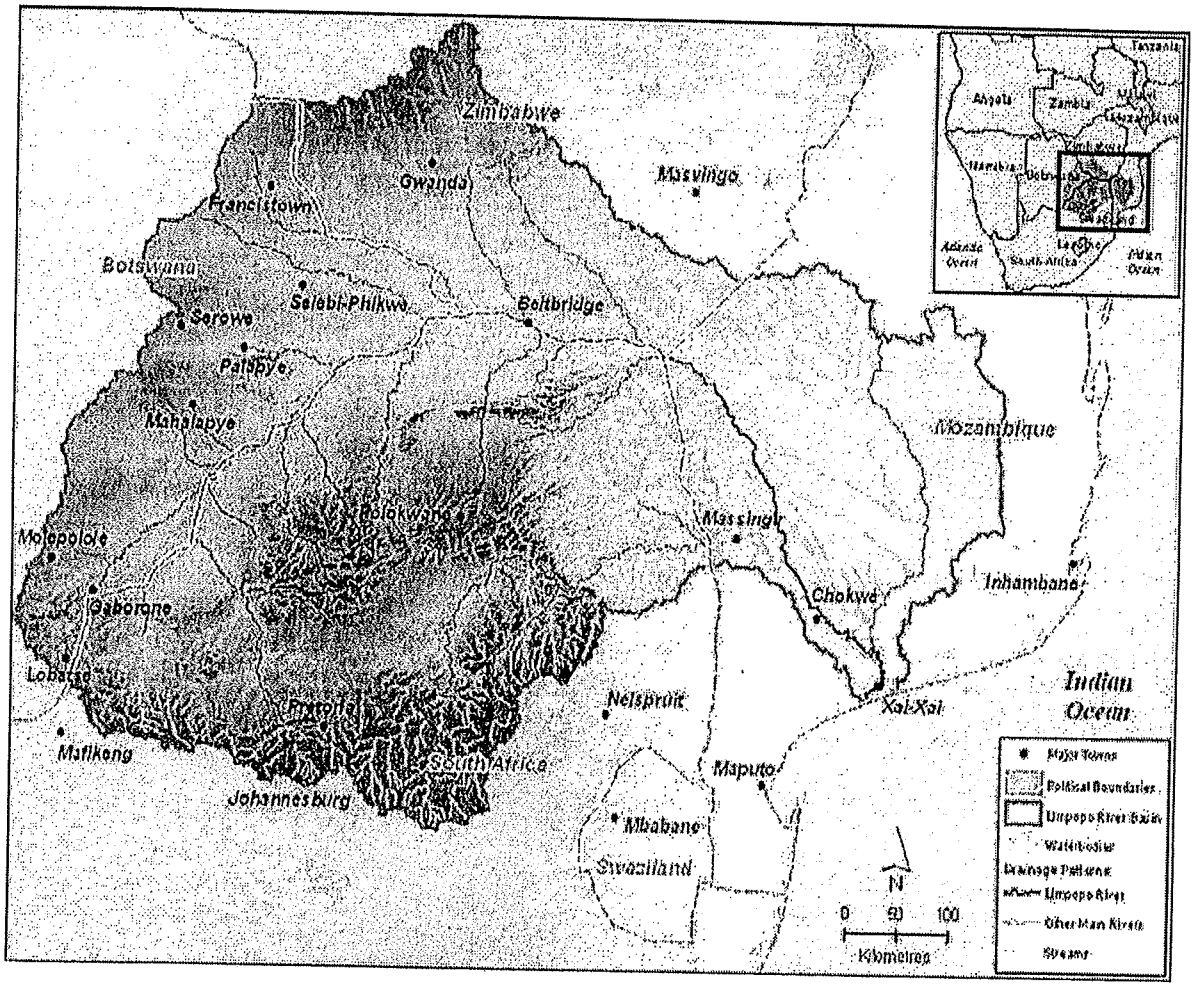



**Figure 1. International Limpopo river catchment, shared by Botswana, South Africa, Zimbabwe and Mozambique.**

The LNWMA's climate ranges from temperate and semi-arid in the south to extremely arid in the north. Annual rainfall ranges between 300 mm to 700 mm per year, but potential evaporation is far higher. A large part of runoff after rain is soaked up by the sandy soils in much of the area. The DWS 2016 reconciliation states clearly that "water resources, especially surface water resources, are heavily stressed due to the present levels of development." It also noted that water quality was deteriorating throughout most of the catchment. The strategy notes that "Groundwater contributes approximately 40% towards the water supply from local resources and is the only dependable water source for the majority of rural domestic users in the study area. Since surface water resources are fully developed, groundwater might be the only possible local water source to augment supply in some areas. However, it should be noted that groundwater resources in the Mogalakwena and Sand catchments have been extensively utilised, and possibly over-exploited by the dominating irrigation sector." (DWS 2016: 4.8).

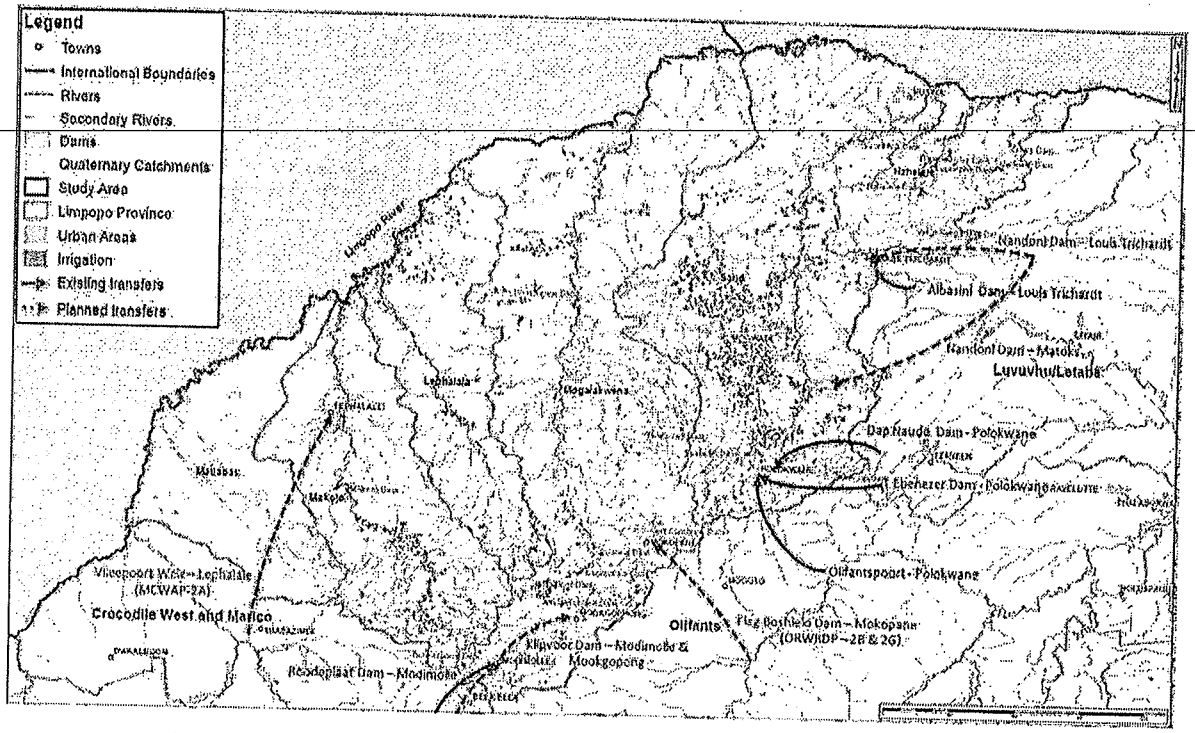



**Figure 2. Limpopo North Water Management Area, showing existing and planned interbasin transfers to augment water supply**

Irrigation (commercial irrigation, in the green block in figure 3) is by far the biggest current water user, taking 464.8 $Mm^3$, over an area of 666 $km^2$, with 72% of the total water use in the LNWMA. Most of the water is sourced from groundwater (57%), with surface water at 43%. Farmers in the Sand River catchment account for almost half at 221.7 $Mm^3$, sourced from groundwater (126.8 $Mm^3$), the main stem (i.e. international) Limpopo river (43.7 $Mm^3$), aquifers along the Limpopo river (41.3 $Mm^3$), and from rivers and dams (9.9 $Mm^3$). It seems (according to DWS 2016) that around 5% of white commercial irrigation use is "unlawful". The main products are maize, potatoes, and wheat, while there is also citrus, tobacco and tomatoes. The planning assumption for irrigation users is that this amount will be kept constant. But this assumption is problematic in that it stymies any change at transformation of agriculture.

There is no doubt that agriculture in the province is a dual system, and that transformation of the irrigation sector has been extremely slow. Approximately 5000 white commercial farmers use 70% of the land, 72% of the water, and provide 17.5% of the working population in the province with jobs. A study undertaken in 2002/3 on Limpopo agriculture (Oni et al nd) quotes a figure of 273 000 smallholder farmers (on pieces of land averaging 1.5 ha) in the former homelands, of which 80% were women. This sector provided work for 25% of the workforce. However, there is a bigger need for water among black small-holder farmers than officially recognised. Recent research indicates that there is much more informal (that is, self-organised) irrigation in the Limpopo province (mostly in the former Venda area) than indicated in official statistics: 30 000 informal irrigators working up to 80 000 hectares (ha) in the province, compared to official schemes of 20 788 ha (Van Koppen et al, 2017). It does not seem that this growth in irrigation has entered into planners' figures.

| Sector or water user | Water requirements (million $m^3/a$) |
|---|---|

| | 2011 | 2015 | 2020 | 2025 | 2030 | 2035 | 2040 |
|---|---|---|---|---|---|---|---|
| Irrigation | 464.8 | 464.8 | 464.8 | 464.8 | 464.8 | 464.8 | 464.8 |
| Domestic | 102.1 | 105.6 | 109.0 | 115.8 | 122.6 | 128.3 | 134.0 |
| Mining, industries and power generation | 45.0 | 64.0 | 111.4 | 157.9 | 204.7 | 237.3 | 249.1 |
| Livestock | 23.4 | 23.4 | 23.4 | 23.4 | 23.4 | 23.4 | 23.4 |
| IAP and commercial forestry | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| **TOTAL** | **644.4** | **666.8** | **717.7** | **771.0** | **824.6** | **862.9** | **880.4** |

**Table 1: Overall water demand in Limpopo North WMA, 2011 – 2040 (NLRS 2016).**

In the DWS projections, domestic use is expected to grow modestly in line with urbanisation mostly as a result of industrialisation, from 102.1 (in 2011) to 134.0 $Mm^3$ (in 2040). Livestock watering takes small amounts for commercial cattle running, small and subsistence cattle and goat farming, as well as for game farming. Although amounts are relatively small, this is a crucial category in terms of subsistence, small farmers and job creation. The plantations and other stream reducing activities (alien plants using large amounts of water) are not as important in this area as in other catchments.

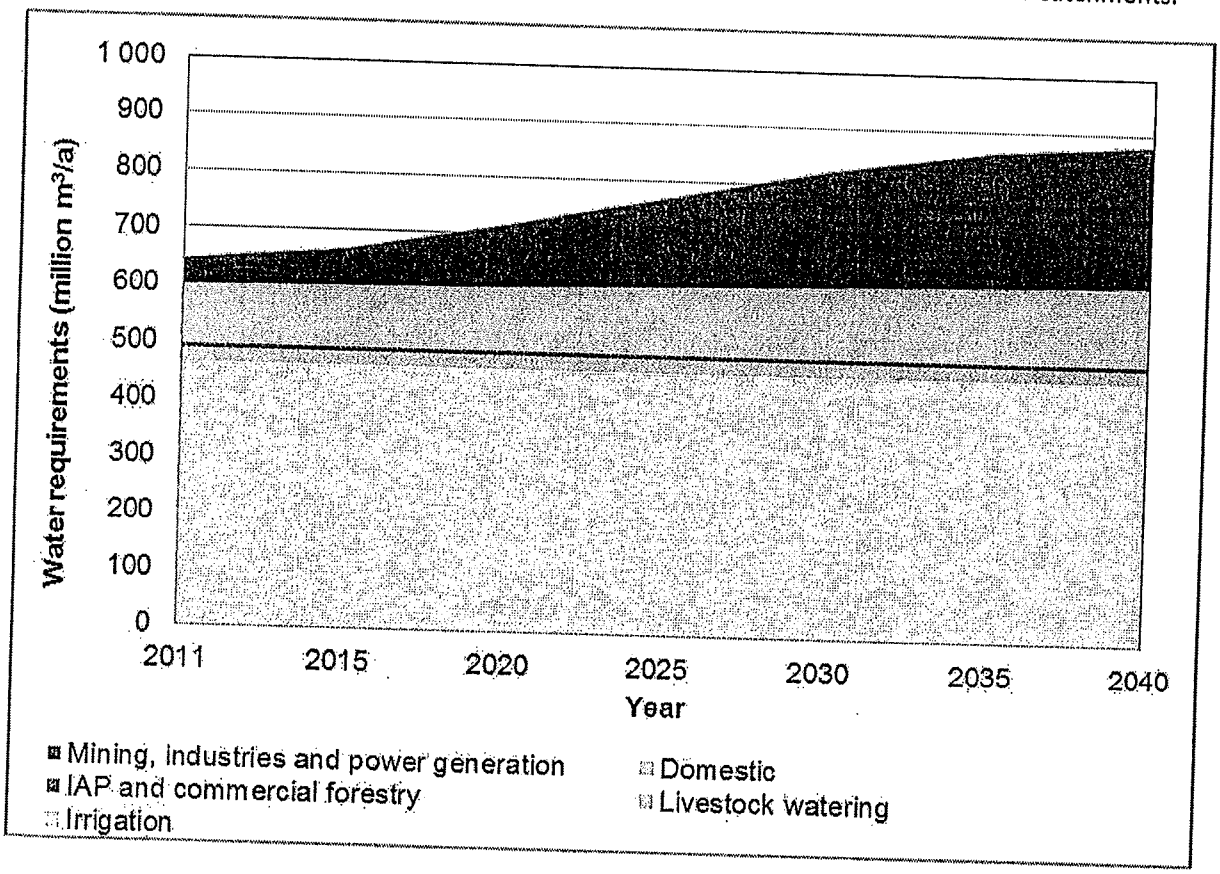



**Figure 3: Graphic illustration of water demand in Limpopo North WMA, 2011 – 2040 (NLRS 2016).**

It is in the category of mining, industries and power generation that large increases in demand are foreseen (see figure 3 above). Some of this is already a reality on the Waterberg coal field, though not to the extent predicted, and in the platinum mines on the Mogalakwena sub-catchment. It is important to note that the 2016 reconciliation strategy's authors chose not to plan for the ecological

requirement of rivers because (1) such planning would put several systems into deficit (2) the current "desktop" methodology is not adequate for non-perennial sandy rivers. Either way, this means that the catchment is not currently able to provide for ecological requirements, a further sign of water scarcity in the catchment.

### 3.3 The Sand River catchment

The Sand River catchment, in which the EMSEZ is supposed to be built, already uses more water than it has available. The shortfall in urban requirements are met through transfers from other WMAs. Polokwane receives transfers from the Dap Naude, Ebenezer dams located in the Luvuvhu and Letaba catchments, and the Olifantspoort weir in the Olifants River Catchment. Louis Trichardt (Makhado) is currently supplied by transfers from Albasini Dam, to be replaced in future by Nandoni Dam, both in the Luvuvhu and Letaba WMA (see figure 2). In addition, groundwater use is judged to be unsustainable at current levels

The catchment houses about a million people, more than half (51%) of the population and 40% of the rural settlements of the LNWMA (DWS 2016). A large part of the former Lebowa bantustan is in the catchment, making the issue of diffuse water users dependent on small quantities of water particularly important.[5] Polokwane is the capital of the Limpopo province, by far the biggest settlement with an estimated population of more than 700 000, of which 39% rural and 61% urban. It is also the centre of political decision making. Other important urban centres are Makhado and Musina.

The Sand is the driest catchment in the Limpopo North WMA with very limited surface water resources. However, it has exceptional groundwater reserves which have been fully and possibly over-exploited, mostly by irrigation. One estimate puts the exploitation of groundwater at 155% of the calculated available yield, which is clearly not sustainable (DWS 2016: 4-12).

The water requirements in the Sand River catchment are large compared to the rest of the WMA, with irrigation again being the largest water user, followed by domestic use in view of the large number of people residing in the catchment, including in-migration into the Polokwane area. Among the big industrial users in Polokwane are the South African Breweries (SAB) and an Anglo Platinum smelter. Coal mines include the Vele Coal Mine and plans for a number of Coal of Africa mines near Makhado.

| Sand River Catchment | Water requirements (million $m^3/a$) | | | |
|---|---|---|---|---|
| Sector/type | 2010 | 2020 | 2030 | 2040 |
| Irrigation | 221.6 | 221.6 | 221.6 | 221.6 |
| Domestic | 55.8 | 60.7 | 69.4 | 77.8 |
| Mining, industrial & power generation | 10.6 | 29.8 | 54.8 | 60.2 |
| Livestock | 4.4 | 4.4 | 4.4 | 4.4 |
| IAP & commercial forestry | 1.2 | 1.2 | 1.2 | 1.2 |
| **Total Sand water requirements** | **293.6** | **317.7** | **351.4** | **365.2** |

[5] The Polokwane local municipality includes large rural areas.

**Table 2: Water use in the Sand River catchment, from DWS 2016.**

## 4. The EMSEZ has a huge water demand,

The MMSEZ (Southern site) is planned to include:

1. 20 Mtpa coal washing plant,
2. 3300Mw coal-fired power plant, a 3 Mtpa coke plant
3. 390Mw waste heat power plant,
4. 3 Mtpa high-carbon ferrochrome plant
5. 1 Mtpa ferromanganese plant,
6. 500,000 tpa of silicon manganese plant,
7. 3 Mtpa stainless steel plant,
8. 1 Mtpa high vanadium steel plant,
9. 1 Mtpa high manganese steel plant
10. 5 Mtpa metallurgical lime plant ,
11. 1.2 Mtpa titanium dioxide plant
12. 150,000 tpa vanadium pentoxide plant.

From figures given in the feasibility study (document), the water demand of these plants could add up to 330 million $m^3$ per year. However, it should be kept in mind that mega-projects typically overstate their planning, while understating budgets and impacts on the environment (Flyvbjerg 2014).

More modest figures were given in the LEDET August 2019 "final scoping report", the EMSEZ would require 123 Mm3 per year in operational water. For the 9 year construction phase, it would require 13.9 Mm3 per year. (p. 60) . The locally available ground water on site, is limited to 0.377 million m3 per year – a small fraction of what is needed for the construction phase.

In the next year, the Matukane and Pretorius (2020). *Integrated Water Services Report,* Compiled for the MM SEZ SOC, put water demand for the EMSEZ at 80 $Mm^3$ when fully operational, which "will be reached within 10 years of commencement: when fully operational. It warned:

> "...the water demand is substantial if compared to the current water usage in the region. It will become clear that water demand can only be met by current local resources for minimal usage at commencement of the project. As the implementation progresses, the demand for further construction and later process water will grow at an increasing rate, soon to be far beyond what can be met by any possible local supply. Tapping from resources further off, becomes incredibly complex." (p. 6).

And again:

> "The MM SEZ Southern Development site currently has no direct access to any sustainable water resources sources, apart from groundwater. As discussed, the groundwater potential of the area is very low. Over usage will lead to dewatering, with lowering water tables impacting on the environment, and the authorizations and existing commercial interests of others. (p. 39)