



**Report of the Canadian Parliamentary Delegation
to the Bilateral Visit to South Africa**

**Canadian Branch of the
Commonwealth Parliamentary Association (CPA)**

**Johannesburg and Cape Town, South Africa
September 9 – 17, 2011**

Report

A delegation of the Canadian Branch of the Commonwealth Parliamentary Association visited South Africa from September 9 – 17, 2011. Mr. Russ Hiebert, M.P. Chair of the Canadian Branch of the Commonwealth Parliamentary Association led the delegation composed of Hon. Claude Carignan, Hon. Robert Peterson, Joe Preston, M.P., Rodger Cuzner, M.P., and John McKay M.P. The delegation was assisted by Elizabeth Kingston, Executive Secretary of the Branch.

The CPA constitution encourages visits between member countries with the objective of giving parliamentarians the opportunity to trade views and to discuss matters of common interest in bilateral relations and issues within the international Commonwealth organization. Two key objectives of the visit to South Africa were the development of a firmer understanding of South Africa's economy, particularly as it relates to the mining sector and to examine the differences between the Canadian and South African parliamentary systems.

The Republic of South Africa is a constitutional democracy with a federally-structured, three-tier system of government and an independent judiciary, operating in a nearly unique system that combines aspects of parliamentary and presidential systems. Legislative authority is held by the Parliament of South Africa. Executive authority is vested in the President of South Africa who is head of state and head of government, and his or her Cabinet. The president is elected from the Parliament to serve a fixed term. South Africa's government differs greatly from those of other Commonwealth nations. The national, provincial and local levels of government all have legislative and executive authority in their own spheres, and defined in the South African Constitution as "distinctive, interdependent and interrelated".

The Parliament itself consists of the National Assembly and the National Council of Provinces. The National Assembly is elected to represent the people and to ensure government by the people under the Constitution. It does so by providing a national forum for public consideration of issues, by passing legislation and by scrutinizing and overseeing executive action. The National Council of Provinces represents the

provinces to ensure that provincial interests are taken into account in the national sphere of government through participation in the national legislative process and by providing a national forum for public consideration of issues affecting the provinces.

Operating at both national and provincial levels ("spheres") are advisory bodies drawn from South Africa's traditional leaders. The stated intention of the Constitution is that the country function according to a system of co-operative governance.

Meetings in Johannesburg:

The delegation received a briefing from the High Commissioner Adele Dion and other members of the High Commission staff while in Johannesburg. The briefing covered both political and trade matters.

South Africa has made tremendous democratic, economic and social progress since the end of apartheid in 1994. The government presently is formed through a coalition comprised of the African National Congress (ANC), the South African Communist party (SACP) and COSATU, an alliance of trade unions. The Democratic Alliance Party, whose support ranges from 17 to 24%, and largely centred in the Western Cape, forms the main opposition. The ANC receives 65% support, and is undergoing a transitional shift from a liberation struggle movement to being a party of governance. Moreover, the progress achieved to date is becoming somewhat undermined due to the inability of the country to tackle effectively systemic issues such as HIV/AIDS, poverty and inequality. Only lately President Zuma has announced policies and measures to tackle HIV/AIDS, aimed primarily at providing counselling and testing services. It seems that such provisions are beginning to have some positive effect.

South Africa contains an enormous mineral wealth of an estimated 2.5 trillion \$ and accounts for 75- 80% of all the platinum resources in the world. However, the extraction process is extremely costly and labour intensive as most of the mining resource is found 4 km, below the ground. Moreover, the mining industry along with other commercial sectors is subject to a policy of Black Economic Empowerment (BEE) categorized by the following:

- Empower more black people to own and manage enterprises. Enterprises are regarded as black-owned if 51% of the enterprise is owned by black people, and black people have substantial management control of the business.
- Achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- Promote access to finance for black economic empowerment.
- Empower rural and local communities by enabling their access to economic activities, land, infrastructure, ownership and skills.
- Promote human resource development of black people through, for example, mentorships, learnership opportunities and internships.
- Increase the extent to which communities, workers, co-operatives and other collective enterprises own and manage existing and new enterprises, and increase their access to economic activities, infrastructure and skills.
- Ensure that black-owned enterprises benefit from the government's preferential procurement policies.
- Assist in the development of the operational and financial capacity of BEE enterprises, especially small, medium and micro enterprises (SMMEs) and black-owned enterprises.
- Increase the extent to which black women own and manage existing and new enterprises, and facilitate their access to economic activities, infrastructure and skills training.

The business environment, while bolstered by the success of the banking system in the country, is faced with ongoing challenges due to crumbling infrastructure issues, especially in the areas of electricity, water, and transportation systems. The judiciary is well developed, yet slow in its implementation of justice. Moreover, the economy is making little headway in the face of the continued turbulence of international markets.

The economy grew less than 2% in the second quarter of 2011, crippled by high levels of unemployment, at a level of 25.8% officially, in large part due to little or no growth in the manufacturing and mining sectors.

With respect to the mining sector in particular, there are presently 16 to 18 Canadian companies undertaking largely successful small mining ventures in the country, dealing with platinum, gold, diamonds, coal and uranium. The bureaucracy of government remains the largest hurdle in doing business in the country. Moreover, they are confronted by a massive skills problem as well as corruption and lack of transparency especially in regional offices. The delegation received a most informative briefing from Mr. Peter Leon, Partner of Webber Wentzel's mining, energy and projects practice.

While in Johannesburg, the delegation met with Mr. Ferdi Dippenaar Chief Executive Officer (CEO) of Great Basin Gold, as well as the Chief Financial Officer (CFO) Mr. Lou van Vuuren. The Company is engaged in the acquisition, exploration and development of precious metal deposits. The Company has two projects, the Hollister gold project, which was located on the Carlin Trend goldfield in Nevada, United States (the Hollister Property) and the Burnstone gold mine, which is located in the Witwatersrand Basin goldfields in South Africa (the Burnstone Property). The Burnstone Property is located approximately 80 kilometers southeast of Johannesburg, near the town of Balfour in Mpumalanga Province. In addition to its two primary projects, it holds interests in early stage mineral prospects known as the Tsetsera Property in Mozambique and properties in Tanzania. The Hollister Property consists of a total of 950 unpatented, federal mining claims, covering over 69 square kilometers. The presentation given to the delegation outlined the challenges to Canadian mining companies looking to invest in South Africa; namely the risk of nationalization of mines, credible BEE structures, the sourcing and retention of labour, the cost and availability of power and finally regulatory constraints. Moreover they are engaged in a delivery of programs to meet CSR (Corporate Social Responsibility) requirements, and have spent \$3 million over a period of 2 years prior to being granted mining rights in such community projects such as repair of streets, housing, agricultural projects, municipal support and others.

The delegation then met with the Chief Executive of the Chamber of Mines, Mr. Bheki Sibiyi. Mr. Sibiyi is a founding Chief Executive of Business Unity South Africa, the most authoritative voice of business in South Africa and has served in a number of significant policy formulating structures including the National Anti-Corruption Forum and the President's Working Group with Business.

The Chamber of Mines of South Africa was founded in 1889, three years after gold was initially discovered on the Witwatersrand and came to be the central spokesman for South African mining companies, in gold and other minerals.

Mr. Sibiyi centred his discussion on the issue of nationalization of the mining industry in South Africa, as strongly endorsed by the leader of the Youth League, Julius Malema, and the risk that it poses to the investment climate and mining opportunities in the country. While unemployment officially rests at 26%, and unofficially at 36 to 37%, he stated, those between 18 to 35 years of age suffer from an unemployment rate of over 50%. Therefore, the statements and actions of Julius Malema are not to be underestimated. The view of the Chamber is that such an action towards nationalization would do nothing but kill the economy. The mining industry itself is one of the most important sustaining factors in the South African economy, with one direct mining job creating four to five beneficiary jobs.

Finally, while in Johannesburg, the delegation met with Mr. Dolf Prinsloo, Executive of Business Integration with the Anoroq Resources Corporation, soon to be re-named Atlatsa Resources.

Anoroq Resources is a platinum group metals mining, exploration and development company, controlling the third largest PGM resource base in South Africa. Anoroq controls and operates the Bokoni Platinum Mines, located on the eastern limb of the Bushveld Complex, and maintains a controlling interest in the Ga-Phasha Project, located adjacent to Bokoni, and the Boikgantsho and Kwanda Projects. These mines, all exclusively platinum, are approximately a four to five hour drive from Johannesburg and have been in operation for 25 to 30 years. The extraction process is relatively cheap, given that the mines themselves are relatively shallow, not being more than 600 metres

below ground. The company, while based and operating solely in South Africa, is a Canadian listed company.

Mr. Prinsloo expressed that the present uncertainty of the economy and fears of the potential for nationalization are tending to lead investors away from the South African marketplace. However, the company is of the view that nationalization will not take place, primarily due to the fact that the Government does not have the capital resources to run the industry.

Meetings in Cape Town

Parliament of South Africa

Following primarily trade and investment focussed meetings in Johannesburg, the delegation travelled to Cape Town to attend meetings with the South African Parliament.

The delegation first met with the Deputy Speaker, Ms. N. Mfeketo and accompanying delegation of the South African Branch of the Commonwealth Parliamentary Association.

The Deputy Speaker began by expressing her appreciation to Canada for the significant role it played in helping to shape the modern nation of South Africa, now 17 years strong and into its fourth Parliament. There are two chambers, the National Assembly and the National Council of Provinces. While the National Assembly deals with legislation of a national perspective, the National Council of Provinces deals with provincial and local matters. The country is one of a constitutional democracy, and the President appoints members to the Executive. It is still a developing country, a unitary state guided by one constitution.

The Deputy Speaker then stated that Canada and South Africa can be firm partners in all matters affecting the Commonwealth Parliamentary Association and would like to see a greater degree of discussion within this body on matters of global concern. In response, Mr. Hiebert highlighted the role of Canada in initiating the Working Party mechanism within the CPA as a means to ensure a greater transparency and

accountability within the organization, and expressed that the CPA has ultimately an educational mandate to provide educational links and programs to all Parliaments throughout the Commonwealth. These programs are designed so that the Parliaments can enhance their functioning as institutions and to Parliamentarians to provide training in their roles as legislators. He welcomed the expression of collaboration between the South African and Canadian branches of the CPA.

Discussion then centred around the issue of nationalization of enterprises within the South African context, with the Deputy Speaker stating that the policy of nationalization is not attributed to the ANC, but rather to the Youth league under the leadership of Julius Malema. The ANC is in fact quite concerned that any level of political uncertainty can lead to a significant drop in foreign investment. This position taken by Malema, as well as other issues have led to the action of initiating a disciplinary hearing for him by the ANC membership.

The delegation then met with the Secretary of the National Assembly, Mr. K. Mansura as well as the Secretary to the National Council of Provinces (NCOP), Mr. M. Phindela.

The NCOP has a specific function with respect to law-making and is required to bring a unique provincial perspective of the country's nine provinces as well as a platform for local government when participating in legislative deliberations. Its mechanisms ensure that a centralized, national government perspective does not dominate the development of legislation that needs to serve the diverse requirements of the country as a whole. An important feature of the NCOP is the role that the provincial legislatures play in law-making procedures, with all bills referred back to the provincial legislatures for feedback. Legislation is passed if five of the nine provinces vote in its favour, unless the bill is a Constitutional amendment, in which case it requires approval of six provinces before going to the National Assembly for approval. The NCOP is comprised of 90 members in total, with ten from each province, with 54 permanent and 36 special members in total. Every province has the right to one vote.

The National Assembly consists of 400 members, and each Parliament lasts for five years. They use a party-list proportional representation system whereby half of the

membership is elected proportionally from nine provincial lists and the remaining half from national lists to ensure a balanced proportionality between national and provincial interests and concerns. The African National Congress (ANC) holds the majority with 264 seats and is led by the President, Jacob Zuma. The Democratic Alliance then holds 67 seats.

The delegation had the unique opportunity while visiting Parliament to witness an event that occurs only four times each year; that being the appearance of the President, Jacob Zuma before the National Assembly whereby he takes pre-submitted questions by members of the National Assembly. During the Question Time, an interesting procedural issue presented itself as the President did not answer several controversial questions on the grounds that the subject matter of the question was still before a parliamentary committee and the committee had not yet reported back its evidence.

The delegation also had the opportunity to meet with members of the following parliamentary committees: Rural Development and Land Affairs, Health, and Women, Children, Youth and People with Disabilities. The forum allowed for an exchange of views ranging from the policies surrounding the BEE initiative, the system of education in the country, the empowerment of women, the influence of trade unions in South African society, as well as rural development. Following this meeting, the delegation met with members of the Appropriations Committee. It was most intriguing to note that within the South African Parliament there are four committees dedicated to financial issues; two in each of the Assemblies. There also exists a fifth Committee on Public Accounts, dealing with financial irregularities investigations.

The government's annual Appropriation Bill and Estimates of State Expenditure gives effect to its fiscal, economic and social policies. It is presented once a year in the National Assembly by the Minister of Finance when he/she delivers the Budget Speech. Once adopted in the National Assembly, it is then sent to the National Council of the Provinces for ratification. In addition, quarterly Reports are tabled by the National Treasury.

The delegation had the opportunity to meet with the Leader of the Opposition, Mr. A. Trollop, as well as the Chief Whip, Mr. O. Davidson, from the Democratic Alliance. Following questions related to Canada's political situation, particularly as related to the minority government situation, whereby there have been four elections in Canada over the past seven years, debate turned to the appearance of President Zuma during the recent viewing of Question Time in the National Assembly. While the President and Deputy President each appear before the National Assembly on a quarterly basis, Ministers appear weekly to respond to questions. The questions are pre-submitted, allowing for a well choreographed question and answer period. When issues of a more controversial nature arise, the President has had a tendency to instruct committees to provide for a further investigation of such matters.

Discussion then centred around the actions of Julius Malema, with Mr. Trollop stating that Mr. Malema is very much considered a product of President Zuma and the ANC. It is felt that Mr. Malema, with his expressed policy of nationalization, has created problems for the President. Malema has used the youth constituency, which as a group has an elevated percentage of unemployment, amounting to a rate of over 50%, very effectively. The nationalization debate has now turned into one of how to fight poverty. The Democratic Alliance is very concerned by this trend, as it has turned away huge amounts of potential investment. Moreover, the BEE initiative although they believe as a policy is important as it brings black people into the economic centre of the country, has not been implemented in a manner that is conducive to attracting much needed investment and economic stability. The Democratic Alliance represents 25% of the vote in the country. Their strongest base is found in the Western Cape and in Gauteng. They are reasonable well-funded by the corporate sector and as with other parties, are not subject to any limitations in corporate donations.

While in Cape Town, the delegation had the unique opportunity to visit the Zankhanyo Training Centre in the Township of Khayelitsha. The Centre, established in 1996, was created to alleviate situations of dire poverty and unemployment amongst women. It is designed to provide women with skills to enter the work force. Once trained, the centre provides assistance in providing employment and mentoring programs for a 12 month

period following completion of the program. The placement of this training centre in the Township of Khayelitsha is of particular importance given the fact that 71% of its residents live below the poverty line and 76% of its residents are less than 29 years of age. The Canada Fund contributes \$15,000 or 10% of its funding base.

The delegation also visited Robben Island, off the coast of Cape Town, most famous for the 27 year imprisonment of Nelson Mandela. The current President Jacob Zuma also spent 10 years in the Island prison.

The delegation was grateful for the tremendously warm welcome they received from the Parliament of South Africa. The visit was most worthwhile as it served to foster a greater degree of understanding and cooperation between the two CPA Branches, as well as an in-depth understanding of the workings of both the National Assembly and the National Council of Provinces. Delegation members were most impressed by the unique parliamentary and constitutional balance so thoughtfully crafted to create the modern nation of South Africa.

The delegation would also like to express its appreciation to the representatives of the Canadian High Commission for the meetings organized while in Johannesburg. These meetings served to enhance an understanding of the unique political and geographic environment that is South Africa as it faces challenges both domestically and internationally in ensuring its prominence in the mining industry.

Respectfully submitted,

Mr. Russ Hiebert, M.P
Chair, Canadian Branch of the
Commonwealth Parliamentary Association (CPA)

Travel Costs

ASSOCIATION	Canadian Branch of the Commonwealth Parliamentary Association (CPA)
ACTIVITY	Bilateral Visit to the Republic of South Africa
DESTINATION	South Africa
DATES	September 9 – 17, 2011
DELEGATION	
SENATE	The Hon. Claude Carignan, The Hon. Robert Peterson
HOUSE OF COMMONS	Mr. Russ Hiebert, M.P., Mr. Rodger Cuzner, M.P., Mr. John McKay, M.P., Mr. Joe Preston, M.P.
STAFF	Ms. Elizabeth Kingston
TRANSPORTATION	\$59,551.43
ACCOMMODATION	\$11,163.80
HOSPITALITY	\$692.38
PER DIEMS	\$2,858.11
OFFICIAL GIFTS	\$1,603.84
MISCELLANEOUS / REGISTRATION FEES	\$4,809.43
TOTAL	\$80,678.99