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PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
 TABLINGS AND
 COMMITTEE REPORTS**

FRIDAY, 26 FEBRUARY 2021

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ANNOUNCEMENTS

National Assembly and National Council of Provinces

The Speaker and the Chairperson

1. Classification of Bills by Joint Tagging Mechanism (JTM)

- (1) The JTM in terms of Joint Rule 160(6) classified the **Disaster Management Amendment Bill** [B 2 – 2021], introduced in the National Assembly, as a section 76 Bill and as a Bill falling within the ambit of section 18(1) of the Traditional Leadership and Governance Framework Act, 2003 (Act No 41 of 2003).

Bill to be referred to National House of Traditional Leaders.

2. Referral of Bills to National House of Traditional Leaders

- (1) The Secretary to Parliament has, in accordance with section 18(1) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), referred the **Liquor Products Amendment Bill** [B 10B - 2016] (National Assembly – sec 75) to the National House of Traditional Leaders, which must, within 30 days from the date of the referral (viz. 30 March 2021), make any comments it wishes to make.

National Assembly

The Speaker

1. Introduction of Bills

- (1) **Mnr H C C Krüger, MP**

- (a) **Ease of Doing Business Bill** [B 6 - 2021] (National Assembly – proposed sec 75) [Explanatory summary of Bill and prior notice of its introduction published in *Government Gazette* No 43090 of 13 March 2020.]

Introduction and referral to the **Portfolio Committee on Public Service and Administration** of the National Assembly, as well as referral to the Joint Tagging Mechanism (JTM) for classification in terms of Joint Rule 160.

In terms of Joint Rule 154 written views on the classification of the Bill may be submitted to the JTM. The Bill may only be classified after the expiry of at least three parliamentary working days since introduction.

TABLINGS

National Assembly and National Council of Provinces

1. The Minister of Agriculture, Land Reform and Rural Development

- (a) Report and Financial Statements of Vote 39 - Department of Rural Development and Land Reform for 2019-20, including the Report of the Auditor-General on the Financial Statements and Performance Information of Vote 39 for 2018-19 and the Report of the Auditor-General on the Agricultural Land Holdings Account for 2019-20.
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COMMITTEE REPORTS

National Assembly and National Council of Provinces

1. CONSOLIDATED REPORT OF THE JOINT STANDING COMMITTEE ON DEFENCE ON ENGAGEMENTS WITH THE SOUTH AFRICAN DEFENCE INDUSTRY ROLE-PLAYERS OVER THE PERIOD JULY 2019 TO 6 NOVEMBER 2020, DATED 25 FEBRUARY 2021

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1. INTRODUCTION

The Joint Standing Committee on Defence (JSCD) has engaged with the relevant role-players in the South African Defence Industry environment since the inception of the 6th Parliament. The role-players include the National Conventional Arms Control Committee (NCACC), the Armaments Corporation of South Africa (Armscor), Denel, the National Defence Industry Council (NDIC) and the South African Defence Industry represented by Aerospace, Maritime and Defence Industries Association (AMD). This Consolidated Report is essential from a JSCD's perspective to assist the Defence Industry based on its historic and potential contribution to the country's economy, security and the potential benefits that can be derived if the sector is fully functional.

1.1 Aim of the Consolidated Report

The aim is to consolidate the various inputs by the role-players on the prospects and challenges facing the Defence Industry as presented to the JSCD. The Committee's observations and recommendations are captured to highlight its views and to assist it with planning the way ahead.

1.2 Process

The process followed to compile the Report included outlining the mandate of various role-players and selected challenges as shared with the Committee. It therefore draws input from the various meetings conducted with the role-players since the start of the 6th Parliament which include meetings held on:

- 27 November 2019 with Denel, NDIC and DCAC
- 5 March 2020; 25 June 2020; and 29 October 2020 with the NCACC;
- 28 May 2020 with Denel and Armscor;
- 5 November 2020 with NDIC and AMD.¹

1.3 Contextual Orientation

One of the biggest challenges facing the defence industry in South Africa, is the declining defence budget and its subsequent negative impact on the industry. The Defence Budget shortfall means that the South African National Defence Force (SANDF) cannot modernise through the acquisition of equipment and systems while maintenance, repair and overhaul (MRO) is also falling behind. The fact that the Special Defence Account (SDA), which is designed for the SANDF's weapons acquisition and long-term research and development (R&D) projects, is being phased out is one of the main reasons for this situation. The 2015 Defence Review expressed itself strongly on this situation and derived milestones to address this decline, with the intention of Milestone 1 being to *Arrest the decline in critical capabilities through immediate and directed interventions*. Against the background that the implementation of the 2015 Defence Review cannot be funded and only non-cost interventions can be implemented to arrest the decline, South Africa will have to agree to a significantly reduced level of defence ambition for the future.² If these factors are taken together with the view of the Secretary for Defence that without urgent proper support, the industry would implode and even lose the MRO capabilities,³ it underscores the perilous situation facing our country.

2. NATIONAL CONVENTIONAL ARMS CONTROL COMMITTEE (NCACC)

¹ The names of the attendants at the various meetings are listed in the relevant Minutes of the JSCD.

² Presentation by the DOD and National Treasury to the JSCD on 8 November 2018.

³ JSCD Meeting 5 November 2020.

The National Conventional Arms Control Act, (No. 41 of 2002) established the NCACC to ensure compliance with Government's policy in respect of arms control. The Act enables the NCACC to ensure the implementation of a legitimate, effective and transparent control process that would foster national and international confidence in South Africa's arms control procedures.¹ In 2008, the National Conventional Arms Control Amendment Act, 2008 (Act No. 73 of 2008), amended the 2002 Act to include provisions for 'controlled items', provision on the 'prohibition of mercenary activity' and 'the domestic transfer of controlled items'.

2.1 NCACC responsibility to Parliament

The NCACC Act states that the NCACC must "at the end of the first quarter of each year, present to Parliament and release to the public an annual report on all conventional arms exports concluded during the preceding calendar year." (Section 23 (1)(c)) In terms of Section 23 (1)(b), it must "make quarterly reports to the Cabinet and a committee of Parliament determined by Parliament on all conventional arms exports concluded during the preceding quarter. It should also in terms of Section 23(1)(a) submit an Annual Report to the United Nations (UN) Registrar of Conventional Arms. This submission must be in line with the requirements of the UN Registrar and therefore stands separate to the Annual Report submitted to Parliament. Nonetheless, the Act requires that the NCACC must submit a copy of this report to Parliament. The NCACC duly reports to the JSCD on a quarterly and annual basis on their quarterly and annual reports.

The NCACC plays a crucial role in the South African arms industry in two ways. First, it ensures that South Africa conforms to its international mandates and responsibilities of being a responsible weapons exporter. Second, it should assist the arms industry to be as effective and competitive as possible by ensuring an effective bureaucratic system for weapons manufacturing.

2.2 Challenges Highlighted

- **Information Technology (IT) Systems**

One of the challenges raised by both the Committee and the Industry, is that the current IT system utilised by the NCACC to process applications, appears to be outdated, not able to desegregate information in a holistic and user-friendly manner, as well as causing delays in processing applications. The NCACC acknowledges this shortcoming and indicated that they hope to migrate to a new system by early 2021. Armscor has also indicated that they can assist the Directorate for Conventional Arms Control (DCAC) to migrate to a more user-friendly and updated system (JSCD Meeting 29 October 2020).

- **Statistics**

Related to the concern above was that the statistics provided do not provide an analysis on the impact of these transactions on the economy of the country, does not include comparison between previous quarters/years, nor with which countries SA is mostly trading with. It was thus proposed that the NCACC should in the next presentation incorporate an economic analysis of statistics on the impact of permits approved. The DCAC agreed to the suggestion and committed to provide an economic analysis as well as comparative information on where the main changes occurred (JSCD Meeting 29 October 2020).

- **End User Certificate**

Concern was expressed around the End User Certificate and its enforcement against the background that receiving countries had concerns around, inter alia, security and *in loco* inspections. It was explained that this has now been dealt with through the gazetting of the amended Regulations and that going forward it will be facilitated through bilateral agreements and diplomatic means with the assistance of the Department of International Relations and Cooperation (DIRCO) (JSCD Meeting 29 October 2020). It was emphasised that the regularity of the NCACC meetings should be addressed to engender certainty and speedier consideration of permits.

- **Regularity and predictability of NCACC meetings**

The Defence Industry has raised concern about the regularity and predictability of NCACC meetings especially during election cycles, to which the NCACC has responded that this has now been addressed. The limited meetings of the NCACC due to the Covid-19 pandemic was also concerning to the Defence Industry given that they were “open for business.” The Committee committed to follow up on this issue in order to determine how similar situations can be managed in future, as it agreed that the regularity of NCACC meetings is important to engender certainty and predictability.

- **DCAC Capacity**

The Industry raised its concern around the capacity of the DCAC to process applications submitted to it. The DCAC on the other hand had reservations regarding the submission of complete documents from Industry and related issues, which contribute to delays in considering and finalising applications.

3. NATIONAL DEFENCE INDUSTRY COUNCIL (NDIC)

The NDIC was launched in March 2016 to facilitate close collaboration between the state and the defence industry. It has its origins in the 2015 Defence Review’s *Chapter 15: Defence Industry Policy and Strategy*. NDIC is chaired by the Minister of Defence but she delegated this responsibility to the Secretary for Defence. The NDIC is supposed to meet once every quarter. Its members include the Chief of the Defence Force; Commissioner of Police, the CEO of Armscor; Group CEO of Denel, CEO of the Council for Scientific and Industrial Research (CSIR), Executive Director of AMD and Directors-Generals from 11 other national government departments. The NDIC Constitution was approved by Cabinet in 2018.

3.1 NDIC initiatives

NDIC identified nine initiatives which have had a mixture of successes and setbacks, namely:

- Drafting the Defence Industry Strategy
- Defence Industry Fund (DIF) aimed at funding SMMEs in the defence industry
- Defence Sector Charter
- Task Team on Denel
- NDIC Intervention Plan
- Designation of Small-Calibre Weapons and Ammunition
- Resource-based Alternative Funding Model

- h. Export Admin Support: End-User Certificate
- i. Participation of the Industry in Government Diplomatic Engagements.

- **The Defence Sector Code**

In respect of the Defence Sector Code (DSC), the Committee was informed that Charter Council has not been appointed yet. It was envisaged to be in place by the end of January 2021. In the meantime, the BEE Steering Committee serves as an Interim Charter Council. Furthermore, the Enterprise and Supplier Development Fund, which is stipulated in the DSC, is not yet established. However, it was envisaged that it might be hosted within the Defence Industry Fund (DIF).

- **The Defence Industry Fund (DIF)**

Regarding the Defence Industry Fund (DIF), it was indicated that a lack of funding was a barrier to entry into the defence industry. In addressing this issue, Armscor and AMD initiated a process of establishing a fund that would be run by an independent, licensed and transformed Fund Manager. The DIF was launched in 2018 to provide contract financing to Small and Medium Enterprises (SMEs). In relation to challenges, the Secretary for Defence stated that there was no support from public sector institutions or Development Finance institutions to provide funding to the DIF. She pointed out a proposal to integrate the funding by the Enterprise Development Fund with DIF funding to show private sector that Defence was supporting DIF. In addition, the Denel Retirement Fund and Armscor Retirement Fund could potentially provide investment capital to DIF with the aim of promoting the industry that its members belong to.

- **The Task Team on Denel (TTD)**

The Secretary for Defence stated that the TTD was established by NDIC to support Denel Executives to find solutions to the liquidity crisis. The TTD supported Denel in motivating for additional funding at National Treasury which resulted in the allocation of R1.8 billion to the entity. An additional R1 billion was under consideration, subject to Denel implementing specific cost-reduction measures.

- **Localisation and Designation of Small Calibre Weapons and Ammunition**

An effort was being made to support local production of certain military items. A specific initiative 'Designation for Small Calibre Weapons and Ammunition' was presented and shared with key stakeholders and was supported. This initiative entails designating the production of small-calibre weapons and ammunition by local companies which will make such production economically viable through economies of scale. Furthermore, it would help improve national security as there would be records of small-calibre weapons and associated in the country, which is in stark contrast with what is currently happening. Armscor, as an acquisition agency of state, would be responsible for procuring such items on behalf of all state agencies such as the SANDF, SAPS, Metro Police, State Security Agency and the Border Management Agency. It is also envisaged that, once the process is fully operational, private security companies might also come on board with the support of the Private Security Industry Regulatory Authority (PSIRA).

- **Black owned suppliers and Military Veterans**

The presentation included a list of Black-Owned suppliers and Military Veterans that were already doing business with Denel. It indicated, for instance, that it has exceeded its target of 70% on BBEE procurement by 22.49%, and that the amount spent on businesses owned by military veterans was R13,071,433.

3.2 Challenges

- The Denel situation has made it difficult for many SMMEs in the defence sector to survive because they formed part of Denel's supply chain.
- The decrease in the DoD budget has resulted in the decline of demand, thus making it difficult for defence companies to survive.
- The issue of the End User Certificates (EUC), which was eventually resolved, caused a significant number of companies to lose business in key markets.
- The outbreak of COVID-19 pandemic has slowed down the efforts to get the designation of small calibre weapons and ammunition to be presented at the JCPS Cluster.
- The Defence Sector Charter is not yet fully operationalised, but the DSC Steering Committee, which is serving as an interim Charter Council, was putting mechanisms in place to ensure compliance with the Code. This included the establishment of the Enterprise and Supplier Development Fund that would be hosted by the DIF.
- Enabling non-contentious marketing contracting and exports permits to be approved by one member of the NCACC.

4. ARMSCOR

The Armaments Corporation of South Africa SOC Ltd (ARMSCOR) was established in terms of the Armaments Production and Development Act, Act No 57 of 1968, to satisfy the requirements of the South African National Defence Force in respect of defence matériel. All the production business units of Armscor were separated in 1992 to form the state-owned company Denel, and the Armaments Production and Development Act was revised to reflect the new functions of Armscor. Armscor as one of the two entities under the Ministry of Defence and Military Veterans, report to Parliament accounts to the PCODMV during the budgetary and annual report processes.

4.1 Armscor Dockyard

The Armscor Dockyard serves as the primary maintenance supplier to the SA Navy. It has come under increasing strain in recent years due to financial concerns and this has impacted on the Dockyard's ability to provide all required services to the SA Navy. As such, a Renewal Strategy was developed to eliminate the institution's financial deficit and increase efficiency. The Renewal Strategy will be implemented over three years, with the first phase focusing on eliminating the financial deficit. This will be done by engaging local marine and manufacturing commerce to utilise idle capacity to generate income. This is currently being done through several ship repair agents that are bringing their commercial work to be done in the Armscor Dockyard (Armscor Annual Report 2019/20).

4.2 Challenges

Some of the challenges raised are following:

- One of the main challenges is the dire economic situation of Denel. Denel was contracted to develop and deliver 264 Badger infantry combat vehicles to replace the Ratel infantry combat vehicle under a R9 billion contract (Project Hoefyster). The delivery of the project was expected to start from 2019 and end in 2023. The Committee heard from the briefing that the project is several years behind schedule, and that Denel is unable to deliver on the agreed contractual technical specifications and price.
- The utilisation of the Intellectual Property Rights has been raised as a challenge over an extended period. Armscor indicated that it now has a policy framework that is fair and favourable to all those who want to develop the IP, especially those who want to invest. It was also indicated that the IP belongs to the DOD and is managed by Armscor.
- Adv Mbada, the CEO of Armscor, indicated that they have developed an Open Source system that can assist with the digitisation of the NCACC's permit system. He indicated that he will share this with the Secretary for Defence.
- Armscor also emphasised that many of the engineers that left are willing to come back, but it means the industry needs to sort its problems out, as this is in the interest of the country and our future (JSCD Meeting 5 November 2020).

5. DENEL

Denel SOC Ltd is a South African state-owned aerospace and military technology conglomerate established in 1992. It was created when the manufacturing subsidiaries of Armscor were split off in order for Armscor to become the procurement agency for the South African Defence Force (SADF), now known as the SANDF, and the manufacturing divisions were grouped together under Denel as divisions.

Denel has been experiencing a liquidity crisis for almost three years and this has resulted in a delay in the implementation of projects such as the Hoefyster infantry combat vehicle project. However, Denel had a turnaround strategy which involved the replacement of management within the entity. The turnaround plan has resulted in an order intake of R7.8 billion during the 2019/20 financial year, compared to only R509 million during the previous year. It had also resulted in Denel securing an arms deal of R30 billion. However, the order intake was being threatened by the requirement of an end-user certificate and onsite inspections. This requirement was frustrating some of South Africa's biggest arms clients, including the Kingdom of Saudi Arabia and the United Arab Emirates, and the Committee expressed concern that this was going to result in a loss of business (JSCD 27 November 2019).

5.1 NDIC Task Team on Denel

Given the enormous impact that the potential demise of Denel might have on the DOD and the rest of the Defence Industry, it is important to restate the development of an NDIC Task Team on Denel.⁴ NDIC created the task team to diagnose the challenges within the organisation and make recommendations. The task team had found that the root causes of the Denel liquidity crisis included a collapse in governance, corruption and inappropriate investment decisions. The task team had made several recommendations, including the recapitalisation and reset of DoD contracts with new realistic timeframes and contractual arrangements.

5.2 Update on Denel

The Acting Group CEO of Denel, Talib Sadiq, at the JSCD Meeting of 5 November 2020, gave a brief update on the current situation at Denel:

- Denel has been struggling with liquidity challenges and by May 2020 it had a problem with paying salaries. This was due to a decline in revenue as well as the impact of the COVID-19 pandemic had due to the NCACC not issuing contracting permits on time.
- Denel developed a strategy which is to decentralise the organisation so that each division stands on its own in order to be client-centric. This was as a result of requests received from clients. Funds were now ring-fenced for each client and contracts are managed accordingly. The challenge is that the DOD's spent has declined significantly.
- Denel was looking at structural reforms to be introduced to conclude strategic equity partnerships in order to get sustainable market access so as to reduce dependency on the local industry, and to bring much needed capital into the business to strengthen the balance sheet.
- The inability to pay full salaries resulted in Denel losing skilled personnel in some critical defence sovereign capabilities, in particular in the missile division.
- From a stakeholder perspective, the banks were reluctant to support them due to the negative preconceptions about the industry.
- The company's dependency on a single client, the DoD, was one of the main challenges.
- Denel is of the view that it would be good to study the trends in partner countries such as the Middle East, to see how they have developed localised capabilities.

5.3 Challenges

- The Denel situation has made it difficult for many SMMEs in the defence sector to survive because they formed part of Denel's supply chain.
- The turnover of engineers, particularly in the missile division, was due to the non-payment or the partial payment of their salaries.
- Denel as the major holder of South Africa's sovereign and strategic capabilities, is not able to sustain it and requires around R683million for the current financial year to do so. Two thirds of that amount was to keep the missile capability in a stable and growth footprint.

6. AEROSPACE, MARITIME AND DEFENCE INDUSTRIES ASSOCIATION (AMD)

The AMD consists of South African registered entities whose focus is in the design, development, testing, evaluation, manufacturing, operating, upgrading, maintenance, repair and overhaul of manned and unmanned land, air & sea platforms and their sub-systems, regardless of whether these are meant for defence (including humanitarian and peace keeping operations) or civil security (including homeland and border security) purposes both locally and abroad. It is a voluntary association and currently consists of around 72 members.

In relation to SADI capabilities, it has been concentrating on niche capabilities in areas where it leads globally. Currently, the capabilities included border management solutions and Unmanned Aerial Vehicles (UAVs). SADI was in a process of developing a cybersecurity capability which would serve the country.

6.1 The state of the South African Defence Industry

The decline in the medium term budget allocation for the DOD will result in the Arms of Services not being in a position to equip themselves and maintain their current equipment. SADI referred to the 2015 Defence Review which called for certain actions to be taken to support the defence industry and the SANDF. It was emphasised that SADI does and is able to compete globally, and this is demonstrated by the applications submitted to the NCACC for exports. In addition, SADI has continued to make footprints in Africa, Asia, Middle East and some parts of Europe with products such as land systems, weapons and ammunition.

- **SADI impact on national security**

As an integral part of the SANDF's capabilities, government has control over key capabilities, even though they may be in private hands, they are not outside government control. SADI also indicated that it was a useful tool for foreign policy through supporting and allowing South African forces to assist forces of friendly countries and to assist UN deployments. In addition, the Industry also support other government departments, agencies and other sectors in the economy. e.g. the intelligence services, the Police, Home Affairs and Sea Fisheries.

- **SADI impact in the economy**

With respect to the impact of the Industry on the economy, reference was made to the Spin off and spill over effects of having a capable defence industry. SADI is heavily integrated into the global value chain of aero-structure manufacturing and supplying directly to big conglomerates such as Boeing and Airbus. The SADI economic-systems have been identified as an incubator for highly sought after skills in the science, technology, engineering and mathematics sectors. People trained in this sector work in highly skilled sectors and contribute to other national imperatives of the country because of training they received in the defence sector.

- **Aerospace and Defence**

Within the aerospace and defence masterplan, SADI is looking at repositioning the sector to improve South African lives for generations to come. This was made necessary by the realisation from other sectors of the economy that the aerospace/defence sector is an apex ecosystem that allows other systems to continue to be sustainable. The key objectives were noted to be the increase in local production of selected products by 50%; improving export sales by 100%; increasing formal employment from the current level by 50% by end of 2025; retaining advanced skills in the ecosystem; as well as to increase the participation of black persons and women in the industry.

- **Exports**

SADI highlighted the current challenge faced by the industry in respect of how the arms control regime is implemented. The current system hampers the ability to compete and successfully export due to inefficiencies and unpredictability of the system, resulting in loss of not only currently contracted exports, but future ones as well. SADI expressed a need for the proper resourcing of the Directorate Conventional Arms Control (DCAC) so that it addresses the challenges which the stakeholders have observed. SADI also raised challenges faced in relation to the policy framework, especially the NCACC Act. SADI expressed the view that the system needs to be digitised. It was also emphasised that given SADI's global impact, these issues need to be sorted out. The industry for instance stands at risk of losing opportunities in the Middle East to the value of approximately R24 billion.

6.2 Challenges

SADI tabled suggestions on what could be done to address the challenges faced by the defence industry as follow:

- A direct, deliberate, focused and highest political support was necessary;
- A government wide approach to support SADI;
- A stable and predictable local defence spending including R&D;
- A stable and sustainable Denel;
- An effective arms control regime to facilitate arms export; and
- Financing and related instruments.

SADI also tabled risk factors in losing existing export markets as follows:

- Reputational damage of South African brand;
- Decrease in tax revenue;
- Potential decline in technology investments;
- Further loss of supply chain and 25 000 job loss; and
- Halt in training and development of engineers (JSCD 5 November 2020).

6.3 Location

One of the over-arching challenges is the location of the Industry, in that it does not have a true location in other ministries as it is mainly associated with the Ministry of Defence. The challenge is that 99% of companies within the defence industry are private entities, whose businesses should be promoted by the Department of Trade and Industry. Given this challenge, the SADI proposed that a proper co-ordinating structure should be introduced.

6.4 Way forward and assistance sought from the JSCD

SADI tabled suggestions which it requested the Committee to consider:

- The international defence industry relations are highly political, thus there is a need for it to be driven by political leaders;
- Brand reputation management with the crisis in the Middle East region and a number of African countries.
- Engagement with the Presidency on these implications and the image of the country;
- Instruments used by the state should support the defence industry exports;
- The NCACC approval process needs to be fast tracked and benchmarked with other countries to ensure competitiveness;
- Interim measures should be put in place to allow for the industry to operate during emergency periods and election cycles; and
- The permit application system should be digitised.

In respect to policy interventions, SADI suggested the following:

- An implementation of a policy on designation and localisation of certain products for local consumption;
- Government should look at introducing a bulk approach to safety and security requirements across state departments;
- Government should expedite and prioritise the implementation of the Border Management Agency (BMA) and related enabling projects by Department of Home Affairs;
- Enable the exploitation of the Intellectual Property rights that allows for the reasonable generation of royalty based revenues; and
- The Arms control regime needs to be reviewed, updated, restructured and capacitated.
- The Chairpersons of the Portfolio Committees on Trade, Industry & Competition; International Relations and Cooperation; Science & Innovations should be engaged to ensure a whole-government approach that include all the relevant government clusters.

7. JSCD OBSERVATIONS AND RECOMMENDATIONS

7.1 JSCD Observations

- **Loss of scarce skills:** The JSCD is very concerned at the loss of 80 engineers, who will probably very soon be employed by competitors and will be utilising IP to develop capabilities elsewhere. It was stressed that it is in our own interest to build and retain the reputation and brand of the country and its defence industry.
- **Predictability of NCACC meetings:** Concern was expressed that due to election cycles and other factors, the NCACC does not meet as regular and as predictable as the NCAC Act requires.
- **Manual IT system of the DCAC:** The Committee noted the utilisation of a manual system by the DCAC which the Industry believes causes unnecessary delays with the processing of applications.
- **Difference of opinion:** The JSCD noted that while the DCAC stated that it is functioning very well to process applications, the Defence Industry express frustration at delays and that the DCAC is not fully capacitated.
- **Intellectual Property Rights:** The Committee noted the opinion that the IP rights could be exploited to raise revenue and wanted more clarity on the issue.
- **Consequence Management:** Note was taken of the suggestion by the Defence Industry that the various role-players should be subjected to Consequence Management if they do not deliver timely and appropriately on their mandates tasks.
- **Assistance of the JSCD:** The JSCD noted the suggestions by the Defence Industry on how it can assist, especially regarding the involvement of political leaders to support and promote the Industry abroad.
- **The underlying impact of Denel.** The JSCD noted with concern the immense impact that Denel's financial and operational problems have. The Committee noted two key concerns. First, the economic impact of Denel's loss of contracts results not only in a loss of income for the entity, but also in SMMEs being negatively affected, scarce skills held leaving the country and ultimately tax revenue

being lost. Second, Denel's demise has a negative impact on South Africa's sovereign and strategic defence capabilities and the ability to ensure back-end support to the SANDF.

7.2 JSCD Recommendations

Loss of scarce skills: The JSCD recommends that whole-government approach should be adopted to assist and support the Defence Industry in order to prevent the loss of scarce skills to other countries and to attract new scarce skills to the Industry.

Predictability of NCACC meetings: Although the DCAC indicated that this has now been addressed, the Committee recommends that the NCACC should be alert to this concern and how it impacts on the Defence Industry. The NCACC should from 2021 indicate in its quarterly report to Parliament the dates and number of meetings held to consider export and import permits.

Manual IT system of the DCAC: Given the assurances by the DCAC that they plan to migrate to a new system early in 2021 and that Armscor can assist with a digitised system, the Committee recommended that the parties should collaborate and ensure a speedy, seamless migration to a more efficient and user-friendly system.

Difference of opinion: The Committee undertook to take this issue further at the next NCACC meeting with the Ministers to raise and hopefully clarify the frustrations and to explore possible solutions in order to ensure a collaborative, coordinated and supportive approach from all role-players.

Intellectual Property Rights: The Committee welcomed the view that the IP rights can be exploited for additional revenue and that Armscor and Denel are managing most these rights on behalf of the DOD, and recommended that the Defence Industry should enhance its efforts in this regard.

Consequence Management: The JSCD undertook to further investigate the occasional non-responsiveness and lack of cooperation according to the AMD, given the dire need for predictability and regularity of NCACC meetings for the Industry.

Assistance of the JSCD: The Committee undertook to engage the Portfolio Committees on Public Enterprises and International Relations, in order to highlight the need for a whole-government approach to support the Industry.

8. WAY FORWARD

The JSCD undertook to discuss this Report early in 2021 and to draft a programme of engagement with the relevant Defence Industry role-players and other Portfolio Committees at Parliament as well as selected political leaders in order to facilitate the kind of support and assistance that such a crucial contributor to our national economy and defence capability deserves.

Report to be considered.

1. Report of the Portfolio Committee on Justice and Correctional Services on the Criminal and Related Matters Amendment Bill [B 17- 2020], dated 26 February 2021

The Portfolio Committee on Justice and Correctional Services having considered the Criminal and Related Matters Amendment Bill [B17 -2020], reports the Bill with amendments [B17B-2020].

The Committee reports further:

1. The levels of gender-based violence and femicide in this country are among the highest in the world, and are acknowledged as a second pandemic.
2. In November 2018, a Presidential Summit against Gender-Based Violence and Femicide (GBVF) was held, emerging from the #TheTotalShutdown movement. The Summit resulted in a Declaration which resolved, among others, to:
 - Fast track the review of existing laws and policies on gender-based violence to be victim-centred and ensure all other relevant laws respond to GBVF.
 - Implement the recommendations that have been identified from reviews and address legislative gaps.
 - Revisit and fast track all outstanding laws and bills that relate to GBVF.
3. On 18 September 2019, the President expressed the country's commitment to address the scourge of GBVF and announced an emergency response plan to tackle GBVF, which includes strengthening the applicable legal framework.
4. The Criminal and Related Matters Amendment Bill was introduced and referred to the Committee on 28 August 2020. The Bill forms part of a number of legislative measures to strengthen our response to GBVF.

5. Briefly, the Bill amends several Acts, and is intended to (i) address gender-based violence and offences committed against vulnerable persons; (ii) provide for additional procedures to reduce secondary victimisation of vulnerable persons in court proceedings by expanding the circumstances in which a complainant can give evidence through an intermediary and by providing for evidence to be given through audio-visual links in proceedings other than criminal proceedings; and (iii) tighten bail and minimum sentencing provisions in the context of GBVF.
6. The Committee was briefed on the contents of the Bill on 1 September 2020 and the Bill was then published for public comment. The Committee held public hearings on the Bill, and two others also aimed at strengthening the relevant legislative framework, on 20, 21, 22, 23 and 28 October 2020.
7. Having heard the comments on the Bill, the Committee, among others, considered the constitutionality of the limitation on bail in relation to GBVF offences and was concerned to ensure that the Bill achieves the proper balance of rights, in particular, between the rights of the victim and an alleged perpetrator in GBVF offences in bail proceedings.
8. In the case of bail, the categories of protected rights that intersect are the freedom and security of person as contemplated in section 12 of the Constitution and the right contemplated in section 35(1)(f) of the Constitution, namely that everyone who is arrested for allegedly committing an offence has the right to be released from detention if the interests of justice permit, subject to reasonable conditions. The Committee is advised that the grant or refusal of bail is a judicial function, notwithstanding so-called "police bail" under section 59 and "prosecutor's bail" under section 59A of the Criminal Procedure Act 51 of 1977. The Committee is of the view that as long as the proposed amendments do not amount to an outright denial of bail, the restrictions on bail proposed by the Bill are constitutional.

Report to be considered.