

**REDISA
ANALYSIS OF RESPONSE TO MINISTER'S LETTER DATED 31 OCTOBER 2016**

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
1	2	<p>It is prudent to note that the IIWTMP was approved as it ascribed to the requirements set out in regulation 9(1) of the Waste Tyre Regulations, 2009, more especially as it made provision for <i>inter alia</i></p> <ul style="list-style-type: none"> • Integration of previously disadvantaged individuals; • Job creation opportunities; • Independence of governance structure. 	<p><i>This is correct. REDISA is committed to achieving these key ancillary objectives.</i></p>	<p>These objectives are not ancillary. In terms of the Plan, job creation was the first and primary reason provided by REDISA for approval of a single plan. Job creation and fostering of SMMEs were highlighted as key objectives, necessary to meet the social needs of the country.</p> <p>The Approval Letter also indicates upfront that the four (4) key points of merit for approval of REDISA's Plan were:</p> <ul style="list-style-type: none"> - Integration of the waste hierarchy; - Integration of PDIs; - Job creation; and - Independence of governance structure. <p>These are not "ancillary objectives". By referring to these as ancillary, REDISA implies that these objectives are secondary in importance. These objectives only became <i>ancillary</i> in REDISA's MOI, which was drafted and submitted after the approval of the Plan. The MOI does not supersede the Plan and Approval Letter.</p> <p>The REDISA Plan at paragraph 19 also indicates that it "<i>has as a primary focus the creation of business and employment opportunities for</i>" PDIs. How REDISA can now call job creation ancillary is unclear.</p>	<p>REDISAS Plan, para. 2.1, page 6</p> <p>Plan approval Letter</p> <p>REDISAS Plan, para. 2, page 5</p> <p>REDISAS Plan, para 19, page 26</p>
2	3	<p>The DEA appointed iSolveit Consulting (Pty) Ltd (iSolveit), an independent company to conduct a performance audit regarding various aspects of REDISA's operations against the IIWTMP. At this juncture, it is important to point out that the IIWTMP was approved on condition that REDISA would properly account and report to the DEA.</p>	<p><i>Since the approval of the IIWTMP ('the Plan'), REDISA has complied fully with its reporting obligations as stipulated in the Minister's approval. Further, REDISA provided its full co-operation to iSolveit during the conduct of its performance audit as will be demonstrated below.</i></p>	<p>REDISAS has not fully complied with its reporting obligations as required by the Plan and the Approval Letter.</p> <p>Paragraphs 2.1.4 and 2.1.5 of the Letter of Approval indicate the following:</p> <p><i>An annual audit report from an independent auditor commissioned at the expense of REDISA must be submitted to the Department. This audit must be done with regard to, at least, the following:</i></p> <ul style="list-style-type: none"> - Compliance with the approved IIWTMP and the conditions of approval; - Compliance with the waste legislation and the Tyre Regulations; - Management of legacy stockpiles and reduction of the carbon footprint of waste tyres; - Financial reports; and - The extent of the independence of the REDISA board. <p>The only annual report from an independent auditor has been the Annual Financial Statements. These statements do not contain any of the required information, except for the financial reports.</p> <p>REDISAS has therefore not fully complied with its reporting obligations.</p> <p>The Plan also requires at paragraph 26 that an external audit be conducted on all aspects of REDISA's operations. The only external audit reports seen by the DEA are the Annual Financial Statements.</p>	<p>Plan approval letter, para. 2.1.4 and 2.1.5</p> <p>REDISAS Plan, para. 26, page 31</p>

NO	ITEM		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
				NB. This is based on the assumption that no annual performance reports have been received by the DEA, as per Chemicals & Waste.	
3	4	<p>The DEA and iSolveit have attempted, on numerous occasions, to obtain documentation and information from REDISA in order to finalise the performance audit which was commissioned by the DEA. The lack of cooperation from REDISA culminated in the meeting held on 12 August 2016, wherein the performance audit report, findings and areas of concern were highlighted to you. At the aforementioned meeting REDISA requested an opportunity to respond to the performance audit report and to provide all other outstanding information or documentation, as per the attached action list.</p>	<p><i>There is no factual basis for the allegation of lack of cooperation by REDISA during the performance audit. REDISA has cooperated fully with this process as will be demonstrated below. A summary of the history of the engagement between REDISA and iSolveit will illustrate this. In this regard, the Minister is requested to consider the following attached documents, and their annexures, detailing the extent to which REDISA cooperated with, and provided requested information to iSolveit during the course of the conduct of the audit:</i></p> <p><i>1. For convenience we have prepared timelines which describe the engagement and information flow to iSolveit – this is attached to our response as annexure 1. Two timelines have been prepared - we describe Phase 1 as being the period up to REDISA's delivery of its letter dated 28 June 2016 to the Department; and Phase 2 (which is not yet complete from iSolveit's side) is what happened thereafter.</i></p> <p><i>2. We draw the Minister's attention to the letter dated 28 June 2016 ("the June letter") from REDISA to Mark Gordon of the Department. The June letter is attached to this response as annexure 2. This is a comprehensive response to what iSolveit referred to as its "Final Report". All the information which REDISA is alleged not to have provided to iSolveit (or the Department) is contained in this, and the subsequent, correspondence referred to herein. The consequence of the June letter was that iSolveit retracted its "Final Report" and then issued a "provisional" and much more limited "Key Findings Report" – a report which iSolveit admitted was based on, in their own word, a " cursory" reading of what REDISA had presented to it.</i></p> <p><i>3. The letter of 7 September 2016 ("the September letter") addressed by REDISA to the Director General ("DG") of the Department (L Makotoko). The September letter is attached to this response as annexure 3. This letter and its annexes summarize comprehensively the history of the iSolveit engagement process with REDISA – and the profound errors in the " findings" of iSolveit arising from the flawed process which had been followed.</i></p> <p><i>4. The September letter responded to iSolveit's "Key Findings Report". iSolveit has never responded to the September letter;</i></p> <p><i>5. The letter of 23 October 2016 ("the October letter") in response to a letter received from the DG (N Ngcaba) of 17 October 2016. The October letter is attached to this response as annexure 4. The October letter pointed out, respectfully, that most of the issues raised by the DG had already been dealt with comprehensively by REDISA. To the extent that they were not, REDISA responded promptly and delivered all further information that it could as per the October letter;</i></p> <p><i>6. <u>The PWC Audit findings (previously delivered to the Department) are for convenience also attached to this response as annexure 5. These findings are the product of a comprehensive audit conducted by PWC using the same terms of reference as those given to iSolveit. The conclusions of PWC – which are supported by proper audit processes with reference to facts – are completely different to the " cursory" "findings" of iSolveit;</u></i></p> <p><i>7. Over and above the audit process referred to above, we mention that at REDISA's insistence, regular monthly performance and report back meetings have been held with the Department since 23 March 2013. Detailed performance information regarding the implementation of the Plan was furnished to senior officials of the Department at these meetings in order to ensure that that the Department is kept up to date as regards the Plan's implementation, challenges and achievements.</i></p>	<p>With regard to the PWC, firstly, the report has not been delivered to the Department. The Department has only seen the PWC report dated 05 April 2016, which deals with REDISA's submission to National Treasury.</p> <p>The PWC report referenced here by REDISA is a separate PWC report, of which the Department has only had sight of the Executive Summary. The purported PWC "findings" dated 06 September 2016 are not findings. This is an executive summary of a review process initiated by REDISA. The PWC document indicates at paragraph 1 that "as of the date of this Executive Summary, we are in the process of completing these procedures and this letter should be read in conjunction with our full report which is still a work in progress".</p> <p>Paragraph 5 of the PWC document indicates that the results reported in the summary are as a result of confirmation of the contents of REDISA's monthly report to the Department for June 2016. This review only looked at three aspects in terms of the June 2016 Progress Report:</p> <p>a) Jobs created; b) SMMEs; and c) BBBEE.</p> <p>The PWC document goes on to indicate at paragraph 9 that "the information supplied to us was taken at face value and we cannot confirm the completeness or authenticity of information used in performing our work nor can we confirm that we had sight of all relevant documentation" and "we were not required to, nor did we undertake an audit in terms of the International Standards on Auditing."</p> <p>REDISAs assertion that the PWC review covered the same terms of reference as the iSolveit review and that the PWC review was a proper audit, are therefore refuted and debunked.</p> <p>Considering the above limitations, the PWC report cannot be said to be "the product of a comprehensive audit conducted by PWC...supported by proper audit processes with reference to facts..." as averred by REDISA.</p> <p>It is very clear that PWC has only conducted a review of the information that was provided by REDISA. Whether the information was reliable or factual was not verified by PWC.</p> <p>The PWC exercise was also clearly incomplete. The complete PWC report has never been provided to the Department.</p>	PWC Executive Summary dated 06 September 2016.

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
PARA.					
			<i>A schedule of the minutes of all meetings held with the Department since 23 March 2013 is attached to this response as annexure 6. Copies of the minutes will be made available in a separate file.</i>		
4	5	I note with concern that despite your undertaking on 12 August 2016 to forward the outstanding documentation by 19 August 2016 to the DEA, you failed to comply with the agreed deadline. Upon analysis of the information that was eventually received on 7 September 2016, it was once again found to be incomplete or unclear and does not respond to the issues raised by iSolveit or the DEA.	<p><i>This date was imposed at the insistence of the DDG at the meeting of 12 August 2016. REDISA expressed concern that the time given was insufficient to deliver what was required. Although most of the documentation had already been submitted to iSolveit, in order to put an end to their continuing allegations of non-disclosure, it was agreed to itemize what was required and that REDISA would submit the documents even though much was duplication.</i></p> <p><i>On 19 August 2016 REDISA indicated that it was still in the process of collating the necessary information. This is evident from the correspondence attached to this response as annexure 7. The short delay in responding to the further information sought was caused by the need to furnish a detailed response. This was furnished under cover of the September letter, which is attached to this response as annexure 3.</i></p> <p><i>The correspondence referred to above was a comprehensive response. One specific topic amongst a multitude of others was not dealt with in the September letter. More particularly, we were to submit responses to the financial analysis and did not do so since we had approached the DG to address this in a further face to face meeting. This oversight - and the topic itself - was dealt with in the October letter to the DG, attached to this response as annexure 4.</i></p> <p><i>The conclusion that the information was "incomplete or unclear or does not respond to the issues raised by iSolveit or the DEA" is completely insupportable when viewed against the correspondence and the annexes thereto referred to above. The Minister need only read these to establish for herself the incorrectness of this allegation.</i></p> <p><i>Even in the circumstances where REDISA could not submit certain documentation within the unrealistic deadline set for it, this can hardly form a rational basis to cancel the Plan, which remains the only EPR waste management plan in South Africa under the auspices of the Department.</i></p> <p><i>6. Based on the information provided to date, the findings of the iSolveit report and the</i></p>	<p>REDISA did not indicate their discomfort with the deadline at the meeting, but agreed to provide the required information by the deadline, even signing the minutes and document request list. There was therefore no indication that the deadline was unrealistic. In addition to this, iSolveit and the Department had been requesting these documents since February 2016, so the reality is that REDISA had 6 months in which to provide the requested documents.</p> <p>Refer to Document Analysis conducted by Vanessa and Shirish for detailed analysis of outstanding documents.</p> <p>The responses received from REDISA were therefore not comprehensive and there are still documents outstanding.</p>	<p>Minutes and agreement at meeting of 12 August 2016.12.13</p> <p>Analysis of documentation received.</p>
5	6	Based on the information provided to date, the findings of the iSolveit report and the analysis conducted by the DEA, revealed the following.	<p><i>Before we respond to the findings that iSolveit is said to have made, we wish to place on record the concerns we have raised regarding iSolveit itself and the manner in which it approached and conducted the audit. REDISA has grave concerns about the independence and credentials of iSolveit to conduct this audit. iSolveit is not a registered auditor, and their lack of experience in these processes became clear through the engagement. 4</i></p> <p><i>It is not clear to REDISA how iSolveit was appointed. No response has been given on the bid information for the audit appointment in response to the September letter.</i></p> <p><i>The "audit" process followed by iSolveit was not in accordance with accepted standards and auditing practice. For example, iSolveit never provided an audit plan and work schedule, despite REDISA requesting this at the outset. This is a basic requirement prior to the conduct of an audit. Given REDISA's extensive experience with independent audit processes as part of its strict compliance with corporate governance, it has an understanding of what such processes entail. The audit conducted by PWC Forensics in parallel with that of iSolveit (the summary of which was presented to the Department) illustrates the contrast in approach – for example, PWC deployed 6 auditors on site at REDISA's premises for 5 weeks whereas iSolveit deployed an outside consultant for 2 days.</i></p> <p><i>In their draft report of June 2016, iSolveit state that they had agreed a work schedule. We dispute this. There was no audit plan or work schedule presented to or agreed with REDISA, despite requests. The iSolveit draft report presents itself as an "audit" report, but the underlying methodology does not meet audit requirements.</i></p>	<p>iSolveit did not have to be a registered auditor. iSolveit was engaged to conduct a performance review. Furthermore, the iSolveit team included a registered auditor and accountant.</p> <p>REDISA is not entitled to any information related to the appointment process for iSolveit, however these can be requested through PAIA.</p> <p>The audit plan and work schedule are for the DEA and not REDISA.</p> <p>The audit conducted by PWC was also not conducted in terms of the International auditing Standards (PWC limitations). Hence, protesting that iSolveit did not conduct an audit is moot because PWC did not conduct an audit either.</p>	<p>iSolveit Bid documents, Shirish Bhoola.</p>

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
PARA.					
			<p><i>A further concern is that iSolveit has to date provided no response to REDISA on the keeping of information furnished to it in the context of the audit confidential, despite request. As the Minister will no doubt be aware, this is a critical requirement given REDISA's own statutory confidentiality obligations. It is a source of concern that, prior to REDISA submitting its response, both the iSolveit "report" and the Minister's letter of 1 November 2016 have been leaked to the media. REDISA will address this separately in due course.</i></p> <p><i>Our concerns about the independence, professionalism and motive of iSolveit are illustrated, by way of example, by the fact that on 19 July 2016 whilst the "audit" was in progress, iSolveit's principal asked REDISA for R1,000,000.00 to "sponsor a conference" it said it was running. The request was turned down. This is inappropriate conduct by an independent auditor. A copy of the relevant email correspondence is attached to this response as annexure 8.</i></p> <p><i>To date, no final report has as yet been released by iSolveit. As recently as 14 November 2016 further questions were made of REDISA by iSolveit. A copy of the correspondence from iSolveit in this regard is attached to this response as annexure 9. Whilst REDISA is presently addressing these questions and will submit answers in due course, the content of the questions demonstrates that, despite the enormous amount of information supplied to iSolveit, they still do not seem to grasp how REDISA was set up and operates.</i></p> <p><i>The Department has advised that it intends to publish the iSolveit Report, but there appears to be no Report which is ready for publication, or certainly not one that has been presented to REDISA as a final report for comment.</i></p> <p><i>The iSolveit "findings", which are clearly not in final form and flow from a flawed process, appear to form the basis of the Minister's reasons for intending to cancel the Plan. Such a course of action will make the Minister's decision vulnerable to attack on various grounds.</i></p>	<p>iSolveit operated as the DEA's appointed representative. Any information requested or provided to iSolveit would be handled in terms of the DEA's confidentiality requirements.</p> <p>The perception of bias has been addressed through the EY verification that was conducted.</p> <p>REDISA has not supplied all of the requested information. It would therefore be impossible to grasp all of REDISA's operating activities if it is withholding information.</p>	

NO	ITEM		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
6	6.1	<p>Governance: REDISA has appointed Kusaga Take Consulting ("KT"), as the external management company. REDISA has, however, confirmed via their Annual Financial Statements that the executive directors of REDISA are also shareholders of KT. This creates an untenable conflict of interest when dealing with public funds, despite the fact that these directors allege that they recuse themselves when a conflict arises.</p>	<p><i>It is correct that KT is the external management company that is envisaged in Clause 28 of the approved Plan. One reason for establishing a separate management company is explained in clause 28 of the Plan. It is intended to ensure confidentiality through separation of functions. REDISA is the custodian of valuable commercial information – the management company, as a private company, receives detailed information from subscribers and others which it then presents to REDISA in aggregated form. In this way exposure of specific information to third parties is prevented.</i></p> <p><i>There are further important reasons for this separation. This type of structure was also a more efficient way to develop management expertise for waste streams. It should be borne in mind that there is very little of this practical expertise available internationally. One option was for REDISA to buy this expertise from external consultants such as Accenture or Mckinsey, but these entities do not have this expertise themselves anyway (they would have had to develop it at REDISA's expense), and this would have been very costly. REDISA was presented with an opportunity to develop world leading South African management expertise in a new industry by building up this capability in a local management company. This approach has been successful - the Plan as managed by KT has received international recognition and praise as "best practice". A list of links to examples of REDISA's international recognition is attached to this response as annexure 10.</i></p> <p><i>At a more pragmatic level, separation of control and operational functions in different entities is also common and desirable corporate practice. Real Estate Investment Trusts, for example, operate on the basis that management functions are separated from ultimate control. Apart from the fact that this structure has always been fully disclosed to the Department, it also serves a valuable purpose. It does not create an "untenable conflict of interest" as alleged. REDISA has no shareholders. The fact that certain of its directors are shareholders of KT company does not of itself create conflict of interest. No directors of REDISA are directors of KT and vice versa. Companies are by law managed by their directors and executives, not their shareholders. Conflict only arises where decision making is compromised through improper corporate governance. The decision making processes of REDISA and KT ensure that this never happens. The directors are mindful of and comply with their obligations in terms of section 75(5) of the Companies Act – in instances where they have a personal interest in the outcome of company decisions the necessary steps are taken to ensure no conflict of interest arises.</i></p> <p><i>There is independent and unequivocal audit confirmation by KPMG that, in circumstances where decisions may be made by KT in regard to matters affecting its relationship with REDISA, the REDISA appointed shareholders of KT recuse themselves. This is not an "allegation", but an audited fact. REDISA appointed directors therefore do not participate in, and cannot influence, REDISA decisions about KT. This is accepted, sound and correct practice which is built into the governance system to ensure that decisions are not compromised by any conflict of interest. A copy of the relevant excerpt from the audit confirmation is attached to this response as annexure 11.</i></p> <p><i>Moreover, none of the executive directors of REDISA are members of its audit and risk committee. This ensures executives cannot influence the deliberations of this committee. REDISA and KT therefore comply with all recognized requirements of corporate governance as contained in company law and the guidelines in this regard of KING III.</i></p> <p><i>During their (brief) engagement at REDISA head office, all of REDISA's company secretarial documentation, including board and committee meeting minutes, was made available for iSolveit to interrogate.</i></p>	<p>REDISA is the appointed NPC and KT is merely the management company. There is no rational reason for KT to withhold information from REDISA, and in turn REDISA should provide the requested documentation to the DEA. This purported separation of entities is being used as a smokescreen to withhold information from the DEA.</p> <p>KT had no track record to speak of.</p> <p>The structure does not create the conflict of interest. It is that the REDISA Executive Directors are shareholders of KT that creates the untenable situation. KT's appointment is another point of contention.</p> <p>There is no proof that there is actually a recusal. KPMG has not provided unequivocal independent confirmation of the recusals.</p> <p>This declaration is made in the Director's Report of each AFS. KPMG, in its letter included in the AFS, is very specific in that it provides no opinion on the contents of the Director's Report. There is therefore, no independent unequivocal confirmation.</p> <p>Limited Board Minutes and Resolutions were provided to the iSolveit team. REDISA was requested to provide ALL governance records, but has failed to do so.</p>	AFS (2014-2016)

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
PARA.					
			<p><i>Not a single factual example of any decision taken by REDISA which may have been made contrary to any principle of good governance has been provided to REDISA by iSolveit. This is because there are no facts to support such a finding.</i></p> <p><i>The problem with the iSolveit finding that the structure set out in the approved Plan creates "an untenable conflict of interest" is this: it is a legally wrong assumption which in any event fails to take into account that disclosed and accepted corporate procedures exist and are applied precisely to prevent any conflict from happening. iSolveit has merely reached a hypothetical finding without considering the facts, and which in reality is contrary to the facts.</i></p> <p><i>The Plan was also set up on the basis that its governance structure would be independent of the tyre industry to ensure there would be no external influence on decision making, and to promote transparency and job creation. This is one of the strengths of the Plan. This requirement was approved and confirmed in the Minister's approval letter. This independence has been retained throughout as confirmed by audit.</i></p> <p><i>It is therefore not understood upon what factual or legal basis this adverse conclusion by iSolveit is reported in the above paragraph of the Minister's letter.</i></p> <p><i>Despite several requests to REDISA, it has not been forthcoming with information related to KT i.e.: This is not correct. All information which REDISA was able to provide iSolveit regarding KT has been provided as requested. During the site visit to REDISA's premises on 17 March 2016, the information related to the appointment of KT was provided to iSolveit's representative.</i></p> <p><i>▫ The process followed in appointing KT;</i></p> <p><i>This was never requested. What was requested was confirmed in the Minute of the 15 July 2016 meeting referred to in the Phase 2 timeline. A copy of the Minute (referred to by the Department as a list of "Action Items") is attached to this response as annexure 12. The process to appoint KT was a simple implementation of the approved structure set out in the Plan. The reason for this structure is set out above.</i></p> <p><i>The contractual agreement between REDISA and KT for the REDISA Plan; The management contract was provided to iSolveit on 17 March 2016 as set out above, and re-submitted electronically on 21 July 2016 during Phase 2. It was also provided to the Department under cover of the September letter.</i></p> <p><i>▫ The founding documents of KT;</i></p> <p><i>For reasons already stated, REDISA is not in a position to furnish this information about KT. KT is a separate juristic entity from REDISA. The documents belong to KT and are in its exclusive possession. This was explained to iSolveit by REDISA, as is evident from the correspondence attached to this response as annexure 13.</i></p> <p><i>This is illustrative of the fact that proper corporate governance applies – that which is confidential to KT is retained by KT. It is not understood how REDISA can be criticized for failing to supply information does not belong to it, and that it cannot supply because it adheres to proper governance.</i></p>	<p>As above, the conflict is not with the structure, but the process and ownership.</p> <p>As above, not confirmed by audit.</p> <p>No information relating to the appointment of KT was provided. No minutes indicating a recusal or other record that would prove the claimed compliance with the Companies Act.</p> <p>This was requested at the meeting of 12 August 2016.</p> <p>The agreement that was provided is for other waste streams. This agreement makes specific reference to an existing agreement between REDISA and KT for the tyre waste plan (para. 1.1.11, 2.1, 3.5). REDISA has therefore not provided the agreement with KT in respect of the tyre plan.</p>	<p>KT/REDISA agreement (other waste streams).</p>

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER PARA.	DETAIL			
			<p>□ The financial information of KT;</p> <p><i>In Phase 1 of the engagement with iSolveit a request was made of REDISA on 30 March 2016 to provide the Financial Statements of KT. For reasons already stated, REDISA was not in a position to furnish this information about KT, a separate entity. It was suggested to iSolveit on 1 April 2016 per email that they approach KT directly for this information (this is evident from annexure 13). REDISA provided iSolveit with the contact details of the relevant person at KT from whom the information could be required, as is evident from the email correspondence attached to this response as annexure 14. We do not know if iSolveit ever 7 did so, but they appear to have conceded this point since they never suggested this information was outstanding at the meeting on 15 July 2016 as represented in the Phase 2 timeline. This item was also not included as an outstanding item at the meeting with the Department on 12 August 2016.</i></p> <p><i>This being said, KT's performance as a management company is continuously and closely monitored through monthly management reports. A sample of such reports was provided to iSolveit at their request. A copy of this sample is attached to this response as annexure 15.</i></p> <p><i>There is full transparency on what KT does for the fee it receives, and this information has always been made available to the Department and was disclosed to iSolveit. We deal with this in more detail below.</i></p> <p><i>A breakdown of the management fee that is paid to KT, which is in excess of R100 million per annum.</i></p> <p><i>Details of the management fee, and the purpose for which it is being applied, are set out in the Plan. iSolveit was furnished with management reports delivered by KT to REDISA as stated above. Moreover, all this information was made available to the Department in the monthly management meetings held with it. To date, since its inception REDISA has submitted 46 reports to the Department. The most recent such report – which shows the level of information provided – is attached to this response as annexure 16. The Department and its officials have detailed insight into the activities of REDISA and KT.</i></p> <p><i>As will be seen from the information provided, the primary activities of KT as management company for the Plan are to ensure at a practical level that the objectives of the Plan are achieved. KT handles all operational aspects of the Plan.</i></p> <p><i>More particularly, KT is responsible, under the guidance of REDISA and the Plan as per stated policy, to manage the key activities set out below. There are detailed underlying procedures and teams allocated for all these activities. In summary, and for ease of reference, the key administrative activities delegated to KT as management company are set out set out inter alia in para 25 of the Plan, and are to:</i></p> <ol style="list-style-type: none"> <i>1. Attend to the general management, administration, accounts, IT and HR requirements of the Plan;</i> <i>2. Supervise project management for the roll out of the Plan including but not limited to business development plans for depot and processor establishment;</i> <i>3. Supervise the legal and contractual aspects of the Plan;</i> <i>4. Drive public awareness to promote environmentally responsible behavior and awareness of the Plan to ensure support and compliance – this will minimise waste generation in the first place;</i> 	<p>Annexure 15 has nothing to do with KT's performance as a management company. It is an email from Tania to Shirish.</p> <p>Annexure 16 is a monthly management report in respect of REDISA. It's notable that the amount of information now being supplied by REDISA is more than what was reported in e.g. May 2016 and the preceding reports since inception of the Plan. The Department did not have insight into some of the financial and performance information that is now suddenly being included in REDISA's monthly report.</p>	

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
			<p>5. Engage environmental specialists to assist and advise with EIA's and compliance required for depots and processors, and to develop best practices in these fields through experience;</p> <p>6. Provide training programmes "for the trainers" and manage outsourced training for transporters;</p> <p>7. Develop processing expertise and capacity for waste tyres;</p> <p>8. Develop and manage a countrywide system of depots, and in so doing maximise the collection of waste tyres and their delivery to depots for processing;</p> <p>9. Manage stockpile abatement;</p> <p>10. Build and apply Research & Development facilities and programmes in collaboration with outside organizations and tertiary education institutions to develop recycling technologies and the reduction waste through improved manufacturing processes and standards;</p> <p>11. Employ and deploy a compliance department of suitably trained specialists to assist all contracted parties to comply with legislation and best practices, assist with implementation, and to monitor continued compliance through e.g. regular inspections and training;</p> <p>12. Develop downstream local demand and capacity for recycled tyre products as far as possible;</p> <p>13. Develop management capacity and expertise for this new industry;</p> <p>14. Monitor Transporter performance information, and manage transporters;</p> <p>15. Manage and protect the confidentiality of information received from subscribers;</p> <p>16. Keep proper financial records to enable auditing to take place.</p> <p>As is evident from a listing of the management services provided by KT and a presentation made by REDISA to the Department providing an Operational Overview of these activities (annexed as annexures 17 and 18), KT discharges all of these administrative activities. Through their engagement with KT, the Department's officials are fully aware of the scope and extent of KT's administrative activities, undertaken in the discharge of its obligations under the Plan.</p> <p>From the documentation assessed, the governance structure of REDISA is top heavy and expensive. The iSolveit report found that 3 of the non-executive directors of REDISA earn more than R160 000 per month, excluding fringe benefits. The combined income of the executive directors and staff of REDISA (approximately 7 persons), amount to R1.7 million per month.</p> <p>There is no indication as to how iSolveit has reached this conclusion, or what benchmark(s) it used to arrive at these findings. Absent any such benchmarks or reference points against which to measure these findings, they are subjective. Once more, iSolveit appears to have reached a conclusion without any reference to supporting facts.</p> <p>To place it in context, REDISA exists to ensure that the Plan is implemented, and to ensure that KT delivers the Plan's strategic objectives. It has the overall oversight role for the implementation of the Plan. Further, REDISA has the overall accountability for the Plan, and constitutes the executive control function for its implementation.</p>	<p>This is not as contained in the Plan. The Plan indicates "R&D Division – to work with and co-ordinate efforts between outside organisations and tertiary education institutions on the development of recycling techniques." It says nothing about building and applying R&D facilities. In terms of the Plan, REDISA was to co-ordinate the R&D activities with other organisations, not take over and build a testing institute.</p> <p>These activities are also very different from those contained in paragraph 25 of the Plan.</p> <p>iSolveit determined that REDISA's Executive Directors and Staff (approximately 7 people) are forecast to earn approximately R1,7 million per month in 2016/17. This equates to the following:</p> <p>Annual Cost = R20,4 million Average Cost = R2,9 million</p> <p>These costs were compared against the Top Management costs associated with two public entities for the 2015/16 financial year:</p> <p>SAWS Annual Cost = R8,2 million Average Cost = R1,6 million</p>	<p>Plan, para. 25.12, page 30.</p> <p>iSolveit Report, para 2.1 (b), page 23.</p>

NO	ITEM		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
	PARA.				
			<p><i>REDISAS has a small executive team of three of the most senior persons engaged in the Plan. These are the persons who, at considerable initial personal risk, have conceptualized, developed and implemented the Plan from scratch - they continue to do so. REDISA also employs a CFO (a chartered accountant) who supervises the overall financial management of the Plan. This "Head Office" team is assisted by 3 secretaries.</i></p> <p><i>As set out in the Plan, REDISA also has retained responsibility for supervising training, and communications and stakeholder engagement, since these are strategic responsibilities.</i></p> <p><i>The remuneration of this executive team has been benchmarked by an independent audit, and is in line with accepted standards. A copy of this benchmark report is attached to this response as annexure 19. The remuneration of this team is in any event determined by a remuneration committee of non-executive directors of REDISA in line with proper corporate governance. There is accordingly no basis for the conclusion that REDISA's executive team is "expensive" or otherwise overpaid in relation to its responsibilities.</i></p> <p><i>I have noted that there appears to be a blurring of lines between REDISA and KT in terms of assets, office space, governance, expenditure and roles. To the extent that such appearance is based on the 'findings' of iSolveit, it has proffered no facts to support this finding. There has been no blurring of lines on any of the above issues, either factually or legally. On 21 July 2016 iSolveit was furnished, along with other information, with a copy of REDISA's fixed asset register. A copy of the covering emails are attached to this response as annexure 20. REDISA does not co-own any assets with KT.</i></p> <p><i>REDISAS and KT do not share office space and iSolveit has been furnished with a copy of the lease agreement confirming this. A copy of the lease agreement was couriered to iSolveit on 22 July 2016. A copy of the waybill is attached to this response as annexure 21.</i></p> <p><i>REDISAS's audited financials disclose that the only financial relationship it has with KT is payment of the agreed monthly fee by REDISA to KT. We have dealt with governance in detail above. The facts presented to iSolveit compel the opposite conclusion to that reached by it. In the circumstances, there is no justification for it.</i></p>	<p>SANParks Annual Cost = R10,5 million Average Cost = R1,5 million</p> <p>In comparing the costs between REDISA and the entities, the salary costs of the REDISA Directors does appear to be excessive.</p> <p>The risk undertaken by these individuals is irrelevant to the discussion. The CFO employed by REDISA is also the CFO and Director of KT.</p> <p>Refer to action item 8 on the analysis conducted on the documents received from REDISA in September 2016. As indicated, the asset register only contained information about immovable assets and had no information about movable assets.</p> <p>According to the agreement between KT/REDISAS for the other waste streams, both organisations list their domicile et executandi as 4th Floor of the Sunclare Building in CT. KT is listed as North Unit and REDISA as South Unit. This implies that they occupy different areas of the same floor. The Lease Agreement, sub-letting the office space to REDISA only, indicates that REDISA sub-let the "part of the building that occupies its entire 4th floor." In essence, REDISA is paying for the entire 4th floor and KT is utilising half of the floor. This is a contradiction with the statement that they do not share office space. If anything, KT may be freeloading on REDISA's sub-lease agreement.</p> <p>There is no audit evidence of this. The only audit evidence available is that the financial statements are a true reflection and that payments have been made to KT. There is no assurance that no other payments have been made to KT.</p>	<p>Analysis of docs received (Vanessa/Shirish – item 8)</p> <p>KT/REDISAS other waste streams agreement, page 21.</p> <p>REDISAS/9 YEARS sub-lease agreement, page 2, The Leased Premises.</p>

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
7	6.2	<p>Job Creation: REDISA has claimed to have created 3254 "employment opportunities" as at May 2016. The IIWMTP requires jobs and not just employment opportunities. REDISA's claimed performance includes figures for the informal sector, i.e. 2155 waste collectors, whereas the Plan specifically excludes the informal collectors from the job creation targets/estimates.</p>	<p><i>It is necessary to clear up a possible misconception. The main object of REDISA is to engage in the conservation, rehabilitation and/or protection of the natural environment, specifically by creating and procuring the implementation of the Waste Tyre Management Plan as contemplated in the Environmental Waste Act and the Waste Regulations, subject to the approval conditions. The ancillary objects of REDISA are to (1) create employment and economic development through the creation of such opportunities for the Plan's subscribers and other participants; and (2) procure the provision of training for unemployed persons in the relevant participating industries for the purpose of enabling them to obtain employment.</i></p> <p><i>To this end, the initial phase of the Plan is designed to address its primary objective, i.e., waste diversion. REDISA has created systems and developed capacity to capture waste through both formal and informal retail sectors. As the Plan rolls out, more employment opportunities will be created as we move towards 100% of the waste tyres being diverted into the REDISA network. In summary, diversion of waste is followed by building processing capacity and then demand for processed products – all of this expands jobs over time. As products become desirable and the industry expands, employment will increase. In fact job creation was estimated to be exponential – most jobs would be created in the latter stage of the Plan rollout as initiatives came on stream. This has been borne out by practical experience. REDISA is being unfairly assessed on its performance in year 4, when the Plan envisages outcomes over a period of 5 years.</i></p> <p><i>A revised SMME and job creation target estimate referring to the above information was provided to the Department on 18 December 2014. It is attached to this response as annexure 22.</i></p> <p><i>It should be remembered that the initial Plan estimates could not be exact since the Plan itself was something entirely new in the industry – and in fact in the entire world – with no available comparative credible data as regards its job creation capability. Initial estimates were based on the Departments' own 2011 waste tyre volume figures, but these figures themselves were only best estimates at that time.</i></p> <p><i>A detailed "Jobs and Job Reporting Summary" setting out REDISA's strategy for job creation, and the methods used to calculate the estimated number of jobs that could be created when full diversion is achieved was furnished to iSolveit. REDISA's current, realistic estimate - now based on practical experience after the implementation of the Plan - is that approximately 30 jobs will be created by the Plan for every 1000 tons of waste tyres collected. On current estimates, about 5500 jobs will be</i></p>	<p>Once again, REDISA places job creation as a sub-objective. This is their opening paragraph, which indicates that job creation was not a primary objective for them, despite them placing this as the first reason for consideration of a single plan. See notes above.</p> <p>This is not true. The estimates as per the Plan were as follows:</p> <ul style="list-style-type: none"> - Year 1: 801 - Year 2: 1534 - Year 3: 2120 - Year 4: 2860 - Year 5: 2685 <p>REDISA's understanding of the term "exponential" is markedly different from the conventional understanding. Exponential growth refers to growth by a specific rate each year, and is ever increasing. This is not demonstrated by the estimated targets above.</p> <p>It is not unfair to measure performance against the targets that REDISA set for itself. Notably, Year 4 is 80% of the Plan. REDISA has not even achieved 20% of the job creation targets it estimated at the outset.</p> <p>This was not a revised target. The Plan was approved with REDISA's estimates of 10000 jobs. If REDISA was to reduce this estimate by almost 50%, would it not have been proper to inform the Minister and the DEA formally? This does not qualify as an approval of the reduced estimate.</p> <p>It is understood that these were estimates. However, there is massive difference between 5042 and 10000. It is also inaccurate to indicate that this an entirely new industry in the entire world, Genan (Germany) had started with its large recycling plants in 2003. It is therefore inaccurate and disingenuous for REDISA to claim a world-first.</p> <p>REDISA's idea of what a job is, is wholly disagreed with. A job opportunity is not a job.</p>	

NO	ITEM		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
PARA.					
			<p><i>created at the end of year 5. The summary containing this detail is attached for ease of reference. A copy of this summary (together with the covering email to iSolveit) is attached to this response as annexure 23.</i></p> <p><i>The principle reasons for not achieving forecasts are that the currently produced volumes of waste, whilst large, are less than anticipated as per the Department's original figures, and that the South African market cannot yet absorb the full volume of waste material that can be generated. Fewer depots and recycling businesses have therefore been created than anticipated. Those which are set up (independently of REDISA, albeit with REDISA support) have to operate efficiently to be viable as independent businesses, and therefore adopt efficient employment practices. On the plus side, REDISA has kept its head office and management company employment obligations considerably below what was estimated. This is in fact a cost saving.</i></p> <p><i>In terms of the Plan, it is not envisaged that REDISA itself becomes an employer, or the creator of direct employment, as iSolveit seems to imply. REDISA's aim is to boost employment through SMME development as far as possible.</i></p> <p><i>The Plan also does not exclude the informal sector at all. It specifically refers, in clause 10, to "Unregistered Tyre Transporters" – these are the waste pickers. Because the level of such picking capacity was not easily predictable, these figures were not included in the employee forecast estimates. The fact that a large and growing number of persons have taken up this opportunity does achieve a Plan objective, which is to enable, in this case, the poorest of the poor in the informal sector to generate income for their families.</i></p> <p><i>REDISAS realized that, whilst most tyres would be collected and diverted through the formal sector, a smaller but still significant portion (about 15-20%) of waste tyres would have to be diverted via the informal sector in order to capture the full 100% of the Plan diversion target. The micro-collector project being developed by REDISA is therefore key to achieving this target. There is a further benefit to this project. Once waste pickers become registered by REDISA as micro-collectors, they become independent contractors to REDISA who are entitled to be paid for work performed. They are paid for the tyres they deliver. Because they are paid for work delivered at an agreed rate they have reportable jobs and become more integrated into the South African economy.</i></p> <p><i>We add that the roll out of the waste picker collection project is ongoing. Phase 2 of this project – disclosed to iSolveit – was completed in August. A copy of the email correspondence in this regard is attached to this response as annexure 24. Volume of tyres delivered increased although the individual collector numbers did not increase as much. The data collected will be used to try to match volume increases to job increases. All this information is available to the Department if required. A copy of the most recent assessment report of October 2016 on the micro-collector pilot project in this sector is attached to this response as annexure 25.</i></p>	<p>So not only have the job numbers not been achieved, but the number of processors was also not achieved as planned.</p> <p>Indeed, the Plan does not exclude the informal sector. The Plan does, however, exclude figures/estimates for the informal sector from the job target estimates. This point is clear and immutable, REDISA needs to accept that there is no basis for them to bulk up their job numbers with the informal sector. REDISA can report the figures from the informal sector, but these are not to be confused with the performance figures required by the Plan.</p> <p>The Plan clearly states: The above figures exclude any estimate of numbers of informal collectors.</p> <p>REDISAS Plan also clearly indicates at paragraph 10 that it will be difficult to quantify the numbers of these unregistered transporters (wastepickers), and no attempt has been made to count them in the forecasts of jobs created, but it is believed this will be a significant spin-off for the very poor since waste tyres will become a tradeable commodity.</p> <p>965 waste-pickers were paid R280 036 in 2015/16 which equates to an average of R290 per waste-picker for an entire year.</p>	<p>Plan, para. 21.1, page 28</p> <p>Plan, para. 10, page 19</p>

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
8	6.2	<p>REDISA has failed to create even a quarter of the targeted 10 000 jobs, as stipulated in the IIWMTP. REDISA has consistently furnished incomplete information and refused and/or failed to furnish the relevant complete documentation, therefore the actual performance in this regard cannot be validated.</p>	<p><i>There is no basis whatsoever to allege that REDISA has "consistently failed to furnish relevant complete information". REDISA has been completely candid about the challenges faced by the industry in creating as many jobs as initially estimated. All information about job creation has been presented to iSolveit and the Department as per its reporting requirements, and is supported by the independent PWC forensic audit. Further, it bears reminding, as we have mentioned above, that REDISA is being assessed on a jobs target that is only meant to be reached in 2017, in circumstances where the Plan foresaw creating exponentially more jobs in year 5. This is hardly fair.</i></p> <p><i>In conclusion, job creation was and remains a key ancillary benefit of the Plan. Achieving employment estimates was not guaranteed. REDISA made forecasts in good faith based on its best assessment of an unproven market. Having achieved the best possible employment-creation opportunities in the prevailing economic circumstances and in the light of the actual supply of waste tyres, while at the same time exceeding the targets for our primary objective (ie tyre diversion), constitutes a substantial achievement. Certainly, it does not amount to a breach of the Plan and could never justify its cancellation.</i></p>	<p>REDISA has been less than candid about the composition of the job figures it reports through various media and fora. e.g,</p> <ul style="list-style-type: none"> - Treasury Submission: 3057 people were employed by REDISA at the end of December 2015. This figures is made up predominantly of the informal collectors. On one hand REDISA calls them independent contractors (see response above), and in the Treasury Submission they are now employed/employees. - Response to Carte Blanche: 3023 new jobs created. There is no indication that this figure includes mainly informal collectors, which is not a measurable estimate as per the Plan. - Submission to Parliament: REDISA indicates that it has created 3011 jobs. It goes further to indicate that REDISA has therefore met and in some cases surpassed the performance targets. This implies that it includes the informal sector as evidence of its performance. This is misinformation of Parliament as REDISA had a responsibility to indicate that this figure was made up of informal collectors, which was not part of its performance targets. - In the DEA Management Meeting of 26 April 2016, REDISA claims all 3160 jobs as permanent jobs. <p>It's also notable that the issues around tyres processed/collected in relation to job figures was never an issue until the DEA started questioning why the informal sector was being included in performance reports.</p>	<p>Treasury Submission, page 4</p> <p>Response to Carte Blanche, Question 1, Page 2</p> <p>Submission to Parliament, para. 12 & 13, pages 2-3.</p> <p>Annexure 36: Meeting Minutes</p>
9	6.3	<p>SMME's, BBEE and Informal Economy</p> <p>The performance audit was finalised without certain important inputs from REDISA, despite REDISA having been invited and given an opportunity to do so.</p> <p>In the absence of the requested information, the key findings were as follows:</p> <p>□ The nature and extent of the development of SMME's is unclear and does not have any stated targets. Evidence of investments in SMME's was requested but not provided and therefore such investment cannot be verified nor could any sort of compliance be audited;</p>	<p><i>There is no factual basis whatsoever to this allegation.</i></p> <p><i>All supporting SMME and BBEE certification documentation was provided to iSolveit by courier on 25 July 2016 as per the Phase 2 timeline. This is supported by the documentation attached to this response as annexure 27. The relevant documentation regarding micro-collectors (ie REDISA's initiatives in relation to the informal economy) is attached to this response as annexure 25.</i></p> <p><i>REDISA is at a loss as to the basis of this finding. It is wrong.</i></p> <p><i>Full information on SMME development was provided to iSolveit on 21 July 2016, as is evident from annexure 20. 12</i></p> <p><i>At the meeting of 12 August 2016 iSolveit confirmed receipt of this information. The initial 5 year programme focusses on creating SMME's to deal with waste tyre diversion.</i></p> <p><i>The detailed information regarding the investment in SMME'S that has been provided has been independently audited by PWC.</i></p> <p><i>An operational overview, in presentation form as presented to the Department, summarizing SMME development is also attached hereto as annexure 28 for ease of reference. As will be seen, SMME development has been – and continues to be – a major compone</i></p>		

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
9	6.3	<p>It was a condition that REDISA would integrate previously disadvantaged people at all levels of its operations, however when one assesses the structure of REDISA, there is limited involvement of such persons, especially in management and whilst REDISA claims to have met the BEE criteria, such ownership of these structures could not be verified or confirmed (transporters, depots, processors, research and development, training and marketing).</p>	<p><i>This is another conclusion of iSolveit which has no basis in fact. The monthly analysis given to the Department breaks down the demographics (both gender and race) of all sectors of the Plan. A copy of the most recently monthly analysis, together with the cover email, is attached to this response as annexure 29.</i></p> <p><i>The Board of REDISA consists of a majority of black women. A copy of the Board's profile, together with REDISA's BEE certificate, is attached to this response as annexure 30. KT is similarly empowered. We attach, as annexure 31, its executive profiles and BEE certificate as furnished to us upon request.</i></p> <p><i>70% of the current REDISA Plan management workforce comprises black previously disadvantaged individuals, half of which are women. At workforce levels 99% of employees are black, of which 40% are women.</i></p> <p><i>The latest figures, as at September 2016 (which have been furnished to the Department) are attached in graphic form to this response as annexure 32. Full information on these issues has been provided as per the above. The information that has been provided has been independently evaluated and confirmed by PWC (as is evident from annexure 5).</i></p> <p><i>REDISA cannot be accused of failing to meet empowerment objectives. Its achievement in this regard is one of its outstanding successes.</i></p> <p><i>At all levels the REDISA Plan is therefore a beacon of empowerment.</i></p>	<p>PDI representation was not meant to be at all levels of the organisation.</p>	<p>Letter of Authority</p>
		<p>The informal sector (pickers /collectors) deal with the largest proportion of waste tyres estimated to be at least 75%.</p>	<p><i>We do not know where this figure comes from. It is wrong. The informal sector collects about 15% of tyres in the Gauteng province based on recent data. This is evident from the document attached to this response as annexure 33. The informal sector is therefore not responsible for the collection of the largest proportion of tyres collected. The informal sector is nevertheless a key component of REDISA's job creation strategy as set out above.</i></p>	<p>This figure comes from REDISA's Plan, paragraph 2.1, page 7 of the Plan.</p>	<p>REDISAS Plan, Page 7, first paragraph.</p>
10	6.3	<p>Therefore, without informal sector participation, no plan will succeed, hence the plan must be inclusive of this sector, yet when information was received in relation to this aspect from REDISA it revealed that all waste pickers were based in Gauteng. The list of pickers provided by REDISA suggested 965 and only 84% of this number was collecting tyres.</p>	<p><i>REDISAS agrees that enrolment of pickers is a priority since it creates income opportunities for previously disadvantaged individuals. This is why so much effort and time has been put into the project. REDISA is working to develop a model which prevents exploitation of waste pickers, and promotes entrepreneur development and support. People who did not own businesses now have businesses. At present, waste-pickers are concentrated in Gauteng because that is where the waste-picker pilot project has been rolled out. Gauteng was chosen because it is the province with the highest concentration of waste tyres, particularly waste tyres that are accessible to the informal sector.</i></p> <p><i>Through the pilot project REDISA is refining the waste-picker model to best fit the business ecosystems in which the informal sector operates. The refined model is currently being rolled out in the Western Cape, and will be expanded to other provinces in the new year. It is, of course, necessary to ensure that the model rolled out in each province is sensitive to, and reflective of, the realities prevailing in each province.</i></p> <p><i>We refer to the independent review of the pilot project for ease of reference, attached to this response as annexure 25.</i></p>	<p>So the pilot project has been running for 80% of the Plan term? Four years of piloting and then rollout in the fifth year?</p> <p>REDISAS only commissioned this "study" at the end of Year 4. Would it not have been more helpful earlier in the Plan?</p>	

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
11	6.4.1	<p>Exporting of Tyres:</p> <p>The IIWTMP makes provision for the exporting of derived products. There is no other provision that allows for the export of tyres in the Plan. During the monthly REDISA Operational Meeting in June 2016, it was highlighted to REDISA that approximately 30% of the monthly processed tonnage was exported, and the remainder of the tyre recycling processes featured minimally in the monthly processing statistics.</p>	<p><i>REDISAS aims to process all waste tyres locally. Unfortunately, as information delivered to the Department during the monthly reporting meetings demonstrates, the current ability of the South African market to absorb tyre product to be recycled is less than the volume of waste tyres delivered to waste tyre depots that can be converted to product. To illustrate the problem, there is no local capacity to crumb passenger tyres (the largest portion of waste tyres) to acceptable standards at this time. Some of these tyres have to be processed as tyre derived fuel (tdf).</i></p> <p><i>Therefore, and to avoid an undesirable accumulation of waste tyre stockpiles whilst the local market develops, and to achieve the reduction of waste in South Africa, REDISA has sought and obtained offshore markets for waste tyres surplus to current local absorption capacity. These tyres are cut and baled locally (i.e. partly processed) before being exported. Foreign exchange is earned by these exporting processors, which makes their businesses viable. Product is exported to accredited waste tyre recyclers overseas. These recyclers convert the tyres into end-product for use in their markets. This recycling process is audited by REDISA (via KT) from start to finish, so recycling objectives are achieved – the due diligence process of REDISA ensures that our waste tyre problem is not becoming another country's problem.</i></p> <p><i>All local waste tyre demand for processing is met. As local demand increases the export of partly processed waste tyres will reduce. Full information on this component of the Plan has been made available to the Department. This is reported regularly as an agenda item on REDISA's monthly operational progress meetings, as is evident from the minutes submitted to iSolveit. The most recent presentation to the Department regarding local waste tyre demand, and the need for export where no other practical diversion opportunities are available, is attached to this response as annexure 35.</i></p> <p><i>The Plan does not prohibit the export of tyres. Export is not a breach of the Plan, but a practical interim arrangement to meet Plan objectives. The overarching objective of the Plan is to divert waste tyres in South Africa into a viable and sustainable industry. The demand side of the South African industry is still at an early stage of its development, and supply exceeds demand. REDISA does not understand why it is being criticized for achieving the objective of total diversion from dumps in a creative and environmentally responsible manner. In all operational meetings with the Department this process of using export as a "release valve" for waste tyres has been explained, and was understood. We refer to the minutes of earlier meetings where this was discussed, attached to this response as annexure 34 and annexure 36.</i></p>	<p>Furthermore, the Waste Management Bureau concluded a Waste Tyre Field Report which found that products manufactured locally met both national and, in most instances, also international standards for the sample batch of processors included in the field study. REDISA's assertion that local products did not meet the required standards was therefore refuted.</p> <p>Despite REDISA's assertion of sub-standard quality, Imvelo Rubber Products (Pty) Ltd, a private profit company controlled by Mr Erdmann and a supposed "subsidiary" of REDISA, is able to utilise the same "sub-standard tyre crumb" to manufacture derived products.</p> <p>Exporting was not an option in the waste hierarchy in the Plan.</p> <p>The minutes do not reflect an understanding of REDISA's exporting of tyres. If anything the DEA made it quite clear that this was not acceptable and should be minimised and ultimately eliminated. It's also clear that DEA asked that the exporting reporting be excluded from the performance targets.</p>	Annexure 36: Minutes

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
	PARA.				
12	6.4.2	<p>Feedstock to processors: Additionally it appears that although a small group of processors was engaged, the processors are not always able to obtain a regular quantity of REDISA supplied tyres, thus resorting to purchasing historical stockpiles, as well as engaging the mining industry for possible feedstock.</p>	<p><i>REDISA has no knowledge of the factual basis of this complaint, and has not been furnished any details of the "small group of processors" who claim that they cannot get tyres on a regular basis.</i></p> <p><i>REDISA is not aware that any processors do not receive waste tyres for processing. This has not been brought to its attention. Any local processor that has capacity to process waste tyres will receive what it requires. REDISA's objective is to ensure that local processing demand and capacity will ultimately absorb all waste tyres.</i></p> <p><i>iSolveit was provided with a spreadsheet detailing the tonnages provided to all processors in each of the regions for 2015 and 2016, as well as a list of all processors as at February 2016 and the tonnages these processors received during the preceding six months. The correspondence and documentation in this regard is attached to this response as annexure 37.</i></p>		
13	6.4.2	<p>When further clarification was sought by the DEA, REDISA alleged that the current processing capability in South Africa has the following major challenges:</p> <ul style="list-style-type: none"> □ Tyre Crumb produced nationally does not meet international standards; □ Tyre Crumb produced nationally thus does not have a market; □ Tyre Pyrolysis does not have a sufficient national and international market 	<p><i>There is no doubt that the waste tyre recycling industry is still in its infancy in South Africa. The REDISA Plan has only been in place for 3 ½ years and, prior to the Plan, the majority of tyres were disposed of to landfill, burnt or sold on the second-hand market. REDISA is increasingly working on stimulating the local market, identifying potential consumers of tyres and supporting them to come on line. The local market does not yet match the supply of waste tyres. It is critical that REDISA balance demand with supply to sustain the end-to-end waste tyre industry and avoid any part from 'falling over', e.g. depots filling up resulting in transporters no longer having work, resulting in dealers being left with stockpiles.</i></p> <p><i>Since the REDISA plan was mobilized 19 processor agreements have been signed with new processors in South Africa. A further 32 processor contracts have been finalised and are in various stages of implementation. A list of the contracting parties is attached to this response as annexure 38. Copies of excerpts of these agreements have been made available to the Department in support of the SMMEs created over the past 3 ½ years.</i></p> <p><i>Many of these businesses take 18 months to 2 years or even longer to come on line given the infrastructure and technology establishment and licensing required to operate. In the meantime the supply in the local market will continue to exceed demand. It is REDISA's expectation that the exporting of tyres and shred will no longer be required after the initial 5-year period.</i></p> <p><i>REDISA has also established a factory in Pretoria that relies on rubber crumb, with the objective of stimulating the local market. [A copy of a video recording a site visit by the Department at the factory in October 2016 will be provided.] A copy of the agenda of the Department's engagement with REDISA on that occasion is attached to this response as annexure 39.</i></p> <p><i>In a further initiative to stimulate both local and international demand, efforts are being made to bring all local crumb up to international standards. Quality of crumb is variable. Different qualities of crumb emerge from different types of tyres. Different crumb is required for different end products.</i></p> <p><i>REDISA has ensured the appointment of a full-time demand specialist by KT. The demand specialist is responsible for gathering information from all processors regarding the challenges they face in particular markets and in relation to particular processing techniques. A copy of the demand specialist's most recent summary is attached to this report as annexure 40.</i></p>		

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
			<p><i>The Product Testing Institute ("PTI") referred to below is part of the development of this improved local capacity. The PTI is being established in order to gain a better understanding of the quality of tyres manufactured and imported into South Africa, and their impact on the environment. The objective is to encourage producers to produce a better quality tyre in the future. One of the Institute's aims is to ensure that technologies employed locally produce a competitive quality of recycled products. A copy of the report regarding the establishment of the PTI is attached to this report as annexure 41. A copy of the REDISA Board's resolution regarding the establishment and functioning of the PTI is attached to this report as annexure 42.</i></p> <p><i>REDISA is also funding students at the Nelson Mandela Metropolitan and Stellenbosch Universities to undertake research with the aim of making the pyrolysis industry more commercially viable. Annexure 41 also addresses REDISA's research initiatives at these universities. In addition, REDISA is supporting the successful operations in their expansion plans, for example by providing capital. This is to boost quality of local production. As examples hereof, correspondence and minutes of REDISA's adjudication committee are attached to this response as annexure 43 and annexure 44.</i></p>	<p>This is not a Board Resolution but minutes of a Board meeting. This meeting also indicates that there had already been a grant of R70m. Where is the resolution for this grant? And where is the approved resolution for the additional R100m? These have not been furnished to iSolveit or the Department.</p>	Annexure 42
14	6.4.2	<p>▫ The production capability in South Africa cannot meet the current surplus of waste tyres in circulation, thus waste tyres are exported. (Industry was engaged by the DEA with regard to the abovementioned allegations and the following 2 key observations were made:</p> <p>▫ Amongst the small sample of processors visited locally, the end product meets both local and international material standards; and</p> <p>▫ Local processing capability can accommodate the current volume of tyres exported internationally.</p> <p>Under these circumstances, I will appreciate more information from REDISA on the factual basis for its allegation on the current processing capability and what investigations or reports informed that stance of REDISA.</p>	<p><i>REDISA stands by its conclusions as set out above. REDISA notes the reference to a "small sample of processors." There may be a particular processor, which says it will be able to achieve this standard. We do not have knowledge of such a processor. We would therefore be delighted to be introduced to more processors who can absorb more waste tyres locally to reduce the volumes to be exported, and would be grateful to receive this information, which has not been presented to us before. We are not aware of any potential processor of tyres that is not able to get feedstock that they can turn into marketable product. We add that while existing local processing plants have been developed to have the capacity to handle full volume of waste tyres generated, demand for product produced is still far less than production capacity. REDISA has engaged with processors, with the involvement of the Department, to improve processing capacity and delivery. The minutes of the processor forums with the Department and our processors have been compiled as part of the supporting documentation, attached to this response as annexure 45. REDISA has therefore not deviated from the Plan.</i></p> <p><i>This information has been provided to iSolveit and the Department. REDISA's views on the current processing capability are based on inter alia the processor forums referred to above and the ongoing biweekly supply-and-demand meetings that take place between dedicated KT employees and individual processors (the minutes of which are attached to this response as annexure 46). We have, furthermore, discussed the relevant details extensively above.</i></p>		

NO	ITEM		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	MINISTER'S PERFORMANCE LETTER	DETAIL			
	PARA.				
15	6.4.3	<p>Loan for other waste streams: REDISA has made investments and raised a loan for research into the development of industry integrated waste management plans for other waste streams. This is outside of the ambit of the IIWTMP and the purpose for which the management fee may be employed. Repayments for the loan are being made via the IIWTMP (as per the presentation to National Treasury on 19 July 2016).</p>	<p><i>We respectfully disagree with this conclusion. It is correct that the primary focus of REDISA is waste tyre diversion. The aim of the Department is to widen the scope of recycling to other waste streams. The Plan serves as a model and prototype for other waste streams. The Plan therefore contemplates translation of its methodologies into other waste streams. This is a very efficient way of developing plans for other waste streams – they will not have to start from scratch. It is also essential that the tyre recycling industry (and any waste recycling industry) becomes self-sustaining in the long term.</i></p> <p><i>To expand the viability of waste recycling more generally, the Board of REDISA therefore took a decision to make a disclosed and audited sum available to research the establishment of alternative waste streams applying the REDISA model. The sum made available did not impact in any way upon REDISA's ordinary operations and recycling obligations.</i></p> <p><i>Industries which REDISA sets up have to become commercially viable. Waste businesses, particularly on the supply side, i.e. transporters and depots, need multiple products to enhance viability. A direct benefit of assisting the establishment of alternative waste streams is that this will also make the tyre waste stream viable through economies of scale. REDISA's initiatives in relation to the investigation of alternative waste streams were made known to the Minister in early 2015 through a video presentation. The outcomes of this investigation were also subsequently communicated to the Minister, and have been made publicly available on REDISA's website. A copy of this video presentation will be made available with this response. For the reasons set out above, REDISA believes that investigative initiatives do not deviate from the Plan.</i></p>	<p>REDISA's only approved focus is on waste tyre remediation. Any other focus should be for its own account, and not on the dime of the tyre industry that is currently funding this research into other waste streams from other industries.</p> <p>It is presumptuous of REDISA to think that they could pre-empt the Minister's decision-making powers in terms of plans for tyre and other waste streams.</p> <p>Where is this approved Board resolution? This has not been provided to the Department or iSolveit. The impact on operations is irrelevant. This is tyre plan money that is being irregularly used for other waste streams.</p> <p>This is in violation of the MOI which indicates that the main object of REDISA relates to the creating and procuring implementation of the Waste Tyre Management Plan. The MOI also requires that ALL assets and funds be directed towards the achievement of these objectives. There is no mention of other waste streams.</p> <p>Furthermore, the Plan does not contain any provision related to other waste streams. If REDISA wants to diversify, then the risk-takers (indicated earlier in the response) should accept the risk and not the tyre fee subscribers/industry.</p>	
16	6.4.4	<p>Payment of pickers and primary transporters: Pickers in terms of the IIWTMP were meant to be paid on a per kilogram basis of the amount of tyres collected. However, it appears that pickers are actually being paid R2 per tyre as opposed to the amount contemplated in the IIWTMP. Primary transporters are also paid per route, as opposed to per kilogram as stated in the IIWTMP</p>	<p><i>Registered transporters are paid per kg of tyres delivered taking into account distance travelled as per Clause 9.7 of the Plan. This system covers transporters who set up a formal business infrastructure for the purpose of transporting waste tyres. Waste pickers (i.e. micro-collectors) are paid per tyre because this simplifies their revenue model. They do not have a formal infrastructure, and their collection is done variably and on an ad hoc basis. The payment per tyre to waste pickers was doubled from R2 to R4 in March 2016 to increase the collection activity rates of registered micro-collectors. iSolveit was provided with the initial calculations which demonstrate that this rate paid to micro-collectors fits in with collection budget of 88c per kg set out in the Plan. We have dealt with the issue of the expansion of micro-collection in more detail above. REDISA has not deviated from the Plan.</i></p>	<p>In terms of transporters, REDISA's Brian Morris confirmed to iSolveit that transporters are paid a fixed fee per route. This is in direct contradiction of the Plan which requires a per kilogram payment, taking into account the distance travelled.</p> <p>With regard to the waste-pickers, the Plan is not specific on the rate or manner of payment for tyres collected and/or delivered by informal transporters (waste-pickers). The Plan does, however, indicate a weight quota for waste-pickers which implies that the rate at which waste-pickers are paid should be linked to the weight of tyres collected. The flat rate of R2,00 per tyre paid by REDISA does not take weight into account.</p> <p>It is both exploitative and unethical to expect a waste-picker to physically transport a tyre any number of kilometres and only receive R2,00 for that tyre.</p>	Plan, para. 10, page 19

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
17	6.4.5	<p>Testing facility:</p> <p>The IIWTMP does not make provision for a testing facility and no proposal for such a facility or movement of budget for this facility could be gleaned from the financial statements or reports.</p> <p>In addition to that, no minutes of meetings of REDISA or KT were made available to iSolveit to verify the decision to set up this testing facility.</p>	<p><i>The development of the Product Testing Institute was known by the Department as long ago as 6 December 2013. REDISA was requested to investigate whether there was any alternative capacity at SANEDI or the CSIR to undertake tyre testing. REDISA established that there was no such alternative capacity, and communicated same to the Department, together with its intention to develop a tyre testing facility. Had the Department had any concerns in this regard, it could and should have raised them at the time that REDISA communicated its intentions. A copy of the relevant email correspondence is attached to this response as annexure 41. The relevant information and documentation has also been provided to iSolveit.</i></p> <p><i>The establishment of this testing facility is completely in line with approved Plan objectives. Clause 25.12 of the Plan expressly provides for research and development for the purpose of "developing recycling technologies".</i></p> <p><i>By way of further context, the REDISA Plan is already regarded internationally as best practice. The development of the tyre testing facility, in collaboration with Nelson Mandela Bay University and others (in the heartland of the SA tyre industry), of a "state of the art" research facility to further recycling technologies will advance the objectives of the Plan to reduce waste (by improving the quality, durability and recyclability of tyres), and will also promote local capacity to absorb and process waste tyres, and hence also address the employment shortfall by attracting local and foreign investment.</i></p> <p><i>This will ultimately lead to a significant reduction in waste production, ensure that local supply does not exceed processing capacity ie balance supply and demand. This should also have the benefit of reducing the levy since over time the industry will become self –sustaining – which has always been the ultimate REDISA's aim of creating truly circular "green" economy.</i></p> <p><i>This institute will, as part of its function, assist in assessing and rating tyres for recycling purposes. This will also establish which types of tyres are best suited for which types of recycling. This institute is intended to set the international standard for quality and recycling gradability of tyres.</i></p> <p><i>The projects being carried out by the Institute will therefore establish South Africa as a world leader in independent tyre research, with unique local expertise, with enormous benefits for the country. The establishment of this facility is completely in line with Plan objectives, and Plan outcomes.</i></p> <p><i>This proposed expenditure was tabled with the Department as early September 2013 and has been dealt with above.</i></p> <p><i>Reference is made to a REDISA Board Minute of 23 August 2013, where this investment in research and development was discussed and approved. A copy of the minute is attached to this response as annexure 42.</i></p> <p><i>This information was presented to iSolveit represented by Shirish Bhoola. He had access to all minute books/resolutions, including the above minute. This minute was also delivered to iSolveit, under cover of the September letter.</i></p>		

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
18	6.4.5	<p>Also noteworthy is that Nelson Mandela Metropolitan University (NMMU) property for the tyre testing facility (R60 million for land) was acquired by setting up a separate non-profit company (NPC).</p> <p>The NPC was set up with NMMU and only two people are currently employed in the NPC which is the Chairperson and CEO of REDISA.</p> <p>No details about this employment are forthcoming and from this refusal one is inclined to suspect that this is yet another channel for the enrichment of certain individuals.</p>	<p><i>Since this facility is a collaboration between REDISA and NMMU, it was appropriate to establish a separate NPC for this purpose. This transaction has been correctly recorded in the Financial Statements.</i></p> <p><i>The NPC has no employees. Nobody earns income from it. We do not know how or from what information iSolveit reached this conclusion.</i></p> <p><i>This is an outrageous and defamatory allegation. There is no factual basis for this suspicion. We find it appalling that iSolveit can make this type of allegation when it knows there is no substance to it. This allegation also implies that there are other channels of enrichment available to REDISA and its executives. It is outrageous that such a suggestion can be made when there is not one shred of evidence to support it. This allegation must be retracted unreservedly and if not, REDISA and its directors reserve their right to approach the courts to protect their reputation. Rather than criticizing REDISA for this pro-active initiative, namely the establishment of the Institute, we respectfully suggest that the Minister could and should take credit for having established a Plan, which has achieved this remarkable achievement</i></p>	<p>It is noteworthy that REDISA has committed over R150 million for the establishment of the PTI. Also important is that the PTI has been set up as a separate non-profit organisation from REDISA and its Directors are listed as H Erdmann (Executive Director of REDISA and shareholder of KTC) and C Crozier (Executive Director of KTC).</p> <p>The Plan indicates the following in terms of Research & Development (paragraph 25.12):</p> <p><i>"R&D Division – to work with and co-ordinate efforts between outside organisations and tertiary education institutions on the development of recycling technologies."</i></p> <p>The Plan therefore allows for collaborative and coordination efforts in terms of R&D. It does not however allow for the utilisation of tyre industry funds to create an entirely new organisation outside of REDISA to conduct such research. Even more worrisome is the fact that the CEOs of REDISA and KTC are the Directors of the PTI. This involvement also stands in conflict with REDISA's MOI which requires that no person may be a Director of REDISA if they are involved in any capacity in any industry in respect of which REDISA administers the Plan. The PTI falls within the ambit of the tyre industry by virtue of its supposed research into tyre recycling and manufacture technologies, and thus any person involved in the PTI would be precluded from being appointed as Director of REDISA.</p> <p>This is a major deviation from the Plan.</p>	

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISA'S RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
19	6.4.6	<p>Finance: Due to REDISA's refusal to make available complete records, an independent verification of revenue collected could not be conducted.</p> <p>Salary costs for KT and the fact that KT is accommodating REDISA at its offices suggests that we are dealing with a structure within a structure.</p> <p>REDISA is collecting fees from the industry, but in turn circumvents any scrutiny of how these funds are used by re-directing them as a management fee, which is paid to a private entity (which operates for profit). When called upon to account for such funds, REDISA proceeds to hide behind the confidentiality of the private entity, namely KT, that received the "management fee".</p>	<p><i>There is no basis to this finding. Full audited information of revenue collection and expenditure has been presented as set out above.</i></p> <p><i>This "finding" is unsupported by the audited facts and has been addressed above. It is denied.</i></p> <p><i>This finding is unsupported by the audited facts. The allegation that funds are unaccounted for, both as to receipt and expenditure, is baseless and defamatory. A detailed accounting has been given, on a regular basis, as to how the management fee has been spent. REDISA has always received unqualified audits from their independent auditors.</i></p> <p><i>We respectfully point out once again that the model that was approved in the Plan was one based on a management company performing the management and administration functions in implementing the Plan. Allocation and expenditure of funds is fully audited and accounted for (and properly spent) as set out in this letter and the previous correspondence addressed to the Minister and iSolveit, as well as the reports to the Department as evidenced in the documentation delivered with this response. The Department and iSolveit have been furnished with comprehensive financial information.</i></p>	<p>It is still unclear what exactly is the accommodation situation with REDISA/KT, why KT leased the premises from Nine Years Investments (H Erdmann's wife's company), then sub-let to REDISA and then occupies half of the floor that REDISA is paying for.</p>	
20	6.4.7	<p>Litigation: REDISA has embarked on litigation regarding the Notice issued by me in terms of section 28 of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) calling for certain industry waste management plans (not including tyres) to be submitted for approval. I am very concerned that the costs of litigation appears to be funded from the waste tyre management fee. The use of the management fee for such litigation, is, in my view unjustified and cannot be supported as it should only be utilised for the advancement of the objectives of the IIWTMP</p>	<p><i>REDISA is the only approved IIWTMP in South Africa. It is regarded as a leader in the field of waste management. It believed that it was appropriate to take this matter to court to ensure the legality of waste legislation. This step was taken reluctantly and only after a comprehensive submission had been made to the Department to resolve the matter without resort to the courts. The Department insisted in proceeding to publish a Notice which was not lawful despite these submissions. The Notice was withdrawn without resistance by the Department after REDISA delivered its court papers which were based on these submissions.</i></p> <p><i>REDISA regrets that it was forced to expend funds go to court to protect industry rights, but the exercise of rights to protect – especially when vindicated – is hardly a valid ground to terminate the Plan. REDISA brought the matter in the public interest.</i></p>		

NO	ITEM MINISTER'S PERFORMANCE LETTER		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
21	7 & 8	<p>In response to a number of complaints that were received by the DEA during November 2015 a national compliance and enforcement campaign was undertaken from the 25th to the 27th of November 2015 at all of the depots linked to the IIWTMP. During this exercise Environmental Management Inspectors (EMIs) noted amongst others and in particular the following areas of concern:</p> <ul style="list-style-type: none"> □ Non-compliance with the Waste Tyre Regulations □ Operations in the absence of the required Fire Registration Certificates & Occupational Health and Safety certification and the absence of exemptions/approvals; □ The absence of site specific Waste Tyre Stockpile Area Plans (drawings, as well as site specific plans with regards to the management of the stockpiles on site) and the approvals thereof; □ Depots' failure to provide the EMIs with documentation/records in order to prove compliance as REDISA has limited the stockpile owners' access to crucial and important information; and □ Depot Managers' lack of knowledge of the REDISA IIWTMP and the requirements of the Waste Tyre Regulations promulgated in terms of the ECA. <p>8. In order to address the non-compliant behaviour 22 (twenty two) pre-compliance notices were issued to the management of the depots as well as to REDISA. I have been informed that the findings of this exercise confirmed that no substantive progress was being made in relation to the action plans that were submitted as part of the representations made, therefore it has become necessary to issue final instructions in the form of</p>	<p><i>A detailed response is attached to this response as annexure 47. REDISA has complied promptly and comprehensively with these Compliance Notices. Some 26 files of documentation have been furnished to the Department, and will be couriered to the Minister for review.</i></p>	<p>These pre-notices have not been complied with promptly. These notices have been challenged at every instance in Annexure 47.</p>	

NO	ITEM		REDISAS RESPONSE	COMMENTS	APPLICABLE REFERENCE DOCUMENT
	PARA.	DETAIL			
		<p>Compliance Notices to compel REDISA to comply with these instructions.</p> <p>I have furthermore been informed that the DEA is in the process of formulating criminal charges against the Midrand depot based on the dire state of the depot when it was inspected, based on the serious impact of fires together with the cumulative impact that it may have on the environment, human health and the safety issues that would be caused in general.</p>	<p><i>Given that:</i></p> <p><i>1. Immediate steps were taken by REDISA to address any problems with all the depots, and to comply with the Compliance Notice;</i></p> <p><i>2. The Midrand depot was the only depot then operated by REDISA itself;</i></p> <p><i>the motivation for the decision to "process criminal charges" is with respect questionable. REDISA has delivered its warning statements. These make it clear that there is no basis to these criminal charges.</i></p>		
22	9	<p>Based on the above-mentioned deviations from the IIWTMP; non-compliances and lack of accountability, I hereby request you, as the CEO of REDISA, to provide me with written reasons, substantiated with documentary evidence, within 15 working days of receipt hereof, as to why I should not consider the withdrawal of the REDISA IIWTMP.</p>	<p><i>REDISAS respectfully submits that it has provided cogent and comprehensive grounds, both in this response and in many other previous communications with the Department, as to why the withdrawal of the Plan should not be withdrawn.</i></p> <p><i>The first reason why the Minister should not withdraw the IIWTMP is that there is no substance to the allegations.</i></p> <p><i>The second reason is that even if they were true, they are not sufficiently material to justify withdrawal. Withdrawal of the Plan would be wholly and unreasonably disproportionate.</i></p> <p><i>The third reason is that the withdrawal will lead to the loss of over 3000 jobs and over 200 black empowered small businesses.</i></p> <p><i>The fourth reason is that many years of effort in establishing a viable IIWTMP (and the only viable IIWTMP in South Africa) will be thrown away. There is nothing in place to replace REDISA and the withdrawal of the Plan would be a regressive step contrary to stated policy and Constitutional objectives of establishing a clean environment.</i></p> <p><i>The fifth reason is that this will undermine the Department's own stated policy of establishing partnerships with industry (and particularly waste generators) to address waste management issues in South Africa.</i></p> <p><i>Finally, the withdrawal of the Plan will mean the end of the nascent waste tyre industry, and waste tyre diversion, in South Africa.</i></p>	<p>There does appear to be substance to the findings raised by iSolveit.</p> <p>It is not for REDISA to decide on the materiality of the reasons.</p> <p>Considering that the bulk of these jobs are not full-time or permanent, this is not a valid reason for support of the Plan. Furthermore, the job performance reported by REDISA has proved to be inaccurate and inflated. REDISA has only actually created 1435 jobs by the end of Year 4, which equates to 20% of the target as per the Plan. Furthermore, the informal sector was only paid R280 036,00 in 2015/16 (R290 per waste-picker). If anything, these figures prove further that REDISA has failed to perform in terms of job creation as per the Plan.</p>	