



MINISTRY OF ENERGY

REPUBLIC OF SOUTH AFRICA

NATIONAL COUNCIL OF PROVINCES: 146

★146. Mr B A Mnguni (ANC-FS) to ask the Minister of Energy:

With regard to her announcement in her budget speech in May 2013 that her department is working to finalise the outstanding matters to facilitate the emergence of the bio-fuels industry with its promising job creation potential, any progress has been made; if not, (i) why not, (ii) what matters are still outstanding and (iii) what are her plans in that regard; if so, (a) what matters have been finalised, (b) what matters, if any, are still outstanding, (c) how many new jobs have been created and (d) what are further relevant details?

Reply:

The Department of Energy, in collaboration with other Government departments, has made substantial progress regarding the facilitation of the emergence of a biofuels industry.

- (a) In Government Notice No. R. 719 of 30 September 2013, published in Government Gazette No. 36890, the Minister of Energy announced that the 1st of October 2015 is the effective date for Regulations regarding the Mandatory Blending of Biofuels with Petrol and Diesel (henceforth referred to as “Mandatory Blending Regulations”). The Mandatory Blending Regulations were promulgated on the 23rd of August 2012 to come into effect on a date to be announced by the Minister. The

determination of the effective date sends a positive signal to potential investors as it provides certainty regarding a secure market for locally manufactured biofuels.

A Biofuels Implementation Committee (BIC), chaired by the Department of Energy (DoE) and comprising the oil and biofuels industries (other parties will be included as and when required), has been established to address all matters pertaining to the practicalities of blending biofuels with (mineral) petrol and diesel. The inaugural meeting of the BIC was held on the 30th of August 2013 and the next meeting is to be held on the 29th of October 2013. Meanwhile, the Cabinet-mandated interdepartmental Biofuels Task Team (BTT) continues to provide the necessary guidance and oversight on matters pertaining to the implementation of the Biofuels Industrial Strategy.

- (b) Matters that are still outstanding are the conclusion of: (i) the Biofuels Pricing Framework, including the administration of the Biofuels Subsidy Scheme; and (ii) the Criteria for Eligibility of Manufacturers of Biofuels for the Subsidy Scheme.

- (c) The Biofuels Industrial Strategy is premised on, among other things, the creation of a substantial number of new jobs through: broadening agricultural development by bringing marginal and under-utilised farming land into production for biofuel feedstocks; and deepening agricultural development by unlocking animal-feed value-chains which are currently import-intensive but which would benefit substantially from the by-products of biofuel production. Among projects that are furthest in development are the IDC's Arengo Project and Mabele Fuels (Pty) Limited's sorghum-based bio-ethanol project at Bothaville in the Free State. Mabele Fuels has indicated that its R2.2 billion, 185 million litres per annum capacity plant will deliver 15,000 to 18,000 direct and indirect jobs to the Free State Province. Although one would not like to hastily commit to a particular figure, I hope this does give an indication of job creation prospects of the sector.

- (d) Various meetings with relevant stakeholders are being held to expedite the resolution of all outstanding matters.

ENDS