



**2014 BUDGET VOTE SPEECH BY THE DEPUTY MINISTER OF ENERGY  
MS THEMBISILE MAJOLA, MP  
GOOD HOPE CHAMBERS, PARLIAMENT, CAPE TOWN, 21 JULY 2014**

Honourable Chairperson of the Extended Parliamentary Committee

Minister of Energy, Ms Tina Joemat-Pettersson, MP

Honourable Chairperson of the Energy Portfolio Committee, Mr Fikile Majola

Honourable Members of the Executive

Honourable Members of Parliament

Honourable Members of Parliamentary Committees

Members of the Diplomatic Corp present

Directors-General

Invited Guests and Stakeholders

Ladies and Gentlemen

I would like to add my voice in thanking the millions of our people who have once again placed their faith and confidence in the African National Congress. We are humbled and will not betray that trust.

The ANC Government has correctly identified energy as an apex priority for the attainment of economic growth in the fight against the triple challenges of unemployment, poverty and

inequality. It is with the overwhelming mandate that you have given us, that we are here today to outline how we plan to tackle the scourge of jobless growth in a very challenging global economic environment. We do this as part of a larger collective of government across its three spheres. We are cognisant of the fact that we cannot do this alone and will work together hand in glove with our people and organised formations of business and civil society.

The National Development Plan has outlined the need for an energy sector that promotes economic growth and development, promotes social equity through expanded access to energy services and environmental sustainability through concerted efforts to reduce pollution and mitigation of the effects of global climate changes. The ANC Manifesto identified the access to reliable energy supply in all its forms, as a priority for this administration.

Honourable members,

The Head of State, President Zuma's 2014 State of the National Address has put energy at the centre of economic development for the country. The right combination of policies and technologies is strategically important to ensure that the links between economic growth, the increasing energy demand and the associated energy related carbon dioxide emissions is managed as we increase our energy generation capacity. It is thus important that our energy policies address issues of energy access, sustainability, affordability and appropriate quality of service for the end user. I will expand on this matter a little later in my speech.

The Department of Energy and the State Owned Companies for which it is responsible, have a mandate, collectively, to ensure that security of energy is not only about the provision of electricity, liquid fuels and gas. Security of energy is also about their sustainable utilisation, affordability and accessibility for our people, business and industry. It is with this very clear understanding and appreciation of its urgency that the energy plans we are developing for the short, medium and long term need to be supported by effective

policies, strong institutions and human resources, effective governance, as well as a regulatory framework that addresses the critical needs for skilling and skills transfer, youth unemployment and localisation of energy inputs so as to grow our local industries.

We have been elected on a mandate that prioritized energy security and our responsibility as the executive is to ensure that the policy trajectory is in keeping with an optimum and efficient energy mix. The roll out of the renewable energy programme has been applauded in a number of quarters however there seems to be reluctance to embrace the totality of this energy mix that our people have called for. Coal will continue to be a major source of energy both for liquid fuels and electricity. We are a country blessed with abundant coal reserves. It is imperative that we provide leadership in the cleaning of our coal for energy production. This is a resource we can ill-afford not to exploit.

As part of the energy mix we remain resolute in our belief that the potential for shale gas in the Karoo basin needs to be exploited. This resource has the potential to create a new industry and associated skills. The need to ensure that this is exploited with great care to the environment cannot be over-emphasised. The use of imported gas will continue and efforts to explore for more gas off shore will also be accelerated. We are aware of a major international oil company whose drilling rig is about to move into place in the Southern Cape beginning what we believe will be an exciting phase for South Africa.

Honourable Speaker

The infrastructure for liquid fuels has served this country for a number of decades. In addition to the 20 year liquid fuels plan, the Department will conduct a vulnerability assessment of existing fuel import, manufacturing and distribution infrastructure. This will be done to test the resilience and its ability to respond to various events. The liquid fuels sector has witnessed some changes in the past decade, however we believe that it offers the greatest opportunity for radical economic transformation. In this regard the Department will work very close with the Trade and Industry Department to identify an approach that can accelerate transformation in this sector.

Honourable Speaker,

State owned entities are a critical component in the implementation of our energy policies. It is with this in mind that we have begun a process of ensuring that we work very closely with our SOEs so as to ensure that we provide policy guidance and support, where required. Strong, focused and well governed entities are required for meeting the challenges of energy security for South Africa. The department is currently engaged in discussions and providing support to the CEF Group that will finalise the on-going restructuring process this year. In the State of the Nation Address the President had identified CEF as one of the institutions that will require restructuring to align with the need to respond to challenges and opportunities in the energy sector.

We are acutely aware of the urgency to expedite the finalisation of the Integrated Energy Plan (IEP), the updated Integrated Resource Plan (IRP). These policy development processes are urgent and necessary for the industry. We ask that you bear with us as we strive to ensure that these policies serve both the purpose of providing policy certainty, as well as ensuring energy security, support development of local industries, job creation and skills transfer.

Allow me Honourable Speaker to reiterate the democratic government's commitment to give concerted attention to energy efficiency. There is a role for each and every one of us. We all need to know how much energy we consume in households, in our small enterprises and indeed by each of the major industrial users. Once we know, we are in a better position to identify where we can make reductions. The energy consumption I am referring to includes electricity, liquid fuels, natural and petroleum gas. Inefficient appliances need to be discarded. When purchasing vehicles, fuel efficiency must be a key consideration. The Department and the National Energy Efficiency Agency within SANEDI, working with amongst others the National Business Initiative will ensure that energy efficiency programmes touch every facet of our lives. These programmes will include the implementation of the Smart Grids and the Energy Efficiency Tax incentive Schemes.

As already alluded to by the Minister, nuclear energy plays an important role in the energy security of our country. Going forward, the Nuclear Energy Company of SA (Necsa) will play a pivotal role in the localization of our nuclear build programme which is in line with our energy policy and in particular the IRP 2010. I would like to pause here so as to emphasise a point we often forget or conveniently over look. We have been utilising nuclear to produce energy to decades, and in fact, our host city Cape Town is basically powered by nuclear energy. We have the requisite expertise and know how to ensure continued safe utilisation of nuclear for power generation.

On the new nuclear build programme, the Department is cognisant of the fact that providing regulatory oversight over the new nuclear build project will require a strengthened and better capacitated regulatory body. Together with the National Nuclear Regulator (NNR), the Department will ensure that capacity enhancement for both human capital and facilities continue to be the strategic thrust of the regulator over the MTEF period.

Over and above this, the NNR is in discussions with various stakeholders to establish a Nuclear and Radiation Safety Centre of Expertise to create a pipeline of skills. This centre, which will be housed in one of the local universities, will involve collaboration of the NNR with its international partners, as well as local stakeholders.

The National Radioactive Waste Disposal Institute (NRWDI) was established during the 2013/14 financial year with a mandate to fulfil the institutional obligation of managing the disposal of radioactive waste on a national scale. The Board of NRWDI is currently working with the Department to ensure the operationalisation of the Institute.

The National Energy Regulator of South Africa (NERSA) as the country's energy regulator will, over the medium term, be focusing on improving oversight of the regulated industries by conducting compliance audits and inspections, issuing licenses and setting tariffs. NERSA will do the above in order to encourage investment in the sectors, encourage new entrants and improve competition.

Honourable members, if we are to achieve the energy vision as contained in the National Development Plan, skills development in the energy sector is of critical importance. Given the planned energy infrastructure investments, the country will require a substantial investment in technical skills such as engineers, technicians, artisans and project / programme managers.

The Department will be engaging with relevant stakeholders in both the public and private sector to address the above challenges. In the meantime the Department has formed partnerships with the Energy and Water SETA as well as Chemical Industry Sector Education and Training Authority to increase the scope of energy training in order to meet the skills needs in the energy sector. The critical skills identified are catered for in the approved sector skills plans of the aforementioned SETAs.

We will leverage the benefits of the massive investment in the energy sector by ensuring that our Departmental programmes display a greater degree of responsiveness to needs of our people such as the empowerment of women and the youth, whether it is through the Integrated National Electrification Programme (INEP), the roll-out of the Solar Water Heating Programme, the Independent Power Producers Programme (IPP) or the transformation of the liquid fuels sector. We will continue to strengthen interventions and programmes aimed at capacity building among vulnerable sectors to enable their meaningful participation in the energy sector in support of the country's transformation agenda.

As part of the Decade for Women as declared by the African Union, we will expand our involvement in the SADC region through various programmes which include a planned workshop on Clean Energy Education and Empowerment to be held next month. The objective of this workshop is to increase participation and awareness of opportunities in the clean energy sector in our continent.

Honourable Members, a month ago we lost one of our female staff members at the hands someone she trusted. The Department will follow up on the criminal proceedings and give support to the grieving family. We also intend to embark on an awareness campaign for our staff to sensitize them about gender based violence and abuse. None of us can afford to turn a blind eye while the scourge of gender based violence continues to affect our society, our communities and our homes. The socialization of our young boys and girls is key if we are break this cycle of violence and build responsible citizens that know their rights, but also understand appreciate that these are to accompanied by responsibilities.

Honourable member the energy programmes require a capable department that is able to respond with the necessary agility. To this end we will review the structures of the Department, ensure that there are the requisite skills and ability to meet the urgent demands imposed by the need for security of energy. This we will extend to the State owned entities as they are an important component for the implementation of our policies and plans.

## **CONCLUSION**

Honourable members having been with the Energy Portfolio for a short while, I believe that as a country we have the commitment and the ability to respond to the His Excellency, President Zuma's call for the radical transformation of the energy sector. The Department of Energy and its entities is ready to meet the challenge, and working together we can achieve more.

I thank you all on behalf of Team Energy.