



Remarks by Mineral Resources and Energy

Minister, Mr. Gwede Mantashe (MP)

unpacking mineral and energy industries' response

in preparation for a nationwide lockdown,

25 March 2020

The Department of Mineral Resources and Energy yesterday met key stakeholders in the mining and energy industries to consolidate plans to deal with the spread of Covid-19. This is in support of the decisive action by the President of the Republic, HE Cyril Ramaphosa, to institute a nationwide lockdown from 23:59pm on Thursday 26th March 2020.

Working together with the South African Petroleum Industry Association, the Minerals Council SA and in consultation with labour unions, we have developed a framework through which these industries will implement the envisaged directives.

This is being done in order to safeguard the lives of people, while ensuring that the limited economic activity which will be undertaken during this period is supported.

In all our undertakings, we are considering the health, security as well as socio-economic impact of COVID-19 on these industries. The industries will be required to prioritise the health and safety of employees, suppliers, contractors and other relevant personnel.

While demand is expected to decline in the period ahead, as a result of restrictions on economic activity, security of energy supply remains critical. The supply of fuel to the relevant critical and essential services, as well as the supply of coal to Eskom for electricity supply and liquid fuels production, are critical during this period.

We are mindful that in some mining operations and processing plants a complete shutdown will not be feasible, as a restart from scratch may be too costly. This would negatively affect security of supply, and therefore the economy as a whole.

We are adopting a risk-based approach, with worst-case scenario planning, and all companies are required to ensure that their business continuity plans are fit for purpose.

Broadly, the following are measures being proposed for implementation:

MINING

- Mining operations will be scaled down significantly, particularly deep level mining, which is labour intensive.

- Essential services supporting the sector, including security and related infrastructure, maintenance, water pumping, refrigeration and ventilation will continue.
- Mines supplying coal to Eskom will remain in operation, albeit at reduced production levels.
- For exports, each case will be evaluated on its merits.
- Services being rendered to communities, such as the supply of water, will continue.
- Production in the gold, chrome, manganese and other sectors will be scaled down; while the processing of surface material in the PGMs sector will continue for the production of – among others medical products. This will allow smelters, which cannot be switched on and off abruptly, to remain operational.
- In order to contain the spread of COVID-19, travel will be restricted, in line with regulations to be outlined by the Minister of COGTA.
- The Minerals Council has committed to avail its health infrastructure - facilities and staff – during the lockdown, to support Government efforts.

ENERGY

The following activities are among those which will be considered an essential service:

- The production and distribution of petroleum products, including fuel, paraffin and liquefied petroleum gas. This entails shipping, manufacturing, terminals, distribution and retail.
- In the case of petroleum products, imports will be scaled back for the duration of the lockdown, as there will be excess capacity
- Regulatory oversight on nuclear facilities, as well as nuclear safeguard inspections.
- Production and supply of nuclear medicines and chemicals used at refineries.
- The Safari-1 research reactor and support technical services.

Engagements are ongoing between the sectors, the relevant government departments and state-owned entities. We will continue to provide updates as the situation unfolds.

Thank you.