



**ADDRESS BY THE HONOURABLE**

**MINISTER OF MINERAL RESOURCES AND ENERGY**

**MR SAMSON GWEDE MANTASHE, MP**

**ON THE BUDGET VOTE 34**

**NCOP – 20 MAY 2021**

Honourable Chairperson of the House;

Honourable Members of the National Council of Provinces;

Director General of the Department of Mineral Resources and Energy -  
Advocate Thabo Mokoena and all senior managers present;

Chairpersons and CEOs of State-Owned Entities reporting to DMRE

Ladies and gentlemen

Let me take this opportunity to express my profound gratitude that we are assembled here today to present the Budget Vote as allocated to the Department of Mineral Resources and Energy for the 2021 - 2022 fiscal year.

We bring this budget vote here with full appreciation that both mining and energy have a direct impact on citizens located in Provinces. It is our objective that all mining and energy projects must benefit South Africans across the length and breadth of the country. Over a century, mining has been the bedrock of our economy and we believe that this sector will continue contributing immensely to the economy for years to come. The saying that “if it is not grown, it is mined” cannot be disputed. It is therefore not an exaggeration to say that the modern world would not be able to function without mined resources, but this needs to be supported by a stable and reliable energy supply, and this is our daily pre-occupation.

## FINANCIALS

The business of the day is about the budget allocated to the Department, let me hasten to outline our budget allocation for this fiscal year. The main appropriation for the Department of Mineral Resources and Energy in the 2021/22 financial year is a total of R9.2 billion. Earmarked transfer payments to public entities, municipalities, and other implementing institutions account for R7.5 billion or 81.6% while the allocation for operational activities, inclusive of procurement of capital assets accounts for R1.7 billion or 18.4%. A substantial portion of the transfer payments is allocated to implementing agencies as follows:

- R4.8 billion to Eskom and Municipalities for the implementation of the Integrated National Electrification Programme (INEP). Eskom will receive R2.8 billion while R2 billion is allocated to various Municipalities.
- R232.3 million to various service providers for the implementation of the Non-Grid electrification programme.
- R220.9 million to Municipalities for the Energy Efficiency Demand Side Management programme (EEDSM.)

Our public entities are budgeted to receive a combined allocation of R2.1 billion, with

- NECSA allocated R952.5 million inclusive of R203.6 million for the decommissioning and decontamination of past strategic nuclear facilities and nuclear waste and R20 million for preparatory work for the new multipurpose reactor project.
- Mintek – R439.2 million of which R120.2 million will be utilized for the rehabilitation of derelict and ownerless mines.

- Council for Geoscience – R377.1 million mainly for operational activities.
- Petroleum Agency of South Africa - R136.3 million for operations.
- SANEDI –R75.2 million for operational activities.
- South African Diamond and Precious Metals Regulator – R62.03 million.
- National Radioactive Waste Disposal Institute (NRWDI) and the National Nuclear Regulator (NNR) – R49.2 million and R46.1 million respectively for operations.

Comparative to the indicative allocation of R9.6 billion confirmed during the 2020 Budget, the 2021/22 main appropriation of R9.2 billion is 4.1% lower due to the implementation of budget reductions across government, particularly on compensation of employees.

An allocation of R70 million in 2021/22 is earmarked for the development of the National Electrification Master Plan to assist with the implementation of the electrification programme.

Honourable Chairperson, with this budget we will be able to deliver on our programs as follows:

### **CREATING AN ENABLING ENVIRONMENT THROUGH INVESTOR-FRIENDLY LEGISLATION**

At the center of our mandate is the responsibility to create an enabling environment for investments into both the mining and energy sectors. To this extent we have:

1. Finalised the amendment the **Gas Amendment Bill** which was introduced to parliament on 30 April 2021. This Bill aims to unlock investment into the gas sector and facilitate the development of gas infrastructure. Parliament will be processing this Bill and we hope it will be enacted into law to unlock the investment potential into the gas resources sub-sector.
2. Amended and gazette the blending requirements on biofuels to expand the definition to include 2nd and 3rd generation biofuels. We will finalise these regulations at the end of the consultation period two months from now.
3. As part of our contribution to a just transition and ensuring that we reduce the greenhouse gas emissions, we have also gazetted the Clean Fuels Regulations which aim to ensure a reduction of the sulphur content in standard grade diesel from 50 to 10 parts per million (ppm.). We will be finalizing and gazetting the final regulations by the end of the first quarter.
4. As we seek to move towards cleaner fuels, we have also gazetted a draft **LPG Strategy** which seeks to address a suite of challenges prohibiting access and affordability of this energy source. This strategy will also be finalised by the end of the second quarter of this financial year.
5. The **Upstream Petroleum Bill** has been approved by Cabinet and the process for its introduction to Parliament is underway. I will be gazetting the notice of intention to table the Bill in terms of the Joint Rules of Parliament after which I will table the Bill in Parliament. We

look forward to the processing of this Bill in Parliament as it will unlock the potential for investments into both our on and offshore petroleum resources.

6. Our team is hard at work with the Amendment of the **Mine Health and Safety Act** which seeks to address challenges relating to health and safety of mine workers. We will publish this Bill for stakeholder comments in the third quarter of this financial year.
  
7. **The National Nuclear Regulator Amendment Bill** has been approved by Cabinet and will be published for public comments. This Bill will be tabled in Parliament in the current financial year following the closure of the comments period.
  
8. Work is at an advanced stage with the drafting of the **Radioactive Waste Management Fund Bill** which aims to enforce the polluter pays principle for all nuclear waste generators. We will be taking this Bill to cabinet in the next quarter and publish it for stakeholder comments thereafter.

## **SECURITY OF ENERGY SUPPLY**

As government and its social partners work hard to revive and grow the economy, we are cognisant of the fact that energy security is the nucleus of this growth. Two days ago in the National Assembly, we gave a detailed breakdown of our efforts in this regard. Let me also share with this house details of the interventions we will be implementing in this fiscal year, over

and above the projects we implemented in 2020/21 to create the much-needed additional generation capacity.

Between August 2021 and January 2022, the Department will issue additional **Requests for Proposals** for,

- 2 600 megawatts from renewable energy around August 2021.
- 513 megawatts from Storage around August 2021.
- 1 500 megawatts from Coal around December 2021.
- 3 000 megawatts from Gas around December 2021.
- 1 600 megawatts from renewable energy around January 2022.

The Department intends to issue the Request for Proposal (RFP) for the procurement of two thousand five hundred megawatts (2 500MW) by the end of the current financial year, subject to regulatory approvals. This follows the twenty-five (25) submissions received in response to the Request for Information (RFI). The Koeberg Nuclear Power Plant 20-year extension project is also underway.

## **ON MINING APPLICATION BACKLOGS**

It is our endeavour that we accelerate the processing of mining applications which in turn will contribute to local economic development. We intend on clearing the backlog and improving the turnaround time of applications with the new system. We continue to do our work albeit with difficulties. Between January 2021 and April 2021, we have issued 33 Prospecting Rights; 4 Mining Rights; and 7 Mining Permits.

## **CONCLUSION**

Today's presentation represents highlights of the work of my department, and not the totality thereof. Full details of our work are available and can be accessed in both the Strategic Plan and Annual Performance Plan. Since the advent of the current government administration, we have been preoccupied amongst others with the merger between the former Departments of Energy and Mineral Resources.

Following implementation of the Start-Up-structure during 2020/21, the DMRE is now in the process of reviewing the current structure. That work should be finalised within 12 months. As it stands, we are better poised to move with greater speed in discharging our mandate as a unified Department.

I am confident that we will further the aims of our national transformation agenda as enjoined by the Constitution whose preamble speaks to healing the divisions of the past. As we expand our work both in the mineral resources and energy sectors, we will be mindful of the need not only to attain economic growth but, the redistribution of wealth.

As I conclude, I wish to express my appreciation for the opportunity to have this session about the future of mineral resources and energy sectors in our country.

Allow me to also thank the President, the Deputy President, my Cabinet colleagues, and the Select Committee for their continued support on the work of the department.

I thank you all honourable members for your presence here today and look forward to further engagement on this but most importantly the urgent implementation of all our scheduled programmes.

Lastly, I wish to thank my family for their unwavering support of my work. I thank the Director General and “Team DMRE” who continue to work tirelessly and under difficult conditions to ensure that we deliver on our mandate.

**I thank you!**