



**MINERAL RESOURCES AND ENERGY  
REPUBLIC OF SOUTH AFRICA**

**BUDGET VOTE SPEECH**

**2022**

**BY THE HONOURABLE**

**MINISTER OF MINERAL RESOURCES AND ENERGY**

**MR GWEDE MANTASHE (MP)**

**19 MAY 2022**

Honourable House Chairperson

His Excellency, President CM Ramaphosa

His Excellency, Deputy President DD Mabuza,

Ministers and Deputy Ministers

Honourable Deputy Minister of Mineral Resources and Energy,  
Dr Nobuhle Nkabane

Honourable Members of the National Assembly

Acting Director General of the Department of Mineral Resources  
and Energy, Ms Patricia Gamede and Team DMRE

Chairpersons and Chief Executive Officers of our State-Owned  
Entities

Captains of industry

Distinguished guests

Ladies and gentlemen

Domestic and global economic realities under which our Budget is delivered today remain dim, continuing with the difficult conditions of 2020 and 2021.

In partnership with the Minister of Finance, we have introduced mitigating measures to contain the rise in fuel price. However, due to global events pushing oil prices above US \$100 (one

hundred US dollars) per barrel and high US interest rates, fuel prices are set to rise again.

The Department has implemented various intervention measures on energy security and supply. However, loadshedding is commonplace, adversely impacting mining production and the economy broadly.

We have, nevertheless, and against odds, made good progress since our last Budget Vote.

To meet our commitment for **universal access to electricity**, one hundred and sixty-six thousand (166 000) households were electrified. We plan to connect an additional six hundred and forty thousand (640 000) households to the grid; and a further forty-five thousand (45 000) households with non-grid technology (solar home systems) in the next three (3) years.

Energy Efficiency is important, with more than two hundred (200) municipalities participating in the Energy Efficiency and Demand Side Management grant programme. Forty-five (45) municipalities are funded through the fiscus and complemented by donor funding.

During the 2022/23 financial year, we will accelerate the energy efficiency campaign.

## **DEVELOPMENTS IN THE ENERGY SECTOR**

Integral to **reforms**, we have amended the **Electricity Regulation Act** to create a transmission entity, to act as wheeler and dealer of electricity, competitively. The Bill, tabled in Cabinet in January 2022 and published for comments, is being finalised. It will be presented to cabinet for approval, with the intention to table it in Parliament by the end of July 2022. Alongside these, are amendments to the **Electricity Pricing Policy** which will also be tabled for final approval by Cabinet by the end of July 2022.

**On electricity generation**, aimed at the supply and demand deficit,

- One thousand eight hundred and fifty (1 850MW) megawatts, from projects signed under bid window 4 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), were connected to the grid.
- Two thousand six hundred (2 600) megawatts of renewable energy, or Bid Window 5, with the signing of Project Agreements planned for end of July 2022 and end of September 2022, was procured. These projects are expected to deliver power into the grid within 24 months from date of signing of Project Agreements.

- A Request for Proposals (RFP) for the procurement of two thousand six hundred (2 600) megawatts of renewable energy under Bid Window 6 of the REIPPPP was issued.
- We are finalising, with Eskom (the buyer), the agreements with preferred projects procured as part of the two thousand (2 000) megawatts under the Risk Mitigation Independent Power Producer Procurement Programme.

We are finalising additional Request for Proposals for issue in the current financial year, for the procurement of,

- Five hundred and thirteen (513) megawatts of Storage.
- Three thousand (3 000) megawatts of Gas
- Two thousand six hundred (2 600) megawatts of renewable energy under Bid Window 7
- One thousand five hundred (1 500) megawatts of Coal.

These initiatives will bring online over thirteen thousand (13 000) megawatts.

**On generation for own use,**

- NERSA has registered five hundred and fifty-three (553) projects that are under one megawatt, totalling two hundred and sixty-eight (268) megawatts.

- Since the 2021 announcement and gazetting of the 100 megawatts embedded generation, the Energy Regulator has registered six generation facilities with a capacity ranging between 1MW and 10MW. The total capacity to be generated from the six generation facilities is 24MW.

We continue to work with other government Departments, under Operation Vulindlela, to streamline approval processes for generation for own use.

#### **On Oil and Gas,**

- the Upstream Petroleum Resources Development Bill (UPRD), was tabled to Parliament.
- iGas, a subsidiary of the Central Energy Fund, has acquired an additional 40% ownership of the ROMPCO pipeline. South Africa and Mozambique jointly own 80% of the pipeline with Sasol owning the remaining 20%. This advantages us in our gas industrialisation strategy to support our economy.

CGS has confirmed the verification of the shale gas samples that were tested internationally. We are now awaiting environmental assessment approval before the next phase. A gas master plan, yet to be presented to Cabinet, is at an advanced stage of development following the publication of the Base Case report late last year. The plan will consolidate all this work.

Notably, oil and gas projects continue to be under threat from well-funded lobby groups, which also misinform unsuspecting communities. We, since February, therefore consulted some Traditional Councils in the Eastern Cape to help them understand the possible benefits of the upstream petroleum industry on their communities, and our economy in general. We intend to engage more traditional leaders and communities.

### **On Nuclear,**

- the Department is addressing the suspensive conditions from NERSA on the Section 34 Determination. This will ensure that the procurement of the 2 500 megawatts of nuclear energy is completed by 2024, in line with our MTSF commitments. The Department will continue to exercise oversight on the Eskom implementation of Koeberg Nuclear Power Station Long Term Operation to ensure security of energy supply for an additional twenty years.
- NECSA has issued a Request for Information (RFI) as part of the feasibility study related to the project development work to replace our globally leading SAFARI-1 nuclear research reactor with a Multipurpose reactor by 2030.
- The National Radioactive Waste Disposal Institute (NRWDI) has started with project development work for the establishment of the Centralised Interim Storage Facility (CISF) for the storage of used nuclear fuel. The Department

plans to submit the Feasibility report for the CISF to Cabinet during the current financial year.

## **DEVELOPMENTS IN THE MINERAL RESOURCES SECTOR**

In fulfilment of our commitments in the Economic Reconstruction and Recovery Plan (ERRP)

### **On Exploration**

Government approved and published the Mining Exploration Strategy and its Implementation Plan. The Council for Geoscience will provide details of de-risking our mineral acreage to attract more exploration budget to our shores.

Also, the minerals diversification strategy of the African Exploration Mining and Finance Corporation (AEMFC) is positioned to support the just energy transition initiative, through investing in the exploration of future minerals. The Council for Geoscience is seized with the process of geo-mapping of key minerals.

### **On Beneficiation**

For beneficiation of our minerals, in 2021/22, we developed a strategy to revitalise the ferrochrome sector. We will convene

social partners to agree on a social compact, as part of reviving the smelting capacity in South Africa.

### **Mine Health and Safety**

The Department partners with employers and organised labour to achieve the goal of zero harm at work. Continued collaboration to implement COVID-19 pandemic interventions has seen the mining sector vaccinate more than seventy five percent (75%) of mineworkers, with a recovery rate at 98.5%.

We are concerned with the seventy-four (74) fatalities reported in 2021. Later this year, the Department will host the Mine Health and Safety Tripartite Summit to consider further interventions that can prevent accidents in the workplace.

### **Mining and Petroleum Regulation**

It is common knowledge that licence applications and processing, remains our critical challenge. The petroleum side has done well. We have dealt with the backlog and are within the legislated times for all applications for which all information has been submitted.

On Mining applications, over 1 000 prospecting right applications were finalised and about 300 mining right applications were adjudicated. We are mindful that not all of these have translated

to operations due to the number of appeals that usually follow once a positive decision has been made. Backlogs are being attended to.

## **7. FINANCIALS**

The main appropriation for the Department of Mineral Resources and Energy in the 2022/23 financial year is a total of ten point four billion (R10.4 billion). Earmarked transfer payments to public entities, municipalities, and other implementing institutions account for Eight point three billion (R8.3 billion) or seventy-nine-point nine percent (79.9%,) while the allocation for operational activities, inclusive of procurement of capital assets accounts for two point one billion (R2.1 billion) or twenty-point one percent (20.1%). A substantial portion of the transfer payments budget is distributed to implementing agencies as follows:

- Five point seven billion (R5.7 billion) to Eskom and Municipalities for the implementation of the Integrated National Electrification Programme (INEP).
- Two hundred and thirty-three point five million (R233.5 million) to various service providers for the implementation of the Non-Grid electrification programme.

- Two hundred and twenty-three point two million (R223.2 million) to Municipalities for the Energy Efficiency Demand Side Management programme (EEDSM).

Our public entities are budgeted to receive a combined allocation of two billion (R2 billion) mainly for operational activities.

Comparative to the indicative allocation of ten point two billion (R10.2 billion) confirmed during the 2021 Budget process, the 2022/23 main appropriation of ten point four billion (R10.4 billion) is a one point four percent (1.4%) higher due to increased allocations towards ICT costs inclusive of the cost for the new enterprise system to address backlogs in the processing of mining license applications, office accommodation costs, preparatory work for the new multipurpose reactor project under NECSA and operational funding to the IPP office for the review of procurement programmes for independent power producers.

The development of the Electrification Master Plan is planned for finalization in the 2022/23 financial year with an earmarked allocation of R50 million.

## **CONCLUSION**

Let me conclude on a positive note.

First, all the preliminary work for the incorporation of the South African National Petroleum Company (SANPC) has been finalised and approved by the Cabinet. This will enable the new entity to target *95 billion Rand (R95 billion) in market potential* opportunities, ensure security of energy supply and create much-needed jobs.

Second, another news for our industry and country to celebrate is the launch, on May 6<sup>th</sup>, 2022, of the world's first hydro-fuel cell, NuGen truck, at Anglo American Platinum Mogalakwena mine in Limpopo. I, together with the President, participated to inspect progress on the conversion of diesel-powered trucks into those powered by hydrogen. This is part of our continuing work on the Hydrogen economy. The potential for hydrogen economy in South Africa is massive due to our enormous endowment with the Platinum Group Metals as well as renewable energy resources.

**Finally**, allow me to thank the Deputy Minister, Dr Nobuhle Nkabane for her sterling support since assuming her portfolio in 2021, the continued support of the former Director General, Adv Thabo Mokoena, the current Acting Director General, Ms Patricia Gamede, all members of EXCO and the staff of the Department of Mineral Resources and Energy.

Thank you to the Portfolio Committee on Mineral Resources and Energy, the Boards and CEOs of entities reporting to the DMRE, and the many organisations and associations within the Mineral and Energy complex.

Lastly, thanks to my wife, Mrs Nolwandle Mantashe, my family, my private office staff, for their continued unwavering support of all my endeavours.

**I present the Budget Vote 34 for your deliberations.**

**Thank you.**