



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

**BUDGET VOTE SPEECH BY THE HONOURABLE  
MINISTER OF MINERAL RESOURCES AND ENERGY  
MR GWEDE MANTASHE**

**ON THE OCCASION OF THE BUDGET VOTE OF THE  
DEPARTMENT OF MINERAL RESOURCES AND ENERGY,  
16 MAY 2023, CAPE TOWN**

Honourable House Chairperson,  
His Excellencies, President Cyril Ramaphosa  
And the Deputy President, Paul Mashatile  
Ministers and Deputy Ministers  
Honourable Deputy Minister of Mineral Resources and Energy,  
Dr Nobuhle Nkabane  
Honourable Members of the National Assembly  
Director General of the DMRE, Mr Jacob Mbele and Team  
DMRE  
Chairpersons and CEOs of our State-Owned Entities  
Captains of industry  
Ladies and gentlemen

Over this medium-term expenditure framework of the current administration, with 2023 being the last full year, a confluence of domestic and global factors impacted the performance of the mining and energy industries.

Notwithstanding the headwinds, we remained steadfast in setting objectives that our department should meet to realise this government's developmental agenda.

In our programme to ensure universal access to electricity for poor and indigent households, we aimed to connect nine hundred and seventeen thousand **(917 000)** households to the

grid. Today six hundred and seventy-three thousand nine hundred and forty-six **(673 946)** households are connected. The remainder of two hundred and forty-three thousand and fifty-four **(243 054)** will be connected in this financial year. This achievement brings us evermore close to the United Nation's Sustainable Development Goal (SDG) seven.

In line with the reform of the electricity sector called for by the President, we have amended the Electricity Regulation Act to enable the creation of the transmission systems operator (TSO). The legislation is before this House. We appeal to Members to, speedily, table it for discussion and conclusion.

Coupled with the intention to create a competitive supply and demand electricity market, the ANC government has created the green economy. Through the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) and the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), we have procured a total of seven thousand seven hundred and eighty-six megawatts (7786 MW) through Bid Windows 4,5 and 6. A total of two thousand one hundred and thirty megawatts (2130 MW) are connected to the grid. A total of one hundred and fifty megawatts (150 MW) and seven hundred and eighty-four megawatts (784 MW) are

envisaged to be operationalised in November 2023 and August 2024, respectively.

Notably, the single-most challenge we face to address the energy crisis is the grid unavailability. For instance, three thousand two hundred megawatts (3200MW) wind capacity of the four thousand two hundred megawatts (4200MW) procured under BW 6, could not be allocated due to grid unavailability. As our IPP Office notes,

*“Grid availability is critical to securing electricity supply in the future. It impacts not only on the public procurement programmes, but also on private embedded generation initiatives.”*

**In our efforts to narrow the electricity supply and demand gap**, the Integrated Resource Plan (IRP) 2019, which is our blueprint policy for electricity generation is currently under review. We intend to present the draft to Cabinet in the second quarter of this financial year.

Whilst this review is underway, we continue to procure additional electricity informed by the existing policy. Accordingly, in this financial year, we will procure the following additional generation capacity:

- Bid Windows 7 and 8 which will give us five thousand megawatts (5 000 MW) each of renewable energy. The requests for proposals for the procurement of this capacity will be issued to the market in the second and fourth quarter of this financial year respectively.
- In the second and fourth quarter of this financial year, we will issue further requests for proposals for the procurement of Battery Storage with a capacity totalling one thousand two hundred and thirty megawatts (**1 230 MW**).
- In the second quarter, we will issue a request for proposals for the procurement of Gas-to-Power totalling (**3 000 MW**).
- In the fourth quarter, we will also issue a request for proposals for the procurement of **2 500 MW** of nuclear energy.

House Chairperson,

The mining industry contributes meaningfully to the Gross Domestic Product (GDP). Whilst production declined, the value of production registered R1.18 trillion in 2022, up from R1.1 trillion in 2021 on the back of strong global demand. The sector created 23 552 jobs between December 2021 and December 2022, resulting in the overall employment of **472 088** workers.

According to the South African Revenue Service (SARS), the mining sector contributed R89 billion in corporate tax in the 2021/22 financial year. A further contribution of mining to the

country's revenue through royalties stood at R28.45 billion in the same period, keeping its percentage contribution to the GDP at 7.53%. This is a clear indication that mining remains a strong pillar of our economy.

As highlighted in the latest Fraser Institute Survey that placed South Africa in the worst position in recent memory, mining would contribute even better to the economy if the binding constraints in electricity, rail, and port systems were urgently resolved. According to the survey, South Africa is in the bottom quartile on the investment attractiveness index.

One of the indices highlighted in the Fraser Institute survey is the transparency of licensing systems. To this end, we have in collaboration with the State Information Technology Agency (SITA) initiated a procurement process for a licensing system with integrity. The bid adjudication process is underway and will be finalised by July 2023.

Mining and energy have also seen some tail winds with sizeable investments. To this end, the Department is following on the implementation of 56 investment commitments which were pledged into mining and energy sectors, at the annual investment conferences, amounting to a total of R397 billion. Among them are:

- R16.5 billion of De Beers for Venetia Mine

- R6 billion of Exxaro in Grootegeluk
- R636 million of Impala Platinum at the Two Rivers operation and
- R175 million in the Steelpoortdrift Vanadium Project.

These pledged investments reinforce our assertion that mining is a sunrise industry ready to bolster South Africa's economy for years to come.

On the energy sector, the lifting of the threshold on embedded generation has unleashed green shoots. For example,

- A Goldfields investment in a 50 MW photovoltaic (PV) plant at their South Deep Mine with an investment of R715 million. This power plant can supply the mine and the potential excess power ready to be sold to the grid, thus creating the prosumer market which will help close the supply and demand gap in the electricity market.
- The Seriti-Green R4 billion commitment of a 155-megawatt wind energy facility. This is a clear demonstration that our targeted interventions are beginning to deliver green shoots in addressing the electricity challenges that the country faces.

In 2022, we gazetted an exploration strategy which aims at ensuring that we attract at least 5% of global exploration spend by 2025. To give effect and drive the implementation of this

strategy, we have approached and negotiated with the Industrial Development Cooperation (IDC) on the establishment of an exploration fund for junior miners, which will be concluded by the end of June 2023. In its first phase, the fund will consist of a combined investment of R500 million from the DMRE and the IDC.

The social license to mine in communities is an important principle, also included in the Mining Charter. In this regard, mining houses working together with communities and municipalities, have contributed towards creating capabilities, which are part of our National Development Plan (NDP), by building health and education infrastructure. For example,

- Waterkloof Hills Primary and High Schools in the North West,
- JS Skenjana Secondary School in the Eastern Cape,
- Rockdale community health centre in Mpumalanga,
- Bokamoso Water and Sanitation project in the North West and
- the Rearata Primary School in the Northern Cape.

**Honourable members,**

Health and safety continue to register incremental improvements. The 49 fatalities recorded in 2022 were the

lowest number on record. There is progress on reported occupational diseases, with a drop from two thousand and thirteen (2 013) in 2020 to one thousand nine hundred and twenty-four (1 924) cases in 2021.

Now, more than ever, we must double our efforts to achieve our Zero-Harm goal. We must consolidate gains made through the partnership with our social partners.

House Chairperson,

The demand for **Liquefied Petroleum Gas (LPG)** has doubled in the last 10 years and is poised to grow more. LPG can reduce demand for electricity during peak hours thereby minimize the severity of load shedding. We wish to encourage consumers to use this efficient source of energy for space heating.

**In line with the country's oceans economy agenda**, we work hard to attract investments in the oil and gas sector and bringing communities on board to see the benefit of this for development. In 2022, we undertook consultations in seven kingdoms and fishing communities in the Eastern, Northern, and Western Cape Provinces. The consultations helped us appreciate real and prevailing sentiments about oil and gas developments. These sit in contrast to lobby groups, mostly foreign-funded, that pit the development needs of poor communities against their own self-serving, self-proclaimed protection of the environment.

Cognisant that protracted litigations emanating here adversely impact South Africa's economic development, for example, ENI and Equinor exiting the South African market, we have initiated engagements with the Department of Justice and Constitutional Development aimed at ensuring that our constitution meets its inherent developmental mandate.

As Richard Swedberg argues, in his articulation of the role of the law in the economic sociology of capitalism, and the development of growth in the markets,

*“Law is typically part of the political machinery... One reason for this is that law introduces an extra layer ... between political decisions and their execution ... the state can influence the economy through regulation...”*

Therefore, ours cannot be a mere regulatory framework that reverses the gains of our hard-won liberty where, as described by Nee,

*“Under transformative change, the old rules and procedures frequently become, instead, sources of oppositional norms.”*

Following the tabling of the Upstream Petroleum Resources Development Bill in Parliament, cabinet approved the merger of IGas, PetroSA, and the Strategic Fuel Fund to form the South

African National Petroleum Company (SANPC). The establishment of the SANPC will give effect to the provisions enshrined in the said Bill, for the state to participate meaningfully in oil and gas developments. To bring this Cabinet approval into effect, the final draft of the SANPC Bill has been submitted to the state law advisor for constitutional certification and will be gazetted for public comments in July this year. We implore Members to ensure its finalisation before the end of term of this administration.

The closure of crude oil refineries has presented a new set of challenges, with potential instability if not well-managed. Importation of petroleum products has reached unprecedented levels. The robustness of the distribution infrastructure will be tested when the Sasolburg refinery goes into a mandatory maintenance shutdown for 4 months scheduled for later this month. To ameliorate the risk of product shortage in the market, contingency plans are in place and product imports have been lined up. We are also pleased that the Cape Town refinery is back in full operation as this will narrow the supply and demand gap in the market.

**To enable us to deliver on these commitments, the Department's budget for the 2023/24 financial year is R10.7 billion. Of this amount, R8.5 billion, is earmarked for transfers**

to public entities, municipalities, and other institutions or implementing agents.

A large portion of the funds under transfers will be disbursed to Eskom and various municipalities for the implementation of the Integrated National Electrification Programme, INEP. Through this programme, households will continue to be electrified through connection to the grid. To this end, **R6 billion** is earmarked under INEP as follows:

- **R3.8 billion** for the INEP Eskom grant and
- **R2.2 billion** for the INEP Municipalities grant.

In conclusion,

Honourable Chairperson, let me thank the Deputy Minister for her pivotal role in the work we do as the Ministry, as well as the members of this House for their continued guidance and support, particularly the Portfolio Committee on Mineral Resources and Energy led by the Honourable Sahlulelo Luzipo.

I also wish to extend my gratitude to team DMRE led by the Director General, the executives, and boards of SOEs. I also extend my appreciation to our social partners for their continued cooperation and support as we continue with our transformation agenda.

Most importantly, allow me to thank my wife, Mrs Nolwandle Mantashe, my family and my support staff in the private office for their continued support.

At times, in the execution of our task, we have been tested from all angles. We have been, at all times, notwithstanding both personal, national, and even international pressures, ready to hold firm and raise the flag of our country's development, guided by the progressive policy perspective of the governing at the centre of which is nothing else but the people.

Honourable members,

I present to you the Budget Vote for your deliberations.

**I thank you.**