



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

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

**NATIONAL COUNCIL OF PROVINCES
BUDGET VOTE OF THE
DEPARTMENT OF MINERAL RESOURCES AND ENERGY,
18 MAY 2023, CAPE TOWN**

Honourable Chairperson of the House;

**Deputy Minister of Mineral Resources and Energy, Dr
Nobuhle Nkabane (MP)**

Honourable Members of the National Council of Provinces;

**Director General of the Department of Mineral Resources
and Energy – Mr Jacob Mbele**

Ladies and gentlemen

South Africa continues to confront social compact and economic infrastructure constraints that adversely impact economic development.

Since the global Covid-19 pandemic, worsened by factors linked to the Russia-Ukraine war that has affected all our countries, thereby adding pressure on our mining and energy industries. Add to these the global imperative to transition towards low carbon emission economies, including its related challenges for developing countries like ours. Therefore, more than ever before, global solidarity for development and peace are a necessity.

Much of the Budget that we are presenting for consideration by the honourable members in this august is aimed at powering the efforts made to address these challenges.

House Chairperson,

The Department of Mineral Resources and Energy (DMRE) has been allocated R10.7 billion, of which a substantial portion goes to its implementing agencies. This is to ensure that we meet our developmental agenda and meet some of the commitments in the National Development Plan (NDP).

To achieve **universal access to electricity**,

R6 billion is earmarked for the Integrated National Electricity Programme (INEP). Therein, R3.8 billion will go to the INEP Eskom Grant to connect ninety-seven thousand six hundred and eighteen (97 618) households to the national grid. R2.2 billion is allocated to the INEP Municipalities Grant to connect sixty-six thousand four hundred and six (66 406) to the national grid.

To fulfil our commitment to address energy poverty and ensure energy security,

We undertook to procure one thousand nine hundred and ninety-five megawatts (1995 MW) of electricity under the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). One hundred and fifty megawatts (150MW) are currently under construction in the Northern Cape.

Two thousand five hundred and eighty-three megawatts (2583 MW) were procured under Bid Window 5 of the Renewable Energy IPP Procurement Programme (REIPPPP). Nineteen (19)

project agreements, constituting one thousand seven hundred and fifty-nine megawatts (1759 MW).

Six (6) preferred bidders signed power purchase agreements for Bid Window, amounting to one thousand megawatts (1000 MW).

We have initiated the process to procure five hundred and thirteen megawatts (513 MW) of battery storage. It will be followed by the procurement of one thousand two hundred and thirty megawatts (1230 MW) of Battery Storage. The requests for proposals will be issued in the second and fourth quarter of 2023.

We will also issue requests for proposals in the following,

- Procurement of five thousand megawatts (5000 MW) each in Bid Windows 7 and 8 respectively.
- Procurement of three thousand megawatts (3000 MW) Gas-to-Power.
- Procurement of two thousand five hundred megawatts (2500 MW) nuclear energy.

By lifting the threshold on embedded generation, the DMRE enabled the National Energy Regulator of South Africa (NERSA) to register four hundred and forty-six (446) embedded generators with a total capacity of four thousand and fifty megawatts (4050 MW). Of these generators,

- Seriti-Green has begun construction of the one hundred-and fifty-five-megawatt (155MW) wind energy facility to

power their mines in Mpumalanga, estimated to cost R4 billion.

- Exxaro is constructing a seventy-megawatt (70MW) photo-voltaic (PV) plant in Lephalale, Limpopo, to supply electricity to their Grooteegeluk complex.
- Goldfields has invested R715 million to construct a fifty-megawatt (50MW) photo-voltaic (PV) plant at their South Deep operations. This allowed them to increase their production by 10% in contrast to the 09% year-on-year contraction in November 2022.

Keeping abreast with the ever-changing energy environment, the DMRE has reviewed the Integrated Resource Plan (IRP) 2019. A new draft policy will be presented to Cabinet in the second quarter of this financial year.

Two critical challenges face the ability of the state to fully meet its objectives on energy supply and security. First, the lack of grid capacity to connect new generated power. For instance, three thousand two hundred megawatts (3200 MW) could not be allocated due to the unavailability of grid connection in the Northern and Western Cape provinces.

We, therefore, welcome the initiative of the National Treasury to take over a portion of Eskom's debt, thereby enable the entity to invest in transmission and distribution infrastructure.

Furthermore, the Department is finalising the electrification master plan aimed at resolving national capacity challenges.

Second, the constant contestation between development needs and environmental challenges. Resultantly, foreign-funded lobbyists lock the Department in protracted litigations that halt progress. While we sit with endless interdicts South Africa, despite it being the most industrialised country in the continent, lags behind even the poorest of our neighbours.

House Chairperson,

In line with President Ramaphosa's pronouncement on the reconfiguration of state-owned entities (SOEs), the Department will continue with the rationalisation of SOEs reporting to it.

The business case and proposal for the incorporation of some of the Central Energy Fund (CEF) Group of companies into a single South African National Petroleum Company (SANPC) were finalised and approved by Cabinet. The Group is finalising the process of appointing a strategic partner to work with PetroSA to revive the gas-to-liquids refinery in Mossel Bay.

Liquefied Petroleum Gas (LPG) continues to grow throughout the country, as a source of space heating and cooking. The demand for LPG has doubled in the last 10 years, and this trend is set to continue. This will alleviate current power supply interruptions.

Developing a social compact between the Department and society is critical to energy security. We will strengthen engagements with communities in relation to developing the upstream petroleum industry. The consultations we held with seven kingdoms and fishing communities in the Eastern, Northern, and Western Cape Provinces have helped us to appreciate real and prevailing sentiments about the development of this industry.

We will promote this industry in line with the developmental mandate in the national Constitution. For instance, Section 24 of the Constitution which promotes the use of natural resources to promote justifiable economic and social development. Investment in and the exploitation of the natural endowments, that is, minerals and petroleum, enable national economic development.

Honourable members,

The **mining industry**, despite challenges and binding constraints to our economy, continues to contribute in a meaningful way to the Gross Domestic Product (GDP).

In 2022, the value of production registered R1.18 trillion and 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%.

Honourable members, South Africa remains pre-eminently a mining nation with a composite value of well over US \$9 trillion, according to the recently revised resource endowment. The full spectrum of minerals ranges from aluminium to zinc. Therefore, in this context, both the drive for mineral exploration and a clear approach to the use of critical minerals for development are critical. A critical minerals strategy is being developed. Mintek is leading research and development, including innovation, and has identified various high impact programmes. These projects are aimed at driving the development of new industries and technologies through partnerships and licensing in South Africa.

House Chairperson,

Mining companies have made **investment pledges** to boost South Africa's economy. In this regard, we are strengthening our monitoring and evaluation processes to ensure the realisation of the 56 investment commitments amounting to a total of R397 billion.

Key to the realisation of these investments, is the **social license** of companies to mine and to utilise labour. Mining communities and labour sending areas derive value from the extraction of their mineral resources. Hence, we are particularly pleased with the investments made by mining companies on developing impactful projects in society as part of their social license to coexist with

these communities. In the previous financial year, a total of R678 million was spent in the construction of impactful projects such as schools, medical centres, and road infrastructure in some of the mining provinces and labour sending areas. A further one hundred and thirty-two (132) Social Labour Plan (SLP) projects are earmarked for implementation. The Department continues to work with industry players, municipalities, and communities to realise an integrated approach to these development goals.

House Chairperson,

We are improving our **health and safety** record. In 2022 the mining industry recorded the lowest number of fatalities, that is, 49, down from 74 in 2021. It reduced fatalities from Fall of Ground by 70%, and 100% reduction in machinery related fatalities. There were also improvements in occupational injuries.

The collective efforts of all social partners in the industry have proven that stakeholder collaboration is critical for the industry to achieve the Zero-Harm goal. We must therefore redouble our efforts and ensure that every mineworker returns home unharmed.

Honourable Chairperson,

Let me thank the Deputy Minister and Team DMRE for continued support in the work we do as the department.

I also wish to extend our gratitude to the members of this House for their continued guidance and support.

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

I thank you.