**UNREVISED HANSARD**

**MINI PLENARY - NATIONAL ASSEMBLY TUESDAY, 18 MAY 2021**

**VOTE NO 34 – MINERAL RESOURCES AND ENERGY**

**TUESDAY, 18 MAY 2021**

***PROCEEDINGS OF MINIPLENARY SESSION – NATIONAL ASSEMBLY CHAMBER***

Members of the mini-plenary session met on the virtual platform at 14:00.

House Chairperson Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

The Chairperson announced that the virtual mini-plenary sitting constituted a meeting of the National Assembly.

**APPROPRIATION BILL**

Debate on Vote No 34 - Mineral Resources and Energy:

The MINISTER OF MINERAL RESOURCES AND ENERGY: House

Chairperson, hon Frolick, National Assembly Speaker, Ms Thandi Modise, in absentia, His Excellency, President Matamela Cyril

Ramaphosa, hon Deputy President, David Mabuza, hon members, Director-General of the Department of Mineral Resources and Energy, DMRE, Advocate Thabo Mokoena, chairpersons and chief executive officers of all state-owned enterprises that are here today, I have seen a number of them, I won’t isolate you one by one, leadership of minerals and energy industry**,** distinguished guests invited to this auspicious occasion, ladies and gentlemen, it is a profound honour that we once again I appear before this august House to present the budget vote as allocated to the Department of Mineral Resources and Energy for the 2021-22 Fiscal Year.

We warmly recognise that this important task takes place in the year in which we celebrate the life and times of leading icons of our struggle for freedom and democracy particularly the leadership of Mama Charlotte Maxeke. We owe the liberties we enjoy today to her and those who marched alongside her in the struggle, lest we forget!

We deliver this budget vote when the country and our economy is slowly recovering from the ravages of COVID-19, which is still very much with us. We have realised that this pandemic is more than just a health war, but very much a demand and

supply interruption in the markets and economies across the globe. South Africa being part of the global village is definitely not immune to this. Our mandate in summary, is to meaningfully contribute to economic growth through mineral intelligence and development, support growth through ensuring security of energy supply and strengthening global relations through political and economic diplomacy.

I want to emphasize that everything we do in South Africa will be project managed so that we can quantify projects we are making and count the milestones we have achieved and we can see what is still left to be achieved. Let me share with the House how we have been faring in our quest to deliver on this mandate in this prevailing difficult economic climate.

I will start with the economic performance for the year. The South African economy experienced its worst economic recession in 2020 recording a third consecutive quarter of negative growth of 2% seasonally adjusted. Mining was the biggest contributor to this negative growth at 21,5% with the overall Gross Domestic Product, GDP, contribution at negative 1,7%.

This was the biggest slump in the past six years in the sector and was attributed to supply and demand disruptions, as a

result of hard lockdown which began towards the end of the first quarter. The second quarter saw a sharp economic decline at 51% with mining contracting by 73,1%, while electricity, water and gas contracted by 36,4%.

During the lockdown, a number of interventions to revive the economy were developed through the Economic Reconstruction and Recovery Plan. Accordingly, we began implementing these in earnest to revive mining and energy. Our interventions ranged from allowing all coal mines and energy refineries to continue operating at 100% during level 5 of the lockdown to avoid a shortage of coal supply to Eskom and allow continued supply of energy into the economy, as this would have plunged the country into darkness.

We also allowed open cast mines to operate at full capacity at level 4. The rest of the mines were allowed to operate in a phased ramp up approach while beneficiation plants operated at full capacity with stringent health and safety measures in place to ensure that we protect livelihoods and we protect lives. When we did this everybody blamed us that we are putting the lives of the mine workers at risk and we argued correctly so - in hindsight, that the biggest danger was to

starve mine workers together. Therefore, we had to revive the livelihood as we protect lives.

Accordingly, outcomes of these interventions manifested in Quarter 3 of GDP readings. When the economy registered a recovery of 66,1% indicating a softer contraction of 6%.

Mining and quarrying registered a growth rate of 288% contributing 11,8% to the overall GDP. This made mining and quarrying the third largest contributor to the GDP during Quarter 3. In Quarter 4, the economy grew by 1,5% with an annualized growth of 6,3%. The gas and electricity and water cluster contributed negatively by 0,1% while mining contributed negatively by 0,8% which was due to the cyclical nature of commodity prices coupled with a slow opening of key global trade partners.

We are pleased with stabilisation of oil prices and positive signs that mining is showing into our economy as it registered a 21,3% year on year growth in March 2021, following a 0,8% year on year growth in February 2021 performance. In addition, mineral’s sales increased by 46,9% in March 2021 following a 25,4% in February 2021. This performance is a confirmation that mining remains the bedrock of our economy and that our

interventions are yielding great results in the economic reconstruction and recovery plan.

With these signs of recovery, plans are afoot to ensure that not only do we help the economy to bounce back, but help it to bounce forward and place it on the growth path as further envisaged in the April 2021 Revised Global Economic Outlook. I mention this point because sometimes we normally limit our aspirations to the pre-covid stage and we forget that at that time we were already in recession. Secondly, we were already downgraded by the rating urgencies and therefore, if we just want to reach that stage, we are less than being ambitious. So our ability – if we work together – must take the economy to much higher than where it was before covid. That is the point we are emphasizing.

Let me go to upstream Petroleum Resources Development. In October 2020, Total announced a significant gas condensate discovery on the Luiperd prospect, located in the Outeniqua Basin, 175 kilometres off the southern coast of South Africa. This Luiperd well was drilled to a total depth of 3 400 meters and intercepted 73 meters of net gas condensate pay in well- matured lower Cretaceous reservoirs - Those are the names of

the reservoirs. Following coring and logging, more work is being done to test the dynamics and characteristics of the reservoir. This significant find places out off-shore petroleum play a notch higher than we expected. So that discovery indicate that we have prospects of being a major player in the gas and oil environment into the future.

In September last year, we set out to drill a 3 500m stratigraphic hole in the Karoo to establish and test the occurrence of shale gas. This work also seeks to understand and to share with this House that as of yesterday, we had drilled to a depth of 2 750 meters. The first pocket of gas was intercepted at 1 734 meters with a further substantial amount intercepted at 2 467 meters spanning a depth of 55 meters. To date, a total of 34 gas samples have been bottled in canisters and taken to one of our laboratories for analysis. We have a commitment with the Chief Executive Officer, CEO, for Council for Geoscience, CGS, that I will only go to the Beaufort West once we get the results of those

34 bottles. If there is gas I will visit there.

These two gas finds, the onshore gas operation in the Free State, coupled with more prospects that is under way along

South Africa’s western and eastern territorial waters are delivering positive signals that we will succeed in developing these resources in line with our ocean’s economy agenda. I must register here that it is not going to be a smooth way to that growth, as most of the times when we make these discoveries we get people who resist, particularly on the basis of environmental impact. What we forget when we do that is that the most developed countries that actually attack us to move from high carbon emission to low carbon emissions went through this development path and therefore expect us to just switch off. We are a developing economy and that should inform our strategy in whatever we do in development. But our commitment to low carbon emission is unwavering and we know that it is going to be a journey. That is why we talk of a transition. It means it will not go from one extreme to another.

The question of growth supported by secure and affordable energy supply, South Africa continues to pursue an energy mix as espoused in the country’s energy blueprint, the Integrated Resource Plan. Even though South Africa and the rest of the world are increasingly under pressure to mitigate against climate change, South Africa’s energy capacity is largely

dependent on fossil fuels. In an alternative universe, one would immediately eliminate fossil fuel generated energy such as coal and petroleum. However, this is not our reality. Our reality is that we have vast reserves of coal and petroleum resources that we continue to discover and which we continue to exploit.

Though this is the case, we are committed to a just transition and have begun investing in clean technologies to ensure that we transition from a high to low carbon economy, while ensuring security of energy supply. That is where the contradiction is, securing of energy supply and moving with the necessary speed to low carbon emissions. That contradiction is what requires us to manage because, if we don’t manage we think that will happen by luck, it can’t be, we are going to see disasters.

In 2020, we committed to interventions to deal with electricity supply shortages. We undertook to rapidly increase energy generation capacity outside of Eskom. It gives me great pleasure to share with this House that we have managed to advance the following. I am going to give you these details to show you what I said. We manage every commitment we are making

as a project and it is project-managed. We don’t want you to say this project and that project – and then we have too many irons on the fire. We want every time we have a project the question we ask is firstly, where is the project plan?

Secondly, who is the project manager? Thirdly, who is in the management team? Fourthly, what skills are in that team?

Because if we don’t have that, anything we call a project will

remain an idea. This is what we have been doing?

The connection of 1 200 megawatts to the grid from projects signed under Bid Window 4 of the Independent Power Producer Programme, IPP, with the remaining 1 000 megawatts planned to connect by not later than December 2021. The reality of the matter is that from Bid Window 4 there is 1 200 megawatts that is already connected and a 1000 megawatts will be connected not later than December. That in itself is almost the size of Arnot Power Station. Once you connect all those megawatts that is the size of Arnold Power station.

We have approved eight preferred bidders with three recommended for appointment subject to them meeting specific value for money conditions. This initiative will deliver a total of 1 995 megawatts of power into the grid within the

next 12 to 18 months. That is complete and there is a clear time frame. Eskom has procured 200 megawatts from Independent Power Producers under the Short-Term Power Purchase Programme.

As part of Bid Window 5, we have issued a Request for Proposals for 2 600 megawatts from wind and solar energy technologies. That is out and we are hoping to conclude that quicker. We have amended the Electricity Regulations on New Generation Capacity and clarified the requirements for municipalities when undertaking the process to develop and buy power from IPPs. We have also amended the gazetted Schedule 2 of the Electricity Regulation Act as pronounced by His Excellency, President Cyril Ramaphosa in his 2021 state of the national address. In this amendment, we have increased the threshold for registering embedded generation from 1 to 10 megawatts. There has been a lot of noise that it should have been 50 megawatts and all that. our research and survey where we surveyed about 10 people responded to the gazetted 10 megawatts, there is overwhelming support for the 10 megawatts. Many in the market are saying we are not ready for these 50 megawatts. Ten megawatts is also heavy for us but it worth trying. But we are doing it the right way, testing the market, graduating the need as we implement it. So the issue of

debating academically between 10 and 50 is unacademic debate. The reality of the market is that the market is not ready for these 50 megawatts, it is very much prepared to adjust to the

10 megawatts because it was never prepared for the 50 megawatts.

NERSA has to date registered 200 projects under one megawatt totalling 94 megawatts and licensed five projects with only one megawatt. We have also noted with delight that the mining industry is also taking steps towards self-generation which is in support of our initiatives. To this extent, Goldfields will soon be building its plant to construct the 40 megawatts PowerStation for self-use. We are inviting all the other mining companies that want to test their capacity to self- generate to come forward.

Last year, we put a deputy director general, DDG, to unlock the bottlenecks on this programme and Goldfields is the first example. Many people want to be critical and say it took four years for Goldfields and we say no, leave the four years. We talked to Goldfields a year ago and we gave them to the DDG to unlock the bottlenecks and Goldfields now has a licence. Other mining companies must come forward we will accelerate their

process. We work very close with NERSA and therefore self- generation is allowed and it is facilitated.

In the coming months, we will issue additional Requests for Proposals as follows. The 2 600 megawatts from renewable energy, that will happen around August 2021, 315 megawatts from Storage around August 2021, 1 500 megawatts from Coal around December 2021. Many say, why coal? We say we have a responsibility to research on cleaner coal technology. You cannot experiment with cleaner coal technology in the abstract, you will have to have unallocated megawatts to coal to test cleaner coal technologies, the 3 000 megawatts from Gas around December 2021, 1 600 megawatts from renewable energy around January 2022. You can add the numbers you will see that we are giving renewables a bigger chunk of megawatts to generate because of our commitment to move from high carbon emission to low carbon emission. That commitment is not abstract is concrete it is on their allocation of what they should be doing.

In line with the Sustainable Development Goal 7 of achieving universal access to affordable, reliable, sustainable, and modern energy by 2030, we are forging ahead through our

Integrated National Electrification Programme, INEP, and as such we plan to connect 180 000 additional households in the 2021-22 Fiscal Year, following 166 886 households connected in

2020-21 Financial Year.

Hon Chairperson, on Liquefied Natural Gas, LNG, initiative, we continue our commitment of developing the gas industry in our country. Accordingly, we have made some advances to that effect and as such. We are insisting on this one that we must not just talk LNG. There must be a clear programme plan for LNG. If we don’t have a plan it is not going to happen we are going to be howling at each other shouting LNG and it will not happen. So our insistence is that there must be a proper plan. Because what we are noticing is that the space of LNG is attractive to people who want to just enter there and do business quick and make quick money. It must be planned properly, implemented properly and not allow scavengers to fill that space and want to eat quick and be full in no time. If we don’t do that they are going to steal the LNG initiative. And it is our responsibility as the department to protect that space.

The Environmental Impact Assessment study has been undertaken for three Gas to Power Plants of 1000 megawatts each to enable Gas to power projects in Special Economic Zones, SEZs. The Request for Proposals will be issued in the third quarter of the 2021-22 Financial Year. An estimated total capital investment for 15 projects currently under construction, as licensed by NERSA, is R8,9 billion. From these projects, at least four of them with a value of approximately R6,3 billion are expected to be completed by the end of 2021.

On exploration, we have agreed that we talk about beneficiation and many ambitious things in mining. We have gone back to the basics that let us invest in exploration. You cannot beneficiate unless you do exploration, you develop a mine, you separate a mineral from rocks and only then can you beneficiate. We are investing in exploration.

Hon members, mining without exploration is not sustainable. To this end, we are developing an “Exploration Implementation Plan”. We had a long debate about this plan or strategy precisely because there can be no plan without a strategy. We must have a strategy and then have a plan to execute to increase our share of the global expenditure in the next 3 to

5 years. The CGS has rapidly increased mapping coverage from below 5% to almost 9% to date, with particular focus on areas with the greatest potential for recovery of world class minerals needed to drive the contemporary economy.

*IsiXhosa:*

Hayi ixesha lam liyaphela.

*English:*

... that is driving import substitution through industrialisation. Again, import substitution need to be soften because if we do not do that we are going to harden attitude towards us from World Trade Organisation, but we need to put a lot of emphasis on industrialising.

In October last year, Cabinet approved a chrome beneficiation paper which recommended several interventions, ranging from providing a framework for negotiated pricing agreements for intensive energy users, an export tax on chrome ore exports, technology improvements, self and co-generation among others. This debate is on-going particularly in the chrome sector itself because of miners who want to import raw commodity still argue that taxing the export is not going to help them.

But we have to convince them that they are one value-chain and that they must work together. And we need to protect that sector.

Mineral and petroleum intelligence and development. We have cleared the backlog on petroleum licensing and successfully processed the following licenses. A manufacturing license in Limpopo, 307 wholesale licenses,59 New Retail licenses, which will provide employment opportunities that cuts across the construction value chain and growth of the petroleum sector, and lastly,141 retail change of hands licenses.

As of March 2021, we have set six months to ensure that a new modern system is put in place. The system seeks to ensure provision of reliable and precise information on location of exploration and mining rights. In addition, the system will be transparent and easily accessible to investors and the public. Creating an enabling environment. We have submitted a number of legislation to Parliament, all of them aimed at making it easy to do business in South Africa. You will read those, there is a list of them.

On mine health and safety, Occupational Health and Safety Statistics show that 2019 remains the safest year, with the lowest fatalities ever recorded in mining at 51 and with no record of a mine disaster since 2016. What we should remember is that our objective is not a record, it is a zero harm in the mining industry. People must be able to go underground and be assured that they will come back safe and protected. The number of occupational diseases nationally has shown a decline This includes Noise-induced hearing loss**,** Silicosis and Tuberculosis, TB, cases.

In 2020, we saw an improvement on mine injuries, with a total of 1 747 injuries compared to 2 452 in 2019. Regrettably, the sector had 60 fatalities in 2020. Fall of ground accidents, including seismic-related rock falls remain a significant challenge. I must say that the regression from 51 to 60 is qualified in terms of the health and safety analysis that seven of those fall in a category called miscellaneous. And I said, those are injuries that are not directly related to rock fall and injuries at work but, people lose their life underground. We have agreed that death underground is a fatality, we must avoid it. We are aiming to have zero harm in mining.

The numbers of what is allocate to who is in the financials.

Let me conclude by thanking the President, the Deputy President, my Cabinet colleagues, Hon members of this House, the Portfolio Committee on Mineral Resources and Energy, the Director-General of the DMRE and the entire DMRE team, leaders of our entities, organised labour and captains of the industry for their continued support on the work of the department.

Most importantly, I wish to thank my wife and children for their continued love and support they give me as I navigate this complex task. My heartfelt condolences to those who lost their loved ones due to the pandemic. We urge all South Africans to continue adhering to the COVID-19 regulations and keep safe. Thank you very much.

Mr S LUZIPO: Hon House Chair, the hon Minister of Mineral Resources and Energy, colleagues in the portfolio committee on Mineral resources and energy, hon ministers and deputy ministers, hon members, and gentlemen, first let me extend words of condolences to my colleague, the hon Mahlaule, who has lost her maternal uncle. May his soul rest in peace. It is important to also note that on this day, 109 years ago, one of

the stalwarts of the people of South Africa, the late Walter Sisulu was born. Happy birthday posthumously, Xhamela!

Oliver Tambo has this to say and I open quote:

The land on which the cattle grazed was communal property. It was owned by no one. It was nobody’s private farm. It was common property of the people, shared by the people. So the practice of sharing was central to the concept of the ownership of property.

As stated in the Freedom Charter, I quote: “The people shall share in the country’s wealth”. This remains an idea that must be realised and the big question is, which generation will make this possible. It is either now that we make this to be realised during our lifetime or we allow it to postpone itself for the future generation. The political economy of colonial and modern South Africa was built on the minerals-energy complex and agriculture. It is therefore important to understand the centrality nature of both of these industries as far as their major contribution on job creation.

This Budget Vote is occurring under socioeconomic condition imposed both globally and locally by the COVID-19 pandemic. At the height of the pandemic, the department had to ensure on the mines were adequately protected in terms of their working conditions but also the provision of the personal protective equipment. The balance between ensuring the safety of humans from the pandemic and the economic activity was not an easy task.

The department therefore needs to be congratulated on the role it played in balancing and exercising and ensuring the operation of the industry and the health and safety of mine workers at the same time. It is the contention of this contribution that the mining industry is not a sunset industry in a country which is rich in mineral resources. The programmes of the department through the Council for Geoscience to survey the mineral resources of this country is encouraging. The results of this survey will give the country certainty over the mineral resources that are available for the country’s future.

At the same, small scale mining requires attention as this will end artisanal mining and enable the development of the

economic activity and transformation for the benefits for our communities. Proposal for the ease of doing business in the mining sector in terms of the regulation and licensing must be effected as part of increasing investment.

The electricity sector has over a number of years faced many challenges in terms the unreliability as well as matters that relates to corrupt activity. The implementation of the economic reconstruction and recovery plan requires an expansion of an electricity generation capacity for the country as economic growth and inclusive development is unable to occur without efficient electricity supply.

The next two years are important as the new electricity generation capacity is brought on the stream at the cheapest possible for industrial, commercial and domestic customers to eliminate load shedding and ensure inclusive economic growth and development. The country faces physical constraints and it is imperative that the department’s budget is efficiently utilised to ensure quality of spend for maximum financial value for its different programmes. This therefore means that supply chain management needs to ensure cost competitiveness for the best quality as well as that the focus of budget

requires an orientation towards the delivery of objective programmes.

The department’s budget spend is mostly on allocation to its entities. programmes needs to be executed efficiently and on cost-effective basis. The committee is expecting therefore a higher levels of performance from these entities given the enormous task which faces the country for economic reconstruction and recovery. It is on those bases therefore that it is important to know that the committee has made a number of recommendations, amongst others, for the department to take into consideration to ensure that it explores funding options for incentivising the prospecting, exploration, mining and beneficiation on rare earth elements, consider and explore an overarching investment strategy for the department and its entities. It remains our considered view that, amongst other issues, any investment that is done in the context of public investment must have an overarching strategy, including a consideration of shared services.

We must ensure that there is a review of the electricity pricing methodology. Most importantly, the committee also expects to be provided with an update on the developments

relating to artisanal and small scale mining. Once the process is undertaken and has been finalised, we believe that the industry will also see a better growth as far as artisanal and small scale mining is concerned.

We also have to ensure that the department is able to provide an update to the committee on the nuclear new build programme, including the development of small modular reactors by the third quarter of 2021-22 with specific reference to the principle of affordability, scale and pace of the programme, to provide an update to the committee on the solar water heater programme in the third quarter of 2021-22. The department must also ensure that the budget of the solar water heater programme reflects as a stand-alone item as it is more of a conditional grant from National Treasury.

Currently, it reflects as a matter under the goods and services, and on those bases, the potential for it to be lost in between is very high. We expect that there will be a presentation and an update detailed on the financial standing of the South African Diamond and Precious Metals Regulator during the third quarter. An update on the committee is also expected on the progress made with regards to the merger of

PetroSA, iGas and Strategic Fuel Fund by the third quarter of 2021-22. We also expect the department to provide an update to the committee on various cases that relates to forensic investigation, especially with regard to the sale of the strategic stock of the Strategic Fuel Fund, including consequence management.

Lastly, on this matter, the committee will remain seized in making sure that the Risk Mitigation Independent Power Producer Procurement Programme remains a priority on the agenda of the committee. Although as members we may not agree on the approach on how to pursue the matter, we remain duty bound to fulfil our responsibility as public representatives.

We remain committed to ensure that there is accountability in the use of public resources, hence we intend and expect that consequence management will be presented on cases like the loss of money made at PetroSA, and on the solar heater programmes. It is our view that part of the confidence that we can build for our people is to ensure that those who are found on the wrong side of the public purse must be able to face the consequences that are needed.

In conclusion, the year ahead is critical for the implementation, and it is important that the department and these entities remain focused and on course in terms of encouragements which has already been made. It is important that where there are opportunities for public-private partnerships, this should be done efficiently in pursuance of an inclusive economic development.

The role and function of the department is therefore encouraging and should continue on the path of ensuring national growth and development. Economic reconstruction and renewal is on the horizon and less class and ... [Inaudible.]

... and realise our programmes and goals. The ANC therefore supports Budget Vote 34 of the Department of Mineral Resources and Energy. Thank you very much, House Chairperson.

Mr K J MILEHAM: House Chairperson, it makes one wonder why it is, that every year at state of the nation address and Budget Speech and budget review & recommendations reports, BRRR, time, we have loadshedding. Factor in that Eskom is currently participating in wage negotiations, and it comes as no surprise that we are in the dark once again.

In considering the annual performance plan of the Department of Mineral Resources and Energy, there are several facts that need to be taken into consideration. These facts may be unpalatable to Minister Mantashe and the department, but they are nonetheless of critical importance in deciding whether or not to approve the departmental budget and its annual performance plan, APP. The first fact that we need to appreciate is that our electricity generation crisis is nothing new. It has been a reality the citizens of South Africa have had to live with since at least 2007. It is a lack of planning, poor implementation and frankly, corruption, that have brought us to this state of affairs. Minister Mantashe, in his former capacity as secretary-general of the ANC, bears some responsibility for this. He oversaw the Chancellor House investment in Hitachi Power Systems which saw the ANC directly benefit from the Medupi and Khusile power station builds. This will become relevant a little later in this debat.

We urgently need new power generation. And what has this government done? It stalled the Renewable Energy Independent Power Producers Procurement Programme for over five years.

When it had the chance to reopen it in October 2019, after the long delayed Integrated resource plan was finally approved, it

delayed further, only reopening new bid windows a few weeks ago. And while we welcome this, it has effectively hamstrung South Africa’s economy for the past five years and resulted in the loss of both manufacturing capacity and jobs.

The second unpalatable fact is that this government has completely botched the Risk Mitigation Independent Power Producers Procurement Programme. From the very start, it was clear that this programme, despite its claims of being technology agnostic, was anything but. It was set up with the clear intention of ensuring that gas power, and more specifically, gas powerships, would be the primary solution identified. More concerning, are the allegations around manipulation of the process. Allegations that point directly to Minister Mantashe and the department. Now, remember what I said earlier about Chancellor House? The Risk Mitigation programme appears to have been a conduit for ensuring the politically connected benefit, and South Africa has to bear the cost. In scenes reminiscent of the early days of state capture, the ANC members of the portfolio committee believe that an investigation into the risk mitigation indepenedent power producer procurement programme, RMIPPP, bid process, its scoring and the role of politically connected individuals in

the process is outside the scope of the committee. The lack of transparency on this programme and lack of political will to probe it aggressively speaks volumes about the scale of the cover-up.

The third unpalatable fact is that South Africa cannot afford a new nuclear build in the short- to medium-term. Decision 8 of the integrated resource plan states that the country should, and I quote:

Commence preparations for a nuclear build programme to the extent of 2500 MW at a pace and scale that the country can afford because it is a no regret option in the long-term.

No affordability data has been presented to the committee. What information we have seen is based on figures dating back to 2015, and does not reflect a realistic projection of the true overnight cost of such a build. Eskom do not appear to have real appetite for a nuclear build at this time. And given the perilous state of our fiscus, it is something we do not have the resources to undertake.

A further concern is that the independent resource plan, IRP, talks about preparations, and yet the APP commits the department to procuring the 2500 MW in 2024. There is clearly a disconnect here. This is not a no-regret option. And allowing the ANC to control a nuclear procurement process is a recipe for total disaster.

Next, we need to consider the National Solar Water Heater programme. This project has been a disaster from the moment it was transferred from Eskom to the Department of Energy. One million solar geysers were supposed to be installed by 2015, but apart from the 400 000 installed by Eskom there has been no real progress. This committee has been highlighting this as an issue for three years now, and every year, the department promises resolution in mere weeks. So far, this programme has spent over R300 million rand just on storage. When we conducted oversight on some of the storage facilities late last year, we were promised that there would be significant progress on the installation of the geysers by January 2021, gysers have been sitting in storage since 2015. When we reviewed the situation earlier this year, there had been little movement. And now the department has budgeted a further R73 million for this financial year?

Something the department appears to have very little interest in is the state of our petroleum sector. I heard what the Minister said, but the reality is that the oil and gas measures are all saying they aren’t going to be drilling in South Africa anytime soon because of our financial and political regulatory environment. Our refining capacity has declined by 43%, with two major refineries shut down. The department’s solution, as always, is to create another state- owned entity and to consolidate the failing PetroSA with iGas and the Strategic Fuel Fund. It beggars belief that the focus of this government is on preserving the status quo and creating jobs for pals, rather than incentivising and promoting a free market in our petroleum sector, where there are likely to be significant foreign capital inflows.

We cannot, as Parliament be expected to approve a departmental budget when two of the bigger entities within the department, namely the Central Energy Fund and the Nuclear Energy Corporation of South Africa, have not presented their APPs to the committee. And the department seems to think that they are somehow exempt from parliamentary oversight.

Lastly, I would draw the Minister’s attention to the fact that there has been no real movement on the promises made over a year ago on the raising of the licencing threshold for own generation, and the President promised this. Despite the advice of Eskom, organised business and civil society, it is now clear that the Minister and the department are determined to hold on to absolute control of the electricity supply market at the cost of energy security and the saving of our economy. Minister Mantashe has repeatedly demonstrated that he has no real desire to transform our energy sector. He was handed a golden opportunity to ensure a better future for all South Africans, and, to put it bluntly, like most of the transformers in this country, he’s blown it. Thank you, Chairperson.

Ms P MADOKWE: Chairperson, the core mandate of this department is to ensure that all South Africans benefit from the country’s mineral resources by regulating, transforming and promoting the minerals and energy industries and providing sustainable and affordable energy for the development of the country’s economy. However, both the mining and energy sectors at ground level were hit matters most are stain by exclusion,

exploitation and disregard for safety and health regulations as well as environmental laws.

Mining opportunities have turned into a nightmare for many groups and communities. They have become a Trojan horse disguised as job opportunities and local economic growth. Whereas they are solely for profit-making and exploitative labour at the expense of these communities.

Mining is imposed to some communities without due process and those who condemn it are often vilifies, harassed if not assassinated. Despite the High Court judgment in November 2018, on the Xolobeni mining crisis which reiterated the most basic things, that Minister should obtain full and formal consent from communities prior to granting mining rights, various communities are still suffering from the department’s carelessness and it prioritising profit over people’s livelihoods. A case in point is the recently launched Ga=Ratau platinum mine project in Limpopo where there was a ownership scuffle where villagers insist that they were tricked in selling their land. Thorough investigation should have been engaged before issuing mine rights.

Not much has changed in terms of the material conditions for the men and women who literally braced the belly of the beast mining all types of minerals for the country’s benefit. Like there are forbearers who were paid peanuts and would be discarded with nothing to show when diseases and injuries encountered on duty or old age took their tone. Miners across the country are still exploited. Not only has the [Department](https://nationalgovernment.co.za/units/view/429/department-of-mineral-resources-and-energy-dmre) [of Mineral Resources and Energy](https://nationalgovernment.co.za/units/view/429/department-of-mineral-resources-and-energy-dmre) turned a blind eye to the exclusion and exploitation of our people as miners or as mining communities, but it has failed to listen and respond to the reports made about by the various whistle-blowing reports made relating to injuries at work, corruption, exposure to hazardous working conditions and mining companies refusing to take responsibility and compensate workers are often reported to the Department of Mineral Resources and Energy to the DMRE to no avail.

The department has shown no initiative in ensuring that mining companies as well as energy sector adhere to environmental laws. Instead, they have taken it upon themselves to spend billions of rands of taxpayers’ money on rehabilitation initiatives. A cost that will indirectly incurred by this companies.

There is still no recourse for communities which no longer have access to clean drinking water affected by [Inaudivle.] diseases due to pollution resulting from mining activities.

The Department of Mineral Resources and Energy is entangled in various legal battles which could cost taxpayers billions of rands but could have been avoided had it tightened its internal controls and had it been harsher on delinquents who might have misused their public responsibilities for personal gains.

Considering how most industries were established in the past at the exclusion and through the exploitation of black as cheap labour and free labour. It does not make sense that the issuing of mining and petroleum licensing is treated as by the way. Central to the department’s plans for localised beneficiation and processing of raw materials should be the transformation of the mining and energy sector and ensuring ownership activity both sectors are reflective of the country’s demographics. But this is not the case. Licences are still issued to foreigners while our people are still subjected to all sorts of reacting.

In the energy component of the Department of Mineral Resources and Energy, energy forms an integral part of the economy and without a reliable energy supply the country’s economy and economic expansion will remain vulnerable and ultimately dwindle into chaos and despair. South Africa’s energy has been characterised by load shedding, high electricity hikes and high carbon footprint with Eskom being one of the country’s highest emitters. To ensure a reliable and more affordable a state-owned company should take over the operations of all coal mines which are owned by Eskom which are foreign-owned.

The move towards renewable energy generation is welcomed. There should also be a concerted effort to cancel contract with foreign-owned IPPS and ensuring the full regulation and localisation of IPPs. This is owing to complaints by residents from various communities that IPPs are not only expensive but provide poor service. While we advocate for the expansion of IPPs without addressing this first, the Department of Mineral Resources and Energy could also collaborate with the Department of Higher Education and Training to establish an institution of higher learning or satellite campuses whose focus could be to equip graduates and young people with the necessary skills as opposed to importing skills and resources.

The new nuclear build programme and the IRPPP programme are clouded by uncertainties because the department has not been able to provide the estimated cost of either project. Most of both projects are accompanies by allegations of corruption which must be thoroughly investigated.

The current state of the refining industry provides an opportunity not only for nationalisation, but also for the development of new industries and localised manufacturing an opportunity that the Department of Mineral Resources and Energy should have long pounced on. Instead there are lot of uncertainties around the major of iGas, the Strategic Fuel Fund and PetroSA today.

The budget is a tightly wrapped box of dreams like many other before it with no clear timeframes or titles which will translate the majority of our people’s benefits. Furthermore, the Department of Mineral Resources and Energy has shown overtime its inability and unwillingness to stick to timelines to carry out its core functions and gets the basic rights preferring instead to paint a rosy image of having everything under control and rushing to start initiatives where money will be pumped in. the EFF therefore rejects this Vote.

Prof C T MSIMANG: Hon House Chair, hon members, amidst the damaging economic impact of the pandemic that has stripped millions of our people of employment, South Africa experienced 859 hours of load shedding in 2020 alone. This is, according to a recent report by the Council for Scientific and Industrial Research, relating to power generation in our country.

This alarming fact must sink in. How can we begin to talk about economic recovery, when our government is crippling business owners in these already dire and uncertain times? On Sunday, 16 May, Eskom once again announced that stage two load shedding would be implemented. The grim reality is that load shedding will be with us for years to come.

In addition to the strain felt by load shedding, we are also faced with an average of 15% increase in electricity tariffs. How do we expect the small business owner to have a fighting chance in these circumstances?

In the 2021 state of the nation address, the President spoke of renewing commitments from government and business to buy local and to increase local production, as well as boosting

the manufacturing industry. However, these promises ring hollow in the face of rising electricity tariffs and power shortages.

The IFP has always championed the principle of self-reliance and therefore supports raising the licencing threshold for electricity generation. We wholeheartedly agree with the committee that the finalisation of the recent electricity regulations that propose raising of the threshold for electricity generation should be expedited.

The IFP also strongly supports the committee’s recommendation that the department should provide an update on the proposed nuclear new build programme, with specific emphasis on affordability, as well as the scale and pace of such a programme.

The need for transparency, especially considering the government’s past controversial dealing in this regard, cannot be over-emphasised.

The debate on shale gas exploration in the Karoo remains a highly contested matter and significant concerns have been

raised about the potential impact thereof on this unique region. As far as we know, the Council for Geosciences was mandated to investigate the resource potential in the Karoo. We need to carefully monitor progress reports on this matter and IFP fully supports the committee’s recommendation to this effect.

In conclusion, the energy sector remains a critical part of our economy. In these dire economic times, we need to ask the tough questions, we need to carefully analyse the performance of each programme of the department and its entities and we need to demand accountability.

The IFP remains firm in our resolve to ensure that accountability and transparency are enforced. The IFP supports the committee’s report. I thank you.

Dr W J BOSHOFF: Hon House Chair, this department has a budget of a little less than R10 billion, which has the purpose to regulate the minerals and mining sector for transformation, growth and development; formulate energy policies, regulatory frameworks and legislation to ensure energy security and

environmentally-friendly carriers and affordable and reliable energy.

It is pity that the government does not have a more comprehensive concept of transformation. An economic sector can transform in many ways. It can mean to exchange exploiting practices with investing ones, or pollutant with clean, or centralised with decentralised or firelight with renewable.

However, for our government, it only means white ownership and management with black.

Some R540 million is budgeted for mineral and petroleum regulation and another R835 million for mining, minerals and energy policy development. South Africa has not started mining last year. We know that mining can be a kind of a hit-and-run operation, leaving a desert behind, but it can also set a country on a new development trajectory. So, one would expect these programmes to ensure exactly that.

*Afrikaans*:

Dit sal beteken om nie net die myn volgens streng veiligheidstandaarde te bou nie, maar ook om te verseker dat waarde in Suid-Afrika toegevoeg word; om daardeur stroom-af

bedrywe te vestig wat kan voortduur, selfs as die myne nie meer lewensvatbaar is nie; om beurse vir ambagslui en ingeneurs- en bestuurslui toe te ken; om seker te maak dat paaie en spoorlyne voldoende is vir dit wat vervoer moet word. Maar wat kry ons? Mynlesensies wat in die Kalahari toegeken word, sonder planne oor hoe die erts by die hawens moet uitkom, selfs sonder planne om die erts te verwerk, sodat die massa wat vervoer moet word, kan verlaag.

Ander maatskappye koop vlote vragmotors, wat, as dit volgens wet gelaai word, met 40 ton erts op paaie ry, wat nie daarvoor gemaak is nie. Dit is nie dat daar nie spoorlyne is nie, dit is dat die Sishen-Saldanha-spoorlyn reeds sy volle vermoë dra en dat die spoor wat oor Kimberley na Coega gaan, te verwaarloos is om die groot vrag te dra. Nou word smal paaie sonder skouers vol gate gery, omdat die substruktuur van hierdie landelike paaie nie vir die soort verkeersdruk gebou is nie.

Verlies aan lewe en goedere as gevolg van motors wat deur slatgate ry en bande verloor, wat te vinnig uitswaai en buite beheer raak, of bestuurders wat moeg raak, is iets wat die mense van ... [Onhoorbaar.] ... Luckhoff, Phillipstown en

Cradock goed ken. Die ongeluk waarin Narissa Jacobs wonderbaarlik aan die dood ontkom het, terwyl ’n vragmotor ... [Onhoorbaar.] ... jaag, sonder om te stop, is op sekuriteitskameras vasgelê. Haar voertuig is eenvoudig deur die impak van die pad afgeslinger. Die fiksheidinstrukteur leer tans al haar bewegings van voor af aan, nadat haar bekken en albei bene gebreek is.

In Prieska hou sekere elemente die dorp eenvoudig geiselaar deur telkens die ekonomie tot stilstand te dwing. Die rede hiervoor is dat hule vrees dat hernude mynbou in die omgewing niks vir die plaaslike gemeenskap gaan beteken nie. Die Departement van Minerale, Hulpbronne en Energie dink dat dit niks met hulle te doen het nie, daarom beveilig die myn homself met behulp van ’n hofbevel en die Suid-Afrikaanse Polisiediens, maar gewone sakelui in Prieska word gelos om dood te bloei.

Een ligpunt, die programme vir regulasie- en beleidsontwikkeling sou baie seker gemaak het dat voorwaardes vir swart ekonomiese bemagtiging nagekom word.

*English*:

In the meantime, energy supply is a main contributor to greenhouse gases in South Africa and elsewhere. Exciting possibilities exist with renewables undercutting the prices of all kinds of fossil fuels, but South Africa imports ships to produce energy from natural gas for a short term of 20 years.

It is already four days since Bongani described in detail how everything second rule in this ... [Inaudible.] ... had been changed as if to benefit a single company. Maybe these ships are needed as a market for fracking the Karoo or the eastern Free State. While we are talking about fracking, the Minister still promised to explain how fracking can be done ... [Inaudible.] ... friendly way.

*Afrikaans*:

Twee energie revolusies vind tans plaas. Die een is hernubare elektrisiteit, wat goedkoop en deur elke huishouding en besigheid opgewek kan word. Die ander elektriese vervoer wat die aanvraag n petroleumprodukte erg gaan inkort. Albei verwikkelings is goed, maar die begroting bevorder dit nie.

Dit neem dit nie in ag nie. Die VF Plus stem teen hierdie begroting. Dankie.

Mr W M THRING: Hon House Chairperson, the ACDP notes that the Department of Mineral Resources and Energy is asking for an overall real budget increase of 16,4%, with more than 80% of this budget allocated for transfers and subsidies, where two- thirds of that goes to Eskom and municipalities for the implementation of the Integrated National Electrification Programme, IMEP. The IMEP plans to achieve universal access defined as 97% of households by 2025, revised from an original target of 2014.

This programme affects our needy indigent communities and if properly and expeditiously implemented, affords them dignity and the ability to access to digital technology and provides hope of a better future for their children. It is unfortunate that this deadline continues to be extended and that in the budget adjustment, reprioritised towards covid-19 fiscal response package, R1,5 billion came mainly from electrification grants, with household electricity connections being reduced by a quarter to just R137 000.

The ACDP therefore adds its voice to others, as this reduction increases the electrification backlog, as well as impedes the

... [Inaudible.] ... with Cogta noting in 2018 already that 87

out of 278 municipalities were dysfunctional or distressed. And with that list growing since then, we, in the ACDP compel the department to put in place extra fiduciary checks and balances to ensure that the IMEP transfers are used for the correct purpose.

This is necessary, especially in the light of recent news articles stating that more than R9 billion budgeted and disperse by National Treasury to local government for the provision of free basic electricity to the poorest of the poor, has been misappropriated by municipalities in the 2019-

20 year alone.

Unless the ACDP’s suggested intervention is implemented, these transfers will suffer a similar fate. The ACDP cannot understand why the Minister and his department would want to procure the expensive car powership gas for 20 years and why according to the energy expert, Clyde Mallinson, arbitrary restrictions are in place, which crowd out a number of cheaper options such as solar and wind energy, pushing them out of the loop. Surely, the latter options of adding solar and wind energy ticks the boxes of greening our economy and creating

more jobs in South Africa through beneficiation and localisation. It is a win-win situation.

In conclusion, the ACDP notes with concern that a vacancy rate of 7,89% on active posts is posted for a portfolio requiring technical expertise to fulfil its mandates and the ACDP calls for timelines to be set to fill core vacancies. I thank you.

The HOUSE CHAIRPERSON (Mr C T Frolick): Thank you, hon member. I will now invite the hon Lesoma to preside over the rest of this mini-plenary session. The hon Lesoma!

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Thank you, hon House Chairperson ... [Inaudible.] ... Now I recognise the member from the UDM. Hon member from UDM. We shall proceed, hon members, now I recognise member Malinga from the ANC.

Ms V T MALINGA: Thank you, hon House Chairperson. The ANC rises to support this Budget Vote. This Budget Vote speech occurs at a critical time in the country as it is attempting to ensure that the coronavirus disease 2019, Covid-19, pandemic is defeated, and at the same time, ensure that economic reconstruction and renewal occurs. Achieving this

delicate balance is a challenge in the context of a third wave of the Covid-19 pandemic. The department of Mineral Resources and Energy has been functioning under difficult circumstances, but at the same time it has made much focus progress to date, as can be deduced from the third quarter of the gross domestic product, GDP, statistics. This is a positive sign of recovery and the current programme and plans agenda are geared towards further progress in the mining and energy sectors. Under the Covid-19 Disaster Management Regulations, the mining sector was negatively affected until the sector was gradually reopened to ensure that coal was supplied to Eskom and ensure that continued supply of electricity.

While mining activity gradually normalised itself, the department had to simultaneously ensure the health and safety of mine workers. These was a very mammoth task. Furthermore, the department is embarking on a critical drive to improve the regulatory environment which encourages new mining investments. This will also assist the department in the recovery of employment laws, which will ultimately increase these sectors economic contributions in as much as the department has made noticeable progress, there is still room for more.

On transformation and women in the mining and energy sector, transformation in the sector has been slow and difficult under current economic conditions, and the department needs to constantly focus on improving this area through all its different programmes, such as Women in Mining South Africa, Wimsa. Transformation must include the involvement of women in both the mining and energy sectors, an issue of concern is that there still are no enough women executive, which is something that needs to be strengthened going forward. For this will ensure better opportunities for women within these sectors, as well as ensure that focus is especially paid to the safety needs of these female employees, safety needs such as decent facilities with proper security. Women in mining are capable of leading the industry as it can be noticed from Anglo American chief executive officer, CEO, Ms Natasha Viljoen and CEO designate, Doctor Mombasa Tsengwa. On small- scale mining, the programme for small-scale mining is a vehicle for involvement of companies from the communities. The department programme for small-scale mining has identified the necessary areas of support for companies seeking to participate in this sector. The assistance afforded to small- scale mining in terms of prospecting rights is extremely

encouraging, as this allows for the success of small-scale mining ventures.

Small on solar water heating. The programme for the installation of solar water heating must be heightened and implemented, as this is a social delivery project, which is attempting to improve the quality of life of ordinary South Africans from working class and poor communities. The department must ensure the successful rollout of the programme, as this will ensure that households have got water and reduced electricity consumption and costs for households. The installation of solar water heater will ensure that working class poor households have more disposable income.

This is what we correctly call creating a better life for all. The roll out of this project must occur in this year, and the committee will focus as part of its oversight on this programme.

Energy supply. The electrification of households must continue as this is a critical part of social delivery to ensure that communities are able to live a normal life in modern society. This is occurring within the context of a reduced budget.

Therefore, it is important that this programme occurs on

efficient costs to ensure that budget is utilised in maximising electrification for a number of forms. Increasing energy capacity is a critical part for economic recovery, and this is part of the departmental programme for ensuring security of energy supply in the country has the mixed energy sources as outlined in the 2021, state of the nation address by the hon President Ramaphosa.

Independent power producer, IPP, generation. New generation capacity will be required to enhance inclusive economic development, the progress to secure IPP generation capacity since the announcement by the President in the state of the nation address 2020 and 2021, is very encouraging. It is pivotal that there is participation of South African companies in the IPP programme, as it is the key to ensure further security of supply of clean energy and positively contribute to national economic development. Participation of state entities in partnership with the private sector in the IPP space also affords government the comprehension of the regulatory hurdles which these companies face in the green energy sector. This will assist with the efficient regulation of electricity tariffs, as this is an important input costs and requires being investor friendly in support of the

economic reconstruction and recovery plan. The cost of IPP electricity and electricity in general should be monitored by the department. A spiralling energy costs create hardships for the working class and poor in the country, given that more South African households are women and child-headed.

The burden of financial hardship must be lessened as much as possible. Moreover, high electricity costs negatively affect economic development in the country. In conclusion, House Chair, in whatever issues and programmes which are being implemented by the department, it is critical that the issues of job preservation and job creation, service delivery, gender equality and transformation remains an urgent priority. Whilst transformation of the mineral and energy sector has been occurring since the ushering of the new democracy, the pace has been slow. It is imperative that the programmes of the department enable further progress in this sector. The department has certainly laid a firm foundation for development and resolution of many issues in the mining and energy sectors, and this requires a focused approach for implementation. The department is keen on making every rand spent count for social delivery and economic renewal. I thank

you, House Chair. My remaining minutes I give to hon Kula. Thank you very much, House Chair.

Mr J R B LORIMER: Thank you Madam Chair, international resource prices are higher than they have been for the last nine years. South Africa is benefitting from that with tax revenue. In April, we got the happy news that mining output had made its first annual gain in 12 months. This looked like we had finally recovered from the effects of the lockdown.

Recently, Sibanye-Stillwater announced investments worth R6,4 billion. But as so often, the effect of world prices conceals rather than reveal what’s happening in South African mining. Consider that in the last 12 months, 42 new mining

companies have launched on the Australian Stock Exchange, and

28 have been launched in Canada, and none in South Africa.

Sibanye’s CEO Neal Froneman says that we shouldn’t expect more major investment because of the lack of an investor-friendly environment.

One of the prime dissuaders of investment is the onerous prescriptions of the Mining Charter. We are currently awaiting the court judgement on Charter 3. The government’s idea that a

mining right renewal must be treated as an entirely new application and go through an entirely new empowerment process is laughable. Do you really think anybody will invest in a major mine when they can’t predict what new costs you will impose on them with each right renewal? The old white man that you follow, Karl Marx, didn’t teach you much about business, but then I suppose we must remember he depended on handouts from other people all his life.

Why are other countries benefiting so much from another boom, that may even repeat the mining super cycle of the early 2000s. We missed that super cycle, with our mining actually shrinking during that time. All evidence is that we will miss this one too. But why will me miss this expansion in jobs and revenue? The answer, regrettably, is that the ANC never learns and we still have bad policy badly implemented.

The government continually talks of new and wonderful things, and we have heard some this afternoon. On the 2nd of March the Minister participated in an international online forum with mining financiers and miners. He made much of a new exploration strategy. After questioning the department, we don’t get told firm dates for when we’ll have the new

exploration strategy. We are told only it will go to Cabinet in the current financial year. That’s a year between the promise and Cabinet approval, let alone implementation. You’re dreaming if you think we’ll catch this mining boom.

To use a geological metaphor, the pace at which this department does things is glacial. When I first got to this portfolio in 2013, there was talk about an artisanal mining policy, there was talk about stopping illegal mining by making it a criminal offence, and there was talk about new energy and exploration policies; and here we sit, eight years later still talking.

Even if there was a shiny new exploration strategy tomorrow, the applicants would then have to go through the licencing process. We’re running at least eight years behind the issuing and renewal of licences. How do I know? Because the Minister told us so. The department admits there are 236 prospecting rights renewals alone that have been waiting for approval for more than three years.

Think of that. If the department had done its work, there could have been 236 more mines. With 236 more black mine

managers, each of them earning R1,2 million a year and firmly in the middle class, that is empowerment.

This department is incapable of doing its work. Just two weeks ago, the Limpopo office couldn’t provide some crucial information on an application because they had no toner for the copier, a situation that lasted several days. It’s the same administrative failure that gave us Boschmanspoort near Optimum. A man with a tall story and friends in the department gets a fake permit to mine a farm for coal. I’ve been to see the environmental wreckage he left behind. The department did nothing to stop it, even when it was pointed out to them. The court did stop it, but only after the damage done after more than a year.

This is the same department that gives the Chinese owners of Nkwe Platinum the go-ahead to mine without their empowerment partners, through some fancy footwork with the licensing and flashing around the name of the Minister.

Tell me that you are running a competent administration when in the first 6 months of lockdown, you issue a total of only 2 prospecting rights and one mining right. There was obviously

an inability to adapt to working from home for most of the staff.

The department seems unable to implement regulation around rehabilitation. In my own constituency in Riverlea, the trees are growing tall at the bottom of a kilometre-long canyon from the failed CRG mine years after it was last worked. If you want to see destruction go to Emalahleni, where mines are just left, with no boundaries and no rehabilitation, right on the doorsteps of residents. People are let down by the inaction of the department.

Go and see how residents are being let down at Ogies. The department says its working, at its usual slow pace, on mitigating the damage from blasting at open-cast coal mines. Go back to Phola township and tell the people that the measures still aren’t ready. Or look at the slow stranglehold exerted on a farmer adjacent to the nearby Klipspruit Colliery. The blasting has ended the dairy farm, the borehole is poisoned, his house is destroyed and the mine wants to buy him out for less than bank value. He’s been let down.

It’s not just incapacity and a failed administration. It is that the whole conception of a powerful state that tells mines everything from who they can hire and who must own them, to which middlemen they must purchase from, it requires a massive bureaucracy. Any bureaucracy will be hamstrung, particularly when it’s only staffed according to racial criteria and political appointments. There are simply too many rules to implement.

Hon Luzipho, you told us that mining was not a sunset industry. I think you should step back and look at the bigger picture. In 15 years, there will be fewer than 10 major mines still operating. There are no replacements on stream, because the ANC government in its greed and enthusiasm for social engineering, is driving away new projects. Hundreds of thousands of jobs will be lost and futures will be ruined.

The government must change policy and give the department a job that it’s capable of doing, and it must ensure it does its job, otherwise an even bleaker future awaits.

Mr S M KULA: Thank you very much, Chairperson, Chairperson, Minister of the Department of Mineral Resources and Energy,

hon Samson Gwede Mantashe, chairperson of the portfolio committee, my learned colleagues in the provincial executive committee, PEC, Director-General of the Department of Mineral Resources and Energy, Advocate Thabo Mokoena, chairpersons of the boards of all our entities, our capable chief executive officers, CEOs, Members of the Sixth Parliament ...

*IsiXhosa*:

... molweni bantu baseMzantsi Afrika omhle, ilizwe lookhokho bethu.

*English*:

This Budget Vote of the Department of Mineral Resources and Energy, just like all other votes, takes place during unprecedented times in our country, Africa and the world.

While we are still grappling with the crippling effects on all facets of societal life brought about by the continued spread of COVID-19 and the imminent threat of the third wave, let me take this opportunity to pay tribute to all frontline workers of our country and the world, who continue to do an extraordinary work that can only be done by men and women of empirical stature, humanity and enduring character.

House Chairperson, this Budget Vote, also takes place at a time when our country’s leadership led by the ANC under the capable leadership of hon President Cryil Ramaphosa, Minister Mantashe, as well as other capable men and women in our movement – the ANC – have drawn a line in the sand against corruption and state capture and all its manifestations.

The ground is gradually losing its fertility for all those who thrive in corruption, patronage, cronyism and pillaging of the resources of the state. Our message of hope is finding expression in all nine corners of our provinces, that no matter how long the night is, the day is sure to come. With President Ramaphosa at the helm of our country, we are sure to turn the tide on the many ills that affects our society.

We hope this Budget Vote and many others will provide the blueprint on how to deal with the persistent triple challenges of unemployment, poverty and inequality, in particular, a national quagmire and the elephant in the room in this country

...

*IsiXhosa*:

... ingxuba kaxaka Mphathiswa ...

*English*:

... the issue of youth unemployment.

*IsiXhosa*:

Lifike ixesha lokuba ulutsha loMzantsi Afrika luxhamle kuqoqosho lwelizwe lethu.

*English*:

Our economy cannot continue to be concentrated in the hands of few white males while the majority continue to starve. The time has come for accelerated transformation in the mining and energy space, more so in the energy space.

We often listened to the members of the DA telling us about what is wrong with the ANC, and we have never heard what is right about the ANC government, which in essence reflects a very narrow focus and vase of thinking, and does not serve as a positive and mature approach or programme implementation.

The opposition has not been able to develop coherent policies for the mineral and energy sector, which can result in economic growth and renewal. That which went wrong in the past, during the period of state capture and corruption is

being dealt with by the ANC government and legal processes have been instituted. The process has already started with regard to the issue of financial recoveries. The media has also captured many cases where law enforcement agencies have already seized assets and are in the process of charging those responsible for corruption in entities like Eskom.

However, members of the opposition miss the point of this Budget Vote. The Budget Vote is about implementation of government policies and programmes to enhance economic activities, job creation, development, service delivery and transformation through the budget programmes of the department. It is about performing on those programmes to ensure the transformation of the country in favour of the people of South Africa.

Let me focus on the positive task at hand before responding to the opposition. The people of the country are experiencing serious hardship due to slow economic development and growth caused by the pandemic. The people of this country are looking for solutions to low economic growth and high unemployment from government and its entities to say how do we deal with low economic growth and development which was exacerbated by

COVID-19. It is therefore imperative that job preservation and creation in the mining and energy sector becomes part of the priorities of implementing departmental programmes.

The improvement in electricity generation through the work that has progressed in relation to Medupi and Kusile is an indication that we are moving in the right direction. The finalization of independent power producers, IPPs, bidders and the next round of bids are geared towards the expansion of electricity generation sector. This is important in ensuring that development of a green industry in support of renewable energy industry. However, we understand that renewable energy can only supply a maximum of 30%, it cannot supply the totality of the energy space. This is to ensure that the economic scale needs to be maintained to ensure the cheapest price of electricity to end users, which are the most important people, not anybody else. This means that other energy carriers will continue to play an important role.

It is encouraging that the department, through its entities, is processing the refurbishment of Koeberg Nuclear Plant to extend its life and the section 34 determination to initiate

new capacity. These energy carriers do produce cheap electricity.

Once infrastructure is on the ground, the refitting of Eskom power station, which is nearing the end of its life cycle is critical to ensure that there is no decrease in the country’s generation capacity.

On the liquefied fuel gas, the oil and gas sector and its development is critical for the effective functioning of the economy. When the country has been able to ensure security of supply, it is imperative that planning and development of infrastructure in this sector also occurs. The industry has long led at times and it is imperative that planning occurs sooner rather than later.

It is important that the country proceeds with new refinery projects with private sector partners as this will further ensure that we are making progress. The current refining base led the greater degree of imported products. Local refining has always been a profitable activity in South Africa as domestic price regime favours the production of fuels through local refineries. This creates industrialization in the

country and minimize pressure on the country’s balance of payment as imported crude oil is cheaper than importing petroleum products.

Gas is an important energy source and will increasingly an important economic developmental role in the different sectors including power generation. It is certainly a cleaner source of energy. The work that the department has taken in relation to gas is critical to the development of the gas industry in this country.

This is also more important given the recent discoveries in offshore blocks on the east coast of the country and gas which is supplied from Mozambique. It is important that legislation and regulation be appropriately developed to ensure that there is certainty for investors who are going to participate in the development of this strategic industry.

Moreover, it is important that the National Energy Regulator of SA, Nersa, as the regulatory authority is empowered to deal with the regulation of prices, its transmission and supply.

This is an important area of development as it will contribute

towards economic development and an emerging industrial sector.

On the DA, they have made it their personal mission to give unwarranted and unwanted lectures on how the ANC must govern. This is informed by their bully boy mentality, racial superiority belief and a lack of trust, not only in the black government, but in the ability of black people to govern. One of the DA MPs who seats on the Portfolio Committee on Mineral Resources and Energy had a banana audacity to apportion the state of our economy on the ANC’s pursuance of economic transformation agenda. This must tell you about the kind of characters they have in the DA. Black people who continue to vote the DA must know that the DA is only concerned with maintaining the current unfair and unequal status quo with regard to our economy.

History written by blood – the DA must know this thing – will never be erased by lies written in ink. The truth remains that the DA has never loved our people, who are the poor, the working class and the marginalised; the masses of our people. Their opposition to the risk mitigation in independent power producer procurement programme turns a blind eye on the aim of

this programme, which is to ensure that we alleviate the electricity supply constraints and to reduce the extensive utilization of diesel bade picking electrical generators in the medium to long-term.

The genesis of this opposition is that their own preferred bidders have not been identified as preferred bidders by the Department of Mineral Resources and Energy. It is a known fact that some in the DA have arrogated themselves the status of being surrogates of some power producers in this country.

At first, they accuse the Department of Mineral Resources and Energy Director-General Adv Mokoena of benefitting from the programme through one of his companies only to retract their baseless accusation when they found out that it is false. How can as a country we trust such peddlers of lie. The DA also want to apportion same of the blame. They say some of the electricity generation problem is not something new, it started since 2007 when Minister Mantashe was the secretary- general. That is false. The reality of the matter is that Eskom in its form, in 1994, when the ANC government took over, was designed only to provide electricity for the white minority at the exclusion of the black majority.

The ANC government, as it stands today, has a bigger responsibility to ensure that it provides electricity for millions of our people. That is not a responsibility that the apartheid government had. We don’t expect offsprings of the apartheid government to have an understanding of such.

There are also allegations levelled against the Minister that individuals who are politically connected have benefitted from the risk mitigation programme. We want to place it on record that in this country, there are no politically connected individuals. If they are there, they also have a right. People have a right to benefit in business are those who qualify and are permitted by the law. It says that it is not a crime to be politically active in South Africa and to participate in political organization. That does not mean that you must be sidelined and marginalized. You also have a right to participate in the procurement of this country. The only right you don’t enjoy is the one of being pushed ahead.

The DA wants to tell us that South Africa a new nuclear build programme. Clearly, as the ANC, we want to say that we support this programme that has been undertaken the Department of Mineral Resources and Energy because the government has put it

explicitly clear that we will undertake the programme at a scale and pace the country can afford.

*IsiXhosa:*

Icace nasezidengeni loo nto leyo ukuba ...

*English*:

... this is a programme that is important that we need a clear energy mix in this country.

The Minister has also spoken that last year, there was an allocation 160 solar water geysers and that the programme has been extended by 20 000. We support that the programme must continue and we continue to monitor the programme.

One of the things that is puzzling is that we come from the portfolio committee where members of the DA were present and where the committee concluded that the matter of the risk mitigation IPP procurement programme remains a priority for the committee. For them to come here and grandstand is disingenuous at best. It makes us to suspect that their participation and involvement in community affairs.

However, we want to emphasise on the risk mitigation programme that as the ANC, we are prepared to ensure that the Constitution is followed to the latter and that all procurement processes are followed to the latter. We will never allow corruption and manipulation of processes to take place under our watch. We are an independent committee of Parliament which takes its oversight task very serious.

In conclusion, the department has certainly ... [Inaudible.]

... to maintain the programme for the current year. We want to say that we agree with hon Minister Mantashe that energy security supply is the backbone of our economy. It acts as a catalyst for economic growth and development. We know is that the attack on hon Minister has nothing to do with your performance as the Minister of the Department of Mineral Resources and Energy but has to do with your position as the chairperson of the ANC. The ANC supports the Budget Vote.

Thank you. [Time expired.] [Interjections.]

The MINISTER OF MINERAL RESOURCES AND ENERGY: Hon House

Chairperson, let me thank hon Luzipo for all the comments. The issues that he listed that we must go to the portfolio committee to account, he knows and I can assure him that we

will always come and account when we are wanted. So, I am not going to go through the list but all the issues that you have raised we will follow through.

One issue I want to talk to is the Nuclear Bill programme. We have not made a big issue in the budget speech but everybody talks to it. Nuclear is recognised internationally as part of clean energy supply. When we talk of nuclear we must not pretend as if we are talking of a polluting technology. It is clean technology.

One time they were complaining about Koeberg and I had to explain to them that Koeberg has no history of accidents or disasters. It is not Chernobyl; it is Koeberg.

I accept all the issues that you raised, hon Luzipho. The question of strategic fuel stock and consequence management, one of the issues that we have reported to the portfolio committee about is that we have settled the account of the strategic fuel stock. We have settled that and the stock is now ours. We have paid those who sold to us in a transaction that was declared fraudulent. It is our stock. There is no strategic fuel stock that has been sold. All that is left is

to have the litigation process started on the issue of people who sold that stock irregularly. That is what is left, and then action to be taken by the department on those who are affected directly and are still in the department.

Hon Mileham, I imagine that he is the shadow Minister of the DA. The problem I have with him is that he doesn’t add value to the debate. That’s the problem. He shouts and howls but adds no value to the debate. But let me try to pull together whatever he said. Loadshedding and Eskom, when you go to Department of Public Enterprises budget, that is the home for Eskom and that issue. If after so many years in the portfolio, hon Mileham doesn’t know that Eskom is not in this portfolio, then I don’t know what we should do to explain to him.

Secondly, the investment of Chancellor House he is actually classing the straws; trying to get anything he can use to throw mud at the department and the Minister. I have explained to him that throwing mud at me as a Minister of the department, I regard that as an occupational hazard. People will throw mud at me and I take it as an occupational hazard and I will take it in my stride, as long as ... I am sure that they will never catch me with my hands in the till. I don’t

put my hands in the till because I never stole peaches in the

neighbourhood and I can’t start now.

He is so preoccupied with gas power ships. Very preoccupied with that. Actually, that process is underway; they have been approved and there are many other approvals that they must go through. Why is this preoccupation of ...[Inaudible.] ... even before it is finalised? It is an emergency procurement of energy when it is needed. Now, it is expensive. Expensive compared to what? At this point in time a big power is supplied through diesel. I don’t think there is any of these options that have been taken that is more expensive than diesel. When you talk from the abstract you say that it is expensive, but that price has not been concluded, there is no contract but Mr Mileham knows the price. It is expensive compared to what? It is an obsession of a political leader who relegate himself into a lobbyist. Now, when you relegate yourself into a lobbyist it is not my business.

Mr K J MILEHAM: Point of order, Chair.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon member, what is the point of order?

Mr K J MILEHAM: Chairperson, the Minister has now referred to me as a lobbyist twice in his discussion and I think that is unparliamentary. [Interjections.]

An HON MEMBER: But you are that! You are that! You are a lobbyist!

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): I will come back to you. You may proceed, hon Minister. I will rule before we adjourn. [Interjections.]

An HON MEMBER: But the Minister has not mentioned a name.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Hon

Tshabalala, I want the Minister to proceed.

The MINISTER OF MINERAL RESOURCES AND ENERGY: Chairperson, what

is your ruling?

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): You may

proceed. I will come back to the matter; I will apply my mind.

The MINISTER OF MINERAL RESOURCES AND ENERGY: Okay, thank you.

The question of nuclear, many people talk about it. Nuclear has no regret option. We are going to issue a request for proposals and in the request of proposals there is going to be many options that will make it affordable and we will also judge where it is not affordable. Now, to put a card before a horse even before we start the request for proposals you already shoot it down, it is actually what made me call Mr Mileham what I called him because he is lobbying for a particular technology. Any other technology he rubbishes and I think it is not helpful to the debate.

The merging of PetroSA, Strategic Fuel Fund, SFF and iGas he called it our appetite for status quo. Yes, if that is how he sees it. Our effort is to ensure that we have an operational and a profitable national petroleum company competing in the world like everybody else. That is what we are working for and we are hoping that we can achieve that in no time.

The threshold that we have promised he is putting 50 megawatts because intensive energy users have tread around this number. He calls it a promise but it is not because no one promised that. We have increased the threshold from 1 megawatt to 10

megawatts. With that, majority of people of about 10 000 who have responded support that step. Now he wants to lock me into a 50 megawatts. Scientific processes are done in a scientific way. You follow them but people who do not understand social sciences, they don’t see them as science because their sciences may not be exact.

I am not sure if hon Madokwe when he says backlog we treat it as a ‘by the way’. We are putting our heads down there. We have put a deadline of six months to address the solution to the licensing process, and if that is treating it as a ‘by the way’, then I don’t know.

Let me go to hon Lorimer, he talks of investments in Australia and in Canada and there is no investment here. Investment will be slow here if the DA goes out and badmouths the country. But if you go out there and send a positive message to the investors, investment will pick up. That is my appeal to him. Secondly, he is worried about black mine managers. I always tell them this issue because they are the beneficiaries of the past system. I say the Nationalist Party never produced an Afrikaner CEO in 40 years in power. We have produced a number of Afrikaner CEOs. We have produced a number of female CEOs,

not only two but many, black and white. We have produced a number of black CEOs, not because we are doing it to tick the boxes but because we took over a system where all the DGs in the government were black males, all the judges were black males, all the CEOs were British and we have changed that situation saying that the situation in the industry must reflect demographics in society. And we are succeeding in doing that in our own pace but people don’t want to actually quantify that.

He talks of cracks in Phola village. I have been there four times. I have been to the mines he is accusing of cracking down and when we went there one time we looked for those houses and we couldn’t find them. We were taken to the middle of the township and pointed a house that was cracking next to a school and we couldn’t link that crack to the blasting. Next to those mines, actually, South32 had not started mining. They were preparing the site without mining. All I am saying is that I go to Phola regularly and if there are problems we attend to them. But what we are not going to do is to chase shadows and say we are trying to look for solutions.

The question of wealth concentration on white males ... I hear that one of the uncomfortable debates we have in the ANC is a question of categorising capital into white monopoly capital and monopoly capital. I am an old believer of monopoly capital having no colour, behaving the same, surviving by exploiting. Irrespective of its colour it exploits. If you see a black millionaire or billionaire, you must know that he is exploiting somebody. That is how monopoly capital works. A generation of wealth is a scientific system of exploiting those who put their lives on the block to actually convert investment into wealth. They get invested by whoever owns it. Whether it is ... [Inaudible.] ... in China he exploits somebody. Whether it is anybody in South Africa, many of them are here. We say nothing is happening because we are lazy to count emerging capitalists and industrialists in South Africa. There are many of them in this industry. There are many black capitalists in this country, and I love generating more of them. I want more capitalists so that we have many people who generate economic health in society. [Time expired.] Thank you very much. I hope, Madam Chair, that the budget has been supported and accepted. Thank you very much.

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Thank you, hon Minister. Let us deal with the point of order. The word that the Minister used is not offensive, hence the point of order is not sustained.

Hon members, you are reminded that the debates of ... [Interjections.]

Mr K J MILEHAM: Chairperson?

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): Is that a point of order? I have just made a ruling.

Mr K J MILEHAM: Yes, Chair, it is a point of order. I would like to request ... [Interjections.]

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): No, hon

member, I have made my ruling. If you are not satisfied you know what to do.

Mr K J MILEHAM: Chairperson, I was asking if you could refer the matter to the Powers and Privileges Committee for

reference to Hansard to determine whether or not, calling a member a lobbyist in Parliament ... [Interjections.]

The ACTING HOUSE CHAIRPERSON (Ms R M M Lesoma): That is fine. I have made a ruling hon member. You just do the right one.

You know what to do. Thank you very much.

Hon members, you are kindly reminded that the debates on the Office of the Chief Justice Budget Vote, Communications and Digital Technology Budget Vote and Science and Innovation Budget Vote will take place at 16:30 on virtual platform.

Debate concluded

The mini-plenary session rose at 15:57.