**UNREVISED HANSARD NATIONAL COUNCIL OF PROVINCES**

**THURSDAY, 20 MAY 2021**

***PROCEEDINGS OF THE MINI-PLENARIES – NATIONAL COUNCIL OF PROVINCES***

The Council met at 14:00.

The Chairperson took the Chair and requested members to observe a moment of silence for prayers or meditation.

The CHAIRPERSON OF THE NCOP: Hon members, you might have heard that the former chairperson of the Public Service Commission, Prof Sangweni has passed on. We will note that across the country there are people who have since passed who have played a very important role in our democracy and in the building of various other relevant institutions. So, I will request the delegates to observe a moment of silence for prayers or meditation.

AN HON MEMBER: Hon Chairperson, can I rise on a point of order, please.

The CHAIRPERSON OF THE NCOP: Yes.

AN HON MEMBER: Hon Chairperson, I think it is just fitting that if we are going to have a moment of people who passed on, that we really mind the fact that our colleague the hon Mokause’s son has passed away this past week. She is also representing the Northern Cape. I would like us to just to give our condolences to her and also have a moment of silence for son who passed away if possible. Thank you, hon Chairperson.

The CHAIRPERSON OF THE NCOP: Was it yesterday?

The DEPUTY CHAIRPERSON OF THE NCOP: On Tuesday. It was done on Tuesday.

The CHAIRPERSON OF THE NCOP: But there is no harm in raising the issue again. [Interjections.]. Let’s then observe a moment of silence for prayers or meditation. Thank you very much.

The CHAIRPERSON OF THE NCOP The CHAIRPERSON OF THE NCOP

**VIRTUAL SITTING RULES**

(Announcement)

The CHAIRPERSON OF THE NCOP: I just want to remind delegates that all the Rules as well as the processes for a virtual sitting apply. I also like to remind you that the virtual sitting constitutes sitting of the National Council of Provinces and that delegates in the virtual enjoy the same powers and privileges that apply in a sitting of the National Council of Provinces. For purposes of the quorum, all delegates for the virtual platform shall be considered present in the House. The delegates must always switch on their videos and should ensure that the microphones on their gadgets must always remain muted, and must always remain muted, unless they have permission to speak. The interpretation facility should be active and any delegate wishing to speak must use the raise hand function.

Having said that, just to indicate to the hon members that there will be no notices of motions or motions without notice for today, which means that we should move on to the next part of our business. Before I do that – before we proceed with the Policy Debate, I would like to inform all members that the hon Cloete has resigned as a permanent delegate representing the province of the Free State and in his place the hon Petrus de

Bruyn has since been sworn in to fulfil the vacancy occasion by a said resignation.

Hon De Bruyn, we wish to welcome you and hope that your participation will contribute to the carrying out of the constitutional obligations of the National Council of Provinces. Let me also take this opportunity to wish the hon Cloete well in all his future endeavours. I am informed that he has joined the provincial legislature of the Free State. So, welcome hon Petrus de Bruyn. I will also take this opportunity to welcome the Minister of Mineral Resources and Energy, the hon Gwede Mantashe. Having welcomed the hon Minister, hon delegates, we shall now proceed with the order of the day, which is a policy debate on Budget Vote No 34 Mineral Resources and Energy Appropriation Bill [B 4 – 2021]. We will now call upon the hon Gwede Mantashe, Minister of Mineral Resources and Energy to open the debate. Hon Minister?

**APPROPRIATION BILL**

(Policy Debate)

Budget Vote No 34- Mineral Resources and Energy

The MINISTER OF MINERAL RESOURCES AND ENERGY: Hon Chairperson of

the National Council of Provinces, hon Masondo, members of the NCOP present here today, physically and virtually, Director-General of the Department of Mineral Resources and Energy and the team of managers who are here today, chairpersons and CEOs of state-owned entities reporting to the Department of Mineral Resources and Energy, all people from the sector who are part of observing this Budget Vote, ladies and gentlemen, let me take this opportunity to express my profound gratitude that we are assembled here today to present the Budget Vote as allocated to the Department of Mineral Resources and Energy for the 2021-22 fiscal year.

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

and reliable energy supply, and this is our daily preoccupation as a department.

Today I want to start with the financial. The business of the day is about the budget allocated to the department. Let me hasten to outline our budget allocation for this fiscal year. The main appropriation for the Department of Mineral Resources and Energy in the 2021-22 financial year is a total of

R9,2 billion. Earmarked transfer payments to public entities, municipalities, and other implementing institutions account for R7,5 billion or 81,6% while the allocation for operational activities, inclusive of procurement of capital assets accounts for R1,7 billion or 18,4%. A substantial portion of the transfer payments is allocated to implementing agencies as follows: R4,8 billion to Eskom and Municipalities for the implementation of the Integrated National Electrification Programme - Inep. Eskom will receive R2,8 billion while

R2 billion is allocated to various municipalities;

R232,3 million to various service providers for the implementation of the non-grid electrification programme; R220,9 million to municipalities for the Energy Efficiency Demand Side Management programme.

Our public entities are budgeted to receive a combined allocation of R2,1 billion, with the Nuclear Energy Corporation of South Africa, Necsa, allocated R952,5 million inclusive of R203,6 million for the decommissioning and decontamination of past strategic nuclear facilities and nuclear waste and R20 million for preparatory work for the new multipurpose reactor project. Mintek received R439,2 million of which R120,2 million will be utilised for the rehabilitation of derelict and ownerless mines. Council for Geoscience received R377,1 million mainly for operational activities. Petroleum Agency of South Africa. Pasa, got

R136,3 million for operations; the SA National Energy Development Institute, Sanedi, R75,2 million for operational activities. The SA Diamond and Precious Metals Regulator received R62,03 million. National Radioactive Waste Disposal Institute and the National Nuclear Regulator received

R49,2 million and R46,1 million respectively for operations.

Comparative to the indicative allocation of R9,6 billion confirmed during the 2020 budget, the 2021-22 main appropriation of R9,2 billion, which is 4,1% lower due to the implementation of budget reductions across government, particularly on compensation of employees. An allocation of R70 million in 2021-22 is earmarked for the development of the

National Electrification Master Plan to assist with the implementation of the electrification programme. I must emphasise that sometimes you get criticism that all the money goes to entities and therefore it’s not in the department. It is very important to appreciate that this is a tight budget forcing us to do more with less, but it is also equally important to appreciate the fact that these entities are tools which we execute. So, the work of the entity is not isolated from the work of the department. When the department is doing well, it means those entities are doing well. It is not allocated to transfers instead of the department. It is wanting but allocated to various points of execution.

Honourable Chairperson, with this budget we think that we will be able to deliver on our programmes. We will be creating an enabling environment through investor-friendly legislation. At the centre of our mandate is the responsibility to create an enabling environment for investments into both the mining and energy sectors. To this extent we have finalised the amendment the Gas Amendment Bill which was introduced to Parliament on

30 April 2021. The Bill aims to unlock investment into the gas sector and facilitate the development of gas infrastructure. Parliament will be processing this Bill and we hope it will be enacted into law to unlock the investment potential into the

gas resources subsector. It is a very important sector because South Africa has never been a major player in the gas and oil sector, but we are seeing ourselves growing into a major player in the gas and oil sector.

We have amended and gazetted the blending requirements on biofuels to expand the definition to include second and third generation biofuels. We will finalise these regulations at the end of the consultation period, two months from now. As part of our contribution to a just transition and ensuring that we reduce the greenhouse gas emissions, we have also gazetted the clean fuels regulations which aim to ensure a reduction of the sulphur content in standard grade diesel from 50 to 10 parts per million – that means 50 to 10 ppm. We will be finalising and gazetting the final regulations by the end of the first quarter of this financial year. Remember the first quarter of the financial year is not the same as the first quarter of the financial year.

As we seek to move towards ... The Upstream Petroleum Bill has been approved by Cabinet and the process for its introduction to Parliament is underway. Next week we will be gazetting the notice of intention to table the Bill in terms of the Joint Rules of Parliament after which we will table the Bill in

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

I am sure we are aware by now that the work done by Total in southern Cape Outeniqua coast is actually advancing and we are going to be a player. We know that there are 34 canisters in the laboratories to test the shale gas in the Karoo. We have taken 34 of those canisters to the laboratories. The team is hard at work with the amendment of the Mine Health and Safety Act which seeks to address challenges relating to health and safety of mine workers. We will publish this Bill for stakeholder comments in the third quarter of this financial year.

The National Nuclear Regulator Amendment Bill has been approved by Cabinet and will be published for public comments. This Bill will be tabled in Parliament in the current financial year following the closure of the comments period.

Work is at an advanced stage with the drafting of the Radioactive Waste Management Fund Bill which aims to enforce the polluter pays principle for all nuclear waste generators. We will be taking this Bill to cabinet in the next quarter and publish it for stakeholder comments thereafter.

With regard to the security of energy supply, as government and its social partners work hard to revive and grow the economy, we are cognisant of the fact that energy security is the nucleus of this growth. Two days ago in the National Assembly, we gave a detailed breakdown of our efforts in this regard. Let me also share with this House details of the interventions we will be implementing in this fiscal year, over and above the projects we implemented in 2020-21 to create the much-needed additional generation capacity.

It is also important to appreciate the fact that energy is like a light and butterflies fly towards it all the time. That is why you will always see stampede around energy and everybody wants to have ... in energy. We have the responsibility to protect the interest of the country. There is something called national interest that we must protect and we should not sacrifice national interest at the altar of individual beneficiaries. We must have the individual beneficiaries coming with us in the process but national interest must precede individual interest.

Between August 2021 and January 2022, the department will issue additional requests for proposals for 2 600 megawatts from renewable energy around August 2021, that will be Bid

Window 6. Bid window 5 is in the process, and therefore we are making progress. We have not added the 2 600 megawatts that will be in the January programme next year. But all that we are indicating is that we are hard at work. We will be issuing the 513 megawatts from storage around August 2021;

1 500 megawatts from coal around December 2021;

3 000 megawatts from gas around December 2021 and 1 600 megawatts from renewable energy around January 2022. So, we are clear about what we want to do and where we want to be, at what time.

The most important thing is that every project in this department must have a clear project plan because if we don’t have a clear project plan we can’t quantify progress. We will not know which milestone we have achieved and which ones are outstanding. So, we are insisting on this one and this is a process defined as a process of defining, repairing, and co- ordinating all subsidiary plans to integrate them into a comprehensive project management plan.

We are insisting on this, it is not culture and what we need to do is to change the culture – that we quantify the work we do. We had a big fight with the director-general on the liquefied natural gas, LNG, in Coega. We all say that we want

that LNG in Coega, but we started asking difficult questions like, What milestones have we covered? How far are you? How far must we go? And when we begin to ask those questions; we all collapse. We must concretise the plan and the milestones of that LNG project because we need that LNG complex in Coega.

Regarding nuclear, department intends to issue the request for proposal for the procurement of 2 500 megawatts by the end of the current financial year, subject to regulatory approvals.

This follows the 25 submissions received in response to the request for information. This means that there is no one who can afford nuclear. It is actually assumed but once you begin to test the markets, you get a response that point to the different direction.

The Koeberg Nuclear Power Plant 20-year extension project is also underway, and we appreciate that. In terms of the mining application backlogs, it is our endeavour that we accelerate the processing of mining applications which in turn will contribute to local economic development. The total national backlog has been broken down – actually we have huge backlogs that we must over ... [Interjections.] We have 235 mining rights backlogs; we have 2 485 prospecting rights; we have

1 644 mining permits; we have 238 sessions and 724 renewals.

We intend on clearing the backlog and improving the turnaround time of applications with the new system. However, we continue to do our work albeit with difficulties. From April to now, we have actually issued 33 prospecting rights; four mining rights; and seven mining permits. If you take that, that is work which is unfolding, and we must harder. That is why it becomes quite important for us to appreciate the importance of modernising our system for application of mining rights.

Today’s presentation represents highlights of the work of my department, and not the totality thereof. Full details of our work are available in both the strategic plan and annual performance plan. Since the advent of the current government administration, we have been preoccupied, amongst other things, with the merger between the former departments of Energy and Mineral Resources. And as we do that, we are beginning to merge entities in the department to make sense. One of the most complex one which we are busy with is the merger of PetroSA, iGas and the Strategic Fuel Fund, SFF. Because if we merge them, we will have a sustainable national petroleum company and we are resisting all attempts that would want us to lower the value of PetroSA so that it can be taken over by ... [Inaudible.] ... and make a fortune with it on the other side.

Following implementation of the start-up structure during

2020-21, the Department of Mineral Resources and Energy is now in the process of reviewing the current structure. The work should be finalised within 12 months. In the meantime, we are better poised to move with greater speed in discharging our mandate as a unified department. I once made a point that it is very difficult to merge two departments because it tempers with positions of individuals and human being by nature will have resistance for that thing.

We are working very hard on it, and we are trying to ensure that nobody is hurt in the process - it is quite important. I am confident that we will further the aims of our national transformation agenda as enjoined by the Constitution whose preamble speaks to healing the divisions of the past. These divisions are evident in inequalities across race, gender and class.

Thank you very much. My time is coming to an end. I want to thank the hon members for your presence here. I want to thank everybody who supported our work, the industrial sector ... [Time expired.]

Ms T C MODISE: Hon Chairperson, Deputy Chairperson, Chief Whip, House Chairpersons Mr Nyambi and Mme Ngwenya, Hon Minister Mantashe, special delegates and permanent delegates, good afternoon. This policy debate comes at a critical time where the ANC-led government has announced 9ts new infrastructure and economy development through economy reconstruction recovery plan. The Department of Mineral Resources and Energy has a leading role to play in conjunction with other departments to ensure that the [Inaudible.]

The CHAIRPERSON OF THE NCOP: We seem to have a problem. We will ask hon Modise to speak a little bit slower and also speak to the mic. We will request that the Table do whatever it can to assist and ensure that this problem is sorted out. Hon Modise, please, try to speak to the mic. Hon Modise! No! In this case what we need to do is to go ahead and ask hon Smit of the DA to speak and hon Modise will speak after. Hon Smit!

Mr C F B SMIT: Hon Chairperson and hon Minister, the buzz words doing the round today when in actual fact they don’t know what it means, is the Fourth Industrial Revolution which is unfortunately widely abused by the ANC. In actual fact they have no clue of what it means in practical terms. Minister,

for the Fourth Industrial Revolution to ever see the light of the day in South Africa your department has to wake up and smell the coffee very quickly because the future economy will run on two main but basic sources, that is electricity, data and communication networks. You need these two basic sources to be easily and widely accessible, cost effective, reliable and most importantly to be stable. But by all indications everything in the future will run on these two sources. This is the life blood of the world built on artificial intelligence and robotics.

On Monday evening I was watching international news when they were dwelling on the topic of electric vehicles and the impact it will have on the value chain surrounding the automobile industry up to now. Then, at that moment I thought to myself where on earth will South Africa get all the electricity power to sustain all the million vehicles that will be powered by electricity? We don’t even have enough electricity supply to keep our light on currently.

Minister, if you or your department do not plan for this and immediately start acting now, then, I am afraid we are in big, big trouble as a country. And very soon the rest of the world will be speeding past us and it will look as if we are looking

for a parking. We will be back in the Dark Ages in comparison with the rest of the world and we will be the founding member of the new category of the fourth world country.

Minister, I am sorry to enlighten you today but the ANC government has long passed its expiry date and should just step aside and make space for new innovative and forward thinking government under the DA. It is either that or the DA- led Western Cape. We will be the only refugee from a country in the Dark Ages. It will shine like a bright star in the moonless night. As we speak the DA has already started the lead forward by implementing strategies to prepare us for the future. The Western Cape has already started to implement migration to get off the crippling Eskom monopoly grid and unto the sustainable renewable alternatives. Stellenbosch will be the first municipality in the country to be 100% off the grid. That is what we call innovation and a forward thinking government.

The new generations are highly committed to environmentally responsible practices and strongly advocate for a green and sustainable economy. Instead of picking up on this strain and winds of change, the ANC-led government can’t move behind coal generated electricity and even want to invest in nuclear

energy. Well, you don’t even have money for the basics. But you did not learn any lessons from the nuclear disaster in Japan when the tsunami hit its coastline. This incident clearly show the risk and dangers involved in nuclear power because if anything goes wrong you will have a catastrophe on your hands.

The reality we face today is that we are at risk of more and more extreme weather whilst other natural phenomenon because of climate change which makes going nuclear even more dangerous option. But now instead you are telling us how cheap nuclear energy is. Well, Minister, in Afrikaans we have a saying ...

*Afrikaans*:

Goedkoop koop is duur koop!

*English*:

I am sorry, Minister, I am not willing to gamble with the health and lives of our people. When asked about the potential risks posed by an aging Koeberg Power Station which has reached the end of its 20-year life span, you did a very good “jikijiki” [turnaround], Minister. I am asking again, Minister, can you give us assurance that Koeberg poses zero

risk to the surrounding communities? If anything goes wrong there, will you take personal responsibility? It seems possible that not all is cosy at that plant.

I also started wondering why this government is so hesitant to open up the market for the small, medium and large independent power producers. In fact, any household should be able to generate enough electricity to not only sustain itself, but also can feed surplus into the grid and generate an income.

The question is, why not?

We are in the midst of energy crisis and we have to tolerate constant rolling blackouts widely known as load shedding that causes us to fall further and further behind to the rest of the world while losing out on millions of job opportunities. Why is this government refusing to open up the market for the independent power producers, IPPs? Let me tell you why. This greedy, self-absorbed, crony-based ANC government cannot stop licking their lips for all the money that they can pocket for themselves and their elite circle. Well, that depends on which faction you actually belong to.

It works like this. If you make sure that something remain scares you actually manipulate the market value of it. Similar

to diamonds. If the entire world’s diamonds were to be released to the market at once, the value of diamonds would be extremely low because the supply will overwhelm the demand.

That is exactly this government is doing in electricity. They are making sure that it remains scarce so that they can coin as much as possible. This is also why they avoid increasing the supply or cost because electricity will become extremely cheap and become accessible to all.

Minister, open up the floodgate for the market now. We need electricity now so that we can live forward into the future and become leaders in the modern world and the Fourth Industrial Revolution. You have the power to open up the gates to mass job creation opportunities. My question is, who will you place first? Your greedy ANC connected comrades who can’t keep their hands out of the cookie jar, or will you place ordinary South Africans who are struggling to make ends meet? Let’s see who you’ll place first with your actions. The stock is cheap. Or should I call John to open the gate? John, “vuli” [open] gate!

I can tell you that the DA will choose people and place them first. We will open the floodgates for opportunities and innovations because we believe in the potential of our country

and its beautiful people. We see a prosperous future where every individual lives a dignified life that he/she values, and where every person can become the best version of himself/herself. The time has come for change – real change that matters. The only government that will make this a reality is a DA-led government. The time for real change is now. Thank you, Chair.

Ms T C MODISE: Hon Chairperson, this policy vote is occurring at a critical time when the ANC-led government has announced its programme for infrastructure and economic development through economic reconstruction and recovery plan.

The Department of Mineral Resources and Energy has a leading role to play, in conjunction with other departments, to make sure that the implementation of the economic reconstruction and recovery plan [Sound cut off.]

THE CHAIRPERSON OF THE NCOP: Since the hon Modise is really having a problem there. Hon Modise, can you try again please?

Ms T C MODISE: In 2021 his excellency, President Matamela Ramaphosa, highlighted the importance of economy ...

Chairperson, can I please switch off my video because it seems the network is bad?

THE CHAIRPERSON OF THE NCOP: Please do, ja [yes]. Anything

that will help, ma’am, will be of great assistance for us.

Ms T C MODISE: In 2021 his excellency, President Matamela Ramaphosa, highlighted the importance of economic recovery that takes place into account the impact of climate change and government’s commitment to the United Framework Convention on Climate Change and Paris Agreement to include the reduction of greenhouse gas emission.

The climate change effort will be guided by the Presidential Co-ordinating Commission on Climate Change. We’ll work on a plan for a just, transition to lower carbon economy and climate resilient society.

This financial year the department committed implementing four carbon offset project as part of greenhouse reduction on the country.

Mining and energy traditionally play a big role in the development of the country’s economy and make significant

contribution to the Gross Domestic Product, GDP. However, the mining sector declined in terms of the contribution to the GDP and is no longer the leading contributor.

Our economic growth was negatively affected by the COVID-19 pandemic and negatively affected jobs in all the provinces of our country. The pandemic has taught us an important lesson. The global lockdown exposed the vulnerability of our country’s resilience on foreign imports of essential products. This has now opened up economic opportunity for our country to embark upon a path of infrastructure development, localization of industry, job creation, transformation and development. This is the essence of the economic reconstruction and recovery plan.

During the course of this year the plan will be implemented as announced by the state President in the state of the nation address of 2020 and 2021 as well as the Joint Sitting of the NCOP and NA.

The Department of Mineral Resources and Energy is a critical part of the economic renewal. The process made to date with ensuring new generation capacity is occurring and is critical in that South African companies including state-owned

enterprises, SOEs, such as the Central Energy Fund participate in this increased generation capacity through renewable energy. The provinces will certainly benefit from the new investment and the new development of a green industry which supports the renewable energy industry.

This will positively contribute to job creation, security of supply electricity. It will also contribute to the new industrialization in the country.

The downscaling of mining during this period of the pandemic has had a negative economic impact on the provinces where such activity is a major economic activity.

It was encouraging to see the manner in which the ANC-led government, through the Minister and his Department of Mineral Resources and Energy, dealt with the mining and energy sector during the earlier stage of the COVID-19 pandemic, was certainly commendable.

The mining sector was gradually opened to initially ensure supply of coal to Eskom for electricity generation and supply.

Over a period of time with the assistance of the restrictions, the mining sector was restored. At the same time the department ensured that the health and safety of workers in the mines was not compromised; unlike others, they were saying economy first but they forgetting the lives of our people.

However, mining activity has not been fully restored.

As part of the departmental programme it is commendable that it has developed a plan for approval by Cabinet to attract to a new mining investment in our country through the efficient approval of licensing, ensuring that regulation facility, the easier way of doing business in the country.

Through this plan, the department is seeking to attract at least 3% of global investment into the domestic mining sector. This will certainly benefit local economic activities, ensure job creation in various provinces where mining activities occur, such as North West.

It is imperative that the beneficiaries occur around established mining activities and new mining activities as part of the industrialization plan of our country which the department will play an integral role.

The department, in conjunction with other departments, has a leading role to play and will rise to the challenge even though it is functioning under difficult conditions.

Part of the industrial strategy across the mining sector is that localization and local procurement of services including engineering services and goods which are important to the success of the profitability of the mining activity.

Therefore, the department needs to integrate localization into the industrial plan as this will strengthen local and provincial economy.

The contribution of mining and national and the provincial economy must increase and should not remain as the underperforming industry.

There is now an increased demand globally form our trading partners for minerals. However, this position of reviving the mining sector is incomplete without mentioning the role of the Minister, in particular, and the department, in ensuring that the Council of Duo-Science survey the country’s mineral resources as this will be a key determiner to attract further investors in the sector.

Our economic renewal is not possible without reliable electricity supply. The expansion of the generation sector has commenced; as the department has concluded the bid window as announced by the President in the state of the nation address of 2020. And we’ll soon open the bid further. This occurring simultaneously with Eskom ensuring that Medupi and Kusile power stations are able to increase the generation capacity.

Medupi power station is expected to be operational by the end of this year and is said one of the largest rightpool power stations in the whole world, not in the country but the world.

The department will achieve more or less financial resources and therefore, needs to ensure that there is equality of spending. This equality of spending is critical for programme of social delivery.

It is for the provincial and local government points of view that the solar, water, heater project is implemented on a largescale than previously. This project is led by the ANC-led government intended for the working class and the poor and the poorest of the poor households in different communities as part of the social delivery to improve the quality of life of our low income households.

It is equally important that the department ensures that electrification of households occur and while there are budget cuts, in this area the maximum number of homes require electricity connection. No person or family wishes to live a dignified life can function without efficient service delivery.

Between the debate of last year and this year, it is clear that deliverable targets were achieved and the committee certainly has oversight cut out of it.

We understand that there is no quick-fix solution in capital intensive industry which has long leading times for development. Therefore, timing is of essence of the NCOP is concerned, like executive, the well-being of the people. As our goal is that of addressing the historical injustice of the past and ensuring the transformation of apartheid. In simple English, we are trying to create a better life for all, not for some.

The department has been able to perform under difficult circumstances and the programme and the performance targets of the department is starring in the mining, energy sector in the direction of economic reconstruction and recovery.

Maintaining this cause and implementing important programmes in the manner that people of our country are able to feel positive, impact that is being felt by us who engage in the oversight.

As the ANC we support this policy vote.

Hon Chairperson, in my conclusion I’ll say the ANC did not make a mistake to deploy Ntate [Mr] Samson in this department. As he spent the rest of his life in this sector, he knows this sector practically and theoretically. So, continue, Ntate Mantashe, to build the better life for our people and continue to do the unannounced visits to our mining sector as you reduce ... we have seen the changes that we have reduced the fatalities in the mining sector. It was unlike before, during those apartheid years when our fathers went to the mines, we were praying that they must come back because the mines by that time were not safe, during the apartheid era. Hon Chairperson, thank you very much.

Ms N NDONGENI: Hon Chair, Hon Minister, permanent delegates, special delegates from all provinces and guests, “molwen” [greetings]. This policy debate on Mineral Resources and Energy is critical as it is occurring at the context of the

country attempting to defeat the COVID-19 pandemic and engage in economic construction and recovery. This is not an easy task but one which present both challenges and opportunities. On the one hand the preservation of human lives is sacrosanct given the ravage of the COVID-19 pandemic and on the other hand ensuring that people have decent living and employment requires with the implementation of plans and programmes. The Department of Mineral Resources and Energy has acquired this rare skill and it is the ... [Inaudible.] ... of the disaster management regulation which enables the mining industry to start production and at the same time ensures that mine health and safety protocols are followed to ensure the protection of workers.

Chair, on electricity, no modern economy can efficiently function without a reliable supply of electricity. And no people can function in a technology-driven economy without electricity. While Eskom was affected by state capture and corruption under this administration, more progress has been made on the entity in terms of operating governance and improving operational viability through maintenance of the power plants. A number of power plants are nearing the end of their life cycle and Eskom has issued an NRP to refit these power plants on more green technology. This is encouraging as

part of that transition that Eskom has remain committed to the community around these power plants which has operated too many years.

Local communities have over many years benefited through direct employment and the power plants through indirect employment as part of the service sector to the electricity industry was ensuring new generation capacity through independent power producers, IPP, projects. It is important that these projects are not concentrated in one province and that there are local economic spin-offs to other provinces. The IPPs do not have economic upscale as conventional power plants and therefore it is important that electricity costs are not driven up. The electricity tariffs from IPPs need to be regulated by the National Energy Regulator of South Africa, Nersa, and must be cost competitive and at the same time rewarding investors a reasonable return.

Electricity is an important inputs cost in the economy in order to ensure local development beneficiary and industrialisation in the necessary for efficient supply at the cheapest possible price. This is to ensure that the economy remain competitive and that [Inaudible.] is reduced.

Gas and energy, as a new resource of energy, the discovery of gas in the eastern coast of South Africa and in Mozambique has correctly been described by the President and the Minister of Mineral Resources as a game-changer. The gas supply into the domestic market has the potential for creating new industries and can be supplied to other sectors of the economy. It is a clean source of energy. Infrastructure for supply and storage of gas is required in the different provinces for it to reach the market and to generate further economic activity.

It is correct the department has referred the Gas Act for amendment and the Act will need to ensure that the gas infrastructure will be developed and it is equally important. The price of gas is regulated by Nersa and it need to reach the end-users and the cheapest possible price. Here we are also referring to the liquefied natural gas, LNG, terminal which is being built at Coega

The Department of Mineral Resources and Energy has a number of regulatory entities which report to it. It is important that these entities in the mining of energy must efficiency in the implementation of licenses and regulations to ease the regulatory burden on investors and make business cost effective. These entities will play a positive role in

enhancing economic renewal ensuring and growth and in the country the department is a regulatory entity under the department need to improve service delivery. You are the interface of government with the public and therefore only the highest standards are acceptable.

Small scale mining is an important area which can empower local community-based companies to economically participate in the mining sector. This is an important part of the transformation of the industry. It is encouraging that the department is through the council for geoscience empowering small scale mining activities in local communities where mining is possible or even to engage in prospering and surveying mineral source base. It is equally encouraging that artisanal mining is so being encouraged which will serve to empower people in local communities where mining is occurring.

The department has drafted a policy for artisanal and small scale mining which provides a regulatory framework which is relevant to the sector. This is a fundamental part of the process of economic transformation and empowering entrepreneurs. Hopefully, this exercise will include women and youth.

Extreme petroleum and gas exploration is critical for the country. Importation of crude oil and petroleum products puts pressure on the country’s balance of payments in dollar terms. Therefore, the domestic explorations and discoveries of oil and gas reduce these pressure. Moreover, it creates industrialisation and jobs both through direct manufactures and through the service industries. However, domestic manufactures of liquid fuel profitable and create security supplier for South African given the fact that the country in geographical form away from the majority product market.

Government must seek local tertiary industrialisation. Therefore, it is important that the department through the Central Energy Fund, CEF, peruse the Richards Bay project which encourages value in developing world scale refine which will be competitive.

The restructuring of PetroSA is critical. It is important that there is a national oil company which does not remain marginal to the oil industry. PetroSA plays a critical role in the economic life in Mossel Bay and surrounding through its refinery. It must be developed and integrated company and supply and reduce ...

*IsiXhosa*:

Heyi, ndibethwa yithekhnoloji apha.

USIHLALO WEBHUNGA LAMAPHONDO LESIZWE: Ewe yicenge nje kakuhle wena Ndongeni.

Nks N NDONGENI: Ewe ndiyayizama, ndiyayicenga wena.

*English*:

Ms N NDONGENI: Local production creates local industrialisation. The same applies to local manufacturing of liquid fuels from coal and the PetroSA. Refining needs to be stores in refinery capability as the gas-to-liquids, GTL, plant was able to produce fossil diesel which is in line with the current fuel specifications. The current restructuring process require to be implemented and the company need to be restored to operational and financial viability as a going concern.

The global lockdown exposed the country in importing the very basic items. Liquid fuels are critical in the functioning of the economy and dependent on more than 30% of the country’s demand does not carry the security of the supply.

In my conclusion, it is imperative that the department and all its entities implement their annual performance plans and implement their programmes and this need to occur in the most cost efficient manner with the higher degree of efficient skills and capability. The department has made positive and stead progress and thisneed to be consolidated and go to the next level of the implementation. The ANC supports this policy debate. Thank you, Chair.

Ms N MAQUBELA: Thank hon Chairperson, I am audible enough?

The CHAIRPERSON OF THE NCOP: Yah, you are audible enough, loud and clear.

Ms N MAQUBELA: Thank you, thank you, Chairperson of the NCOP, members of the NCOP, the Minister of Mineral Resources and Energy good afternoon. The *Freedom Charter* that was adopted by Mzansi people in 1955, said “the people shall share in country’s wealth” and it referred to the mineral wealth beneath soil and said ... [Inaudible.] [Interjection.] ...

The CHAIRPERSON OF THE NCOP: Hon member we are losing you, please speak closer to the mic...

Ms N MAQUBELA: ... and it must be restored to the ownership of the people. Budget Vote that has been presented by hon Minister in this House signals our government’s unambitious intentions to fulfil the noble call of the *Freedom Charter.*

We firstly want to appreciate the resolve of the Minister and his team in leading a very critical department, in a difficult time of COVID-19 pandemic, when our economy has been severely affected.

Indeed, hon Chair the economic performance of country can largely be traced to sectors that are under that Department of Mineral Resources and Energy. With advent of COVID-19, it was bound to happen, that mining will hit a slump which the Minister described it as a biggest slump in the past six years, due to disruptions of hard lockdown, which our government implemented to save lives Chairperson.

Challenges in the energy sector have also contributed to the negative contribution of the sector and our economy.

*IsiXhosa*:

Sihlalo ohloniphekileyo, siyavumelana noMphathiswa kwinto ethi, umlumiso wokuvuselela uqoqosho lwethu, ngamandla ombane aqinisekiweyo.

*English*:

A steady supply of energy is critical to our economic reconstruction and recovery efforts. The announcement made by the Minister of eight independent power producers, who will supply electricity to Electricity Commission, Eskom grid was a signal that the implementation of the Integrated Energy Resource Plan is fully underway.

I hope hon Chairperson, the hon C F Beyers Smit from the DA is listening, because I am going to talk to the Independent Power Producers, IPPs. Two IPPs that were successful, the Karpowership SA Coega, which is a 450 megawatts and the Mulilo Total Coega Liquefied Natural Gas, LNG project, which is 200 megawatts are in our Province of the Eastern Cape. This 650 megawatts of power will add to the already operational 350 megawatts the Dedisa Peaking Power Plant, which has been operational at Coega, since 2013 maybe he doesn’t know.

By the completion of this projects, the Coega Special Economic Zone will have around 1000 megawatts of implemented power by 2022-2023.

As Eastern Cape Province, we have done considerable work on the gas to power programme to host additional gas driven power generation of between 1000-3000 megawatts. We will host the first infrastructure sites for the importation of liquid field natural gas, the Coega Development Cooperation has sign joint development agreement with Central Energy Fund and the official rail and transport service in South Africa, Transnet, who will anchor this projects.

The construction of these infrastructure will catalysed the development of a gas industry in the Eastern Cape and energy intensive investment. We envisage a network of pipelines from the existing Dedisa Power Plant to other major industrial areas, a new gas to power plants that we will build when the Department of Mineral Resources and Energy invites bidders for the construction of new gas to power plants.

We are also looking at other domestic gas opportunities beyond the LNG in particular, we are aware of the discovery of natural gas and condensed through Brulpadda and ...

[Inaudible.] ... West by Total led Consortium that holds licence for a site that is located near Mossel Bay.

We are positioning Coega, as the natural location for the critical off take project that will be needed to unlock the development of the offshore projects and thus use the domestic gas for power generation and gas-base industrialisation. This is the critical next phase of the work to develop the gas hub at Coega.

Hon Minister, we are to assist you, to provide solutions to the energy challenges of country.

*IsiXhosa*:

... into yokuba sibe sikhala.

*English*:

We receive with excitement the positive developments, you announced on Shell gas fines in the Karoo. Indeed, that is an addition in other natural resources, we are endowed with, which we must use to grow our economy and develop our country. The people who often oppose exploration of natural resources in our own land do not suffer the indignity of poverty, unemployment and inequalities, that the masses of our people

are exposed to, on a daily basis. They speak from a position of privileged lifestyle.

Despite the challenges at Eskom, we appreciate the commitment of the department to connect 180 000 additional households in this financial year. The communities of our province will benefit from this new planned connection as, 19 400 connections are planned at cost of R653 million. Hon Chairperson, do I still have time?

The CHAIRPERSON OF THE NCOP: Two minutes or so, yah.

Ms N MAQUBELA: Ok, we also welcomed the announcement for the development of an exploration strategy, it is a necessary measure to keep us on par with the rest of world.

Chairperson, there are several of Legislative pieces and Bills, that the department has developed for the minerals and energy sectors. As this Legislative arm of the state, we have an obligation to attend to those with urgency to advance the economic transformation in our country. Unfortunately, all government departments have had to content with budget cuts, therefore the department must be prudent with the reduced resources at its disposal. With those few words hon

Chairperson, we support the Budget Vote for the Department of Mineral Resources and Energy, as presented by the Minister to the House. I thank you.

Mr A ARNOLDS: Chairperson, the EFF rejects the R2,9 billion Budget Vote of the Department of Mineral Resources and Energy. Energy is central to the development and growth of a country. Without energy, an economy cannot create goods and services, and people cannot move, meaning that the stable supply of electricity needed for industrialisation cannot be guaranteed.

In many ways, the world’s economy is driven by energy. However, in this country our energy situation continues to get worse. South Africa’s electricity supply has been characterised by load shedding and high electricity hikes. The ANC has done it again by putting South Africans in the dark.

The approach of this government to energy is failing the people of South Africa and the economy of this country is suffering because of it.

As the EFF, we want to make it clear that Eskom should be under the Department of Energy. Our energy supply will not be stabilised and the crisis at Eskom will only continue to get worse. White monopoly capital wants Eskom to be broken up and

sold off so that they can privatise our country’s energy

supply.

We cannot allow white monopoly capital to get its hands on our energy supply. Once this happens, they will use their control of the supply to stop providing free electricity to the poor and to our people. What will happen further is that they will increase prices and dictate the pace of economic development. The Independent Power Producers, IPP, deals are being used as an entry point for this purpose.

When you look at who owns the shares and who are the debt providers for the IPP programme, you see Old Mutual, Absa, Investec, Standard Bank, and European and American investors. Currently, the majority of oil refineries in South Africa are owned by the big oil companies. These companies are exploiting our workers and are only driven by profit.

Central to the department’s plans for localised beneficiation and the processing of raw materials should be the transformation of the mining and energy sectors in ensuring that ownership and activity in both sectors are reflective of the country’s demographics.

The Department of Mineral Resources and Energy has shown no initiative in ensuring that mining companies adhere to environmental laws. Instead, they have taken it upon themselves to spend billions of taxpayers’ money on rehabilitation initiatives — a cost that should be directly incurred by these companies. Minister, your department has shown over time its inability or unwillingness to stick to timelines to carry out its core functions and to get the basics right.

Now, we are a party of superior logic and we therefore have the solutions. So, we hope that the Minister is listening. The state must own the natural resources of the country. Energy supply must be stabilised with different energy sources, including safe coal, nuclear energy and renewable ... sources. Eskom must build a nuclear power station. This nuclear power station must be built under a state-operated transfer model in order to finance the project. Now, you will ask where the money will come from. With all the corruption and all the stolen money from the state, those monies can be recovered, but the end goal is that the complete transfer must be to the state.

Cancel all contracts with coal suppliers with immediate effect and cancel all mining rights issued to companies mining coal

... mines that belong to Eskom. A state-owned mining company must take over the operations of all coal mines owned by Eskom and prioritise the supply of quality coal to Eskom. As the EFF, we reiterate our support for investment in all projects that involve infrastructure development.

The exploitation of mine workers and unsafe working conditions need urgent attention. We all know that the ANC will continue to loot state resources for the benefit of politically connected individuals. As the EFF, we cannot support this Budget Vote. Thank you.

Mr S F DU TOIT: Deputy Chairperson, as you well know, the mandate of the Department of Mineral Resources and Energy is to ensure the transparent and efficient regulation of South Africa’s mineral resources and the minerals industry, and the secure and sustainable provision of energy, in support of socioeconomic development. This includes renewable energy.

South Africa first introduced renewable energy IPP procurement in 2011. The programme includes an initiative to install

17,8 gigawatts, GW, of renewable energy in South Africa before

the year 2030. According to *Greentech Media,* South Africa must meet the integrated resource plan target of 1,6 gigawatts, GW, of new wind and 1 gigawatt, GW, of solar by 2022.

*Afrikaans*:

Minister, u het dit duidelik gemaak dat kragopwekking deur middel van steenkool vele werksgeleenthede in Suid-Afrika skep en onderhou, en dat u ’n passie vir die mynbedryf het.

*English*:

You made it clear during the NCOP Question Session that Eskom generates energy but it isn’t your responsibility, since it falls under the Department of Public Enterprises and Minister Pravin Gordhan.

My concern is the whispers in the dark regarding the regulation of energy and energy supply in the country. It is no secret that the use and incorporation of renewable energy was placed on the back burner for far too long. Why didn’t Mr Zuma make this announcement during his reign? He basically introduced South Africa to load shedding.

President Ramaphosa framed his intention to embrace renewables as part of the bigger plan to grow the economy and attract

investment. It’s an extension of what he promised in the February 2020 state of the nation address. Why did President Ramaphosa take so long to allow the incorporation of renewable energy into the grid? Might it be because it is said that the politically connected players in the coal industry could have suffered a potential loss of income if the use of renewable energy was allowed earlier?

I submitted a written question to President Ramaphosa, as to whether he or any members of the executive, Members of Parliament or any members of the leadership of his political organisation, own any shares in any South African renewable energy project, company or infrastructure investment companies. In his answer, I was referred to the Executive Ethics Code and no information was provided.

*Afrikaans*:

Staatskaping het plaasgevind en is moontlik steeds aan die gang; iets waarvan u wel bewus is, en ’n onreg waarmee Suid- Afrika daagliks spook.

Deur u Voorsitter, is daar enigsins ’n moontlikheid, Minister, dat die vertraging van die proses om die inkorporering van hernubare energie tot die stelsel toe te laat, moontlik ’n

strategie was om polities-verbinde individue, selfs politici, die geleentheid te gee om in te koop in hernubare energie, ten einde ’n volhoubare passiewe inkomste te verseker?

Verder, Minister, met dié dat hernubare energie gereguleer word deurdat daar ’n beperking op die hoeveelheid energie is wat per opwekkingseenheid in die stelsel toegalaat word en hul dus nie die volledige kapasiteit energie mag lewer nie, hoekom word die kapasiteit van lewering nie optimaal verbruik nie?

Dit kan tog ’n rol speel om die verkryging van kragskepe — waar daar ook korrupsie gefluister word — te verminder of selfs te beperk. Ek vra die vrae, Minister. Die waarheid sal seëvier. Ons wil graag hoor wat u te sê het. Dankie Voorsitter.

Cllr B BALOYI (Salga): Honourable Chairperson, the role of municipalities in the energy space has become more prominent and is fast accelerating given the rapid technological innovation. Local government is the key actor in the energy space and an integral part of the energy planning process, Integrated Resource Plans, the National electrification programme as well as the small and medium scale embedded generation and distributed generation space.

The electricity distribution industry has been experiencing the delinking of economic growth and electronic demand growth. Sales of electricity in the metropolitan municipalities have shown a sustained downward trend over the last years and have, in some cases, dropped significantly. Today, the sale of electricity is below 2007 levels for all the metropolitan municipalities. Peak consumption levels are however not following the same trend, driven by high household electricity consumption, particularly during the evening peak.

These intertwined dynamics have radical implications for local municipalities that are compelled to re-define their role in the electricity value chain and adapt their funding and operating models. Municipalities have to adapt to the national and global changes while undergoing the worst period during which revenue protection and management has been most challenging, critical skills are being lost to the private sectors, etc.

I would like to commend the Minister and his department on several progressive policy reviews that have taken place recently, responding to the country’s current energy challenges, while also adapting to the global energy transition which is already affecting our country.

Municipalities are at the crossroads of these challenges, and the 2019 National Integrated Resource Plan has made some attempts to enable the environment in municipalities. The recent policy changes include allowing municipalities to take charge of the supply side, enabling them to procure power from other role players such as Independent Power Producers. This is commendable.

At this moment, allow us to focus on the key aspects of the Budget Vote from the local government perspective. The discoveries of gas in the southern coast of South Africa, as well as the Karoo, are exciting and positive news. We do hope that these developments will yield positive results to our energy agenda, including the prices of gas locally. South Africa with the proliferation of renewable energy is also in desperate need of flexible generation, which can be provided by gas-fired power stations, for more efficient system operations on the supply side.

In the pursuit of an energy mix as espoused in the country’s energy blueprint, the Integrated Resource Plan is noted. South Africa and the rest of the world are increasingly under pressure to mitigate climate change, and we have been largely dependent upon fossil fuels. It is acknowledged that a country

like ours cannot immediately eliminate fossil fuel-generated energy such as coal and petroleum, as our reality that is that we have vast reserves of coal and petroleum resources that we continue to exploit. These minerals do not only benefit the country’s economy and energy industry, but also the citizens through employment and their livelihood. We support an energy transition approach that is carefully considered and also just.

The commitments made by the department for interventions to deal with electricity supply shortages to rapidly increase energy generation capacity outside of Eskom is also commendable and supported.

The department has opened up a policy to enable municipalities to also procure energy from other role-players outside Eskom and has for various reasons left the implementation purely in the hands of municipalities, in terms of procurement programmes at this level. It is understandable that the department is looking at this from a view of municipalities being autonomous entities, but Minister, we still need your department to walk with local government to ensure success in this new concept. There are still a lot of uncertainties on the tools for success on IPP procurement at local government

level. We need the department’s support and commitment to

unlock some of these challenges.

It is also exciting that the development of the gas industry

... [Inaudible.] ... to that effect have been made. We have to explore gas to energy initiatives as a matter of urgency and learn from continents such as Europe on how the availability of gas has been taken advantage of.

The allocation for the Integrated National Electrification Programme, INEP, to Eskom is R2,8 billion and the one for municipalities is only R2 billion. As much as the allocations are welcome including the fact that the INEP is a very successful government programme, the Eskom allocation is much bigger than the allocation to municipalities, and not reflective of the functional responsibilities of local government.

While the Constitution grants municipalities an executive authority on the matters of electricity reticulation and distribution, it is our understanding that Eskom is providing this electrification service on behalf of municipalities which is the sphere that is charged with the developmental agenda.

The department must not ignore the challenges that arise

between municipalities and Eskom around clarity on asset ownership for INEP infrastructure.

We also acknowledge the underspending on this policy programme by municipalities. It is for this reason that Salga intends to work with MISA and National Treasury to assist municipalities to implement the Municipal Finance Management Act Circular 106 to ensure that we fast-track procurement and the project management of these outstanding projects.

With the INEP project so successful in the urban areas where we have connected over 2,6 million more people in the last financial year, an overall performance ...[Inaudible.] ... 90% connections. Where there is grid availability, there are no major challenges. Most problems have arisen in the rural areas where the grid or electricity networks are not in close proximity. The department should consider relooking at the

Non-Grid Electrification programme which has been allocated R232 million and increase its budget. The intention of this programme must also be to provide the energy package that would be the same as that of a person who has been connected from the grid. It must be a sufficient alternative energy package.

With regard to Energy Efficiency Demand-Side Management Grant, we have received concerns from municipalities that the allocations within this programme are taking place within the same municipalities over the years. We understand that the allocations are based on the ... [Inaudible.] ... proposals from municipalities ... [Inaudible.] ... be undertaken. The Energy Efficiency Demand-Side Management Grant should also be reviewed to address the broader public ... [Inaudible.] ... underfunding as well as policy ... [Inaudible.] ...

In conclusion ... distribution industry, the department should consider reviewing the grant framework to ring-fence the unspent portion of the grant to address these industry challenges such as infrastructure backlog, historical debt, etc.

The SA Local Government Agency is also working with National Treasury and other sector departments on the review of the conditional grants framework for municipalities through the Budget Lekgotla Framework for Infrastructure which will be held in June 2021.

The SA Local Government Agency implores all relevant stakeholders, sector departments and other organs of state to

actively participate in the municipal IDP processes to ensure alignment in planning and implementation.

Lastly, Salga would like to call for the Department and the ministers to set up Minmec and associated technical structures, similar as to what is taking place in other sector departments, to ensure proper intergovernmental collaboration with regard to policy and legislative reforms and the support role which has to be played by the Department of Mineral Resources and Energy as per the Constitution. Thank you.

Mr D R RYDER: Deputy Chair, on the 26 February 2018, during Cabinet reshuffle by President Cyril Ramaphosa, Mr Gwede Mantashe was made the Minister of Mineral Resources. In 2019 following the general elections, the Department of Energy Resources was added to the portfolio and Mr Mantashe became the Minister of Mineral Resources and Energy.

Now, with a history in mining since 1975, Mr Mantashe has experience in gold, copper and coal mining. So it is presumed that he has some pretty firm ideas as to how his department should work. When a new leader takes over a business, the market looks to see what strategic changes will be made, and the moves by a new CEO influence share-price.

So, when looking at the current budget I had hoped to see Minister Mantashe taking big strides to stamp his vision on the department. To define his vision by giving the department a new focus, but dololo [nothing]. The direction of the department as defined in the vote purpose, mandate and the departmental programmes spelled out in the budget, has been slightly modified between 2019 and now, but only in as far as it needed to be adapted to the conjoining of the two departments.

It seems that the fierce personal traits of the Minister are reserved for other interests, as the focus of the department and its programmes are more reflective of a kitten than a tiger. It is a matter of extreme concern that the Clean Energy Transitions Programme of 2019 was removed for the 2020 budget and remains un-emphasised in 2021.

We all know that a government department only works on projects that are both funded and measured. Removing this programme from the department’s Key Performance Areas is a desperately poor decision, and one which I implore the Minister to reconsider.

There is a profound provincial and local government impact of this decision, with air pollution, and particularly the resultant effects of air pollution falling on other spheres of government. The financial burden for the health and environmental fallout, as well as the financial burden for cleaning and maintenance fall to the spheres of government which our House is mandated to represent.

What we have seen as well is the removal of the planning component of the project of energy resources; this is particularly worrisome as the population expansion continues to follow its growth trajectories, as urbanization causes towns and cities to grow at alarming rates, and as industry is needed to grow to support the population growth.

It is not new to note that growth requires infrastructural capacity and infrastructural capacity leads to growth. Again, it is often a burden that ends up being placed on local governments, not only in terms of dealing with constraints in providing services, and in revenue foregone when there is a lack of power, but also in terms of limiting expansion and infrastructural growth that is so desperately needed to act as a catalyst for economic recovery and growth.

With the President calling for an infrastructure led economic recovery, one must look to see if the country has the means to support that infrastructure growth. And yay! Once again the country was subjected to load-shedding this week. A direct consequence of poor planning, and the reluctance to embrace alternative clean energy sources. And so, the Independent Power Producers sit waiting for the long promised go-ahead, and yet we are looking to electricity ships to solve our problems.

It’s an interesting alternative certainly, and no doubt a viable short-term solution, but to sign a 20-year supply contract instead of strengthening our own sovereign capacity, or even using what is already available from private suppliers within our borders? There must be a sweetener to this deal?

Can anyone else see it? Or is the sweetener a more private affair, meant only for the inner circle? The controversy is brewing Minister. There’s just too much around this deal that stinks.

So now, at a time of increased need, as we look to build our recovery on infrastructure and industrial growth, the energy that we need has not been planned for, and noting the programmes of the department, as given ... [Inaudible.] ...

boast to a budget, it’s unlikely to be planned for. Budget cuts will hit hard as well, since the scarce resources that Treasury gathers are being spent to fill the holes of our state-owned enterprises. And who is the chief culprit there? None other than Eskom. An entity that rightfully belongs in the Department of Energy in a very different form than it currently takes.

And now, we see a 15.8% increase in electricity tariffs that has been shoved on consumers to fund the theft of the past.

Bring Eskom back where it belongs and split it up into the three components that the DA has been calling for and that President Ramaphosa finally accepted and agreed to.

As we turn to look at the minerals and mining component of the budget, one can only be alarmed at the narrow approach that the department has taken. Not a word on beneficiation - not a word on protecting the country’s assets. In an answer to this House last week, the Minister refused to take any stance on the zama-zama miners, referring to their activities as nothing but criminal, and passing the buck to the SA Police Services. Seemingly he forgets that it is the mineral wealth that his

department is tasked with protecting that is being stolen on a scale that makes one gasp.

Never mind the zama-zamas’ miners taking gold in Gauteng, the Northern Cape is overwhelmed with illegal diamond miners.

Consider the costs of law enforcement that provinces and municipalities must absorb to manage this issue that your department is mandated to deal with - protection of our mineral resources.

A 2017 report by the Minerals Council South Africa, estimates that the annual commercial value of illegal mining and illicit dealings in precious metals and diamonds is about R7 billion per annum. That’s a lot of tax revenue foregone. A lot of value lost to the fiscus. And don’t fool yourself by thinking this is just a case of desperate people eking out a survivalist life, the Minerals Council have evidence to confirm that illegal mining is a complex five-tier syndicate system, sucking our country dry for narrow interests.

Take responsibility Minister. Don’t deflect to SAPS. They don’t have the skills or capacity to do it alone. Meet with SAPS and get something started. Take a decision. Do your job.

And the illegal mining of sand has become a concern in various places, notably Gauteng, Limpopo and Kwa-Zulu Natal, as opportunists swoop on open spaces, particularly river banks, wetlands and beaches for the exploitation of this important resource for their own commercial gain.

Look at the latest work by Gauteng Department of Agriculture and Rural Development on erosion and the protection of the environment to see the burden that you are placing on provinces and municipalities to deal with your department’s inability to react to changing trends and definitions.

Unfunded mandates are being pushed into these spheres of government, and yes colleagues, it is our role to speak on their behalf.

We all know that government departments only do that which is funded and which is measured. The Key Performance Areas detailed in their departmental programmes are what gives them direction. With no positive change in the programmes we can expect more of the same. With the present round of budget cuts, we can only expect less of exactly the same. Thank you, Deputy Chair.

Mr A J NYAMBI: Deputy Chairperson, Chairperson of the NCOP, hon Minister Mantashe, hon members, ladies and gentlemen, hon Ryder and hon Smith, it is important to listen, last week we had the Minister coming to deal with questions in the NCOP and even came to the committee to clarify, including the issue of ‘zama-zamas’

I was thinking of what O R Tambo the longest serving leader of our glorious movement would be saying today when he said and I quote:

There is little hope for us until we become tough-minded enough to break loose from the shackles of prejudice, half-truths, and down-right ignorance.

The Department of Mineral Resources and Energy has made steady progress under the difficult conditions of the COVID-19 pandemic. This is certainly encouraging but much more still need to be done to restore the mining and energy sector to be optimally contribute to the job creation and inclusive economic growth and development as outlined by the hon Minister Mantashe and that is why as the ANC we support this budget vote.

The pandemic has disrupted economic activities – not only in South Africa – but also with our global trading partners and this has had negative impact on employment. And many communities face hardship due to the effects of the pandemic as outlined by the Minister.

The ANC-led government has made two major interventions to mitigate the effects of the pandemic namely; the special budget with granted workers, Unemployment Insurance Fund, UIF, benefits and special grants. However, the ANC-led government has a pact of the economic reconstruction and recovery plan and also announced the presidential stimulus package which was set out to create and support 800 000 job opportunities.

The department of mineral resources and energy has a key role to play to ensure the preservation of jobs and creation of opportunities in the mining and energy sector. This must form part of the plans and programmes of the department directly or indirectly. Energy costs are spiralling upwards and this does place a financial burden on communities and low income households.

In the recent past electricity prices has tripled and the prices of petrol and diesel is at all-time high which is hard

on the working class and poor people families. This directly impacts on the cost of public transport. All regulated prices need to be carefully monitored by the department and regulated margins need to be economically justifiable when increased.

This also require it to be international benchmarked in order not to create a structural inflation in the economy.

Structural economy makes any economy unattractive as investment destination. It is encouraging that the Department of Mineral Resources is reviewing the electricity tariffs and this review should also seek to alert the department as to which municipalities are having higher than the Eskom tariffs or double-dipping on what is rational for the higher electricity tariffs.

Hon Deputy Chairperson, I will directly speak on this later. The department must continue review its pricing for liquid fuels especially those which are households fuel like LPG and paraffin. It is common cause among energy specialists that the country’s high electricity demand going forward cannot be met through merely increasing generation capacity through Independent Power Producers, IPP, or renewable energy only as 30% of the country’s demand can be met from these sources.

The Integrated Resources plan, IRP, 2019 correctly identifies other energy carriers such as clean coal gas, hydro and nuclear power which has greater economies of scale and can produce electricity far cheaper. It is encouraging that the department has released a section 34 for the Request for Proposal, RFP, for nuclear including the new Bill. The new Bill will contribute to economic development in different provinces where it is intended to be located.

The refurbishment of Koeberg which is underway, it is also critical as this will extend the life of the power station a does not reduce the country strained generation capacity on the contrary maintains the country strained generation capacity in a safe manner.

However, restoring Eskom’s co-operative governance operational viability is critical for security of electricity. Of course, we are aware of Eskom challenges. Currently there is a view among opposition parties that government should merely dispose of these assets due to challenges. This indicates unlike the ANC that the opposition has no strength to deal with challenges. So, there are two pictures that can be painted on state-owned enterprises, SOEs, like Eskom. The first one is the only emphasis by some only state capture and corruption as

if it is the sole pre-occupation of the state entities. It is extremely repeated on daily basis. The unfortunate part is that its racist undertones are obvious based on a notion that things were better in the past. Yes, things were better in the past but only for a minority and not for the majority. This perspective is driven politically by the detractors of the ANC as a tool manufactured for propaganda. It is a perspective based on no positive vision or plan for the development of our beloved country South Africa. It is a dead-end or cul-de-sac. The other one is the reality that the country has many state entities which are playing a positive role and contributing to job sustainability and job creation, ensuring sustainable livelihoods. Moreover, these entities make an important economic contribution to the country and in turn to the provinces and local communities in which they function. They function in a strategic economic sectors which require to be developed to enhance inclusive economic growth and development.

Eskom in its own right makes an important contribution to the economy and in its integrated entity which has economies of scale and functions throughout the value-chain namely, the generation, transmission and distribution as correctly outlined by hon Minister Mantashe today.

Eskom’s contribution is measured from the fact that it has got

some more than 47 000 employees and indirectly create some

188 000 more jobs in the service sector in the electricity service sector. This is from a national level to a municipal level. Eskom has experienced malfunctioning power plants utilising different carriers such as coal, nuclear and hydropower. Therefore, problems need to be resolved in this entity to ensure a stable electricity supply at the cheapest possible price to ensure economic growth and development.

Deputy Chairperson, Eskom is successfully restructuring into three divisions, as outlined today by the Minister. This will enable the supply of IPP generated electricity to the transmission grid. At the same time, the legal separation requires legislation and solution to its debt liability. A solution must also be found to the issue of municipal debt. In order not to increase this debt and facilitate a culture of payment for services, new electricity of electrification of households should occur with prepaid meters. Eskom needs to maintain its generation capacity and in time increase this to meet the market demand.

The ANC does not subscribe to the view of the opposition of market fundamentalism as if this will automatically cure 300-

years of colonialism and apartheid in the 26-years of democracy. This is exacerbated by the fact black people were excluded from that very same market. That is what we seek to reverse nor does the ANC subscribe to the view of state’s command economy where the state should own all productive assets. The ANC subscribe to the view that state-owned entities and the private sector contribute positively to the economy.

The ANC seek to public private partnership to ensure the implementation of the economic reconstruction and recovery plan. What the ANC will not do when budgeting is to charge people as is the case in Cape Town. Higher water tariffs even after the recovery of water levels and on top that charge people are charged water connection fee every month whose cost is already in the water tariffs.

What the ANC will not do is to charge high electricity tariffs making super profits as is the in Cape Town. On top that, they charge people home user charge which is already part of the cost of electricity before profit. This is an attack on the living standard of the middle class workers, the poor and the marginalised communities as this reduces their disposable income. So we do have different notions on budgeting and

policy, hon Minister and that is the fact about the opposition.

It is important that the department implement its programmes and plans in the most efficient manner. We are awaiting the next round of your successful implementation which is occurring under difficult circumstances. If we were able to defeat apartheid as a people, we must now find the strength to defeat COVID-19 to ensure our renewal. As I have indicated, when we read the preamble of the Constitution hon Smith and hon Ryder, it says

We, the people of South Africa, Recognise the injustices of our past

Let that be your food for thought. What is the implication and what is your understanding because, when you are sworn in as a member of Parliament you are given a Constitution that in its preamble explain that we have to deal with the injustices of the past? It be that when we come we decide to be economical with the truth.

The Minister was with us in the committee and we asked the

question around ‘zama-zamas’ and the Minister clarified.

Minister, we are not supporting it because you are deployed by the ANC, we are supporting because it has the potential of assisting South Africa.

But as a member representing Mpumalanga, of course, you have touched on the issue but I will be failing if I don’t raise it again, hon Minister. We are supporting this Budget Vote because it is assisting us to move the country forward. But at the same time as the people of Mpumalanga and South Africa, we know the plight of the people of Barberton. Those families that have members of their families still stucked under the container in Lily mine, we don’t want to use it as a political tool to campaign but we want you to emphasise in the committee so that we can see that the plight of those people is with us as. As the ANC we support this Budget Vote.

In conclusion, as I remember the story of my neighbour, kaSambo. I always say this ...

*Siswati*:

... tinja tikhonkhotsa imoto lehambako, lemile tiyayichamela.

*English*:

... they will be shouting because there is something that is happening. As the ANC, we are proud of your appointment and you are doing the commendable job.

*Siswati*:

Chuba, Mphatsiswa. Ngiyabonga.

The MINISTER OF MINERAL RESOURCES AND ENERGY: ... of coal

mining. I want to help him so that he does not continue telling that distorted story. I have six months in gold mining, I have seven years, four months in copper mining, I have six years in coal mining and 18 years in organising mine workers. That is the composite of the work in the mining industry. I don’t want to expantiate on that but I don’t want to be called shorty and long one. People must describe me for who am I, and use my name.

Mr Ryder says we are not moving fast enough to the renewable energy. What you have not read in the Integrated Resource Plan, IRP, is that of 11 813 megawatts and 6 800 megawatts are assigned to renewables. That is more than half. To them that is nothing because in their minds, we should basically close everything else and just move to renewables. What they don’t tell us is the risk that is involved. To understand it, you

must read the case of Texas, where they moved to the extreme, and one day a cyclone came, and they were in darkness for a considerable time. If they study that case study, they’ll know that we should be cautious in travelling the transition.

Then again he says, there is a lot of noise around the emergency procurement, about people who are behaving as lobbyists – I am repeating this – because people who lobby, don’t wait for facts, they don’t analyse the situation and comment to an issue. There is no noise around the emergency in procurement. It was advertised, assessed by independent assessors and the results have been announced. Anybody who raise issues, they’ll be attended in due course.

I won’t go back to zama-zamas. I answered that here in the House. Let me leave that one. Let me go to issues raised by hon Smith. He says electricity ... [Inaudible] ... and the impact and the fact that we have not had enough energy. What he doesn’t talk to is the question of the potential we are having with regard to the minerals of the future, which will contribute to the movement from where we are to low carbon emissions. He says the Western Cape is moving ahead with its own generation. What he ignores is that the City of Johannesburg announced that they want to have 35% of their

energy from renewables. To them it is not a fact because it is not Stellenbosch and it is not in the Western Cape. He wants zero risk in Koeberg. That is abnormal. Risk is inherent to life. Koeberg is not accident prone, it doesn’t have disasters but because we must move away from that ... internationally, nuclear is accepted as part of clean energy generation. In South Africa, we think it is too much of an issue. What is important is that we should appreciate that we must have a mixture of technology so that we can have a balanced transition that we are traversing.

About 200 self-generation household registered are generating about 94 megawatts of energy and he says there is nothing happening there. We have another six that have been given licenses. He says, why are the IPPs not open? It depends on which ... [Inaudible.] ... I want to give Mr Smith the advice that was given in the social media. If you are selling eggs, don’t start a flight in the market. You talk of ANC factions. We are not venturing into the correction of your experiment by removing black leaders, we are leaving it to you. Because you aren’t aware, you venture into a fight while you are selling eggs, your products will be broken. You pretend as if you are moving in a clean space. We leave the experiments. Fire

Madikizela, fire Maimane, fire Mazibuko and fire all of them and pretend as if it is hunky-dory in the gym.

Let me come to the question of putting people first. When we came into office in 1994, only 39% of South Africans had access to electricity. Today, we have 87% of people having access to electricity. We are still working on the 13% to get universal access to electricity. What is putting people first? Thirty-nine per cent or 87%? I don’t understand because I am not a mathematician; maybe my arithmetic is failing me. To me, moving from 39% to 87% is progress. Hundred and sixty-six plus connected in the last financial year. One hundred and eighty thousand to be connected in the new financial year is actually eating into the 13% that is outstanding.

Mme Modise, I must appreciate your comments. What I am saying is that mining is doing relatively well recovering from COVID-

19. The first and second quarters of 2020 were a disaster. On the first quarter of 2021, mining is doing well. That performance is not only assessed in terms of sales, because if it is only assessed in terms of sales, it will talk to prices and demand of minerals. We are also looking at the improvement in productivity of the sector.

Let me go to Ntate Maqhubela. The people shall share in the country’s wealth. I don’t know if we remember; sometimes we forget these things. The promulgation of the Mineral and Petroleum Resources Development Act, MPRDA, reverted the ownership of minerals belonging to the surface of the soil to the state on behalf of the people as a whole. That is the reality in South Africa. That’s why we talk of licensing and talk of people waiting for exploration permits, etc, because the owners of minerals belonging to South African soil is the state on behalf of the people of South Africa. We have gone a long way trying to meet the demands of the Freedom Charter. We are now managing in terms of actual mining wealth out of that.

I don’t want to engage with hon Arnolds because he says, we reject the budget but the basis he used to reject the budget is based on their own projections and research. In future, this is going to happen; therefore, we reject the budget. I can’t engage with the future that has not been explained.

Let me go to Ntate Du Toit, who says the President delayed the connection of renewable energy to the grid. He doesn’t want to remember that Bid Window One, Two and Three are connected to the grid. One thousand and two hundred megawatts from Bid Window Four are in the grid. One thousand will be in the grid

by December. He forgets that Bid Window Five is going to kick in. It will take its own time to get into the grid. People must please remember the actual developments in the market.

The only thing I can remind Ntate Baloyi is that municipalities are not getting R2 million. Municipalities are getting R2 billion. Remember that Ntate Baloyi. Thanks very much. My time is up. I appreciate that we have been here for the budget debate. Thank you very much for the views and your advices. We take them serious. After this budget speech, we will meet in the department with the team and unbundle all the components of the comments you have made. Thank you very much, hon Lucas. [Applause.]

The DEPUTY CHAIRPERSON OF THE NCOP: Thank you, hon Mantashe. Hon members, that concludes the business of the day. Let me thank the Minister and the special delegates for availing themselves for the debate, today. With that said, the House is adjourned. Thank you very much.

Debate concluded.

The Council adjourned at 16:10.