

1. Report of the Portfolio Committees on Mineral and Petroleum Resources and Electricity and Energy on the 2024/25 Annual Performance Plan and Budget of the Department of Mineral Resources and Energy (Vote 34), dated 10 July 2024.

After 29 May general elections, the Department of Mineral Resources and Energy was split into the two departments, namely the Department of Mineral and Petroleum Resources, and the Department of Electricity and Energy. Corresponding portfolio committees had to be formed, namely, the Portfolio Committee on Mineral and Petroleum Resources, and the Portfolio Committee on Electricity and Energy. The Chairpersons of the two Committees were elected on 09 and 10 July 2024, respectively, and the debate on the budget was scheduled for 11 July 2024. Therefore, time constraints necessitated that a joint meeting of these committees on the budget be held. This is also because the Committees are dealing with the same budget vote (transitional budget).

The Portfolio Committees on Mineral and Petroleum Resources, and Electricity and Energy (hereafter, the Committees), having considered the 2024/25 Annual Performance Plan (APP) and Budget of the Department of Mineral Resources and Energy (DMRE), reports as follows:

1. INTRODUCTION

The Parliament of the Republic of South Africa (Parliament) has a constitutional obligation to oversee the work and spending of public resources by the Executive as outlined in Section 55:2 [(a), (b)] of the Constitution of the Republic of South Africa, 1996. Furthermore, Section 77 (3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money Bills before Parliament. This Constitutional provision resulted in Parliament passing the *Money Bills Amendment Procedure and Related Matters (Act No. 9 of 2009)* (the Money Bills Act). The Money Bills Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to approve, reject or amend the budget of a National Department.

Therefore, Parliament, through its Committees and other mechanisms, should be the guardian of the use of State resources, the overseer of fiscal discipline and cost-effectiveness for the common good of all the citizens. Therefore, Parliament should assess the plans and conduct regular performance reviews and annual performance assessments of the DMRE and its entities. The Department's APP forms part of the Medium-Term Strategic Framework (MTSF) of government and provides a strategic direction to the Department, Provincial Departments, and entities, statutory bodies and the sector as a whole inclusive of the Department's social, and business partners. The APP is premised on governments priorities as espoused in the MTSF 2019-2024, and build towards attainment of the National Development Plan (NDP): Vision 2030 aspirations.

The purpose of this report is to report to the National Assembly (NA) on the Portfolio Committee on Mineral Resources and Energy's findings after evaluating and assessing the Annual Performance and Budget of the DMRE.

2. THE COMMITTEE PROCESS

The APP, Strategic Plans and Budgets of the Departments and their entities are due for tabling to Parliament at the end of the preceding financial year, i.e. 31 March 2024. The financial year of the national government runs from 1 April to 31 March. For instance, the current financial year, 2024/25 runs from 1 April 2024 to 31 March 2025.

In April, departments brief the various Committees on their budgets, strategic and annual performance plans. Thereafter, Committees produce a budget report which contains recommendations that requires attention or implementation by the relevant Minister. This report is then ATCed (Announcements, Tablings and Committee Reports). For any report to be debated in the National Assemble (NA), it has to be ATCed. The budget is then debated in the NA and subsequently passed.

Usually, the departments brief Committees on the budgets in April of each year, and committee reports on budget are adopted in May latest. However, an election year is always an exception. It is only, in July, after elections that the budgets are being processed. Thus, the budget that Committees are assessing for the 2024/25 financial year for the Department of Mineral

Resource and Energy was tabled on 31 March 2024, and will run from 1 April 2024 to 31 March 2025.

Under normal circumstances, the Department and its entities brief the Committees on their Annual Performance Plans. However, due to the time constraints, and this year being an election year, it was not possible to invite the eleven entities that fall under the DMRE to brief the Committees. However, the Department was briefed that, to a certain extent, it should highlight key budgetary issues relating to the eleven (11).

3. THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY

The DMRE is mandated to ensure the transparent and efficient regulation of South Africa's mineral resources and minerals industry, and the secure and sustainable provision of energy in support of socio-economic development.¹ The mining, minerals and energy sector is regulated by several Acts. The key regulatory Acts, amongst others, include:

- The Mineral and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of mineral resources and related matters.
- The Mine Health and Safety Act (1996), which governs mine health and safety.
- The National Energy Act (2008), which empowers the Minister to plan for and ensure the security of supply for the energy sector.
- The Petroleum Products Act (1977), which regulates the petroleum industry at the manufacturing, wholesale and retail levels.
- The Electricity Regulation Act (2006), which establishes a national regulatory framework for the electricity supply industry, including registration and licensing.

In an endeavour to discharge its mandate effectively and efficiently, the Department is structured as follows:

- Programme 1: Administration;
- Programme 2: Minerals and Petroleum Regulation;

¹ National Treasury, (2022)

- Programme 3: Mining, Minerals and Energy Policy Development;
- Programme 4: Mine Health and Safety Inspectorate;
- Programme 5: Mineral and Energy Resources Programme and Projects; and
- Programme 6: Nuclear Energy Regulation and Management.

Additionally, eleven State Owned Entities (SOEs, or entities) are entrusted to assist in discharging the Departments mandate. The eleven entities reporting to the Department are the Council for Mineral Technology Research (MINTEK), Mine Health and Safety Council (MHSC), State Diamond Trader (SDT), South African Diamond and Precious Metals Regulator (SADPMR), Council for Geoscience (CGS), National Nuclear Regulator (NNR), National Radioactive Waste Disposal Institute (NRWDI), South African National Energy Development Institute (SANEDI), South African Nuclear Energy Corporation (NECSA), Central Energy Fund (CEF) Group of Companies (SOC) Ltd, and National Energy Regulator of South Africa (NERSA).

3.1 Annual Performance Plan of the Department for 2024/25 Financial Year

This section provides analysis of the overall budget allocation for the DMRE for the 2024/25 financial year, as well as the Annual Performance Plan (APP).

As contained in the APP of the DMRE, key strategic priorities of the Department for the period under review are as follows:

- **Electrification:** Ensuring universal access to electricity for underprivileged and indigent households. the Department plans to connect 100 000 households to the grid and 15 000 households will be connected using solar home technology.
- **New Nuclear Build Programme:** The Department plans to finalise the governance and funding structure for the procurement of 2500 Nuclear Power in line with the determination gazetted and concurred to by the National Energy Regulator of South Africa (NERSA). As per the APP, the Department further commits that working closely with National Treasury, Eskom, and the Independent Power Producers (IPP) Office, it will ensure that the Request for Proposal (RFP) for Nuclear Power is successfully finalised.

- **Renewable Energy:** The Department states that conversations with Eskom and IPP Office are at an advanced stage to address the grid challenges affecting the finalisation of Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Bid Window 8 RFP release.
- **Integrated Resource Plan (IRP23) for electricity:** The Department plans to finalise the process of developing IRP23, that has already undergone the public consultation process, which will go a long way in ensuring that the long-term sustainability and security of electricity supply. The IRP is a plan aimed at estimating South Africa's electricity demand. It considers how the demand of electricity will be met and the expense of such a demand.
- **Integrated Energy Plan (IEP):** IEP is integral in providing a roadmap of the future energy landscape for South Africa and guiding future energy infrastructure investments including policy development. There has been an outcry in the industry about the lengthy delays in finalising the IEP. However, the Department commits that it will finalise it during the 2024/25 financial year.
- **Review of the Mineral and Petroleum Resources Development Act (MPRDA):** In the previous financial year, the Department hosted the MPRDA Review Summit. In this financial year, the Department plans to proceed with the process to review the MPRDA, paying particular attention to the parts that have been identified as weak and those that have been legally challenged. Moreover, the review will also deal with the licensing regime to reduce red tape and improve the business environment for investors while keeping in sync with South Africa's social and economic objectives.
- **Critical mineral strategies:** During the period under review, the Department commits to embark on a journey to consult stakeholders for the development of a roadmap required for South Africa's critical mineral strategy. According to the department, the strategy will also map up the beneficiation value chain in order for the country to derive maximum benefit and move away from pit to pot without sustainable value creation for the country of mineral origin. To achieve the above, the Department will collaborate with MINTEK, with the aim of having the strategy approved and adopted by Cabinet.
- **Exploration Strategy and its implementation plan:** Gazette in April 2022 gave rise to the establishment of the Junior Mining Exploration Fund that was

subsequently launched at the 2024 Investing in African Mining Indaba. The Fund provides a seed capital of R400 million to junior and emerging miners for exploration purposes. The DMRE and the Industrial Development Corporation (IDC) were to conclude the governance framework in the 2023/24 financial year and commence with the invitation for participation in the 2024/25 financial year.

- **Cadastre System and mining licensing backlog:** To ensure transparency, fairness, effectiveness and efficiency is entrenched in mining applications process, the Department has procured a web-based mining license applications system (Cadastre). The Department is in the process of roll-out the systems across its nine regions and it is envisaged that the pilot programme will take the FY24/25 to complete.
- **Monitor the implementation of Social and Labour Plans (SLPs):** To ensure compliance culture by the mining houses, the Department has set targets for inspections for compliance on both environmental and legal obligations.
- **Rehabilitate derelict and ownerless (D&O) mines:** For the 2024/25 financial year, the Department plans to close and rehabilitate three (3) D&O mines in line with the annual budget of R143 million received from the National Treasury.
- **Mine Health and Safety:** The Department plans to continue intensifying its work on health and safety during the period under review.

This section provides analysis of the overall budget allocation for the DMRE for the 2024/25 financial year.

Table 1: Overall Budget of the Department of Mineral Resources and Energy

Department of Mineral Resources and Energy	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	R million	2023/24	2024/25	2025/26	2026/27	2023/24-2024/25	2023/24-2024/25	2023/24-2024/25
Programme 1: Administration	703,9	692,7	718,5	746,2	- 11,2	- 42,3	-1,59 per cent	-6,01 per cent
Programme 2: Minerals and Petroleum Regulation	518,7	533,6	554,3	582,5	14,9	- 9,1	2,87 per cent	-1,75 per cent
Programme 3: Mining, Minerals and Energy Policy Development	1 076,0	1 199,5	1 289,7	1 224,6	123,5	69,7	11,48 per cent	6,47 per cent
Programme 4: Mine Health and Safety Inspectorate	226,4	234,4	246,3	258,1	8,0	- 2,5	3,53 per cent	-1,11 per cent
Programme 5: Mineral and Energy Resources Programmes and Projects	6 586,8	5 093,1	5 005,4	5 115,1	- 1 493,7	- 1 722,3	-22,68 per cent	-26,15 per cent
Programme 6: Nuclear Energy Regulation and Management	1 159,4	1 085,7	1 134,1	1 187,2	- 73,7	- 122,4	-6,36 per cent	-10,56 per cent
TOTAL	10 271,2	8 839,0	8 948,3	9 113,7	- 1 432,2	- 1 829,0	-13,94 per cent	-17,81 per cent

Source: National Treasury, (2024)

NB: Explanatory note

<i>Nominal Increase/Decrease</i>	<i>Is when inflation is not taken into account</i>
<i>Real Increase/Decrease</i>	<i>Is when inflation is taken into account (the projected inflation rate is 4.7 per cent)</i>

As evident in the above table, **the overall budget of the DMRE is R8.8 billion** for the 2024/25 financial year. In the previous financial year (2023/24), the Department had a total adjusted budget of R10.2 billion. In nominal terms (without inflation), the Department’s **budget decreases by 13.9 per cent from the previous financial year, and it decreases by 17.8 per cent with inflation (real terms).**²

The table below illustrates the Department’s budget over the MTEF period with consideration of nominal and projected inflation. The table provides the **projected inflation rate of 4.7 per cent in 2024/25 and 2025/26, and 4.5 per cent projected for 2026/27.**³

² National Treasury, (2024).

³ National Treasury, (2023).

It is important to note that over the MTEF period, the Departments **overall budget decreases at 8,2 per cent with inflation, and at 3,9 per cent in nominal terms, or without taking inflation into account.**⁴

Programme Budget Analysis

This section focuses on unpacking the individual line items, or the Department's programme budget. The bulk of the Department's budget is allocated for transfers and subsidies.

In the current financial year (2024/25), **subsidies and transfers amount to R6.4 billion of the total budget**; the remainder of the budget is for departmental operations. The bulk of the **R6.4 billion is allocated for the public corporations and private enterprises (R3.5 billion) and provinces and municipalities (R1.92 billion).**

With regard to economic classification of expenditure, current payments amount to R2.4 billion for 2024/25, which is comprised of **R1.1 billion for the compensations of employees** and **R1.2 billion for goods and services**, which comprise catering for Departmental activities, computer services, consultants, operating leases, travel and subsistence.⁵

As mentioned above, the Department has six programme areas, namely:

- Programme 1: Administration;
- Programme 2: Minerals and Petroleum Regulation;
- Programme 3: Mining, Minerals and Energy Policy Development;
- Programme 4: Mine Health and Safety Inspectorate;
- Programme 5: Mineral and Energy Resources Programme and Projects; and
- Programme 6: Nuclear Energy Regulation and Management.

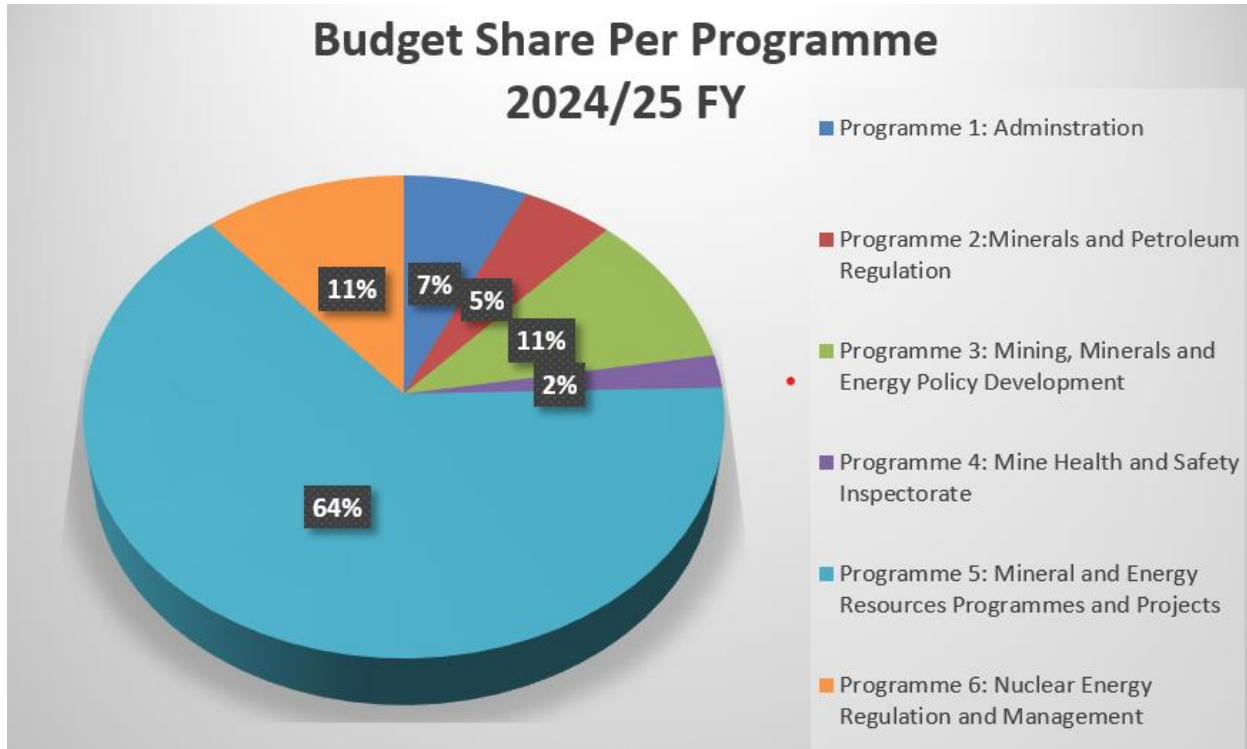
Each Departmental programmes have their respective sub-programmes as well.

⁴ National Treasury, (2024).

⁵ Ibid.

The pie chart below provides an overview of each programme's share of the total budget for 2024/25.

Figure 1: Total Budget Share by Programme



As can be seen from figure 1 above, the significant share of the budget is in **Programme 5: Mineral and Energy Resources Programmes and Projects**, with an allocation of **R5 093.1 billion**. In real terms, the budget for the programme decreased by 26.15 per cent. **Programme 3: Mining, Minerals and Energy Policy Development** at 11 per cent with an allocation of **R1 199,5 billion**, closely followed by **Programme 6: Nuclear Energy Regulation and Management** also at 11 per cent with a **R1 085,7 billion allocation**. **Programme 1: Administration** is at 7 per cent of the budget with a **R692,7 million** allocation. **Programme 2: Minerals and Petroleum Regulation** is 5 per cent of the budget allocation with **R533,6 million**, and last with the smallest share is **Programme 4: Mine Health and Safety** at 2 per cent of the budget with an allocation of **R243,4 million** over the 2024/25 FY.⁶

⁶ National Treasury, (2024).

In the following section is a detailed description of the programme budget for 2024/25 financial year.

Programme 1: Administration

The aim of this programme is to provide strategic leadership, management and support services to the Department.

Table 3: Programme 1 Budget Allocation for 2024/25 Financial Year

Programme 1: Administration R million	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
Ministry	38,2	45,5	7,3	5,3	19,11 per cent	13,76 per cent
Department Management	41,8	38,9	- 2,9	- 4,6	-6,94 per cent	-11,12 per cent
Audit Services	23,6	22,5	- 1,1	- 2,1	-4,66 per cent	-8,94 per cent
Financial Administration	100,8	102,3	1,5	- 3,1	1,49 per cent	-3,07 per cent
Corporate Services	348,0	322,8	- 25,2	- 39,7	-7,24 per cent	-11,41 per cent
Office Accommodation	151,5	160,7	9,2	2,0	6,07 per cent	1,31 per cent
Total	703,9	692,7	- 11,2	- 42,3	-1,6 per cent	-6,01 per cent

Source: National Treasury, (2024)

The programme receives **R692.7 million** for the 2024/25 financial year, which translates into a **nominal decrease of 1.6 per cent**, and a **real decrease of 6.01 per cent**. The *Corporate Services* sub-programme receives the biggest share of the Administration allocation (R322.8 million), and receives the biggest decrease of 7.24 per cent compared to the previous financial year. The *Department Management (6.94 per cent)* and *Auditing Services (4.6 per cent)* also receives a decrease. The *Office Accommodation* sub-programme with an allocation of R160.7 million receives a 6.07 per cent increase and the *Ministry* receives a 19.11 per cent nominal increase, and 13.76 real per cent with the R45,5 million allocation.

Programme 2: Minerals and Petroleum Regulation

This programme regulates the mining, minerals and petroleum sectors to promote economic growth, employment, transformation and sustainable development.

Table 4: Programme 2 Budget Allocation for 2024/25 Financial Year

Programme 2: R million	Budget		Nominal Increase / Decrease in	Real Increase / Decrease in	Nominal Percent change in	Real Percent change in
	2023/24	2024/25	2024/25	2024/25	2024/25	2024/25
Minerals and Petroleum Management	15,8	16,0	0,2	- 0,5	1,27 per cent	-3,28 per cent
Mineral Regulation and Administration	387,3	392,0	4,7	- 12,9	1,21 per cent	-3,33 per cent
Environmental Enforcement and Compliance	21,4	24,4	3,0	1,9	14,02 per cent	8,90 per cent
Petroleum Compliance Monitoring, Enforcement	24,1	26,3	2,2	1,0	9,13 per cent	4,23 per cent
Petroleum Licensing and Fuel Supply	70,1	74,9	4,8	1,4	6,85 per cent	2,05 per cent
Total	518,7	533,6	14,9	- 9,1	2,9 per cent	-1,75 per cent

Source: National Treasury, (2024)

The Programme receives an allocation of **R533,6 million** for the 2024/25 financial year. This reflects an **increase of 2.9 per cent** in nominal terms. As can be seen in Table 4 above, budget allocation has increased across the five sub-programmes. The *Mineral Regulation and Administration sub-programme* once again receives the largest share of the programme’s budget to the value of R392.0 million, which illustrates an increase of 1.21 per cent in nominal terms. This sub-programme administers and evaluates prospecting and mining rights and licensing.

This programme budget allocation include transfer payments to the South African Diamond and Precious Metals Regulator (SADPMR), Petroleum Agency South Africa (PASA) and international membership fees.

Programme 3: Mining, Minerals and Energy Policy Development

This programme formulates, maintains and implements integrated minerals and energy policies to promote and encourage investment in the mining and energy industry.

Table 5: Programme 3 Allocation for 2024/25 Financial Year

Programme 3 R million	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
Mining, Minerals & Energy Policy Development	65,0	143,2	78,2	71,8	120,31 per cent	110,42 per cent
Minerals & Petroleum Policy	23,8	26,4	2,6	1,4	10,92 per cent	5,94 per cent
Nuclear, Electricity & Gas Policy	16,2	16,8	0,6	- 0,2	3,70 per cent	-0,95 per cent
Economic Analysis & Statistics	46,6	50,1	3,5	1,3	7,51 per cent	2,68 per cent
Economic Growth, Promotion & Global Relations	907,4	945,6	38,2	- 4,2	4,21 per cent	-0,47 per cent
Mineral & Energy Planning	17,0	17,5	0,5	- 0,3	2,94 per cent	-1,68 per cent
Total	1 076,0	1 199,5	123,5	69,7	11,5 per cent	6,47 per cent

Source: National Treasury, (2024)

For the 2024/25 financial year, the Mining, Minerals and Energy Policy Development programme receives a budget allocation of **R1 199,5 billion** that reflects **an increase of 11.5 per cent** percent in nominal terms and an **increase of 6.47 percent in real terms** compared to the previous financial year.

As in the previous financial year, the *Economic Growth, Promotion and Global Relations sub-programme* receives the largest share of the budget to the value of R904,4 million, an increase of 4.21 percent in nominal terms. The sub-programme is responsible for promoting economic growth and investment in the sector. This sub-programme also makes transfers to the Council for Geoscience (CGS) and the Council for Mineral Technology and Research (Mintek).⁷

There is a significant budget increase in the *Mining, Minerals and Energy Policy Development Management sub-programme*. The programme provides overall management to Programme 3. For the current financial year, the programme receives R143,2 million, from a budget allocation of R65 million in 2023/24, resulting in an increase of 120.31 per cent in nominal terms and an increase of 110,42 percent in real terms.

⁷ National Treasury, (2024).

The *Economic Analysis and Statistics sub-programme* receives R50,1 million, an increase of 2.68 per cent in real terms. The aim of this sub-programme is to advise the Department on trends in the mining and energy industries in order to attract investment.⁸ The *Minerals and Petroleum Policy sub-programme* receives R26,4 million, an increase of 10,92 per cent in nominal terms and an increase of 5.94 per cent in real terms. This sub-programme develops and reviews policy and legislative frameworks for the mining, minerals and petroleum sectors. In addition, it conducts research; and monitors the impact of policy implementation.

Nuclear, Electricity and Gas Policy sub-programme receives the smallest share of the budget with R16,8 million, a decrease of 0.95 per cent in real terms. This sub-programme develops and reviews policy and legislative frameworks for the nuclear, electricity and gas sectors. Moreover, it conducts research; and monitors the impact of policy implementation.⁹ The *Minerals and Energy Planning sub-programme* receives R17.5 million. This reflects an increase of 11.5 per cent in real terms. The sub-programme is entrusted with ensuring the security of supply of mineral and energy resources.

Programme 4: Mine Health and Safety Inspectorate

The objective of this programme is to ensure the health and safety of employees in the mining sector.

Table 6: Programme 4 Budget Allocation for 2024/25 Financial Year

8 Ibid.

9 Ibid.

Programme 4: Mine, Health and Safety Inspectorate R million	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
Mine Health & Safety Management	9,4	9,4	0,0	- 0,4	0,00 per cent	-4,49 per cent
Mine Health & Safety Regions	200,0	207,4	7,4	- 1,9	3,70 per cent	-0,96 per cent
Occupational Health	16,9	17,7	0,8	0,0	4,73 per cent	0,03 per cent
Total	226,4	234,4	8,0	- 2,5	3,5 per cent	-1,11 per cent

Source: National Treasury, (2024)

The Mine Health and Safety Inspectorate programme accounts for **2 per cent of the total Departmental budget** allocation for the 2024/25 financial year. Programme budget allocations include transfer payments to the Mine Health and Safety Council (MHSC), which is tasked with promoting a culture of health and safety in the mining sector.¹⁰ For the current financial year, this programme receives a **total budget of R234.4 million**, constituting a nominal increase of 3.5 per cent and a **real decrease of 1.11 per cent**.

As evident in the table above, the largest share of the budget is allocated to the *Mine Health and Safety Regions sub-programme*, receiving an amount of R207.4 million. This reflects a nominal increase of 3.7 per cent and a real decrease of 0.96 per cent. The sub-programme develops strategies to reduce occupational diseases and injuries in the mining sector and conducts audits and inspections.¹¹ The *Occupational Health sub-programme* receives R17,7 million, reflecting an increase of 4.73 per cent in nominal terms and 0.03 per cent in real terms. This sub-programme is entrusted with establishing an occupational health centre to provide specialist services to the mine health and safety inspectorate, with particular focus on regional components.

Programme 5: Mineral and Energy Resources Programmes and Projects

The programme manages, coordinate and monitor programmes and projects focused on access to mineral and energy resources.

¹⁰ National Treasury, (2024).

¹¹ Ibid.

Table 8: Programme 5 Budget Allocation for 2024/25 Financial Year

Programme R million	Budget		Nominal Increase / Decrease in 2024/25	Real Increase / Decrease in 2024/25	Nominal Percent change in 2024/25	Real Percent change in 2024/25
	2023/24	2024/25				
Programmes & Projects Management	2,4	4,2	1,8	1,6	75,00 per cent	67,14 per cent
Integrated National Electrification Programme	5 847,9	4 227,1	- 1 620,8	- 1 810,6	-27,72 per cent	-30,96 per cent
Programmes & Projects Management Office	69,0	66,7	- 2,3	- 5,3	-3,33 per cent	-7,67 per cent
Regional Programmes & Projects Management Office	0,0	0,0	0,0	0,0	0,00 per cent	0,00 per cent
Electricity Infrastructure & Industry Transformation	6,9	7,1	0,2	- 0,1	2,90 per cent	-1,72 per cent
Energy Efficiency Projects	250,3	257,9	7,6	- 4,0	3,04 per cent	-1,59 per cent
Renewable Energy Projects	159,4	147,2	- 12,2	- 18,8	-7,65 per cent	-11,80 per cent
Environmental Management Projects	250,9	383,0	132,1	114,9	52,65 per cent	45,80 per cent
Total	6 586,8	5 093,1	- 1 493,7	- 1 722,3	-22,7 per cent	-26,15 per cent

Source: National Treasury, (2024)

As stated above, this is the **largest programme** of the Department, thus, the Programme accounts for 64 per cent of the total departmental budget allocation for the 2024/25 financial year. The programme receives **R5 093,1 billion** for the 2024/25 financial year. This reflects a **decrease of 26.5 per cent in real terms**. As is the case year-on-year, the bulk of the budget goes to the *Integrated National Electrification Programme sub-programme* – an allocation of R4 227,1 billion. This is a 30.96 per cent decrease in real terms from the 2023/24 FY. This sub-programme oversees and manages the financing and implementation processes for the electrification programme; and makes transfers to Eskom, municipalities and private providers.¹² The *Electricity Infrastructure and Industry Transformation sub-programme* is allocated a budget increase from R6.9 million in 2023/24 to R7.1 million in 2024/25. The sub-programme oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and independent power producers.

¹² National Treasury, (2024).

The *Environmental Management Projects sub-programme* receives R383,0 million, an increase of 45.8 percent in real terms. The sub-programme provides strategic guidance on environmental management and climate change. It also assists mines to prevent the uncontrolled movement of water into and out of underground holdings and mine openings (acid mines).¹³ The last sub-programme to receive an increase in this budget is the *Programmes and Projects Management sub-programme* which receives R4,2 million, an increase of 67.14 per cent in real terms.

Important to note that the *Regional Programmes and Projects Management Office sub-programme* receives zero budget allocation for the year under review. This sub-programme provides regional energy-related advisory services.

The remaining (3) sub-programmes of this programme, experience budget decreases in both nominal and in real terms. These include:

- *Renewable Energy Projects sub-programme* receives R147,2 million, a decrease of 11.8 per cent in real terms.
- *Energy efficiency project sub-programme* receives R257,9 million, a decrease of 1,59 per cent in real terms. This sub-programme advances energy efficiency in South Africa through planning and coordinating activities and interventions focused on energy efficiency market. The sub-programme also makes transfers for municipal energy efficiency programmes.
- *Programmes and Projects Management Office sub-programme* receives R66,7 million, a decrease of 7.67 per cent in real terms.

Programme 6: Nuclear Energy Regulation and Management

The aim of this programme is to manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

13 Ibid

Table 8: Programme 6 Budget Allocation for 2022/23 Financial Year

Programme R million	Budget		Nominal Increase / Decrease in	Real Increase / Decrease in	Nominal Percent change in	Real Percent change in
	2023/24	2024/25	2024/25	2024/25	2024/25	2024/25
Nuclear Energy Management	7,8	8,1	0,3	- 0,1	3,85 per cent	-0,82 per cent
Nuclear Safety and Technology	1 138,1	1 062,8	- 75,3	- 123,0	-6,62 per cent	-10,81 per cent
Nuclear Non-proliferation and Radiation Security	13,5	14,8	1,3	0,6	9,63 per cent	4,71 per cent
Total	1 159,4	1 085,7	- 73,7	- 122,4	-6,4 per cent	-10,56 per cent

Source: National Treasury, (2024)

This programme receives the **second largest budget allocation**, after Programme 5, an allocation of **R1.085,7 billion**. Nominally, the budget for this programme decreases by 6.4 per cent, and decreases by 10.56 percent in real terms.

Nuclear Safety and Technology sub-programme receives the bulk of the budget, a total of R1.062,8 billion, a decrease of 6.62 per cent in nominal terms and a decrease of 10.81 percent in real terms. This sub-programme manages and implements all matters related to nuclear safety and technology, as required by legislation and international agreements. It also implements nuclear energy policy, in line with the requirements of the Integrated Resource Plan (IRP). In addition, the sub-programme administers all matters pertaining to nuclear technology, safety, liability and

emergency management with the aim of improving the governance of the nuclear sector. This sub-programme also makes transfers to the South African Nuclear Energy Corporation (NECSA), the National Nuclear Regulator (NNR) and the National Radioactive Waste Disposal Institute (NRWDI); and is responsible for paying membership fees to international organisations.¹⁴

Nuclear Energy Management sub-programme receives R8,1 million, reflecting an increase of 3.85 per cent in nominal and, decrease of 0,82 per cent in real terms. This sub-programme provides overall management to Programme 6, and oversees the national

¹⁴ National Treasury, (2024).

liaison office of the International Atomic Energy Agency (IAEA); and is responsible for managing the African regional cooperative agreement for research, development and training related to nuclear science and technology.

Nuclear Non-proliferation and Radiation Security sub-programme receives R14,8 million, reflecting an increase of 4.7 per cent in real terms. This sub-programme manages and implements all matters related to nuclear non-proliferation and radiation security, as required by legislation and international agreements. It also administers the use of nuclear material, related equipment and facilities, including nuclear technology, to ensure compliance with legislation and international agreements.

4. Observations

- **The National Solar Water Heater Programme:** Progresses reported on the implementation of the National Solar Water Heater Programme was noted. About 45 000 Solar Water Heaters are reportedly installed in the various municipalities.
- **Fuel Adulteration:** There is an appreciation that law is taking its course regarding the 77 fuel stations that were found selling contaminated fuel.
- **Integrated Resource Plan for Electricity, Integrated Energy Plan:** It is appreciated that these long overdue plans will be finalized during the year under review. It is also noted that the research work and modelling is done by the Department, working with Eskom, especially on modelling.
- **Illegal Mining:** The Committee welcomes the fact that there is a plan to ensure that illegal miners are arrested and that, in 2023, the Department worked together with Department of Justice and drafted a General Laws Amendment Bill, to address legislative gaps regarding illegal mining.
- **Beneficiation:** There was concern that the Department, on its plans, is silent on beneficiation. There is a view that beneficiation can contribute to addressing the high unemployment challenge that South Africa is faced with. The explanation that beneficiation is an energy intensive process, and that security of energy supply is key to was noted. The Department in 2022 drafted a negotiated pricing framework which had to do with Eskom entering into a negotiated pricing arrangement with smelters. The price and framework was approved by cabinet and it is being implemented.

- **Mining Licensing Backlog:** The commitment that the mining licensing system (cadastre) will be live next year was welcomed by the Members as it will go a long way in addressing the backlog. The explanation that the Environmental Impact Assessment process which forms part of the license application contributes to the backlog was noted as possible area that needs to be looked at.
- **Implementation of Social and Labour Plans:** There was a concern that mining houses often do not fulfil their commitments. There is a disjuncture between the profit they make and the money they invest in surrounding communities.
- **Transfers to the municipalities:** Over 70% of the Department's budget is for transfers and subsidies to Eskom and Municipalities. In respect of the transfers to the municipalities, there was a concern regarding the constant underspending of the allocated money and how the Department deals with this situation. In terms of underspending there is a structure on electrification that includes South African Local Government Association (SALGA), Association of Municipal Electricity Utilities (AMEU) which is also a municipal infrastructure support agency where the programme on a regular basis is discussed and the issues that municipality is facing are discussed. Thus, the issues of underspending are addressed within these structures.
- Members were concerned about the funding that is needed to expand and strengthen the transmission infrastructure.

5. RECOMMENDATIONS

Having considered the planning documents and budgetary allocations for the 2024/25 financial year, the Committee recommends that the Minister of Mineral Resources and Energy, should:

1. Prioritize the tabling of the General Laws Amendment Bill to address illegal mining through legislative provisions and ensure implementation of the recommendations of the Portfolio Committee on Mineral Resources and Energy's 2022 Joint Oversight Report on Illegal Mining.
2. Expedite the process of regulating Artisanal and Small-Scale Mining.

3. Provide an update to the Committee regarding the Solar Water Heater Programme and future plans for the programme.
4. Ensure that the cadastral system is live before the end of the 2024/25 financial year. The Cadastral System will address the issue of length of time taken to approve and award mining rights and permits.
5. Provide the committee with a briefing regarding the two research papers on the status of mining in South Africa and Critical Minerals.
6. Provide a comprehensive briefing and report on fuel adulteration.
7. Consider having discussions with the National Treasury regarding a possible increase of the Mine Health and Safety budget allocation to enable better resources to ensure mine health and safety in the sector.
8. Ensure the Integrated Resource Plan (IRP23) for electricity and the Integrated Energy Plan (IEP) are finalized before the end of the 2024/25 financial year.
9. Ensure that Social and Labour Plans are implemented by the mining houses as per the agreements entered into.
10. Comprehensively brief the Committee on Energy and Electricity on Koeberg Long Term Operation (LTO) and New Nuclear Build Programme.
11. Ensure that funding opportunities for the strengthening and upgrading of the transmission network are explored.

6. CONCLUSION

The Portfolio Committees on Mineral and Petroleum Resources and Electricity and Energy will continue to fulfil their Constitutional mandate. The Committees are guided by the Parliamentary rules in conducting the oversight on the functioning of the Department of Mineral Resources and Energy. This is done to ensure proper and effective functioning and compliance with the legislation and policy requirements.

Report to be considered.
