

**REMARKS BY
HONOURABLE
MINISTER OF
PETROLEUM**



**THE
MINERAL AND
RESOURCES**

MR GWEDE MANTASHE (MP)

DEBATE ON THE OPENING OF PARLIAMENT ADDRESS

19 JULY 2024

Speaker of the National Assembly, Ms Thoko Didiza

Chairperson of the National Council of Provinces, Ms Refilwe
Mtsweni-Tsipane

The President of the Republic, His Excellency, Cyril Ramaphosa

Deputy President of the Republic, His Excellency, Paul Mashatile

Honourable Members of Parliament

We start this debate with a big temptation to engage one-another on peripheral battles rather than focusing on the task at hand. However, we have decided ***not to succumb to this temptation*** nor play into the gallery, but opted to ***engage on real and important issues*** that affect society. We, therefore, appeal to all members of this house to put our heads together and ***find lasting solutions*** to the massive problems facing our country.

It is in this context that, I will focus on the apex priority of the Government of National Unity (GNU) as announced by the President and that is, ***inclusive economic growth and employment creation***.

The ***National Development Plan (NDP) 2030*** enjoins us to eliminate poverty, reduce inequality, and make it a priority for all of us to create employment opportunities for the people of South Africa.

If we all subscribe to the objectives of the NDP and agree that we have a collective responsibility to ***urgently address high unemployment***, we must, therefore, put our heads together and come up with a formula that will work and ensure that employment is created.

To do this, we must focus on the ***primary sectors of economy*** to anchor growth and development, which include ***mining, agriculture, and petroleum***. This is important because it is on the back of these sectors that secondary and tertiary sectors can grow stronger.

We must start by recognising the fact that overall intervention to unemployment is critical, hence we ***support the visa reforms to attract skills and investment*** into the economy. However, if we are to meaningfully address the unemployment crisis, we will have to focus ***on the lower end of the labour market*** where mass employment is required. In doing this, we must be mindful that it will ***attract criticism and accusations*** that we are being ***Xenophobic***, but reality is South Africa is facing an unemployment crisis that must be addressed with immediate effect.

The push against employment of local labour in the ***hospitality, construction, and farming industries*** need serious and urgent attention. It is uncanny that every time one goes to a restaurant, one is guaranteed to be serviced by our

brothers from outside of South Africa. We need to begin to preserve these sectors for local labour and ensure that these industries do not be ***attracted to employing cheap labour*** from neighbouring countries, and consequently exploit those workers because their desperation makes them to have no choice. The ***recent disaster in George*** exposed this practice in the ***construction*** industry.

We must draw ***lessons from the mining sectors*** which used to have 70% of its labour force drawn from the neighbouring countries. Today, the labour force in the South African mining sector is less than 20% and is properly documented. If we are serious about employment creation, we cannot continue to have herdsman and shepherds in the ***farming sector*** recruited from neighbouring countries when that does not require any complicated basic skill.

For us in the mining sectors, as we set sights on addressing the obstacles on granting of mining permits and licenses, we must translate these into the ***emergence of new mines*** irrespective of size. We firmly believe the ***R400 million exploration fund*** will not only lead to the discovery of new mineral deposits but will further lead to the creation of new jobs. The first applicants for this fund are being processed, with the appreciation that this is not only about exploration, but the entire value chain, starting with ***exploration, mining, and mineral processing***.

Equally important, is the ***artisanal and small-scale miners fund***, for which we have set-aside ***R72 million*** during this financial year, with optimism that we can get more contributions to improve it, as it will enable these miners to mine marginal deposits, add to production, and create employment.

Honourable speaker, our country is endowed with ***petroleum*** deposits that are not yet exploited. We appeal to all South Africans to appreciate that our quest for the exploration of these deposits is not just about exploiting them, but about opening those deposits up for economic activity. We must therefore challenge the ***foreign-funded Non-Governmental Organisations*** (NGOs) that oppose every initiative to explore oil and gas, by taking us to court and, consequently deject investments in this sector. As we consider the Medium-Term Development Plan, this government must also develop a framework to encounter the anti-developmental agenda of these NGOs and begin to appreciate a balanced approach to mitigate against pollution, climate degradation, and not stifle development.

In addition, the ***justice system*** will need look into this reality with a view of find lasting solutions as all these cases end up in court, and many of them get delayed to a point where investors decide to disinvest in South Africa such as Shell which abandoned a seismic survey in our shores and ended up in

Namibia where they made huge discoveries of oil. To us, these are jobs that are denied before they are created. Our conviction is that this is one professional area of employment creation that we must pursue.

We must, therefore, accept, unreservedly, that we **need responsible mining and petroleum exploration** that is conscious of preserving the environment while accelerating development. The formation of the **South African National Petroleum Company** is not just a nice to have, but an urgent intervention by government aimed at creating a state-owned national company to actively participate in oil and gas projects.

In the value chain of mining and petroleum, **beneficiation** will create employment opportunities. To enable this, few interventions are going to be necessary for government to accept. For beneficiation to happen and flourish, there is a need for, firstly, **reliable, efficient, and affordable electricity supply**, and, secondly, the development of a **scheme to incentivise beneficiation**. We have examples, where certain activities that government wanted to encourage were provided with tax holidays for a limited period to encourage them to enter that space and create a business at that level. As we talk of **export tax**, as an option to encourage local beneficiation, we will need an aggressive programme to engage business and

consider the introducing electricity tariffs that are linked to the commodity price.

The President spoke about establishing a ***Sovereign Wealth Fund*** which, in our view, is urgently needed for our developing economy and necessary to sustain our economy when we go through difficulties. We can look into various models, including ***mining royalties***, which give us an average of ***about R28 billion per annum***, that can be considered without creating a complex tax system in the economy. We are convinced that, if we start with it and continue with it over years, we will have a sustained sovereign wealth fund into the future.

As we address the question of unemployment and develop a framework for inclusive economic growth, we should bear in mind the importance of ***involving black South Africans in economic activity*** and facilitate their growth, even if they enter the space as small and emerging businesses. Government support will be helpful in creating those opportunities, and we must appreciate that money spent in supporting such businesses forms part of government's contribution to employment creation.

Access to the land is not only a basic necessity, but equally an important part of economic development. Our programme to transfer land to previously deprived sectors of society is going to require support programmes to facilitate their involvement

because deprivation killed the ***relationship between a black person and the land***. To us, it is not a question of just transferring land, but an issue of developing the relationship between a black person and the land. Therefore, skilling such people will be critical for the success of this programme.

Let us accept the task given to us of ***undertaking a comprehensive review of the fuel price formula***. As we prepare to start this process, there are few questions that we must answer in the process:

- Firstly, if we are importing fuel and not have our own capacity to produce fuel, do we have a choice on how to regulate the price of fuel?
- Secondly, is it sustainable to have the general fuel levy and the Road Accident Fund (RAF) levy which have a distortion effect on the price of fuel? When we ultimately review the fuel price formula, we must be mindful that we will have to include those levies in the discussions.

In conclusion, honourable speaker, it is imperative that this government consciously invest in productive sectors to sustainably support its social spending. All these propositions will work if we support them with detailed plans and management framework to accelerate execution.

I thank you.