

Recovery plan proposed for mining and energy

The economic backlash of Covid-19 has prompted the government to come up with a recovery plan intended to restore business confidence, stimulating investments as well as safeguarding and creating jobs in the mining and energy sector.



Image: Getty/Gallo

Mining activity slowed by 21.5% - the biggest slump in six years - at the end of June, making the sector the most significant contributor to the economy's poor performance in the first quarter, according to Stats South Africa.

"The Mining and Energy Recovery Plan intends to restore and restructure the industry within the context of a renewed, sustainable minerals and energy complex, pivotal in the reindustrialisation of the country, while transforming the mining and energy industry," said Tourism Minister Mmamoloko Kubayi-Ngubane. She was delivering the Budget Vote Speech of the Minister of Mineral Resources and Energy on behalf of Minister Gwede Mantashe, who is recovering from Covid-19.

The mining sector's economic recovery plan will focus on the implementation of the small-scale mining (SSM) Framework; forming partnerships with aligned departments and entities to leverage on their resources and experiences for maximum impact.

The plan also widens reach by providing technical, social regulatory support for community based projects; as well as developing an artisanal and SSM policy.

Artisanal, small-scale mining policy

"Currently the Mineral and Petroleum Resources Development Act (MPRDA) does not define artisanal and small-scale mining (ASM) concepts and does not sufficiently cater for the artisanal mining industry. Small-scale miners are virtually treated the same as large-scale miners in terms of environmental, water use, health and safety and financial provisioning requirements," the minister said.

Small-scale projects

She said as of 1 April 2020, the department has approved R38m towards rehabilitation costs, exploration and capitalisation of small scale projects.

The department has already drafted a paper on a set of interventions to revive and increase the competitiveness and sustainability of the ferrochrome sector.

“This paper will soon be presented to Cabinet for approval. These interventions will ensure that we derive maximum benefit from the comparative advantage of our mineral wealth, save jobs and place this sector on a new growth path,” she said.

Assessment of Molteno-Indwe coalfield, Ga-Ramokoka carbonatite complex completed

Kubayi-Ngubane said a reconnaissance assessment of the Molteno-Indwe coalfield in the Eastern Cape and the Ga-Ramokoka carbonatite complex in the North West Provinces has been concluded.

“Preliminary results in the Molteno-Indwe coalfields show an estimated economically exploitable coal tonnage of 320-million tonnes, with a value beneath the ground of R122bn, using a conservative estimate of R350 per ton.

“The Ga-Ramokoka carbonatite complex hosts numerous minerals that span an estimated tonnage of rare earth elements at 470,000 tonnes, phosphates at 300,000 tonnes and copper 30,000 tonnes. The potential value of a suite of minerals in the carbonatite is estimated at R1.4bn,” the minister said.

Mintek working with the industry to develop world-class smelter complex

Mintek is working with industry and international researchers to develop a world class smelter complex to exploit the Bushveld Complex deposits, which constitute the world’s largest unexploited repository of iron, titanium and vanadium.

“This will entrench South Africa’s position as the leading supplier of vanadium and titanium, and funding of nearly R120m has been secured for this initiative,” the minister said.

She said the South African iron and steel sector has been struggling with uncompetitive costs.

“One of the drivers is that up to 50% of the iron ore that is mined is discarded as fine and waste material. Mintek has developed technology to beneficiate this low grade and fine material and is working with industry players to implement the solution and significantly impact the current uncompetitive cost structure,” she said.

Mintek has also developed Fuel-cell catalysts and membranes which are currently being commercialised with the aim of supplying the global market.

Energy sector

South Africa has also embarked on the liquefied petroleum gas (LPG) expansion initiative.

“LPG is the most efficient form of energy for cooking, space heating as well as water heating, yet its contribution is below

par. We will set a target to double consumption of LPG in South Africa over the next five years.

“This will alleviate pressure on the Eskom power supply. To ensure orderly development, all role players in the value chain will have to be registered with the department,” Kubayi-Ngubane said.

The department will work with the Department of Trade, Industry and Competition to localise the manufacturing of gas cylinders and appliances.

Following the announcement of the gas condensate discovery in February 2019, Total and its partners are continuing with their drilling programme and have since procured the services of the Stavanger rig.

“The Nowergian rig will hit South African shores next month and will drill up to 18 months with a total investment of R1.5bn. This investment could not come at a better time and it will have massive multipliers on other economic sectors like tourism, fuel supply and the hospitality sector,” she said.

Council for Geoscience

A resolution has been taken to appoint the Council for Geoscience (CGS) as the implementing state agency of the carbon capture utilisation storage (CCUS) project, previously implemented by the South African National Energy Development Institute (Sanedi), a project co-funded by the South African government and the World Bank.

“Concerns around climate change and the just transition have necessitated a deliberate investment in research for clean coal technology that considers the carbon capture, sequestration and utilisation in order to reduce the nation’s carbon footprint, in accordance with our ratification of international climate change protocols,” the minister said.

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