

Slowing down a moving train: the DMRE's response to South Africa's just energy transition

POLICY BRIEF

DECEMBER 2024

ABOUT THIS BRIEF

This brief is based on a longer PARI report, published in September 2024, titled [Transitions: The Role of the DMRE in South Africa's Just Energy Transition](#). Shortly before the release of the report, South Africa held its seventh general election. The results of that election produced a Government of National Unity (GNU), and consequent changes in cabinet and some government departments. The Department of Mineral Resources and Energy (DMRE) referred to in this policy brief has now been split into the Department of Mineral Resources and Petroleum (DMRP) and the Department of Electricity and Energy (DEE). The following policy brief discusses the former DMRE in present tense: while the DMRE has been split into two organisations since the research was undertaken, most of the structural and institutional dynamics identified in the research remain in place and will need to be addressed to support South Africa's just energy transition.

SUGGESTED CITATION

Chilenga-Butao, T. (2024) 'Slowing down a moving train: the DMRE's response to South Africa's just energy transition'. Policy Brief. Johannesburg: Public Affairs Research Institute.

AVAILABLE ONLINE AT

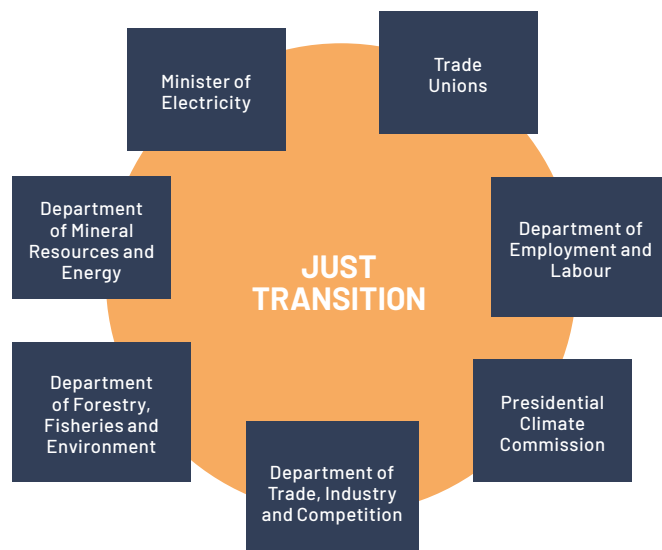
<https://pari.org.za>

Abstract

South Africa's Department of Mineral Resources and Energy (DMRE) should have a key role in the just energy transition. It has been a regulator and policymaker of the country's mineral resources and energy sectors since the 1800s. However, the DMRE is slowing down the energy transition, primarily due to its perception of the institution as being a bulwark against neocolonial and imperialist forces in South Africa's mining and energy sectors. This self-perception has created contradictions in the DMRE's internal bureaucracy and lost opportunities for the department to use its own policies and processes to facilitate the transition. Drawing on research finalised in 2023, this policy brief outlines the reasons for the DMRE's lack of contribution to the energy transition and makes recommendations about how it can effectively contribute to this process. The policy brief then motivates for the DMRE to have a more proactive role in South Africa's just energy transition.

INTRODUCTION

The just energy transition (JET) is not the sole responsibility of the DMRE. There are many government departments responsible for different parts of South Africa's JET, which illustrates the complexity of this process. Nevertheless, as the policy, licencing and regulatory institution over these critical sectors, it has a significant role to play in South Africa's energy transition and a role in the JET more broadly.



The DMRE has overseen South Africa's mining and energy sectors since the 1800s. Given this history and its current mandate, the DMRE's practices will significantly impact the pace and outcomes of the JET. While it cannot make decisions about the JET alone, the DMRE's perspectives on the JET, its own internal processes and capacities, will affect the transition.

This policy brief serves two purposes. The first is to motivate for a more proactive role for the DMRP and DEE in South Africa's transition. Based on research conducted over the past two years, the policy brief will provide an overview of the challenges the department faces in proactively participating in the JET; as well as provide some recommendations about how to overcome these. The second purpose of this policy brief is to provide insight into the general workings of some government departments, using the DMRE as a lens. While not all government departments are the same and there will be distinct differences in the goals and outcomes of all government departments, PARI's hope is that the insight into the DMRE will assist stakeholders of the JET, policymakers, academics and anyone interested in how such an institution functions.

The policy briefs aims to be constructive: the critical analysis intends to support reflection and debate about the DMRE's role in South Africa's just energy transition. The JET is a contested concept in South Africa. As the findings in our report show, the DMRE is not being as proactive as is expected from an institution with the mandate it has, in part because, our report argues, it views itself as a bulwark against 'anti-transformative', 'imperialist' forces and a protector of South Africa's existing mineral resources and energy sectors. To understand some of these dynamics, we must understand the nature of the political-economy in post-apartheid (post-colonial) South Africa. Furthermore, we must understand how these issues shape the perspectives of institutions such as the DMRE. This policy brief takes this position seriously and considers this as central to the DMRE's inner workings. Rather than criticise, this policy brief aims to work through this position and find common ground for working with the DMRE.

Transitioning – changing gears and moving parts

The DMRE's founding legislative framework – developed during the transition to democracy – discusses sustainable development and environmental management as core mandates and approaches to the department's work. The latter is thus a precursor to many of the concepts that inform the JET and thus the department's regulation of mining matters for the JET. There are a number of major constraints to the DMRE playing a more effective role in supporting sustainable mining. This is evident in the management of environmental regulations between the DMRE and the Department of Forestry, Fisheries and Environment (DFFE). Until 2014, the DFFE oversaw the environmental management of mining activities. In 2014, the One Environmental System (ONE) was introduced, allowing the DMRE to oversee environmental management emanating from mining activities – the same mining activities that the DMRE licenses. This has created a conflict of interest where the DMRE is effectively managing a process that contradicts the very nature of its operations. In other words, the DMRE's main goal is to facilitate mining and energy production, whereas environmental management seeks to reduce the harm of these activities in the natural environment.

Our research indicates that policies such as the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) have not been fully implemented by the DMRE. According to the MPRDA, the DMRE should be collecting environmental management plans from mining companies when they apply for mining licences. These plans are executable once companies close mining operations. However, DMRE stakeholders point out that they cannot get evidence of mining licences from the DMRE, much less the attached environmental management plans.

Similarly, when mines close their operations, the DMRE should follow procedures to ensure proper demarcation and sealing of mineshafts, among other responsibilities. The current processes for mine closures were not transparent, leading to health issues for people living near mine dumps

and illegal mining by *zama zamas*¹. The Draft Mine Closure Strategy,² which also addresses mine closures, was released in 2021 – approximately 19 years after the promulgation of the MPRDA. Our research finds that DMRE stakeholders view the lack of policies around mine and power plant closures as lost opportunities for the DMRE. These opportunities could create a blueprint from which to draw experience and skills for the current JET.

With regards to current policymaking and planning processes, the department has exhibited significant reluctance to take a leading role in the energy transition and wider JET. Importantly, the Integrated Resource Plan (IRP) is a policy space that the DMRE appears to be underutilising to make interventions in the JET. According to stakeholders such as energy experts and trade unions, the IRP is the quickest and most decisive way for the DMRE to indicate its policy position on the JET. However, the IRP is not updated regularly, neither is there transparency around its calculations for the energy mix and other important targets to reach net zero. Furthermore, the DMRE lacked ownership over the early versions of the IRP in 2009 and 2018.

Finally, there is serious policy contestation between the DMRE and the Presidential Climate Commission (PCC). Established in December 2020, the PCC describes itself as a multi-stakeholder organisation, acting as a catalyst for 'a just and equitable transition towards a low-emissions and climate-resilient economy'.³ This includes formulating policies and reports on the technical goals for net zero – work that the DMRE should be participating in, but does not to the extent that it should, given its mandate. While the DMRE is not responsible for every aspect of the JET, this department has an important role to play in the energy transition. However, the PCC appears to be doing some of the technical work that the DMRE should be doing to inform the energy transition. Thus, the PCC and DMRE have been at loggerheads, at least in terms of policymaking for the energy transition.

Moving Parts

The DMRE also has its own moving parts: it split into two departments in 2009 and merged again in 2018. The split into mineral resources and energy departments respectively occurred during a time of serious contention over public policy. Known as the state capture years, this time in the DMRE's history also led to a loss of critical skills in both departments, an impasse in policymaking and uncertainty in these departments. In addition, organisational restructuring had major impacts on internal capacity. Everything from physically moving offices, to staff morale and safety of assets is affected during such times. It was evident during our research in 2023 that the DMRE was still finding its feet after the institutional rupture between 2009 and 2018.

The information infrastructure of the DMRE has been in bad condition for some years, partly owing to the split and merge of the department. Stakeholders reported that there is a serious lack of communication, transparency and accountability about the energy transition in particular, and some of its processes in general. These processes include the one described above, where the DMRE is not providing stakeholders with environmental management plans submitted by mining companies during the mining-licence process. Furthermore, stakeholders report that it is difficult to get any information from the DMRE – responses to emails to formal information that has been applied for through the Promotion of Access to Information Act 2 of 2000 (PAIA).

The DMRE has a stakeholder management directorate whose purpose is to 'manage engagement between the mining industry, communities and stakeholders to accelerate sustainability and transformation between the community and mining industry'.⁴ This directorate is also responsible

1 Olalde, M. (2015) 'Gold rush's toxic legacy lingers'. *Mail & Guardian*, 22 October 2015. <https://mg.co.za/article/2015-10-22-gold-rushs-toxic-legacy-lingers/>. Accessed: 15 June 2024.

2 Government of South Africa (2021) Mineral and Petroleum Resources Development Act: National Mine Closure Strategy. https://www.gov.za/sites/default/files/gcis_document/202105/44607gen446.pdf. Accessed: 15 June 2024.

3 PCC (2024) About the Presidential Climate Commission. <https://www.climatecommission.org.za/about>. Accessed: 03 July 2024.

4 Updated Structure of the Department of Mineral Resources and Energy, 04 August 2023. Accessed: 18 September 2023.

for managing the negative impacts of mining in communities, among other responsibilities⁵ that align with the broad objectives of a just energy transition. Therefore, there is an institutional incoherence between the DMRE's objectives, and its implementation and outcomes thereof.

Stalling – why the DMRE is slowing down the pace of South Africa's just energy transition

The DMRE stands out as a government department that has not fundamentally changed the way it functions since it was established in 1870. It has always overseen the country's mining and energy production in a way that focuses on mining and creating sufficient energy for South African industries and households, while exporting excess coal to international markets. Thus, the JET presents fresh challenges as domestic⁶ and international calls for changes in mining and energy increase. Why is the DMRE not responding to these calls?

Our findings, which we outline further in the full technical report, show that the DMRE is not fully participating in South Africa's JET because it views the energy transition as an imposition of western values and ideals on a country that has not fully utilised fossil fuels to expand its economic growth. Moreover, western countries have industrialised through their expansion of fossil fuel industries, mostly based in South Africa and on the African continent. As such, the DMRE's self-perception is that it is a bulwark against imperialist forces. These imperialist forces seek to dictate South Africa's growth trajectory; and unfortunately, the DMRE and the country will not be able to resist this imposition because it is accompanied by funding to implement the JET.

This view runs deep through the DMRE ministry. The views of the minister are apparent in public and in the media.⁷ However, our findings reveal that this view runs deep within the DMRE too.

When we probed why the DMRE is resisting the JET, our findings essentially point to two clear contentions. The first contention is that the DMRE disagrees with the methodologies of the JET. The transition to green energy requires a decrease in fossil fuel production, which contributes to South Africa's gross domestic product. The second contention is around funding South Africa's JET. The Minister of the DMRE has indicated that the funding commitments for the JET are far below the annual returns from mining.⁸ *While we did not find that officials in the Department denied the reality of the climate change crisis, the DMRE has believed that the lower emissions agreements and methodologies of South Africa's current energy transition, and their financing, are fundamentally a western imposition. Furthermore, this imposition has been held to take little cognisance of what the DMRE believes to be the centrality of mining and coal-based energy production in the South African economy and in the post-apartheid development and racial transformation project.*

5 According to the organogram, these responsibilities include:

1. Manage the socioeconomic coherence between the mines, MPRDA and mine surrounding communities by addressing the social impact affecting mine-surrounding communities.
2. Develop and implement strategies to improve communication between the mines and community representative structures.
3. Align relevant legislation; MPRDA and the Municipal Systems Act to bridge the gap between the Social Labour Plan and Municipal Integrated Development Programmes (IDP Communities).
4. Promote mining industry regulation by sharing information with relevant stakeholders as well as interested and affected parties.
5. Coordinate and facilitate the tripartite meeting between mine communities, mines and interested and affected stakeholders.

6 Allsop, G. (2022) 'Groundbreaking court judgment on mining and community rights'. *GroundUp*, 22 September 2022. <https://groundup.org.za/article/groundbreaking-court-judgment-mining-and-community-rights/>. Also known as the Xolobeni Case. Accessed: 09 July 2024.

7 See Evans, J. (2022) 'The Just Transition? "Fundamentalist" Gwede Mantashe sticks to his guns, promises "a lot of coal generation by 2030"'. *Daily Maverick*, 01 February 2022. <https://www.dailymaverick.co.za/article/2022-02-01-fundamentalist-gwede-mantashe-sticks-to-his-guns-promises-a-lot-of-coal-generation-by-2030/>. Accessed: 06 June 2023. And Leshoro, D. (2023) 'Mantashe: Renewables aren't going to save us'. *City Press*, 07 March 2023. <https://www.news24.com/citypress/business/mantashe-renewables-arent-going-to-save-us-20230307>. Accessed: 9 April 2024.

8 See Evans, J. (2022) 'The Just Transition? "Fundamentalist" Gwede Mantashe sticks to his guns, promises "a lot of coal generation by 2030"'. *Daily Maverick*, 01 February 2022. <https://www.dailymaverick.co.za/article/2022-02-01-fundamentalist-gwede-mantashe-sticks-to-his-guns-promises-a-lot-of-coal-generation-by-2030/>. Accessed: 09 July 2024.

The DMRE is dragging its feet in the energy transition in part because of the high stakes in the mining industry. Findings in our report reveal that not only has the DMRE been part of working and middle-class formation in South Africa; it also recognises that there is a group of emerging black mining industrialists who have bought mining equipment from large mining conglomerates divesting and selling their mining equipment. Emerging black mining industrialists have not yet reaped profits from their investments. Therefore, the DMRE is hesitant to quickly endorse and participate in the energy transition, which it sees as threatening the livelihoods of a number of stakeholders – miners as well as emerging black mining industrialists. Effectively, the DMRE is slowing the JET down on the basis its self-perception as well as its perception of South Africa's development trajectory.

RECOMMENDATIONS – TOWARDS A GREEN LIGHT

In this section we recommend actions that the DMRE can take to reorient its thinking about the energy transition. These recommendations are accompanied by measures that the DMRE's stakeholders can take to work collaboratively with the (now) two departments. Importantly, the recommendations focus on the DMRE's overarching political and structural nature, in line with our data and findings during our research.

Use existing policy frameworks. The DMRE has a number of policy tools at its disposal, through which it can make decisive interventions in South Africa's JET. These tools include overseeing the implementation of environmental management plans, properly structured mine closures and the finalisation of relevant legislation, and the energy mix in the Integrated Resource Plan (IRP).

Increase accountability, transparency and communication. There needs to be more accountability, transparency and effective communication between the DMRE and its stakeholders. Our findings reveal that a number of stakeholders struggle to source information from the DMRE; and the department also avoids publicly disclosing its position on crucial issues as discussed above. Therefore, one of the ways that the DMRE can engage interested stakeholders is by opening itself up to ongoing discussions and engagements about the JET. To a certain extent, the mandate to engage with stakeholders is built into the DMRE, as with many government departments.

Removing the conflict of interest between mineral resources and energy. During this research and at the time of writing, our strongest recommendation was to split the DMRE. The main reason for this is that there are conflicts of interest between mineral resources and energy, especially relating to the JET, than are manageable under a single department. Energy is developing at a more rapid pace than the minerals sector; and, the continuing extraction of fossil fuels does not encourage the state's evolution of energy production. Therefore, the DMRE should be split to align with the different approaches to the minerals and energy sectors. PARI made this recommendation cautiously, as it was aware of how splitting a department often damages the institution. It can take many years for an organisation to find stability and focus after such changes. However, to enhance oversight and innovation, and to resolve the conflicts of interest outlined above, the minerals and energy sectors required yet another split in the relevant department. This time, however, it must be calculated appropriately, with full awareness of the support required for staff, whose morale suffers during such changes.

Working with the 'new' Department of Mineral Resources and Petroleum; and the Department of Electricity and Energy. As stated at the beginning of this policy brief, on 30 June 2024, President Cyril Ramaphosa announced a new Cabinet under the Government of National Unity. Based on this announcement, our recommendation to split the DMRE foreshadowed the changes to government departments. Stakeholders of the former DMRE and the JET understand the conflicts of interest between the mineral resources and energy sectors. Often, stakeholders have experienced these conflicts of interest through their advocacy.

Now that the conflicts of interest have been reduced, at least formally through splitting mineral resources and energy under two different departments, stakeholders will need to broaden their pressure-points across these two departments. This will involve more work and advocacy for

stakeholders. However, at the rate that energy has evolved compared to mineral resources, a window of opportunity could be open to work with the Department of Electricity and Energy more constructively. Moreover, the GNU provides a multiplicity of opposition parties working in national government. Again, this provides windows of opportunity for advocacy around the JET.

Understanding the transformative agenda. Understanding the post-apartheid state's transformative agenda, including racial transformation of the patterns of economic ownership, is a necessary part of promoting and advancing the transition. The history of the DMRE's role in minerals-energy complex and the post-apartheid state's goal to pursue a transformative agenda in this sector, cannot be overlooked in advocacy for the JET. Furthermore, the coal industry has long provided livelihoods for working-class South Africans. All these factors make it crucial to avoid the potentially racially charged imagery invoked during campaigns aimed at bringing attention to the need to transition from coal to renewable energy. In a similar vein, if coal is associated with local black mining industrialists and a black working class, and renewables with white and foreign capital, this has major implications for messaging in a way that can build consensus for the JET. Therefore, the DMRE's civil society stakeholders might benefit from placing the post-apartheid racial transformation of the economy at the centre of their discussions and engagement in relation to the JET, while also challenging the state's often narrow conception of this transformation agenda.

At the same time, there is an urgent need for a broader, organised, public debate about how South Africa should meet its energy needs in a sustainable way, how this should be financed and which economic model should guide the process. Tensions between state organisations as well as between different stakeholder groups over the energy transition are often, though not only, about disagreements regarding the role of the state versus the market in the economy. This indicates a need for a proper macroeconomic policy debate in South Africa and for consensus building across constituencies and social partners towards a clearer development model. Ideally, the energy and JET policy should flow from this.