



Ministry of Mines and Energy
Vote: 15

Budget Speech

By
Hon. Isak Katali, MP
12 April 2013



Honourable Speaker,

Our Ministry is the custodian of Namibia's rich endowment of Mineral, Geological and Energy resources it is my honour and privilege to table to this August House vote 15 of, the Ministry of Mines and Energy. Our Ministry promotes, facilitates, regulates and monitors the responsible and sustainable utilisation of these resources for the benefit of all Namibians.

The Ministry is engaged in activities that have a significant and far-reaching impact on the overall performance of the national economy and the wellbeing of the Namibian people. These activities involve mineral exploration, mining, beneficiation as well as ensuring security of supply.

*Honourable Speaker,
Honourable Members,*

With this in mind, it is my pleasure to present our Ministry's budget proposal according to the programmes outlined in the Medium Term Expenditure Framework. I will briefly discuss our successes and challenges during the previous financial year while introducing to the house our request, having in mind that there is an accountability report already submitted and an annual report that will follow.

1. Promotion of Local and Foreign Investment in Exploration and Mining.

During the 2012/2013 financial year, N\$17.97million was budgeted for small scale mining projects. A total of N\$13.5million was spent to procure the requisite machinery, equipment and accessories for the implementation of the projects, while the balance of N\$4.47 million was used as preconstruction costs for the three small scale mining project facilities. The three small scale mining projects are:

- A Slate stone Cutting and Polishing facility at Noordoewer, in the Karas Region.
- A Cutting and Polishing facility for dimension stone remnants at Karibib in Erongo Region, and;
- A Sodalite remnants and semiprecious stone Cutting and Polishing facility at Khorixas, in Kunene Region.

For the 2013/2014 financial year a budget of N\$27.847 million has been allocated for the implementation phases of other small scale mining projects that were found to be technically feasible in previous years in other regions.

On a sombre note, during the 2012/2013 financial year a total of five fatalities were recorded in Namibia's mining industry. This is indeed a loss to family members of the victims, to fellow workers, employers and the government of Namibia. The Ministry will use additional resources to increase regular mine visits and intensify health and safety awareness to the mining industry.

An amount of **N\$ 57,188,000** has been budgeted to promote local and foreign investment in exploration ensuring that Mineral production benefits the nation.

Honourable Speaker,
Honourable Members,

2. Creation of Knowledge of Namibia's Geological Resources

The Geological Survey of Namibia as the National Institute for Earth Sciences and Mineral Resources is entrusted with management and research of one of our most important assets – the Earth - in which our life support system is rooted. The institution's mission is to enhance knowledge and awareness of Namibia's geological resources. Through scientific investigations as well as application and dissemination of quality research data our scientists of the Geological Survey of Namibia are facilitating the search for and the assessment of mineral resources, geological engineering and land use planning and sustainable development with due regard to the environment.

In order to enhance the understanding of our geo-environment, the Geological Survey of Namibia will continue with a variety of activities, such as the interpretation of the very successful airborne geophysical surveys - which has already led to the discovery of the Husab Uranium Mine; and the regional geochemical survey, which allows us to take informed decisions on land use planning. The negative impact that the exploitation of mineral resources potentially has on the environment is minimised through environmental geology surveys on active and abandoned mines as well as exploration activities, in order to allow for sustainable development of the various economic activities in Namibia, including conservation.

We have set aside an amount of **N\$ 41,771,000** to minimise the negative impact of mineral resource exploitation on the environment and enhance the understanding of Namibia's geo-environment including its geological resources.

Honourable Speaker,
Honourable Members,

3. Protection of Namibia's Diamond Industry

Diamonds continue to play a meaningful role in Namibia's economy and still contributing disproportionately towards the state Revenue Fund by way of royalties and taxes. As a strategic resource, their monitoring and regulation remains one of the major priorities for the Ministry. We have three logistical bases; in Oranjemund, Lüderitz and Swakopmund with offices and accommodation for our diamond inspectors. They monitor all diamond prospecting and mining operations to ensure that the revenue from our resources is protected at source. Last year alone, diamonds contributed up to N\$700 million, an increase of about 37% from 2011 in royalties.

Beneficiation of our diamonds has suffered some setbacks resulting from high diamond prices which have helped to diminish margins, the liquidity crises in India – which is the biggest manufacturer of diamonds globally and the economic problems in the USA and Europe which negatively affected consumer confidence.

Unfortunately this has resulted in some retrenchments at diamond cutting and polishing factories nationwide as operations try to stay afloat during this tough economic cycle. The industry still employs about 1300 employees, and transfers valuable skills and state-of-the-art technology to our country.

An amount of **N\$ 16,398,000** will be needed in the mandate to protect Namibia's Diamond industry.

*Honourable Speaker,
Honourable Members,*

4. Energy Supply and Security

The Ministry continues with rural electrification by providing electricity to schools, churches and other government infrastructures in rural areas in all the regions.

We however continue to experience shortage of qualified and experienced contractors hence some rural electrification projects could not be implemented on time. Furthermore delivery of transformers and other materials from outside the country is still a challenge.

An amount of N\$ 85 million is budgeted for 2013/2014 rural electrification programme of which N\$ 40 million is set aside for the upgrading of overloaded distribution sub-stations in the country.

The Solar Revolving Fund is operating and increasingly issuing loans to the general public, and we continue supporting the use of Renewable Energy Technologies, through the 13 established Energy Shops in the regions.

The Kudu Gas to Power Project is now in full swing, with partners having signed the Project Development Agreement. Both the upstream and downstream parties have jacked up their efforts to realise the Final Investment Decision (FID) by March 2014 with the aim of delivering first electricity by 2017.

The Ministry has created a viable and stable petroleum exploration industry in the country with companies of various sizes and nationalities busy exploring for oil and gas in the country. The year 2013 is going to be a pivotal year as we are going to see three successive wells being drilled by one company (HRT) in a single year. We will be waiting in anticipation for the results of this drilling campaign and those in the future.

The Ministry continues to manage and regulate fuel price, and keep them to a minimum without disturbing the national economy; NEF will continue to subsidize the energy prices and provide financial support to energy projects for the benefit of Namibian consumers.

Honourable Speaker,
Honourable Members,

An amount of **N\$ 131,477,000** is required for the provision of adequate supply of energy to the nation.

6. Coordination and Support Services

This programme provides administrative support to the Ministry's programmes, ensuring prudent financial management and optimal deployment of resources. The resources include human, financial, knowledge and equipments.

It also focuses on related statutory expenses and utilities of the Ministry, the issues of maintenance and the current expansion of the Ministerial offices countrywide to ensure adequate office space for all staff members. Lastly, this activity shall ensure that vacancies are advertised and filled on time, to reduce the unemployment rate.

Therefore an amount of **N\$38,028,000** has been budgeted for this programme to bring the total budget request for the Ministry of Mines and energy to **N\$284,862,000**.

Honourable Speaker,
Honourable Members,

I would further like to assure Members of this House that the funds I request for appropriation to our Ministry will be utilized prudently and to improve the quality of life of our people.

I would also like to take the opportunity to express my gratitude to the Minister of Finance, Permanent Secretary and their staff for our budget allocation. Last but certainly not least, I would like to thank the Ministry of Mines and Energy staff for their commitment and to our partners in the mining and energy sectors that continue to be good corporate citizens.

I thank you.