

Appendix 18 of Annexure W of the UDM Constitution

UDM Minerals and Energy Policy Proposals

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1. Introduction

Recognising that the past distribution of mining and minerals resources was inequitable, the UDM acknowledges the constitutional obligation to ensure equitable distribution. The UDM furthermore recognises the pivotal role that minerals and energy can play to address poverty. Therefore the UDM will, in consultation with all stakeholders, negotiate for a more equitable distribution of minerals and energy resources. This process will not be abused in the ANC fashion of transformation, which merely seeks to reward party loyalty at the expense of business and community interests.

UDM Minerals and Energy Policy is premised on minerals and energy supply as the foundation for development and improvement of quality of lives for millions of South Africans contrary to the so-called “A better life for all”, which has translated into the favouring of a new elite aligned to the ANC.

The UDM realizes that the benefits associated with successful exploitation of minerals resources can contribute significantly to the development of our economy. The UDM is therefore committed to policies that attract investment. There is a need for legislative certainty on such issues as private ownership of enterprises, access to land and security of tenure, taxation, access to skills and technology, access to markets, movement of financial capital and access to geological information.

To attain more equitable distribution of resources incentives will have to be provided for small-scale and emerging mining and energy entrepreneurs. The goal must be to enlarge the cake, instead of merely rearranging the slices that each stakeholder gets.

UDM Policy recognises the need to manage and regulate the possible negative aspects of minerals and energy operations, including environmental damage as well as the health and safety of workers.

2. Mission statement

The UDM's mission is to address poverty and imbalances in our society and to set free the creative power inherent in our diversity and to cooperate with all stake-holders to ensure a quality of life and individual freedom for every citizen based on a vibrant minerals and energy sector.



3. UDM objectives

A UDM Government will focus on promoting:

- 3.1. Investment in Mining. The UDM will make policies based on risk-return considerations mindful of the fact that stakeholders and investors are faced with many international investment opportunities, and competition.
- 3.2. Development of infrastructure and revitalisation of industries to support mining.
- 3.3. Faster economic growth through Public Private Partnerships.
- 3.4. Responsible Government interaction with stakeholders; ensuring cooperation and co-responsibility of stakeholders with special care taken not to fall into the trap of unintended consequences, which might cripple the best intentions or policies.
- 3.5. Increased public investment in human capital/infrastructure.
- 3.6. Rising living standards, in particular, in rural areas.
- 3.7. Security of tenure.
- 3.8. Environmental responsibility, and the reduction of pollution and harmful emissions.
- 3.9. Mineral and energy workers' safety and health.
- 3.10. Renewable energy resources; including a greater investment in research into energy usage and alternative technologies for indigenous and poor people, many of whom still do not have access to proper energy resources, and currently resort to wood, coal and paraffin for their energy needs.
- 3.11. Further exploration of the possibility of Government going into joint ventures with the Private Sector in order establish new minerals and energy companies.
- 3.12. Government assistance and incentives for small-scale mining and energy entrepreneurs.

4. UDM solutions

4.1. Mining sector

- 4.1.1. The UDM believes that policy and legislative uncertainty is an enormous risk factor and a strong deterrent to investors. Against this background the policies pursued by the UDM will guard against policy uncertainties, such as a lack of coherence and direction or sudden and unexpected policy and legislative changes.
- 4.1.2. The UDM is opposed to unconstitutional and uncompensated expropriation of Mineral and Mining rights. This cannot be justified in an open and democratic society based on human dignity, equality and freedom.
- 4.1.3. The UDM shall not grant undefined arbitrary powers to appointed political officials (i.e. Boards and Regulators) in regulating the Mining industry, since this is contrary to the rule of law both in South Africa and internationally.
- 4.1.4. The UDM guarantees a security of tenure that will be continuous over the lifetime and separate phases of prospecting and mining operations in order to retain and attract investment. The security of tenure will be embodied in a Mineral and Mining Agreement that shall be signed by both Government and stakeholders.
- 4.1.5. The UDM will not regulate larger scale retrenchments in the Mining industry, as these are more than adequately regulated in current labour legislation.
- 4.1.6. The UDM believes that the founding principle of state custodianship of mineral resources should be reflected in the granting of effective prospecting and mining rights so that ancillary surface use rights may properly be carried into effect.
- 4.1.7. The UDM will rectify mining policies that are a breeding ground of political patronage and corruption and are lacking in predictability and transparency, all of which are fatal to the assessment of South Africa as a preferred investment destination.
- 4.1.8. The UDM will further explore the possibility of Government going into joint ventures with the private sector in order to establish new minerals and energy companies, where Government holds shares in trust for selected communities who will become full partners after a predetermined period, when Government withdraws.



- 4.1.9. A UDM Government will provide assistance and incentives for small-scale mining entrepreneurs, in line with overall UDM Economic Policy, which aims to create jobs and business opportunities for entrepreneurs through large-scale integrated infrastructure development projects.
- 4.1.10. Encourage workers in this industry to become shareholders in their companies.
- 4.1.11. The UDM will promote mineworker safety and health and overall environmental responsibility through a system of harsh penalties for offenders and generous incentives for leaders in this area.

4.2. Energy sector

The UDM recognises that energy is a basic human need and that an energy policy must concentrate on the provision of adequate energy services to all, including households, commerce, industry and social institutions, at the lowest possible economic cost. At the outset, a UDM Government shall ensure a coherent framework for the development of, and investment in the energy sector. In this respect, the formulation of an Integrated Energy Plan shall be paramount, which will include enhanced attention to renewable energy resources. The UDM Government shall create a fair consumer environment in the energy sector, recognizing that access to energy is vital for a dignified existence and a key component of alleviating poverty.

4.2.1. Electricity

- 4.2.1.1. The main policy drivers for change in this industry shall be based on increased economic efficiency gains and cost effectiveness.
- 4.2.1.2. In respect of the generation of electricity, the UDM believes that the present monopolistic practices and tendencies in the electricity, distribution and supply must be discarded.
- 4.2.1.3. In respect of the transmission industry, privatization is more complex. A UDM Government's role shall be to ensure that all stakeholders in the industry have maximum possible access to the grid and in this respect an Electricity Regulator shall have an important role to play.
- 4.2.1.4. In respect of distribution privatization shall be encouraged by way of the consolidation of the industry into a number of financially viable independent distribution entities, which shall ultimately be privatized.
- 4.2.1.5. The UDM recognises the historic role of Local Government in the distribution process of electricity. Revenue generated in this fashion shall remain in the treasury of Local Government.

4.2.2. Renewable energy

The UDM will promote renewable energy resources as a greater component in the energy mix of South Africa. Renewable energy resources include hydro, solar and wind related energy generation. To this end economically feasible technologies and applications shall be encouraged and implemented, if necessary, by way of incentives. Targets will be set for the gradual and systematic increase in the use of renewable energy resources, coupled with a reduction in the reliance on finite and environmentally unsound energy resources.

4.2.3. Nuclear energy

The UDM acknowledges that nuclear power plays a vital albeit small ($\pm 5\%$) role in the total energy mix of South Africa. A UDM Government's will ensure adequate policies for nuclear management and safety, in line with international treaties and conventions.

The UDM's intention is to gradually phase out reliance on nuclear energy, which will be replaced by renewable energy resources.



4.2.4. Liquid fuel industry

A UDM Government shall address the present anomalies in the Liquid Fuel Industry, namely:

4.2.4.1. The method of procurement of oil by government.

4.2.4.2. Protection of oil refining operators.

4.2.4.3. Private and parastatal pipeline and rail monopolies.

4.2.4.4. The present customs and excise duties payable on all fuels despite the fact that 40% of our fuel is produced locally by SASOL is unfair.

4.2.4.5. The UDM is in favour of revisiting the current fuel price structure to ensure that South African consumers of fuel are not over-taxed.

4.2.4.6. A UDM Government will formulate a clear and an unambiguous Charter for New Entrants in the Liquid Fuel Industry, in cooperation with the stakeholders, instead of imposing the BEE Charter on oil companies.

4.2.5. Gas

In line with international trends, which indicate that gas has become the fuel of choice, a UDM Government shall promote this relatively clean energy source as a greater component in the energy mix of SA. UDM policies in this regard shall facilitate investment, which shall in turn encourage the growth of the industry to ensure competitiveness, both within the industry and other energy resources.

4.2.6. Coal

The UDM believes more research into the production of cleaner coal is necessary, both for household and power-station consumption.

4.2.7. Oil and gas exploration

The UDM Government will ensure a competitive environment for private enterprises to undertake oil and gas exploration.

5. Conclusion

UDM Policies on Minerals and Energy will be a public document available for scrutiny by all interested parties, stakeholders, local and foreign investors. Suggestions and recommendations for amendments or changes to suit new developments both nationally and internationally will be welcomed.