## DPE Stationery:DPE logo.jpg INFORMATION MEMORANDUM

**TO : Mogokare Richard Seleke**

**DIRECTOR-GENERAL**

**FROM : Justin De Allende**

**RE :** **PARLIAMENTARY QUESTION NO241**

# DATE : 23 February 2017

**================================================================**

To provide the Minister with a response to Parliamentary Question Number241

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| --- | --- | --- |
| **COVER MEMO AND THE PACKAGING OF PQ BY:**  **Department of Public Enterprises** | | |
| **……………………………….**  **Acting Deputy Director-General**  **Date:** | | **COMMENTS:**  **………………………………………..** |
| **…………………………………**  **Mogokare Richard Seleke**  **Director-General**  **Date:** | **APPROVED/DECLINED/COMMENTS**  **…………………………………………..**  **…………………………………………..**  **………………………………………….** | |



**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 241**

**DATE OF PUBLICATION: 23 February 2017**

241. Mr M MDlamini (EFF) to ask the Minister of Public Enterprises:

(1) Whether Eskom owns any coalmines; if so, (a) which mine(s) and (b) who mines them;

(2) whether the specified mines are on Eskom’s balance sheet; if so, what is the value of each mine?

NW255E

**REPLY:**

1. This question is answered below in two parts, i.e. what Eskom owns directly and

what Eskom owns indirectly. Eskom directly owns one mine, called Kilbarchan Colliery.

Eskom indirectly owns some equity in the cost plus mines as a result of ownership of a portion of the mine assets through the cost plus coal supply agreements (CSA) signed. Mining houses have the statutory right to mine the coal, and the statutory obligation to rehabilitate. Eskom, through the CSA has the financial obligation to pay for these costs. The reserves dedicated to Eskom, can only be sold to Eskom.

In a case where the mining house intends to transfer its rights and obligations Eskom would have to provide consent.It should be noted that the CSAs do not include BEE ownership requirements as the last cost plus agreement was signed prior to Eskom’s current BEE Policy.

**(1)(a)(b)** Table 1 below presents Eskom’s Cost Plus CSAs. The Colliery column (a) provides the names of the mines and the Mining House (b) column provides the information on who is mining the mine.

Table 1Eskom's current Cost Plus CSAs

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Colliery  (a) | Mining House (b) | | B-BBEE  Status | Start of CSA | Current End of CSA | Power Station | | Investment made by Eskom, from inception to date | | Annual Contractual Volumes  (ktons) |
| 1 | Kriel | | Anglo | LME 8 | Dec 1979 | Dec 2019 | | Kriel | | R2.4 bn | 8 500 |
| 2 | New Denmark[[1]](#footnote-2) | | Anglo | LME 8 | Sept 1989 | Sept 2029 | | Tutuka | | R3.2 bn | 10 000 *per CSA*  4 500 *Assumed* |
| 3 | New Vaal | | Anglo | LME 8 | June 1989 | June 2029 | | Lethabo | | R1.6 bn | 17 800 |
| 4 | Matla | | Exxaro | BO LME 4 | July 1983 | July 2023 | | Matla | | R2.2 bn | 10 066 |
| 5 | Khutala | | South32 | LME 8 | Dec 1993 | Dec 2033 | | Kendal | | R1.6 bn | 13 300 |
| 6 | Arnot | | Closed mine | BO LME 4 | June 1981 | Dec 2015 | | Arnot | | R0.8 bn | - |

1. Kilbarchan Colliery is recorded in Eskom’s balance sheet under the subsidiary Natal Navigation Colliery. It is recorded at R1, while the associated rehabilitation liability has been fully raised in Eskom’s financial statements

On cost plus mines, these are not on Eskom’s balance sheet because the direct ownership rests with the mining houses and their balance sheets.

**Remarks: Reply: Approved / Not Approved**

**Mr. Mogokare Richard Seleke Ms. Lynne Brown, MP**

**Director-General Minister of Public Enterprises**

**Date: Date:**

1. PQ241 [↑](#footnote-ref-2)