

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

 **NATIONAL ASSEMBLY**

**750. Mr M M Dlamini (EFF) to ask the Minister of Public Enterprises:**

What is the lifespan of each of Eskom’s coal mines? NW873E

**REPLY:**

**According to the information received from Eskom**

Eskom directly owns one mine, called Kilbarchan Colliery[[1]](#footnote-1). Indirectly, the utility owns some equity[[2]](#footnote-2) 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).

Mining houses have the statutory right to mine the coal, and the statutory obligation to rehabilitate the mine. 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.

Eskom does not disclose the lifespan of the cost-plus mines due to the following reasons:

* Production at some of the cost-plus mines will end before the CSA end date.
* As part of the life-extension projects, ongoing efforts to recapitalize some of the cost-plus mines will result in the stated life of the mine changing
* Some reserves in the cost-plus mine complex are not dedicated to Eskom.
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. [↑](#footnote-ref-1)
2. Eskom’s balance sheet does not include the cost-plus mines because the direct ownership rests with the mining houses and their balance sheets. [↑](#footnote-ref-2)