



CHAMBER OF MINES
of South Africa

MEDIA STATEMENT

CHAMBER OF MINES NOTES NERSA'S APPROVAL OF A 9.4% ELECTRICITY INCREASE FOR 2016/2017

Electricity costs continue to rise at rates higher than inflation

Johannesburg, 1 March 2016. The Chamber of Mines notes the approval of a 9.4% electricity tariff increase for 2016/17 by the National Electricity Regulator of South Africa (Nersa). This increase is the total granted to Eskom by Nersa in terms of the multi-year price determination (MYPD) process and the regulatory clearing account (RCA) application by Eskom.

Chamber of Mines CEO Roger Baxter notes: "While this increase is significantly higher than inflation, it is more palatable than the >16% increase that Eskom applied for in both the MYPD and RCA processes. However, for the struggling mining sector this increase will have a major impact on increasing the industry's cost base."

Electricity costs have been the fastest growing component of the mining sector's cost base and have increased by over 300% over the past seven years.

Mr Baxter adds: "While the mining industry supports Eskom's intent to resolve South Africa's long-term energy crisis, we fully support the statements made by Minister Pravin Gordhan in the Budget Review for 2016, indicating that 'further efficiency improvements are necessary at Eskom to ensure moderation in future tariff increases', including the possibility of co-funding through public-private partnerships.

"Further pressure on electricity prices will push a number of mining companies further into the red necessitating further restructuring."





For further information please contact:

Charmane Russell

Tel: +27 (0)11 880 3924 or Mobile: +27 (0)82 372 5816

Email: charmane@rair.co.za Web: www.chamberofmines.org.za