



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER TABLES ESKOM SPECIAL APPROPRIATION BILL

Today, the Minister of Finance Mr Nhlanhla Nene tabled in Parliament the Eskom Special Appropriation Bill which will enable the appropriation of the R23 billion allocation to Eskom as well as the Amendment Bill which will allow for the conversion of the R60 billion existing subordinated loan to the company into equity.

This follows the Minister's announcement during the Budget 2015 of a complementary package to strengthen Eskom's financial position. This allocation will be in three tranches, with the first one of R10 billion taking place in June 2015.

Parliamentary processes require that both Houses of Parliament give careful consideration to bills. The tabling will therefore allow sufficient time for adequate consideration so that the funding can be transferred on schedule.

The financing of the R23 billion will be deficit neutral as per the original intent. The process of raising the funds through the sale of non-core assets is firmly on track and details will only be made public at an appropriate time.

In addition, government signalled that it would convert to equity the subordinated loan previously provided to Eskom which will further strengthen Eskom's balance sheet. These interventions formed part of the government support package which also included:

- Cost-cutting or efficiency measures to be instituted by Eskom; and
- Appropriate tariff adjustments in line with the regulatory process.

Government recognises the importance of having a financially sustainable Eskom and resolving the energy challenge so as to support the country's economic growth.

Issued on behalf of National Treasury

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