

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

NATIONAL TREASURY

NO. 634

21 JUNE 2018

**PUBLIC FINANCE MANAGEMENT ACT, 1999
(ACT NO 1 OF 1999 AS AMENDED)**

**BORROWING POWERS OF WATER BOARDS LISTED
UNDER SCHEDULE 3 PART B OF THE ACT**

I, NHLANHLA NENE, MINISTER OF FINANCE, acting in terms of Section 66(3)(b) of the Public Finance Management Act, 1999 (Act No 1 of 1999), hereby authorise the accounting authority of Rand Water to borrow money up to the limits as stipulated below:

UMGENI WATER	
FINANCIAL YEAR	AMOUNT
Ending 30 June 2019	R6 345 million
Ending 30 June 2020	R8 265 million
Ending 30 June 2021	R11 605 million

The proposed borrowing limits reflect the maximum balance of interest-bearing debt at any point in time for the relevant period and takes into account Rand Water's existing outstanding interest-bearing debt. This means that for as long as Rand Water has interest-bearing debt on its statement of financial position (or balance sheet), it will need to have a borrowing limit in place. The proposed borrowing limits are set to expire on 30 June 2021 and a new borrowing limit will have to be considered upon expiry, provided Rand Water has borrowings recorded in its statement of financial position.

The approval of the borrowing limits are subject to the following conditions that have to be adhered to by Rand Water:

- A gearing limit of 50% calculated as follows: interest-bearing debt relative to total equity;
- A minimum cash interest cover (CIC) ratio of 3, calculated as follows: cash generated from operations (before changes in working capital) relative to finance costs;
- A minimum debt service cover ratio (DSCR) of 1, calculated as follows: cash generated from operations (before changes in working capital) relative to the sum of finance costs and debt/capital repayments;
- Rand Water submits quarterly progress reports to the Asset and Liability Management division on the Borrowing Programme and Funding Plan, including utilisation of the borrowing limit; and
- Rand Water submits bi-annual reports to National Treasury's Asset and Liability Management division on the progress of major capital expenditure projects and project plans for the upcoming 6 months. If there are any delays in the projects, the entity should provide reasons for such delays


NHLANHLA NENE, MP
MINISTER OF FINANCE
 Date: 11/6/2018