

NATIONAL TREASURY

NO. 2129

3 June 2022

**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, ENOCH GODONGWANA, 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 Umgeni Water to borrow money up to the limit and extend bank guarantees as stipulated below:

UMGENI WATER: BORROWING AUTHORISATION AND RELATED LIMIT	
FINANCIAL YEAR	INTEREST-BEARING DEBT/ BORROWINGS AMOUNT
Ending 30 June 2023	R2.017 billion
Ending 30 June 2024	R3.325 billion
Ending 30 June 2025	R4.534 billion

FINANCIAL YEAR	BANK GUARANTEE
Ending 30 June 2023	R7 356 137
Ending 30 June 2024	R7 356 137
Ending 30 June 2025	R7 356 137

The approved borrowing limit reflects the maximum interest-bearing borrowings that Umgeni Water may have at any point, during each respective financial year. This means that Umgeni Water is required to adhere to the above limit, for as long as the entity has interest-bearing debt in its statement of financial position (balance sheet). The authorisation is effective from 1 July 2022 and is expected to expire on **30 June 2025**. A new authorisation will have to be considered upon expiry, provided that Umgeni Water has outstanding interest-bearing borrowings recorded in its financial statements.

The bank guarantee amount reflects the maximum bank guarantee(s) Umgeni Water provide in favour of Eskom in relation to the Electricity Supply Agreement between the two parties. The cumulative amount of the bank guarantee should not in any of the 3 financial years exceed R7 356 137.