

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2825 [NW3130E]
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2825. Mr R A Lees (DA) to ask the Minister of Finance:

Whether the (a) foreign borrowing limits, (b) further foreign borrowing limits, (c) domestic borrowing limits and (d) further domestic borrowing limits were granted to any public entity (i) in the 2017-18 financial year and (ii) since 1 April 2018; if not, in each specified case, why not; if so, in each specified case, (aa) what is the name of the public entity, (bb) what was the value of the (aaa) foreign and/or domestic borrowing limit and (bbb) extension of the foreign and/or domestic borrowing limit and (cc) what is the current total foreign and/or domestic borrowing limit?

NW3130E

REPLY:

(a), (b), (c) and (d)

In the 2017/18 financial year, foreign borrowing limits were granted to the **Central Energy Fund (CEF)**, the **Development Bank of Southern Africa (DBSA)**, **Denel** and **Transnet**.

- CEF's foreign borrowing limit was for R3 billion and this is set to expire in the 2021/22 financial year. The foreign borrowing limit was for the holding company and its subsidiaries for working capital purposes given the high working capital requirements of the industry.
- DBSA's foreign borrowing limit was for the entity to access more funds from foreign lenders to extend loans and advances in SA and the SADC region to execute its mandate of facilitating and supporting infrastructure development in Southern Africa. The amounts approved for the DBSA was R19.7 billion for the 2017/18 financial year, R22.6 billion for the 2018/19 financial year and R26 billion for the 2019/20 financial year.
- Denel's foreign borrowing limit was approved at R535.3 million for the 2017/18 financial year, with the amount reducing by R100 million every year. The limit is valid for 3 years from the 2017/18 financial year. The approval for a foreign borrowing limit for Denel was to allow the company's subsidiary (Denel Aerostructures) to continue executing a major contract given the high working capital requirements of the project.
- Transnet's foreign borrowing limit was approved for 1 year up to 31 March 2019 for a total amount of R81 billion. The approval of the limit was to enable Transnet to execute its funding plan as proposed in its corporate plan to execute its market demand strategy, which entailed sourcing funds from domestic and foreign lenders.

Since 1 April 2018 up to 30 September 2018, **Rand Water's** borrowing limit request (domestic and foreign) and **Eskom's** foreign borrowing limit request were granted.

- Rand Water's borrowing limit was approved to accommodate the high capital expenditure requirements over the next three years, which will be funded through internally generated cash

and borrowings. The approved limit for Rand Water was for R6.3 billion for the 2018/19 financial year, R8.3 billion for the 2019/20 financial year and R11.6 billion for the 2020/21 financial year.

- Eskom's foreign borrowing limit was granted to enable the company to raise debt for its capital expenditure programme and liquidity. Eskom's foreign borrowing limit was granted for one financial year, expiring on 31 March 2019, for a total amount of R308 billion.

Since 1 April 2018, a borrowing authority and the corresponding limit was approved for the **National Housing Finance Corporation (NHFC)** for R450 million for the 2018/19 financial year, R351 million for the 2019/20 financial year and R331 million for the 2020/21 financial year. The application was approved for purposes of transferring liabilities (including borrowings) from the National Urban Reconstruction and Housing Agency (NURCHA) and the Rural Housing Loan Fund (RHLF) to NHFC to facilitate the merger of the three entities.

On 1 April 2018, **South African Airways'** foreign borrowing limit request was rejected. In addition, **Trans-Caledon Tunnel Authority's** (TCTA) borrowing limit for a project was rejected.

- SAA's foreign borrowing limit was rejected due to the entity's high debt levels, which are unsustainable. In the interest of prudent financial management, the request was reject. The amount requested was R18 billion.
- TCTA's request for a borrowing limit on one of its projects (Berg River-Voelvlei Augmentation Scheme (BRVAS)) was rejected on the basis that more work needed to be undertaken by both the TCTA and the Department of Water and Sanitation in respect of preparatory work and the due diligence. The two parties were encouraged to finalise the preparatory work for National Treasury to consider the application again. The amount requested was R581 million.

Total borrowing limits and authority granted that are applicable for the 2018/19 financial year amount to R620.44 billion (please note that the Minister of Finance is only required to approve foreign borrowing limits in terms of the PFMA).