



**MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934
Website : www.treasury.gov.za , email : minreg@treasury.gov.za

Ref:M3/15/21(423/19)

Hon. PJ Gordhan, MP
Minister of Public Enterprises
Private Bag X15
HATFIELD
0028

Dear Minister Gordhan

REQUEST TO INCREASE ESKOM'S DMTN PROGRAMME FROM R150 BILLION TO R160 BILLION

Your letter dated 28 March 2019, requesting my concurrence for the increase of Eskom's Domestic Medium Term Note programme (DMTN) from R150 billion to R160 billion, of which R145 billion remains Government Guaranteed refers.

Eskom is experiencing severe liquidity challenges which is affecting the company's ability to meet its obligations and remain financially sustainable. I note that Eskom's has identified several funding initiatives for the current financial year in its funding plan to address its liquidity challenges which include amongst others the domestic bonds of R6 billion.

However, although Eskom intends to maximize the domestic bonds by increasing the existing DMTN programme by R10 billion to facilitate the issuance of additional bonds, there remains a risk regarding Eskom's future liquidity position.

Hence it is important that the engagements between the Department of Public Enterprise and National Treasury regarding the development of a consolidated strategy to return Eskom to financial sustainability be urgently concluded to provide confidence to the market regarding Government's future plan on Eskom.

Given the funding challenges Eskom is facing, I concur with your approval to Eskom's request to increase the DMTN limit by a R10 billion to assist Eskom to issue additional bonds and manage its liquidity position.

I trust that you will find the above in order.

Yours sincerely

**TT MBOWENI
MINISTER OF FINANCE**

Date: 3/5/2019