

Sanral could sacrifice projects to meet debts

By [Linda Ensor](#) and [Natasha Marrian](#)

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The South African National Roads Agency (Sanral) will meet its financial obligations for the next six months, but only by making "huge sacrifices" and jettisoning projects, the Treasury warns.



The resignation yesterday of CEO Nazir Alli has sparked more questions about the future of e-tolling on Gauteng's highways.

No reasons were given for Alli's departure, which followed the North Gauteng High Court's order that the implementation of the e-toll system be delayed, and the African National Congress decision to put tolling on ice.

The agency's fate after six months depends on the plan from the special inter-ministerial committee established by the Cabinet last week. It must urgently devise a funding solution for Sanral, which was relying on toll income to repay the R20bn raised for improving Gauteng's highways.

Lungisa Fuzile told members of Parliament's standing committee on finance yesterday Sanral could continue to exist in the immediate term, but only by "scraping and removing resources that were intended for other purposes and using them to make sure it meets its immediate financial obligations. But only through major sacrifices and only for a very limited period of time."

Downgrade a serious threat

He noted that Moody's downgrade last week of Sanral's long-term rating to a Baa1, with a negative outlook, was close to taking Sanral's bonds to "sub-investment grade".

A downgrade of such a magnitude posed a threat not only to Sanral's cost of raising money, but took it "to the border between certain investors being able in terms of their investment mandates to hold Sanral bonds, or not being able to".

Fuzile said Sanral had relied on a "strongly implicit" government guarantee which had been made explicit. This meant

"government can never walk away from Sanral's liabilities". Without it, Sanral would have had to borrow at about 1,2 percentage points above SA's sovereign interest rate for any bond.

The Treasury's head of asset and liability management, Thuto Shomang, told the committee Sanral's total debt was R37,9bn, of which R21,4bn (56%) was guaranteed by the government as a way of underpinning its credit rating.

Alli will remain in his post until June 3 and will be replaced by an acting CE. Transport Minister Sbu Ndebele yesterday thanked Alli for his "sterling contribution" to the roads agency.

Congress of South African Trade Unions (Cosatu) president Sdumo Dlamini welcomed Alli's resignation, but said the unanswered question of who benefited from the e-toll contracts remained. Cosatu in Gauteng yesterday called for the resignation of the entire Sanral board.

The director of the Centre for the Study of Democracy, Prof Steven Friedman, said it was puzzling that no reasons were furnished for Alli's resignation. He said Sanral was made the "bogey" when implementing government decisions.

The Opposition to Urban Tolling Alliance, which had sought the interdict against the e-tolls, yesterday wished Alli well in his "future endeavours". The organisation said in a statement it was keen to work with the authorities to restore the credibility of Sanral and SA's ability to raise the necessary finance at the best rates, to get the road-building programme back on track.

Democratic Alliance transport spokesman Ian Ollis said many questions remained over Alli's role in the saga. He "should not be allowed to take his secrets with him".

Source: *Business Day* via I-net Bridge

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