

Sanral funding model to be discussed amid e-toll resistance

Transport Minister Joe Maswanganyi is due to discuss the viability of the South African National Road Agency's (Sanral's) funding model with cabinet following resistance to electronic tolls (e-tolls), which has brought into question the agency's going-concern status.



Photo by Robin Pierre on Unsplash

This comes as Sanral is preparing for a bond auction next week.

Sanral Chief Financial Officer Inge Mulder said the agency had a bond auction coming up next week and was considering its options. "We have an auction scheduled for next week, but will also consider a private placement where an institution will fund and provide a price for " consider[ation]," she said.

Briefing the portfolio committee on transport on Tuesday, Sanral CEO Skhumbuzo Macozoma all but conceded that resistance to e-tolls had brought collections to the brink of collapse by billions of rands.



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This effectively meant the new e-toll dispensation announced by Deputy President Cyril Ramaphosa in May 2015 had failed to gain traction among Gauteng motorists, who have resisted e-tolls since inception.

Sanral was late tabling its 2016-17 annual report because auditor-general Kimi Makwetu raised concern about the road agency's going-concern status, citing e-toll debt of more than R3bn, which the state-owned entity had no reasonable prospect of recovering and which the auditor-general had treated as an impairment.

Re-evaluating funding models

As a result, the road agency is re-evaluating its funding models for road development and maintenance and says the final

call rests with the minister.

Maswanganyi would take up the discussion at cabinet level as a matter of urgency, with emphasis on the failure of the tolls, Macozoma said.

"The decision to continue or cancel e-tolls does not rest with us, as it is not an administrative matter. It is our principals that deal with it, so we have referred it to the minister," Macozoma told MPs.



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Macozoma conceded that resistance to e-tolls had affected Sanral's going concern status. "We want to affirm that being a schedule three [state-owned entity] " National Treasury is our [primary] " source of funding to function. There is also a role for private finance in the upgrading of our roads."

Only 2,952km of the 22,197km road network was tolled. However, 57% of tolled roads were managed by Sanral and the other 43% was managed by private business, he said.

Transport department spokesman Ishmael Mnisi told Business Day the minister intended to discuss the national road funding system with cabinet, while Sanral conducted its investigations into alternative and potentially viable models.

He said this had "nothing to do with the GFIP [Gauteng Freeway Improvement Project], but funding for all roads in SA.

The Organisation Undoing Tax Abuse said Sanral would probably need "increased funding from Treasury, as the investment houses [have been] absent at Sanral's auctions".

Source: Business Day

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