###### National Assembly

###### Question Number: 1600

**Mr D America (DA) to ask the Minister of Transport:**

(a) Why did the SA National Roads Agency cancel its second bond auction in the beginning of May 2016 and (b) what contingency plans are in place should bonds be (i) cancelled and/or (ii) not meet required targets? NW1770E

**REPLY**

1. The second auction for the financial year was cancelled due to the continued unfounded comments about the GFIP including the lack of market appetite.
2. Bonds can’t be cancelled due to cancelled auctions. Bonds are debt instruments, listed or unlisted, used to raise capital. It has a maturity date (when the capital must be repaid) and a coupon rate which indicates the “interest” rate that must be paid bi-annually.
   1. SANRAL maintains a three-month liquidity buffer at all times and has access to short term funding as and when required to the extent approved by National Treasury.
   2. If SANRAL is unable to raise sufficient cash at auctions it increases a re-financing risk, repayment of maturing debt and servicing of existing debt. It also compromises continuous maintenance and operations of the toll roads across the country. Any capital projects not yet awarded will also be delayed or cancelled if the funding is depleted.