**National Assembly**

**Question Number: 558**

**Mr M S F de Freitas (DA) to ask the Minister of Transport:**

(a) What investments have been made in each month by (i) his department and (ii) entities reporting to him (aa) in the past three financial years and (bb) since 1 April 2018, (b) what was the nature of each investment, (c) why was each investment made in each case, (d) what were the projected returns in each case, (e) who represented the department or entity when negotiating the investments, (f) on what date was each investment made, (g) what returns have been enjoyed to date in each case and (h) with whom were investments made in each case?

 **NW681E**

**REPLY:**

(a)(i)(aa) None

(a)(i)(bb) None

(b), (c), (d), €, (f), (g), (h) Not applicable

**Air Traffic and Navigation Services SOC Limited (ATNS)**

1. R250 million was put into a six-month fixed term deposit with Nedbank from March 2016 – September 2016.
2. Six-month fixed term deposit
3. Maximize interest received
4. 7.65%
5. Chief Financial Officer
6. March 2016 to September 2016
7. 7.65%
8. Nedbank – being the transactional banker at the time

**Cross-Border Road Transport Agency (CBRTA)**

1. (a) No investments were made by (ii) the CBRTA (aa) in the past three financial years and (bb) since 1 April 2018, consequently questions (b), (c), (d), (e), (f), (g) and (h) are not applicable.

**Road Accident Fund (RAF)**

1. (a) No investments were made by (ii) The RAF has not made any investments (in the sense of “*funds under management*”) (aa) in the past three financial years and (bb) since 1 April 2018, consequently questions (b), (c), (d), (e), (f), (g) and (h) are not applicable.

**Road Traffic Management Corporation (RTMC)**

1. (a) No investments were made by (ii) The RTMC has not made any investments (aa) in the past three financial years and (bb) since 1 April 2018, consequently questions (b), (c), (d), (e), (f), (g) and (h) are not applicable.

**Road Traffic Infringement Agency (RTIA)**

1. (a) No investments were made by (ii) The RTIA has not made any investments (aa) in the past three financial years and (bb) since 1 April 2018, consequently questions (b), (c), (d), (e), (f), (g) and (h) are not applicable.

**South African National Roads Agency Limited (SANRAL)**

 (a) Please refer to the attached spreadsheet for a detailed response. **(Annexure ‘A’)**

**South African Civil Aviation Authority (SACAA)**

1. (i) Not applicable. (a) (ii) (aa) The South African Civil Aviation Authority (SACAA) has not made any investments in the past three financial years other than depositing surplus funds in call accounts with banking institutions as disclosed to National Treasury on an annual basis as per Treasury Regulations.

(aa) and (bb) As per table below – Deposits in call accounts:

1. the nature of each investment & (c) why each investment was made in each case: the call accounts are utilised to invest surplus funds.
2. the projected returns in each case: rates on call accounts as published by the respective banks from time to time.
3. who represented the entity when negotiating the investments: the Chief Financial Officer and the Senior Manager: Finance as per the approvals and Delegation of Authority.
4. on what date each investment was made: on a daily basis all surplus cash identified is invested in a call account.

(g) The Annual returns as per the financial statements is:

 Current year to 28 February 2019 R16 983 320

 Year ended 31 March 2018 R17 006 783

 Year ended 31 March 2017 R14 549 007

(h) with whom investments were made in each case: Standard Bank, Investec, ABSA, and FNB.

**Ports Regulator of South Africa (PRSA)**

(a)(ii) The Ports Regulator has not made any investments in the past (aa) three financial years

 and since (bb) 01 April 2018.

(b)(c)(d)(f)(g)(h) Not applicable

**Railway Safety Regulator (RSR):**

1. The RSR invests only in the Corporation for Public Deposits (CPD) at the South African Reserve Bank. Withdrawals at CPD can be done at any time at no charge. The RSR earns interest from these investments.

 (aa) The following investments were made in the past three financial years:

 2015/2016 R7,105,000

 2016/2017 R81,000,000

 2107/2018 R144,700,000

(bb) An amount of R189,900,000 was invested since 1 April 2018.

1. The nature of each investment were short term deposits with the CPD at the South African Reserve Bank.
2. Each investment was made for the purpose of earning interest.
3. The projected returns were for interest earned at variable interest rates.
4. No negotiations took place when deposits were made to the CPD.
5. The dates on which each investment was made are as follow:

|  |
| --- |
| **2015/2016** |
| **Date** | **Amount Invested** |
| 2015/11/25 | 5,000 |
| 2015/12/04 | 1,000,000 |
| 2015/12/23 | 1,000,000 |
| 2016/01/20 | 5,000,000 |
| 2016/03/30 | 100,000 |
| **Total** | **R7,105,000** |

|  |
| --- |
| **2016/2017** |
| **Date** | **Amount Invested** |
| 2016/08/15 | 40,000,000 |
| 2016/10/12 | 7,500,000 |
| 2016/11/02 | 25,000,000 |
| 2016/12/28 | 7,500,000 |
| 2017/01/11 | 1,000,000 |
| **Total** | **R81,000,000** |

|  |
| --- |
| **2017/2018** |
| **Date** | **Amount Invested** |
| 2017/04/21 | 5,000,000 |
| 2017/04/21 | 5,000,000 |
| 2017/04/21 | 5,000,000 |
| 2017/04/21 | 5,000,000 |
| 2017/04/21 | 5,000,000 |
| 2017/07/04 | 2,000,000 |
| 2017/07/13 | 4,000,000 |
| 2017/07/13 | 2,000,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 3,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/20 | 4,500,000 |
| 2017/07/21 | 4.500.000 |
| 2017/08/01 | 14,000,000 |
| 2017/10/13 | 3,000,000 |
| 2017/10/17 | 1,500,000 |
| 2017/10/18 | 5,000,000 |
| 2017/10/18 | 700,000 |
| 2018/01/15 | 500,000 |
| 2018/02/19 | 2,000,000 |
| 2018/02/23 | 700,000 |
| 2018/03/12 | 4,000,000 |
| 2018/03/15 | 300,000 |
| **Total** | **R144,700,000** |

|  |
| --- |
| **2018/2019** |
| **Date** | **Amount Invested** |
| 2018/04/07 | 4,800,000 |
| 2018/04/24 | 20,000,000 |
| 2018/06/20 | 80,000,000 |
| 2018/06/21 | 40,000,000 |
| 2018/06/26 | 25,000,000 |
| 2018/06/24 | 4,500,000 |
| 2018/10/12 | 1,000,000 |
| 2018/10/19 | 1,500,000 |
| 2018/10/26 | 11,500,000 |
| 2018/11/09 | 1,600,000 |
| **Total** | **R189,900,000** |

1. Returns enjoyed to date are:

2015/2016 R396,953 interest earned

2016/2017 R1,061,724 interest earned

2017/2018 R2,096,959 interest earned

2018/2019 R5,473,457 interest earned from 1 April 2018 to 28 February 2019

1. The RSR invested only in the Corporation for Public Deposits (CPD) at the South African Reserve Bank

**South African Maritime Safety Authority (SAMSA)**

|  |  |  |
| --- | --- | --- |
|  | (aa) in the past three financial years | (bb) Since 1 April 2018 |
| (b) Nature of investment | Monies, for which we do not have an immediate need for, are transferred from the current bank account to a call account in order to maximise interest earned. |
| (c) Why was the investment made |
| (d) Projected Returns | Interest rates can vary from time to time, but the rates are currently:Current Account – 5.25%Call Account – 5.6% |
| (e) Who represented SAMSA in negotiations | There are no negotiations – these accounts were set up many years ago. Transfers to and from the Call account are authorised by the Chief Financial Officer and released by 2 bank signatories as per the Delegation of Authority. |
| (f) Date of Investment | Various dates as and when surplus monies are identified so that we can maximise interest earned. |
| (g) Return on investments received | The following interest was received in:2016 – R401 0002017 – R688 0002018 – R2 534 000 | From 1 April 2018 to 31 January 2019 SAMSA received interest of R2 315 000 |
| (h) Investments made with | ABSA Bank | ABSA Bank |

**Airports Company South Africa SOC Limited (ACSA)**

Airports Company South Africa has a Board approved Investment Policy which governs the investment of surplus funds in line with the Section 31.3.1 of the Treasury Regulation which stipulates the following “A government business enterprise listed in Schedule 2, 3B and 3D or a public entity listed in Schedule 3A or 3C authorised to invest surplus funds, must have an investment policy approved by the accounting authority”.

Please see attached Investment portfolios, addressing the following questions: (a) What investments have been made in each month by (ii) entities reporting to him (aa) in the past three financial years and (bb) since 1 April 2018, (b) what was the nature of each investment, (d) what were the projected returns in each case, (f) on what date was each investment made, (g) what returns have been enjoyed to date in each case and (h) with whom were investments made in each case?

(e) The Company’s Treasury Department under the Finance Division is responsible for negotiating the investments of surplus cash on behalf of the company.

(b) The Company invests in various instruments such as money market funds, term deposits, income funds and call deposits which ensures that the company is able to meet its financial obligations at all times.

(c) The Treasury Department invests surplus cash in accordance with the Board approved policy to ensure that capital is preserved, adequate liquidity is maintained, and returns are optimised. The counterparty risk is managed by monitoring and diversifying the list of approved counterparties. To mitigate credit risk, the Treasury Department conducts credit risk assessment of investment counterparties whenever there is new information such as financial statements and credit rating reports. In addition, the Company invests with institutions and funds with a minimum national long-term credit rating of A- or equivalent and/or minimum national short-term credit rating of F1 or equivalent.

 The Board Approved Investment Policy further stipulates the following thresholds regarding counterparties and approved financial instruments for the investment of surplus cash: counterparty limit, asset class allocation, credit rating limit, weighted average duration, assessment of investment instruments based on liquidity requirements and financial instruments and products.

**Airports Company Investment portfolio as 30th June 2018**



**Airports Company Investment portfolio as 30th September 2018**

**Airports Company Investment portfolio as 31st December 2018**



**Airports Company South Africa Investment Portfolio as 31st March 2016**



**Airports Company South Africa Investment Portfolio as 31st March 2017**



**Airports Company South Africa Investment Portfolio as 31st March 2018**



**Passenger Rail Agency of South Africa (PRASA):**

1. PRASA invests its surplus cash in F1 rated Banks and Money Market Funds as per the PRASA Treasury Management Policy. These investments are not for trading purposes but are to preserve the time value of money as PRASA awaits spending on the execution and roll out of the PRASA programmes. The funds are spread across investment vehicles and banking institutions so as to avoid concentration risk. The PRASA investment policy consists of the following three strategies (in order of importance):
* Preservation of Capital (only investing in money market instruments;
* Maintenance of liquidity to meet funding requirements; and
* Maximise risk adjustment return in accordance to all sections of the Treasury Policy.

 (aa) The following investments were made in the past three financial years:

 **Nedgroup Money Market Funds**

|  |  |  |
| --- | --- | --- |
| **2016 / 2017** | **2017 / 2018** | **2018/ 2019** |
| R884,807,250 | R947,598,412 | R965,575,424 |

 **Investec Money Market Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| **Opening Market Value** | **2016 / 2017** | **2017 / 2018** | **2018/ 2019** |
| R759,303,087 | R1,320,123,109-55 | R1,320,123,109-55 | R1,560,634,085-00 |

 **Investec Money Market Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| **Opening Market Value** | **2016 / 2017** | **2017 / 2018** | **2018/ 2019** |
| R759,303,087-00 | R1,320,123,109-55 | R1,320,123,109-55 | R1,560,634,085-00 |

 **ABSA Money Market Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| **Opening Market Value** | **2016 / 2017** | **2017 / 2018** | **2018/ 2019** |
| R1,107,051-285-00 | R1,107,051,285-00 | R1,196,976,046-54 | R1,815,702,156-00 |

 (bb) Stanlib – R500 million was deposited to PRASA’s investment in the Stanlib Money Market Fund since 1 April 2018.

ABSA – R550 million was added to PRASA’s investment in the ABSA Money Market Fund since 1 April 2018.

1. The nature of each investment were short term deposits with Money Market Funds (Investec Money Market Fund, ABSA Money Market Fund, Nedgroup Money Market Fund, Stanlib Money Market Fund).
2. Each investment was made for preserving the buying power of PRASA’s capital subsidies while PRASA awaits spending on the execution and roll out of the R172 billion government investment program.
3. The projected returns were for interest earned on short term banking investments and prevailing money market fund rates which fluctuate daily for the purpose of preserving the entity’s buying power when payments are due.
4. The Group Treasurer with guidance of the Chief Financial Officer represents PRASA when investments are made.
5. The dates on which each investment was made are as follow:

Nedgroup Money Market Fund 20 October 2016 R300 million

Stanlib Money Market Fund 21 October 2016 R500 million

Stanlib Money Market Fund 18 October 2019 R500 million

Investec Money Market Fund 1 December 2015 R300 million

Investec Money Market Fund 9 September 2016 R200 million

ABSA Money Market Fund 15 February 2019 R400 million

ABSA Money Market Fund 22 February 2019 R150 million

1. Returns enjoyed to date from these investments are:

Nedgroup Money Market Fund R165,243,457-33

Stanlib Money Market Fund R229,694,094-93

Investec Money Market Fund R294,600,836-98

ABSA Money Market Fund R278,679,930-00

1. PRASA made investments were made with:
* Nedgroup Money Market Fund
* Stanlib Money Market Fund
* Investec Money Market Fund
* ABSA Money Market Fund