

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 648 [NW807E]

DATE OF PUBLICATION: 16 MARCH 2012

Mr N Singh (IFP) to ask the Minister of Finance:

- 1) Whether the National Treasury has been informed that the Public Investment Commission has acquired bonds in SA National Road Agency Ltd (SANRAL) to the sum of R17 billion; if not, what is the position in this regard; if so,
- 2) whether this information was part of the motivation to Cabinet to support an additional appropriation of R5,75 billion to SANRAL via the budget of the Department of Transport; if not, what is the position in this regard; if so, what are the relevant details;
- 3) whether he has been informed that the specified information was not part of the briefing to the Standing Committee on Appropriation nor during the debate in Parliament; if so, what are the relevant details;
- 4) whether he will make a statement on the matter?

NW807E

REPLY:

- 1) The PIC is wholly owned by the South African Government and manages investment funds on behalf of public sector entities, mainly pension, provident, social security and guardian funds. Clients of the PIC include the Government Employees Pension Fund (GEPF), the Unemployment Insurance Fund (UIF), the Associated Institutions Pension Fund (AIPF), the Compensation Commissioner Pension Fund (CC:PF) and the Compensation Commissioner Fund (CC).

The PIC manages each client's portfolio in line with the mandate agreed with the client. The GEPF, which constitutes approximately 90% of the funds under management, is controlled by a Board of Trustees. The Board of Trustees comprise of representatives from the National Treasury, Department of Public Service and Administration as well as other national departments, the PIC, SADTU, NAPTOSA, POPCRU, NEHAWU, SANDF, a specific pensioner representative, and independent specialists. The Trustees are appointed by the Minister of Finance in consultation with the Ministers for Public Service and Administration, Education, the South African National Defence Force, the South African Police Service, the National Intelligence Agency and the South African Secret Service. The Trustees' responsibilities include the approval of the Fund's Investment mandate, acting in consultation with the Minister of Finance. Similarly to other pension funds, the current investment mandate requires the PIC to invest the GEPF's funds in a diversified range of asset classes, including a substantial bond portfolio, so as to mitigate investment risk.

The National Treasury is aware that the Public Investment Commission (PIC) has made investments on behalf of the GEPF in SANRAL bonds since 1998.

- 2) No, this information was not part of the motivation to Cabinet to support the additional appropriation of R5.75 billion for SANRAL. The funding was provided in order to accommodate affordability concerns through introducing further discounts for frequent users and time-of-day savings for heavy vehicles.
- 3) The briefing regarding the Additional Adjustment Appropriation Bill provided an overview of the motivation to Cabinet for the approval of the allocation to SANRAL and hence did not include an overview of the bonds issued by SANRAL.
- 4) The information provided is intended to clarify the matters raised.