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Attention: Mr T H M Mphahlele
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Dear Sir

Comments: General Notices No 801/802/803 of 2012 – “e-Tolls on the Gauteng Freeway Improvement Project”

With reference to the three General Notices 801/802/803 in the Gazettes on 25 October 2012 and relating to the proposed e-toll tariffs and exemptions for the Gauteng Freeway Improvement Project (GFIP), we hereby submit the following comments for consideration in the development of the e-toll tariff system.

1. Introduction – Implementation of a user-pays e-toll system

We note the Government’s intention to implement a user-pays e-toll system for the GFIP, and that there is still considerable debate around this issue. This submission does not comment on the merits of this particular decision, but rather the specific proposals as published in General Notices numbers 801, 802 and 803 of 2012. We are primarily concerned about the impact of these proposals on consumers and credit granters within the requirements of the National Credit Act (No. 34 of 2005).

2. Proposed e-toll tariffs system

Existing toll road tariffs are simple, understandable and predictable, typically a fixed amount or toll per vehicle type at toll plazas. On the other hand, the proposed e-toll tariff system (per notice 801) is incredibly complex, difficult to understand, and totally unpredictable, as follows:

- There are 5 categories of users, with specific toll tariffs for each:
 - e-tag users, registered with SANRAL
 - e-tag users, not registered with SANRAL
 - vehicle licence number recognition (VLN) users, registered with SANRAL
 - “alternate users” (i.e. VLN users), not registered with SANRAL

- day pass users.
- There are 4 vehicle classes, depending on either vehicle length, or width, or height, whichever exceeds a threshold parameter; use of trailers complicates classification of the towing vehicle.
- There are discounts from the basic or standard tariff per user, based on:
 - the type of user
 - the time of day the toll charge is raised
 - The day of the week the toll charge is raised
 - the frequency of road use
 - the "payment time" (or grace period) for "alternate users" (7 days, 30 days or 60 days)
 - minimum monthly toll charges for registered e-tag users.
- There are unique tariffs per specific E-toll gantry.
- Registered e-tag users (frequent users) qualify for a monthly cap value depending on the vehicle class and monthly toll amount raised.
- Finally, certain categories of road users/vehicles qualify for exemption from the e-tolls, subject to approval on application (taxis, certain busses and certain emergency vehicles). Such applications require complex information and documentary evidence to be provided.

Initially, and possibly for several months, it is going to be difficult, if not impossible, for consumers to predict their monthly expenditure on e-toll. This uncertainty is a cause for concern to credit granters and presumably consumers and SME's likewise.

3. **Impact of e-toll expenditure**

There is an obligation on credit granters (sections 79 – 81 of the National Credit Act, 2005) to ensure that they do not lend recklessly, or cause a consumer to become over-indebted. This requires an accurate disclosure of, and consideration of, the consumer's monthly expenditures. As noted above, this could prove very difficult, if not impossible, in relation to an affected vehicle owner's e-toll charges for many months; if not permanently. This expenditure is also likely to be relatively high, especially for middle and low income earners.

The same consideration will apply to borrowers in voluntary or statutory debt counselling or mediation (sections 86 – 88 of the NCA), where accurate assessments of monthly expenditure is critical.

But, more significantly, the payment of e-toll charges is likely to take preference over payments to all other lenders or service providers. This will have an immediate, and significantly negative, impact on the affordability of all current and future borrowers. Such impact may be facilitated, and indeed aggravated, by the proposal in section 6 of the Transport Laws and Related Matters Amendment Bill that "the levying and collecting of toll in terms of the Act" is exempted from the provisions of the National Credit Act, No. 34 of 2005.

4. **Exemption of tolls from the National Credit Act**

The National Credit Act contains numerous consumer protection measures relating to contract terms, maximum fees or interest rates, prevention of over-indebtedness, use of the credit bureaux, debt collection methodologies, debt counselling and debt restructuring. Exemption of “the levying and collecting of toll” from these protections would deprive consumers of existing protections in law. The reasons for this exemption of a State Owned Entity from the NCA are not clear.

5. **Levels of Tariffs**

The proposed level of tariffs, to be imposed at regular intervals on Gauteng’s major freeway network, will have significant and immediate impact on consumers’ and SME’s monthly cash flows, most of whom are already struggling to maintain their existing commitments in the face of rising food costs and administered prices. This will have a consequent effect on current loan repayments, as well as the extension of new credit going forward.

6. **Recommendations**

As motivated above, we would make the following recommendations for consideration:

- 6.1 That the proposed system of e-toll tariffs be simplified to make them more understandable, and predictable, so that consumers and credit granters can incorporate their impacts better;
- 6.2 That the absolute level of tariffs be reduced considerably, to lessen their impact on existing and future credit extension.

We thank you for this opportunity to comment on the draft Notices, and trust that due attention will be given to our inputs.

Yours sincerely



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