



transport

Department:
Transport
REPUBLIC OF SOUTH AFRICA

193 Crn Strubben & Bosman Streets, Forum Building, PRETORIA 0001

Responses to Comments Received By Portfolio Committee on Transport

Transport Law and Related Matters Amendment Bill [B 30-2012]

Public Submissions

18 November 2012

TLRM Bill 01: SACCI

Paragraph 2: SACCI states that they are concerned that with the promulgation of these amendments, there will be no reprieve from the exceedingly high tariffs that are proposed.

Response:

Since the first announcement of the toll tariffs in February 2011, several stakeholder engagements took place, and Government announced twice a reduction in the toll tariffs. These reductions were achieved by mainly the increase of the debt repayment period, and a R5,7 Billion contribution by the National Treasury. The tariff history is shown in Figure 1 underneath. It shows adjustments in the base tariff, but more significantly the adjustments for the e-tag tariff.

Figure 1: Tariff History

| Class | 2011 Tariff Announcement | 2011 Tariff after Steering Committee | 2012 Tariffs |
|--|--------------------------------|--|--------------|
| Base Tariff for light vehicles (Class A2) | 66 c/km | 58c/km | 58c/km |
| Class A1 E-tag Tariff (Motor Cycles) | 30c/km | 24c/km | 18c/km |
| Class A2 E-tag Tariff (Light vehicles) | 49.5c/km | 40c/km | 30c/km |
| Class B E-tag tariff (Med Heavy) | R1.49/km | R1.00/km | 75c/km |
| Class C E-tag Tariff (Large Heavy) | R2.97/km | R2.00/km | R1.50/km |

The tariffs gazette also makes provision for various discounts, including frequent user discounts, time of day discounts and monthly toll caps for users registered with e-tags. Figure 2 shows the time of day discount regime for heavy vehicles, which also demonstrates the incentive for trucks to travel outside morning and afternoon peak hours, although there is still a seven and half hour time available during business hours to travel on the freeways. Figure 3 shows the frequent user discount and monthly toll caps for all vehicle classes.

Figure 2: Time of Day Discounts for Heavy Vehicles (Class B & C)

| Time-of-day discounts: Classes B and C | | | | | |
|--|--|--|--|--|--|
| Time of day | Weekday | Saturday | Sunday | Public holiday | |
| After 00h00 up to and including 05h00 | 30% of <i>standard tariff</i> deducted | 30% of <i>standard tariff</i> deducted | 30% of <i>standard tariff</i> deducted | 30% of <i>standard tariff</i> deducted | |
| After 05h00 up to and including 06h00 | 25% of <i>standard tariff</i> deducted | | 30% of <i>standard tariff</i> deducted | | |
| After 06h00 up to and including 08h30 | 0% of <i>standard tariff</i> deducted | 25% of <i>standard tariff</i> deducted | 25% of <i>standard tariff</i> deducted | | |
| After 08h30 up to and including 16h00 | 20% of <i>standard tariff</i> deducted | | | | |
| After 16h00 up to and including 18h00 | 0% of <i>standard tariff</i> deducted | | | | |
| After 18h00 up to and including 19h00 | 30% of <i>standard tariff</i> deducted | 30% of <i>standard tariff</i> deducted | 30% of <i>standard tariff</i> deducted | | |
| After 19h00 up to and including 23h00 | | | | | 25% of <i>standard tariff</i> deducted |
| After 23h00 up to and including 00h00 | | | | | 30% of <i>standard tariff</i> deducted |

Figure 3: Frequent User Discount and Monthly Toll Caps for Registered e-Tag Users

| Percentage discount | Threshold on total <i>e-toll transactions</i> for the calendar month |
|----------------------------|---|
| 15% off | each <i>e-toll transaction</i> that is above the R400 threshold up to R550 for class A1 and A2 motor vehicles |
| 100% off | each <i>e-toll transaction</i> that is over the R550 threshold for class A1 and A2 motor vehicles |
| 100% off | each <i>e-toll transaction</i> that is over the R1 750 threshold for class B motor vehicles |
| 100% off | each <i>e-toll transaction</i> that is over the R 3 500 threshold for class C motor vehicles |

Figure 4 underneath shows the actual expected monthly tariffs payable by the different vehicle classes, on the premises that vehicles are registered and fitted with an e-tag. These numbers have been derived from the actual vehicle data collected by the toll system.

Figure 4: Expected Monthly

| | Class A | Class B | Class C |
|------------------------------|---------|---------|---------|
| Paying less than R100: | 78,5% | 64,5% | 49,8% |
| Paying R100 and R200: | 12,8% | 13,4% | 16,9% |
| Paying between R200 and R300 | 5 % | 7,7% | 10,4% |
| Reaching R550 | 0,2% | 4,7% | 10% |

The toll tariffs charged on the GFIP are lower than international tariffs charged for similar projects. The e-tag tariff, that is based on a 30c/km for light vehicles is much lower than the tariff charged for a similar toll scheme in Santiago, Chilli, that is also a country in transition.

Following in depth discussions and the provision of detailed individual vehicle data (as recorded on the toll system) to the Road Freight Association, they agreed with the Inter Ministerial Committee, that, based on the current discounts and tariffs will have less of an impact on the industry than an increase of 13c/km on the fuel price. It was estimated by them that a national 13c/km impact on the fuel price will cost the industry R700 million per year, versus the R400 million as a result of e-tolling.

Revised e-toll tariffs will cost less than fuel levy, says expert

THABISO THAKALI

A LEADING economist has claimed that the cost of the controversial Gauteng e-tolls with the latest tariffs will now be cheaper than an additional fuel levy of 13 cents a litre.

Mike Schussler, of Economists.co.za, was asked by the Road Freight Association (RFA) to calculate what the cost

of the fuel levy would be to the economy and operators, in a year, with the revised tariffs.

The road freight industry has run trials with operators to determine provisional costs by selecting trips where kilometres on the Gauteng Freeway Improvement Project had been verified. The results confirmed that the trucks were not travelling as much on the e-toll

roads as was previously expected. Schussler estimated that a 13c/litre fuel levy will cost the industry about R700 million a year, compared with R400m via e-tolls plus possible administration costs.

Even with the additional administration of e-tolls, the RFA research claimed, it would be cheaper for an operator to pay for the tolls rather than a fuel

levy. On a cumulative average, 86 percent of vehicles would pay less than R300 a month and only 4.7 percent of motorists would pay more than R550 a month. On average, 77.1 percent of trucks would also pay less than R300 a month.

But the Opposition to Urban Tolling Alliance (Outa)'s Wayne Duvénage yesterday reiterated that the tolling metho-

dology would cost billions of rand over 20 years. The Automobile Association's Gary Ronald said it was the most expensive way of collecting money.

This week, government and Sanral officials were heckled at public hearings held to justify the e-tolls prior to its proposed implementation in December. A judicial review will be heard on November 26.

The Annexure 1 attached by them with regard to future projects is noted.

Paragraph 3: Amendment of Section 4 of Act 4 of 1998: Ability of the CBRTA to collect toll on behalf of SANRAL

The CBRTA approached SANRAL in about 2007 to assist with the inequality of the application of cross border levies by neighbouring countries versus no levies charged by South Africa. South Africa doesn't charge these levies, since toll is payable on some routes. However, international vehicles entering South Africa don't always travel the routes specified in terms of their permit, and illegally use other routes to circumvent the payment of toll. As a result, South African haulage companies cannot compete equally with neighbouring hauliers.

In order to address this issue, and level the playing field, the CBRTA requested that they be allowed to collect a prepaid toll for international vehicles, entering South Africa. Thereby, there is no incentive for these vehicles to travel alternative routes to the toll routes.

The CBRTA already inspect vehicle cross border vehicle permits, identify potentially overloaded vehicles, as well as potentially non-roadworthy vehicles. The collection of the prepaid toll charge at the border post would be an extension of these functions. The collection of the prepaid toll may include the tolls that are payable for the GFIP, if the route prescribed for the vehicle in terms of the required permit includes sections of the GFIP. This amendment is therefore not aimed at all to appoint the CBRTA to become the toll collection agency for the collection of tolls for the Gauteng Freeway Improvement Project per se. SANRAL is in agreement that specialist agencies should be appointed to fulfil this function, and already appointed these agencies.

Any actual implementation of such a prepaid toll charge will be on the request of the CBRTA. Separate consultations with stakeholders will take place before the implementation of the proposed prepaid toll at international borders.

Paragraph 4: Clause 4 - Amendment of Section 58 of Act 7 of 1998: Public Comment on Regulations

It is acknowledged that public comment for new regulations is afforded. The Department of Transport follows this process, as is currently the case with the exemption regulations.

Paragraph 5: Clause 6 - Amendment of Section 60 of Act 7 of 1998: Agreement that the National Credit Act should not be applicable tolls

This comment is noted.

TLRM Bill 02: BUSA

Paragraph 4.1 & 4.2: Amendment of Section 4 of Act 4 of 1998: Ability of the CBRTA to collect toll on behalf of SANRAL

The CBRTA approached SANRAL in about 2007 to assist with the inequality of the application of cross border levies by neighbouring countries versus no levies charged by South Africa. South Africa doesn't charge these levies, since toll is payable on some routes. However, international vehicles entering South Africa don't always travel the routes specified in terms of their permit, and illegally use other routes to circumvent the payment of toll. As a result, South African haulage companies cannot compete equally with neighbouring hauliers.

In order to address this issue, and level the playing field, the CBRTA requested that they be allowed to collect a prepaid toll for international vehicles, entering South Africa. Thereby, there is no incentive for these vehicles to travel alternative routes to the toll routes.

The CBRTA already inspect vehicle cross border vehicle permits, identify potentially overloaded vehicles, as well as potentially non-roadworthy vehicles. The collection of the prepaid toll charge at the border post would be an extension of these functions. The collection of the prepaid toll may include the tolls that are payable for the GFIP, if the route prescribed for the vehicle in terms of the required permit includes sections of the GFIP. This amendment is therefore not aimed at all to appoint the CBRTA to become the toll collection agency for the collection of tolls for the Gauteng Freeway Improvement Project per se. SANRAL is in agreement that specialist agencies should be appointed to fulfil this function, and already appointed these agencies.

Any actual implementation of such a prepaid toll charge will be on the request of the CBRTA. Separate consultations with stakeholders will take place before the implementation of the proposed prepaid toll at international borders.

Paragraph 4.3: Amendment of Section 60 of Act 7 of 1998: National Credit Act not applicable to the SANRAL Act

SANRAL is not providing credit to a user by an agreement. The payment of toll is in terms of legislation and is payable when passing a toll gantry. The grace period does not extend credit and technically the Act does not apply regardless if the amendment is added to the Amendment bill. The clause was added to avoid arguments and possible litigation

TLRM Bill 03: QuadPara

The proposal from QuadPara is noted. The Department of Transport, National Treasury and SANRAL are in the process to attend to the issues raised by them.

TLRM Bill 04: Cosatu

The views from Cosatu with respect to the Gauteng Freeway Improvement Project were taken up at meetings between the Inter Ministerial Committee and Cosatu. There was also a working committee between Cosatu, the Department of Transport and National Treasury, that looked into the details of the Cosatu proposals. The details of these discussions are added as Addendum A to this document.

In terms of the Cosatu submission, it deals with the principle of open road tolling, which already is provided for in the SANRAL Act. The submission does not contain direct comment with respect to the proposed amendments of the Transport Laws and Related Matters Amendment Bill.

TLRM Bill 05: Banking Association South Africa

The submission made by the Banking Association South Africa does not relate to the Transport Laws and Related Matters Amendment Bill, but the Toll Tariff Gazette published on 26 October 2012. The Department of Transport is currently in process to receive comments from the public related to the specific Gazette, and will include these comments to that process.

Their submission does refer to the National Credit Act, which is included in the Amendment Bill (Clause 6 - Amendment of Section 60 of Act 7 of 1998 -National Credit Act should not be applicable to toll payment). In this regard, the toll system does not provide credit to road users. The system is based on the pre-payment of tolls. In order to overcome practicalities for users to ensure that their accounts stays in the positive, a seven day grace period for toll is provided, which is aligned with international practices.

In order for users to determine their expected monthly toll costs, inclusive of all the different tariffs and discounts that are offered, a toll calculator is available on the SANRAL website for users to determine an estimate of their monthly toll costs. The payment of toll is in terms of legislation and is payable when passing a toll gantry. The grace period does not extend credit and technically the Act does not apply regardless if the amendment is added to the Amendment bill. The clause was added to avoid arguments and possible litigation.

TLRM Bill 06: Dr Hein Wiese

The matters raised by Dr Wiese in the introduction of the letter deals with the principle of tolling. These matters have been addressed in various other forums such as the Steering Committee appointed by the Minister of Transport in 2011 (Steering Committee Report) and the Inter Ministerial Committee appointed by Cabinet in 2012. In both these processes, interaction with stakeholders took place (including tourism industry and vehicle rental industry). The impact of the GFIP on the economy is discussed in detail (based on the Economic Impact Report conducted by the Graduate School of Business from the University of Cape Town), highlighting the very negative

impact it would have, if the project was not implemented to address congestion on freeways in Gauteng.

Paragraph 4.1 & 4.2: Amendment of Section 4 of Act 4 of 1998: Ability of the CBRTA to collect toll on behalf of SANRAL

The CBRTA approached SANRAL in about 2007 to assist with the inequality of the application of cross border levies by neighbouring countries versus no levies charged by South Africa. South Africa doesn't charge these levies, since toll is payable on some routes. However, international vehicles entering South Africa don't always travel the routes specified in terms of their permit, and illegally use other routes to circumvent the payment of toll. As a result, South African haulage companies cannot compete equally with neighbouring hauliers.

In order to address this issue, and level the playing field, the CBRTA requested that they be allowed to collect a prepaid toll for international vehicles, entering South Africa. Thereby, there is no incentive for these vehicles to travel alternative routes to the toll routes.

The CBRTA already inspect vehicle cross border vehicle permits, identify potentially overloaded vehicles, as well as potentially non-roadworthy vehicles. The collection of the prepaid toll charge at the border post would be an extension of these functions. The collection of the prepaid toll may include the tolls that are payable for the GFIP, if the route prescribed for the vehicle in terms of the required permit includes sections of the GFIP. This amendment is therefore not aimed at all to appoint the CBRTA to become the toll collection agency for the collection of tolls for the Gauteng Freeway Improvement Project per se. SANRAL is in agreement that specialist agencies should be appointed to fulfil this function, and already appointed these agencies.

Any actual implementation of such a prepaid toll charge will be on the request of the CBRTA. Separate consultations with stakeholders will take place before the implementation of the proposed prepaid toll at international borders.

Paragraph 4.3: Amendment of Section 60 of Act 7 of 1998: National Credit Act not applicable to the SANRAL Act

SANRAL is not providing credit to a user by an agreement. The payment of toll is in terms of legislation and is payable when passing a toll gantry. The grace period does not extend credit and technically the Act does not apply regardless if the amendment is added to the Amendment bill. The clause was added to avoid arguments and possible litigation

TLRM Bill 07: Thomas Vogler

Mr Vogler raise comment related to the implementation of the GFIP tolling system and not the contents of the proposed Amendment Bill.

In terms of his "most strenuous objection" that users are required to provide banking details, it is important to note that there are no such requirement and that the system indeed is based on the way one service a pre-paid cell phone account. Apart from making cash or EFT payments that do not require any banking details, a user may also elect for automated options such as a debit order or

credit card linked account. It is however totally up to the user to elect the preferred way of payment.

TLRM Bill 08: Ekurhuleni Metropolitan Municipality

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 09: Ms D Tamana

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 10: Katie Stuurman

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 11: D Musson

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 12: Pierre du Toit

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 13: Anit Parbhoo

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 14: Pinky Patel

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 15: Johan Kemp

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 16: M Zwandile

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 17: Zulu Themba

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

TLRM Bill 18: SALGA

SALGA supports the proposed amendments as set out in the public notice.

SALGA suggest a further amendment to the Section 27 of the SANRAL Act, namely that the impact of diversion as a result of tolling on the alternative route network be determined as part of the toll declaration process.

The Act already requires SANRAL to inform all affected municipalities about the intended tolling of a section of National Road. As part of this process, these municipalities may request information,

inclusive of the studies mentioned in their proposed amendment. For the GFIP, this was indeed the case, and the relevant studies were made available to the municipalities that requested it.

The mitigation measures that are proposed to be included will have a financial impact on SANRAL, and the viability of any toll project. This mitigation should rather be determined in terms of the current process, and based on the specific representations made by the individual municipalities. It should also consider the net benefit of the project, and relieve it provides to the supporting/alternative road network.

Because of all these complexities related to this proposed inclusion in the Amendment Bill, it is proposed that it be handled separately.


For information purposes regarding the GFIP process followed, the following should be noted:

- Affected municipalities and Gauteng Province participated in the intergovernmental committee that investigated the implementation of the GFIP, and the basis on which it will be financed. A joint report was drafted in this regard;
- This report, and the concept of GFIP was presented several times at Legislature, Council meetings and/or metropolitan/provincial transport portfolio committee meetings;
- The Gauteng Province and metropolitan councils participated in workgroups related to the transport modelling, toll strategy and geometric road upgrade implementation;
- As part of these interactions, various studies and detailed information was provided to them on their request, related to the impact on alternative routes.

TLRM Bill 19: Dan Filani

The comment is not directly related to the contents of the proposed Amendment Bill, but is noted.

Kind Regards


ADVOCATE ADAM MASOMBUKA
ACTING CHIEF DIRECTOR: LEGAL SERVICES
DATE: 20/11/2012