



MEDIA STATEMENT

NATIONAL TREASURY FILES PAPERS TO INTERVENE IN THE APPLICATION TO INTERDICT COLLECTION OF TOLLS ON SOME ROADS IN GAUTENG

The National Treasury has applied for leave to intervene in the application currently before the North Gauteng High Court for an interdict against the levying and collection of tolls on certain roads in the Gauteng Province.

The application for an interdict was brought by the Opposition to Urban Tolling Alliance, The South African Vehicle Renting and Leasing Association, The Quadpara Association of South Africa and the South African National Consumer Union against The South African National Roads Agency Ltd (SANRAL), the Minister of Transport, the MEC of Roads and Transport, Gauteng, The Minister of Water and Environmental Affairs, the Director-General of the Department of Water and Environmental Affairs and the National Consumer Commission.

The Minister of Finance has instructed the National Treasury to seek leave to join the case in view of the significance of this matter for the State's financing of road infrastructure and the integrity and sustainability of the public finances. Treasury's responsibilities in this regard derive from the Constitution and the Public Finance Management Act.

The Government decided in 2007, in terms of provisions of the South African National Roads Agency Act and after extensive planning and consultation, to finance the construction and maintenance of an improved Gauteng Freeway system through an electronic tolling system. After considering public representations during 2011 regarding the level of tolls proposed, Cabinet agreed that a contribution of R5.75 billion should be made from the fiscus to the project. This has allowed the average toll charge per km to be reduced significantly, provided that road-users participate in the e-tolling system. Implementation of the toll collection system is scheduled to begin on 30 April 2012.

The principal reason behind tolling certain roads is the need, in the interests of economic growth and development, for major arterial routes to be constructed and maintained to engineering standards and specifications that cannot be afforded or justified for the entire road system. These routes are those which carry the heaviest traffic load in the country, and serve as critical economic corridors for both freight and personal travel purposes. In the case of the Gauteng freeway network, rising traffic volumes and the resulting congestion costs to users are a further argument for the recovery of costs through toll charges. The benefits to road users of improved safety, lower travel time and lower operating costs substantially exceed the proposed toll charges. Based on the current toll proposals, which exempt taxi operators and other public transport services, higher income users will account for over 95 per cent of toll revenue.

There would be serious negative implications for future financing of roads and investment in public transport, were SANRAL to be interdicted from implementing the toll collection system. Of concern also is the implication for SANRAL's capacity to repay its debt, which is partially guaranteed by government. The integrity and sustainability of government's continued access to capital markets is a vital and essential determinant of South Africa's

capacity to finance the infrastructure required for economic growth, development and rising living standards.

National Treasury therefore seeks to join the respondents to the application, and will argue that the interdict should be denied and the implementation of toll collection should be permitted to proceed, as has been decided by Cabinet and in keeping with the provisions of the SANRAL Act.

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