QUESTION NO 328

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Mr S B Farrow (DA) asked the Minister of Transport:

(1) What were the total costs that were incurred on the Gauteng Freeway Improvement Project (GFIP);

(2) (a) which (i) proportion and (ii) amount of the funds was obtained through (aa) loan finance and (bb) grant funds in each case, (b) what are the monthly repayments on the loan amounts and (c) over what period are they being repaid;

(3) (a) what is the estimated monthly revenue from (i) tolling based on current traffic flow and (ii) the proposed fee of 66 cents per kilometre and (b) what portion of this revenue has been calculated as unrecoverable or bad debt;

(4) whether any economic assessment has been done to determine what impact the added costs of the toll roads will have on the (a) consumer price of goods and services in the region and (b) cost of public transport; if not, why not, in each case; if so, what are the relevant details in each case?

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REPLY:

The Minister of Transport:

(1)

§ The total cost for the road construction: R16.9 billion, including CPA, excluding VAT.

§ Other costs related to the toll infrastructure (R725 million) and toll system (R1.16 billion) amounts to R1.89 billion (excluding VAT).

§ The costs related to the implementation of Intelligent Transport Systems (ITS) (R350 million) and current maintenance (R90 million) amounts to a further R440 million (excluding VAT).

§ The total estimated cost amounts to R19.23 billion (excluding VAT). These costs reflect the physical implementation costs, inclusive of ongoing maintenance and operations costs until toll collection will commence. The above do not include financing costs.

(2) (a) (i) and (ii) (aa)

The South African National Roads Agency Limited (SANRAL) has not taken any loans for this project.

(bb)

No grants were received for any toll projects. The toll portfolio is totally ring-fenced from non-toll roads and no cross subsidizing is allowed as stipulated by the South African National Roads Agency Limited and National Roads Act, 1998 (Act No 7 of 1998).

(b)

Falls away (Not applicable as no loans taken).

(c)

Not applicable. However, I would like take this opportunity to inform the Honourable Member that the toll roads are funded by means of bonds. SANRAL issues bonds in the capital market as listed on the Johannesburg Stock Exchange (JSE). The total toll portfolio debt is R27.7 billion as at 31 December 2010, of which the majority was borrowed for the Gauteng Freeway Improvement Project (GFIP). Bonds do not have monthly installments, but a coupon payment is done every six months. Upon maturity of the bond, the full capital amount is payable. As the Honourable Member would appreciate, this is a function of the assumed inflation and real interest rates. At a 6% per annum inflation and 5% per annum real interest rate for light vehicle tariff of 66c per

kilometre, debt will be recovered in 2028. Furthermore, it is noted that the 66c/km is equivalent to the 50c/km announced in 2007 Rand.

(3) (a) (i) and (ii)

The estimated income is R300 million per month.

(b)

The revenue is based on toll revenue, revenue recovered through debt collection processes, and revenue received through traffic fines and administration fees payable as a result of infringements. In terms of the above processes, it is estimated that for steady state operations, the unrecoverable or bad debt would amount to 5% of total possible revenue.

(4) (a)

The Graduate School of Business of the University of Cape Town (UCT) conducted an economic impact study. The study included:

- **Costs-benefit analysis: this was the primary measure of the project's viability and gave a robust indication of the value that the project can deliver to the national economy.**

- **Micro-economic analysis: this reviewed the same costs and benefits, but from the perspective of a range of different stakeholders.**

- **Macro-economic analysis: this reviewed the effect of the project on the national and regional economies, including job creation and economic efficiency effects.**

The economic study determined the expected impact on the cost of consumer goods. It only considered the direct cost of tolling, ignoring all the benefits such as travel time, savings and vehicle operating cost savings, as a result of the freeway upgrades. The report indicated the expected "Cost of Living" increases as follows:

§ Household incomes less than R24 365 - 0.31% increase (31c for each R100 spent)

§ Household incomes between R24 365 and R55 159 - 0.29% increase (29c for each R100 spent).

It was concluded that the tolling scheme will have little impact on the cost of consumer goods and will not be inflationary.

(b)

Public transport vehicles (all classes) that have a valid operating license and which provides commuter public transport services receives a 25% e-tag discount as well as a 50% public transport operator discount. Therefore, a discount of 75% on the nominal toll tariff is available to public transport vehicles. Public transport vehicles will also obtain the time of day discounts on top of the 75% discount, when travelling outside peak hours. As an example, two trips per minibus taxi are demonstrated. The first trip is a long distance trip from the south of Johannesburg to Centurion, approximately 63 km per direction. The monthly toll payable by a commuter doing 22 return trips per month, all in the peak hour, and based on 16 persons in the vehicle, amounts to R1,34 per day, or R29,50 per month.

For a shorter distance scenario (Golden Highway to the Johannesburg CBD), via the N1, N12 and M1, the cost amounts to 13c/day or R2,86 per passenger per month.

Due to the increased number of passengers per bus (Class B vehicle), the impact per commuter will be similar or even less.