

5 January 2023

For Attention: The Premier of Gauteng Province
Mr Panyaza Lesufi

By e-Mail: [REDACTED]

Dear Premier Lesufi

ETOLL DEBT AND OTHER RELATED MATTERS

1. I write you to you seek clarity on various matters which you have been quoted on w.r.t. resolving the Etoll saga, wherein I have raised a few concerns and questions below, which I hope you will be able to shed some light on.
2. **Why is the Gauteng Province compelled to contribute to SANRAL's debt?**
 - a. We would like to know on what basis has the Gauteng Province agreed to cover any of the costs related to SANRAL's debt in the first place? We ask this because, the debt raised to cover the construction costs of the Gauteng Freeway Improvement Project (GFIP), was motivated and/or raised by the three national authorities during the period of 2007 and 2012, relating to the decision to improve SANRAL's roads within the Gauteng province. These authorities were: SANRAL; The Department of Transport and the Department of Finance.
 - b. One of possible reason of this arrangement, may be based on an arrangement that the Gauteng Province was to receive 30% of the planned income generated by the Etoll scheme. Was there ever such a decision / agreement between SANRAL and the Gauteng Province?
 - c. The Gauteng freeway infrastructure upgrade took place on national roads, managed by SANRAL (a national SOE), reporting into the national Department of Transport (Jeff Radebe at the time). Furthermore, it was the office of the national Minister of Finance, Pravin Gordhan who approved the government guarantees to back the bonds taken up by SANRAL, of which only R21 billion pertained to the Gauteng Freeway Improvement Project (GFIP).
 - d. Neither the City of eThekweni nor the Province of Kwa Zulu Natal is being expected to cover any of the costs related to past or current freeway infrastructure upgrades, in and around the cities within that Province.



- e. Accordingly, we sincerely believe the province of Gauteng should not be compelled to pick up a portion of SANRAL's debt and that you should push back on this issue. However, if there is something we are not aware of - as to why the Gauteng Province should be compelled to contribute toward SANRAL's debt - we would like to receive such feedback.

3. What is the amount / percentage of Gauteng's contribution based on?

- a. Even if the Gauteng Province has been convinced or pressured into contributing toward 30% of a portion of SANRAL's bonds, we would like know on what basis was the amount of R43 billion was derived, to which the Gauteng Province is being tasked to compensate 30%?
- b. We ask this because the GFIP Bonds (debt) was R21 billion and some change. Is the province of Gauteng being asked to contribute toward:
 - i. The debt for the GFIP bonds (which was R21 billion)?
 - ii. The GFIP bonds debt plus interest over the full period?
 - iii. And if the answer to either (i) or (ii) above is "yes", why is this the case, when National Treasury has already allocated over R22,4 billion to SANRAL since 2008 to offset GFIP related debt?
 - iv. Furthermore, we would like to point out that SANRAL grossly overpaid for the GFIP. We realise there is contention on their behalf toward our statement in this regard, but the Competition Commission has already confirmed that corruption and collusion existed on this project. We have prepared a comprehensive paper on this matter and will be happy to discuss our input with you, but in short, the Gauteng province should not be required to contribute to excessive / overpriced road construction costs, on the back of SANRAL's inability to curb these costs. We believe the GFIP construction costs should not have exceeded R9 billion.

4. On raising new taxes to off-set the Gauteng Province's E-toll debt:

On 4th January 2023, in an interview with 702, you stated that "the government would communicate with Gauteng motorists to find the best way to collect revenue following the failure of the electronic toll collection system". We are pleased that you have indicated your intention to consult widely with the people of Gauteng on how best to raise additional taxes from Gauteng residents, to cover the Gauteng Province's 30% commitment toward part of SANRAL's debt. We look forward to engaging with you on the various options available to you, having heard that you may seek to reclaim this cost through increased vehicle license fees and / or by applying an additional "provincial" fuel levy to Gauteng motorists.



Can you please inform us as to when this consultation process will begin, as we believe the two options briefly mentioned by you (vehicle license fees and/or provincial fuel levies) will have significant repercussions and negative consequences for the province, its businesses and its residents, aside from the fact that Gauteng will become a more expensive province to live and do business in, compared to other regions within the country.

5. Finally, on 4th January 2023, in the same interview with Radio 702, you said that a decision has been made to refund the almost R6.9 billion paid in E-toll bills by motorists since 2013. OUTA applauds this decision and would like to know how this will be carried out, as these funds were collected by SANRAL (through their appointed agents). It is after all SANRAL that has the information regarding who has paid and how much was paid by each individual and business, thus it will be extremely important for them to provide you and civil society with clarity on this statement, and to explain the following:-
- a. How these refunds will be made?
 - b. Has much thought been given to the fact that businesses (freight, car rental and other businesses) have passed on these E-toll costs to their customers over the past 9-years. These customers will in turn be asking these companies to refund that money back to them, which in turn will have negative consequences for these businesses. Has the necessary forethought and consultations has been undertaken, prior to this announcement being made?
 - c. If indeed SANRAL refunds R6.9 billion to road users who paid E-tolls:
 - i. Who will be picking up that tab?
 - ii. Will the refunds will become an additional (new) cost for SANRAL or National Government?
 - iii. Will the Gauteng Province be expected to contribute 30% of this amount on top of 30% toward the SANRAL debt and if so, why?
6. Finally and in closing, we welcome a formal engagement with you and your office, in order to shed some light on the costs (SANRAL's debt) that the Gauteng Province is expressing its intention to pay, along with other related matters, as indicated in the points raised above.

Yours sincerely

*Signature not required if sent from
undersigned directly to the addressee*

Wayne Duvenage
OUTA CEO

