

**Written and Verbal Presentation to the Advisory Panel on the Socio-economic Impact of eTolls**

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This submission is presented in their private capacity as Gauteng citizens and is structured along the following Headings:

1. Background and Context
2. The Memorandum of Understanding
3. Things Fall Apart
4. The Scheme Financial Model
5. Issues of Concern with the Initial Model
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**1. Background and Context**

1.1 The Gauteng Freeway Improvement Scheme (“the Scheme”) has its roots in the Gauteng Toll Roads Strategy that was adopted by the Gauteng Provincial Government (“GPG”) in 1997. This strategy was translated into the Gauteng Toll Roads Bill that was considered, but never passed, by the Gauteng Provincial Legislature in or about 2003/2004.

- 1.2 From the beginning, the aim of the Scheme was intended to provide a road and traffic management solution through the development and upgrading of a road network in Gauteng.
- 1.3 The Scheme was intended to comprise the following three critical elements:
- 1.3.1 The introduction of a toll Scheme on the freeways in Gauteng with the aim to prioritise public transport users, manage private car use and ensure that freight moves efficiently on the freeway system;
  - 1.3.2 The generation of funds from the toll Scheme for purposes of providing new freeways and public transport infrastructure (dedicated lanes, shelters, lighting, pedestrian walkways and cycling paths as contemplated in the then Gauteng Strategic Public Transport Network [SPTN]) on designated public transport corridors and nodes; and
  - 1.3.3 The introduction of travel demand management measures such as car-pooling and trip sharing (to promote High Occupancy), traffic flow control and incident management to ensure that private car use of the freeway system is more efficient.
- 1.4 This perspective is confirmed by the South African National Roads Agency Limited (“SANRAL”) 2008 Annual Report, which on page 33, states that the then Minister of Transport, Mr Jeff Radebe, launched the Gauteng Freeway Improvement Project (“GFIP”) during 2007 October Transport Month. The GFIP is projected, even in this SANRAL 2008 Annual Report, as an example of co-operative governance, being a joint project between the Ekurhuleni, Tshwane and Johannesburg metros, and the Gauteng Province.
- 1.5 The 2008 SANRAL Annual Report correctly states that the project would include the upgrading of current roads, building of new “greenfield” roads, eventually totalling approximately 560kms of road around the Gauteng area to improve accessibility and reduce congestion. According to this 2008 Annual Report of 2008, the design of these roads has taken into consideration the need to move from private vehicles to public transport by concentrating on inter-modal transport options and High Occupancy Vehicle (HOV) lanes to facilitate quick travel by bus and taxi.

## **2. The Memorandum of Understanding**

- 2.1 In an effort to achieve the aim described above, GPG and SANRAL concluded a Memorandum of Understanding (“MOU”) in March 2008, which gives effect to the principles of co-operative governance in the implementation of the Scheme.

- 2.2 The MOU made provision for the transfer of roads from one sphere of government to another, in accordance with the South African National Roads Agency Limited Act 7 of 1998 (“SANRAL Act”).
- 2.3 Pursuant to the conclusion of the MOU, an agreement for the transfer of the R21 Albertina Sisulu Highway from GPG to SANRAL was entered into with the R24 being earmarked as the next road to be transferred. As part and parcel of this package, and in good faith, portions of N17 were also transferred to SANRAL between 2005 and 2008.
- 2.4 Furthermore, it was contemplated in the MOU that should a provincial road be declared a national road for purposes of inclusion in the toll road network, the revenue collected from such specific road shall be shared in accordance with the revenue sharing methodology agreed upon by the parties.
- 2.5 In summary, the process contemplated would entail the following:
  - 2.5.1 GPG would transfer some of its existing and future provincial roads to SANRAL;
  - 2.5.2 SANRAL would acquire the permission from the Minister responsible for Transport to declare such roads as national roads;
  - 2.5.3 SANRAL would then obtain ministerial approval permitting the tolling of such roads in terms of the relevant provisions of the SANRAL Act; and
  - 2.5.4 The revenue accrued from the tolling of such roads would be shared accordingly between SANRAL and the GPG.

### **3. *Things Fall Apart***

- 3.1 Careful reading of the SANRAL 2008 Annual Report reveals that SANRAL had, in the meantime, established its own aims and objectives that were never part of the Inter-Governmental forum. It is noteworthy that the 2007 October Transport Month announcement by the then Minister of Transport, Mr Jeff Radebe, where he officially gave his sanction for the development of the GFIP, he pronounced that the project was approved for implementation by Cabinet as a “national” project.
- 3.2 According to the SANRAL 2008 Annual Report (page 32), the project began with the upgrading of the Menlyn Node, east of Pretoria, and included elements of the Intelligent Transport System being implemented on 185km of roads in the Gauteng province. The aim of the project had already been reduced to that of addressing such challenges as high levels

of traffic associated with the development of the Menlyn Node. This minimalist perspective is also found in the official government website which states that the Gauteng Freeway Improvement Project (GFIP) was launched on 8 October 2007 to ease increasing congestion on Gauteng roads. <http://www.gov.za/aboutgovt/programmes/gauteng-freeway/index.html>

#### **4. *The Scheme Financial Model***

- 4.1 As at March 2008, SANRAL had at best failed to, or at worst had refused to, disclose the Financial Model of the Scheme. This was contrary to the co-operative governance that had been envisaged by the Inter-Governmental forum. The Head of Department (“HOD”) of the Department of Public Transport, Roads and Works (“DPTRW”) then decided to establish the Freeway Improvement Scheme Project Team (“FIS Project Team”) with a specific mandate to assertively engage with SANRAL and to specifically address the question of the financial model (“the model”).
- 4.2 The initial high-level model was then crafted by the FIS Project Team to provide the DPTRW with insight into the financial implications of the FIS in light of the limited information provided to DPTRW by its “partner” in the Scheme, SANRAL.
- 4.3 This high-level model was primarily based on the information on the Scheme as provided in the report entitled: “The Proposed Gauteng Freeway Upgrading and Expansion Project – Traffic and Toll Feasibility Study Report, Draft A” (“The SANRAL Report”), compiled by Tolplan (Pty) Ltd and Goba (Pty) Ltd on behalf SANRAL in April 2007.
- 4.4 Supplementary information was obtained from various reports on a Gauteng Toll Road Strategy compiled by the DPTRW between 1997 and 2001.

#### **5. *Issues of Concern with the Initial Model***

- 5.1 Both the SANRAL and initial high-level models had limitations. These include:
- 5.1.1 They were based on the assumption that all capital costs were to be financed through market loans. The use of equity funding or contributions from Government budgets, and indeed any other form of finance structuring, had not been considered. This also impacted the ability to correctly analyse different project phasing options.
- 5.1.2 The models focused on the first project phase of road rehabilitation, and provided only limited information and analysis of new road construction.

- 5.1.3 Only light-vehicles were considered. The impact of heavy-vehicle traffic on revenue and costs had not been considered.
- 5.1.4 The toll tariff and revenue collection assumptions are too limiting and restrictive.
- 5.2 These issues could not be addressed in the initial model given the lack of input data available to DPTRW at the time. Of specific importance was the traffic volume data, given that revenue is a function of this data.
- 5.3 Various meetings were convened by the FIS Project Team and Tolplan and it was agreed, with the permission of SANRAL, that Tolplan would provide DPTRW with the following (needless to state that most of the information requested was never provided):
  - 5.3.1 All reports/documentation relating to research or studies conducted on the FIS to date;
  - 5.3.2 Clarification/confirmation of the project scope. This was due to the fact that some of the information available to GPG contained contradictory information (specifically the aims and objectives of the Scheme);
  - 5.3.3 All traffic volume information, including:
    - 5.3.3.1 The various Trip Matrices (including the traffic breakdown between the different vehicle categories);
    - 5.3.3.2 The Traffic Modelling Review (including information pertaining to upgrading needs, traffic diversion due to tolls and/or new road development, and the impact of public transport);
    - 5.3.3.3 The Base Year Model; and
    - 5.3.3.4 The traffic growth rates (and how they were developed);
  - 5.3.4 The input data used to calculate the per kilometre capital costs, and operating costs;
  - 5.3.5 Exact expected road maintenance and rehabilitation costs;
  - 5.3.6 The input data used to calculate the estimated revenue collection;
  - 5.3.7 Toll modelling data, including SANRAL and national toll modelling and tariff calculation standards (if any);

- 5.3.8 SANRAL’s anticipated timeframes for the construction phase of the various stages or per portion of road;
  - 5.3.9 Data used in the cost/benefit and economic rates of returns calculations;
  - 5.3.10 SANRAL’s depreciation policies and the impact of taxation on the project;
  - 5.3.11 The budget, if any, allocated to SANRAL for the proposes of upgrading/maintaining/building the roads included in project scope; and
  - 5.3.12 SANRAL’s financial market borrowing rates, or the formulas to calculate these rates.
- 5.4 This information would have allowed GPG in general, and DPTRW in particular, to properly participate in the planning and implementation of the Scheme in the best interests of the Province. Once all the information was available and had been added to financial model, GPG would have been able to run various scenario and sensitivity analyses by changing a range of variables to establish the impact of these changes on the financial and economic viability of the project. These variables include:
- 5.4.1 Tariff rates;
  - 5.4.2 Revenue collection percentages;
  - 5.4.3 Project scope;
  - 5.4.4 Project timing;
  - 5.4.5 Capital and operational costs; and
  - 5.4.6 Interest and inflation rates.
- 5.5 The only information that was provided by Tolplan to the FIS Project Team was the 2008 versions of the report “The Proposed Gauteng Freeway Upgrading and Expansion Project – Traffic and Toll Feasibility Study Report”, compiled by Tolplan (Pty) Ltd and Goba (Pty) Ltd on behalf SANRAL, as well as all related annexures/appendices.
- 5.6 Tolplan also provided some cost and revenue data for the refurbishment of the existing roads. While the cost data was more in-depth than previously provided and consequently allowed for greater scrutiny and accuracy, the revenue data was more problematic.
- 5.7 In order to determine the project revenue the traffic volumes, tariff rates and revenue collection percentage must be known. However, the tariff rates and upgraded/new road

availability (determined by the project scope) affect the usage of roads and traffic diversion, and as a result the traffic volumes change, thereby affecting revenue.

- 5.8 The traffic volume data was obtained from a traffic volume model which had been compiled and updated by Goba. The revenue data provided was basically a static representation of what the traffic volumes and revenue would be at a tariff of 30c per kilometre with 80% revenue collection.
- 5.9 In order to obtain any further options/scenarios for traffic volume and/or tariff rates, and consequently revenue, the FIS Project Team needed to have access to the actual traffic volume model.
- 5.10 The problem and the fact that the Tolplan's model focused mainly on the existing roads and provided very little analysis of the potential new roads was identified and communicated to SANRAL.
- 5.11 Given the importance of these new roads to GPG, it was essential that all the input information for the new roads be obtained as through innovative project bundling, planning and phasing it would be possible to make previously non-financially viable roads/projects viable. These options could only be tested through a holistic financial model. But SANRAL was decidedly not too enthusiastic on this aspect.

## **6. Joint Decision Making**

- 6.1 The national and provincial governments are each custodians of portions of the road network that traverses the Gauteng Province. SANRAL is the main authority charged with the responsibility to *inter alia* plan, design, construct, control and maintain national roads in the Republic. The GPG, in turn, has authority over all provincial roads in the Gauteng Province.
- 6.2 The main agreement regulating the relationship between SANRAL and the GPG was thus set out in the MOU entered into between these parties in March 2008. The MOU provides that the GPG and SANRAL have an individual and joint commitment to ensure that the Scheme is conducted as a comprehensive programme in accordance with the principles of co-operative government.
- 6.3 The parties to the MOU further undertook to exercise good faith in all dealings with one another and take all reasonably necessary steps to ensure the successful implementation and fulfilment of the objectives of the MOU.

- 6.4 As part of the co-operation between the GPG and SANRAL for the successful implementation of the Scheme, the MOU set out that the GPG shall transfer its provincial roads forming part of the Scheme to SANRAL, in order to enable SANRAL to upgrade these roads. It thus becomes clear that the success of the Scheme involves the observance of co-operative governance principles which necessarily encompasses joint decision making by the parties.
- 6.5 In recognition of the need to observe the principles of co-operative governance as the key component to the successful implementation and fulfilment of the objectives of the MOU, the lack of joint decision making was raised as an area of major concern by the GPG.
- 6.6 There was a concern that SANRAL did not involve the GPG in the decision making regarding the implementation of the Scheme. To illustrate this point, the GPG highlighted the fact that it was not invited to meetings convened by SANRAL where important decisions impacting on the Scheme were made and found this to be unacceptable and offensive to the principles of co-operative government which formed the basic foundations of the parties working relationship.

## **7. Revenue Sharing**

- 7.1 The MOU between the parties provided that for the achievement of the government's goals and policy objectives with regards to roads throughout South Africa and macro transport and road planning, a revenue sharing model would be entered into between the parties to enable each party to have financial shares in the Scheme which would be proportional and equitable. The model of revenue sharing was envisaged as both SANRAL and the GPG needed to fulfil their constitutional and legislative mandates regarding national and provincial roads respectively.
- 7.2 Revenue sharing as agreed upon in the MOU between the parties was envisaged to take place in two phases. In Phase one, the revenue generated by the Scheme would be applied as follows:
- 7.2.1 Repayment of the capital debt;
  - 7.2.2 A portion reserved for investment in the Scheme with regard to the maintenance of existing roads and the construction of new roads;
  - 7.2.3 A minimum portion allocated to SANRAL for its role as the implementing agent for use in accordance with its legislative imperatives; and



- 7.2.4 A minimum portion allocated to the GPG which the GPG may use for the purposes of major transport and infrastructure projects in Gauteng, **Public Transport** in particular.
- 7.3 In Phase two, the revenue generated would be shared proportionally taking into account the following considerations:
- 7.3.1 Any future projects that may be implemented as a direct part and a continuation of the Scheme;
- 7.3.2 Funds that SANRAL requires in order to fulfil its broader mandate and priorities in terms of the SANRAL Act; and
- 7.3.3 Funds that the GPG requires in order to fulfil its strategic objectives with regard to its comprehensive road and public transport plans for Gauteng.
- 7.4 In order to give effect to and realise the revenue sharing contemplated by the parties, SANRAL was required in terms of the MOU to take all reasonable steps that may lead to the amendment of the relevant sections of the SANRAL Act in order to enable the parties to bring into effect the method of revenue sharing envisaged by the MOU.
- 7.5 The issue of revenue sharing was an area of concern from the GPG's perspective that needed to be resolved as there was no evidence or indication that SANRAL was taking any positive measures towards the amendment of its legislation to make provision for revenue sharing as envisaged in the MOU.
- 7.6 SANRAL's unequivocal position was that it does not contemplate that any revenue will be shared with the GPG as all revenue generated from the Scheme would be ploughed back into the Scheme to be applied for the construction of new roads and maintenance of existing roads. It was subsequently argued by SANRAL that SANRAL would not obtain any financial benefit from the operation of the Scheme.
- 7.7 SANRAL felt that the GPG should thus in similar fashion not be put in a position to derive pecuniary benefit from the operation of the Scheme.
- 7.8 In response to SANRAL's contentions with regard to the issue of revenue sharing, it was submitted on the part of the GPG that SANRAL was not focusing on the bigger picture regarding revenue sharing.

- 7.9 The GPG's argument was that the MOU contains a clause dealing with revenue sharing as the revenue shared will enable both SANRAL and the GPG to effectively fulfil their constitutional and legislative obligations regarding National and Provincial roads respectively. Furthermore, the GPG's take on the matter was that, at the very least, it does not necessarily expect payment in monetary terms but would, for example, expect to have a say as to which roads are prioritised in ploughing back the revenue generated by the Scheme in order to ensure that provincial roads are adequately maintained.
- 7.10 In addition, the arguments advanced by SANRAL deliberately ignored the fact that MOU acknowledges that section 34(3) of the SANRAL Act constitutes an impediment to the revenue sharing model contemplated by the MOU and that SANRAL undertook to take the necessary steps to bring about the amendment of the relevant provision in order to give effect to the revenue sharing model contemplated by the MOU.
- 7.11 Consequently, it became clear that SANRAL were either renegeing on what was agreed in the MOU in as far as the issue of revenue sharing was concerned and that did not intend to attend to the necessary amendment of the SANRAL Act as agreed and/or, alternatively, the SANRAL representatives at the March 2009 workshop were ignorant with regards to the content of the founding document that sought to regulate the co-operative arrangement between the parties, namely the MOU.

## **8. *The March 2009 Workshop***

- 8.1 The misunderstandings and disagreements between GPG and SANRAL with regards to the implementation of the Scheme had persisted for a considerable period of time. This, notwithstanding the mediation efforts by the then Director General of the national Department of Transport, Ms Mpumi Mpofu, who had since January 2008, attempted to bring the parties around the table to resolve their differences and reach a common understanding in the interests of intergovernmental relationships and of the toll-paying public. Apart from several meetings that the GPG has held with SANRAL, there has also been ongoing correspondence.
- 8.2 As a result, a special workshop between GPG and SANRAL was convened on the 27<sup>th</sup> March 2009 ("the GFIS workshop"). It was patently clear at this workshop that the parties still had several disagreements as to how the Scheme should be operated.
- 8.3 The specific obstacles and challenges identified which had the effect of undermining the interests of the GPG were specifically tabled at this workshop.

- 8.4 These obstacles and challenges identified can be summarized as follows:
- 8.4.1 The divergent views between SANRAL and the GPG with regards to the details of a mutually beneficial relationship and the potential methodologies of implementing the Scheme, being a source of major contention between the parties for a substantial period of time.
  - 8.4.2 The workshop considered all the critical aspects of the MOU in which the parties realigned their individual mandates so that they could work towards the fulfilment of their mutually shared objective of a robust road infrastructure.
  - 8.4.3 The primary objectives of the MOU included:
    - 8.4.3.1 The promotion of the role of SANRAL with regard to the management and control of the national roads system, and of the GPG with regard to its constitutional responsibilities concerning provincial roads and public transport within the Province;
    - 8.4.3.2 The partnership of the parties and the substantive decision-making capacity of each party;
    - 8.4.3.3 The intention of the parties to articulate a formula according to which they will share between themselves the revenue accrued from the functioning of the Scheme; and
    - 8.4.3.4 The promotion of the rational forward-planning of the phases of the Scheme in an efficient, systematic manner.
- 8.5 The GFIS workshop also considered issues relating to the joint decision making framework whereby, as per the MOU, which constitutes the founding agreement regulating the relationship between SANRAL and the GPG, provides that the GPG and SANRAL have an individual and joint commitment to ensure that the Scheme is conducted as a comprehensive programme in accordance with the principles of co-operative government.
- 8.6 To this end, the MOU:
- 8.6.1 Establishes a professional and co-operative partnership arrangement;
  - 8.6.2 Works towards the achievement of the objectives and general principles of efficient roads and transport management;

- 8.6.3 Enhances transparency and accountability on the part of both parties in the performance of their commitments;
  - 8.6.4 Establishes a framework within which the regulation and operation of the Scheme can be implemented and appropriate action taken where problems arise; and
  - 8.6.5 Seeks to promote the respective roles of SANRAL with regard to the management and control of the national roads system, and of the GPG with regard to its constitutional responsibilities concerning provincial roads and public transport within the Province.
- 8.7 Further to the above and in the context of joint decision making, the parties reaffirmed that:
- 8.7.1 The participation of the GPG in the implementation of the Scheme was essential and in this regard, SANRAL would ensure that there was substantial consultation with the GPG throughout the implementation of the Scheme; provided that SANRAL would reserve the right to make final decisions;
  - 8.7.2 Their respective functions are interrelated and complementary and that a cooperative relationship would enable each party to fulfil their mandate and responsibilities without encroaching unreasonably on those of the other party or diminishing the significance of the parties' respective roles; and
  - 8.7.3 The GPG would be represented at all meetings concerning the Scheme and would have reasonable access to all information, personnel and documentation available to SANRAL in respect of the implementation of the Scheme.
- 8.8 In recognition of the need to observe the principles of co-operative governance as the key component to the successful implementation and fulfilment of the objectives of the MOU, the lack of joint decision making was raised as an area of major concern by the GPG at the GFIS workshop.
- 8.9 A further impetus for substantive joint decision making by SANRAL and the GPG in the implementation of the Scheme is reflected in clause **Error! Reference source not found.** of the MOU which acknowledges the fact that, in terms of the Constitution, the GPG possesses exclusive provincial legislative competence regarding provincial roads.

- 8.10 To this end, the GPG is obliged to ensure that the use and function of the said roads are in keeping with its constitutional mandate and the dictates of national and provincial legislation pertaining to roads and public transport.
- 8.11 In order to achieve this end, the GPG would be a joint partner and decision-maker with SANRAL in the substantive aspects of the Scheme as set out in the founding documents of the Scheme to ensure that:
- 8.11.1 The Scheme was consistent with the GPG's constitutional obligations regarding provincial roads;
  - 8.11.2 The Scheme was in keeping with the principles of the macro transport and road strategic plans of the GPG; and
  - 8.11.3 The duty of the GPG to provide a comprehensive public transport system was observed in the implementation of the Scheme.
- 8.12 It is against this backdrop that it was deemed appropriate to highlight the fact that the spirit of mutual and substantive co-operative partnership as underlined by the imperatives of the principles of co-operative government are not being observed by SANRAL with regards to the implementation of the Scheme. SANRAL's view in this regard was that they reserve the right to make final decisions as per the October 2007 announcement by the Minister of Transport, in which he launched the GFIP as a Cabinet approved "national" project.
- 8.13 The parties who attended the workshop agreed that the workshop was not the appropriate forum within which to make important decisions on the future of the Scheme. It was decided that smaller working groups would be formed regarding each separate aspect of the Scheme, and that decisions and the way forward would be discussed in these small working groups. To our knowledge, these working groups were never established.
- 9. *The Strategic Public Transport Network***
- 9.1 The Strategic Public Transport Network ("SPTN") was envisaged as a network of planned mass public transport main routes based on corridors with a minimum demand of 3000 passengers per hour in peak hours. The SPTN links the main residential areas with job opportunities and commercial nodes.

- 9.2 In terms of the SPTN, public transport operations include all modes of transport playing a meaningful and complementary role on the network. This includes the participation of buses, taxis, rail and metered taxis to form part of the mainstream public transport system.
- 9.3 The aim of the SPTN was to ensure that the entire population of the Province is within 10-20 minutes walking distance of a public transport service that is linked to integrated transport system. It was envisaged that on the trunk routes services will:
- 9.3.1 Be provided by the appropriate mode for the demand (the higher the demand on a corridor, the larger the means of transport) – this would include inter alia heavy rail, light rail, and articulated, standard, midi - or mini-buses;
  - 9.3.2 Be contracted services, awarded through tendering or negotiation, depending on circumstances;
  - 9.3.3 Be subsidised or commercial services, depending on the circumstances;
  - 9.3.4 Be operated according to the quality and operational standards set out in the contracts; and
  - 9.3.5 Be given priority over private transport as far as provision and use of infrastructure is concerned.

## **10. General Overview of Gauteng Public Transport**

- 10.1 Transport is a basic necessity for sustainable social and economic development and an enabler in addressing poverty and development needs. However, at present public transport is not only inadequate for the population in the major parts of Gauteng such as townships, but accessibility to and from these areas is also limited and constrained. Furthermore, there is little, if any, integration and relationship between the various modes of transport.<sup>1</sup>
- 10.2 In view of the above, it became crucial for GPG to establish an integrated, intermodal public transport system that is affordable, reliable, convenient and easily accessible. This was also necessary, particularly within the context of the Province having been identified as a Global City Region.

<sup>1</sup> Gauteng Strategic Action Agenda for Transport: Integrated Public Transport Action Plan for Gauteng Province, July 2007 at page 16.

10.3 Therefore, in late 2005, GPG through its Department of Public Transport, Roads and Works (“the DPTRW”) initiated the Gauteng Public Transport Transformation Project<sup>2</sup> whose overall vision was a single integrated public transport network and system<sup>3</sup> of road-based public transport offering accessible, safe, affordable and customer-orientated services.

## 11. *Implementation of the SPTN*

11.1 The SPTN was extensively workshopped with all municipalities and other relevant stakeholders on the basis that all public transport systems, no matter which mode, would be incorporated into the SPTN.<sup>4</sup>

11.2 Structures such as Joint Technical Task Teams had been established between the Province and all municipalities to promote the effective implementation of the Project.

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<sup>2</sup> The Project envisaged:

- a. Rail and road trunk routes on the SPTN to minimize travel time, with priority being given to routes with 10,000 or more passengers in the 3-hour morning peak period;
- b. Signal priority or grade separation at intersections to prioritise public over private transport;
- c. A system of feeder and distribution routes serving the SPTN trunk routes to ensure maximum geographic and network coverage;
- d. Convenient, secure, and accessible facilities at public transport stations and termini that encourage the move to public transport by private transport users;
- e. Improved nearby public space, pedestrian and cycle facilities to support non-motorised access to public transport;
- f. Frequent and rapid peak and off-peak services between major origins and destinations on the SPTN provided by the appropriate mode for the corridor demand;
- g. Sufficient vehicle capacity to prevent overloading and long queues;
- h. Distinctive identity or brand for the system;
- i. Excellent customer service;
- j. Provision for special needs passengers such as the disabled, children and the elderly;
- k. Clear route maps, signage and real-time information displays at facilities and on vehicles;
- l. Pre-board fare collection and verification to prevent delays on entering the vehicle, at least on priority high demand routes;
- m. Fare integration between mass public transport and feeder services, and between routes, corridors and modes through automatic fare collection and verification technology;
- n. An independently operated and managed fare collection system; and
- o. An independent entity or agency to control quality standards.

<sup>3</sup> An integrated public transport system can be defined as the public transport system that provides as many passengers/commuters as possible with the opportunity to travel seamlessly from one place to another, and allowing them to change modes easily.

<sup>4</sup> Annexure A to Gauteng Strategic Action Agenda: Integrated Public Transport Action Plan for Gauteng Province, July 2007.

11.3 After the finalisation of the SPTN design, it was agreed that all current subsidised contracts should be put out on tender or be negotiated as the case may be as part of implementing the SPTN. To this end a tender programme was developed.

11.4 After developing the SPTN there was a need to develop Operational Guidelines to inform the service standards in the SPTN. During 2006, a Quality Standards document was prepared and provided minimum set of service standards for all public transport modes. This document was discussed and agreed with municipalities. Further, this document was translated into a set of Operational Guidelines.

## **12. Operational Guidelines of the SPTN**

12.1 The purpose of these operational guidelines was to provide guidelines and standards that will facilitate the development of a fully integrated public transport system in the Province.<sup>5</sup>

12.2 The guidelines introduced a defined set of minimum service standards for all modes of transport including inter alia quality of services. The intention was for all public transport services in the Province must operate within these guidelines.

12.3 The guidelines would have been implemented both through the detailed design of public transport contracts and the following six provincial public transport projects:

12.3.1 Development of an integrated Automated Fare Collection System for contracted public transport operating on and to the SPTN;

12.3.2 The expansion of the Public Transport Information Centre to provide passenger information across Gauteng, including the use of Intelligent Transport Systems to provide, for example, real-time information on expected arrival times;

12.3.3 Development of an Electronic Monitoring and Management System for contracted public transport operating on or to the SPTN;

<sup>5</sup> The guidelines cover the following:

- a. Network and Route Design Guidelines;
- b. Operational Design Guidelines;
- c. Infrastructure Design Guidelines;
- d. Service Standards;
- e. System Integration Guidelines; and
- f. Enforcement and Monitoring.



- 12.3.4 Development and implementation of a communication strategy for public transport in Gauteng;
- 12.3.5 Training for public transport operators on the application of the Operational Guidelines for the SPTN; and
- 12.3.6 The development of Transport Precincts/Economic Hubs at key nodes on the SPTN, integrating commercial development with all modes of public, private and non-motorised transport in a pleasant public space.

### **13. *Infrastructure Integration***

- 13.1 Infrastructure integration refers to the physical interface and connection between different public transport modes or systems. Infrastructure integration will ensure the physical integration between different modes, corridors, routes and feeder routes and services.
- 13.2 The infrastructure integration would have focused on the following infrastructure elements:
  - 13.2.1 Rail and Bus Way Infrastructure;
  - 13.2.2 Pedestrian and Cycle facilities;
  - 13.2.3 Stops, stations and terminals;
  - 13.2.4 Transport interchanges;
  - 13.2.5 Park-and-Ride and Kiss-and-Ride facilities;
  - 13.2.6 Transport Control Centre;
  - 13.2.7 Traffic Signal Priority facilities.

### **14. *The Envisaged Projects***

- 14.1 in giving substance to the prioritization of public transport on the SPTN to minimize travel time, with priority being given to routes with 10,000 or more passengers in the 3-hour morning peak period, the following was envisaged:
  - 14.1.1 Signal priority or grade separation at intersections to prioritise public over private transport;
  - 14.1.2 A system of feeder and distribution routes serving the SPTN trunk routes to ensure maximum geographic and network coverage;

- 14.1.3 Convenient, secure, and accessible facilities at public transport stations and termini that encourage the move to public transport by private transport users;
  - 14.1.4 Improved nearby public space, pedestrian and cycle facilities to support non-motorised access to public transport;
  - 14.1.5 Frequent and rapid peak and off-peak services between major origins and destinations on the SPTN provided by the appropriate mode for the corridor demand;
  - 14.1.6 Sufficient vehicle capacity to prevent overloading and long queues;
  - 14.1.7 Distinctive identity or brand for the system;
  - 14.1.8 Excellent customer service;
  - 14.1.9 Provision for special needs passengers such as the disabled, children and the elderly;
  - 14.1.10 Clear route maps, signage and real-time information displays at facilities and on vehicles;
  - 14.1.11 Pre-board fare collection and verification to prevent delays on entering the vehicle, at least on priority high demand routes;
  - 14.1.12 Fare integration between mass public transport and feeder services, and between routes, corridors and modes through automatic fare collection and verification technology;
  - 14.1.13 An independently operated and managed fare collection system; and
  - 14.1.14 An independent entity or agency to control quality standards.
- 14.2 In designing the SPTN, the following existing and proposed transport initiatives in Gauteng were considered and taken into account:
- 14.2.1 Metrorail Priority A corridors;
  - 14.2.2 Gauteng Freeway Improvement Scheme;
  - 14.2.3 Gauteng Road Maintenance Framework;
  - 14.2.4 Transport Precincts/Economic Hubs;
  - 14.2.5 Gautrain;
  - 14.2.6 Gauteng Rail Plan;

- 14.2.7 Gauteng Monorail;
  - 14.2.8 Provincially administered subsidised bus contracts and services across municipal boundaries;
  - 14.2.9 Johannesburg Bus Rapid Transit (BRT) (Rea Vaya);
  - 14.2.10 Tshwane Bus Rapid Transit (“BRT”);
  - 14.2.11 Ekurhuleni priority corridors for High Occupancy Vehicle lanes;
  - 14.2.12 West Rand priority corridors for possible subsidised services;
  - 14.2.13 Transformation of municipal bus services; and
  - 14.2.14 Minibus-taxi recapitalisation.
- 14.3 The design of the SPTN was completed in 2006 and in 2007 the implementation / operationalization of the SPTN started.

#### **15. The Socio-Economic Impact of eTolls**

- **Increased costs of doing business in Gauteng.** The first negative implication relates to Gauteng Provincial Government’s own quest to build Gauteng as a globally competitive city region. This strategy is based on the assumption that urban economies are essential locations for national economic growth. Therefore, through this strategy, Gauteng seeks to position itself as a favourable destination for both international and domestic investment. The e toll system increases the costs of doing business and therefore, it is counterproductive since it increases the costs of doing business in Gauteng. It flies in the face of Gauteng government intention to build and sustain SMMEs, particularly the marginalised township economies.
- **Undermines intergovernmental joint planning; integration; and coordination.** The way that Sanral disregarded joint planning forums, and the MOU with province and local government, creates an impression that national government agencies can disregard joint planning, integration and coordination, and gallop with projects despite the negative impact. Thus, it wrongly creates a sense of hierarchy amongst government institutions rather than emphasising integrated government and delivery.

- ***Creates mistrust by the citizens over the democratic state.*** The imposition of e tolls has developed antagonistic relations of citizens over their own democratic government. This imposition impacts negatively on the democratic culture, and value. Thus, an increasing number of citizens in society has opted to withdraw from democratic processes such as voting as evidenced by the last general elections (provincial).
- ***Robs citizens of options.*** In the absence of decent public transport, and decent alternative non tolled routes, tolling the highways is an imposition. It is an imposition since there is not option in terms of alternative routes, and an efficient public transport. Without these options, e tolls present an unfair additional taxation to Gauteng citizens.
- ***Creates a negative perception that the state is weak.*** Given the public resistance to pay the toll fees, the state will increasingly appear weak as it will fail to enforce the tolling legislation. In the process, the state will appear weak even in matters where it needs just policies to redress the imbalances of the past.

## 16. ***Recommendations***

It is our opinion that in the light of the challenges faced by the GPG in pursuing a professional and co-operative partnership with SANRAL, the process of dispute resolution as detailed in the MOU between the parties be invoked.<sup>6</sup>

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<sup>6</sup> Clause 53 of the MOU provides as follows:

- if a dispute arises out of or in connection with the Memorandum, the following dispute resolution mechanism shall be applied;
- the parties shall attempt to resolve the dispute through discussions of a joint committee which shall comprise duly authorised representatives of the GPG and representatives of SANRAL; and
- should the joint committee fail to reach agreement, the dispute shall be referred to the Head of Department of the GDPTRW and the CEO of SANRAL. The decision to refer this matter to these officials shall be made by the joint committee.

Should the dispute come to the above mentioned officials, they may:

- reach an agreement with each other; or
- refer the dispute to a facilitator, arbitrator or any other pre-determined person or body considered appropriate to resolve the dispute; or
- attempt to resolve the dispute with the input of the National Minister for Transport and the MEC for Public Transport, Roads and Works of the GPG.

We further propose that as part of the dispute resolutions mechanism set out in the MOU, the formation of smaller working groups that were agreed to at the March 2009 workshop to resolve the specific identified issues affecting the Scheme be implemented.

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Should the dispute remain unresolved, the Head of Department of the GDPTRW and the CEO of SANRAL may refer the dispute to the sole discretion of the National Minister for Transport and the Premier of the GPG, who shall make a final decision on the matter.