



The Tolling of Existing Roads - The South African Experience

Overview

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- Public Opinion
- General Matters
- Conclusion



Introduction

- The tolling of existing roads is a challenging concept
- In South Africa various new and existing roads have been tolled
- Toll Roads were introduced in 1984
- Grown from an initial 27 kms to 3 120 kms
- 1 832kms Agency Funded and 1 288kms Concessioned
- Toll Roads = 15% of the Primary Road Network (21 403 kms)

CAN EXISTING ROADS BE TOLLED?



Legal Stipulations

Tolling was enacted in 1983

Two crucial stipulations which gained public support for the tolling of new and existing roads

These are:

- Tolls collected can only be spent on toll roads
- The requirement that all toll roads must have an alternative route. (Economic sustainability and competing routes?)



Toll Road Financing



The Period Mid 1980s to Mid 1990s

Two funding models adopted:

- The Loan Supportable by Revenue (LSR) model
 - Capital redemption and interest payment grace period: 8 to 10 years
 - Funding shortfall covered by interest free National Road Fund (NRF) loans – toll roads were “subsidised”
 - This allowed lower tolls to be levied
- Public Private Partnerships
 - In 1986/7 the first PPPs were introduced and subsequently cancelled due to legislative non compliance

Toll Road Financing - Continued

The Period Mid 1990's to Date

Four policy changes introduced:

(1) A change to LSR Model

- No NRF loans (self-funding)
- Thus higher tolls required - mitigated by **four** factors.
 - The Motorway Bonus Factor (safety and convenience factor)
 - Studies indicated: Perceived Benefit increased by 70% (LV) and 30%(HV)
 - Upgrading of portions of the road pre-tolling
 - Known traffic volumes - reduces project risk - lower toll tariffs
 - The introduction of various discount structures



The Period Mid 1990's to Date

Four policy changes introduced:

(2) The re-introduction of Public Private Partnerships (PPPs)

- During 1998 /2000 three 30 year PPPs awarded - performing successfully
- To date no further PPPs awarded - lack of political support for Government Policy

(3) Unsolicited Bid Policy

- Three proposals received - two placed on open tender but not awarded due to political resistance



The Period Mid 1990's to Date

Four policy changes introduced:

(4) Open Road Tolling

- In 2010 SANRAL embarked on the first urban open road tolling project - 185kms of existing urban freeways
- Opening delayed for a number of years - court cases
- Finally opened in December 2013
- The future of the project? - many users are still resisting payment





Public Opinion

Generally there are five mechanisms that can be used to limit adverse public opinion to tolling:

- 1 Alternative routes
- 2 Major upgrading of the existing road
- 3 Toll tariffs/discounts – early disclosure
- 4 Alternative modes of transport - choices
- 5 An informed public



General Matters

- Toll tariffs annually adjusted with published consumer price index
- Light and heavy vehicle tariff ratios changed from 1:2 to 1:4 in the mid 1990's



Conclusion

- Existing roads can be tolled
- Create a fair and robust legal framework
- Develop an equitable financing model
- Extensive upgrades of the existing road required – value for money!
- Keep the public informed - public opinion matters!!
- There is no fairer alternative - the user pays
- Despite the difficulties, tolling has on balance been successful in South Africa

