BACKGROUND ON TOLLING STRATEGY

Tolling is a user based funding mechanism for road infrastructure development. It enables the mobilisation of substantial capital funds upfront, usually through debt or equity, for the construction of large infrastructure such as freeways. The implementation of toll roads by governments in developing countries and countries in transition is becoming an attractive option since it allows fast implementation of infrastructure projects necessary to stimulate much needed economic growth. Developed countries are also making extensively use of tolling as a tool to fund the refurbishment and expansion of their road infrastructure programme.

Toll financing has a distinct advantage of providing infrastructure earlier than would have been possible with financing through general taxation. As a result, the benefit of increased roadway capacity is available to the public sooner. Therefore, tolling is regarded to be an equitable way of funding large infrastructure projects such as high volume primary roads and does not compromise fiscal integrity.

Under a tolling scheme two options are available for raising debt, namely private project financing through public private partnerships (PPP's) or procurement of finance and development of the toll road by the state itself. With PPP's, a complex process of risk transfer from the state to the private sector is taking place whereby the design, construction and financing as well as operations and maintenance is carried out by the private sector at a price which commensurate with the risk they take. Risks and costs can usually be offset by benefits, and the ratio of these normally determines the feasibility of PPP's. For the Gauteng freeway system, an unsolicited bid proposal (potential PPP) for the upgrading and expansion of the freeway network was considered and evaluated and found not feasible. The second option namely 'state toll road' option was developed, and found feasible. The scheme can be implemented systematically, as and when demand requires it, and when all land acquisition and environmental processes are completed.

The fundamental point of departure when considering the implementation of a toll project is that the toll project, like any other project, should be economically viable in that the benefits of the usage of the toll road should exceed the costs incurred for the use of toll road. The benefits referred to here are the savings that road users will experience as a result of an improved road network and, more specifically, the following benefits:

- savings in vehicle operating costs that result from better quality roads and easier driving conditions.
- travel time savings arising from a reduction in road congestion which is made possible by the addition of lanes to the freeways.
- reduced loss of life and injuries that are associated with improved roads.

The extent to which the value of project benefits exceed the value of project costs is measured by means of either the project benefit-cost ratio or the nett present value of project benefits minus project costs or the annual economic internal rate of return of the project.

An important pillar of the toll funding mechanism is that the actual toll tariff should be less than the economic benefit that road users will enjoy as a result of the improved road or road network. Thereby, road users will still receive a net positive economic benefit (time and vehicle operating cost savings) that resulted from the road improvements, after having paid toll.

The toll funding mechanism involves that SANRAL, prior to the implementation of a toll project, evaluates its financial viability in terms of the following major criteria:

- A comparison of the Initial Capital Cost (ICC) of the project with the loan that the project can service and repay from its net toll revenue after operating and maintenance costs over a 30 year period. This loan is referred to as the Loan Supportable by Revenue (LSR) of the project. In the financial modelling, all future road- and toll-related expenditure is subtracted from the gross revenue of a toll project to determine the net toll revenue for each year. The LSR is essentially the present value of the net revenue. If the LSR of a project for a 30 year period exceeds the Initial Capital Cost of the project, the project is expected to be self-funding over its life-cycle.

- The annual net revenue of the project after subtraction of operating and maintenance costs should exceed the annual interest payment required. In the case of a toll project funded by a private sector toll road concessionaire, it would be a requirement that the annual net revenue (after operating and maintenance costs and before interest) should cover the required interest payment for the year by a factor of 1,25 times or greater, depending on the prevailing market conditions, from the first year of operation. For state toll roads, and in order to keep tariffs at a lower level, SANRAL has allowed some projects up to 5 years of operation before the annual net revenue should cover the interest payment. In the case of the GFIP, SANRAL has actually allowed the project 9 years before its annual net revenue has to fully cover its own annual interest payment in order to push the tariffs to a lower level. Up to that point a portion of the interest payments would have to be capitalised.

BACKGROUND ON GFIP

During the mid 1990's, the Gauteng Provincial Government investigated tolling as an option to upgrade and expand freeways in Gauteng. The impact of traffic congestion on the Province's ability to sustain economic growth was already identified at that stage as a major constraint. Over a period of about 3 years, the Gauteng Province together with SANRAL explored the implementation of the project as a concession project. An unsolicited proposal received in accordance with SANRAL's policy on Unsolicited Bids was entertained as a public, private partnership (PPP). This proposal was found to unacceptable for, inter alia, the tariffs to be charged to the motorist.

Finding solutions for the transportation problems of the Gauteng metropolitan area, is complex, and there is no single solution to this challenge. An integrated approach, incorporating improved public transport systems/modes, travel demand management (TDM) measures, intelligent transport systems (ITS), appropriate infrastructure and more importantly land use planning that discourages urban sprawl, is needed to improve transportation in general. However, in most instances, the one is dependent on the other for success. The impact of poor land use planning has had an adverse impact on the quality of life of the citizens of Gauteng that cannot be solved by public transport and better roads alone.

Transportation and its effectiveness have a major impact on the social and economic wellbeing of people, especially in the metropolitan areas in South Africa. Due to increasing demand on the transportation network, travel times between home and the work place in the Gauteng metropolitan area extends up to 3 hours per direction of travel, resulting in less time spent with family, and wasted productive person hours.

The impact of emissions, including exhaust gasses, on the environment, is a global concern. Many countries are implementing integrated transport solutions which discourage the ineffective use of private transport, and encourage the use of public transport. Gauteng has the busiest roads in South Africa, and will also need to address the impact of transport related emissions on the environment.

It is also critical that the transportation network allows for the effective movement of goods and services, due to the impact it has on economic activities. In a study in 2007, the Automobile Association estimated the annual impact of congestion, for an assumed 80 000 commuters between Pretoria and Sandton/Johannesburg is:

- 56 million litres of fuel wasted
- R400 million of fuel wasted (based on January 2008 fuel prices)
- 1,57 million person days wasted
- At a conservative value of time of R45 per hour, the cost of wasted time is R1,69 billion per annum.

Project Approval Process

In 2005, the South African National Roads Agency Ltd. (SANRAL) proposed to the Minister of Transport a scheme to upgrade and expand the freeway network in Gauteng. The Minister of Transport required the proposal to be further evaluated and an inter-governmental (National, Provincial, Metropolitan and District

Municipalities) workgroup was set up and chaired by the Department of Transport to determine and agree project principles.

The proposed scheme was named The Gauteng Freeway Improvement Project (GFIP). The proceedings of the inter-governmental workgroup resulted in report titled: *"Gauteng Network Integration Process: Proposal for a Gauteng Freeway Improvement Scheme".* This report was concluded in May 2006 and participants presented the report to political decision makers for acceptance.

The report concluded that the scheme should be further explored with an objective to;

- improve living conditions
- ensure sustainable economic growth in the Gauteng province, and to,
- reduce traffic congestion and associated costs/delays to road users.

The scheme must be based on the following principles:

- promotion of public transport and travel demand management,
- enhancing the concepts of intelligent transport systems and road network management,
- ensuring sustainable maintenance, upgrading and expansion of the freeway network,
- the user pay principle as a financing tool for the scheme, and
- that it is implemented as a state toll scheme.

SANRAL was tasked to further develop the GFIP with participation of officials of the province and councils. In this regard, the social and economic impacts of the project were investigated, specific road improvements as well as the integration with public transport and Travel Demand Management (TDM) have been identified, and the toll feasibility has been conducted.

From 2006 until mid 2007, SANRAL made several presentations to the Gauteng Provincial Government (Legislature and portfolio committees) and metropolitan councils (council and portfolio committees). As part of the design process, the provincial and metropolitan council officials participated in cluster meetings related to the traffic and toll studies. These studies explored amongst others, the most equitable toll strategy and the impact of tolling on diversion to, and attraction from the supporting road network onto the freeway network and travel demand management options. Furthermore, these cluster meetings provided a forum where the proposed interchange improvements and road upgrades could be discussed.

In middle 2007, the Department of Transport submitted the project to the national cabinet that approved the implementation of the project. For the purposes of the cabinet submission, a toll tariff (2007 Rand) of 50c/km for light vehicles was indicated. In July 2007, Cabinet approved the implementation of the project as a state implemented toll road. The honourable Minister officially announced the project on 8 October 2007, after which the toll declaration process commenced.

SOCIO-ECONOMIC IMPACT STUDIES

Social Impact of the GFIP

The social study, conducted by the University of Johannesburg, highlighted that, "long periods spent commuting to and from work will have a negative impact on the amount of time spent together as a family. Consequently, the amount of time available for the transfer of norms and values through the family is limited. Insufficient socialisation of children is a factor linked to performance at school, and the potential involvement in criminal activities. In many South African households, at least one and often both parents are forced to leave home before the children wake up and only return home once the children have gone to sleep. This situation means that in those families children are left with limited contact with their parents and need to prepare for and get to school by themselves. This situation is far from ideal and is being compounded by increasing traffic congestion."

The study concluded that "the success of an upgraded freeway system where toll fees are charged is largely dependent on a range of factors such as the availability of reliable, safe and practical public transport. Notwithstanding this, and notwithstanding the fact that an upgraded road system carries with it certain positive social impacts, the major obstacle in this regard will be the ability to change public attitudes away from mainly relying on private car usage on the freeway system towards public transport and other alternatives. If this is achieved certain social benefits could be derived in respect of journey experience, macro-economic benefits and job creation as well as the safety and security of travellers on an upgraded freeway system."

Economic Impact of the GFIP

The information contained below was extracted from the Macro-Economic Study performed by the Graduate School of Business of the University of Cape Town and Arup.

"One of the potential key constraints to economic growth in Gauteng is an inadequate transport network.

"Failure to address and plan for the impact of demand growth on the road and transport infrastructure would result in increase in the structural constraints facing many sectors of the economy, thereby decreasing the potential growth rates that could be achieved. The forecasting model was re-evaluated on this basis, with the structural constraints facing each sector that relies on road transport being progressively raised, and the growth rates being determined, the net difference in GGVA at constant 2000 prices between the approach that assumes that the road and transport infrastructure will not constitute a significant constraint on the economic growth of Gauteng, and the approach that assumes that it will, amounts to R68 billion over the period 2004 to 2025 in constant 1995 Rands. Assuming an average rate of inflation of 4% per annum, this would translate into around R155 billion in the money of the day." (Botha 2005 p20/1).

As part of the solution to this problem the Provincial Government of Gauteng and the South African National Roads Agency (Pty) Ltd (SANRAL) have made significant improvements to the freeway network in the province and wish to understand the

economic implications of upgrading the existing Gauteng freeway network, adding capacity and tolling the entire network.

One of the key issues is how to pay for the rehabilitation and upgrading. The most cost-effective way to pay for this rehabilitation and upgrading is through a combination of fuel tax and special levies for heavy vehicles. The special levies are necessary because, while heavy vehicles do the most damage to roads, these damages are not fully recovered in the fuel tax. The major constraint on the effective implementation of such a scheme is the financial policy on the part of government that fiscal integrity means that there should be no earmarking of funds. Hence all revenues raised, including the fuel tax, go into a common revenue fund and expenditures are made from this fund.

The political reality of extensive poverty and hardship in the country, as well as the need to address these issues have resulted in budgetary allocations in favour of poverty alleviation, etc, and at the expense of other areas of expenditure – like road maintenance. In consequence while tolling is a second best way of paying for roads, political realities suggest that it is the likely option.

Benefit Cost Analysis

The first type of economic analysis reported on is the cost benefit analysis. The costs included in the analysis were construction, maintenance and operating costs of the roads and toll collection infrastructure; road user costs; the cost to the road users of diverting off the toll roads; and the cost to the provincial and local authorities for road damage caused by traffic diversion as well as the cost of diversion if the roads are not upgraded. Economic CBAs are reported for the upgrade option over a twenty year period where the economic analysis shows the benefits to society at large.

All three of the measures, Benefit Cost Ratios (BCR), internal rate of return (IRR) and Net Present Value (NPV), indicate that the upgrading of the Gauteng freeway network was based on sound economic logic. At a 50c/km toll tariff (e-tag tariff), the scheme is set to return society a positive net present value of R209bn over the next 20 years. It has an internal rate of return of 37% which, in itself, is a remarkably high IRR. Finally, and probably most importantly it returns a benefit cost ratio of 8.4. This means that for each one rand of cost, initial capital works and ongoing maintenance and running costs, society benefits by R8,40.

The Net Benefits or NPV, which is the difference between the benefits and the costs, are all positive and vary between R209.8bn for a 70c per km tolling rate to R227.3bn for a 0c per km tolling rate. The IRR's for all the tolling options are 37%, while for the non-tolling option is 41%.

The cost benefit analysis was taken further and a series of individual journeys were analysed. It was found that, apart from a few exceptions, most users of the toll roads during weekdays would have positive road user benefits. Further to this, it was also found that in aggregate the toll roads generate overall road user benefits that are greater than road user costs. Simply put this means that road user benefits would be greater by driving on the upgraded toll road and paying the toll than on the existing

roads and not paying a toll. This is due to decreased congestion; faster travelling times; lower road user costs and less probability of accidents.

Micro-economic Analysis

The second type of analysis that was undertaken was a microeconomic analysis. This includes issues of affordability, impacts on individual drivers and their capacity to pay; impacts on the cost of consumer goods; impacts on business generally and impacts on specific business.

There is always some concern about the ability of society to carry the cost of major infrastructural projects like the Gauteng freeway upgrade. Two estimates were made to assess this issue. The first is the share of total toll revenue to that of the size of the Gauteng economy. The second is the share of tolling relative to people's disposable income. The analysis found that total toll revenue is expected to be 0.34% of projected Gauteng GDP in 2011. In other words the toll burden from the freeway upgrade is the equivalent of 34c for each R100 of GDP. It was also found that, in the same year, total toll revenue is expected to be 0.43% of projected Gauteng household gross disposable income in 2011. In other words the toll burden for light vehicles from the freeway upgrade is the equivalent of 43c for each R100 of disposable income.

For private road users it can be argued that, for some people, there would not be an obvious saving in vehicle operating costs in the early years of the toll road. It is recognised that savings in some vehicle costs would be obvious and apparent – fuel costs, time costs and lower accident rates, for example. Other costs, however, are far less discrete over time and tend to be lump sum costs after a period of time – tyre costs, suspension and steering repairs, etc. Hence the immediate and obvious saving in vehicle operating costs would be for fuel, time and, possibly, accident costs. Other costs would accumulate in the future.

Businesses are a major stakeholder in the outcome of the freeway upgrade and expansion schemes. Business users of the freeways typically have a higher value of time than either commuters generally or leisure users. The time and vehicle operating cost savings are therefore of greater importance to this group as time savings translate directly into business productivity gains. These productivity benefits are expressions of the travel time and operating cost savings that arise from the new capacity and resultant reduction in network congestion.

These business benefits would be expressed typically in some of the following ways:

- With reduced congestion on the network distributors of goods are able to complete more turnarounds per day resulting in higher turnover and productivity
- More business appointments can be achieved per day resulting in improved productivity
- Greater reliability/timekeeping by staff translates into business productivity gains

The Eddington Transport Study in the UK has shown that further business benefits, not counted in the travel time and operating cost savings, may occur as businesses

respond to the fact that they now have access to larger, and possibly deeper, labour markets. Eddington concluded that in rapidly growing urban economies these secondary productivity gains can be very significant.

In this present study no attempt has been made to quantify these additional benefits to business but it should be noted that they can amount to as much as 50% more than the sum of benefits calculated by conventional means. This implies that the cost benefit measures referred to above could in reality be considerably higher than indicated there.
Public transport vehicles using the improved freeway network would also benefit from travel time, vehicle operating cost and safety improvements. But, to the extent that they also pay the tolls, their costs would rise and these may be passed on to users, increasing the fares that they have to pay. Public transport users would be less able than private users to balance savings in time and safety with fare levels paid and may perceive themselves to be in a net negative position even if economic calculations show otherwise. For lowest income users affordability would be an issue too.

Although the economic balance would be positive overall, the issue is expected to be mitigated by lower tolls charged to public transport vehicles. The significance of this issue also needs to be viewed in the light of the fact that the freeways are generally not the primary routes used by public transport vehicles. This was revealed in recent research undertaken by Gauteng Province (Strategic Roads Network review). Partly as a consequence of this finding, Gauteng Province embarked on a further study to determine priorities among the routes that public transport vehicles do mainly use, including bus and proposed Bus Rapid Transit routes.

An implication of this is that improvements to public transport road infrastructure would primarily be addressed elsewhere than via the freeway upgrade project. Nevertheless, the element of public transport optimisation through HOV lane provision and probable lower toll charges, would mean that public transport would not be disadvantaged by the scheme. In addition to the largely positive impacts of actually upgrading the freeway network, public transport vehicles would experience additional benefits from the decongestion of the non-freeway routes that they typically use, as a result of the diversion of some traffic from these roads to the new capacity on the freeways.

The final set of microeconomic analysis relates to the potential impact of tolling on the cost of consumer goods. This analysis was done by looking just at the cost of tolling while ignoring all the benefits of the freeway upgrades. The conclusion was drawn that households with incomes less than R24 365 would face cost of living increases of 0.15%. This is the equivalent of 15 cents for each R100 spent on consumer goods. Households with incomes between R24 365 and R55 159 would face cost of living increases of 0.14%. Households with incomes in excess of R55 160 would have cost of living increases of 0.13% due to the increased cost of consumer goods. Pensioners would face cost of living increases of 0.14%. It can therefore be concluded that the scheme will have little impact on the cost of consumer goods and will not be inflationary.

Macroeconomic Analysis

The last type of analysis that was undertaken was a macroeconomic analysis. While there are a number of different types of macroeconomic effects, the two most important are contribution to gross domestic product (GDP) and creation of jobs. The importance of job creation is obvious. Increases in GDP are synonymous with increases in peoples' economic standards of living. Increased GDP – i.e. increased production – is experienced in the form of more jobs, higher wages and reduced economic hardship. It is clearly an important measure.

There are a number of potential changes in transport costs as a result of the proposed toll roads. There are likely to be lower road user costs to users of the existing roads even after tolling compared to the 'do minimum' alternative. In addition there are likely to be reduced costs on the road transport system generally as the increased capacity of the toll roads would result in reduced congestion on the road network. Of course in some instances there could be increased network costs should the tolling of the roads result in local diversion of traffic on to secondary roads.

- Gross Domestic Product is the total value of all final goods and services produced in the country. It is clearly fundamental to the economic quality of life of people in the country.
    - The initial capital expenditure on upgrading the existing roads as well as constructing new roads was estimated to contribute as much as R7.4bn in 2008, R9.9bn in 2009 and 11.0bn in 2010. The contribution due to the initial capital expenditure is then expected to reduce to R2.2bn in 2011 and R194m in 2012 as the construction tapers off.
    - The contribution from routine road maintenance is expected to contribute at least R160m to GDP, while rehabilitation and periodic maintenance is expected to add further to GDP in each of 2019, 2020, 2021, 2029 & 2030. The contribution to GDP from Open Road Toll (ORT) related maintenance and operating costs is expected to increase from R610m in 2010 to R1.9bn in 2030.
    - Once the toll roads are operational it is really the business time savings that contribute the most to GDP. This contribution to GDP is expected to increase from R3.27bn in 2010 to R7.69bn in 2030.
    - GDP is important not just because it is income but also because income has the capacity to add to wealth. Based on these projections, the toll road would have made a cumulative contribution to GDP of nearly R50bn by 2013, the projected end of construction. This cumulative total increases to over R207bn by the end of 2030.
    - In comparative terms it is estimated that the toll road project in Gauteng added 0.32% to South African GDP in 2008 and 0.41% in 2009. It is estimated that the project has the capacity to add 0.44% to GDP in 2010. This contribution is then expected to drop from the start of the operations phase. From 2013 the project is still expected to add 0.06% to GDP, increasing to 0.11% in 2030.

- Gross Geographic Product (GGP) is the provincial equivalent of national GDP. It is estimated that the project would make a total contribution to Gauteng GGP of R3.3bn in 2008, R4.4bn in 2009 and R5.1bn in 2010. By 2030 the project would add R8.1bn to GGP. Based on these projections, the project would add a cumulative R112.7bn to provincial GGP by 2030.

- The project would result in changes to three types of jobs. The first are the direct jobs that would be created over the project period. These are jobs directly on road construction and operation of the toll road. The second are the so-called indirect jobs that are due to multiplier effects of both the toll roads as well as from changes in transport costs and road user costs. The third type of change in jobs results from the structural economic changes attributable to the toll road. Of these jobs only the first two can be measured with any degree of accuracy. The estimation of indirect jobs is not necessarily an uncontentious issue. The estimates are based on the official South African input output tables which show quite generous estimates for indirect jobs. In the light of the historic 'jobless' economic growth that this country has had and in light of the recent recession we have tended to downplay indirect job estimates. Therefore the indirect job estimates that are reported below are based on a quarter of the multiplier estimates but should be treated as the lower bound of these estimates.
    - At the height of the construction period in 2010 as many as 15,957 people were directly employed as a result of the project. This number is expected to taper off as construction activities come to an end in 2013. From 2012 onwards it is expected that over 1,100 people would be directly employed on either maintaining the road or maintaining and operating the toll system. The number of jobs created from business time savings is expected to increase from 3 341 in 2011 to 7 851 in 2030, in line with the increased savings as the traffic numbers increase. The majority of the direct jobs created during the construction period are created at the low income level, thus having the ability to contribute significantly to poverty alleviation.
    - During the construction period between 2008 and 2013 it is estimated that as many as 21 394 indirect jobs have been or would be created throughout South Africa. These indirect jobs are then expected to taper off to around 8 700 in 2012 before increasing again to 14 323 in 2020 and 23 263 in 2030.
    - Total direct and indirect jobs are expected to have amounted to 23 499 in 2008, 31 552 in 2009 and 37 351 in 2010. It is expected that 13 734 direct and indirect jobs would be created in 2012, increasing to 35 128 by 2030."

Toll Declaration Process (including Public Participation)

The implementation of the Gauteng toll scheme was widely communicated in the media since 2006. In early 2007, an estimated tariff of 50c/km (March 2007 Rand), was reported to the media. Coverage about the freeway upgrading, tolling concept to be implemented and the expected toll tariff took place in the printed media, on radio and television.

Following the official announcement by the Minister of Transport of the project on 8 October 2007, the toll declaration process commenced. In terms of The South African National Roads Agency Limited and National Roads Act, 1998 (Act No: 7 of 1998), SANRAL was responsible for the declaration of the proposed National Road

sections to be declared as a continuous Toll Roads. Addendum C to this report provides comprehensive details of the process that was followed. The road sections that were declared as toll roads were:

- National Road 1: Section 20: Armadale to Midrand
- National Road 1: Section 21: Midrand to Proefplaas Interchange (N4)
- National Road 3: Section 12: Old Barn Interchange to Buccleuch Interchange
- National Road 4: Section 1: Koedoespoort to Hans Strijdom Interchange
- National Road 12: Section 18: Diepkloof Interchange to Elands Interchange
- National Road 12: Section 19: Gillooly's Interchange to Gauteng/ Mpumalanga Provincial Border
- National Road R21: Section 1&2: Rietfontein Interchange (N12) to Hans Strijdom Interchange

The declaration was preceded, in accordance with Section 27(4)(a) of the Act, by the publication of a Notice of Intent, informing Interested- and Affected Parties of SANRAL's intent to request the Minister of Transport to approve the declaration of the above-mentioned sections as continuous Toll Roads. This Notice of Intent also reflected the approximate locations of the proposed Mainline Toll Gantry positions along each proposed section. During this process, comments were received from Interested – and Affected Parties.

In terms of Section 27(4)(a) of the Act, the SANRAL is required to give notice of SANRAL's intention to request the Minister of Transport to declare a proclaimed National Route a Toll Road, and in the Notice of Intent-

- Give an indication of the approximate positions of the Toll plazas/ gantry pay positions contemplated for the proposed Toll Road; and
- Invite Interested- and Affected Parties (I & AP's), Municipalities (District and Local Councils) and Premiers to comment and make representations on the proposed declaration and the positions of the Toll Plazas/ Gantry pay positions and direct written comments and representations to the SANRAL within 30 days of the date of the Notice for I & AP's and 60 days for the others mentioned herein.

Apart from the required advertisements that were published in the Government Gazette, the Notices of Intent were also published in the following regional and national news papers:

- Star 12 October 2007,
- Sunday Times 14 October 2007,
- Sowetan 12 October 2007,
- Pretoria News 12 October 2007,
- Mail and Guardian 13 October 2007,
- Beeld 12 October 2007,

The closing date for representations for the general public was 14 November 2007 and 14 December 2007 for public authorities.

On 4 April 2008, the Premier of the Gauteng Province requested the incorporation of the R21 into the proclaimed National Road Network. The R21 also forms part of the GFIP network. In terms of this request, "The CEO may request the national Minister of Transport to declare the sections of Provincial Roads P157-1 and P157-2, as toll roads, as part of the Scheme" (GFIP). This request was duly acceded to and the R21 was incorporated into the proclaimed National Road Network.

In addition to the publishing of this Notice of Intent in the Government Gazette, it was also published in the following print media:

- Star 18 April 2008,
- Pretoria News 18 April 2008,
- Beeld 18 April 2008,
- Sunday Times 20 April 2008

The closing date for representations was 18 May 2008 and 18 June 2008 for the general public and the public authorities respectively.

Eighty two (82) representations were received from the public for the toll declaration process that commenced on 12 October 2007. All representations were considered and responded to. Comments were received separately from the Southern African Bus Operators Association SABOA. These comments were not received in the manner stipulated in the Notice of Intent. SABOA was in favour of the upgrade of the major roads in the Gauteng area, but is concerned at the potential impact to the commuter and long distance bus industry. SABOA proposed that the public transport services be exempted from the proposed toll fees. Only two representations were received from the public with respect to the toll declaration of the R21.

From the representations and comments received from the public, the following issues were identified as the key issues:

- Tolling will be of no benefit and use of public transport is of no consequence
- Tolling of existing non-tolled National road is unacceptable
- Toll Tariffs and Discounts
- Method of Payment
- Tolling will increase diversion to an already congested secondary network , aggravate traffic congestion
- No benefit to economy
- Cost of consumer goods will increase

Written responses to all representations and comments received were provided in an effort to accommodate all issues raised by I & AP's.

Reports, containing the details with respect to the process followed, information regarding the studies performed and the issues raised during the Intent to Toll

process were forwarded to Minister of Transport who, after considering the contents of the reports, declared the respective national road sections as toll roads.

Environmental Impact Assessments (EIA)

Presentations were made to The National Department of Environmental Affairs and Tourism, the Gauteng Department of Agriculture, Conservation and Environment and the Department of Water Affairs and Forestry. The requirements for the process to be followed were determined by The National Department of Environmental Affairs and Tourism. SANRAL complied with these requirements. The Record of Decision for the N1, N3, N12 and R21 were obtained that allowed SANRAL to implement the construction works on these road sections.