



B E R R Y & D O N A L D S O N

NEWS UPDATE

BLACK TUESDAY: E-TOLLS ARE HERE



So, "Black Tuesday" has arrived.

Ever since Transport Minister Dipuo Peters announced on November 20 that the e-tolling of Gauteng's highways would begin today (Tuesday 3rd December 2013), speculation has mounted as to how effective the controversial new scheme would be.

Not only has speculation mounted, but so too has vociferous opposition to what many feel may be an unconstitutional imposition on their already battered pockets.

The tolls are to pay for the R20billion highway upgrade program in Gauteng that has been completed for which the government needs to recoup the costs.

E-tolling consists of 49 gantries on various Gauteng highways. The gantries charge people by electronically identifying the number plates of vehicles that drive under them. Each time a vehicle passes, a toll is charged. The cost is determined by the kilometre distance which the gantry represents. Although there are not many who would disagree that roads need to be built and maintained and paid for, e-tolling has proved to be a highly politicised issue and many are pledging to simply ignore the requests to purchase tags.

"We are very disappointed that some of our citizens and leaders, including those who have in the past styled themselves as champions of the rule of the law, will not this time around accept the rule of the law," said Minister Peters in response to calls to "boycott" the statutory requirement to pay the tolls. Toll fees will hit both Gauteng producers' and consumers' wallets indirectly - higher toll fees result in higher freight transport costs and in turn feed through to producer and consumer prices. Significantly higher toll fees for road freight are usually justified on the basis that trucks cause far greater damage to roads than passenger vehicle and should therefore contribute proportionately more to road maintenance.

This will basically mean that doing business in Gauteng will become more expensive. Also, in the long term, businesses may strategically decide to relocate to areas that are not (or less) affected by the tolls and this could impact on the spacial and social-economic development of the region. The implications of e-tolling are as multifarious as they are untested. The government seems determine to press ahead with e-tolling – the alternative being recovering costs through taxes or fuel levies – whilst unions, opposition parties and civil activists all insist that they will not play ball.

Interesting times ahead.