



Hiking fuel levy hurts poor



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We want South African road users to keep driving on the left side of the road, not on what is left of the road

The ideal funding method and source of finance for road infrastructure remains a challenge. Unlike public transport and social infrastructure, economic infrastructure has the user as the direct beneficiary, contributing directly to the development and maintenance costs.

While some people in our country continue to propose a fuel levy to fund the Gauteng Freeway Improvement Project (GFIP), government has adopted the user-pay principle. This has been carefully considered against other possible alternatives and was adopted in July 2007.

A proper understanding of road financing is important to be able to come to a reasoned conclusion on the issue.

South Africa has the 10th-largest road network in the world – more than 750 000km. Of this, South African National Roads Agency Limited (Sanral) is responsible for 21 403km, which makes up the national road network. Sanral receives funding from the national fiscus for the maintenance of the non-toll road network, which is 18 283km. The other 3 120km make up the tolled part of Sanral's portfolio.

The current estimated road backlog funding is R197 billion, with an annual requirement of R23.2 billion to address the backlog over 10 years. Furthermore, about R66 billion per year is required just to sustain our roads – pushing the required budget to R89.2 billion a year.

But actual spending on roads across all government levels was almost half this – only R44 billion for 2014-15. As a result of budget constraints, the non-toll budget baseline allocated to Sanral by the National Treasury from the 1990s to 2011 was below the requirement for sustaining the national road network. In 2012, it was nearly sufficient, but still not enough to address the backlogs.

Since the 1990s, the non-toll allocations

have been insufficient to undertake any road expansions or new construction projects. The budget allocation for non-toll roads this year was R12.5 billion while the planned major Sanral road expansion projects over the next 10 years will cost R120 billion. Clearly, the funding from the fiscus is not enough – which brings us back to tolling.

The National Development Plan (NDP) provides a good starting point for a debate about the role played by road infrastructure in the country's economic development and the various funding options. The NDP supports the long-term view that users must pay for the bulk of costs. Critically though, it acknowledges the need to protect the poor as well as the need for greater transparency regarding the full costs associated with services.

Who should fund Gauteng's freeways? Only those who use them, or should a road user in Kakamas in the Northern Cape or Cofimvaba in the Eastern Cape also pay?

Owing to its indiscriminate nature, a fuel levy is an anti-poor form of tax. In a country like ours where the majority live far from their places of work, this would impact the working class more as it would be impossible to exclude public transport.

For the fuel levy to generate sufficient funds for Sanral to improve Gauteng's freeways, the price of petrol would have to be increased substantially. The poor will be severely affected, as public transport costs would go up and inflation would kick in.

The underlying principle is that it is reasonable that part of the investment and on-going operating and maintenance costs be recovered from those who directly benefit from the improved roads.

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