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## ANNEXURE XV

### TOLL STRATEGY AND TOLL TARIFFS

#### 1. DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

For the purpose of this Annexure:

"**AADT**" means the average annual daily traffic in respect of the relevant Toll Plaza for the last 12 month period prior to the relevant Adjustment Date under paragraph 4.7.2 of this Annexure for which data is available;

"**Adjusted Base Toll Tariff**" means the Base Toll Tariffs adjusted pursuant to clause 4;

"**Adjustment Date**" means 1 March of any year or such other date determined pursuant to clause 4.4 or 4.5;

"**Axle**" means a device or set of devices, whether continuous across the width of the vehicle or not, about which the wheels of the vehicle rotate and which is so placed that, when the vehicle is travelling straight ahead, the vertical centre-lines of such wheels are in one vertical plane at right angles to the longitudinal centre-line of such vehicle;

"**Base Toll Tariffs**" means the toll tariffs specified in clause 3.2 ;

"**ETC**" means electronic toll collection;

"**Exempt Vehicles**" means the Motor Vehicles specified in clause 2.4;

"**Extra Large Heavy Vehicle**" means a Heavy Motor Vehicle with five or more Axles;

"**General Discount**" means discounts to the Adjusted Base Toll Tariff that are agreed between any group of Persons and the Concessionaire;

"**Heavy Axle**" means an Axle the wheels of which are fitted with tyres of a size (bead seat diameter) greater than \*\* millimetres (\*\* inches), or an Axle with more than two (2) wheels irrespective of tyre size but excluding any Axle of a Motor Cycle, a Motor Tricycle or a Motor Car;

"**Heavy Motor Vehicle**" means a Motor Vehicle with at least one Heavy Axle;

"**Large Heavy Vehicle**" means a Heavy Motor Vehicle with three or four Axles;

"**Light Delivery Vehicle**" means a Motor Vehicle designed or adapted for the conveyance of persons or freight with a tare not exceeding one-comma five (1,5) ton and with no Heavy Axle;

"**Light Vehicle**" means a Motor Vehicle, other than Heavy Motor Vehicles with or without a trailer, and includes Motor Cycles, Motor Tricycles, Motor Cars and Light Delivery Vehicles;

"**Medium Heavy Vehicle**" means a Heavy Motor Vehicle with two Axles;

"**Motor Car**" means a Motor Vehicle, other than a Motor Cycle or a Motor Tricycle, designed or adapted solely or principally for the conveyance of persons not exceeding \*\* in number;

"**Motor Cycle**" means a Motor Vehicle which has two wheels and includes any such vehicle having a side-car attached thereto;

"**Motor Tricycle**" means a Motor Vehicle, other than a Motor Cycle with a side car, which has three wheels and which is designed to be driven by means of the type of controls usually fitted to a Motor Cycle;

"**Motor Vehicle**" means an entity comprising one or more mechanically powered units with or without any trailer(s) physically joined by means of tow bars, tow ropes or mechanical articulation;

"**Preceding Year**" means the 12 months period immediately prior to the relevant Adjustment Date for which data is available;

"**Special Discount**" means discounts to the Adjusted Base Toll Tariff that are agreed between any Person and the Concessionaire;

"**Toll Plaza**" means a structure on a toll road where tolls are payable, or any electronic, electrical or mechanical device on a toll road for recording the liability to pay tolls or any combination of such a structure and any such a device;

"**Toll Tariff**" means the Adjusted Base Toll Tariff together with any VAT payable thereon;

**Comment [ID1]:** [note-light vans particularly those based upon motor car structures are difficult to deal with as motorists who use them will object if they are tolled as commercial vehicles. The motor vehicle classification structure must allow for these nuances or the originators will need to accept that there may be political issues].

"Trailer" means a vehicle which is not self-propelled and which is designed or adapted to be drawn by a Motor Vehicle but does not include a side-car attached to a Motor Cycle;

"VAT" means [ insert relevant nomenclature for tax and follow definition from relevant taxes act. For the purposes of this document the expression VAT is used]

"Vehicle Classification Structure" means the classification of Motor Vehicles specified in clause 2.2 as may be amended from time to time pursuant to clause 2.3.

## 1.2 Interpretation

Unless otherwise specified, any reference to a clause shall be to a clause contained in this Annexure.

## 2. VEHICLE CLASSIFICATION AND EXEMPT VEHICLES

### 2.1 Concessionaire to apply Vehicle Classification Structure

The Concessionaire shall give effect to the Vehicle Classification Structure when charging and collecting tolls on the Highway.

### 2.2 Vehicle Classification Structure

Motor Vehicles shall be classified as follows:

Class of Motor Vehicle	Definition
Class 1	Light Vehicles
Class 2	Medium Heavy Vehicles
Class 3	Large Heavy Vehicles
Class 4	Extra Large Heavy Vehicles

**Comment [ID2]:** [the number of categories may vary but within reason the simpler the structure the better].

### 2.3 Amendment of Vehicle Classification Structure

The Authority may at any time require the Concessionaire to amend the Vehicle Classification Structure applicable to all or part of the Highway. In such circumstances, the Authority and the Concessionaire shall agree such variations to the Base Toll Tariffs so as to put the Concessionaire in the same economic position it would have been in but for the amendment to the Vehicle Clarification Structure.

### 2.4 Exempt Vehicles

The following Motor Vehicles shall be exempt from the payment of tolls on the Highway:

[ here insert categories].

## 2.5 Warrant System

The Concessionaire shall allow the users of Exempt Vehicles to utilise the [warrant] system or such other system as shall be in place from time to time for claiming exemption from tolls then in force in [here insert country].

**Comment [ID3]:** [here insert relevant expression to show exemption].

## 3. TOLL TARIFFS

### 3.1 Toll Tariffs

Subject to the terms and conditions of the Concession Contract and the provisions of this Annexure, the Concessionaire is entitled to charge and collect tolls calculated pursuant to this Annexure from each Motor Vehicle that utilises the Highway and passes through the relevant Toll Plaza.

### 3.2 Base Toll Tariffs

The Base Toll Tariffs in [here insert currency] prices (excluding VAT) in respect of each category of Motor Vehicle at each Toll Plaza are:

**Comment [ID4]:** [note-where the debt is indexed then it may be appropriate to index the toll. However where it is not indexed then only part of the toll should be indexed and as indicated in the comments to the Concession Contract regard should be had to a basket of indices].

#### BASE TOLL TARIFFS ( [here insert currency] EXCLUDING VAT)

Plaza	Class 1	Class 2	Class 3	Class 4
{insert location(s)}				

### 3.3 Value Added Tax

The Concessionaire shall be entitled to charge and collect from users of the Highway VAT payable on any Adjusted Base Toll Tariff calculated pursuant to this Annexure. The Concessionaire shall also be entitled to adjust the Toll Tariffs to reflect any changes in VAT. Such adjustment to the Toll Tariff shall become effective on the same date and time on which such change becomes effective on the Concessionaire.

### 3.4 Rounding of Toll Tariffs

The Concessionaire shall be entitled to round the Toll Tariffs applicable on the Highway (other than at any Toll Plaza at which tolls are only collected using an ETC mechanism) as follows:

- (a) where the Toll Tariff is less than R8, the Toll Tariff shall be rounded to the nearest \*\* unless rounding to the nearest \*\* yields a tariff of a \*\* multiple in which case the Toll Tariff shall be rounded to the nearest \*\*; or
- (b) where the Toll Tariff is more than \*\* but less than \*\* the Toll Tariff shall be rounded to the nearest \*\*;
- (c) where the Toll Tariff is more than \*\*, the Toll Tariff shall be rounded to the nearest \*\*.

If the legal tender in force at any time in [ here insert country] makes it impossible to effect the rounding mechanism described in this clause, the Toll Tariff shall be rounded to the nearest \*\* multiple or such other multiple as may be agreed by the Parties from time to time.

### 3.5 Reductions and Discounts

3.5.1 The Concessionaire is entitled to charge and collect tolls in respect of any category of Motor Vehicle and at any Toll Plaza which are less than the relevant Adjusted Toll Tariffs for such Motor Vehicles and Toll Plazas for any interval of time, provided that any such discount may only be revoked:

- (a) in the case of Special Discounts, at any time; and
- (b) in the case of General Discounts, in accordance with any procedure agreed with the group of Persons who benefit from the General Discounts as specified at the time the General Discount is agreed.

3.5.2 The maximum tolls payable in respect of each category of Motor Vehicle at the ● Toll Plaza shall, for ●, be ●% of the Toll Tariff for that Toll Plaza.

3.5.3 Subject to clauses 3.5.1 and 3.5.2, the Parties acknowledge that the Concessionaire may, at its discretion, offer and determine the amount of any discounts from and reductions in the Toll Tariffs.

### 3.6 Confidentiality

The Authority undertakes that information on discounts shall be kept strictly confidential.

### 3.7 Location of Toll Plazas

The Toll Plazas referred to in clause 3.2 shall be constructed at the locations set out in Annexure I of the Concession Contract.

## 4. BASE TOLL TARIFF ADJUSTMENT MECHANISM

### 4.1 Toll Tariff Adjustment Mechanism

Subject to clause 4.2, each Base Toll Tariff shall be adjusted on each Adjustment Date and on each other date specified in clause 4.5 in accordance with the generally [ here insert mechanism]

#### 4.2 Adjustment on Tolling Date

If any Tolling Date is less than 3 months prior to any Adjustment Date, the Base Toll Tariff for the relevant Toll Plaza shall be adjusted in accordance with the adjustment mechanism in clause 4.1 as at the Tolling Date provided that no adjustment shall be made pursuant to clause 4.1 on the next Adjustment Date for that Toll Plaza following the Tolling Date.

#### 4.3 Rounding Not Applicable

For the avoidance of doubt, the rounding provisions in clause 3.4 shall apply only in respect of the Toll Tariffs and not in respect of the Adjusted Base Toll Tariffs determined in accordance with clause 4.1.

#### 4.4 Adjustment Date

If the annual increase in [ here insert inflator ] is less than or equal to \*\*, toll tariff adjustments shall be made annually, effective from 1 March of each year.

**Comment [ID5]:** [note-this wording is appropriate in jurisdictions with high inflation. Where inflation is at a stable low level and unlikely to rise substantially then annual adjustments should suffice].

#### 4.5 Additional Adjustments

If [ here insert inflator ] published for any month (the "**Trigger Month**") reflects that the average of the last 3 (three) months' preceding the Trigger Month year on year percentage increase in [ here insert inflator ] equals or exceeds:

- (a) 8 per cent. but is less than \* per cent., then the Base Toll Tariffs shall be adjusted pursuant to clause 4.1 on the next 1 March or 1 September following the Trigger Month (whichever is earlier) unless clause 4.5(b) becomes applicable or the average year on year percentage increase in [ here insert inflator ] for the 3 (three) month period preceding the next Adjustment Date for which data is available is below \*\* per cent.; or
- (b) \*\* per cent., then the Base Toll Tariffs shall be adjusted pursuant to clause 4.1 on the next 1 March, 1 June, 1 September or 1 December following the Trigger Month (whichever is earlier), unless the average year on year percentage increase in [ here insert inflator ] for the 3 (three) month period preceding the next Adjustment Date for which data is available is below \*\* per cent.

If an adjustment in the Base Toll Tariffs is made pursuant to this clause 4.5, the date on which such adjustment becomes effective shall be deemed to be an Adjustment Date for the purposes of future applications of clause 4.1.

#### 4.6 Adjustment Approval

The Concessionaire shall submit its proposed Toll Tariffs to the Authority for evaluation at least 74 days before the relevant Adjustment Date or, in the case of an adjustment in terms of clause 4.5, as promptly as is reasonably possible, having regard to the circumstances, after the information by reference to which the

proposed adjustment is to be calculated becomes available to the Concessionaire. The Authority shall either grant its approval of the proposed adjustment or state what the Authority believes to be the correct adjustment having regard to clause 4.1 hereof within 21 days after receipt of the Concessionaire's proposals or in the case of an adjustment in terms of clause 4.5, as promptly as is reasonably possible.

#### 4.7 Publication of Toll Tariffs

Subject to the Concessionaire having complied with its obligations under clause 4.6, the Authority shall comply with the statutory requirements with respect to setting Toll Tariffs and shall make representations to the Relevant Authority for the publication of the Toll Tariffs in the relevant national circulation newspaper or [official Government Gazette], or as may otherwise be required by law in order to give full legal effect to the Toll Tariffs, at least 14 (fourteen) days prior to the relevant Adjustment Date in the case of an adjustment made pursuant to clause 4.1 and as soon as reasonably possible in the case of an adjustment pursuant to clause 4.5.

**Comment [ID6]:** [note-insert relevant government publication].

### 5. AUTHORITY UNDERTAKINGS

On finalising the Toll Plaza locations, the Concessionaire will be required to provide the Authority with all relevant drawings, specifications and any other information required by the Authority so as to enable the Authority to undertake the necessary procedures to obtain the declaration of such Toll Plaza complete with its Base Toll Tariffs as part of a National Road and a toll road in terms of the Act within a period of 150 days after the date on which such drawings, specifications and other information have been provided.