



## **CONTROL GATE COMPANY**

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**20 November 2019**

### **BACKGROUND TO GATE FEE INCREASE FOR 2020**

The Control Gate Company has announced an increase to the entry fees effective 1 January 2020. See the notice attached.

The background to the increase in the fees is as follows:

The road maintenance requires a complete bituminous sand seal every 4 to 5 years of which 30km needs to be resanded in the next 4 years. Resanding of road costs between R6m-R7m for 30 km, which needs to be financed either through loans or increase in entrance fees (user pay principle).

In order to avoid abnormal costs in any one year in the maintenance, including the resanding, the board has decided on a continuous resanding project over a rolling 4-5 years (road length approximately 40km, 10km has been resanded in 2018/9 and the remaining 30km at approximately 7-10km per year).

With that in mind and to fund the resanding cost of approximately R2m per year, an increase of approximately 18% is required.

Funding via a loan was also considered and deemed to be not feasible given the high effective costs of finance of approximately 38% (profit generated to repay loans taxed at 28% and interest on loans say 10%).

The increase in gate fees should also be seen in context of the lack of increases in entrance fees in prior years and the fuel price increases (bitumen is used in resanding).

Entry Fees at R140, since 2014, was not increased for 5 years until January 2019 when it increased to R160 (14%) and with the January 2020 increase to R190, the total increase since 2014 is 36%. At the same time the fuel price increased by approximately 44%.

It should be noted that there are no surplus reserves to the fund the resanding. The available reserves are required for ongoing sound business practices.

Yours Sincerely,

The Control Gate Company

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**Dear Landowners, Lodges, Share blocks**

**GATE FEE INCREASES EFFECTIVE 1 JANUARY 2020**

**The following new entry fees through the Control Gate will come into effect on the 1 January 2020. This allows all parties concerned time to inform their relevant visitors, suppliers, trade partners etc.**

Light Motor Vehicle - LMV	R190.00 per vehicle per entry
Heavy Motor Vehicle - HMV	R690.00 per vehicle per entry
Light Motor Vehicle - Resident Staff	R120.00 per vehicle per entry

**Entry Coupon Books (10 coupons per book)**

Light Motor Vehicles - LMV	R1500.00 per book
Heavy Motor Vehicles - HMV	R6210.00 per book
Six Month Permits - Resident staff	R1200.00 per permit

***Heavy Motor Vehicle – HMV Exceeding 3500 kg Gross Vehicle Mass (GVM)***

Yours Sincerely,

The Control Gate Company