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MEDIA RELEASE

RFA seeks most equitable and fair method for collecting Mass Distance Charges

The Road Fund Administration will continue to explore and implement the best possible method for collecting Mass Distance Charges (MDC) from heavy vehicle owners based on the mass of their vehicles and the distances traveled.

The Road Fund Administration is mandated by its Act, No. 18 of 1999, to secure sufficient funds to achieve a safe and economically efficient Namibian road sector. In terms of the Mass Distance Charges, the Act specifically obliges the Road Fund Administration in Section 18 (1) to levy “a charge on any motor vehicle, whether registered in Namibia or not, in respect of the traveling distance in the course of on-road use, and which may be based on the mass, length, width or height of the vehicle or its loading, or the number of axles of such vehicle, or any combination of such factors”.

The Road Fund Administration accepted the High Court Judgment of 11 September 2006, which reviewed and set aside the current method of collecting Mass Distances Charges. Justice J. van Niekerk declared the imposition of Mass Distance Charges (also referred to as Traveling Distance Charges), promulgated by General Notice No. 126 of 2006 in the Government Gazette of the Republic of Namibia No. 3640 to be invalid from the implementation date of 1 June 2006. **Heavy vehicle owners were supposed to pay the Mass Distance Charges together with their licence fees on annual basis to NaTIS and its collecting agents.**

The RFA does not believe that lodging of an appeal in response to the judgment, ruled in favour of the applicants F.P. du Transport, Wesbank Transport and Blaauw's Transport, would serve the best interest of Namibia's road sector. The applications by Namibia Road Carriers Association and the Namibia Agricultural Union were dismissed for lack of *locus standi*.

The Administration will however persist to find the most equitable, practical and cost-effective measuring system in terms of which heavy vehicle owners could contribute their cost-responsibility and fair share towards their use of Namibia's roads.

During an information campaign in March 2006, the RFA informed heavy vehicle owners and stakeholders that:

- The RFA had a budget deficit of N\$100 million and it wished to raise these funds through Mass Distance Charges in the course of the 2006/2007 financial year to fund road maintenance work
- The MDCs are based on economical viable principles per vehicle category and per travelling distance
- The collection of MDCs by means of fuel levies alone would not promote equity amongst different categories of road users
- The fuel levy would not sufficiently recover the cost of "road consumption" by heavy vehicles. The main reason is that the road consumption increases more sharply with increases in vehicle weight than it does with fuel consumption
- The Ministry of Mines and Energy determines the fuel price and that Government is not in favour of drastic increases in fuel levy.

Due to the High Court ruling, the RFA will experience a short fall of nearly N\$100 million on the 2006/2007 budget. The RFA would therefore not be able to finance the urgent maintenance work, such as the rehabilitation of the road between Okahandja and Karibib during the current budget. The backlog in maintenance work on Namibia's roads due to a shortage of funds will have to be recovered in future from the heavy vehicle owners at a possible increased cost.

The RFA wishes to underline that the fuel levy cannot replace the MDC. It must also be emphasised that the fuel levy is but one component from which the fuel price is composed and it constitutes only one method of collecting charges from the road users.

The RFA's ultimate objective is to implement MDCs based on a Global Position System (GPS) through which the actual distance traveled by heavy vehicles, trailers and semi-trailers can be measured and recorded. The experts contracted by the RFA are in the final stages of feasibility studies regarding the GPS. As soon as the most appropriate technology has been selected, in conjunction with the stakeholders in the transport sector, a pilot MDC system will be implemented.

The RFA is committed to pursue the avenue of consultations with the transport industry as it has done in the past. The RFA however reiterates that consultations serve the purpose of considering proposals and viewpoints and not necessarily to reach agreements.

The RFA has already on Monday entered into a consultation with the road transport industry regarding the way forward.

The RFA is already in the process to attend to the refunding of the heavy vehicle owners who have paid Mass Distance Charges from 1 June 2006. Specific application forms for the refunding will be sent to all the affected heavy vehicle owners by Friday of this week. Repayments will be effected as soon as the applications have been received by the RFA.

The Road Fund Administration will embark on a further communication campaign to inform the road transport industry on future developments and on solutions regarding the collection of Mass Distance Charges.

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