



MINUTES

of the meeting between

THE ROAD FUND ADMINISTRATION

and

**LOCAL AUTHORITIES (TRAFFIC LAW ENFORCEMENT
AGENCIES)**

DATE: 18 MARCH 2004

VENUE: WINDHOEK COUNTRY CLUB

TIME: 8H30

LIST OF ATTENDANTS		
NAME	ORGANISATION	
1	De Kock, J.S.	City of Windhoek
2	Gerber, D.	City of Windhoek
3	Lubbe, G.J.	City of Windhoek
4	Gurirab. P.L.	Henties Bay Municipality
5	Shangadi, J.J.	Keetmanshoop Municipality
6	Loftie-Eaton, A.B.	Road Fund Administration, Engineer
7	Seydack, G.	Road Fund Administration, Manager: PMPA
8	Demasius, E.U.W	Swakopmund Municipality
9	Kruger, S.J.D.	Swakopmund Municipality
10	Grobler, J.C.F.	Walvis Bay Municipality
11	Haingura, M.	Walvis Bay Municipality
12	Van Niekerk, P.	Walvis Bay Municipality
13	Hansen, M	Road Fund Administration, Manager: Corporate Services
14	Masiza, S	Road Fund Administration, Chief Executive Officer

List of abbreviations

PMPA	Programme Management Policy and Advice
RFA	Road Fund Administration
N\$	Namibia Dollar
NAMPOL	Namibian Police
MoHA	Ministry of Home Affairs
NATIS	Namibia Traffic Information System
RUC	Road User Charges
approx.	approximately
MoWTC	Ministry of Works, Transport and Communication

Welcoming, Introduction and Background

1. The meeting was opened by Mr. Seydack who welcomed all stakeholders present. He explained to participants that the purpose of the meeting is to discuss the principles on which funding determinations for traffic law enforcement for the 2003/04 financial year will be based. He stated that the RFA based its provisional determination calculations on the amount of vehicles registered per registering authority and has endeavoured to determine a “defendable” amount (i.e. which the RFA felt comfortable to defend to road users) of N\$85.00 per annum per vehicle (33% of a typical annual license fee for a passenger vehicle). The RFA regards the N\$85.00 as the basic benefit that the road user receives from traffic law enforcement and for this reason the RFA provides the specified amount to the traffic law enforcement agencies. The number of vehicles that do not resort under the Local Authorities involved have been regarded as national traffic that will reside under NAMPOL for funding purposes. The determined amount of N\$85.00 was based on the principles as included in the Draft Rules & Principles for funding of traffic law enforcement activities (as per section 17 (1)(e) of the RFA Act) that will be circulated in the near future to stakeholders for comment.

Discussions of the Funding determination by the RFA

2. On a question of Mr Demasius whether it would be possible to run a traffic section on the amount determined by the RFA, Mr Seydack responded by explaining that delegates should remember that the RFA can only fund the economic efficient part of operations and that this amount has been determined on that basis. Based on the fact that the coastal towns (Henties Bay, Swakopmund and Walvis Bay) do experience seasonal fluctuations in the number of vehicles in their towns, especially during holiday seasons, Mr. Demasius wanted to know whether this was taken into consideration in determining the amount of N\$85.00. Mr Seydack explained that the N \$85.00 was determined as a “national amount” per vehicle per annum and that this amount is not “cast in concrete”. The RFA has for example taken cognisance of the

fact that the “economy of scale” in terms of number of vehicles, available to perform traffic law enforcement duties and achieving goals, will have to come into play. For that reason the principle of a “standard effort” has been embarked on and implemented in the draft Rules & Principles.

3. On a question from Ms de Kock as to how the traffic law enforcement will be compensated for their capital expenses incurred, Mr Loftie-Eaton responded by explaining that the 25% (in comparison of 20% previously paid by MoHA) added to the cost of employment **of the officer** (as per data collection sheets – the format of the output-based budgets submitted) **is supposed to cover for those expenses.**
4. Mr Demasius noted that there are quite a number of foreign registered vehicles contributing through cross border charges and fuel levies, and unregistered vehicles that are not accounted for in the calculations. Mr Seydack replied by saying that the RFA can only base its calculations on the figures as received from NaTIS as far as Namibian registered vehicles are concerned, but can incorporate the figures from the Cross Border Charging system regarding foreign registered vehicles in determining the amount of funding in future.
5. Ms De Kock mentioned that the RFA could also make use of the figures of heavy vehicles (**overloading?**) directed to weighbridges by law enforcement officers of Local Authorities. Mr Loftie-Eaton responded that this is accounted for in the output-based budgets as submitted by the Local Authorities. Mr Demasius mentioned that it would be in the interest of the RFA that overloading fines accrue to the Road Fund and not to the Central Revenue Fund of the Ministry of Finance. He (Mr. Demasius) further mentioned that if the RFA should get the income from traffic fines, there would be enough funds to finance all the traffic law enforcement agencies 100%. Mr Seydack responded that the RFA would have no problem in receiving such fines, but this cannot be regarded as a RUC and can therefore not be received. However, Government can

assign it to the RFA for disbursement to NAMPOL and other traffic law enforcement agencies.

6. Mr Haingura stated that it is clear from the figures that only approx. 50% of the output-based budgets as submitted by the Local Authorities will be funded for the 2003/04 financial year. He (Mr. Haingura) then wanted to know whether the amount of N\$85.00 will remain for the coming financial years. Mr Seydack responded by saying that if the RFA is convinced through negotiations by the traffic law enforcement agencies, based on sound arguments why a higher amount is justified it can be adjusted. However, the RFA will provide for at least an annual CPI adjustment.
7. Mr van Niekerk enquired whether it is possible that the stakeholders can be informed on the total budget to the disposal of the RFA and the detailed composition thereof. Mr Seydack informed him that this is all included in the RFA's business plan on which stakeholders are consulted.
8. On a question from one of the participants whether unpaid amounts from the 2003/04 years will be reimbursed in future financial years, Mr Seydack responded by explaining that if it has been agreed that the RFA should pay (amount of funding) N \$100.00 but only N\$85.00 is available (manner of funding / what RFA can pay), then the N\$15.00 will not be paid in future. This principle applies only to programmes.
9. On a proposal from Ms De Kock that the RFA should base the determination (calculation of N\$85.00) on actual costs incurred with operating a traffic section (at this point in time approx. N\$170.00 per vehicle per annum), Mr Seydack responded that the RFA needs to be sensitive as to how the amount is determined. Some of the functions performed are to the benefit of the general taxpayer and that those associated costs should be beared by such involved parties. Mr Demasius responded that the taxpayers are already "stretched" and the Councils will need to downsize the traffic forces to stay within the constraints of the funds made available to provide such

services. Mr Seydack reiterated that the determination was based on the output-driven budgets submitted, number of registered vehicles per registering authority and the principles contained in the draft Rules & Principles.

10. Ms De Kock then requested more clarity on the concept of a “standard effort” as referred to by the RFA and included in the draft Rules & Principles. Mr Seydack responded by explaining that this was introduced to accommodate smaller traffic law enforcement agencies in the “economy of scale” principle as far as the traffic law enforcement operations are concerned (the larger authorities can achieve the same goal with less money than the smaller authorities). He (Mr. Seydack) then agreed to avail a written explanation on the “standard effort” as well as a graphical presentation of the business plan.
11. Mr Demasius noted that the available funding for traffic law enforcement should be increased based on the number of foreign registered vehicles and that the funding for coastal towns need to be adjusted for fluctuations in vehicular volumes during holiday seasons. Mr Lubbe requested that this issue first be discussed amongst the Local Authorities before comments are provided to the RFA. Mr Demasius further proposed that traffic law enforcement should be done on an agency basis. Mr Seydack responded by informing the meeting that such a decision would a policy decision resting with the MoWTC.
12. Mr Lubbe noted that the existing data capture form (format for output-based budgets) is not user-friendly and should be discussed as soon as possible. He further stated that it is difficult to adhere to the requirement of a budget for the first year and the four ensuing years as required by the RFA Act. He stated that it should rather be regarded as a **budget plus estimated** for the four ensuing years. Mr Seydack replied by saying that an acceptable administrative procedure should be found to address the issue and stated that budgets and estimates need to be submitted in real terms and the RFA will

allow for inflationary adjustments in their business plan. However, the agencies need to allow for traffic growth and expansion of their force.

13. Mr Haingura then wanted to know what an indicative figure for 2004/05 could be, to which Mr Seydack responded that the RFA would provide for at least N\$85.00 plus 8% inflation.
14. Mr Demasius then requested some explanation on the calculation of the N\$85.00 to serve as a basis for feedback to their respective Councils. In response Mr Seydack agreed to provide details to the basis and calculation, i.e. the “standard effort” explanation.
15. Mr Demasius then proposed that the difference between the budgeted amount (N\$10 million) and the determinations made (N\$9,691,020.00) be distributed equally between the three coastal towns to compensate for the seasonal fluctuations in traffic volumes for the 2003/04 financial year. The meeting agreed to this proposal.
16. Ms De Kock then noted that somebody will have to take responsibility for expenses incurred during the 2000/01 to 2002/03 financial years and enquired whether the same principles applied for determinations of the 2003/04 financial year can be used for those years. Mr Seydack responded by saying that as the current principles have been introduced only recently, other principles need to be applied for previous years.
17. Mr Demasius proposed that the Local Authorities arrange a meeting with the relevant stakeholders and Ministries to address them, in a combined effort, on the setting of RUC levels and the possible accrual of traffic fines to the Road Fund to position the RFA better for funding traffic law enforcement activities. This initiative was supported by the RFA.

18. On a request from one of the participants on what format and when budgets for the 2004/05 financial year should be submitted, Mr Loftie-Eaton responded by saying that the “data collection form” that was used for the 2003/04 output-driven budgets must be used and that the budgets should be submitted as soon as possible.

The meeting was closed at 12h05.

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