

REPUBLIC OF NAMIBIA
ROAD FUND ADMINISTRATION

Five-Year Business Plan

April 2023 to March 2028

BOARD

Chief Executive Officer

Road Fund Administration

Private Bag 13372

WINDHOEK

Final Draft Version

14 December 2022

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PREAMBLE

This Business Plan of the Road Fund Administration, for the period from 1 April 2023 to 31 March 2028, is prepared in terms of Section 21 of the Road Fund Administration Act, 1999 (Act No. 18 of 1999), with an extended scope to include the information required in terms of clause 6 of the Governance Agreement between the Minister of Finance and Public Enterprises and the Board of Directors of the Road Fund Administration.

The Business Plan was adopted by the Board of Directors of the Road Fund Administration on 14 December 2022, in compliance with Section 21 of the Road Fund Administration Act.

The final Business Plan has subsequently been prepared in compliance with Section 14 of the Public Enterprise Governance Act (Act No. 1 of 2019). Copies of the final version will be submitted to the Minister of Finance and Public Enterprises for comment in compliance with the Public Enterprises Governance Act.

Before finalisation and adoption of this Business Plan, consultations as provided for in Section 21 (5) of the Road Fund Administration Act were held with interested and affected parties (stakeholders) at a public stakeholders' meeting on 01 November 2022. No substantial responses were received at this meeting, but the RFA recognises the need for increased funding allocations towards the Local Authorities.

The Business Plan is presented as a budget of revenue, including loans, and expenditure for road sector projects and programmes of which the funding is authorised by the provisions of Section 17 of the Road Fund Administration Act.

Overall, the RFA has taken care to balance the budget with small symbolic surpluses amounting to N\$3.6 million, over and above the N\$50 million transferred to the reserve fund.

DR EMMA HAIYAMBO

DATE

CHAIRPERSON

DEFINITIONS

| <u>Term</u> | <u>Definition</u> |
|--------------------|---|
| Administration | Infers the Road Fund Administration established by Section 2 of the RFA Act. |
| Bl-km | Blade kilometres |
| Business Plan | The Road Fund Administration's business plan in terms of Section 21 of the Road Fund Administration Act, 1999. |
| FYE | Financial year ending. |
| ISBP | The Integrated Strategic Business Plan in terms of Section 13 of the Public Enterprises Governance Act, 2019. |
| MDC | Mass-distance Charge |
| MDCS | Mass-distance Charging System |
| MoFPE | Ministry of Finance and Public Enterprises |
| MLTRMP | Medium- to-Long-Term Roads Master Plan of the Roads Authority. |
| MWT | Ministry of Works and Transport |
| NaTIS | Namibian Traffic Information System |
| RA | Roads Authority, established by the Roads Authority Act, (Act 17 of 1999). |
| RA Act | Roads Authority Act, 1999 (Act 17 of 1999). |
| RFA | Road Fund Administration, established by the Road Fund Administration Act, (Act 18 of 1999). |
| RFA Act | Road Fund Administration Act, 1999 (Act 18 of 1999). |
| Road Fund | Also denoted “Fund”, established under Section 16 of the RFA Act. |
| RUCs | Road User Charges |
| PEG | Public Enterprises Governance |
| PEGA Act | Public Enterprises Governance Amendment Act, 2019. |
| TLE | Traffic Law Enforcement are agencies that enforce the provisions of the Road Traffic and Transport Act (Act 22 of 1999) to regulate road traffic and enhance road safety, including the control of overloading of vehicles. |

EXECUTIVE SUMMARY

Introduction

The Road Fund Administration Act, 1999 (Act 18 of 1999, hereinafter referred to as the “RFA Act”), envisaged that the RFA should regulate funding to the road sector according to a government policy of full cost recovery from road users for the economically justified cost of road sector projects and programmes as defined in the Act. Such regulatory function was to be performed by managing the road user charging system, as defined in Section 1 of the RFA Act, and which explicitly entails full cost recovery from road users. Management of the road user charging system was defined as entailing the determining the amount and manner of funding for such projects and programmes and determining the road user charges to be levied to secure the determined amounts.

The Government has subsequently assumed the regulation of road user charges, and the RFA now only fulfils an advisory function in this respect.

As a result, the amount of funding determinations as envisaged in terms of Section 20(4)(a) no longer have any effect in respect of the determination of road user charges. The RFA, however, continues to include amount of funding determinations in the Business Plan as a reference point against which to assess the savings that need to be imposed to achieve “manner of funding” determinations in alignment with sustainable Road Fund revenues.

The Business Plan accordingly sets out amount and manner of funding determinations that the Administration has made with respect to budgets submitted to it for funding in terms of Section 20 of the RFA Act.

Summary of Business Plan

Funding constraints

Whereas the RFA Act had envisaged revenue determinations to follow funding determinations, revenue considerations are now placed first, as these constrain the feasible funding determinations. For the 5-year period of this Business Plan, the manner of funding is constrained by the projected revenue over this period, as summarised on the following page (the amounts are rounded from Table 5, as reflected in Appendix and slight differences may occur due to rounding).

Table 1: Revenue

| Revenue Inside Road User Charging System | FYE 2022 | FYE 2023 | | FYE 2024 | | Business Plan Total | |
|---|--------------|-----------------|----------------|--------------|------------|---------------------|------------|
| Revenue by Source [N\$ million] | Actual | Original Budget | Revised Budget | RUCS | GRN | RUCS | GRN |
| Road User Charges Revenue | 2,475 | 2,199 | 2,352 | 3,104 | 0 | 19,694 | 0 |
| <i>Fuel levies Collected (gross before refunds)</i> | 1,636 | 1,461 | 1,404 | 2,183 | 0 | 15,258 | 0 |
| <i>Less Fuel Levies Refunds</i> | 340 | 278 | 267 | 404 | 0 | 2,654 | 0 |
| <i>Fuel Levies Collected (nett after refunds)</i> | 1,297 | 1,183 | 1,137 | 1,779 | 0 | 12,604 | 0 |
| <i>Vehicle License Fees</i> | 793 | 641 | 820 | 870 | 0 | 4,552 | 0 |
| <i>Non-RUC Fees</i> | 46 | 79 | 48 | 52 | 0 | 272 | 0 |
| <i>Entry Fees</i> | 137 | 129 | 139 | 154 | 0 | 793 | 0 |
| <i>Mass-Distance Charges</i> | 189 | 155 | 195 | 232 | 0 | 1,389 | 0 |
| <i>Abnormal Load Charges</i> | 12 | 11 | 12 | 16 | 0 | 78 | 0 |
| <i>Road Carriers Permits</i> | 1 | 1 | 1 | 1 | 0 | 6 | 0 |
| Additional Revenue | 464 | 268 | 607 | 343 | -37 | 654 | 464 |
| <i>Government co-funding</i> | 0 | 0 | 0 | 0 | -37 | 0 | 464 |
| <i>Financing Instruments</i> | 433 | 268 | 607 | 343 | 0 | 654 | 0 |
| <i>Remainder of minor revenue sources</i> | 31 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2,939 | 2,467 | 2,959 | 3,447 | -37 | 20,348 | 464 |

Amount and manner of funding of projects and programmesBudgets received

Amount and manner of funding determinations are based on budgets submitted to the Administration. The following budgets were received:

1. Roads Authority:
 - (a) Management of the national road network, including administrative expenses of the Authority;
 - (b) National traffic information system; and
 - (c) Vehicle and driver testing.
2. Local Authorities and Regional Councils:
 - (a) Traffic related maintenance of urban roads.
3. Namibian Police and some Local Authorities:
 - (a) Traffic law enforcement.
4. National Road Safety Council:
 - (a) National Road Safety Council projects and road safety initiatives.

With a view to the Business Plan presenting a comprehensive picture of the funding of national road network projects, the Roads Authority has also communicated to the Administration a list of projects that are to be funded entirely through Government's budgetary allocations from the Ministry of Works and Transport. Such projects are not subject to the amount and manner of funding determinations made by the Administration, and they are accordingly reported as funded outside the road user charging system. A list of these projects is provided in **Table 2**, as reflected in the Appendix. The budgeted amounts for these projects should be regarded as indicative, as they are subject to budgetary allocation decisions made by Government, which are not necessarily communicated to the Administration.

Amount of funding determinations

Purpose

Amount of funding determinations reflect the amount of funding that **should be allocated** to each project and programme for which the Roads Authority and approved authorities have submitted a budget request to the RFA. They are based mainly on economic efficiency principles, and additional considerations as stated in the RFA Act.

The RFA has framed Rules and Principles in terms of Section 19(2) of the RFA Act to stipulate the economic and auxiliary principles to be applied in amount of funding determinations.

Projects and programmes pertaining to the Management of the National Road Network

Amount of funding determinations for projects and programmes have been based on economic analysis information provided by the Roads Authority, and the recommendations of the Roads Authority's Medium-to-Long-Term Roads Master Plan (MLTRMP) of 2012, to give a robust analysis of maintenance needs for the next 20-year horizon, including capacity, network, and mobility improvement projects. The MLTRMP of 2020, was finalised after the funding determinations were concluded and thus not incorporated into this Business Plan. Part I of the Rules and Principles is applied in making these determinations, as well as in determinations pertaining to concomitant expenses that are mainly of an administrative nature.

Other programmes of the Roads Authority

Amount of funding determinations were made for the:

- Traffic information system – applying Part IV of the Rules and Principles; and
- Vehicle and driver testing – applying Part VI of the Rules and Principles.

It should be noted that the overload control function performed by the Roads Authority in terms of the Roads Authority Act, 1999 (Act 17 of 1999), is statutorily part of the Authority's function of "management of the national road network" and is not to be regarded as a traffic law enforcement function as envisaged in the RFA Act.

Local Authority programmes

Amount of funding determinations were made for the:

- Traffic related maintenance of urban roads – applying Part III of the Rules and Principles; and
- Traffic law enforcement functions performed by some of the larger municipalities – applying Part V of the Rules and Principles.

Namibian Police Traffic Law Enforcement Programmes

Amount of funding determinations were made for the traffic law enforcement functions performed by the Namibian Police – applying Part V of the Rules and Principles.

In the cases of urban roads maintenance and traffic law enforcement, the Administration was not able to evaluate programmes based strictly on economic efficiency principles and applied Subsection 17 (2) of the RFA Act to determine types and maximum amounts of funding.

National Road Safety Council

The RFA Act does not require amount and manner of funding determinations for expenditure referred to in Section 15 of the National Road Safety Act, 1972 (Act No. 9 of 1972). In terms of Section 15(4) of this Act, the Minister of Works and Transport is authorised to make funding determinations based on budgets submitted to the Minister by the National Road Safety Council. Consequently, the RFA has not framed applicable Rules and Principles for such determinations.

Amount of funding determinations are tabulated in **Table 3**, as reflected in the Appendix.

Manner of funding determinations

Purpose

Manner of funding determinations are to be made to determine the funding that **can be allocated** to each project and programme subject to the availability of funds from the road user charging system and funds from other sources channelled through the Road Fund.

A summary of the amount of funding determinations, compared to the manner of funding determinations that are feasible within the ruling funding constraints, is tabulated below (the amounts are rounded from **Table 4**, as reflected in the Appendix and slight differences may occur due to rounding).

Table 2: Expenditure

| Expenditure Inside RUCS | Budget | | Amount of Funding | | Manner of Funding | | Funding Gap | |
|--|-----------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|--|
| | FYE2023 [N\$ mil.] | FYE2024 [N\$ mil.] | BP Total [N\$ mil.] | FYE2024 [N\$ mil.] | BP Total [N\$ mil.] | FYE2024 [N\$ mil.] | BP Total [N\$ mil.] | |
| RA Administration | 361 | 512 | 3,126 | 395 | 2,161 | (117) | (965) | |
| RA Administration Projects | 51 | 82 | 498 | 65 | 374 | (17) | (124) | |
| RA Management Functions | 101 | 185 | 847 | 155 | 722 | (30) | (125) | |
| NaTIS Administration | 138 | 180 | 1,101 | 151 | 825 | (29) | (276) | |
| NaTIS Operations | 51 | 55 | 458 | 55 | 428 | 0 | (30) | |
| RFA Administration | 138 | 138 | 740 | 151 | 827 | 13 | 86 | |
| Road Fund Account | 119 | 154 | 801 | 132 | 710 | (23) | (91) | |
| Road Fund Financing | 163 | 0 | 0 | 154 | 908 | 154 | 908 | |
| Road Research Studies | 2 | 5 | 26 | 2 | 10 | (3) | (16) | |
| Other Expenditure Approved by Minister | 60 | 130 | 650 | 60 | 580 | (70) | (70) | |
| National Roads | 1,542 | 2,327 | 21,955 | 1,927 | 11,638 | (399) | (10,317) | |
| <i>Maintenance</i> | 1,350 | 1,894 | 19,911 | 1,564 | 10,854 | (330) | (9,056) | |
| <i>Rehabilitation</i> | 190 | 433 | 2,039 | 364 | 774 | (69) | (1,266) | |
| <i>Development</i> | 2 | 0 | 5 | 0 | 10 | 0 | 5 | |
| Urban Roads Maintenance | 134 | 418 | 2,364 | 166 | 1,213 | (251) | (1,151) | |
| Traffic Law Enforcement | 30 | 47 | 257 | 30 | 159 | (17) | (99) | |
| National Road Safety Council | 2 | 2 | 12 | 2 | 12 | 0 | 0 | |
| TOTAL | 2,893 | 4,235 | 32,836 | 3,446 | 20,568 | (789) | (12,269) | |

Manner of funding determinations are tabulated in **Table 4**, as reflected in the Appendix.

Assets and Liabilities of the Road Fund

Financing of the funding shortfall

As indicated in the tables above, additional financing is however required to bridge the funding constraints within the period of this Business Plan.

The KfW loan - 2017 is to finance the rehabilitation of TR1/3 between Keetmanshoop and Mariental (Section A: 87.3km between the intersections to Tses and Gochas).

The loan amount is N\$482 million and was disbursed in two tranches. The first tranche of N\$241 million was disbursed in May 2018 and the second and final tranche of N\$241 million was paid out last year in May 2019.

The annual financial statements of the Road Fund account for the 2022 financial year indicate the following cash position for the Road User Charging System:

- total assets at the disposal of the Road Fund amounted to N\$1,998 million;
- total liabilities at N\$1,386 million; and

With the Covid-19 storm subsiding, the RFA has built up sufficient reserves over the years, to present more adventurous budgets that will support increased road maintenance and contribute towards economic growth.

Furthermore, the RFA created a reserve fund to make allowances for the capital redemption of the loan undertakings.

A summary of the estimated revenue and expenditure, assets and liabilities of the Road Fund is tabulated in **Table 6**, as reflected in Appendix.

Determination of levels of road user charges

The RFA no longer performs the determination of road user charges as envisaged in the RFA Act. However, the RFA generally advises the Minister of Finance and Public Enterprises on road user charges increases annually. With such increases being based on levels of road user charges that have remained inadequate, economic efficiency ideal, envisaged in the RFA Act, is substantially inadequate to achieve the object of the RFA Act of a “safe and efficient road sector”.

No increases in the rates of road user charges were granted in the current financial year. The fuel levy was however cut by 50% for five months to shield the road user from the soaring pump prices. The levy has since been restored without any funding cuts passed onto the approved authorities.

Table 3: Road User Charges Increases

| <u>Road User Charge</u> | <u>Approved Increases June 2021</u> |
|--|-------------------------------------|
| Fuel Levies on petrol and diesel | 0% (current levy at 148 c/l) |
| License Fees | 0% |
| Entry Fees / Cross Border Charges | 0% |
| Mass Distance Charges | 0% |

Implications of the Business Plan

It remains evident that the amount of funding that can be collected through the road user charging system is inadequate to achieve the object of the RFA Act of a “safe and efficient road sector”.

The direct result of constraints on the increases of road user charges is that the Road Fund as from the financial year ending 2024 will only be able to fund the following expenses:

- a) The maintenance of the national road network (N\$1.6 billion), albeit only at a suboptimal level; included a targeted N\$66 million for the low volume seal road strategy;
- b) The rehabilitation of the national road network, including bridges structures (N\$363.5 million);
- c) A contribution to the maintenance of urban streets and rural road networks (N\$166.2 million), likewise at a suboptimal level;
- d) The operation and administration of the Namibian Traffic Information System (N\$195.9 million);
- e) A contribution to traffic law enforcement (N\$30.4 million);
- f) A contribution to projects of the National Road Safety Council (N\$2.2 million);
- g) The servicing, including capital redemption, of a KfW loan to the Road Fund, signed in November 2015 (KfW Loan 2015);
- h) The servicing, including capital redemption, of a KfW loan to the Road Fund signed in December 2017 (KfW Loan 2017);
- i) The servicing, including capital redemption, of a NedBank loan to the Road Fund concluded in November 2021 (NedBank Loan 2021) to finance the low volume seal strategy;
- j) The administrative expenses of the RA (N\$459.9 million);
- k) The administrative expenses of the RFA (N\$151.2 million);
- l) The road fund expenses of the RFA, such as
 - Strategic Services (N\$9.1 million)
 - Information Communication Technology (N\$8.2 million)
 - Fund Management (N\$19.5 million)
 - Legal and Compliance (N\$3.4 million)
 - Programme Management, Policy and Advice (N\$2.5 million)
 - Internal Audit (N\$5.5 million)
- m) Service land where the ONE STOP NaTIS Centre in Windhoek (N\$10 million) will be constructed;
- n) A contribution to the maintenance of roads in the Etosha National Park (N\$60 million).

1 INTRODUCTION

1.1 Economic Context

Following strong growth in 2021, global economic growth is projected to slow during 2022 and 2023 on the back of price instabilities that are driving interest rate expectations higher. Consequently, global growth is projected to slowdown from 6.1% in 2021 to 3.2% in 2022 and 2.9% in 2023. The slowdown is evident across most economies, but with 3.8% growth forecast for Sub Saharan Africa, there is sufficient growth opportunities to drive transport volumes across the subcontinent. However, the prolonged war in the Ukraine poses a risk to the global outlook via food and fuel price instability, hence further supply chain disruptions and monetary policy tightening will keep the growth outlooks in check, whilst cybersecurity will remain a recurring risk towards global growth prospects.

Under these conditions, the Namibian economy is projected to moderate to 3.4% in 2023, where primary industries are expected to grow at 7.6% in 2023. The projected high growth trajectory will be supported by robust performance from diamond mining (15.5%), uranium (7.0%) and agriculture (3.2%), whilst secondary and tertiary sectors continue their muted growth trajectory.

Risks to domestic growth are predominantly from monetary policy tightening and elevated pump prices. Thus far, Bank of Namibia has hiked interest rates by 250 (+75 projected) basis points in 2022, whilst pump prices have increased by N\$8.42 in 2022. Both price developments will drive second round inflationary effects and thus higher cost of living adjustments will be required to align salaries to the cost of living. Hence social and labour unrest will become a recurring theme in 2023 and beyond.

As a result, real disposable incomes will move sideways, thereby prolonging the stagnant vehicle sales figure. However, increased mining and agricultural production will drive fuel demand and thus push up revenues derived from fuel levies by 1.7% in 2023, whilst vehicle sales and foreign vehicles will remain largely flat. Hence the need for substantial increase in road user charges, to scale up maintenance works on the aging road infrastructure.

1.1.1 Statistics on road user charging instruments

Of primary importance are actual growth statistics underlying the road user charging instruments of the RFA, which include most notably road user charges on fuel consumed on-road and license fees. This requires prudence in the assumptions to be made regarding the growth of vehicle registrations and on-road fuel consumption.

Growth in the domestic economy would moderate during 2023 and fluctuate around the 3% mark until 2028. Therefore, the following is forecasted for the financial year 2023

- Vehicle population increases by 3.4% pa
- Foreign vehicles increase by 7.3% pa
- Fuel consumption grows by 1.7% pa.

1.2 State of the National Road Network

Due to persistent under funding over the years, no road condition assessment has been conducted since 2019. Therefore, funding towards a road condition assessment was prioritised under the new business plan to ensure evidence-based maintenance planning.

1.3 Economic Efficiency Statements

In managing the road user charging system, the RFA is bound by the objective to comply with the specific Government policies underlying the road user charges determinations to be made by the RFA, which are:

- 1) “User pay” principle:
 - a) the determination of the economically justified real stable expenditure level on road sector projects and programmes, mainly for the provision and preservation of the national road network, which is the regulatory function to be exercised by the RFA;
 - b) the determination of the rates of road user charges to fully recover from road users the associated costs;
- 2) “Efficiency” principle:
 - a) promote economic efficiency and the efficient utilisation of resources by minimising the total costs of road transport to society, such costs consisting mainly of the sum of road infrastructure costs and vehicle operating costs;
- 3) “Equity” principle:
 - a) not have the effect that a certain part of the community is taxed to provide a facility which they largely do not use or that one group of road users subsidises another group of road users;
 - b) not unfairly impact on road/rail competition; and
- 4) “Non-discrimination” principle:
 - a) provide for charges on foreign-based operators and take cognisance of road user charging systems in neighbouring countries.

The policy with respect to charges on foreign-based operators, which is harmonised with the SADC policy on cross-border transport, provides that:

- (a) There should be recovery of road costs from foreign vehicles;
- (b) Transit charges for the recovery of such costs should be non-discriminatory, and
- (c) Transit charging systems should facilitate regional transport and trade.

1.4 Stakeholder Consultation

A stakeholder consultation workshop was held on 01 November 2022 in compliance with the RFA Act. There were no recommendations made at the stakeholder consultations. The RFA does however note the requests to increase funding towards the local authorities to maintain their road networks.

Under this Business Plan, funding towards the local authorities is systematically increased from N\$118 million to N\$336 million over three years. This will give the local authorities time to make the necessary procurements in line with the Public Procurement Act.

1.5 Background to the Preparation of the Business Plan

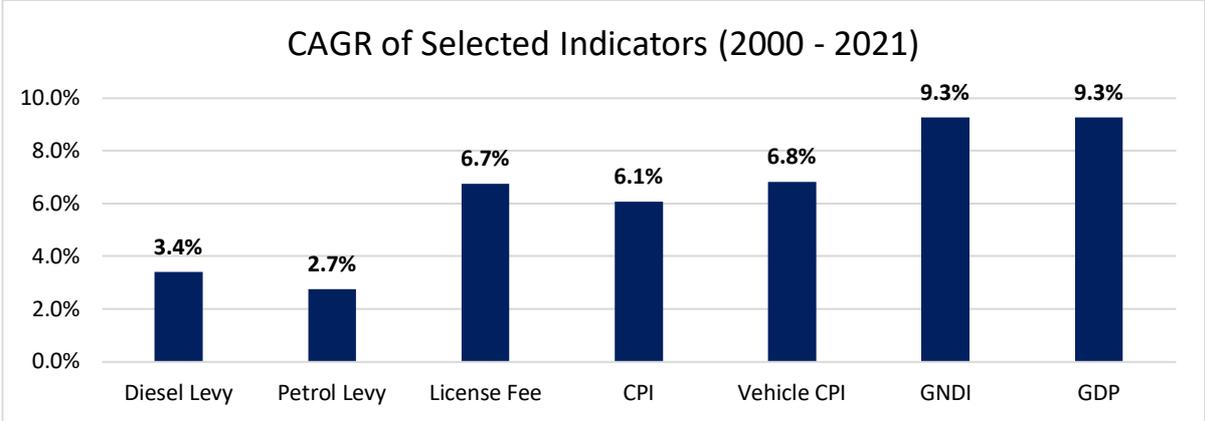
This Five-Year Business Plan for the period from 1 April 2023 to 31 March 2028 has been prepared in pursuance of Section 21 of the RFA Act, which obliges the RFA to prepare a

Business Plan based on its funding determinations made in accordance with Section 20(4) of the Act, and estimated revenues accruing to the Road Fund in terms of Section 16 of the Act.

Funding determinations are based on budgets submitted to the RFA by the RA and other Approved Authorities in accordance with Section 20(1) of the Act, which comprise the expenditure part of the Business Plan.

2 OBJECTIVES AND STRATEGIES OF THE RFA FOR THE BUSINESS PLAN

2.1 Levels of the Road User Charges



Over the past two decades, both diesel and petrol levies have lagged key economic indicators. Diesel and petrol levies have increased by 3.4% and 2.7% respectively, whilst the overall price level in Namibia, has increased by 6.1%, disposable income has increased by 9.3% and GDP 9.3%. This has effectively eroded the share of wallet that is dedicated to road maintenance. As such, the fuel levy, currently standing at N\$1.48/l, and is well below the inflation adjusted benchmark of N\$2.58/l.

South Africa has increased its fuel levies by 16c to N\$3.93/l in 2022, Botswana has increased their fuel levy by 14c to N\$1.63/l, Lesotho kept their fuel levy constant at N\$2.35, Malawi charges N\$2.40/l, whilst Namibia charges N\$1.48/l. With the best roads and the highest roads per capita, Namibia charges the lowest fuel levy amongst the countries listed above. This has resulted in considerable funding gaps in Namibia which peaked at N\$1.9 billion in the 2021/22 financial year. In the absence of a road condition assessment, there is not updated funding gap figure for 2022/23. Therefore, it is imperative that the optimal level of road maintenance is restored through a comprehensive review of the current levels of road user charges and the applicability thereof, to maintain the extent and quality of the road asset.

The RFA has proposed and budgeted for 50c increase in the fuel levy as well as 10% increases in the remaining RUCs, these increases were deemed necessary to accommodate all the additional funding request placed on the fund.

2.2 Strategic Development of the RUCs

A key strategic priority of the organisation is to introduce various instruments to grow its revenue pool, and the RFA continues to investigate additional revenue streams based on best practises, whilst re-engineering and automating internal processes to drive operational

efficiencies. The MDC-Automation project will be developed and implemented to increase the revenue base. In addition, the RFA adopts the following strategies to increase funding towards road maintenance:

- Re-assess the level of the RUCs. The current RUC rates were determined in 1999 and have been adjusted from time to time, albeit at sub-optimum levels. According to the NamRUC Model, the fuel levy should be N\$2.20/l but is currently N\$1.48/l in Namibia, versus N\$3.93/l in South Africa, N\$2.35/l in Lesotho, N\$1.63/l in Botswana and N\$2.35 in Malawi.
- Restructure the RUCs such that the variable revenues cover variable costs and fixed revenues cover fixed costs. This would effectively immunise the Fund against significant changes in travelling demand.
- Align annual increases in the level of RUCs to the producer price inflation for roadworks, as measured by Statistics South Africa. This will ensure that the levels of the RUCs keep up with the cost of road maintenance works, also given the scarcity of natural road construction material.
- Introduce distance-based RUCs, starting with the automation of Mass Distance Charges, which will provide the platform to calculate actual distances travelled by heavy vehicles and eventually rolling it over to all vehicle categories.
- Pursue tolling as an additional RUC.
- Debt financing for once-off investments such as for the Low Volume Seal Roads strategy.

These interventions are thus designed to lift the level of optimal funding to 80% to address the preservation and rehabilitation needs of the N\$101 billion national road network.

2.3 Prioritisation of funding through the RUCs

The RFA has under the prevailing funding constraints prioritised the allocation of funds within the Business Plan period as follows:

Priority 1: Road Maintenance and Rehabilitation.

Maintenance and rehabilitation of the national road network was increased by N\$387 million. These additional amounts have been committed towards gravel and paved road maintenance in line with the RFA ISBP.

Maintenance and rehabilitation of urban roads was increased by N\$32 million in FYE2025 and scales up considerably by N\$131 million in FYE2026

- Upgrade of Monte Christo Road to a dual carriageway
- Rehabilitate urban roads leading to the Port of Walvis Bay

Priority 2: Road condition assessments on the national road network. No such assessment has been conducted since 2019. N447 million has been committed to update the condition of the road to ensure evidence-based road maintenance interventions going forward.

Priority 3: ICT Systems developments continue with both RFA, RFA and NaTIS. Funds have been availed for both the RFA and RA to implement their respective ERP developments, whilst additional funding has been committed to the development of computer-based learner testing at NaTIS. These developments will ensure that the institutions remain future fit, deploying the latest technologies to drive operational efficiencies.

Priority 4: Administrative expenses. The staff of the RFA, RA and NaTIS are the drivers of our business model and the associated client experiences. Therefore 5.6% additional funding has been directed towards cost-of-living adjustments. Extended operating hours at certain border posts have necessitated increased headcount, which increases the administrative costs by a further 3.9%. In total the administrative expenses increase by 9.5%, which remains well below the 32% revenue growth figure. By consistently keeping administrative expense growth lower than the revenue growth figure, the ration of administrative expenses to revenue has declined from 28% to 21% in the past 4 years and by 2028, this figure should be down to 19%.

2.4 Funding Objectives for the Business Plan

The specific objective for the five-year planning period the Business Plan is to secure road sector funding inside the road user charging system. The particulars of funding provided for the period from 1 April 2023 to 31 March 2024 in this Business Plan constitute funding commitments for the financial year 2023/24. The particulars provided for the subsequent four financial years constitute an estimate of future income and expenditure, subject to various conditions and assumptions, and therefore do not constitute an authorisation for incurring any commitments for these financial years, other than continuing commitments resulting from expenditure authorised in the financial year 2023/24.

2.4.1 Regular Blading

Regular blading of the unpaved road network is necessary as part of routine maintenance, to keep roads drivable. The RA’s Road Maintenance Strategy 2021 has recommended a revised target of 2.2 million blade-kilometres (bl-km) per annum. In the past financial year 2021/22, 2.65 million blade-kilometres were achieved, the increased volume generated economies of scale and subsequently reduced blading unit costs from N\$216.89/bl-km to N\$160.54/b-km.

The objective is to maintain 2.65 million blade kilometres and keep contract price adjustments below inflation and keep the blading unit costs below N\$170/b-km. Therefore N\$450 million is dedicated to blading from the N\$816 million national unpaved road maintenance budget. The remainder is for periodic unpaved road maintenance such as filling, washaways, road signs, road barriers and cleaning the road reserve.



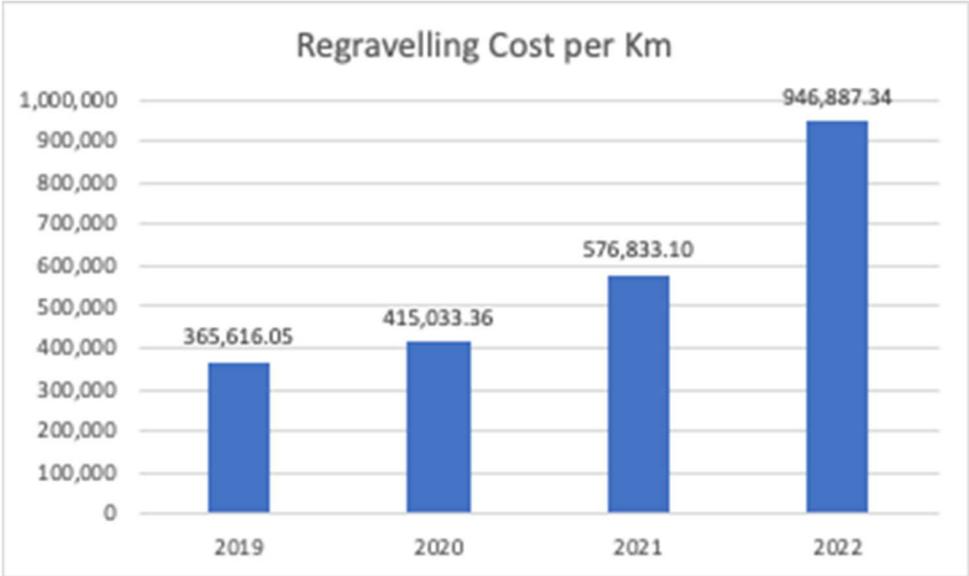
In addition, the blading intervention will continue to reclaim the gravel material driven off the roads, to generate an estimated 50% off the regravelling cost. In addition, the RA continues to explore the use of additives to reduce gravel loss and dust, using commercial clays or nano-silane products. For the local authorities, the RFA is exploring the introduction of tractor drawn box graders, to insource blading services within the respective local authorities and save 90% on the capital costs of a motor grader.

These interventions should thus reduce the cost of regular maintenance of the gravel road network, to free up funding for the more expensive periodic maintenance interventions.

2.4.2 Regravelling Strategy

Regravelling forms part of the periodic maintenance programme for the unpaved road network, to replace the material lost from driving and blading. Gravel roads are constructed with a 150mm imported wearing course and require gravel to be maintained at 75mm thickness (50% of the typical new gravel thickness). The gravel road thickness was last measured at 19mm thickness and in urgent need of regravelling. At least 15 regravelling contracts, amounting to N\$675 million per year are required to regravell 2,700km per annum over the next 5 years.

Under the current funding constraints, N\$50 million has been allocated to regravelling in each of the two following financial years, scaling up to N\$376 million in year three, N\$539 million in year four and N\$786 million in year five. Therefore, regravelling interventions should increase to 1,360km per annum by year five, which is a massive improvement from the 174km regravelled in the 2021/22 financial year.



The regravelling unit costs have spiralled out of control, as diesel costs escalated, and haul distances increased. Therefore, more efforts are required to bring the regravelling costs under control in the following two years, before the regravelling program is scaled up.

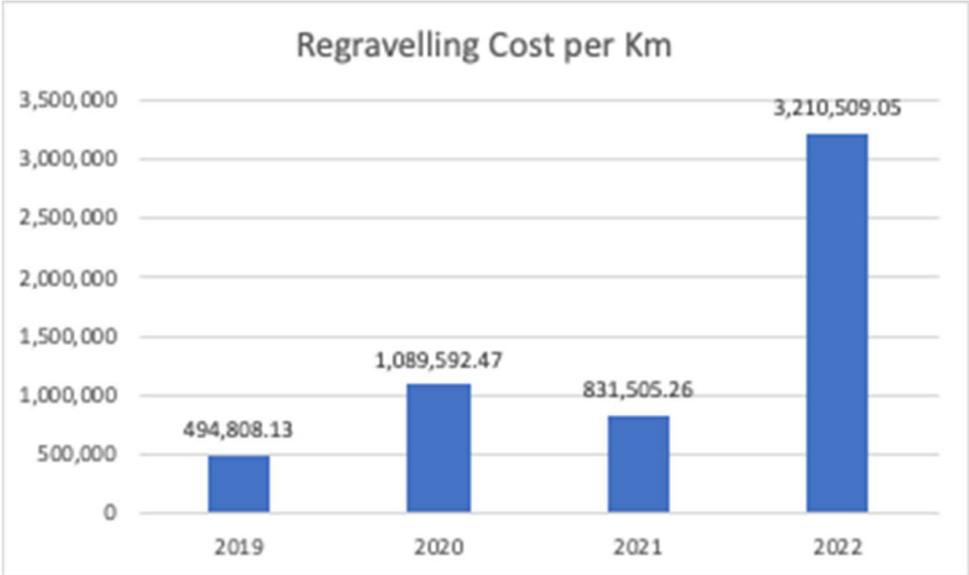
2.4.3 Low Volume Seal Strategy

Sealing of low trafficked roads, where appropriate, to a low volume seal will improve the drive quality, preserve scarce road construction materials, and reduce routine maintenance costs. Low Volume Sealed Roads (LVSRs) differ from standard bitumen roads as they are normally of lower geometric standards and designed for a 10-year pavement design life.

Unit costs range from N\$3 million to N\$6 million per km, depending on the terrain. With N\$66 million remaining on the debt funded facility, 11km to 22km can be upgraded under the remaining facility. An additional N\$50 million has been allocated to low volume seal roads from year two onwards, which can upgrade 8km to 16km of road per annum. The additional amounts will be funded from the RUCs. This will allow us to develop unit costs benchmarks over time and thereby control projects costs for this relatively new maintenance intervention.

2.4.4 Reseal Strategy

Resealing is done to improve the drive quality of the paved road and extend the life of the road beyond its original design life. With 30% of the bitumen surfacing older than 15years, the pavement deterioration model shows that 830km of roads needs to be resealed annually. With the impact of the current depressed economic climate, only 60km was achieved in the 2021/22 financial year. The limited scope drove reseal unit costs out of control. Hence N\$100 million was allocated to resealing from year two onwards. This should reseal 120km of road per annum and thereby reduce the reseal unit costs to N\$830,000/km.



2.4.5 Strategy regarding flood damage repair

In this Business Plan, N\$175 million has been allocated towards flood related damage to the national and urban road networks, as weather patterns become more volatile in response to global warming. This will provide sufficient operational space, whilst the RFA devises more climate resilient strategies to fight flash floods and heatwaves.

2.4.6 Overview of Revenues and Expenditures

Revenue estimates were based on the economic forecasts provided by Cirrus Capital Pty (Ltd), whereby the economy grows by 3.0% in 2023, 3.4% in 2024 and 3.0% in 2025. In addition, 50c increase in the fuel levy, and 10% increase in the remaining RUCs were budgeted to accommodate the additional expenditures placed on the Fund. Consequently, RUCs revenues increased by 32%. This is supplemented with deployment of debt financing from the KfW Loan and the LVS loan amounting to N\$266 million.

Expenditures were based on the funding requests obtained from the Approved Authorities. Funding determinations were made based on the economic efficiency of the funding requests and finally adjusted to fit within the available revenues. To this end, N\$4.2 billion was requested in FYE2024, the full N\$4.2 billion was deemed economically efficient. However, only N\$3.3 billion could be funded, thus leaving a funding deficit of N\$900 million.

The main underlying planning parameters affecting the revenue and expenditure estimates presented hereafter are tabulated below.

Table 4: Main Planning Parameters

| Main Planning Parameters | 2022 Rates | 2023 Amt | 2024 Growth | Growth After |
|--|--------------|-------------|-------------|--------------|
| Fuel road user charge (petrol & diesel avg.) | N\$ 1.48 / l | 1525.0 mil. | 33.8% | 25.3% |
| Diesel consumption | n/a | 701.0 MI | 1.70% | 1.50% |
| Petrol consumption | n/a | 401.4 MI | 1.70% | 1.50% |
| Vehicles licensed | n/a | 400,196 | 1.0% | 1.9% |
| Vehicles subject to MDC | n/a | N/A | 5.3% | 8.6% |
| Roadworks Cost Escalation Rate (indicative) | n/a | n/a | 5% | 6% |

Estimated revenue and expenditure, assets and liabilities inside the Road User Charging System are tabulated on the following pages. The tabulated allocations for the ensuing financial year ending March 2024 constitute the budget of the Road Fund.

A. SUMMARY ESTIMATE OF REVENUE INSIDE THE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2023 TO 31 MARCH 2028 (EXCL. GOVERNMENT CO-FUNDING - Note 1)

| Revenue Heading | Current Year | Business Plan Period Revenue Projection [N\$] | | | | | | |
|---|-----------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Financial Year: | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | TOTAL B/PLAN |
| Road User Charges | | 2,351,601,440 | 3,103,510,915 | 3,631,766,760 | 4,239,720,140 | 4,318,551,750 | 4,400,272,710 | 19,693,822,275 |
| Road User Charges on Fuel used On-road (nett less levy refunds) | | 1,137,293,252 | 1,778,933,915 | 2,274,899,760 | 2,808,436,140 | 2,849,991,750 | 2,891,418,710 | 12,603,680,275 |
| Revenue from Vehicle License Fees | | 820,338,800 | 869,559,000 | 885,146,000 | 910,576,000 | 931,987,000 | 954,464,000 | 4,551,732,000 |
| Revenue from Non-RUC Fees | | 47,587,209 | 51,585,000 | 53,012,000 | 54,487,000 | 55,963,000 | 57,433,000 | 272,480,000 |
| Revenue from Entry Fees | | 138,693,230 | 154,463,000 | 156,504,000 | 158,515,000 | 160,526,000 | 163,299,000 | 793,307,000 |
| Revenue from Mass-Distance Charges | | 194,641,605 | 232,213,000 | 245,448,000 | 290,949,000 | 303,327,000 | 316,901,000 | 1,388,838,000 |
| <i>Local-registered Heavy Vehicles</i> | | <i>152,642,578</i> | <i>180,181,000</i> | <i>189,207,000</i> | <i>221,713,000</i> | <i>230,263,000</i> | <i>238,857,000</i> | <i>1,060,221,000</i> |
| <i>Foreign-registered Heavy Vehicles</i> | | <i>41,999,027</i> | <i>52,032,000</i> | <i>56,241,000</i> | <i>69,236,000</i> | <i>73,064,000</i> | <i>78,044,000</i> | <i>328,617,000</i> |
| Revenue from Abnormal Load Charges | | 12,028,772 | 15,637,000 | 15,637,000 | 15,637,000 | 15,637,000 | 15,637,000 | 78,185,000 |
| Revenue from Road Carriers Permits | | 1,018,573 | 1,120,000 | 1,120,000 | 1,120,000 | 1,120,000 | 1,120,000 | 5,600,000 |
| Additional Revenue Inside the Road User Charging System | | 607,261,860 | 343,451,000 | 76,109,000 | 77,309,000 | 78,309,000 | 79,309,000 | 654,487,000 |
| Monies appropriated by Parliament | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Assets of the RFA | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Assets of the RA | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Returns on Investments / (Overdraft Charges) | | 34,645,000 | 76,909,000 | 76,109,000 | 77,309,000 | 78,309,000 | 79,309,000 | 387,945,000 |
| Donations and Grants (no financing obligations) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans obtained by the RFA | | 341,450,000 | 266,542,000 | 0 | 0 | 0 | 0 | 266,542,000 |
| Compensation for damaging of roads | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fines for contravention of overloading | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| From any other source | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Drawings on Road Fund Reserve Investments | | 231,166,860 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL REVENUE PER FINANCIAL YEAR | | 2,958,863,300 | 3,446,961,915 | 3,707,875,760 | 4,317,029,140 | 4,396,860,750 | 4,479,581,710 | 20,348,309,275 |

B. SUMMARY OF MANNER OF FUNDING INSIDE THE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2023 TO 31 MARCH 2028 (EXCL. GOVERNMENT CO-FUNDING - Note 1)

| Expenditure Heading | Current Year | Business Plan Period Expenditure Projection [N\$] | | | | | | |
|--|-----------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | Financial Year: | FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | TOTAL B/PLAN |
| 01 Management of the National Road Network RFA Act s. 17(1)(a) | | 2,055,246,000 | 2,542,146,000 | 2,463,822,000 | 3,056,770,000 | 3,338,154,000 | 3,494,358,000 | 14,895,250,000 |
| 01.01 RA Administration | | 411,989,000 | 459,867,000 | 487,604,000 | 492,101,000 | 510,215,000 | 585,850,000 | 2,535,637,000 |
| 01.02 Network Planning and Consultation | | 35,000,000 | 37,020,000 | 40,000,000 | 42,000,000 | 36,000,000 | 34,000,000 | 189,020,000 |
| 01.03 Roadworks - Maintenance | | 1,349,980,000 | 1,563,619,000 | 1,778,554,000 | 2,289,115,000 | 2,433,465,000 | 2,789,593,000 | 10,854,346,000 |
| 01.04 Roadworks - Rehabilitation | | 190,350,000 | 363,500,000 | 57,700,000 | 80,500,000 | 271,860,000 | 0 | 773,560,000 |
| 01.05 Roadworks - Development | | 2,000,000 | 0 | 5,000,000 | 0 | 5,000,000 | 0 | 10,000,000 |
| 01.07 Road Management System | | 37,552,000 | 57,901,000 | 54,942,000 | 61,031,000 | 67,079,000 | 73,380,000 | 314,333,000 |
| 01.08 Overload Control | | 28,375,000 | 60,239,000 | 40,022,000 | 92,023,000 | 14,535,000 | 11,535,000 | 218,354,000 |
| 02 Administrative Expenditure of the RFA & RUCS RFA Act s. 17(1)(b) | | 420,547,739 | 437,404,819 | 480,073,190 | 460,770,772 | 430,017,949 | 413,997,077 | 2,222,263,807 |
| 02.01 RFA Administration Account | | 138,082,739 | 151,156,819 | 158,261,190 | 166,490,772 | 172,317,949 | 178,349,077 | 826,575,807 |
| 02.02 Road Fund Account | | 119,433,000 | 131,859,000 | 117,502,000 | 95,861,000 | 66,766,000 | 75,221,000 | 487,209,000 |
| 09 Financing of Loans assigned by GRN | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Financing of Loans obtained by RFA | | 148,032,000 | 144,389,000 | 194,310,000 | 188,419,000 | 180,934,000 | 150,427,000 | 858,479,000 |
| 11 Financing of Reserve Fund | | 15,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 50,000,000 |
| 03 Urban Roads Contributions RFA Act s. 17(1)(c) | | 134,087,399 | 166,196,953 | 297,454,536 | 354,055,065 | 226,353,808 | 168,733,832 | 1,212,794,194 |
| 03.02 Local Authority Roads | | 118,784,999 | 150,037,618 | 280,535,713 | 336,256,464 | 208,555,206 | 150,935,230 | 1,126,320,231 |
| 03.03 Regional Council Roads | | 15,302,400 | 16,159,334 | 16,918,823 | 17,798,602 | 17,798,602 | 17,798,602 | 86,473,963 |
| 04 Operation of Traffic Information System RFA Act s. 17(1)(d) | | 178,390,293 | 195,935,120 | 204,379,071 | 213,987,583 | 221,238,213 | 228,735,495 | 1,064,275,482 |
| 05 Traffic Law Enforcement and Adjudication RFA Act s. 17(1)(e) | | 30,360,000 | 30,360,000 | 30,820,800 | 31,311,200 | 32,438,500 | 33,736,100 | 158,666,600 |
| 06 Vehicle Testing Stations and Driving Testing RFA Act s. 17(1)(f) | | 10,000,000 | 10,000,000 | 96,210,000 | 65,000,000 | 13,290,000 | 5,000,000 | 189,500,000 |
| 07 Road Research RFA Act s. 17(1)(g) | | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 10,000,000 |
| 08 National Road Safety Council RFA Act s. 17(1)(h) | | 2,200,000 | 2,200,000 | 2,300,000 | 2,400,000 | 2,500,000 | 2,600,000 | 12,000,000 |
| 12 Compensation for RA Damage Liability RFA Act s. 17(1)(l) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Insurance against Damage Liability RFA Act s. 17(1)(m) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Other Expenditure Approved by Minister RFA Act s. 17(1)(n) | | 60,000,000 | 60,000,000 | 130,000,000 | 130,000,000 | 130,000,000 | 130,000,000 | 580,000,000 |
| GRAND TOTAL EXPENDITURE PER FINANCIAL YEAR | | 2,892,831,431 | 3,446,242,892 | 3,707,059,597 | 4,316,294,620 | 4,395,992,470 | 4,479,160,504 | 20,344,750,083 |

C. ESTIMATE OF ROAD FUND BALANCE INSIDE ROAD USER CHARGING SYSTEM FROM 1 APRIL 2023 TO 31 MARCH 2028 (EXCL. GOVERNMENT CO-FUNDING - Note 1)

| Assets and Liabilities | Financial Year: | Business Plan Period Balances Projection [N\$] | | | | | | TOTAL B/PLAN |
|--|--------------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | Current Year FYE 2023 | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 | |
| ASSETS | | 1,147,106,850 | 1,157,825,873 | 1,168,642,036 | 1,179,376,556 | 1,190,244,836 | 1,200,666,042 | 1,200,666,042 |
| General Fund Cash and Short-Term Investments | | | | | | | | |
| | Opening balance | 854,073,000 | 920,104,869 | 920,823,892 | 921,640,055 | 922,374,575 | 923,242,855 | 920,104,869 |
| | Grand Total Revenue for the year | 2,958,863,300 | 3,446,961,915 | 3,707,875,760 | 4,317,029,140 | 4,396,860,750 | 4,479,581,710 | |
| | Grand Total Expenditure for the year | (2,892,831,431) | (3,446,242,892) | (3,707,059,597) | (4,316,294,620) | (4,395,992,470) | (4,479,160,504) | |
| | Closing Balance | 920,104,869 | 920,823,892 | 921,640,055 | 922,374,575 | 923,242,855 | 923,664,061 | 923,664,061 |
| Reserve Fund Investments (for medium-term fund flows balancing) | | | | | | | | |
| | Closing Balance | 227,001,981 | 237,001,981 | 247,001,981 | 257,001,981 | 267,001,981 | 277,001,981 | 277,001,981 |
| Sinking fund | | | | | | | | |
| | Opening balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Deposits | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Drawdowns | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Sinking fund | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Closing Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LIABILITIES | | 981,479,904 | 1,109,038,904 | 983,985,904 | 856,890,904 | 727,599,904 | 619,494,904 | 619,494,904 |
| RFA 16 Loan Stock | | | | | | | | |
| | Closing Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KfW 2009 Loan | | | | | | | | |
| | Opening balance | 0 | 0 | (0) | (0) | (0) | (0) | 0 |
| | Disbursement | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Redemption | 0 | (0) | (0) | 0 | 0 | 0 | |
| | Closing Balance | 0 | (0) | (0) | (0) | (0) | (0) | (0) |
| KfW 2015 Loan | | | | | | | | |
| | Opening balance | 400,267,904 | 353,175,904 | 306,083,904 | 258,991,904 | 211,899,904 | 164,807,904 | 353,175,904 |
| | Disbursement | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Redemption | (47,092,000) | (47,092,000) | (47,092,000) | (47,092,000) | (47,092,000) | (23,546,000) | (211,914,000) |
| | Closing Balance | 353,175,904 | 306,083,904 | 258,991,904 | 211,899,904 | 164,807,904 | 141,261,904 | 141,261,904 |
| KfW 2017 Loan | | | | | | | | |
| | Opening balance | 240,877,500 | 481,755,000 | 481,755,000 | 431,043,000 | 380,331,000 | 329,619,000 | 481,755,000 |
| | Disbursement | 240,877,500 | 0 | 0 | 0 | 0 | 0 | |
| | Redemption | 0 | 0 | (50,712,000) | (50,712,000) | (50,712,000) | (50,712,000) | (202,848,000) |
| | Closing Balance | 481,755,000 | 481,755,000 | 431,043,000 | 380,331,000 | 329,619,000 | 278,907,000 | 278,907,000 |
| NedBank 2021 Loan | | | | | | | | |
| | Opening balance | 0 | 146,549,000 | 321,200,000 | 293,951,000 | 264,660,000 | 233,173,000 | 146,549,000 |
| | Disbursement | 150,000,000 | 200,000,000 | 0 | 0 | 0 | 0 | |
| | Redemption | (3,451,000) | (25,349,000) | (27,249,000) | (29,291,000) | (31,487,000) | (33,847,000) | (147,223,000) |
| | Closing Balance | 146,549,000 | 321,200,000 | 293,951,000 | 264,660,000 | 233,173,000 | 199,326,000 | 199,326,000 |
| NET BALANCE OF ROAD FUND ASSETS AND LIABILITIES | | 165,626,946 | 48,786,969 | 184,656,132 | 322,485,652 | 462,644,932 | 581,171,138 | 581,171,138 |

2.4.7 Overview of Deficit Financing

In this context, deficit financing pertains to loans to which financing institutions, the RFA and Government (e.g., in the form of a government guarantee) have committed themselves, for the purpose of bridging a temporary deficit between the revenues that the RFA can collect, and expenses on projects and programmes that are warranted to be incurred after considering the cost of loans to cover such expenses.

2.4.7.1 Deficits and surpluses

The annual financial statements of the Road Fund account for the 2022 financial year indicate the following cash position for the Road User Charging System:

- In the 2021 financial year, the assets at the disposal of the Road Fund amounts to about **N\$1.998 billion**; Total liabilities amounted to **N\$1.387 billion**;
- Therefore, the Fund experienced a monetary assets surplus of about **N\$611 million**.

The RFA projects a symbolic surplus amounting to N\$3.6 million over the five-year horizon, to add it the strong net asset base. In addition, a further N\$50 million will be transferred to the reserve fund, to replenish the strategic reserves that were absorbed by the fuel levy cut.

2.4.7.2 RFA loan stock and loans

The RFA, and Government through having issued the required loan guarantees, are currently committed to the following deficit financing instruments:

- In November 2015, the RFA, supported by a loan guarantee from Government, signed an agreement with the KfW loan to the amount of ZAR 447 million (denominated in South African Rand), at an interest rate of 7.81%. This loan funded the rehabilitation of the 1st section of TR1/6 between Windhoek and Okahandja
- In December 2017, the RFA, supported by a loan guarantee from Government, signed an agreement with the KfW loan to the amount of ZAR 482 million (denominated in South African Rand), at an interest rate of 7.5%. This loan funded the rehabilitation of a section of TR1/3 between Tses and Gochas.
- In 2021, the RFA secured a loan from Nedbank for N\$350 million to fund the Low Volume Seal Strategy, against the RA Head Office building.

2.4.7.3 Interest and charges obligations with respect to loan stock and loans

The KfW loan of N\$ 447 million obtained in November 2015, the total of interest and charges is projected to be about N\$ 241 million up to the financial year 2027.

Furthermore, the total interest and charges for the additional KfW loan of N\$ 482 million obtained in December 2017, is projected to be about N\$ 254 million up to the financial year 2030.

2.4.7.4 Capital redemption obligations with respect to loan stock and loans

The KfW loan of N\$ 447 million, the total redemption would be the same as the loan principal, payable in 19 semi-annual amounts of about N\$ 23 million each. The last instalment is due in June 2027.

On the additional KfW loan of N\$ 482 million, the total redemption would be the same as the loan principal, payable in 19 semi-annual amounts of about N\$ 25 million each. The last instalment is due in May 2030.

3 EXPECTED PERFORMANCE OF THE ROAD FUND FOR THE NEXT FINANCIAL YEAR

The ISBP is presented as a strategic roadmap for the RFA over five years which includes key elements pertaining to budget of revenue, including loans, and expenditure for road sector projects and programmes of which the funding is authorised by the provisions of Section 17 of the RFA Act.

To ensure successful implementation of the ISBP, funding has been allocated towards effective implementation thereof, which shall be continuously monitored through a robust performance management system.

3.1 Relation to the ISBP

With 70% of the time elapsed, the RFA has implemented 69% of the ISBP, of particular interest is the funding pillar, where the RFA has achieved 127% of the revenue growth target set out in the ISBP.

| RFA ISBP IMPLEMENTATION PLAN | | | | | | | | | | | | | |
|-------------------------------|---|--------------------|----------|------------|------------|------------|------------|-------------------|---------------|--------------|--------------|------------|---------------|
| Project Start | | | | | | | | | | | 01/10/2019 | | |
| PROJECT | TASK | LEADER | PRIORITY | START | PLAN END | ACTUAL END | % COMPLETE | Project Start | Days to Start | Progress | Pending | Variance | Plan Days |
| ORGANISATIONAL SUSTAINABILITY | Alternative Funding | PMPA | MEDIUM | 01/10/2019 | 30/04/2024 | 30/04/2024 | 40% | 01/10/2019 | 0 | 669.2 | 1003.8 | 0 | 1673 |
| | Optimal Funding | PMPA | HIGH | 01/10/2019 | 30/04/2024 | 30/04/2024 | 127% | 01/10/2019 | 0 | 2119.133 | -446.133 | 0 | 1673 |
| | Funding Allocation Model | PMPA | LOW | 01/10/2019 | 31/08/2020 | 10/07/2020 | 100% | 01/10/2019 | 0 | 335 | 0 | -52 | 335 |
| | Business Process Optimisation | Fund / ICT | MEDIUM | 01/10/2019 | 31/03/2023 | 31/03/2023 | 90% | 01/10/2019 | 0 | 1149.3 | 127.7 | 0 | 1277 |
| | Debt Collection | Fund Management | MEDIUM | 01/10/2019 | 31/03/2022 | 31/03/2022 | 45% | 01/10/2019 | 0 | 410.4 | 501.6 | 0 | 912 |
| | MDC Automation | PMPA | HIGH | 01/10/2019 | 31/03/2023 | 31/03/2023 | 15% | 01/10/2019 | 0 | 191.55 | 1085.45 | 0 | 1277 |
| | Budget Control | Fund Management | MEDIUM | 01/10/2019 | 31/03/2024 | 31/03/2024 | 65% | 01/10/2019 | 0 | 1067.95 | 575.05 | 0 | 1643 |
| | Optimise Investment Portfolio | Fund Management | LOW | 01/10/2019 | 31/03/2024 | 31/03/2024 | 60% | 01/10/2019 | 0 | 985.8 | 657.2 | 0 | 1643 |
| | Reserve Fund | Fund Management | HIGH | 01/10/2019 | 31/03/2024 | 31/03/2024 | 114% | 01/10/2019 | 0 | 1867.935 | -224.935 | 0 | 1643 |
| | Organisational Culture Survey | Strategic Services | MEDIUM | 01/10/2019 | 31/03/2024 | 31/03/2024 | 100% | 01/10/2019 | 0 | 1643 | 0 | 0 | 1643 |
| | People Change Programme (#SHINE) | Strategic Services | HIGH | 01/10/2019 | 31/03/2024 | 31/03/2024 | 55% | 01/10/2019 | 0 | 903.65 | 739.35 | 0 | 1643 |
| | Training and Capacity Building | Strategic Services | LOW | 01/10/2019 | 31/03/2024 | 31/03/2024 | 70% | 01/10/2019 | 0 | 1150.1 | 492.9 | 0 | 1643 |
| | Stakeholder Engagement | Strategic Services | MEDIUM | 01/10/2019 | 31/03/2024 | 31/03/2024 | 90% | 01/10/2019 | 0 | 1478.7 | 164.3 | 0 | 1643 |
| | External Stakeholder Perception Survey | Strategic Services | MEDIUM | 01/10/2019 | 31/03/2024 | 31/03/2024 | 0% | 01/10/2019 | 0 | 0 | 1643 | 0 | 1643 |
| STAKEHOLDER SYNERGY | Implement Customer Service Charter | Strategic Services | LOW | 01/10/2019 | 31/03/2024 | 31/03/2024 | 70% | 01/10/2019 | 0 | 1150.1 | 492.9 | 0 | 1643 |
| | Investigate NATIS Incorporation | PMPA / Fund | LOW | 01/10/2019 | 31/10/2020 | 18/02/2021 | 100% | 01/10/2019 | 0 | 396 | 0 | 110 | 396 |
| | Explore Vehicle Licensing and Registration System | PMPA / ICT / Fund | MEDIUM | 01/10/2019 | 31/03/2023 | 31/03/2023 | 100% | 01/10/2019 | 0 | 1277 | 0 | 0 | 1277 |
| | Rollout and Implement new RFA Brand | Strategic Services | LOW | 01/10/2019 | 31/03/2024 | 31/03/2024 | 90% | 01/10/2019 | 0 | 1478.7 | 164.3 | 0 | 1643 |
| | RFA Amendment Act | Legal | HIGH | 01/10/2019 | 31/03/2024 | 31/03/2024 | 90% | 01/10/2019 | 0 | 1478.7 | 164.3 | 0 | 1643 |
| | Risk Management | Audit and Risk | HIGH | 01/10/2019 | 31/03/2024 | 31/03/2024 | 70% | 01/10/2019 | 0 | 1150.1 | 492.9 | 0 | 1643 |
| INNOVATION | New ERP System | ICT | HIGH | 01/10/2019 | 31/03/2024 | 31/03/2024 | 59% | 01/10/2019 | 0 | 821.5 | 821.5 | 0 | 1643 |
| | Digital Platforms | ICT | MEDIUM | 01/04/2022 | 31/03/2024 | 31/03/2024 | 0% | 01/10/2019 | 913 | 0 | 730 | 0 | 730 |
| | Establish Research Function | PMPA | LOW | 01/04/2020 | 31/03/2024 | 31/03/2024 | 25% | 01/10/2019 | 183 | 365 | 1095 | 0 | 1460 |
| | Alternative Energy Solutions for RFA and RA Buildings | PMPA | LOW | 01/04/2020 | 31/03/2022 | 31/03/2022 | 69% | 01/10/2019 | 183 | 364.5 | 364.5 | 0 | 729 |
| | Hybrid and Electric Vehicles in RFA and RA | Strategic Services | LOW | 01/04/2020 | 31/03/2022 | 31/03/2022 | 100% | 01/10/2019 | 183 | 729 | 0 | 0 | 729 |
| OVERALL IMPLEMENTATION | | | | | | | 69% | 01/10/2019 | | 927.3 | 425.8 | 2.3 | 1353.1 |

This will be achieved by increasing the fuel levy by 50c in each of the following financial years, coupled with 10% increase in the remaining RUCs in the 2023/23 financial year only. These increases will increase the fuel levy to N\$2.98, which remains competitive in the regional context, providing high quality roads, high road connectivity, at competitive prices.

3.2 Material Deviation from ISBP

This budget increases maintenance funding in accordance with the growth targets set in the ISBP, thereby creating breathing space for the RFA to focus on developing new revenue streams during the 2023/23 financial year. Therefore, there is no material deviation from the ISBP.

4 PARTICULARS AND ANALYSIS OF THE BUSINESS PLAN

4.1 Introduction to the Analysis

The analysis of the financial plan broadly follows the relevant provisions of Section 21 of the RFA Act, requiring an analysis to be made of:

- (a) The determinations made by the RFA under Section 20(4) in respect of the ensuing financial year;
- (b) The estimated income accruing to the Road Fund;
- (c) The proposed rates of road user charges;
- (d) Contributions made by Government (or any other source) towards the funding of traffic information systems, vehicle and driving testing, and road research;
- (e) The estimated administrative expenditure of the RFA;
- (f) Any factors which may affect the implementation of the plan concerned and the measures which will be taken to counter the effects of such factors; and
- (g) Such other matters as may be required by the Minister of Finance.

4.2 Determinations made by the Administration

The following budgets were received:

1. Roads Authority:
 - (a) Management of the national road network, including administrative expenses of the Authority;
 - (b) National traffic information system; and
 - (c) Vehicle and driver testing.
2. Local Authorities and Regional Councils:
 - (a) Traffic related maintenance of urban roads.
3. Namibian Police and some Local Authorities:
 - (a) Traffic law enforcement.

The RFA Act requires the RFA to perform amount of funding determinations regarding the budgets as presented.

4.2.1.1 Amount of funding determinations (RFA Act s. 20(4)(a))

These essentially require a check on the economic viability of projects and programmes, and verification (including stakeholder consultations) of the justification of amounts budgeted for administrative expenses. In the case of the budget request for the management of the national road network, the RFA has satisfied itself that this is overall in line with the roads funding needs projected in the Medium-to-Long-Term Roads Master Plan.

In the case of budget requests for road maintenance in urban areas and villages, the budgets received have been submitted reasonably in accordance with the guidelines issued to the respective authorities, and for the smaller authorities have been assessed as reasonable in relation to their respective road networks.

In the case of budget requests for traffic law, the budgets received have been submitted reasonably in accordance with the guidelines issued to the respective authorities.

4.2.1.2 Manner of funding determinations (RFA Act s. 20(4)(b))

The manner of funding was guided by the budget requests received, and the revenues that the RFA projects as being feasible to collect in each of the financial years of the Business Plan. Due to the inadequate financial means of the Road Fund, expenditures needed to be realigned to the revenue outlook. The RFA has consequently made the following considerations:

- The road user charging system is no longer able to fully fund the most highly economically efficient road maintenance and rehabilitation expenses to the extent warranted. For example:
 - The funding of national road network maintenance, which the RUCS is estimated to provide in the financial year 2024, will be at a level of approximately 80% of the budget requests;
 - The funding of urban road maintenance in particularly the larger municipalities, the vehicle traffic of which generates a significant portion of road user charges, remains underfunded.
 - A maintenance backlog of N\$900 million is estimated for the financial year ending 2024 and N\$13.2 billion over the Business Plan period.
- Means of funding traffic law enforcement through budgetary allocations from public funds exist to the extent that the performance of these functions is not dependent on funding from the road user charging system, unlike, for example, the funding of national road network maintenance and rehabilitation;

The manner of funding determinations as indicated in the Business Plan reflect that the RFA intends to adopt a strategy of increasing (in real terms):

- The level of road maintenance funding towards the optimal level, within the RA's means of increasing industry capacity in road maintenance over the next years; and
- The level of urban road maintenance funding, commencing with the major municipalities, and gradually also at smaller municipalities, subject to capacity improvement measures.

4.3 Of Contributions from Sources other Than the Road Fund

4.3.1 Traffic Information System

NaTIS is expected to generate N\$921.1 million in the financial year ending 2024. This amount consists of N\$869.6 million from vehicle registration fees and N\$51.6 million from learner, driver, and vehicle testing services. Operational costs amount to N\$195.9 million, comprising of N\$158.0 million for administration, N\$46.4 million for operations and N\$10.0 million for the One-Stop Centre in Windhoek. About 61% of the total budget is for non-RUC expenditure, which will amount to N\$119 million, from which the non-RUC revenue is deducted to arrive at a shortfall of N\$67.9 million, which is subsidised by the road user.

4.3.2 Vehicle and Driver Testing

This expense item pertains to work performed by the RA mainly as an agent of the Ministry of Works and Transport and is thus mainly funded by revenue collected from the performance of these functions and the corresponding costs associated with this function. To this end, the road user continues to subsidise NaTIS operations, as the revenues collected do not cover the operational costs of NaTIS. NaTIS has requested additional funding to develop computer-based learner testing capabilities, which we believe is the first step to scale up NaTIS operations and ultimately increase its revenue base from non-RUC revenues. A regional review has shown that

the Namibia NaTIS fees are not competitive in the region and thus revenue growth from fee adjustments is not an option.

4.3.3 Road Research Studies

Road research studies are budgeted for under the proposed Business Plan to the tune of N\$2 million for FY2024 and N\$10 million over the Business Plan period. Through crowd sourced research, the RFA intends to leverage the collective knowledge of its stakeholders to find new funding methodologies to sustain the Road Fund towards distance-based road user charges.

4.4 Of Subsidy / Grants

The five-year business plan assumes an injection of N\$634 million from the Government of the Republic of Namibia for the period FY 2024 – 2027. These budgetary provisions are to be recognised in the Medium-Term Expenditure Framework.

This Government subsidy is primarily allocated towards the rehabilitation of rehabilitation works of Keetmanshoop and Grunau and are preliminary, pending the detailed design and costing.

4.5 Of Loans

The Fund is currently servicing three loans, i.e., KfW loan of 2015 amounting to N\$447 million, KfW loan of 2017 amounting to N\$482 million.

The KfW Loans are guaranteed by the Government, with the 2017 loan facility geared towards the rehabilitation works of TR1/3: Keetmanshoop and Mariental (Section A: 87.3km, between Tses to Gochas).

Nedbank loan to fund the low volume seal road strategy.

4.5.1 KfW Loan obtained by RFA in November 2015

In November 2015, the RFA signed an agreement with the KfW loan to the amount of N\$ 447 million denominated in South African Rand, at an interest rate of 7.81%. This loan will be required to finance the rehabilitation of a portion of TR1/6 between Windhoek and Okahandja. The RFA funded these works as from the financial year 2015, by drawing down the RFA Loan Stock Sinking Fund reserves with the approval of Government.

4.5.2 KfW Loan obtained by RFA in December 2017

In December 2017, the RFA signed an agreement with the KfW loan to the amount of N\$ 482 million denominated in South African Rand, at an interest rate of 7.505%. This loan will finance the rehabilitation of a portion of TR1/3: Keetmanshoop and Mariental. The entire loan amount is expected to be utilised in the 2023/24 financial year.

4.5.3 Nedbank Loan for Low Volume Sealed Roads Strategy

The Roads Authority investigated alternative maintenance strategies to optimise the available funding and to be more effective and efficient. As a result of the increasing funding gap, serious

challenges due to inadequate maintenance, rapid and deterioration of the gravel road network, depletion of available gravel material and the high cost of gravel road upgrading, amongst others, the RA presented its Low Volume Sealed Strategy in October 2020.

The sealing of low trafficked roads to improve the level of service and to preserve scarce road building materials was identified. Although the initial cost of upgrading to LVSR is higher than repair and regravelling costs, the benefits are higher in the form of a significant reduction in maintenance costs, higher asset value after the 20-year period and an internal Rate of Return (IRR) of 11.1%.

Current estimates indicate that Namibia should upgrade 315km to LVSR per annum at a cost of N\$923 million pa. N\$350 million loan facility was secured, of which N\$66 million remains. The repayment amount to N\$60 million per annum, funded from the RUCs, whilst the costs savings are redeployed in the subsequent years to sustain the LVSR strategy.

4.6 And Analysis of Business Plan Critical Factors

The main factor determining the achievement of the objectives of the Business Plans is increasing rates of road user charges to keep up with inflation in mainly road works costs.

From the analysis it is evident that a comprehensive review of the applicable levels of RUCs, is required to close the funding gap and align the road user fees to the cost of maintaining the national road network towards the economically efficient optimum be feasible.

Unless RUCs are realigned to the cost of preserving the national road network, achieving optimal road maintenance funding will be impossible, and thus accelerate the rate at which the road network value deteriorates from N\$101 billion. This will continue until the value of the road network is commensurate with the level of the road user charges, which is estimated to be around N\$78 billion.

4.6.1.1 Summary

Considering all the above information, the RFA has used the planning parameters tabulated on the following page in preparing its Business Plan.

| PLANNING PARAMETERS | | | | | | | | | |
|--|--|-------------|---------------|----------------------|--------------|--------------|--------------|--------------|--------------|
| BUSINESS PLAN FIRST FINANCIAL YEAR ENDING: | | 31 March | | 2024 | | | | | |
| Planning period | | Prev Year | Current Year | Business Plan Period | | | | | |
| Financial Year ending: | | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | |
| Financial Rates during Financial Year: | | GDP | 1.80% | 3.00% | 3.40% | 3.00% | 3.10% | 3.10% | 3.09% |
| Roadworks Cost Escalation rate <i>Roads Authority budgets include contractual and estimated cost escalation.</i> | | | | | | | | | |
| RFA 16 Loan Stock interest rate | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Medium- to long-term investment interest rate | | 4.34% | 4.34% | 5.84% | 5.84% | 5.84% | 5.84% | | |
| Cash and short-term investment interest rate | | 3.75% | 4.25% | 5.00% | 5.50% | 6.25% | 6.83% | 7.45% | |
| EUR / NAD exchange rate | | 0.0645 | 0.0556 | 0.0556 | 0.0556 | 0.0556 | 0.0556 | 0.0556 | |
| Road User Charges Rates escalation in Financial Year: | | | | | | | | | |
| Mass-distance charges | | 5.30% | 0.00% | 10.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Abnormal load charges | | 5.30% | 0.00% | 10.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Road carriers permits | | 5.30% | 0.00% | 10.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Cross-border charges | | 5.30% | 0.00% | 10.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Licence fees | | 5.30% | 0.00% | 5.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Diesel levy | | 5.30% | 0.00% | 33.78% | 25.25% | 20.16% | 0.00% | 0.00% | |
| Petrol levy | | 5.30% | 0.00% | 33.78% | 25.25% | 20.16% | 0.00% | 0.00% | |
| Fuel Levy Refund Administration: | | | | | | | | | |
| Estimated % of gross revenue to be refunded | | 19.00% | 18.50% | 18.00% | 17.00% | 17.00% | 17.00% | 17.00% | |
| Volume Growth Estimate during Financial Year: | | | | | | | | | |
| Volume Growths pertaining to Mass-Distance Charges: | | | | | | | | | |
| <i>Number of local-registered vehicles</i> | | 1.80% | 3.00% | 3.40% | 3.00% | 3.10% | 3.10% | 3.09% | |
| <i>Average travelling distance of local vehicles</i> | | 1.70% | 3.40% | 1.00% | 1.90% | 3.10% | 2.61% | 2.74% | |
| <i>Number of foreign-registered vehicles</i> | | 3.30% | 8.40% | 7.25% | 14.10% | 6.30% | 9.15% | 9.21% | |
| <i>Average travelling distance of foreign vehicles</i> | | 1.70% | 3.40% | 1.00% | 1.90% | 3.10% | 2.61% | 2.74% | |
| Growth in vehicles subject to Abnormal Load Charges | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Growth in vehicles subject to Road Carriers Permits | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Growth in vehicles subject to Cross-Border Entry Fees | | 2.52% | -2.94% | 1.37% | 1.47% | 1.45% | 1.45% | 2.00% | |
| Growth in vehicles subject to Licensing | | 1.70% | 3.40% | 1.00% | 1.90% | 3.10% | 2.61% | 2.74% | |
| Growth in consumption of Diesel | | -0.12% | 1.70% | 1.70% | 1.50% | 1.55% | 1.55% | 1.55% | |
| Growth in consumption of Petrol | | -1.52% | 3.00% | 1.70% | 1.50% | 1.55% | 1.55% | 1.55% | |
| Volumes: | | | | | | | | | |
| Vehicles subject to Mass-Distance Charges: | | | | | | | | | |
| <i>Number of local-registered vehicles</i> | | N/A | N/A | | | | | | |
| <i>Average travelling distance of local vehicles</i> | | N/A | N/A | | | | | | |
| <i>Transits of foreign-registered vehicles</i> | | N/A | N/A | | | | | | |
| <i>Average travelling distance of foreign vehicles</i> | | N/A | N/A | | | | | | |
| Abnormal Load Charges Permits | | N/A | N/A | | | | | | |
| Cross-Border Transits | | N/A | N/A | | | | | | |
| Vehicles subject to Licensing | | 387,037 | 400,196 | | | | | | |
| Gross Fuel Consumption: | | | | | | | | | |
| <i>Diesel - Q1</i> | | 171,994,680 | 174,918,590 | | | | | | |
| <i>Diesel - Q2</i> | | 166,836,462 | 169,672,682 | | | | | | |
| <i>Diesel - Q3</i> | | 175,021,470 | 177,996,835 | | | | | | |
| <i>Diesel - Q4</i> | | 163,890,792 | 166,676,935 | | | | | | |
| <i>Petrol - Q1</i> | | 92,257,776 | 93,826,158 | | | | | | |
| <i>Petrol - Q2</i> | | 99,189,480 | 100,875,701 | | | | | | |
| <i>Petrol - Q3</i> | | 103,026,456 | 104,777,906 | | | | | | |
| <i>Petrol - Q4</i> | | 93,630,732 | 95,222,454 | | | | | | |
| Road User Charges: | | | | | | | | | |
| Fuel Levies: | | | | | | | | | |
| <i>Diesel - Q1</i> | | 1.41 | 1.48 | | | | | | |
| <i>Diesel - Q2</i> | | 1.48 | 0.74 | | | | | | |
| <i>Diesel - Q3</i> | | 1.48 | 1.48 | | | | | | |
| <i>Diesel - Q4</i> | | 1.48 | 1.48 | | | | | | |
| <i>Petrol - Q1</i> | | 1.41 | 1.48 | | | | | | |
| <i>Petrol - Q2</i> | | 1.48 | 0.74 | | | | | | |
| <i>Petrol - Q3</i> | | 1.48 | 1.48 | | | | | | |
| <i>Petrol - Q4</i> | | 1.48 | 1.48 | | | | | | |
| RUC Revenues: | | | | | | | | | |
| Mass-distance charges - local | | 150,091,030 | 152,642,578 | | | | | | |
| Mass-distance charges - foreign | | 39,159,932 | 41,999,027 | | | | | | |
| Abnormal load charges | | 12,028,772 | 12,028,772 | | | | | | |
| Road carriers permits | | 985,080 | 1,018,573 | | | | | | |
| Cross-border entry fees | | 136,818,812 | 138,693,230 | | | | | | |
| Licence fees | | 793,364,410 | 820,338,800 | | | | | | |
| Non RUC fees | | 46,022,445 | 47,587,209 | | | | | | |
| RUC collection on diesel (gross) | | 969,690,405 | 1,002,659,879 | | | | | | |
| RUC collection on petrol (gross) | | 555,285,604 | 574,165,315 | | | | | | |

The RFA requested a 50c increase in the fuel levy, however, the fuel levy was cut by 74c/l for

Figure 3: RUC Increases

five consecutive months to soften the fuel price increases for the road users. The RFA funded this shortfall from its reserves and the levy has consequently been restored to N\$1.48c/l. However, the charges continue to remain below the full cost recovery levels, resulting in N\$900 million funding shortfall.

Therefore, a 50c increase in fuel levy has been proposed for each year for the next three financial years to close the funding gap and decelerate the growth in the maintenance backlog, and ultimately reduce the cost of vehicle operating costs and overall transport cost. In addition, the RFA is also requesting a 10% increase in the remaining RUCs.

4.7 Objectives for the Management of the Road Fund

Section 16(1) of the RFA Act establishes the Road Fund, into which shall be paid (numbered below like in Section 16(1) the RFA Act):

- (a) all moneys collected in respect of road user charges;
- (b) moneys appropriated by Parliament;
- (c) moneys accruing to the Fund through the sale of any assets of the Administration;
- (d) moneys paid to the Fund by the Authority in respect of the proceeds of the sale of any assets of the Authority;
- (e) capital gains made and interest or dividends earned on investments;
- (f) donations or grants made in respect of any project or programme;
- (g) moneys received in respect of a loan obtained by the Administration;
- (h) moneys payable in terms of a judgement relating to compensation for the damaging of a road managed by the Roads Authority;
- (i) fines imposed in respect of any contravention of, or failure to comply with, any provision of a law relating to the overloading of vehicles; and
- (j) moneys which, with the consent of the Minister of Finance, may accrue to the Fund from any other source.

Section 17(1) permits road user charging system funds to be expended on the types of expenditure that are listed below and numbered as in Section 17(1):

- (a) Management of the national road network as provided for in Section 16(1) of the Roads Authority Act, Act 17 of 1999, including the administrative expenditure of the Roads Authority and the payment of compensation referred to in Section 65 of the Roads Ordinance, 1972;
- (b) Administrative expenditure of the Road Fund Administration, including expenditure relating to the management of the road user charging system;
- (c) The cost of:
 - (i) Planning, design, construction, and maintenance of any major urban arterial road, which has been designated as such by the Minister of Finance and Public Enterprises by notice in the Government Gazette;

- (ii) Traffic related maintenance in respect of any road in any local authority area, as defined in Section 1 of the Local Authorities Act, or any settlement area, as defined in Section 1 of the Regional Councils Act, not being a road, which is part of the national road network;
- (d) Operation of any traffic information system established and maintained in terms of the road traffic laws;
- (e) Traffic law enforcement and adjudication functions performed by any competent authority for purposes of promoting a safe and efficient road system, including the control of the overloading of vehicles;
- (f) Operation of any vehicle testing station or driving testing centre, subject to the approval of the Minister of Finance;
- (g) Road research studies carried out by any person approved by the Administration;
- (h) Expenditure referred to in Section 15 of the National Road Safety Act, 1972 (Act No. 9 of 1972);
- (i) Payments, as the Minister of Finance and Public Enterprises may determine, in respect of the capital, interest and incidental costs or charges of any loan obtained by the Government of Namibia, before the commencement of this Act, for any purpose related to the national road network;
- (j) Payments in respect of the capital, interest and incidental costs or charges of loans obtained by the Road Fund Administration;
- (k) Reserve fund to bridge discrepancies between annual revenues and expenditure and protect the liquidity of the Road Fund;
- (l) Payment of compensation due to any damages arising out of the performance of the functions conferred upon or entrusted to the Roads Authority by or under any law, except where such damage is due to a deficiency in standards as determined by the Minister responsible for Transport;
- (m) Insurance against any claim for damage referred to above;
- (n) Any other expenditure related to the achievement of the objects of the Road Fund Administration Act as approved by the Minister of Finance.

Specific statutory objectives are that the RFA shall manage the Road Fund:

- In accordance with sound principles of financial management; and
- Such as to protect the liquidity of the Fund.

4.8 Responsibilities of the RFA with respect to the Achievement of Objectives

Firstly, the RFA is responsible for determining the amount of funding required to achieve a safe and efficient road sector. For this purpose, the RFA must receive budgets from the RA and other Approved Authorities for projects and programmes to be funded from the Road Fund. The RFA then scrutinises the submitted projects and programmes for compliance with the provisions of the RFA Act. This includes specifically verifying whether prescribed safety standards have been adhered to, where applicable, and a verification of the economic warrants for funding claimed for these projects and programmes.

It is important to note that in terms of the RFA Act, the onus for proving the economic warrants of projects and programmes rests on applicants, and not on the RFA. The RFA Act

does not envisage that the RFA should duplicate the onerous and costly studies and calculations often involved in preparing the requisite proof.

Instead, the RFA is responsible for applying an independent review to the submitted proof to determine that such proof is founded on generally accepted technical, transportation economic, and financial practice.

The management of the road user charging system such as to meet the objectives as per the RFA Act had envisaged that the amount of funding determination should be a regulatory determination. Accordingly, having made such determination, the RFA would be responsible for determining road user charges accordingly so that the full determined amount of funding for a five-year Business Plan period is collected by means of road user charges within such period.

However, since the rates of road user charges are in practice not determined by the RFA, but by Government at rates below the levels required for full cost recovery, this statutory objective has not been implementable. In practice, therefore, the RFA performs the amount of funding determination only as a benchmark against which to compare the amount of funding which can feasibly be collected depending on the rates road user charges as determined by Government.

Secondly, the RFA is responsible for analysing the funding and road user charging implications of raising the optimal amount of funds as per the amount of funding determination and make determinations regarding the manner of funding. This includes formulating a strategy for setting the rates of road user charges and considering the funds that will be available to the Road Fund from collecting road user charges in accordance with the strategy and from other sources. Such other sources can include grants from Government and donors and monies borrowed for the account of the Road Fund.

Regarding the formulation of a strategy for setting the rates of road user charges, the arrangement adopted in practice is that the RFA only performs an advisory function to the Government.

Thirdly, the RFA is required to publish the rates of road user charges, as determined by Government, by means of public notices in the Government Gazette.

Fourthly, the RFA must collect and deposit into the Road Fund all road user charges and other monies, such as donor loans and funding allocations made by Parliament, manage the Road Fund in accordance with generally accepted accounting principles, and make payments out of the Road Fund to the RA and other Approved Authorities in accordance with the manner of funding determinations set out in the RFA Business Plan.

Lastly, Subsection 15 (1) (e) of the RFA Act provides the following powers to the RFA regarding the monitoring of the Roads Authority and other approved authorities:

“to implement appropriate measures for the effective monitoring of compliance -

- (i) by the RA, with the provisions of a procedures agreement contemplated in Section 17 of the RA Act; and
- (ii) by an approved authority, with the conditions on which funding has been provided to it under this Act”.

The procedures agreement between the RFA and the RA is a document, which the RA must prepare and in which it essentially must set out the management and financial systems to be implemented by the RA, the principles to be applied in budgeting for administrative expenditure, and the procedures to be followed by the Authority in the awarding of tenders. It is therefore essentially a document that provides the RFA with assurances that the RA will act in a publicly accountable manner. However, the responsibility for the performance of the RA rests with the

Minister responsible for transport, with whom the Authority must conclude a performance agreement in accordance with Section 18 of the RA Act.

Regarding the funding conditions, under which the RFA will provide funding to Approved Authorities generally, the practice adopted by the RFA has been to impose conditions like those in the Procedures Agreement with the RA but simplified in a manner appropriate to the needs.

5 OBJECTIVES AND STRATEGIES OF THE RFA FOR THE BUSINESS PLAN PERIOD

5.1 Introduction

The RFA recognises that Government's Vision 2030, the National Development Plans, NDP5, Medium-Term Expenditure Framework, Harambee Prosperity Plan and Annual Budgets are applicable to the portion of road user charging system funds allocated to the Management of the National Road Network.

5.2 Objectives of the Business Plan

Based on the submitted budget, the RFA determines an amount of funding that is feasible to collect and contribute from road user charges within the constraints of the road user charges rates as determined by Government. These resources are allocated towards the priority maintenance projects identified to maximise value for money under the financial constraints.

5.3 Strategies for the RFA Business Plan

5.3.1 Revenue growth

The RFA aims to grow the revenue base to secure adequate funding for the achievement of a safe and efficient road sector, with the overarching strategy to progressively increase road maintenance funding to optimum levels. A key strategic priority of the organisation is to introduce various instruments to boost its revenue, whereby the RFA shall investigate additional revenue streams in its transition to distance-based road user charges and tolling.

- Three 50c increases in the fuel levy will close the funding gap over in three years.
- 10% increase in the remaining RUCs in 2024, only.
- The MDC-Automation project will increase the revenue collection base, by replacing the self-administered logbook system, with an electronic system, thereby increasing efficiency, accuracy, and compliance.
- A new Windhoek NaTIS facility will service the population, increasing service levels and fee revenue.
- RUCS review will determine the economically efficient levels of the RUCs, given the nature, extent, and quality of the national road network.
- RFA shall continue to investigate new Distance-Based Road User Charging Systems (DBRUCs) enabled by technological advancements. Business processes re-engineering and acquisition of Enterprise Resource Planning (ERP) System solutions are to be implemented to accommodate DBRUCs as an alternative to the fuel levy.
- The implementation of tolling in Namibia as documented in the Tolling Feasibility study has the potential to increase revenues by an additional N\$750 million annually. N\$5

million has been allocated towards the stakeholder consultations, which should be finalised in the 2024 financial year.

These interventions will close the funding gap and move the RFA closer to the optimal funding level, where roads are maintained to their original design specifications.

5.3.2 Cost diligence

Three major programs consume the lion's share of the road maintenance program, which includes blading, regravelling and regravelling. Furthermore, the RFA has completed the Road Maintenance Costing Study and have baseline unit costs. Accordingly, the following unit costs targets have been set for the financial year ending 2024, adjustable by the South African producer price index for road construction services:

- Blading N\$170.00/km
- Regravelling N\$580,000/km
- Reseal N\$830,000/km

6 PARTICULARS AND ANALYSIS OF ROAD FUND INVESTMENTS

The Fund continues to review its investment policy to drive off efficiency within the defined framework of its risk appetite.

The Fund held investments to the value of N\$1.2 billion as at 31 March 2022, up from N\$779.2 million in the previous financial year. The investments were held in call, money market and fixed-term instruments across various asset managers. Investment income amounted to N\$47.9 million at 31 March 2022, however finance costs amounted to N\$55.9 million. Thus, the Fund continued to self-fund its loans at a net loss. As interest rates rise, this interest rate margin will increase, resulting in greater losses. **Therefore, consideration must be given to paying off some of the more expensive loans and reduce the interest expense.**

7 PARTICULARS CONCERNING THE ROAD FUND ADMINISTRATION

7.1 Operational and Capital Budget of the Road Fund Administration for the Next Financial Year

This section details the particulars and analysis of the estimated expenditure of the RFA during this Business plan period. The operational and capital budget assumes a lot of activities planned for the coming year that would contribute towards the efficient management of the Road User Charging System (RUCS).

Key initiatives for the operational and capital budget relates to:

- Review the current road user charges (RUCs) level;
- Re-engineering internal business process;
- Deepen stakeholder engagements;
- Staff Development and Empowerment initiatives in line with the #SHINE programme;
- Build brand equity on the new brand;
- Business process automation (Mass Distance Charges Charges);
- Introduce distance-based RUCs;
- Development Enterprise Resource Planning (ERP) modules;
- Operationalise research and innovation capabilities; and
- Pilot tolling in Namibia.

Furthermore, the capital budget is committed towards:

- Improvement and maintenance of staff accommodation; and
- Office establishments at various strategic locations.

7.2 Past and Future Financial Statements of the Road Fund Administration

The Fund realised Revenue of N\$2.43 billion for the 2022 Financial Year, with expenses being N\$2.25 billion. The RFA manage to grow its revenue base by N\$215 million, as the economy slowly recovered from the COVID-19 storm. The additional revenues were directed towards increased road maintenance.

The key highlights from the past financial performance include:

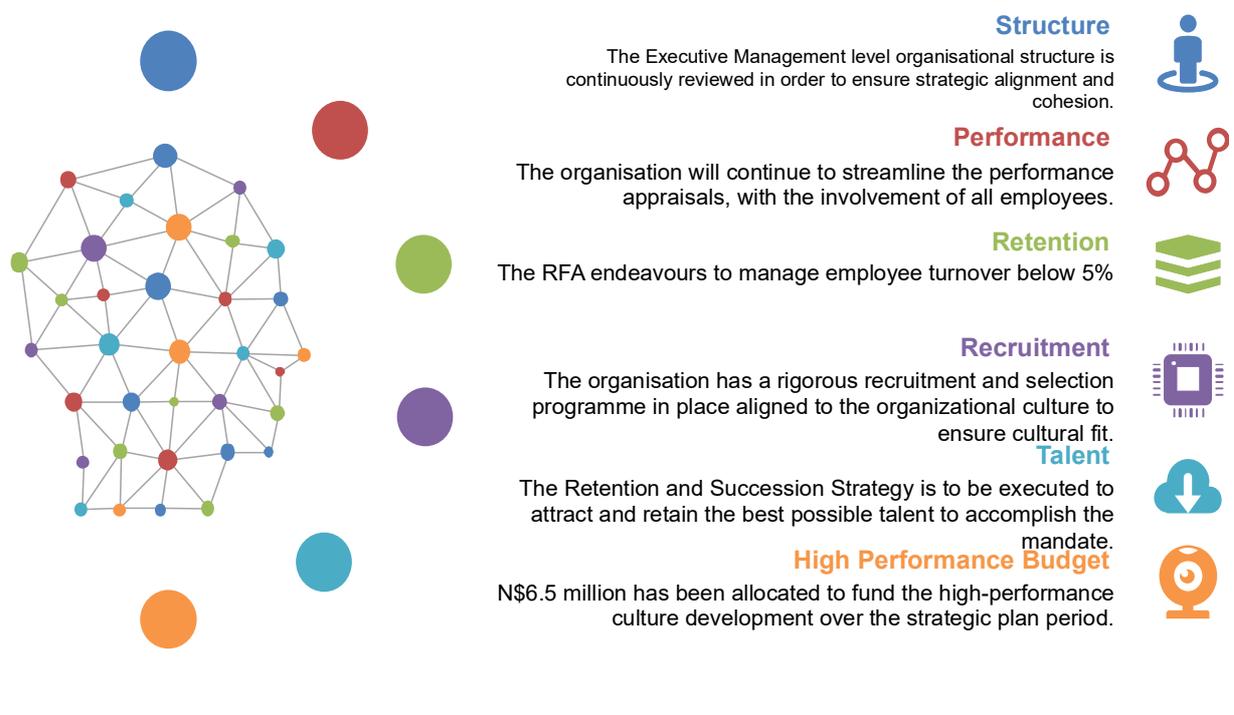
- Total assets grew from N\$1.8 billion to N\$2.0 billion over the FY2021/22, cementing the strong capital base and financial stability.
- A Reserve Fund grew to N\$227 million, aided by a fund surplus of N\$173 million.
- Fuel levies were cut by 50% for 5 months. Fully funded all programmed road maintenance work on national road network, urban roads, and traffic related law enforcement, despite the revenue shock.
- Fuel prices increased by 54% on the back of fuel supply uncertainty.
- Benchmark interest rates increased from 3.75% to 6.75%.

7.3 Management Plan: Organisational Structure and Staffing of the Road Fund Administration

The RFA theme of High-Performance Culture (HPC), as embedded in the organisation’s Strategic Plan, embraces the theory of the human capital as the essential asset of any institution. It is based on this statement that the RFA continues to engage its employees.

To drive the high-performance culture, the RFA will intensify needs-based training programmes to upskill staff in its quest to execute the organisation service charter. A total of N\$6.5 million has been allocated to fund the high-performance culture development over the strategic plan period. This will equip staff with the requisite skills to respond to dynamic customer demands, whilst ensuring a pleasant customer experience.

To achieve the HPC, the following interventions will be undertaken:



8 GOVERNANCE, LEGAL AND COMPLIANCE

The governance, legal and compliance framework has been established to ensure that the RFA is managed to ensure that the overall legal risk is minimised.

The RFA adopted the NamCode and has made great strides in solidifying the implementation of the principles of the NamCode within the RFA. A few matters remain which can be improved upon, and which is being addressed especially from a risk and ICT governance perspective.

In terms of the RFA Amendment Act, that process has been finalised and is now being forwarded to policymakers to take the matter forward. The drafting of secondary legislation that should accompany this legislation is now the focus for the RFA to ensure that the legislation can be implemented when passed.

In terms of technological advancements, the RFA is looking at benefiting from the efficiencies that can be obtained by automating the legal, contract management and compliance work of the RFA. The RFA does not have major issues in terms of its compliance framework the organisation has now grown accustomed to the need to comply with statutory demands. The updates on governance, legal and compliance progress reports are forwarded quarterly to through the Audit Investment Risk and Compliance Committee to the Board.

9 CORPORATE OVERVIEW

9.1 Stakeholder Management and Engagement

The RFA engages with a multitude of stakeholders in the execution of its mandate and committed to its strategic objective of bringing about strong stakeholder engagement across all sectors.

It is a priority for the RFA that its stakeholders have trust and confidence in the organisation. For this reason, the process of identifying and fulfilling stakeholder's expectations, creating platforms and means to communicate with them is managed in a structured and methodical manner.

In alignment with NDP5, Harambee Prosperity Plan and Vision 2030, the RFA participates at strategic fora, which includes Africa Roads Maintenance Funds Association (ARMFA), Namibia Chamber of Commerce and Industry (NCCI), International Road Federation (IRF), Walvis Bay Corridor Group (WBCG) and various road subsector role players regularly.

The Board and Executive Management focused on strengthening and maintaining key stakeholder relations through proactive engagements. This afforded them with the opportunity to share collective views, perceptions, expectations, and concerns relating to the RFA's operational context.

To attain this strategic objective, the RFA has embarked upon interventions to improve the corporate identity and the institutional brand. The new brand was unveiled on the 12 November 2020. Through the corporate mandate to ensure sustainable road infrastructure funding, the RFA keep

Namibians, cross-border visitors and business people on the road, and by so doing accelerate our country's progress. The brand position seeks to cement RFA's quest towards progress, people centred, and commitment to service delivery. The new brand is supported by the befitting slogan: "Funding roads, steering growth", and thus reminding the road users what the RFA does and what value we offer. The five-year RFA Integrated Strategic Business Plan (ISBP) 2019 – 2024 the organisation formulated befitting values acronymed #SHINE. Which emphasis the institution's drive towards a corporate culture that stimulates excellence in the execution of our duties.

Key stakeholder engagements that will receive specific attention will include, *inter alia*, the following:

- Formation of strategic alliances through the Public Enterprises (PE) CEO Forum, NCCI, WBCG, Joint RFA and RA Management Committee, ARMFA and the Namibia Working Group for Intelligent Transport Systems;
- Annual stakeholder consultation on the RFA Business Plan;
- Technical Workshop for Traffic Law Enforcement agencies;
- Annual General Meeting with the Minister of Finance;
- Participation at Annual Trade Fairs;
- Participation in Road Safety Campaigns at selected roadblocks on the national road network with National Road Safety Council and the Motor Vehicle Accident Fund;
- Internal stakeholder engagements;
- Stakeholder engagement session with the fuel majors;
- Media stakeholder engagement sessions;

- Strategic Corporate Social Investments (CSI) engagements;
- Implementation of the activities identified in the Customer Service Charter;
- RFA annual Awards and Staff Year-end Function, as well internal stakeholder engagements;
- Attend to Public Sector Innovation Champions initiatives.

9.2 Code of Ethics

The RFA core values provide the framework which enables the organisation to execute its mission whilst driving towards its vision. These values govern the behaviour of employees within the workplace as well as with all external stakeholders.

9.3 Corporate Social Investment

As a responsible Corporate Social Citizen, the RFA made Corporate Social Investment (CSI) to various recipients. The current budget of N\$1 million was insufficient and has consequently been increased to N\$1.5 million to play a bigger role in our communities, by implementing impact driven corporate social investment initiatives.

9.4 Information Communication Technology's (ICT) Strategic Perspective

The implementation of the RFA Enterprise Resource Planning System (ERP) has progressed well, with several modules operationalised. Despite a few glitches, management will continue to operationalise new modules that will drive operational efficiencies and support the organisational strategy.

The RFA plans to introduce new digital platforms that will allow staff, clients, and stakeholder to interact more easily with one another and build stronger relationships between staff, clients, and stakeholders. Integrating disparate systems at NaTIS, RFA and RA to provide a seamless experience whilst providing valuable information where it is needed.

Furthermore, the organisation has implemented NamCode for corporate governance and COBIT 5 for ICT governance.

Appendix

Financial Tables of the Business Plan for the Financial Years 2023 to 2027

| PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM | | | PREVIOUS YEAR ACTUAL | | CURRENT YEAR APPROVED | | MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b)) | | | | | | | | | | | |
|--|------------|--------------------|----------------------|-----------|-----------------------|-----------|---|------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|------------|-----------------------|--------------------|
| | | | FYE 2022 | | FYE 2023 | | FYE 2024 | | FYE 2025 | | FYE 2026 | | FYE 2027 | | FYE 2028 | | Total for 5 Years | |
| Budget Category / Subcategory / Item | Exp. Class | Funding Responsib. | RUCS | GRN/Donor | RUCS | GRN/Donor | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors |
| Budget Headings, Items and Funding Responsibilities | | | | | | | Funding Summary of Projects, Programmes, Administrative Expenditure and Financing Instruments (including estimated cost escalation) [NS] | | | | | | | | | | | |
| 01 - 08, 12 - 14: Adjusted Total Administrative, Projects and Programmes Expenditure | | | 2,219,116,473 | 0 | 2,729,799,431 | 0 | 3,291,853,892 | 3,150,000 | 3,502,749,597 | 156,750,000 | 4,117,875,620 | 265,000,000 | 4,205,058,470 | 210,000,000 | 4,318,733,504 | 0 | 19,436,271,083 | 634,900,000 |
| 01 - 08, 12 - 14: Total Specified Administrative, Projects and Programmes Expenditure | | | 2,219,116,473 | 0 | 2,729,799,431 | 0 | 3,291,853,892 | 3,150,000 | 3,502,749,597 | 156,750,000 | 4,117,875,620 | 265,000,000 | 4,205,058,470 | 210,000,000 | 4,318,733,504 | 0 | 19,436,271,083 | 634,900,000 |
| Adjustment: Estimated current year transfers to Roads Authority, not specified otherwise (Note 1) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment: Estimated current year expenditure - Other (Note 1) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 09 Financing of Loans assigned by GRN RFA Act s. 17(1)(j) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 09.01 Capital redemption | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2001-M03 KfW 2009 Loan Capital | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 09.02 Interest & Other Charges | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2001-M04 KfW 2009 Loan Charges | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Financing of Loans obtained by RFA RFA Act s. 17(1)(j) | | | 109,445,000 | 0 | 148,032,000 | 0 | 144,389,000 | 0 | 194,310,000 | 0 | 188,419,000 | 0 | 180,934,000 | 0 | 150,427,000 | 0 | 858,479,000 | 0 |
| 10.01 Capital redemption | | | 50,543,000 | 0 | 72,441,000 | 0 | 72,441,000 | 0 | 125,053,000 | 0 | 127,095,000 | 0 | 129,291,000 | 0 | 108,105,000 | 0 | 561,985,000 | 0 |
| NRFA2001-M05 RFA16 Loan Stock Capital | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2016-M05 KfW 2015 Loan Capital | | | 47,092,000 | 0 | 47,092,000 | 0 | 47,092,000 | 0 | 47,092,000 | 0 | 47,092,000 | 0 | 47,092,000 | 0 | 23,546,000 | 0 | 211,914,000 | 0 |
| NRFA2017-M05 KfW 2017 Loan Capital | | | 0 | 0 | 0 | 0 | 0 | 0 | 50,712,000 | 0 | 50,712,000 | 0 | 50,712,000 | 0 | 50,712,000 | 0 | 202,848,000 | 0 |
| NRFA2021-M05 Nedbank 2021 Loan Capital | | | 3,451,000 | 0 | 25,349,000 | 0 | 25,349,000 | 0 | 27,249,000 | 0 | 29,291,000 | 0 | 31,487,000 | 0 | 33,847,000 | 0 | 147,223,000 | 0 |
| 10.02 Interest & Other Charges | | | 58,902,000 | 0 | 75,591,000 | 0 | 71,948,000 | 0 | 69,257,000 | 0 | 61,324,000 | 0 | 51,643,000 | 0 | 42,322,000 | 0 | 296,494,000 | 0 |
| NRFA2001-M06 RFA16 Loan Stock Charges | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2016-M06 KfW 2015 Loan Charges | | | 22,072,000 | 0 | 18,394,000 | 0 | 14,751,000 | 0 | 11,038,000 | 0 | 7,360,000 | 0 | 5,682,000 | 0 | 4,588,000 | 0 | 37,289,000 | 0 |
| NRFA2017-M05 KfW 2017 Loan Charges | | | 33,236,000 | 0 | 33,236,000 | 0 | 33,236,000 | 0 | 36,159,000 | 0 | 33,946,000 | 0 | 30,139,000 | 0 | 26,402,000 | 0 | 159,882,000 | 0 |
| NRFA2021-M05 Nedbank 2021 Loan Charges | | | 3,594,000 | 0 | 23,961,000 | 0 | 23,961,000 | 0 | 22,060,000 | 0 | 20,018,000 | 0 | 17,822,000 | 0 | 15,462,000 | 0 | 99,323,000 | 0 |
| 11 Financing of Reserve Fund RFA Act s. 17(1)(j) & 17(1)(k) | | | 15,000,000 | 0 | 15,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 50,000,000 | 0 |
| 11.01 Capital transfers to reserves | | | 15,000,000 | 0 | 15,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 50,000,000 | 0 |
| Deposits to Reserve Fund | | | 15,000,000 | 0 | 15,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 50,000,000 | 0 |
| Deposits to RFA Loan Stock Sinking Fund | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GRAND TOTAL OF EXPENDITURE INSIDE THE ROAD USER CHARGING SYSTEM (incl. adjustments where appl.) | | | 2,343,561,473 | 0 | 2,892,831,431 | 0 | 3,446,242,892 | 3,150,000 | 3,707,059,597 | 156,750,000 | 4,316,294,620 | 265,000,000 | 4,395,992,470 | 210,000,000 | 4,479,160,504 | 0 | 20,344,750,083 | 634,900,000 |
| Budget Headings, Items and Funding Responsibilities | | | | | | | Funding Detail of Administrative Expenditure, Projects and Programmes (including estimated cost escalation) [NS] | | | | | | | | | | | |
| 01 Management of the National Road Network RFA Act s. 17(1)(a) | | | 1,647,048,290 | 0 | 2,055,246,000 | 0 | 2,542,146,000 | 3,150,000 | 2,463,822,000 | 156,750,000 | 3,056,770,000 | 265,000,000 | 3,338,154,000 | 210,000,000 | 3,494,358,000 | 0 | 19,659,336,083 | 634,900,000 |
| 01.01 RA Administration | | | N/A | 0 | 411,989,000 | 0 | 459,867,000 | 0 | 487,604,000 | 0 | 492,101,000 | 0 | 510,215,000 | 0 | 585,850,000 | 0 | 2,535,637,000 | 634,900,000 |
| NARA2001-M01 RA Administration Operations | | | N/A | 0 | 360,951,000 | 0 | 395,241,000 | 0 | 413,817,000 | 0 | 435,335,000 | 0 | 450,572,000 | 0 | 466,342,000 | 0 | 2,161,307,000 | 0 |
| NARA2004-T01 RA Head Office Development | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2004-T02 RA Regional Offices Devel. & Maint. | | | N/A | 0 | 2,174,000 | 0 | 2,108,000 | 0 | 2,318,000 | 0 | 2,550,000 | 0 | 2,805,000 | 0 | 3,086,000 | 0 | 12,867,000 | 0 |
| NARA2009-T01 RA IT Systems Development | | | N/A | 0 | 48,864,000 | 0 | 62,518,000 | 0 | 71,469,000 | 0 | 84,216,000 | 0 | 98,838,000 | 0 | 116,422,000 | 0 | 361,463,000 | 0 |
| NARA2018-T03 RA Post Retirement Medical Benefits | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 01.02 Network Planning and Consultation | | | N/A | 0 | 35,000,000 | 0 | 37,020,000 | 3,150,000 | 40,000,000 | 6,750,000 | 42,000,000 | 15,000,000 | 36,000,000 | 0 | 34,000,000 | 0 | 189,020,000 | 24,900,000 |
| NARA2001-M02 Network Planning and Consultation | | | N/A | 0 | 35,000,000 | 0 | 37,020,000 | 3,150,000 | 40,000,000 | 6,750,000 | 42,000,000 | 15,000,000 | 36,000,000 | 0 | 34,000,000 | 0 | 189,020,000 | 24,900,000 |
| 01.03 Roadworks - Maintenance | | | N/A | 0 | 1,349,980,000 | 0 | 1,563,619,000 | 0 | 1,778,554,000 | 0 | 2,289,115,000 | 0 | 2,433,465,000 | 0 | 2,789,593,000 | 0 | 10,854,346,000 | 0 |
| NARA2001-M03 Unpaved Road Maintenance | | | N/A | 0 | 781,379,000 | 0 | 816,314,000 | 0 | 880,744,000 | 0 | 1,063,256,000 | 0 | 1,125,127,000 | 0 | 1,211,391,000 | 0 | 5,096,832,000 | 0 |
| NARA2001-M04 Paved Road Maintenance | | | N/A | 0 | 202,405,000 | 0 | 333,137,000 | 0 | 448,080,000 | 0 | 476,484,000 | 0 | 539,000,000 | 0 | 786,000,000 | 0 | 1,838,597,000 | 0 |
| 0 TR8/4: Rundu - Divundu light rehabilitation (78km) | | | N/A | 0 | 0 | 0 | 100,000,000 | 0 | 35,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135,000,000 | 0 |
| 0 Regravelling | | | N/A | 0 | 0 | 0 | 50,000,000 | 0 | 50,000,000 | 0 | 376,000,000 | 0 | 539,000,000 | 0 | 786,000,000 | 0 | 1,801,000,000 | 0 |
| 0 MR118: Rosh Pinah - Oranjemund reconstruction (4km) | | | N/A | 0 | 0 | 0 | 100,000,000 | 0 | 50,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150,000,000 | 0 |
| 0 Reseal | | | N/A | 0 | 0 | 0 | 100,000,000 | 0 | 100,000,000 | 0 | 100,000,000 | 0 | 200,000,000 | 0 | 200,000,000 | 0 | 600,000,000 | 0 |
| NARA2021-M05 Low Volume Seal Roads | | | N/A | 0 | 200,000,000 | 0 | 66,543,000 | 0 | 50,000,000 | 0 | 50,000,000 | 0 | 50,000,000 | 0 | 60,000,000 | 0 | 276,543,000 | 0 |
| NARA2009-M01 Structures maintenance and repair works | | | N/A | 0 | 24,000,000 | 0 | 0 | 0 | 63,310,000 | 0 | 66,615,000 | 0 | 70,103,000 | 0 | 73,785,000 | 0 | 273,813,000 | 0 |
| NARA2001-M05 Miscellaneous Road Maintenance | | | N/A | 0 | 112,196,000 | 0 | 67,625,000 | 0 | 71,420,000 | 0 | 126,760,000 | 0 | 132,465,000 | 0 | 134,291,000 | 0 | 532,561,000 | 0 |
| NARA2021-M06 Repair of Flood Damage on Road Infrastructure | | | N/A | 0 | 30,000,000 | 0 | 30,000,000 | 0 | 30,000,000 | 0 | 30,000,000 | 0 | 30,000,000 | 0 | 30,000,000 | 0 | 150,000,000 | 0 |
| 01.04 Roadworks - Rehabilitation | | | N/A | 0 | 190,350,000 | 0 | 363,500,000 | 0 | 57,700,000 | 150,000,000 | 80,500,000 | 250,000,000 | 271,860,000 | 210,000,000 | 0 | 0 | 773,560,000 | 610,000,000 |
| NARA2022-T01 Grunau - Keetmanshoop road rehab | | | N/A | 0 | 0 | 0 | 90,000,000 | 0 | 0 | 150,000,000 | 0 | 250,000,000 | 0 | 210,000,000 | 0 | 0 | 90,000,000 | 610,000,000 |
| NARA2017-T02 TR1/5: Windhoek Okahandja road rehab. (Phase II : Sect 4A, 28km) | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2016-T04 TR8/4: Rundu road safety improvements | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2016-T05 MR120 Oshakati - Okatana (4.4 km) rehab. | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2017-T01 TR2/2: Road over Rail Bridge, Swakopmund | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2015-T02 Bridge no. 250 on DR210: Homs River Bridge, Warmbad | | | N/A | 0 | 18,500,000 | 0 | 16,500,000 | 0 | 700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,200,000 | 0 |
| NARA2018-T01 TR10/2: Eenhana - Onhuno road rehabilitation (47 km) | | | N/A | 0 | 0 | 0 | 50,000,000 | 0 | 50,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100,000,000 | 0 |
| NARA2020-T03 TR2/2: Usakos - Arandis (90 km) | | | N/A | 0 | 0 | 0 | 7,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,000,000 | 0 |
| NARA2020-T04 TR2/2: Arandis - Swakopmund (50 km) | | | N/A | 0 | 0 | 0 | 0 | 0 | 7,000,000 | 0 | 80,500,000 | 0 | 231,860,000 | 0 | 0 | 0 | 319,360,000 | 0 |
| NARA2019-T02 TR2/3: Omaruru - Karibib (61 km) | | | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NARA2019-T01 TR1/3: Keetmanshoop - Mariental (Sect. A: Tses - Gochas) (87.8km) | | | N/A | 0 | 141,450,000 | 0 | 200,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000,000 | 0 |
| NARA2020-T05 TR7/1: Karibib - Usakos (30km) | | | N/A | 0 | 30,400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 40,000,000 | 0 | 0 | 0 | 0 | 40,000,000 | 0 |
| 01.05 Roadworks - Development | | | N/A | 0 | 2,000,000 | 0 | 0 | 0 | 5,000,000 | 0 | 0 | 0 | 5,000,000 | 0 | 0 | 0 | 10,000,000 | 0 |
| | | | | | | | | | | | | | | | | | | |

| PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM | | | PREVIOUS YEAR ACTUAL | | CURRENT YEAR APPROVED | | MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b)) | | | | | | | | | | | |
|---|---------------------------|--------------|----------------------|-----------|-----------------------|-----------|---|------------|--------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|----------------------|------------|
| | | | FYE 2022 | | FYE 2023 | | FYE 2024 | | FYE 2025 | | FYE 2026 | | FYE 2027 | | FYE 2028 | | Total for 5 Years | |
| | | | RUCS | GRN/Donor | RUCS | GRN/Donor | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors |
| 03 Urban Roads Contributions RFA Act s. 17(1)(c) | | | 104,670,495 | 0 | 134,087,399 | 0 | 166,196,953 | 0 | 297,454,536 | 0 | 354,055,065 | 0 | 226,353,808 | 0 | 168,733,832 | 0 | 1,212,794,194 | 0 |
| 03.02 Local Authority Roads | | | 96,369,216 | 0 | 118,784,999 | 0 | 150,037,618 | 0 | 280,535,713 | 0 | 336,256,464 | 0 | 208,555,206 | 0 | 150,935,230 | 0 | 1,126,320,231 | 0 |
| LAAR2005-M01 | Arandis Town | Prog RFA N/A | | | 906,700 | 0 | 957,475 | 0 | 1,002,477 | 0 | 1,054,605 | 0 | 1,054,605 | 0 | 1,054,605 | 0 | 5,123,768 | 0 |
| LAAS2005-M01 | Aranos Town | Prog RFA N/A | | | 895,100 | 0 | 945,226 | 0 | 989,651 | 0 | 1,041,113 | 0 | 1,041,113 | 0 | 1,041,113 | 0 | 5,058,216 | 0 |
| LAAB2005-M01 | Aroab Village | Prog RFA N/A | | | 865,200 | 0 | 913,651 | 0 | 956,593 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 4,889,251 | 0 |
| LABA2006-M01 | Berseba Village | Prog RFA N/A | | | 769,500 | 0 | 812,592 | 0 | 850,784 | 0 | 895,025 | 0 | 895,025 | 0 | 895,025 | 0 | 4,348,450 | 0 |
| LABE2009-M01 | Bethanie Village | Prog RFA N/A | | | 786,800 | 0 | 830,861 | 0 | 869,911 | 0 | 915,147 | 0 | 915,147 | 0 | 915,147 | 0 | 4,446,212 | 0 |
| LAEE2005-M01 | Eenhana Town | Prog RFA N/A | | | 1,015,600 | 0 | 1,072,474 | 0 | 1,122,880 | 0 | 1,181,270 | 0 | 1,181,270 | 0 | 1,181,270 | 0 | 5,739,162 | 0 |
| LAGN2005-M01 | Gibeon Village | Prog RFA N/A | | | 775,200 | 0 | 818,611 | 0 | 857,086 | 0 | 901,654 | 0 | 901,654 | 0 | 901,654 | 0 | 4,380,660 | 0 |
| LAGO2005-M01 | Gobabis Municipality | Prog RFA N/A | | | 3,398,800 | 0 | 3,589,133 | 0 | 3,757,822 | 0 | 3,953,229 | 0 | 3,953,229 | 0 | 3,953,229 | 0 | 19,206,641 | 0 |
| LAGE2005-M01 | Gochas Village | Prog RFA N/A | | | 790,200 | 0 | 834,451 | 0 | 873,670 | 0 | 919,101 | 0 | 919,101 | 0 | 919,101 | 0 | 4,465,425 | 0 |
| LAGR2005-M01 | Grootfontein Municipality | Prog RFA N/A | | | 2,653,200 | 0 | 2,801,779 | 0 | 2,933,463 | 0 | 3,086,003 | 0 | 3,086,003 | 0 | 3,086,003 | 0 | 14,993,251 | 0 |
| LAHN2009-M01 | Helao Nafidi Town | Prog RFA N/A | | | 2,338,400 | 0 | 2,469,350 | 0 | 2,585,410 | 0 | 2,719,851 | 0 | 2,719,851 | 0 | 2,719,851 | 0 | 13,214,314 | 0 |
| LAHB2005-M01 | Henties Bay Municipality | Prog RFA N/A | | | 1,107,800 | 0 | 1,169,837 | 0 | 1,224,819 | 0 | 1,288,510 | 0 | 1,288,510 | 0 | 1,288,510 | 0 | 6,260,185 | 0 |
| LAKD2005-M01 | Kalkrand Village | Prog RFA N/A | | | 790,200 | 0 | 834,451 | 0 | 873,670 | 0 | 919,101 | 0 | 919,101 | 0 | 919,101 | 0 | 4,465,425 | 0 |
| LAKB2005-M01 | Kamanjab Village | Prog RFA N/A | | | 790,200 | 0 | 834,451 | 0 | 873,670 | 0 | 919,101 | 0 | 919,101 | 0 | 919,101 | 0 | 4,465,425 | 0 |
| LAKG2005-M01 | Karasburg Municipality | Prog RFA N/A | | | 1,002,900 | 0 | 1,059,062 | 0 | 1,108,838 | 0 | 1,166,498 | 0 | 1,166,498 | 0 | 1,166,498 | 0 | 5,667,395 | 0 |
| LAKA2005-M01 | Karibib Municipality | Prog RFA N/A | | | 1,247,900 | 0 | 1,317,782 | 0 | 1,379,718 | 0 | 1,451,464 | 0 | 1,451,464 | 0 | 1,451,464 | 0 | 7,051,891 | 0 |
| LAKM2005-M01 | Katima Mulilo Town | Prog RFA N/A | | | 3,965,500 | 0 | 4,187,568 | 0 | 4,384,384 | 0 | 4,612,372 | 0 | 4,612,372 | 0 | 4,612,372 | 0 | 22,409,067 | 0 |
| LAKP2005-M01 | Keetmanshoop Municipality | Prog RFA N/A | | | 2,833,900 | 0 | 2,992,598 | 0 | 3,133,251 | 0 | 3,296,180 | 0 | 3,296,180 | 0 | 3,296,180 | 0 | 16,014,388 | 0 |
| LAKX2005-M01 | Khorixas Town | Prog RFA N/A | | | 1,304,000 | 0 | 1,377,024 | 0 | 1,441,744 | 0 | 1,516,715 | 0 | 1,516,715 | 0 | 1,516,715 | 0 | 7,368,913 | 0 |
| LAKS2009-M01 | Koes Village | Prog RFA N/A | | | 865,200 | 0 | 913,651 | 0 | 956,593 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 4,889,251 | 0 |
| LALZ2005-M01 | Leonardville Village | Prog RFA N/A | | | 775,200 | 0 | 818,611 | 0 | 857,086 | 0 | 901,654 | 0 | 901,654 | 0 | 901,654 | 0 | 4,380,660 | 0 |
| LALW2005-M01 | Luderitz Town | Prog RFA N/A | | | 2,901,500 | 0 | 3,063,984 | 0 | 3,207,991 | 0 | 3,374,807 | 0 | 3,374,807 | 0 | 3,374,807 | 0 | 16,396,396 | 0 |
| LAME2005-M01 | Maltahehe Village | Prog RFA N/A | | | 775,200 | 0 | 818,611 | 0 | 857,086 | 0 | 901,654 | 0 | 901,654 | 0 | 901,654 | 0 | 4,380,660 | 0 |
| LAML2005-M01 | Marietal Municipality | Prog RFA N/A | | | 2,031,700 | 0 | 2,145,475 | 0 | 2,246,313 | 0 | 2,363,121 | 0 | 2,363,121 | 0 | 2,363,121 | 0 | 11,481,150 | 0 |
| LANK2009-M01 | Nkurenkuru Town | Prog RFA N/A | | | 846,700 | 0 | 894,115 | 0 | 936,139 | 0 | 984,818 | 0 | 984,818 | 0 | 984,818 | 0 | 4,784,707 | 0 |
| LAOJ2005-M01 | Okahandja Municipality | Prog RFA N/A | | | 2,879,300 | 0 | 3,040,541 | 0 | 3,183,446 | 0 | 3,348,985 | 0 | 3,348,985 | 0 | 3,348,985 | 0 | 16,270,943 | 0 |
| LAOH2009-M01 | Okahao Town | Prog RFA N/A | | | 893,400 | 0 | 943,430 | 0 | 987,772 | 0 | 1,039,136 | 0 | 1,039,136 | 0 | 1,039,136 | 0 | 5,048,609 | 0 |
| LAOA2005-M01 | Okarara Town | Prog RFA N/A | | | 1,256,800 | 0 | 1,327,181 | 0 | 1,389,558 | 0 | 1,461,815 | 0 | 1,461,815 | 0 | 1,461,815 | 0 | 7,102,185 | 0 |
| LAOM2005-M01 | Omaruru Municipality | Prog RFA N/A | | | 1,551,900 | 0 | 1,638,806 | 0 | 1,715,830 | 0 | 1,805,053 | 0 | 1,805,053 | 0 | 1,805,053 | 0 | 8,769,797 | 0 |
| LAOY2009-M01 | Omuhiya Village | Prog RFA N/A | | | 937,700 | 0 | 990,211 | 0 | 1,036,751 | 0 | 1,090,662 | 0 | 1,090,662 | 0 | 1,090,662 | 0 | 5,298,949 | 0 |
| LAON2005-M01 | Ondangwa Town | Prog RFA N/A | | | 2,306,100 | 0 | 2,435,242 | 0 | 2,549,698 | 0 | 2,682,282 | 0 | 2,682,282 | 0 | 2,682,282 | 0 | 13,031,786 | 0 |
| LAOV2005-M01 | Ongwediva Town | Prog RFA N/A | | | 2,275,000 | 0 | 2,402,400 | 0 | 2,515,313 | 0 | 2,646,109 | 0 | 2,646,109 | 0 | 2,646,109 | 0 | 12,856,040 | 0 |
| LAOP2005-M01 | Opuwo Town | Prog RFA N/A | | | 1,107,300 | 0 | 1,169,309 | 0 | 1,224,266 | 0 | 1,287,928 | 0 | 1,287,928 | 0 | 1,287,928 | 0 | 6,257,360 | 0 |
| LAOD2014-M01 | Oranjemund Town | Prog RFA N/A | | | 3,202,400 | 0 | 3,381,734 | 0 | 3,540,676 | 0 | 3,724,791 | 0 | 3,724,791 | 0 | 3,724,791 | 0 | 18,096,784 | 0 |
| LAOS2005-M01 | Oshakati Town | Prog RFA N/A | | | 4,894,000 | 0 | 5,168,064 | 0 | 5,410,963 | 0 | 5,692,333 | 0 | 5,692,333 | 0 | 5,692,333 | 0 | 27,656,026 | 0 |
| LAOK2010-M01 | Oshikuku Village | Prog RFA N/A | | | 893,900 | 0 | 943,958 | 0 | 988,324 | 0 | 1,039,717 | 0 | 1,039,717 | 0 | 1,039,717 | 0 | 5,051,435 | 0 |
| LAOI2005-M01 | Otavi Village | Prog RFA N/A | | | 942,400 | 0 | 995,174 | 0 | 1,041,948 | 0 | 1,096,129 | 0 | 1,096,129 | 0 | 1,096,129 | 0 | 5,325,509 | 0 |
| LAOT2005-M01 | Otiwarongo Municipality | Prog RFA N/A | | | 3,626,300 | 0 | 3,829,373 | 0 | 4,009,353 | 0 | 4,217,840 | 0 | 4,217,840 | 0 | 4,217,840 | 0 | 20,492,245 | 0 |
| LAOU2005-M01 | Outapi Town | Prog RFA N/A | | | 1,220,900 | 0 | 1,289,270 | 0 | 1,349,866 | 0 | 1,420,059 | 0 | 1,420,059 | 0 | 1,420,059 | 0 | 6,899,314 | 0 |
| LAOO2005-M01 | Outjo Municipality | Prog RFA N/A | | | 1,345,600 | 0 | 1,420,954 | 0 | 1,487,738 | 0 | 1,565,101 | 0 | 1,565,101 | 0 | 1,565,101 | 0 | 7,603,994 | 0 |
| LARE2005-M01 | Rehoboth Town | Prog RFA N/A | | | 2,965,800 | 0 | 3,131,885 | 0 | 3,279,083 | 0 | 3,449,596 | 0 | 3,449,596 | 0 | 3,449,596 | 0 | 16,759,755 | 0 |
| LARA2009-M01 | Ruacana Town | Prog RFA N/A | | | 1,056,000 | 0 | 1,115,136 | 0 | 1,167,547 | 0 | 1,228,260 | 0 | 1,228,260 | 0 | 1,228,260 | 0 | 5,967,463 | 0 |
| LARU2005-M01 | Rundu Town | Prog RFA N/A | | | 6,028,000 | 0 | 6,365,568 | 0 | 6,664,750 | 0 | 7,011,317 | 0 | 7,011,317 | 0 | 7,011,317 | 0 | 34,064,268 | 0 |
| LAST2005-M01 | Stampriet Village | Prog RFA N/A | | | 865,200 | 0 | 913,651 | 0 | 956,593 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 4,889,251 | 0 |
| LASW2005-M01 | Swakopmund Municipality | Prog RFA N/A | | | 4,673,700 | 0 | 4,935,427 | 0 | 5,167,392 | 0 | 5,436,097 | 0 | 5,436,097 | 0 | 5,436,097 | 0 | 26,411,110 | 0 |
| LATS2005-M01 | Tses Village | Prog RFA N/A | | | 865,200 | 0 | 913,651 | 0 | 956,593 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 1,006,336 | 0 | 4,889,251 | 0 |
| LATB2005-M01 | Tsumeb Municipality | Prog RFA N/A | | | 3,213,500 | 0 | 3,393,456 | 0 | 3,552,948 | 0 | 3,737,702 | 0 | 3,737,702 | 0 | 3,737,702 | 0 | 18,159,510 | 0 |
| LASU2005-M01 | Usakos Municipality | Prog RFA N/A | | | 1,106,200 | 0 | 1,168,147 | 0 | 1,223,050 | 0 | 1,286,649 | 0 | 1,286,649 | 0 | 1,286,649 | 0 | 6,251,143 | 0 |
| LAWB2005-M01 | Walvis Bay Municipality | Prog RFA N/A | | | 6,741,800 | 0 | 32,000,000 | 0 | 32,919,012 | 0 | 82,741,041 | 0 | 79,050,600 | 0 | 21,430,624 | 0 | 248,141,277 | 0 |
| LAWK2005-M01 | Windhoek Municipality | Prog RFA N/A | | | 14,782,500 | 0 | 15,610,320 | 0 | 140,610,320 | 0 | 141,204,710 | 0 | 17,193,893 | 0 | 17,193,893 | 0 | 331,813,136 | 0 |
| LAWI2009-M01 | Witvlei Village | Prog RFA N/A | | | 826,000 | 0 | 872,256 | 0 | 913,252 | 0 | 960,741 | 0 | 960,741 | 0 | 960,741 | 0 | 4,667,731 | 0 |
| LABU2016-M01 | Bukalo Village | Prog RFA N/A | | | 770,600 | 0 | 813,754 | 0 | 852,000 | 0 | 896,304 | 0 | 896,304 | 0 | 896,304 | 0 | 4,354,666 | 0 |
| LANE2016-M01 | Otiene Village | Prog RFA N/A | | | 770,600 | 0 | 813,754 | 0 | 852,000 | 0 | 896,304 | 0 | 896,304 | 0 | 896,304 | 0 | 4,354,666 | 0 |
| LAOG2018-M01 | Okonjojo Village | Prog RFA N/A | | | 859,300 | 0 | 907,421 | 0 | 950,070 | 0 | 999,473 | 0 | 999,473 | 0 | 999,473 | 0 | 4,855,910 | 0 |
| LATA2018-M01 | Tsandi Village | Prog RFA N/A | | | 859,300 | 0 | 907,421 | 0 | 950,070 | 0 | 999,473 | 0 | 999,473 | 0 | 999,473 | 0 | 4,855,910 | 0 |
| LADI2018-M01 | Divundu Village | Prog R | | | | | | | | | | | | | | | | |

| PROJECTS AND PROGRAMMES TO BE FUNDED INSIDE THE ROAD USER CHARGING SYSTEM | | | PREVIOUS YEAR ACTUAL | | CURRENT YEAR APPROVED | | MANNER OF FUNDING DETERMINATION FOR BUSINESS PLAN PERIOD - INCLUDING COST ESCALATION ESTIMATE (RFA Act s. 20(4)(b)) | | | | | | | | | | | |
|--|------------|--------------------|----------------------|-----------|-----------------------|-----------|---|------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|------------|-----------------------|--------------------|
| Budget Category / Subcategory / Item | Exp. Class | Funding Responsib. | FYE 2022 | | FYE 2023 | | FYE 2024 | | FYE 2025 | | FYE 2026 | | FYE 2027 | | FYE 2028 | | Total for 5 Years | |
| | | | RUCS | GRN/Donor | RUCS | GRN/Donor | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors | RUCS | GRN/Donors |
| 06 Vehicle Testing Stations and Driving Testing RFA Act s. 17(1)(f) | | | N/A | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 96,210,000 | 0 | 65,000,000 | 0 | 13,290,000 | 0 | 5,000,000 | 0 | 189,500,000 | 0 |
| 06.01 Vehicle and Driving Testing | | | N/A | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 96,210,000 | 0 | 65,000,000 | 0 | 13,290,000 | 0 | 5,000,000 | 0 | 189,500,000 | 0 |
| NARA2001-M10 One Stop Vehicle and Driving Testing in Windhoek (Natis Land) | Prog | RFA+GRN | N/A | 0 | 10,000,000 | 0 | 10,000,000 | 0 | 96,210,000 | 0 | 65,000,000 | 0 | 13,290,000 | 0 | 5,000,000 | 0 | 189,500,000 | 0 |
| 07 Road Research RFA Act s. 17(1)(g) | | | 0 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 10,000,000 | 0 |
| 07.01 Road Research Studies | | | 0 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 10,000,000 | 0 |
| NRFA2001-M02 Research and Innovation | Prog | RFA | 0 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 10,000,000 | 0 |
| 08 National Road Safety Council RFA Act s. 17(1)(h) | | | 154,100 | 0 | 2,200,000 | 0 | 2,200,000 | 0 | 2,300,000 | 0 | 2,400,000 | 0 | 2,500,000 | 0 | 2,600,000 | 0 | 12,000,000 | 0 |
| 08.01 National Road Safety Council | | | 154,100 | 0 | 2,200,000 | 0 | 2,200,000 | 0 | 2,300,000 | 0 | 2,400,000 | 0 | 2,500,000 | 0 | 2,600,000 | 0 | 12,000,000 | 0 |
| NRSC2001-M01 Operations of the NRSC | Prog | RFA | 154,100 | 0 | 2,200,000 | 0 | 2,200,000 | 0 | 2,300,000 | 0 | 2,400,000 | 0 | 2,500,000 | 0 | 2,600,000 | 0 | 12,000,000 | 0 |
| 12 Compensation for RA Damage Liability RFA Act s. 17(1)(i) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12.01 Compensation for RA Damage Liability | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2001-M10 Compensation for RA Damage Liabilities | Adm | RFA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Insurance against Damage Liability RFA Act s. 17(1)(m) | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13.01 Insurance against Damage Liability | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NRFA2001-M08 Insurance against Damage liability | Adm | RFA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Other Expenditure Approved by Minister RFA Act s. 17(1)(n) | | | 0 | 0 | 60,000,000 | 0 | 60,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 580,000,000 | 0 |
| 14.01 Expenditure Approved by Minister | | | 0 | 0 | 60,000,000 | 0 | 60,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 580,000,000 | 0 |
| NRFA2001-M09 Other Expenditure approved by Minister (Maint. of Etosha Roads) | Prog | RFA | 0 | 0 | 60,000,000 | 0 | 60,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 130,000,000 | 0 | 580,000,000 | 0 |
| Total Specified Expenditure | | | 2,219,116,473 | 0 | 2,729,799,431 | 0 | 3,291,853,892 | 3,150,000 | 3,502,749,597 | 156,750,000 | 4,117,875,620 | 265,000,000 | 4,205,058,470 | 210,000,000 | 4,318,733,504 | 0 | 19,659,336,083 | 634,900,000 |

NOTES:

(1) The adjustment is required due to: (i) previous projects/programmes not continued in this BP; (ii) expenditure data for individual projects/programmes not available from RA and RFA accounting systems, and therefore accounted for as a lump sum.

| REVENUE FROM ROAD USER CHARGES | RFA Act | PREVIOUS YEAR ACTUAL | | CURRENT YEAR ESTIMATE | | BUSINESS PLAN PERIOD | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------|----------------------|-------------------|-----------------------|-------------------|----------------------|-------------|-------------------|----------------|---------------------|-------------|-------------------|----------------|---------------------|-------------|-------------------|----------------|---------------------|-------------|-------------------|----------------|---------------------|-------------|-------------------|----------------|-------------------------|-------------|-------------------|----------------|
| | | FYE 2022 | | FYE 2023 | | FYE 2024 | | | | FYE 2025 | | | | FYE 2026 | | | | FYE 2027 | | | | FYE 2028 | | | | Total for 5-Year Period | | | |
| | | Rate [NS/ℓ] | Consumption [ℓ/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] | Rate Increase [%/a] | Rate [NS/ℓ] | Consumption [ℓ/a] | Revenue [NS/a] |
| ROAD USER CHARGE REVENUE ITEMS | 16(1)(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fuel Levies | 18(1)(d) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (NB: Gross amount collected before fuel levy refunds) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diesel - Q1 | | 1.41 | 171,994,680 | 1.48 | 174,918,590 | 33.78% | 1.98 | 177,892,000 | 352,226,000 | 25.25% | 2.48 | 180,516,000 | 447,680,000 | 20.16% | 2.98 | 183,227,000 | 546,016,000 | 0.00% | 2.98 | 185,938,000 | 554,095,000 | 0.00% | 2.98 | 188,641,000 | 562,150,000 | 0.00% | 2.98 | 191,344,000 | 570,200,000 |
| Diesel - Q2 | | 1.48 | 166,836,463 | 0.74 | 169,672,882 | 167.57% | 1.98 | 172,557,000 | 341,663,000 | 25.25% | 2.48 | 175,102,000 | 434,253,000 | 20.16% | 2.98 | 177,732,000 | 529,641,000 | 0.00% | 2.98 | 180,362,000 | 537,479,000 | 0.00% | 2.98 | 182,984,000 | 545,292,000 | 0.00% | 2.98 | 185,606,000 | 553,100,000 |
| Diesel - Q3 | | 1.48 | 175,021,470 | 1.48 | 177,996,835 | 33.78% | 1.98 | 181,023,000 | 358,426,000 | 25.25% | 2.48 | 183,693,000 | 455,559,000 | 20.16% | 2.98 | 186,452,000 | 555,627,000 | 0.00% | 2.98 | 189,211,000 | 563,849,000 | 0.00% | 2.98 | 191,961,000 | 572,044,000 | 0.00% | 2.98 | 194,711,000 | 580,230,000 |
| Diesel - Q4 | | 1.48 | 163,890,792 | 1.48 | 166,676,935 | 33.78% | 1.98 | 169,510,000 | 335,630,000 | 25.25% | 2.48 | 172,011,000 | 426,587,000 | 20.16% | 2.98 | 174,594,000 | 520,290,000 | 0.00% | 2.98 | 177,178,000 | 527,990,000 | 0.00% | 2.98 | 179,753,000 | 535,664,000 | 0.00% | 2.98 | 182,328,000 | 543,330,000 |
| Petrol - Q1 | | 1.41 | 92,257,776 | 1.48 | 93,826,158 | 33.78% | 1.98 | 95,421,000 | 188,934,000 | 25.25% | 2.48 | 96,829,000 | 240,136,000 | 20.16% | 2.98 | 98,283,000 | 292,883,000 | 0.00% | 2.98 | 99,737,000 | 297,216,000 | 0.00% | 2.98 | 101,187,000 | 301,537,000 | 0.00% | 2.98 | 102,637,000 | 305,858,000 |
| Petrol - Q2 | | 1.48 | 99,189,480 | 0.74 | 100,875,701 | 167.57% | 1.98 | 102,591,000 | 203,130,000 | 25.25% | 2.48 | 104,104,000 | 258,178,000 | 20.16% | 2.98 | 105,667,000 | 314,888,000 | 0.00% | 2.98 | 107,231,000 | 319,548,000 | 0.00% | 2.98 | 108,789,000 | 324,191,000 | 0.00% | 2.98 | 110,347,000 | 328,834,000 |
| Petrol - Q3 | | 1.48 | 103,026,456 | 1.48 | 104,777,906 | 33.78% | 1.98 | 106,559,000 | 210,987,000 | 25.25% | 2.48 | 108,131,000 | 268,165,000 | 20.16% | 2.98 | 109,755,000 | 327,070,000 | 0.00% | 2.98 | 111,379,000 | 331,909,000 | 0.00% | 2.98 | 112,998,000 | 336,734,000 | 0.00% | 2.98 | 114,617,000 | 341,559,000 |
| Petrol - Q4 | | 1.48 | 93,630,732 | 1.48 | 95,222,454 | 33.78% | 1.98 | 96,841,000 | 191,745,000 | 25.25% | 2.48 | 98,270,000 | 243,710,000 | 20.16% | 2.98 | 99,746,000 | 297,243,000 | 0.00% | 2.98 | 101,221,000 | 301,639,000 | 0.00% | 2.98 | 102,693,000 | 306,025,000 | 0.00% | 2.98 | 104,165,000 | 310,410,000 |
| Total Fuel Consumption subject to fuel levies (diesel + petrol) [ℓ/a] | | | 1,065,847,848 | | 1,083,967,261 | | | 1,102,394,000 | | | | 1,118,656,000 | | | | 1,135,456,000 | | | | 1,152,257,000 | | | | | | | | | |
| Revenue from Fuel Levies Collected (gross before refunds) | | | 1,636,441,097 | | 1,404,065,743 | | | 2,182,741,000 | | | | 2,774,268,000 | | | | 3,383,658,000 | | | | 3,433,725,000 | | | | | | | | | |
| Fuel Levies Refund | | | 339,522,705 | | 266,772,491 | | | 403,807,085 | | | | 499,368,240 | | | | 575,221,860 | | | | 583,733,250 | | | | | | | | | |
| Revenue from Fuel Levies Collected (nett after refunds) | | | 1,296,918,392 | | 1,137,293,252 | | | 1,778,933,915 | | | | 2,274,899,760 | | | | 2,808,436,140 | | | | 2,849,991,750 | | | | | | | | | |
| Vehicle License Fees | 18(1)(c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| License & registration fees, temporary & special permits & trade numbers | | | 793,364,410 | | 820,338,800 | 5.00% | 1.00% | 869,559,000 | 869,559,000 | 0.00% | 1.90% | 885,146,000 | 885,146,000 | 0.00% | 3.10% | 910,576,000 | 910,576,000 | 0.00% | 2.61% | 931,987,000 | 931,987,000 | 0.00% | 2.74% | 954,464,000 | 954,464,000 | 0.00% | 2.74% | 976,942,000 | 976,942,000 |
| Revenue from Vehicle License Fees | | | 793,364,410 | | 820,338,800 | | | 869,559,000 | | | | 885,146,000 | | | | 910,576,000 | | | | 931,987,000 | | | | | | | | | |
| Non-RUC Fees | 18(1)(c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roadworthy testing & certification, learner & driver testing and licensing | | | 46,022,445 | | 47,587,209 | 5.00% | 3.40% | 51,585,000 | 51,585,000 | 0.00% | 3.00% | 53,012,000 | 53,012,000 | 0.00% | 3.10% | 54,487,000 | 54,487,000 | 0.00% | 3.10% | 55,963,000 | 55,963,000 | 0.00% | 3.09% | 57,433,000 | 57,433,000 | 0.00% | 3.09% | 58,903,000 | 58,903,000 |
| Revenue from Non-RUC Fees | | | 46,022,445 | | 47,587,209 | | | 51,585,000 | | | | 53,012,000 | | | | 54,487,000 | | | | 55,963,000 | | | | | | | | | |
| Cross-Border Charges | 18(1)(b) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Entry Fees on Foreign-registered Vehicles | | | 136,818,812 | | 138,693,230 | 10.00% | 1.37% | 154,463,000 | 154,463,000 | 0.00% | 1.47% | 156,504,000 | 156,504,000 | 0.00% | 1.45% | 158,515,000 | 158,515,000 | 0.00% | 1.45% | 160,526,000 | 160,526,000 | 0.00% | 2.00% | 163,299,000 | 163,299,000 | 0.00% | 2.00% | 166,072,000 | 166,072,000 |
| Revenue from Entry Fees | | | 136,818,812 | | 138,693,230 | | | 154,463,000 | | | | 156,504,000 | | | | 158,515,000 | | | | 160,526,000 | | | | | | | | | |
| Mass-Distance Charges | 18(1)(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Local-registered Heavy Vehicles | | | 150,091,030 | | 152,642,578 | 10.00% | 3.00% | 180,181,000 | 180,181,000 | 0.00% | 3.40% | 189,207,000 | 189,207,000 | 0.00% | 3.00% | 198,233,000 | 198,233,000 | 0.00% | 3.10% | 207,259,000 | 207,259,000 | 0.00% | 3.10% | 216,285,000 | 216,285,000 | 0.00% | 3.10% | 225,311,000 | 225,311,000 |
| Foreign-registered Heavy Vehicles | | | 39,159,932 | | 41,999,027 | 10.00% | 8.40% | 52,032,000 | 52,032,000 | 0.00% | 7.25% | 64,272,000 | 64,272,000 | 0.00% | 14.10% | 76,512,000 | 76,512,000 | 0.00% | 6.30% | 88,752,000 | 88,752,000 | 0.00% | 9.15% | 101,000,000 | 101,000,000 | 0.00% | 9.15% | 113,250,000 | 113,250,000 |
| Revenue from Mass-Distance Charges | | | 189,250,962 | | 194,641,605 | | | 232,213,000 | | | | 245,448,000 | | | | 290,949,000 | | | | 303,327,000 | | | | | | | | | |
| Abnormal Load Charges | 18(1)(a) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| All abnormal load charges | | | 12,028,772 | | 12,028,772 | 30.00% | 0.00% | 15,637,000 | 15,637,000 | 0.00% | 0.00% | 15,637,000 | 15,637,000 | 0.00% | 0.00% | 15,637,000 | 15,637,000 | 0.00% | 0.00% | 15,637,000 | 15,637,000 | 0.00% | 0.00% | 15,637,000 | 15,637,000 | 0.00% | 0.00% | 15,637,000 | 15,637,000 |
| Revenue from Abnormal Load Charges | | | 12,028,772 | | 12,028,772 | | | 15,637,000 | | | | 15,637,000 | | | | 15,637,000 | | | | 15,637,000 | | | | | | | | | |
| Road Carriers Permits (RTTA, 2001) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| All fees on road carriers permits | | | 985,080 | | 1,018,573 | 10.00% | 0.00% | 1,120,000 | 1,120,000 | 0.00% | 0.00% | 1,120,000 | 1,120,000 | 0.00% | 0.00% | 1,120,000 | 1,120,000 | 0.00% | 0.00% | 1,120,000 | 1,120,000 | 0.00% | 0.00% | 1,120,000 | 1,120,000 | 0.00% | 0.00% | 1,120,000 | 1,120,000 |
| Revenue from Road Carriers Permits | | | 985,080 | | 1,018,573 | | | 1,120,000 | | | | 1,120,000 | | | | 1,120,000 | | | | 1,120,000 | | | | | | | | | |
| TOTAL REVENUE FROM ROAD USER CHARGES | | | 2,475,388,873 | | 2,351,601,440 | | | 3,103,510,915 | | | | 3,631,766,760 | | | | 4,239,720,140 | | | | 4,318,551,750 | | | | | | | | | |
| ADDITIONAL REVENUE INSIDE THE ROAD USER CHARGING SYSTEM | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Items of Related or Incidental Revenue | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | RUCS Related | GRN / Donor | RUCS Related | GRN / Donor | | | | | | | | | | | | | | | | | | | | | | | |
| Monies appropriated by Parliament | 16(1)(b) | | 0 | 0 | 0 | 0 | 3,150,000 | | | | | 156,750,000 | | | | 265,000,000 | | | | 210,000,000 | | | | | | | | | |
| GRN Budgetary Allocations | | | 0 | 0 | 192,000,000 | | 3,150,000 | | | | | 156,750,000 | | | | 265,000,000 | | | | 210,000,000 | | | | | | | | | |
| Miscellaneous-other revenues | | | 0 | 0 | 0 | 0 | 0 | | | | 0 | | | | 0 | | | | | 0 | | | | | | | | | |
| Sale of Assets of the RFA | 16(1)(c) | | 0 | 0 | 0 | 0 | 0 | | | | 0 | | | | 0 | | | | | 0 | | | | | | | | | |
| Sale of Assets of the RA | 16(1)(d) | | 0 | 0 | 0 | 0 | 0 | | | | 0 | | | | 0 | | | | | 0 | | | | | | | | | |
| Returns on Investments / (Overdraft costs) | 16(1)(e) | | 41,662,137 | 0 | 34,645,000 | 0 | 76,909,000 | | | | 76,109,000 | | | | 77,309,000 | | | | 78,309,000 | | | | | | | | | | |