



REPUBLIC OF NAMIBIA

MINISTRY OF WORKS AND TRANSPORT

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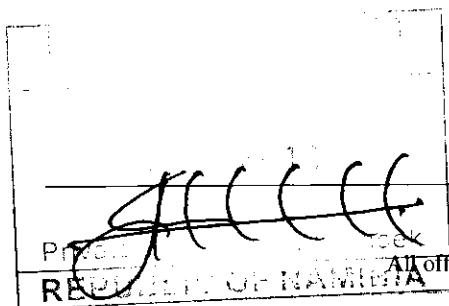
Youtr Ref: **11 June 2018**.....

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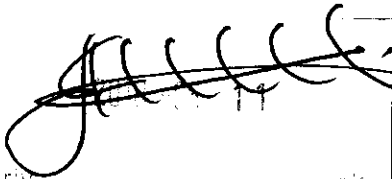
THE ROADS CONTRACTOR COMPANY (RCC): THE CURRENT STATUS AND FUTURE PROSPECTS: THE CABINET COMMITTEE ON OVERALL POLICY AND PRIORITIES" (CCOPP) WEDNESDAY, 6 JUNE 2018 RESOLUTIONS (DECISIONS).

A. BACKGROUND AND INTRODUCTION

1. The Roads Contractor Company (RCC) is a State Owned Enterprise (SOE) or Public Enterprise (PE). Article 40 (a) of the Namibian Constitution uses the word "Parastal Enterprises."
2. The RCC was legally established through an Act of Parliament, namely: the ROADS CONTRACTOR COMPANY ACT, 1999 (ACT NUMBER 14 OF 1999).
3. Section 4 (1) of the Act, articulates the object of the Company as follows: "to undertake work relating to the construction or maintenance of roads, in accordance with sound and generally accepted business principles."
4. Section 5 (2) (b) of the Act states the following: "not without the consent of the Shareholding Minister, alienate or in any way encumber any assets of the Company, representing more than 10 percent of the total market value of all the assets of the Company, otherwise than in the normal course of business."



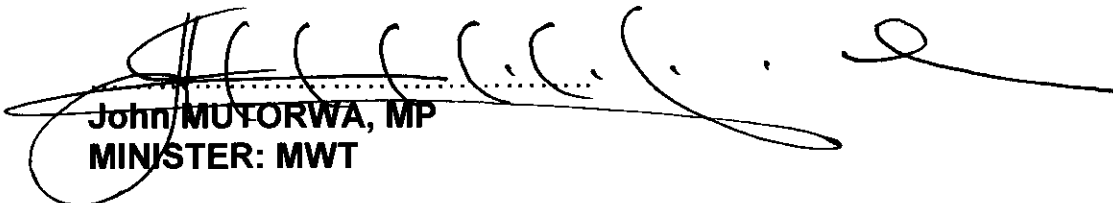
5. Since its establishment or inception in 1999, the RCC encountered a myriad of challenges, mainly related to: Leadership, Organizational Management and Financial challenges. Particularly, during 2015, 2016 and 2017, such challenges were brought under the attention, of, amongst others: the Cabinet Committee on Treasury (CCT); the Cabinet Committee on Public Enterprises (CCPE), the Cabinet Committee on Overall Policy and Priorities (CCOPP), as well as the full Cabinet itself.
6. On 9 April 2018, the RCC Board and RCC Management, entered into a Self Funding Agreement without the prior approval of the Portfolio Minister, the Attorney General and, also, without prior authorization of the Treasury (Minister of Finance).
7. The RCC Board of Directors originally consisted of FIVE (5) persons. By the 6th June 2018, the RCC Board, through resignation, has been reduced to only TWO (2) persons.
8. On Wednesday, 6th June 2018, the CCOPP extensively discussed the RCC issues, on the basis of a joint submission by and from the Minister of Works and Transport; and the Minister of Public Enterprises.
9. At the end of the said comprehensive discussions, the CCOPP made the following RESOLUTIONS or DECISIONS:
 - B. "1. That CCOPP take note and support the Attorney General's Legal opinion on the practical implementation of Cabinet Decision No:19th /07.11.17/010 on RCC and the legality of an Agreement executed between RCC and Jiangsu Nantong Sanjian Construction Group Co. Ltd. ("the Agreement), and that the said Agreement is invalid and unenforceable in law.
 2. That CCOPP take note that the Self-Funding Agreement enforced by the RCC was done unprocedurally, without first obtaining the Attorney General's Legal opinion; prior approval of the Ministry of Works and Transport; and Treasury authorisation; and
 3. That CCOPP take note of the progress made with the Judicial Management process and the content of the Roads Contractor Company Judicial Management Bill;


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4. That CCOPP direct the Ministry of Works and Transport, in consultation with the Attorney General, to prepare the affidavits to support the Judicial Management court applications;
5. That the CCOPP reconfirms its decision taken on 6 September 2017 that: “the CCOPP authorize the Minister of Finance, to make budgetary provision, for monthly salaries (basic salary) of the RCC employees, pending the outcome of the proposed Judicial Management Process.”
6. That COPP approve that RCC be mandated to provide updated financial statements, to determine whether Government should continue to pay the salaries of the RCC employees until Judicial Management process is satisfactorily and successfully completed”.

ADDITIONAL RESOLUTIONS :

1. “That CCOPP direct the Minister of Works and Transport to consider the dismissal of the RCC Board with immediate effect, in view of their unacceptable conduct in respect to the RCC Agreement with the Chinese Company;
2. That CCOPP direct the Secretary to Cabinet to consider taking disciplinary action against the Permanent Secretary of Works and Transport in terms of his conduct/involvement with regard to the abovementioned Agreement between RCC and the Chinese company, including other previous reported incidents. The Secretary to Cabinet to undertake this directive, in close consultation with the Office of the Attorney-General; and
3. That CCOPP direct the Minister of Public Enterprises to expedite the finalization of the Public Enterprises Governance Bill for tabling in Parliament”.


John MUTORWA, MP
MINISTER: MWT

ISSUED ON: MONDAY, 11 JUNE 2018, WINDHOEK.

