

SPEECH DELIVERD BY HONOURABLE MINISTER OF WORKS AND TRANSPORT, ERKI NGHIMTINA ON BEHALF OF HIS EXCELLENCY HIFIKEPUNYE POHAMBA, PRESIDENT OF THE REPUBLIC OF NAMIBIA AT THE 10TH ANNIVERSARY CELEBRATIONS OF ROADS AUTHORITY, ROAD CONTRACTOR COMPANY AND ROAD FUND ADMINISTRATION ON FRIDAY, 09 APRIL 2010 AT THE NAMPOWER CONVENTION CENTRE

Directors of Ceremonies;

Honourable Minister of Finance, Comrade Saara Kuugogelwa-Amadhila;

Honourable Cabinet Ministers, Deputy Ministers and Members of Parliament present here today;

The Permanent Secretary of the Ministry of Works and Transport and Other Permanent Secretaries present here today;

Members of the Board of Directors of the Roads Authority, Road Fund Administration and Road Constructor Company;

The Chief Executive Officers of the Roads Authority, Road Contractor Company, Road Fund Administration and Chief Executive Officers of other State Owned Enterprises present here today;

Distinguished Invited Guests;

Members of the Media;

It gives me great pleasure to be here at this joyous occasion, the 10th Anniversary celebration of the key role players in the road sector, namely Road Fund Administration, Roads Authority and the Roads Contractor Company.

In 1999, the Government of the Republic of Namibia took a bold step to improve its road sector by instituting some vital reforms in terms of best practices in the transport industry. Previously, the revenue for the construction, rehabilitation and maintenance of the national road network came from the national budget through the then Ministry of Works, Transport and Communication. However, with the technical assistance of some development partners, the Government decided in 1999 to create 3 state-owned enterprises, namely the Road Fund Administration, the Roads Authority, and the Road Contractor Company, to look after the wellbeing of the road users and our national road network.

To provide value for money and the necessary checks-and-balances, the three parastatals were given some autonomy in terms of corporate governance whereby each parastatal would have its own Board of Directors. The Road Fund Administration, being a fund, reports to the Ministry of Finance while the Roads Authority and the Road Contractor Company, being engineering companies, report to the Ministry of Works and Transport. This arrangement has hitherto worked well and has

being applauded worldwide and many countries have visited the three parastatals to compare notes and learn useful lessons in order to emulate Namibia's best practices.

Ladies and Gentlemen,

As you are well aware, an improved transport infrastructure stimulates economic growth and social development thus benefiting our people by providing access to previously disadvantaged groups. The three organisations were as a result faced with a daunting task and I am delighted to report that after 10 years of existence they have grown from strength to strength.

I am proud to share with you that the three parastatals have been working hard to ensure that development takes place in all corners of the country. I officiated at the MR92 to Omagongati groundbreaking ceremony in March this year to commence work to upgrade from bush tracks to gravel road standard. This project and many others will benefit people living in the rural areas by reducing transport costs significantly and the rate of replacement of tyres and other vehicles parts will also be reduced as well as the driving time due to the improved riding quality of the road.

Whilst the Government has made adequate progress in our preparation to provide the needed road infrastructure for the emerging economy, there is still much to be done both now and in the future. It is incumbent on all the role players in the road sub-sector to ensure that investment in road infrastructure is directed at the greatest priorities and that we

maintain existing assets before expanding our network. As we can see from experience, deterioration of existing assets increases the cost and reduces the reliability of transport for users, thus creating an unaccounted barrier to Namibia's socio-economic development.

Director of Ceremonies,

I am proud to announce that over the past ten years, the Roads Authority, with a road network of about 43 000km, has remained true to their mandate of building safe roads for all users. This road network, essential for economic growth and competition, has seen the extension and upgrading of the Trans-Kalahari Network, as well as the Tsumeb-Katwitwi road linking Namibia to Angola. The Tsumeb-Tsintsabis-Katwitwi Trunk Road is one of the important regional roads links that will provide regional integration and economic exchange through the connection of the principal economic routes within the Namibian National Road Network, traversing three Regions being Oshikoto, Kavango and Ohangwena and connecting Namibia to the Angolan Southern Province of Cwando Cubango at Katwitwi Boarder Post. This road is a continuation of the Trans-Kalahari Corridor and in a way a branch of the important Trans-Caprivi Road Network. I have been informed that work on this project is progressing satisfactorily.

Another project worth mentioning under the helm of the Roads Authority is the Rundu-Elundu Project. This is the largest single road project ever embarked upon since independence. I inaugurated the Rundu - Elundu Project in 2007 and upon completion, it will cost an estimated N\$ 1.1 billion. It will upgrade 370 km of gravel road bitumen standard from Rundu through Siko, Nkurenkuru, Mpungu, Okongo and ending at Elundu on the existing tarred road east of Eenhana. The Project is

divided into two phases: phase 1 runs from Rundu to Nkurenkuru, while Phase 2 continues from Nkurenkuru to Elundu. I am delighted to report that the work on this project is progressing well and indeed last year, I officiated at the groundbreaking ceremony to commence work on phase two.

I have also been informed that the Roads Authority has taken tangible steps to conceptualize a policy framework geared towards the development and assistance of small and medium-sized enterprises (SMEs). This is indeed very commendable. In collaboration with the contractors and Small, Macro and Medium Enterprises (SMMEs), the road network has had further extension with the construction of:

- 1000 km of tarred road and 2500 km of gravel road;
- 746.4 km of roads re-gravelled;
- 340 km of salt roads treated;
- 1000's of km of clearing, formation, paving, lines and markings were done;

Ladies and Gentlemen;

Since its inception in 2000, the Roads Contractor Company Limited (RCC) has distinguished itself as one of the premier civil engineering companies in Namibia, marching inexorably forward in its quest to become Namibia's civil engineering company of choice. The company is engaged in the construction and maintenance of roads as well as the development of land infrastructure related to civil engineering.

The company has made huge strides in the roads construction business and is engaged in a number of construction projects. The RCC has

successfully completed the embankment for phase 1 and phase 2A of the railway line between Aus and Lüderitz. In addition, the company has completed its part in a joint venture partnership involving the construction of Main Road 100 (Opuwo – Omakange) and Main Road 123 (Outapi – Tsandi – Okahao), which were both upgraded from gravel to bitumen standards. The company has also successfully participated in several other construction projects. These include; Heroes' Acre Monument and access road/parking, Rehabilitation of Swakopmund Bridge, and Rössing grade separation, Construction of two road-over-rail bridges and various stations and halts on the Tsumeb – Oshikango railway.

I have been informed that in keeping with the objective of increasing its revenue base to ensure continued sustainability, the company has other business venture subsidiaries in its portfolio, namely; Brick and Concrete Industries (BCI) and Roads Contractor Company Zambia.

Director of Ceremonies;

The Road Fund Administration was established through an Act of Parliament (Act No. 18 of 1999) to manage a road user charging system. The Road Fund Administration is therefore mandated to determine the amount of funding for the road projects and programmes; to determine the manner in which such amount of funding shall be allocated; and to determine and impose the types of road user charges.

Currently, the Road Fund Administration collects the following types of road user charges for its revenue: licence fees, fuel levies, mass

distance charges, cross border charges, and abnormal load fees. Of all the 5 types highlighted here above, the fuel levies that are collected at the fuel stations by the oil companies make up the bulk of the Road Fund Administration revenue, which is around 60%.

Ladies and Gentlemen;

The Road Fund Administration has grown in great strides and it prides itself with several achievements such as providing funds for several existing roads for rehabilitation or co-funded with multilateral organizations, such as the African Development Bank and KfW; a good reputation nationally, regionally, and internationally judging from the familiarization visits that it receives from Africa and beyond and lastly, in partnership with the Central Government, more rural communities have been connected to the markets by way of roads and have been brought in contact with each other.

Director of Ceremonies;

The existing national road network in Namibia is in relative good condition and has been so for the past 20 years. The challenge is to maintain this indispensable national asset while we also expand the road network to remote areas where there are so far no roads. This would require gradual increases in terms of the road user charges and the exploration and implementation of new ways of funding the road network. In the past 10 years of the existence of the Road Fund Administration, apart from the revenue collected as mentioned before, loans were acquired from various financing institutions in order to make up for the shortfall in the budget for the maintenance and rehabilitation of

the national road network. These loans have come in handy; however, the repayment of such loans will become problematic if the revenue that the Road Fund Administration collects will not be sufficient to service such loan. The road users need to recommit to the 'user-pay principle' in order to absorb the required increases of the road user charges to avoid the situation where the current generation would bequeath heavy debts to the future generations without due considerations.

Director of Ceremonies,

During the past 2 raining seasons, it was clearly demonstrated by the heavy rain and floods in the north of our country that if the national road network is not properly built and maintained and if it does not reach to all the corners of our vast country, communities can easily become islands, cut off from the rest of the country when they become surrounded by the water and without having access to the basic necessities. We therefore need to support the Road Fund Administration, the Roads Authority, and the Road Contractor Company in keeping our national road network up to standard and to extend it to all our communities in order to avoid catastrophes and distress beyond our rescue plans.

Ladies and gentlemen;

For the next 10 years and beyond and in order to achieve Vision 2030, the three parastatals engaged in the road sector should recommit to the original mandates and make our Government and the Namibian nation proud. Many developed societies and economies have only become self-sustainable because they have well-built and well-maintained road infrastructure.

Our roads ferry people, goods and services to their destinations and as a regional player within the SADC family of nations, our trans-corridors serve a vital role in facilitating regional and continental trade and development. It is with conviction that I pledge the Government of Namibia's intention to continue giving moral and material support to the three state-owned enterprises to enable them to achieve their objectives as set out in Vision 2030.

In conclusion, I would also like to wish the Road Fund Administration, Roads Authority and Road Contractor Company success and prosperity for many more years to come.

Thank you!