



**MINISTERIAL STATEMENT**

**ON**

**THE DISSOLUTION OF THE ZAMBIA RAILWAYS LIMITED  
BOARD AND THE RETIREMENT OF THE MANAGING  
DIRECTOR:**

**PRESENTED BY**

**THE MINISTER OF TRANSPORT, WORKS, SUPPLY AND  
COMMUNICATIONS**

**HON. YAMFWA MUKANGA, MP**

**DATE: 25<sup>TH</sup> JUNE, 2013**

I thank you Mr. Speaker, for giving me this opportunity to deliver a Ministerial Statement on the engagement and retirement of Professor Clive Chirwa, and the subsequent appointment of a new Managing Director at Zambia Railways. This follows a point of order raised by Honourable Jack Mwiimbu.

## **1.0 Engagement of Professor Clive Chirwa as Managing Director**

Arising from the repossession of Railway Systems of Zambia (RSZ) by the Government of the Republic of Zambia in September, 2012, it was found appropriate to re-organise the Company. Consequently, Prof. Clive Chirwa was engaged as the Managing Director for Zambia Railways Limited under contract on 11<sup>th</sup> January 2013 and a new Board was appointed.

The Government, through the Ministry of Transport, Works, Supply and Communications, explained to both the Board and the Prof. Chirwa's Management Team their roles in leading and managing the company.

## **2.0 Beginning of Corporate Governance problems with Professor Chirwa**

Unfortunately, what transpired right from the beginning as early as February 2013 and March 2013 was that Prof. Clive Chirwa

did not recognize the authority of the Board in that he disobeyed most of the Board instructions given to him. As a result, the Board served him with warning letters and reminded him of his duties under the Contract.

Given the above scenario, the Ministry of Transport, Works, Supply and Communications brought the Board and the Prof. Chirwa's Management team to a round table discussion and gave them further guidelines on Government's expectations of them and their roles under corporate governance. Unfortunately, despite this, Prof. Chirwa did not take the advice.

It should be stated that Prof. Clive Chirwa never took the initiative to raise any complaints against the Board to the Ministry. Instead, he opted to raise issues in the media.

### **3.0 Board's actions**

Given Prof. Chirwa's behaviour, the Board served him written warning letters whose messages he ignored. Consequently, the Board charged him. Upon refusing to exculpate himself, the Board informed the Minister of Transport, Works, Supply and Communications that Prof. Chirwa should be dismissed. But whilst the Minister was still studying the matter, Prof. Clive Chirwa went to the media to attack the Board. Later, the

Board decided to release information to the media regarding Prof. Chirwa's misconduct.

#### **4.0 Government's action**

Upon examining the whole matter, Government decided to start afresh in terms of the leadership and management of Zambia Railways Limited. In this regard, the Board was dissolved and Prof Chirwa was suspended. Given the severe allegations against Prof. Chirwa, Government decided to carry out investigations on the media allegations.

In this regard, the Government appointed the Permanent Secretary responsible for Transport and Communications to manage the affairs of Zambia Railways Limited since he was familiar with the operations and problems of the Company having served on the Board. The Ministry will closely monitor the performance of the new Managing Director to ensure that Government policies and interests at Zambia Railways Limited are safeguarded.

Finally, in deciding the fate of Prof. Chirwa, Government resolved to retire him in 'Public Interest'.

## 5.0 WAY FORWARD

In the meantime, I wish to assure this August House and the nation that Government will endeavour to put Zambia Railways Limited on a positive route to recovery.

Government with the use of the \$120 million from the Euro Bond plans to execute the following:

- (1) \$81.8 million dollars on the rehabilitation and upgrading of the rail track infrastructure.
- (2) \$38.2 million dollars will be used for procurement of modern rolling stock (Locomotives, wagons, coaches and tanks)

Other areas that are not covered by the \$120 million dollars will be financed by additional Government funding and the private sector.

Mr Speaker, I Thank You.