



**ANSWERS TO NOTICE OF QUESTIONS BY HON. APUIS AUCHAR TO  
HON. LEON JOOSTE, MINISTER OF PUBLIC ENTERPRISES.**

*With reference to the above subject matter, below Ministry of Public Enterprises responses to questions:*

**1. Question: Can the Minister share with the August house the concern of the Government over a combined staff complement of 14,500 and the decision of the Government to move ahead with plans to make parastatals more viable?**

**Response to Question 1 of "Notice of Questions"**

- Hon. Members of this August House, allow me to respond to the concern regarding the affordability of the +- 14,500 combined workforce within the public enterprises sector and the decision by Government to make parastatal more financially viable.
- Fundamentally, Public Enterprises within the Namibian context are established to more effectively provide public goods and services, contribute to social equity such as job creation and poverty reduction and contribute sustainably to the national development agenda.
- However, it is without doubt that the financial and operational performance of our Public Enterprise sector has been historically dismal, mainly due to the lack of coordinated, centralised oversight. This situation culminated into the establishment of the Ministry of Public Enterprises (MPE) in March 2015.

On the basis above, MPE is expected to launch the highly ambitious Public Enterprise Reform Project that will span over the next decade. This project will be the embodiment of our road to transform the current Public Enterprises' landscape into highly effective and efficient entities, providing products and services in the best interest of our Nation

- We have formulated the roadmap for this project, defining certain key initiatives. These will focus on:
  - establishing critical policy guidelines such as a Ownership policy for the State and Performance related Remuneration Directives,

- enhancement of the effectiveness and performance of Boards by appointing competent and skillful board members and closely monitoring their performance,
  - strengthening Shareholder oversight by repealing and replacing the PE Governance Act,
  - implementation of the Public Enterprises Monitoring and Evaluation System (PEMES) which can effectively report on the performance and compliance of PE's,
  - improving the Ministry's internal systems and processes and adequately capacitate the ministerial staff.
- You may recall Honourable members of this August house that during the State of the Nation Address by His Excellency, Dr. Hage Geingob that was delivered in this very house during the official opening of the 5th session of the 6th Parliament on 14 February 2017, mention was made of the need to take cognisance of the reality facing us amidst the current economic headwinds. We were reminded to attempt to achieve maximum results with minimum resources.

**2. Question: How has the Government equipped itself technically through your Ministry to play the roles of a professional shareholder prober in SOE's to avoid recurring bailouts haunting us year after year?**

**Response to Question 2 of "Notice of Questions"**

- Hon. Members of this August House the establishment of Ministry of Public Enterprises ushers in a new dispensation and a remodeling of the PE's. This can be explained as follows: during the dispensation of the State-Owned Enterprise Governance Council, matters pertaining to compliance and performance under the then legal regime was under constant bridge by the PE's, mainly due to legal and technical constraints. This meant that there were major limitations on implementing effective monitoring and evaluation mechanisms to hold PE's accountable on their performance.

- Honourable members of this August house, you are aware that my ministry is now two years old and inherited a myriad of challenges. Some of the challenges still pertain to the legal environment under which the SOEGC operated and as a result the current transformation of the PE's sector requires a new legislation. Thus Honourable members, my ministry is currently working relentlessly on the amendment of the existing Act (Public Enterprise Governance Act no. 2 of 2016). The current Act in its current form is not sufficient to deal with the transformation of the PE's landscape, hence the repeal.
- The amended Act will pave the way for the new Governance framework, commencing with the Hybrid Governance Model which will initially focus on the commercial PE's and will herald in the appointment of competent boards of directors and entering into enforceable governance and performance agreements.
- Honourable Members of this August House, notwithstanding the current legal challenges of the current Act, my Ministry has embarked upon a series of reform initiatives. I am glad to report that despite some challenges and delays, we have finally managed to recruit suitable professional staff during the second half of 2016 which will fast track the "reform project" that the Ministry intends to launch shortly. The reform project will focus on the gradual reduction of subsidies and bail-outs and consequently, where necessary, wean off some of the PEs from state funding.

**3. Question: Can the Minister appraise the August House and the public how many non-performing SOE's has been weaned off and how many has been earmarked for privatizing?**

**Response to Question 3 of "Notice of Questions"**

- Honourable Members, irrespective of some PE's that are non-performing, there are still others that are performing very well and this includes amongst others: Namport, Nampower, MTC, MeatCo, Roads Authority, NPTH and Fishcor.

- Honourable Members of this August House, it is unfortunately that some of the Public Enterprises have been making loses on an annual basis which warranted for their bailouts in order to enable them to stay afloat. The following PEs are currently identified as the main culprits with an unsustainable huge financial footprint on the state coffers:
  - Air Namibia
  - Roads Construction Company
  - Namibia Airports Company
  - TransNamib
  - Namibia Wildlife Resorts
  - Namibia Broadcasting Corporation
  - University of Namibia
  - Namibia University of Science and Technology
  - NamWater, and
  - The Zambezi Water Front
  
- Honourable Members of this August House, position papers on each of the sectors in which the commercial enterprises are active are in the making. We have also developed the framework for the Ownership Policy for Commercial PEs. This policy will guide the Government of Namibia in its ownership role of the commercial enterprise and it will be a practical working policy which will be used to gauge the enterprises and then recommend appropriate reforms where required. The policy will ask the following questions: Why are we invested in the enterprises? Should we remain invested? And if not do we bring in the private sector through a Public-Private Partnership or perhaps through listing on the stock exchange? What criteria should guide the due diligence process when we invest in new enterprises? How do we ensure at all times Namibia attains best value from the commercial enterprise portfolio, both in terms of financial and socio-economic returns? These are pertinent and complex questions we will need to answer in a collective spirit, guided by good research and strong evidence.

**4. Question: Can the Minister share with the Honourables members of the August house how many SOE has shown growth potential and contribute positively to the growth of the domestic economy since your Ministry's formation?**

#### **Response to Question 4 of "Notice of Questions"**

- Honourable Members of this August House, unfortunately there is no quick fix to the complex challenges that are facing PE's. From our benchmark studies we concluded that for those countries deemed to have successfully reformed their PE sector and finally boasting significant contributions to domestic economic growth, it was a long hard journey spanning over a 40 year period. Regardless, my ministry is in full engagement with the leaders in the PE's sector, currently being very receptive to the eminent changes to come.
- Earlier on I alluded to the nature of the current legal environment which is insufficient to address the reform initiatives that we want to embark upon. The finalisation of the repeal Act will lead to the full implementation of the effective governance framework.
- Honourable members, we all acknowledge PEs do contribute to economic growth but our current challenge is that it is still difficult to compute the PE sector exact contribution the country's GDP. My Ministry intends to redress this by coming up with a workable solution to inform on the specific contribution of the PEs to GDP.
- However, the PEs have over the years contributed to the aspirations of Government in term of poverty reduction and job creation and they will continue to do so, but going forward with a focus on sustainability.