

ADDRESS BY HON HEIKO LUCKS
ON THE APPROPRIATION BILL,
14 MARCH 2013

Thank you, Honorable Speaker.

As I rise today for my contribution to the debate on the National Budget, I will start with some of the positives that the Minister of Finance has mentioned in her budget speech. Firstly, the tax relieve for both personal income tax as well as company tax are welcomed. Better tax collection, which allows another big increase in expenditure is also noteworthy and the overall implementation rate of all OMA's seems to be very healthy.

The Minister has indeed painted a rosy picture in her speech and has tried to allay fears about the growing deficit by pointing out that this is still within the limits set by Government. She has also pointed out that although TIPEEG has some room for improvement, there are successes in job creation.

Honorable Speaker, honorable Members, a rosy picture indeed, but I am afraid not a very accurate picture.

Let me start with TIPEEG: It is noteworthy that the implementation rate of TIPEEG, at about 76% is much lower than the overall implementation rate. But if you consider that this has resulted in the creation of only

13 000 new jobs which is far less than 76% of the total envisaged jobs to have been created, one can only come to the conclusion that huge amounts of money are being spent without ^{much} ~~any~~ effect. The Minister has also, conveniently not mentioned how many jobs were lost during this period, the inclusion of this figure would probably just make the statistics too bad. It is also noteworthy that although most of the newly created jobs are probably permanent, they are however not sustainable. Most TIPEEG projects are infrastructure construction projects. Companies that are awarded the projects will employ workers on a permanent contract but after the completion of these projects most workers will be retrenched if the company cannot secure a new construction job. In the end, TIPEEG will not have resulted in half of the planned 104 thousand jobs and I personally think the figure could be even lower. I can only draw one conclusion about TIPEEG, that it is a multi-billion dollar disastrous failure!

Honorable Speaker, let me move on to the growth in expenditure and the growing budget deficit. The 19 % increase in expenditure on top of similar growth in expenditure in recent years is worrisome. This is the last year of the three-year TIPEEG programme, and there seems to be no consolidation but a continuation of the expansion. This is certainly not sustainable and a result of this is the growing deficit. The deficit must be funded by borrowing money and from the wisdom of Solomon in Proverbs 22:7 we learn that the borrower is always slave to the lender, this is certainly not a legacy that our Government should leave to future generations. Although the Minister wants to put the nation at ease, saying that the deficit is still within limits, the trend is extremely worrying to me. I foresee that the deficit will spiral out of control in the near future and then Namibia will experience a disastrous knee-jerk

reaction to bring it back under control, which will bring the Namibian economy to a standstill. In addition, this artificial stimulation has until now not resulted in sufficient job growth and has not resulted in sufficient growth in the economy and thus income for Government. The only result of this artificial stimulation is inflation as can clearly be seen from the growth in house prices. Less and less people can afford to buy a home and this should be an urgent wake-up call to all of us.

Honorable Speaker, a lot has been said about the budget being pro-poor. But this is not true: If old-age pensions, which are already ridiculously low, increase by 50 N\$, this is an increase of 9%. Public servants on the other hand get an average increase of 8%, a reduction in personal income tax and, as was reported in the media a few days ago most of them can look forward to increases as a result of a job re-grading exercise. The combined increases for public servants will thus on the average be more than double that of our pensioners. Is this pro-poor?

Although Personal Income Tax and Corporate Tax reductions are very welcome to most of us, they are meaningless to half of Namibia's population that is jobless. Is this pro-poor? And do these tax reductions reduce poverty, hunger and joblessness? I am afraid not.

Honorable Speaker, Honorable Members. Before I conclude, I have to say a few words about Transparency and Accountability. Productivity of expenditure is evaluated in terms of its efficiency and effectiveness in delivering services, growing the economy, creating jobs etc. If we continue to spend public money on failures like Air Namibia while the poor struggle to survive, are we really being accountable to the people of Namibia. Not too long ago a debate in this august house dealt with

the issue of Air Namibia and there was a suggestion that our national airline should be kept alive because it is a source of, and contributes to national pride. In my humble opinion this kind of pride is misplaced when we look at the dire situation that such a large part of our people find themselves in.

Coming back to accountability and transparency, how can we as lawmakers, approve a budget when many OMA's make themselves guilty of transgressing the State Finance Act, Act 31 of 1991. When the reports of the Auditor General point to serious transgressions of unauthorized expenditure, in one Ministry for eight consecutive years? When there are huge amounts of money showing as outstanding balances on S&T accounts? When suspense accounts are not cleared and when bank accounts cannot be audited because the statements are not being made available? Even worse, when the Ministry of Finance of all Ministries, budgets for certain positions to be filled, asks this house to approve the budget and then fails to fill such positions for five years?

Honorable Speaker, to conclude, for all the reasons that I have discussed in my contribution, my conscience does not allow me to support this budget and I thus have no other choice than to reject the budget in its current form.

For God and my country, I thank you.