



REPUBLIC OF NAMIBIA

MINISTRY OF LABOUR AND SOCIAL WELFARE

VOTE 14 (MLSW)

**Budget Motivation Statement
2013/14**

By Honourable Doreen Sioka,MP,

MINISTER

18 April 2013

**Honourable Chair of the whole House
Honourable Members**

It is my distinct honour and privilege to rise in this August House, in order to motivate the budgetary allocations to Vote 14, of the Ministry of Labour and Social Welfare, for the financial year 2013/14.

Before I commence with my motivation, let me take this opportunity to congratulate the Honourable Minister of Finance, the Director-General of the National Planning Commission and their technical staff members for coming up with this budget. It is indeed, a people-centered and developmental oriented budget, the very principle on which the SWAPO's government collective agenda of national building has been premised on over the years.

Our country is faced with immense challenges of relatively high unemployment, inadequate living wages and intolerable conditions of employment in some sectors of our national economy. Moreover wide spread vulnerability amongst the elderly and disabled persons, particularly in rural areas, is another national challenge that our nation is still grappling with. Given these precarious circumstances facing our people, the role of the Ministry of Labour and Social Welfare has never before been more vital to the socio-economic development of our nation.

**Honourable Chair of the whole House
Honourable Members.**

The Mandate of the Ministry is to *provide labour, employment and social welfare services as per the Constitution of the Republic of Namibia.*

This critical task requires that the Ministry must ensure appropriate legal framework, creates conducive environment, and guarantees interventional assistance that achieves the goal of decent employment for our people.

Ranking amongst the top priorities of the State, is the commitment to ensuring that our people obtain decent and meaningful employment and attain skills for self-employment. This is a fundamental task entrusted with the Ministry of Labour and Social Welfare. Needless to say, the Ministry is at the same time tasked to provide social protection to the vulnerable and marginalized segment of our society.

To achieve the above objectives, the Ministry is thus responsible for the implementation of the following Acts:

- **Labour Act, 2007 (Act No.11 of 2007);**
- **Affirmative Action(Employment) Act, 1998 (Act No. 29 Of 1998;**

- **National Pension Act, 1992 (Act No. 10 of 1992);**
- **Social Security Act, 1994 (Act No. 34 of 1994);**
- **Employee's Compensation Act, 1941 (Act No. 30 of 1941).**
- **Employment Services Act, 2011 (Act No. 8 of 2011)**

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As it is customary, allow me to highlight some of the developmental undertakings that were achieved during the previous financial year.

Capital Projects

In line with the government decentralization policy, the Ministry continued to expand and bring government services closer to the people. This is done by implementing Developmental Projects. Thus construction of Labour Offices at Rehoboth, Enhana and Walvis Bay, has been completed during the last financial year. The Rehoboth and Enhana Offices were officially inaugurated last year, while the Walvis Bay Labour Office will be inaugurated on 22 April 2013. Ondangwa Labour Office was also completed two weeks ago and preparations are underway for its inauguration in the immediate future.

Labour Market Services

Under this programme, the Namibia Labour Force Survey 2012, which was led by the Namibia Statistic Agency (NSA), was completed in November 2012. The report and the results of the survey have been made public this month.

The Ministry has also drafted Employment Guidelines that outlines specifications to be adhered to by companies and individuals wishing to secure state contracts for goods and services.

The Employment Service Act was partly implemented in August last year to regulate employment agencies in the country. The Act aims at strengthening the Ministry's capacity to render services to the labour market by establishing an Advisory Employment Services Committee and an Employment Services Bureau. However the regulations need to be finalized, to fully operationalize the Act. As per the requirement of the of Employment Services Act, the Ministry has introduced a comprehensive computer system known as the Integrated

Employment Information System (IEIS). The system is hosted at the Office of the Prime Minister. The first phase, which is installation of the system, has been completed and was piloted in Erongo Region toward the end of last year. As my predecessor indicated in this August House last year, the system will assist the Ministry to register job seekers and take stock of the needs of employers and employees in terms of vacancies and job opportunities available in the country. It will ensure that the educational system is responsive to the needs of the Labour market.

Furthermore, consultations have been finalized with the National Planning Commission on the Employment Creation Commission Bill. The Bill is to promote the policy of government to accelerate employment creation in Namibia. The Ministry has therefore requested the Chairperson of the Cabinet Committee on legislation to convene a meeting to discuss the bill.

The work to review the 1997 National Employment Policy is in good progress. The new employment policy will have a national outlook which would be shared and endorsed by all the key stakeholders and will put the social economic issues on the national socio-political agenda.

As you may recall, in 2009 Cabinet directed the Ministry to promote productivity in the country. During the last financial year, again Cabinet authorized the Ministry to seek assistance from other countries with well established centers. A unit has been created in the Ministry and money is required to keep the project moving.

Labour Services

The Labour Amendment Act, No 2 of 2012 was implemented in August last year. This piece of legislation addresses the issue of labour hire and problems of disguised and ambiguous employment relations that faced our people. The labour hire practice and widespread casualisation had caused labour unrest in the country, particularly in the fishing, mining, wholesale and retail sectors. The Amendment Act has defined the role of the private employment agencies and user enterprises, a thorny and slippery relationship that has been fuelling labour disputes for years. Now the role of a middleman, known as labour hire, has been clarified.

Upon its implementation in August last year, African Personnel Services (APS) lodged a court interdict to prevent the implementation of the Act. The Ministry opposed the matter, which was heard toward the end of September last year. Judgment has been reserved since then. It was discovered in 2009 under this programme that there were 22 cases of Child Labour reported. The majority of resources under this programme were pooled into investigation towards the

eradication of Child Labour. An investigation carried out towards the end of last year confirmed that these cases were reduced to Six (6). The programme was further gripped with enforcement of minimum wages in the security industry which was increased from N\$3.80 to N\$5.00 per hour last year.

Social Welfare Services

The Ministry undertakes, as one of its core functions, the payment of social grants to senior citizens and people living with disability who hold Namibian citizenship or holders of permanent residence permits. The payment of the grants is one of the social protection measures that our government has committed itself since independence. As you may recall in the previous budget, the State Social Grants were increased from N\$500 to N\$550. The increase was successfully implemented. I am happy to commend the Honourable Minister of Finance, for making provisions to increase the State Social Grants to N\$600 during this financial year. During the 2011/12 financial year, the coverage for the Old Age grants was 90%. Last year the coverage increased to 97%. The disability coverage was 24% in 2011/12 and the percentage rose to 65% currently. This high coverage rates were as a result of the Ministry's continuous outreach program which is undertaken annually.

Moreover, the Ministry administered **Six Thousand Seven Hundred and Fifty Six (6756)** burials under the Funeral Benefit Program for beneficiaries that received Social Grants. In addition, the Ministry successfully engaged NAMPOST to introduce Ministry Controlled Bank Accounts to which social grants would be paid. This process will enable the Ministry to timely retrieve information from the designated bank accounts whereas in the current situation the process is tedious since the bank accounts are privately owned. The Ministry approached the International Labour Organization (ILO) to assist the government in executing a social expenditure review that will improve the knowledge and information base on the coverage and performance of social protection in Namibia. To this end, the Ministry has entered into a co-operation with ILO for which a Memorandum of Agreement was duly signed. The project is scheduled to be undertaken over a six month period.

Decent Work Country Programme.

Our domestic workers continue to suffer at the hands of their employers. In many instances, they are stripped of basic employment rights as enshrined in the Labour Act. It is against this back drop that a Wages Commission of Domestic Workers was established in May last year. The Commission investigated terms and conditions of employment of domestic workers to set a

minimum wage for them. Following its launch, the Commission engaged in countrywide consultative public meetings that ended on 27 October 2012.

The report of the Commission with recommendations will be available in July 2013.

Employment Equity.

The Office of the Employment Equity Commission was established to oversee the implementation of the Affirmative Action (Employment) Act, 29 of 1998. The primary objective of the affirmative action law is to eliminate employment barriers against persons in designated groups so as to ensure that no person shall be denied employment opportunities for reasons unrelated to occupational suitability. The Commission has reported slow but steady progress towards equity in employment. The apartheid administration left behind a legacy of inequities in employment with regard to the distribution of jobs, incomes and occupations. Namibia is still regarded as one of the most skewed income distribution countries in the world and the income inequities are partly attributed to unfair discrimination in employment in terms of pay and employment opportunities.

These are, but some of the inherent challenges the Employment Equity Commission faces as it oversees the implementation of affirmative action in employment.

Labour Relations and Labour Dispute Resolutions

Through the Office of the Labour Commission, Namibia has established a labour dispute resolution process four years ago. This process is functioning fairly well as many ordinary employees find it very helpful and fair. Small and medium employers have also accepted the process as simple to understand, inexpensive and accessible in its operations.

However, despite the fact that the dispute resolution process is working well, the country experienced a surge in a number of industrial actions last year mainly in the form of strikes. The strikes were a result of many socio-economic factors that underpinned the disputes.

Employees are feeling the effects of economic hardship as many of their wages are unable to take them through to the next payday. Similarly, employers were affected by especially fuel prices and electricity costs. These and other factors had a direct bearing on wages negotiations, some of which ended in stalemates, hence the strikes. The Ministry is seriously considering the concept of a National Minimum Wage to stabilize wages in the country.

Although there has been a noticeable increase in collective bargaining process, the labour relations is still surrounded by mistrust and acute shortage of negotiations skills.

To address the above situation, the Ministry has consulted the International Labour Organization (ILO) to extend its technical expertise aimed at training social partners on best negotiation practices in the area of effective negotiations.

The Ministry has also embarked on capacity building efforts by engaging trade unions and employers on matters of mutual concern that are affecting their good labour relationship.

**Honourable Chair of the whole House
Honourable Members**

Let me now turn on motivating the budgetary request and allocations for this financial year.

For this financial year 2013/14, the Ministry is requesting this August House, to approve an amount of **One Billion, Five Hundred and Forty Nine Million, Three Hundred and Four thousand Namibia Dollars.(N\$1 549 304 000)**. This is **Two Hundred and Twenty Million, Four Hundred and Forty Thousand Namibia Dollars (N\$220, 440, 000)** more than the budgetary allocations of the previous financial year.

One Billion, Five Hundred and Twenty Eight Million, Five Hundred and Ninety One thousands Namibia dollars (N\$1 528 591 000) will be utilized for operational expenditure. A marginal **Twenty Million, Seven Hundred and Thirteen Million Namibia Dollars (N\$20 713 000)** goes to the development budget of the Ministry. I now discuss individual programmes as follows:

Labour Market Information and Employment Services Programme

The purpose of this programme is to facilitate employment planning by providing quantitative and scientific information through the conducting of the labour market surveys and researches in Namibia. The programme further provides vocational and occupational guidance; register job seekers and assist them to find suitable employment. It also provides services aimed at ensuring decent work, promote employment creation, productivity and reduce poverty.

Under this programme, the Ministry starting from this year, will also commence with an annual national labour conference. To ensure that all the above-mentioned activities are successfully undertaken and implemented, **Fifty One Million, Nine Hundred and Forty Seven thousand Namibia dollars (N\$51,947,000)** is required.

Labour Services Protection

The main purpose of this programme is to ensure the implementation of and compliance with the Labour Act No. 11 of 2007. This is done by conducting Labour inspections, investigation of workplaces complaints and enforcement of compliance orders. Factory, boilers and elevator inspections to ensure occupational health and safety at workplace are also conducted under this programme. The programme also ensures the provision of technical information and advice to social partners on compliance with legal provisions such as minimum wages and other legal provisions. To carry out this mandate, the Ministry requires an amount of **Forty Two Million, Nine Hundred and Forty Four thousand Namibia dollars (N\$42,944,000)**.

Industrial Relations (Prevention and Settlement of Industrial Disputes)

The Ministry has the Office of Labour Commissioner whose main purpose is to prevent and resolve labour disputes. It promotes orderly collective bargaining. The Office again promotes the principles of tripartism, enhances dispute resolution mechanism, procedures and established case management system. In like manner, the Office promotes principles of employees basic rights at work places, monitors, manages and controls industrial actions in the country. To effectively fulfill this essential mandate, an amount of **Twenty Nine Million, Four Hundred and One thousand Namibia Dollars (N\$29, 401, 000)** is required.

Employment Equity in the country.

As indicated earlier, the primary objective of this programme, is to ensure full implementation of the Affirmative Action (Employment) Act, 29 of 1998 by the Employment Equity Commission. It makes sure that no person shall be denied employment opportunities for reasons unrelated to ability and guarantees that workforce are reflective of the demographics of Namibia. Hence, for the realization of this mandate, an amount of **Eight Million and Twenty Thousand Namibia dollars (N\$8,020,000)** is required.

Social Welfare Service

The purpose of this programme is to contribute to the social and economic upliftment of Namibians. The aim is to reduce poverty through sufficient and sustainable safety nets. This include amongst others, strengthening the survival capacities of individuals, families and vulnerable groups of the society. This programme administers old age and disability grants in accordance with the National Pensions Act, Act No. 10 of 1992 and the Funeral Benefits to those conforming to the said Act. Currently, the beneficiaries of the Old Age Grant stands at **Hundred and Forty Three Thousand and Seven (143,007)**, while that of the Disability Grant, stands at **Twenty Seven Thousand Three**

Hundred and Twelve (27,312). This gives the total beneficiaries of **Hundred and Seventy Thousand Three Hundred and Nineteen (170,319).** During the 2013/14 financial year, the Ministry contemplates to achieve a coverage rate of 98% for the Old Age Grants, and 67% for the Disability Grants.

**Honourable Chair of the whole House
Honourable Members**

As you have learnt from the Finance Minister, the Old Age grants shall be increased by N\$50 this financial year. Thus for the fulfillment of this undertaking, the Ministry needs an amount of **One Billion, Three Hundred and Five Million, Four Hundred and Three thousand Namibia Dollars(N\$1,305.403,000).** This is the lion share of the Ministry's budgetary allocations.

Planning and Administration

This programme focuses on the formulation of policies and provision of administrative, personnel and the organizational procedures. It provides logistics, material and equipment and transport services to the Ministry. It further provides other auxiliary services in addition to assisting the Minister in carrying out oversight responsibilities. Ensuring capacity building programmes for social partners and other key stakeholders to improve social dialogue and strengthen tripartism also falls in this programme. In addition, capital projects are also implemented under this programme. This task will require an amount of **Seventy Six Million, Four Hundred and Sixteen thousand Namibia Dollars (N\$76, 416, 000).** In addition, an amount of **Twenty Million, Seven Hundred and Thirteen thousand Namibia Dollars (N\$20, 713, 000)** is required for Capital Projects of the Ministry.

**Honourable Chair of the whole House
Honourable Members**

In summary, the Ministry of Labour and Social Welfare implements six programs for which I am asking this August House to consider and approve **N\$1 549 304 000**

Summary of programs and budget allocation for 2013/14 financial year.

Programme	Budget allocation N\$
Office of the Minister	14,460,000
Administration and Planning	76,416,000
Labour Market Services	51,947,000
Labour Service	42,944,000
Office of the Labour Commissioner	29,401,000
Social Welfare	1,305,403,000
Employment Equity Commission	8,020,000
Total	1,528,591,000

Capital Projects

Programme	Budget Allocation N\$
Extension of the Ministry of Labour's Head Office	14,100,000
Construction of Regional Office at Eenhana	235,000
Construction of Regional Office at Ondangwa	248,000
Construction of Satellite office at Walvis Bay.	267,000
Minor Renovations and Improvements	5,863,000
Total	20,713,000
Grand Total	1,549, 304,000

I thank you