



REPUBLIC OF NAMIBIA

**BUDGET MOTIVATION BY THE HONORABLE ENGEL
NAWATISEB, MP, DEPUTY MINISTER OF PUBLIC ENTERPRISES.**

VOTE 34

NATIONAL ASSEMBLY, 19 April 2017

Honourable Chairperson of the Whole House Committee,
Honourable Members,

I rise to present the motivation for the budget for Vote 34, the Ministry of Public Enterprises.

Please allow me, Honourable Chairperson, to congratulate the Honourable Minister of Finance, his Deputy and the entire staff of the Finance Ministry for the thorough preparation of the budget, which is currently under consideration. Equally, I would like to extend the same congratulations to the Honourable Minister of Economic Planning, his Deputy and staff of the National Planning Commission for the meticulous preparation and tabling of the 2017/18 Medium Term Expenditure Framework.

May I now move, Hon. Chairperson, that this August House considers the total budget allocation, to the Ministry of Public Enterprises, for the financial year 2017/2018, which amounts to; **N\$57,823,000. (Fifty Seven Million Eight Hundred and Twenty Three Thousand Namibian Dollars)**. This figure represents a decrease of 23% from the initial 2016/17 budget allocation of N\$ 74,623,000 (Seventy Four Million Six Hundred and Twenty Three Thousand Namibian Dollars). However, since the 2016/2017 allocation was reduced by 45% during the mid-term review, the current allocation represents an increase of N\$16,842,000 (Sixteen Million Eight Hundred and Forty Two Thousand Namibian Dollars) from the adjusted amount of the prior year.

Honourable Chairperson

The activities of the Ministry of Public Enterprises are grouped under two main programmes; namely:

- Policy Supervision and Support Services; and
- Legal, Economic and Financial Advisory Services.

Programme 1: Policy Supervision and Support Services

An amount of **NS\$41,726,000** (Forty-One Million Seven Hundred and Twenty-Six Thousand Namibian Dollars) has been allocated to this programme. This programme consists of two (2) main components, namely: Policy Supervision and Coordination, as well as, Support Services.

Under this programme, my Ministry will carry out the following activities:

- a) Facilitate the recruitment, training and development of board members and chief executives;
- b) Rationalize remuneration of board members and management staff of Public Enterprises;
- c) Provide policy supervision, change management and administrative support services to ensure efficient and effective services delivery;
- d) Improve staff competence and facilitate the development and acquisition of specialized skills;
- e) Strengthen monitoring capacity through the use of ICT systems.

Programme 2: Legal, Economic and Financial Advisory Services

An amount of **N\$16,097,000** (Sixteen Million and Ninety Seven Thousand Namibian Dollars) has been allocated to Programme 2.

The main activities being carried out under this programme are as follows:

- a) Develop and enhance good corporate governance guidelines and legal and regulatory frameworks;
- b) Through constant monitoring, ensure that Public Enterprises comply to financial, legal and governance requirements;
- c) Establish a performance management culture and appropriate performance incentive schemes;
- d) Conduct strategic interventions, valuations, due diligences, special investigations and provide further technical support and consultation, specifically to Public Enterprises that are earmarked for restructuring.

Honourable Chairperson

The mandate of MPE is to “position Namibia’s key Public Enterprises to play their meaningful role in the country’s development agenda and to ensure that public enterprises are well managed to reduce the financial burden on the state”.

However, the biggest challenge currently facing the MPE is the legal environment, which is still in essence the same as that under which the SOE Governance Council operated. The Act in its current form merely provide the MPE with an oversight mandate and is therefore

not sufficient to deal with the transformation of the Public Enterprises landscape. Hence the necessity to urgently amend the Act to also give legitimacy to the Hybrid Governance Model, which was approved by Cabinet in July 2016.

I am nevertheless delighted, Honourable Chairperson, to inform you that a number of milestones have already been reached and I will mention only a few:

- 1) Onboarding of a professional team in the Corporate Advisory Reform Unit of the Ministry;
- 2) Finalization and approval of the Hybrid Governance Model;
- 3) Concluding valuable international studies and benchmarking;
- 4) Technical review of the Public Enterprises Governance Act in preparation of the amendment;
- 5) Development of a framework for an Ownership Policy which will provide guidance on the role of “the State as a Shareholder” in commercial enterprises;
- 6) Established an in-house monitoring system which now enables MPE to report collectively on the financial performance and levels of compliance of all Public Enterprises (this system will be enhanced during the new budget period);
- 7) Established a proper Board Recruitment process which includes a Database for Potential Board members for Public Enterprises;
- 8) Various induction and training interventions for Boards of Directors (all new Board Members attend compulsory induction courses);

9) Finalization of performance-based (incentivized) Remuneration Guidelines and Board Fees for Public Enterprises.

**Honorable Chairperson,
Honourable Members**

As I conclude, I wish to thank the Honorable Members of this August house for their support and interest in the mandate given to our Ministry. I particularly would like to thank His Excellency The President, The Vice President, The Right Honorable Prime Minister, The Deputy Prime Minister and my dear colleagues in the Executive, for their patience and support. We are steering through uncharted territory but we remain guided by evidence-based facts and reference to Global Best practices. We will not fall into the trap of taking undue ill-conceived decisions and I want to plead for more patience as we together embark on the journey to reform Namibia's Public Enterprises, our Public Enterprises.

I wish to thank all the Honorable Members of this respected House in advance for the overwhelming support they always given to Vote 34.

I thank you.