

2016/17 FY BUDGET**BUDGET RESPONSE: OFFICIAL OPPOSITION****AS TABLED BY THE DEPUTY CHIEF WHIP FOR THE OFFICIAL
OPPOSITION****HON. VIPUAKUJE MUHARUKUA, MP****3 MARCH 2016****NATIONAL ASSEMBLY****INTRODUCTION**

Hon. Speaker, Hon. Members, Fellow Country Men And Women.

As The Hon. Minister of Finance said, by reference to a famous quote, a National Budget is not just a book of figures and numbers, but is rather a window into the soul and heart of our nation's priorities. It is the window through which the Nation can see where their chosen leaders are taking them.

We all want to alleviate socio-economic hardships and move towards economic freedom for all Namibians, thus to say, we all want to see a developed and prosperous Namibia. The beauty of our governance system is that we may differ on the best path to take towards realizing our common objectives. However, we should not differ out of a sense of obligation: the good must be applauded just as loud, as the bad is condemned.

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Leaders must be bold enough to suffer the discomfort of applauding political opponents for a job well done, and to receive deserved criticism for shortcomings in leadership. For such discomfort is meagre compared to the capital price paid by those who preceded us.

Hon. Speaker, Hon. Members, with that in mind, I note with interest that at no point does the Hon. Minister make reference to any political party in his budget speech. I view this in the light of the current President's agenda of national unity, as opposed to, a dispensation distancing itself from past failures.

Further, I note the Hon. Minister makes no mention of the fabled Vision 2030. This is a sign of a drastic change of course, and an admission that we must begin to re-evaluate our development goals and re-align them with the socio-economic realities of our people.

The goal to bring prosperity to all the corners of this country requires us to build a strong economy propelled by industries, value addition, reduction in imports, diversification and efficient utilization of resources.

ECONOMIC CONTEXT OF THE 2016/17 BUDGET

In the past years, we have experienced high economic growth. Indeed the slow-down in economic growth that we are experiencing now calls for our nation to live within its means. Therefore, the recognition that our National spending should be curtailed is viewed in a positive light and welcomed accordingly.

The Nation cannot continue spending frivolously. Last year alone our total debt went up by 70% and the continued issuance of debt certificates is

unsustainable, because the increasing cost of servicing debt is another notable concern.

In his Budget Statement last week, the Minister indicated that growth for the 2015/16 FY would be 4.5%, growth for the 2016/17 FY is now expected to be 4.3%. However, during the 2015/16 Budget Statement, it was said that growth for the 2016/17 FY would be 5% and as recently as November in the Mid-term Review it was said that growth for the 2016/17 FY would be 5.5%. In the space of under 5 months we have gone from 5.5% to 4.3%. Hon. Minister these and the actual economic growth patterns are telling a story: our actual growth for this and the next financial year is overestimated.

In addition hereto, SACU revenue dropped well below expected figures in the 2015/16 Financial Year, so much so that Namibia has to repay close to N\$ 3 Billion into the SACU Pool this financial year. Furthermore, on the eve of our budget, it was announced by the South African Finance Minister that South Africa would reduce its SACU contribution by 20%. Given that SACU Revenue comprises a third of our total revenue, such a reduction will have a devastating effect on us and it will prove difficult – if not impossible - to fill this void with other revenue sources.

Hon. Minister, the growth slowdown will be sharper than the Government is projecting. It is therefore prudent to inform the country to brace itself for real financial turbulences. I foresee further expenditure cuts and that our people are likely to be hit hard by the state of our economy.

I refer in this regard to two remarks made by the Hon. Minister:

1. the biggest employer, the public service, will not increase its size;

2. the public service will only raise salaries up to par with the inflation rate, if at all.

Hard times are coming for ordinary Namibians. Unemployed youth will find it harder to get a job, now more than ever. The grandmother who is receiving a living allowance from her daughter should expect less. Those of us who support and sustain extended family members will find it hard to alleviate the need of the poor.

Hon. Speaker, Hon. Members, it is also not quite correct that government should carry the burden of feeding the Nation alone. The Private sector must weigh in and play its part.

Indeed, at the dawn of the Global Financial Crisis 2008 / 2009, Namibia pursued an expansionary economic policy, resulting in high economic growth.

TIPEEG (Targeted Intervention Programme for Employment and Economic Growth), as a tool of the expansionary economic policy presented an opportunity to boost the economy's production capacity. TIPEEG and other policies and projects, such as Mass Housing, failed to provide the boost required for the expansion of the Private and SME Sector, that could sustain the economy when the Government is unable to spend at the rate previously seen. TIPEEG only succeeded in creating overnight millionaires and tenderpreneurs. Nepotism, corruption and the self-enrichment of the well-connected elite denied Namibia an opportunity to create a self-sustaining permanent industry that would continue to create job opportunities after the initial capital injection from Government. Therefore, whilst the expansionary economic policy shielded Namibia

from the blow of the global financial crisis; poverty, economic inequality and unemployment remained and still remains the order of the day.

Government did not take certain critical decisions required, nor did it prioritize investment in certain sectors and industries that today would have been in a better position to help Namibia to stabilize the economic slowdown and, thereby reducing the severe effect of the new consolidatory fiscal policy on the ordinary Namibian.

Hon. Speaker, Hon. Members, our state coffers and the Namibian people are now paying for the sins and greed of a few.

VALUE FOR MONEY

Over the years we have seen continued expenditure on many non-productive expenditure items, however in positive news, the Minister appears to have admitted that continuing to waste public resources on non-productive and unnecessary consumptive expenses is no longer sustainable.

As a result, one would have expected more cuts to all low-impact expenditure that would have minimal positive effect on our economic growth. Highly consumptive but non-productive expenditure should have received more attention. More remains to be done to alleviate the pressure exerted on the Government coffers by the bloated public service. This will go a distance in reducing the Government's operational budget from its current level of 86.2% of the total budget. As earlier indicated, strengthening the Private Sector and SMEs is an answer in this regard.

With the right priorities we could use the restricted funds that we have to run a productive budget that will have maximum positive impact to our economic growth.

Further, it is also a cause for concern that the State, given the express concerns about the size of public service expenditure, did not reconsider the continued burdening of the state coffers via: the retention of the so-called A-Team; and the continued duplicity of a plethora of Deputy Ministers and Permanent Secretaries in certain line ministries. The resources that we are using to retain these positions could be better served for the creation of jobs. *The interest of the Namibian people should never be substituted for political expediency.*

Government cannot in good conscience say that we are seeking to reduce public service expenditure, whilst at the same time, under the helm of this very administration, we have seen not only unnecessary duplicity of positions in certain ministries. Further, we also see this in the Government's creation of what have essentially become purely administrative ministries, in the Ministries of SOEs and the Ministry of Poverty Eradication, both of which deal with cross-cutting issues. Of particular concern, is that the Ministry of Poverty Eradication which was sold as the beacon of hope for the poor has effectively become no more than a workshop to brainstorm ideas. When does implementation begin?

If, as Government, you dedicate a large amount of money over an extended period towards a certain activity or Ministry, this money should be seen not only in the transformation of the lives of the recipients of the funds, but also in the service that they render to the public. Then you know, that there is real value for money.

The Ministry of Defence is a Ministry that has consistently received priority in budgetary allocations and is comfortably within the Top 5 as far as budgetary allocations since independence. Over the last two financial years, the Ministry of Defence has been allocated the second highest budget portion of all Ministries, with only Education topping it. This Financial Year, Defence is once again a priority area ranking 3rd amongst all Ministries with an allocation of N\$6.6 Billion and over N\$ 20 Billion over the MTEF.

Hon. Members, I am not saying we must disband or contract our military or armed forces. What I am however, saying is that these sort of investments should be seen to create a leaner and meaner military force, capacitated and equipped to reflect a 21st Century Force, because that is what Namibia needs. This sort of investment must be seen to create a dual-functional army.

Namibia periodically continues to experience droughts and floods, and yet we do not make use of our service men and women to offer humanitarian services to the populace during such periods. A readily available dual-function army to serve in all emergencies would have saved the Namibian people and Government huge amounts of money.

Hon. Speaker, Hon. Members, a new ~~law~~ of a dual-functional armed forces is immediately required, if we are to derive value for money from our continually high allocations to the Ministry of Defence. Namibia is not in the financial position where we can afford to carry costs for purely insurance purposes alone. It is for this reason, that I propose that we move

towards an army with special divisions which deal and are properly trained to be progressively active during peace times.

We have a shortage of teachers and emergency services staff nationwide, these are some areas where specially-trained and skilled members of the army can be utilized so that the money we continue to pump into the Armed Forces bears real fruit.

Accordingly, I would hope that the next budgetary provisions would reflect a move towards a multi-functional army.

PRIORITY AREAS BEING IGNORED

The emphasis placed on Defence is not the only Achilles heel towards a more responsive impactful budget that will address our developmental needs and directly address the needs of our people. The Agricultural Sector and the Energy Sector are not getting the required attention.

The Budget of the Ministry of Mines & Energy over the MTEF Period has been slashed from the estimated N\$ 5.9 Billion last year, to just N\$ 1 Billion over the MTEF Period. Additionally, the Ministry's allocation for the 2016/17 Financial Year has been reduced to a mere N\$ 330 Million. One can only deduce that the Kudu Gas-To-Power Project is now officially off the table. Whether this is due to the scuffle between various government heavy weights, as they jostle for power amid competing and conflicting interests is not at issue today. What remains relevant, however, is that Namibia needs to find an avenue to generate its own power. The heavy dependence on South Africa as far as energy provision goes is unhealthy and does not bode well for our industrialization trajectory.

I was hoping that the Government was considering feeding our national grid with solar energy. Power supply is a growing concern in SADC. Countries like South Africa from whom we buy the bulk of our power are already experiencing power shortages and are already under nation-wide load shedding. It is thus only a matter of time before they reach the stage where they simply do not have enough power to sell to us. It is time we invested in renewable energy as a country and seek to harness alternative energy forms that will help us cope with the impending energy crisis. **It is therefore imperative that individual interests and greed do not rob Namibians of an opportunity of surety of electricity, and moreover, cheaper electricity.** The lack of political will to link sources of solar energy to our national grid will cost this Nation dearly.

It is common cause that the production of energy and food security are both very vital for development and poverty eradication.

The Agricultural Sector directly contributes to the daily sustenance of around 45% of our population, and indirectly to close to 70% of our population. Given those numbers, and especially given the anti-poverty drive and its close relation with food security, and in line with the DTA 2014 Manifesto, the Government must be applauded for allocating the 2nd highest portion of the Development Budget towards Agriculture.

Many Namibians rely on communal farming. Therefore, any attempt to alleviate poverty without accompanying fiscal policy prioritization of development initiatives aimed at enhancing efficiency, productivity and sustainability in the Agricultural Sector, will inevitably fail.

We have a social responsibility to empower our communal farmers and ensure that real value for money, increased profitability, access to more diverse markets is attained for communal farmers both sides of the Red Line.

The absence of a buffer zone between Namibia and Angola remains a concern, as it continues to deprive our GDP of huge revenues, and unconstitutionally prevents many Namibians from fully part-taking in socio-economic activities in Namibia at par with those south of the Red Line. I would hope for more direct financial investment and political will in expediting the creation of a Buffer Zone between Namibia and Angola.

INVESTMENT IN SOCIAL SECTOR

Hon. Speaker, Hon. Members, as has been the case for the last few years now, the Social Sector once again retains the biggest chunk of Government expenditure. I am fully in agreement with Government prioritizing social responsibilities. What has been lacking however for the past 25 years, is the yielding of quality service from the investment. Long queues, medicine shortages, the unavailability of doctors, the lack of professionalism and etiquette from staff and the low levels of hygiene at our medical facilities continue to jeopardize the quality of public health service.

Moreover, one would hope that the highest allocation to the Education Sector is accompanied by a review and overhaul of our school curriculums. Nations from which we copied, what was then best practices, are doing things differently now. The Namibian Education System must therefore follow suit and put emphasis on producing young people who

have skills and practical knowledge of what they learn in school. Information Technology has to be one of the major investment areas in our schools and tertiary institutions.

It is important that we do not simply continue to “throw money at the problem”, but that investment in the Social Sector is accompanied by the appropriate policy amendments. Although the Hon. Minister indicated that it is important to tackle the institutional culture within the public service, we are yet to see the formation and implementation of policy reforms that will move our public service towards the best that it can be.

CONCLUSION

In conclusion, *Hon. Members*, there’s an old OvaHerrero saying which says: “Ondunge imue vazewanajo, yarwe isa kumbwae yoe”. Loosely translated this says: “One idea you must have, and get the other you’re your peer.”

This means always heed to the concerns and ideas of your peers or those in a position to advice you.

I see and I applaud the Hon. Minister for expressing the intention to create a Youth Venture Capital Fund. Further, it is also commendable that secondary and primary education are free. The DTA of Namibia championed these issues during the 2014 elections campaigns. Thank you for taking our advice.

Although somewhat limited by the projected inflation hikes, we are partially satisfied with the increase in the Old Age Pension Grant from

N\$ 1,000.00 to N\$ 1,100.00 per month. But we none the less urge the Government to increase same to N\$ 1,500.00, so as to limit the effect of the foreseen price increases of daily commodities on our pensioners.

I Thank You.