

BUDGET SPEECH 2013
by Anton von Wietersheim

Honourable Speaker,

I must admit that the present budget surprised me in a number of ways – some positive, some negative, some outright despicable!

I was positively surprised by the assessment of the country's fiscal strength and resilience and the subsequent decision to pursue moderate expansion, while I do hope that the worrisome debt factor is kept in check and every effort is undertaken to stabilize the increasing debt development in future at sustainable levels and eventually reverse that development.

The decision to lower various taxes is a surprising and, to my mind, also a bold one, which I regard as positive due to the optimism implied with regard to our economy and the private sector, who is now called upon to respond accordingly.

Unfortunately I can not share as wholeheartedly the Hon Minister's belief in *optimizing development outcomes*, as many of our pressing socio-economic issues are not adequately taken care of; of course, choices have to be made, and it is with a number of these choices which I am disappointed with and where the budget in its current form surprises me either negatively or offers choices I find outright despicable!

In this regard I wish to repeat my quotation from my speech to last year's budget, quoting Albert Einstein, who said:

" Insanity is – doing the same thing over and over again, and expecting a different result"!

We are not only pumping valuable, scarce resources into 'black holes' – or 'white elephants' – or 'bottomless pits' year after year, we are even increasing the wasted amount manifold, hoping for different results, without giving any consideration to other factors than capital needs – such as – first and foremost, I would say, management deficiencies! Thereby we are depriving other sectors – especially those neglected socio-economic crisis areas – of sufficient funding to turn around the decline! We are preferring, for so-called patriotic or prestigious or – in the case of the media-subsidies – propaganda purposes to dump precious resources, at the cost of e.g. massive investment into affordable housing, into vocational training, into labour-intensive infrastructure development, in order to alleviate the critical housing shortage, the critical lack of skills amongst the youth and the unemployed, and the critical unemployment

situation in general. Apart from these examples, consideration should be given to an at least slightly better old-age pension than is presently proposed.

Yes, those amounts, titled *Subsidies and other current Transfers* in the Budget, adding up to Billions – not millions –, where the present government prefers to make their choice on the basis of prestige or propaganda considerations, instead of socio-economic considerations in favour of non-performing SOEs, those amounts could make an effective impact on skills training, housing development and employment creation. That is where the Hon Ministers 'battle cry' of *optimizing development outcomes* sounds hollow and inappropriate to me.

I am going to address the concerned rotten SOE's and those wasted Billions during the debate on the individual votes.

As so many times and as many years before, the Hon Minister has once again – like her predecessors – made promises about this situation:

She feels that "SOEs are NOT out of control" – well,

She states that "The SOE Governance Council has made *rapid strides* ... in developing common policy guidelines for operations at these SOEs" and that "this will *eventually* lead to an improvement in SOE performance".

Honourable Speaker,

three years ago the Hon Minister stated in her Budget Speech, and I quote: "The financial performance varies among SOEs, with a number of them still making losses and depending on budget transfers. Progress is being made to establish mechanisms for enforcing accountability by SOEs, and performance agreements for SOEs will be phased in, starting this year" – 2010!! "This will enable government to hold SOEs' management accountable for their performance".

Recently I coined the phrase in one of my speeches for our country being 'the Land of Non-Implementation'... You can have as many enablers or laws or regulations as you are able to devise, but without the political will to implement them and to enforce them, all your good intentions remain empty talk. Three years have passed since the Hon Minister reassured this assembly about accountability and performance of the ailing SOEs – now the subsidization has skyrocketed manifold since then, instead of decreasing by any margin, and as far as performance is concerned, we are continuing to appease each other and keep the dead horses running the show, gobbling up – literally – billions per year by now!

Honourable Speaker,

a worrisome issue the Hon Minister touched on during her Budget Presentation, is the budget utilization rate. She repeats her warning from last year that "under-utilization of budgetary allocations, especially those of a development nature should be seen from the perspective of lost development opportunities, the cost of borrowing and how they could have found alternative uses in the economy". I can only agree wholeheartedly with that observation, the question, however remains, what is the Hon Minister and other concerned powers going to do about that? Especially in the light of the rather worrying rate of under-expenditure in the development budget of a number of votes. Clearly it has also drawn the attention of the NPC and some reasons have been identified for under-expenditure, such as "Poor Planning, Poor Budgeting, Delays during tendering, contracting and implementation, and Late disbursement of Funds". Clearly these are not unsurmountable obstacles and mainly operator-induced – remains the questions, whether this is seriously and adequately going to be addressed?!

Again, I shall address individual ministries or departments during the appropriate debate on their votes.

Honourable Speaker,

this leads to another worrisome Non-Performance, the incessant failure by government to come up with a new State Finance Bill, which also features in a number of previous budget statements, but has for some or other reason not seen the light of day yet.

If introduced with the serious intention of fighting corruption, wasteful expenditure and mismanagement of public funds, it may force accounting officers to refrain from certain actions like unauthorised expenditure, opening of unauthorised bank accounts or ignoring treasury instructions. This will only be achieved, of course, if appropriate penalty clauses are included so that accounting officers that do not adhere to the rules can be punished for their wrong-doing.

It was shocking to be informed through the media recently, that an increasing number of tenders have been exempted from the normal procurement process laid down by government over a number of years. So much so that the national Tender Board, over a time span of four years, exempted tenders worth N\$ 12.3 Billion, an amount which in fact exceeded the amount for tenders awarded through the normal, prescribed procurement process. I would like to know whether an investigation has been initiated into allegations that various ministries request exemptions under the guise of urgency or security concerns or to empower small or medium businesses, while the real reason is to benefit companies owned by people close to the officials involved in the procurement process?

In conclusion, Hon Speaker, I would like to draw the attention of the Hon Members of this Assembly to two major projects which promised massive productive investment as well as massive employment during the construction phase as well as in the long term, and which could have been initiated already, if it had not been, at least in one case, for obvious and probably well-founded suspicion – or maybe even more than suspicion – of massive corruption efforts. Once more we must bemoan the lost opportunity, the delay in valuable investment with long-term benefits, and the delay in employment creation due to the selfish nature of some of our compatriots, who do not deserve to be called that! I am referring to the Neckartal-Dam project and to the expansion to the port of Walfish-Bay, both of which have sadly been subjected to an uncalled-for delay in implementation.

I do hope that an investigation will identify possible culprits and once and for all remove them from circulation....probably a pipe-dream!!

Thank you, Hon Speaker, for hearing me out, knowing very well that my contribution will make no difference to the printed document on the table.... but "*constant dripping wears away the stone*"!

Anton von Wietersheim.