

Anton von Wietersheim

Honourable Speaker,

I shall start my comment on this year's budget presentation, by expressing my surprise about the Hon Finance Minister's ability to convey – year after year – a rather positive picture of the serious mess we are in!

I shall qualify this blunt statement, Hon Speaker, by taking a closer look at some of the Hon Ministers introductory statements.

She quotes the previous budget's slogan "Growing the Economy, Optimizing Development Outcomes" and states that (Q) *'she is glad to report that we have made good progress to achieve the outcomes anticipated under the budget'* (EQ).

I for one can certainly not agree with that euphoric assessment!

And the Hon Minister continues a little later by saying (Q) *'in reality, we know too well that Namibia is still grappling with glaring social and structural economic challenges'* (EQ).

Yes, Hon Speaker, this takes us nearer to the bottom of the matter, and the Hon Minister then identifies these abovementioned challenges quite succinctly; and, they are not at all new to us, as they seem to be continuously defying the effects of the impressive slogans and clever policies – year after year!

In looking at these challenges identified by the Hon Minister, I should expect that this year's budget will comprehensively and forcefully address these challenges in an unprecedented manner, in order to finally start overcoming them in an effective and sustainable way, and not only superficially slap a dent into them here and there.

The challenge of a '*Jobless Growth Trajectory*' seems to be the most serious one in economic terms, with just as serious repercussions in social terms, and most of the subsequent challenges seem to be contributory elements to it. We were told in 2011 that TIPEEG (The Targeted Intervention Program for Employment and Economic Growth) was going to kickstart an increase in employment during a three-year period, while Government would be rolling out strategic interventions for longer term sustainable job creation. At the time it was stated that Government, apart from other considerations, also (Q) '*recognized the key role, which the private sector has to play in the creation of sustainable employment opportunities, and that Government would implement the necessary reforms aimed at enabling the private sector to unleash its full job potential*' (EQ).

My question is: Has this been implemented in any significant way? I am afraid not, and I would expect this year's budget to significantly provide for that.

But let us have a look at the other, subsequent challenges, Hon Speaker, which have a direct bearing on the unemployment scourge.

A '*substantial skills deficit*' as the Hon Minister calls it, has been haunting this country for decades (remember, we are in the third decade of independence.....) and I would expect the budget to provide for effective and forceful intervention in a sustainable way by a massive shift of funds to – or within – the Education portfolio to Vocational Training and Skills Development. As far as the challenge of a '*narrow economic base*' is concerned, this calls for the forceful promotion of industrial development, particularly in the manufacturing sector.

Both of the lastmentioned challenges go hand in hand, as it is mandatory for the relevant government agencies to closely cooperate with the private sector in determining, which skills are needed and which vocational training is required in order to overcome the lack ~~and~~ or mismatch between the supply of and the demand for skilled labour.

This is also identified as one of the basic enablers in NDP4 (National Development Plan 4), without which we can hardly expect to achieve an enabling environment for sustainable growth and employment creation. It is furthermore recognized in NDP4 that the constraint on the importation of

critical skills needed to enhance our industries' performance, must to be removed, at least for the time required to train our own citizens.

With regard to the challenge of *Namibia's low HDI (Human Development Index)* which calls for rapid progress in the areas of education and health, it remains to a large extent a question of implementation of policies and programs; major chunks of the budget have all along been made available to these two portfolios, both of which continue to show consistently weak and unsatisfactory results and outcomes!

Clearly there exists a lack of proper execution and accountability, as well as a lack of monitoring and proper evaluation of results. The NDP4 identifies education as the single most important aspect of human development, and a critical success factor for economic advancement and increased equality. It identifies some key concerns regarding education at present, including:

- access to quality early childhood development centres;
- quality of outcomes at various levels;
- vocational training opportunities.

As far as the health sector and its efficiency and service to our population is concerned, we only need to look as far as the Report by the Presidential Commission of Enquiry of 2013 and ask ourselves, why His Excellency, the President, did not immediately announce any drastic consequences, starting with replacing his Minister of Health, with whom the buck stops.

The Hon Minister of Finance concludes this section by saying (Q) "*we must build a new common purpose so that we can use all of our talents, skills and resources to confront our economic and social challenges. So, we have to do things differently!*" (EQ).

I wish the Hon Minister would take her own words to heart by actually starting to do things differently; for example by allowing this assembly a genuine input into the preparation and finalization of the budget, and not only having it rubberstamped in this august house. There are also *talents, skills and resources* in this assembly, which the Hon Minister might care to make use of

in *confronting our economic and social challenges*; instead of having a Cabinet approved budget being pushed through, on account of the majority of the ruling party, and not on account of the quality of the perceived outcome.

The Hon Minister listed a number of priorities, which I do not dispute as far as macro-economical and fiscal matters are concerned, while I believe that the allocation of our resources should be directly corresponding to and based on the above-mentioned ***"glaring social and structural economic challenges"***, in order to seriously and effectively start addressing them.

Hon Speaker, the TIPEEG program is reportedly in its third year of implementation, and the question arises *"What now?"*. Has the government managed to put up longer term strategies to take over from where TIPEEG will be terminated? After all, we are informed that only an estimated 15,829 permanent jobs have been created, with a further 67,485 temporary jobs; what is going to happen to such temporary employees? Is there any provision for their continued employment in this year's budget? And, while the desired benchmark of 104,000 job opportunities has clearly not been reached, the question remains whether the massive allocation of N\$ 14,5 billion has had any real, measurable long term impact?

Closely linked to this is the question of the involvement of the private sector, whose key role was recognized repeatedly in TIPEEG as well as NDP4 documentation.

I would expect a clear signal in this year's budget, indicating intensified efforts at promoting investments by the private sector, particularly in manufacturing and other secondary industry, and thus a substantially increased allocation to the Ministry of Trade and Industry, in particular for industrialization and investment.

The major priority, to my mind, remains Human Development. To that effect we identified the need for quality early childhood development centres, and for a massive increase in vocational training opportunities, as well as quality outcomes at various levels of education and training. In addition, the HDI is

determined by the state of health of a nation, as a healthy population is one of the core foundations for economic growth and development.

The above requirements are covered by the Ministry of Education and the Ministry of Health and Social Services and their respective importance should be reflected by the Ministries' respective allocations.

Now turning to the actual budget, Hon Speaker, the figures are impressive – and in a way worrisome. The total expenditure outlay of N\$ 60,28 billion represents a substantial increase of 26.7% over the previous year's expenditure. Worrisome is the fact that operational expenditure is increasing by 29.1% while the development budget only increases by 17.6%; even taking the transfers to SOEs (State Owned Enterprises) into consideration, capital expenditure is not in line with the level of investment needed to achieve the overall goals of NDP4.

With an estimated revenue of N\$ 52,47 billion the resultant budget deficit is projected at N\$ 7,81 billion (according to my calculations), pushing total debt up to N\$ 38,48 billion, or a worrisome 27.2% of GDP; looking at it from a different perspective, this represents 73% of the present revenue estimate. The debt situation is to be regarded as critical and should be lowered to below 25% of GDP as a matter of urgency!

However, Hon Speaker, I would consider going along with taking a calculated risk and accepting a massive budget increase, if that is intended to decisively and effectively address the longstanding serious challenges according to their socio-economic priority. Such brave-~~brave~~ step might just provide the initial push to get out of the hitherto insurmountable stagnation<sup>tion</sup> in development, and elevate the country to the next higher level of socio-economic development. The resultant gradual and sustainable increase in economic activity and decreasing unemployment rate would in itself lead to improved growth and ensuing fiscal relief.

Comparing the overall allocations to portfolios, unfortunately, results in a very different reflection of priorities than we have identified above.

When taking a closer look at the various Ministries/Votes the usual discrepancies between priority issues and actual allocations are becoming even more evident.

Without going into the finer details of the respective votes – which will be appropriate during the committee stage – I wish to point out the most glaring inconsistencies between socio-economic necessities – which should be our priorities – and the actual allocations.

The overall budget increase amounts to 26,7%. Focusing on the identified **priority portfolios** of Education, Health and Social Services, and Trade and Industry, we actually find them in the lower segment of budgetary increases, with Trade and Industry's 33% increase slightly above the average, but with Education only receiving 21% and Health and Social Services a meagre 15%!

Apart from the priorities as identified above by the Hon Minister of Finance, the NDP4 provides for four **economic sectors, which are supposed to enjoy priority status**. These are *Manufacturing*, which we already covered under Trade and Industry above, the *Logistics Infrastructure* sector, the *Tourism* sector and the *Agricultural* sector. The three Portfolios covering the latter three priority sectors, are the Votes of Transport, Environment and Tourism, and Agriculture, Water and Forestry.

Focusing on their overall allocations, we discover that these votes are receiving even lower increases, in fact far below the average of 26,7%, with Transport at 11%, Environment and Tourism at 10%, and Agriculture, Water and Forestry at 11%!

Allow me to repeat, Hon Speaker, the above allocations are intended for this Nations absolute priority <sup>challenges</sup> concerns, partly identified by the Hon Minister of Finance in her budget presentation, and all of them contained in Namibias NDP4.

In comparison, it seems to be questionable to allocate following substantial increases to votes of little consequence as far as above national priorities are concerned, in particular, if these allocations are mainly intended for the

erection of prestigious buildings, or the acquisition of extravagant military hardware.

Leading this category is the Office of the Prime Minister with a 79% increase and some ambitious building plans, followed by the Defence Ministry with an unprecedented increase of 66%, which amounts to more than double the average! As member of the Parliamentary Standing Committee on Foreign Affairs, Defence and Security, I do support an adjustment for accommodation and general conditions of service of military personnel after having had first-hand evidence of the plight of some of the members of the force, but under the present security situation in our region I cannot agree with an upgrading of military hardware to the extent that the Nation's socio-economic fibre is disadvantaged as a result. It is not acceptable that our pensioners have to forego an increase, and a magnitude of other social needs remain unattended, while billions are going to be spent to prepare for a non-existing, imaginary threat. These funds will be lost to the economy and prove obsolete in a few years, due to advancing technology, while in the hands of our social grant recipients, or by applying them to social development projects, poverty levels will be elevated and the economy stimulated at the same time.

The allocation to the President's Office is increased by 49%, which includes construction of the so-called Regional State Houses, while the National Assembly receives 44% more, mainly due to the glamorous intention of erecting a new Parliament Building.

Allow me, Hon Speaker, to remind this assembly, that during the budget debate two years ago, I already cautioned against increasing the debt burden and objected for the first time against ~~both~~ of the above programs, and I quote;

(Q) "To my mind, ..... possible savings could be found in the present budget without increasing the worrisome debt burden any further, in order to prioritise social and economic shortcomings in particular.

These include the state house extensions in the regions requiring a total of N\$ 1,2 billion over the MTEF, as well as the indicated construction of a new Parliament! Do we seriously consider – under the prevalent socio-economic circumstances – to replace a perfectly functioning, and ..... recently completely renovated and overhauled building with a new one?" (EQ)

Hon Speaker, the motto of our NDP4 reads "Changing gear towards achieving Vision 2030", the Hon Minister of Finance is calling for "doing things differently", I am asking, Hon Speaker, "when are we actually going to change gears, in order to start doing things differently?"

Only then will we have any prospect of hoping to achieve ***"A prosperous and industrialized Namibia, developed by her Human Resources, enjoying peace, harmony and political stability"*** (NAMIBIA VISION 2030).

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