



THE RALLY FOR DEMOCRACY AND PROGRESS (RDP)



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CONTRIBUTION BY HONOURABLE MIKE RATOVENI KAVEKOTORA, MEMBER OF PARLIAMENT, ON THE DEBATE OF THE APPROPRIATION BILL 2019 / 2020

Tuesday, the 9th April 2019

Honourable Speaker,
Honourable Members,

Allow me once more to congratulate the Hon. Minister of Finance for tabling the Appropriation Bill and the National Budget in this August House. The Hon. Minister of Finance indicated that this budget set out the developmental outcome we aspire to achieve this year and beyond, and securing a new pattern of sustainable economic growth that is broadly shared by all Namibian.

Deducing from this strong statement, one expect outcomes that would lead this country to prosperity and that will not only be felt by a few but the wealth of this country from now on will be shared equally by all Namibian. It goes without saying that for wealth to be shared, wealth need to be created.

Hon. Speaker I am on record and has been consistently saying that poverty in Namibia is man-made. Poverty is not due to a lack of natural resources. Unemployment in this country is not due a lack of employment opportunities. Lack of sustainable economic growth is not exclusively as a result of external economic factors. I attribute some of these negative factors to poor planning by government, not understanding the implication of these plans, focusing on wrong priorities, focusing more attention on input and not conducting a proper impact assessment on government policies and implementation strategies. I would even dare to say that this country suffered economically because of government's consistent reliance on political decisions. A lot of resources have gone to waste and continue to be wasted. The question that I want to pose is: why is government inclined to favor political pronouncement over economic realities? What type of economic system is the SWAPO government propagating? And who is creating wealth under this government?

Hon. Speaker

Hon. Members

For the past three years our economy faced many challenges and endured its most precarious phase, yet our government failed to mitigate wastages and the outflow of funds. These administrative hiccups led to this country experiencing higher than expected liquidity challenges.

Hon. Speaker

Let me now quantify some of my observations with regards to this budget. The development budget allocation was increased by 42% from N\$ 5, 5 billion to N\$ 7.9 billion. On face value this is indeed a positive move that might contribute to the growth in our economy. I am using the word “might” deliberately because not every allocation to the development budget ends up in Namibia. I can assure you that under the current administrative flaws 75% if not more of the N\$ 7.9 billion development budget will end up in China, the government preferred tenderers. This applies to all development project or construction project given to foreign entities.

- The construction of the State House resulted in the outflow of money to North Korea.
- The construction of the army facilities by North Korea again resulted in an outflow of money to North Korea
- The money spend on Hero’s Acre went to North Korea
- The N\$ 4 billion spend on the deepening of the Harbor at Walvis Bay resulted in an outflow of money to China
- All the construction tenders awarded to Chinese and North Korean companies resulted in an outflow of money that created jobs in those respective countries. Effectively Namibia is a net exporter of jobs to other countries.

Hon. Speaker

The construction industry was well functioning and well developed before China, North Korea and many other foreign counties came on board. The Namibian construction industry was dominated by the Baster community of Rehoboth and they did an excellent jobs. The houses they constructed many decades ago still stand. In addition they kept the money in Namibia and contributed to economic growth. Because money was circulating in the economy and stimulated economic growth. Hon. Minister of finance, if one quantify these financial outflows coupled with other illicit flow, one would understand and appreciated that our economic dilemma cannot be attributed entirely to external factors. The government must

start by putting a stop on politically motivated projects and run this country and economy on solid economic principles. Stop initialing projects to win election and rather focus on long-term economic policies that will stimulate economic growth.

Hon. Speaker,

Allow me to amplify my argument with developments in recent years in and around Walvisbay. Namport is positioned by government as a logistics hup, commonly termed as the SADC gateway. The port of Walvisbay was recently deepened, a new container terminal will soon be functional and the fuel storage facility is about to be operational. The total cost of all these economic activities is around N\$ 10 billion. The assumption is that with all these huge investments the port of Walvisbay will become more competitive when compared to other transport routes in the SADC region. The reality, however differ drastically from that assumption. According to Namport Annual Report, there is a declining trend in vessels visits to Namibia ports. In 2002 vessel visits peaked at an annual total of 3559 vessels while in 2017 only 2079 vessels visited both harbors. The amounts to a decline of 1480 vessels per annum. I am sure the government will blindly blame this decline on global economic recession and all that, ignoring the material increase in the cost of doing business at the port. Again, according to Namport containers landed and shipped tariffs in 2002 were N\$300.00 for a 6m container and 2690 for a 1.2m container. In 2017 those figures jumped to N\$ 5454.00 for a 6m container and to N\$ 7269.00 for a 12m container respectively.

Hon. Speaker

Hon. Member

According to Namport, total cargo handled by Namport peaked at 6, 5 million tons in 2012 and dropped to 5, 6 million tons in 2017. The forecast was that by 2017 the cargo volume would double to 13 million tones. Why is it that with all the capital injections targets were not met and volumes were dropping at an accelerated rate? This is a typical demonstration on how scare resources are wasted in this country. This is the outcome when the government fails to plan properly and fail to conduct a situational analysis. In this instance Namibia failed to assess China's real interest. The government failed to realized that while China is deepening the port of Walvisbay, China is pumping in billions of US dollars in the Lobito corridor. The government failed to realize that China's economic interest is to access the mineral rich Katanga province in the DRC via the Lobito corridor.

Hon. Speaker

The increase in the development budget will be meaningless unless benefits to accrue to Namibians. Current administrative rules and tender policies are effectively excluding the majority of Namibians for instance, a down payment of N\$ 200 million for a N\$ 1 billion tender effectively disqualify many Namibian businesses.

Hon. Speaker

Let me address to the public wage bill from a different angle. The government has been raising concerns about the high public wage bill but very little action has been taken. Hon. Minister in your budget speech you mentioned that the private sector is the envisaged engine of growth and job creation and is called upon to play an elevated role in the economy. I do not know whether the entire cabinet is of a similar view. My views on the economy and the role of government are very clear. The government is to create a conducive environment through legislative provisions, and the private sector is to create wealth and grow the economy.

Total labor force stand at 1.090,153 and according to the Namibian labor force survey of 2018, the public sector account for 26, 1% of employment. It therefore means that 26% of the employed labor force is merely consuming wealth that they don't create. That is the worrying part of the public wage bill that stands at 51% of non-interest operating expenditure or a whopping 15.5% of GDP. There are only two ways in solving this problem. The government must stimulate economic growth through wealth creation to reduce the wage bill as a percentage of GDP or conduct a human resources audit and cut jobs until you reach optimal employment levels. The government must start incorporating terms such as productivity, effectiveness, efficiency and value for money in conducting the affairs of state and stop accommodate comrades.

Hon. Speaker

Hon. Member

Poverty Eradication has never been and will never be a function of social safety nets. Poverty Eradication is a function of wealth creating and the expansion of the economic cake. It really surprises me that the government claim to have reduced poverty in a high unemployment regime with a high population growth without a significant increase in economic growth. These statistics are questionable.

In conclusion allow me to make some specific recommendations

- Create benchmark ratio of budgetary allocation per sector as a percentage of GDP and present it to parliament for endorsement.
- Ensure that at least 70% of the development budget remain in the country to stimulate economic growth, wealth creation reduce the decentralize and liquidity risk
- Identify each regions comparative and competitive advantages and diversity economic activities based on regional competitiveness.
- Loans denominated in foreign currencies exposing the country to currency fluctuations must be done away with.

With this few remarks I qualify my support of the appropriation bill.

Thank you!