



THE RALLY FOR DEMOCRACY AND PROGRESS (RDP)



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OFFICE OF THE PRESIDENT

25th February 2014

Honourable Speaker

Honourable Members

First of all I would like to congratulate the Hon Minister of Finance on the presentation of a comprehensive budget presentation. Indeed, it is job well done

Secondly, my intervention this afternoon it essentially to offer the RDP's preliminary response to the budget as presented. We will make a detailed and robust rebuttal in the course of the general debate on the budget.

Honourable Speaker

The Honourable Minister of Finance highlighted the challenges which the budget ought to address, and which in fact the nation faces. Five challenges were highlighted, namely:

- 1) a jobless growth trajectory, with a lopsided distribution of income and resource ownership,
- 2) Substantial skills deficit and a narrow economic base with primary commodities still serving as the engine of export-led growth.
- 3) low Human Development Index (HDI), which calls for rapid progress in the areas of education and health,
- 4) susceptibility to climate change and
- 5) moral decay which manifests itself in, among others, increasing violence against vulnerable members of the society,

Whilst there is no agreement with the enumeration of the challenges, most of these challenges ought to have been address some years ago, except one, which concerns climate change. This is clearly, and manifestly so an indictment to the policies of Government.

Honourable Speaker

Honourable Members

The Minister of Finance stated, and I quote:

“ ...we must do things differently ... and

Act swiftly and decisively to strengthen the institutions through which public services are delivered, and to transform the structure of our economy, so that all Namibians can share in the opportunities that our country offers.

Yet, a detail look at the actual practice of Government, the evidence points in the other direction. This issue, we will address comprehensive in the general debate.

On the question of what the budget offers, the Honourable Minister listed five issues, namely:

- 1) to continue entrenching macroeconomic stability as a necessary condition to bolster economic growth and sustainability of development outcomes;
- 2) to expand the economy to achieve high economic growth rates with jobs, by investing in infrastructure;
- 3) to foster human resources development and skills formation by maintaining priority attention to education, health and the provision of social amenities and social safety nets in order to raise the standard of living for our people. And
- 4) to curb waste and bureaucracy which is costing the Government and hampering the initiative of those who wish to contribute to economic growth and job creation.

Honourable Speaker

Again, the Honourable Minister's view is myopic in at least two respects. Firstly, in terms of human resources development and skills formation, any observant citizen can see Namibian youth with qualifications roaming the streets of our city and towns up and down the country.

Is this something, we as citizens can be proud of? Is this not an indictment of Government?

Secondly, the Honourable Minister is suggesting that the one of the objectives of the budget is to curb waste and bureaucracy.

Wholesome evidence points to the contrary.

- 1) Botched tender awards, which are settled in the courts of law
- 2) Public officials sitting on the Tender Board awarding tenders to the friends for 'kick backs' and
- 3) Public spending bleeding the taxpayer.

The third major area of concern to us is the continued bailout of State Owned Enterprises which are not performing. In this budget, we can observe the same pattern of consistent bailouts.

- 1) Air Namibia (Nearly N\$500 million) and
- 2) NBC (Over N\$ 300 million)

It is painful to see taxpayer's money being extended to some Government institutions, when these institutions had not meet the obligations of the State Finance Act to provide the Office of the Auditor General with audited financial statements, as required.

Honourable Speaker

Honourable Members

We will re-visit some of these aspects in some detail in our comprehensive presentation.

With regard to the numbers, we have a particular concern on the budget deficit and debt financing. Foreign direct investment: N\$ 6 billion (2013) and N\$ 1.5 billion (2012/13).

This might appear impressive however World Bank and IMF expressed concerns about Namibia foreign reserves position for healthy import cover. Indeed, there appears to be no plan in mitigation possible negative impact if and when Namibia's foreign reserves position is affected.

Furthermore, there is mismatch between revenue outturn and Government expenditure outlook. Similarly, operational expenditure had increased when compared year to year.

Honourable Speaker

Honourable Members

The Honourable Minister of Finance reported that the budget deficit to the tune of N\$7.62 billion, (which represents 5.4% of the Gross Domestic Product) is to be financed from domestic resources is worrisome. Similarly, debt will increase N\$38.48 billion (2014/15) from the base of N\$32.4 billion (2013/14) which represents 27% of GDP.

Honourable Speaker

Honourable Members

To suggest that this will be financed this from domestic resources sounds to me like a pie in the sky!

Honourable Speaker

I thank you.