



**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 2018 / 2019

**Thursday, the 15<sup>th</sup> March 2018**

Honorable Speaker,  
Honorable Members of the August House,

The Honorable Minister of Finance opened his statement with a paragraph that reads as follows: “This budget comes at a time after the Namibian economy had endured its most precarious phase. It is an economy at its turning point and this budget is a funding compact for growth, bringing about jobs, less inequality, less poverty and improved service delivery. It is a fiscal proposition to further consolidate non-core spending and align resources to core national priorities.”

This is a very powerful statement. One just hope that the entire government leadership understands and contextualize the meaning of such a strong statement. Justice to this pronouncement can only be attained with proper understanding, the right governance culture and the right ethical behavior and attitude.

It is commendable that government eventually managed to reduce the budget deficit by a cumulative 3 percent over the past two years from 8.2 percent in 2015 / 2016 to an estimated 5.4 percent in 2017 / 2018. It is also good news that expenditure as a proportion of GDP dropped from 42.8 percent in 2015 / 2016 to an estimated 38.7 in 2017 / 2018. This is a very significant milestone especially when this is achieved during a time when the economy was facing critical challenges. At the same time it is a

clear indication that a lot of waste is build into expenditures. Honorable Minister, I urge you to continue with this positive trend moving forward. However, it must be implemented with care not to negatively affect service delivery.

Honorable Speaker,  
Honourable Members,

This August House was informed by the Minister of Finance that the public wage bill now stands at 50 percent of total revenue and at 16 percent of GDP. This is very alarming indeed. If my memory serves me well, this is not the first time such revelation was made. Why is the government not taking corrective measures to resolve this unsustainable situation? I suggest the government conduct a human resources audit on the entire public service and get rid of all the deadwood and ghost employees occupying some of these positions. The same exercise must also be conducted at all state-owned enterprises, the National Assembly and National Council. Some public enterprises have become dumping sites for the politically connected to get employment. I am sure a human resource audit would reveal a mismatch between the jobs to be performed and the number and competency of employees.

Honorable Speaker,  
Honourable Members,

Our economy suffers from what I call structural confusion emanating from a lack of proper ideological definition. At times the government of the day projects socialist behaviors and at other times displays capitalistic tendencies it is not clear in which sectors of the economy is the government is expected to play a leading role and what economic role is to be played by the private sector. This confusion has led to some public enterprises competing with the private sector while subsidized by government. Monopolistic tendencies are very much apparent in this country because of such confusion.

For many years now the government has been talking about corruption and its negative impact on society. For far too long, the nation has been

hearing with pronouncements such as ‘zero tolerance to corruption’ without seeing the commensurate benefits accruing from such pronouncements. The Minister of Finance made mention of illicit financial flows and misinvoicing prevalent on the African continent leading to an estimated U\$50 billion illicit outflows from the Continent based on evidence from the African Union Report chaired by former South African President Thabo Mbeki. It is well and good that our Minister of Finance took note of the Mbeki Report. Illicit financial flows has robbed the Continent of billions of dollars annually – in a corrupt manner, money that could have been used for the social good. The finger points mainly on leaders of African governments and their associates. The government must not simply mention those statistics as if these statistics are of no relevance to Namibia. The government must act on these statistics. Honorable Minister, you must tell the nation how much money goes out of Namibia through illicit means. How much does the country lose through other unethical means such as transfer pricing and misinvoicing? Who is responsible for the outflow of these monies? What measures are you going to put in place to curb further illicit financial outflow and to recover those stolen funds?

Honorable Speaker,  
Honourable Members,

Some honourable members from that side of the isle were making jokes and laughed at me when I said corruption in Namibia has become part of the institutions. Allow me to elaborate more on what I meant then. Corruption in Namibia manifests itself in discriminatory practices, in nepotism, in favoritism in wealth redistribution and in resource allocations: Corruption and manifest itself in inflated tender prices a common occurrence in Namibia.

- There is corruption in the allocation of tenders.
- Yes, there is corruption in the redistribution of land for resettlement program.
- There is corruption in the allocation for housing development projects.
- Definitely, there is corruption in the allocation of Mass Housing Scheme houses.
- There is corruption in allocating urban plots for housing and business development.
- There is corruption in the tender adjudication process.
- There is corruption in the OMAs recruitment process.
- There is corruption in the OMAs promotion process.
- There is corruption in the recruitment of board members and CEOs of public enterprises.
- There is corruption in the wealth distribution.
- There is corruption in the promotions within the army and police ranks.
- In other words, corruption is everywhere.

Surely corruption is not the way to realize our development goals no matter how many billions are spent. Vision 2030 is only 12 years away, and if nothing is done now, we can forget achieving vision 2030.

Honourable Minister,

The increase in total debt stock as a percentage of GDP is very worrisome. It increased from 42.6 percent in 2016 / 2017 to 45.8 percent in 2018 / 2019 financial years relative to the threshold of 35 percent. This is not prudent management of our national debt. One wonders why the total debt stock has increased to an estimated 84.6 billion in 2018 / 2019 from 74.5 percent in 2017 / 2018 financial year. The Minister of Finance must explain to this August House especially in view of the drop in the estimated budget deficit from 5.4 percent in 2017 / 2018 of GDP to 4.5 percent in 2018 / 2019 financial year. One would expect the reverse to be the case; that the drop in the budget deficit must result in a drop in borrowing or our debt stock.

## **Public Enterprises**

I have taken note that allocations to public enterprises have been reduced by an average of 20 percent since 2015 / 2016 financial year, reducing from a total allocation of N\$7.4 billion to N\$6 billion in 2016 / 2017 and further N\$4 billion in 2017 / 2018.

This is a welcome development and I really hope it comes with serious structural changes to public enterprises: Such as closing down, rightsizing considering. Selling off.

- The government has been rewarding some public enterprises that miserably failed the strategic objectives or turn-around strategy.
- The government turned a blind eye on public enterprises that failed to comply with statutory requirements.
- There are public enterprises that fail to take proper books of records yet they are consistently rewarded with additional bail-out allocations. For the benefit of those who are lawyers by tribe, a disclaimer audit opinion simply says that the financial situation is in such a mess that the auditors cannot express an opinion. And an adverse opinion simply implies that the financial statements are not a true reflection of the financial position of such enterprise. These are the very institutions that the government rewards with

additional funding. That is extremely wrong and you are sending a wrong message to these institutions.

The introduction of 10% key on dividends is totally cancelled for and must be revised dividends are declared on earwig on income after tax. What this effectively mean is that the same income is taxed twice and that effectively income rate at which such income is faxed. We need to improve our investment environment and not scare investor off with unwarranted tax levies.

Hon Speaker.

I would like to urge government to invest heavily infrastructure if you are serious in expanding the Namibian economic cake each. The railways system offer the greatest potential in enhancing economic growth, job creation and poverty alleviation ~~at~~. Don't even consider privatizing Trans Namib, rather re- engineer it for success. In addition our government must revive negotiations with Botswana for the construction of a dedicated railway line to transport coal from Botswana to the port of Walvisbay for export. Many SADC landlocked countries are looking at the port of Walvisbay for their import, an opportunity that have not been fully capitalized on. Imagine the revenue streams that can be generated from these opportunities.

In contract, I once again request government to privatize Air Namibia. With the introduction on new players in our aviation industry, the government affectively killed Air Namibia. What is left is just to bury it. So just finish what you have started.

## **Social Sectors**

Honourable Speaker,

I acknowledge the critical role played by the social sectors of education and health. I also agree that the importance of these sectors warrants a

bigger budgetary allocation. What worries me is the value for money consideration. Is the output in these sector line with the input? Do these allocations result in quality service delivery? Are these resources optimally applied? Are these resources applied in the right proportion in the right ratios for optimal results? I really don't think so. If the outcome is anything to go by, one can reasonably conclude that there is a mismatch between the allocated resources and the deliverables. There is a need to re-engineer the social sector of health and education to arrive at the right equilibrium of resources allocated and the optimal utilization of those resources.

### **Public Safety and Order**

Based on recent developments in defense the 5 percent increase in their budget is not justifiable. If the Defense Ministry can manage to provide the nation with adequate security while 30 percent of their ranks are on leave, then defense is overstaffed and must reduce their workforce by 30 percent and allow those funds to be used for other societal needs.

Hon Speaker.

In conclusion let me address this house on the allocation to committee services for the current financial year. It looks like either the minister of finance is on a mission to effectively destroy parliament and parliamentary services or the speaker is not standing up for the interest of parliament. The allocation for parliament committee services is consistently been revised downwards from about N\$14 million in the 2015/16 to 5 million in the current budget and it's expected to go down to 1.4 million by 2019/20 financial year. Your concerns seems to be saving on S&T with no regard whatsoever for the constitutional responsibilities given to parliament. This is wrong and you must address this house on how either you, honorable minister or the speaker who

agreed to this cut explain how parliamentary committee services ~~should~~ *Can*  
function and fulfil its mandate.

I thank you