

CONTRIBUTION TO THE DISCUSSION ON THE 2019/2020
APPROPRIATION BILL AS TABLED BY THE MINISTER OF
FINANCE

BY

HON. CLARA /GOWASES [MP,RP]

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Honorable Speaker of the National Assembly
My fellow Parliamentarians of this August
house.

I stand up to make my humble contribution to
the debate on the tabled National budget for
2019/2020 financial year.

Overall a good budget given the difficult times
in the local, regional economies and global
economies.

The Minister can be congratulated on reducing
the budget deficit and at the same time
increasing the development budget and for his
focus on SME development and high value crop
agriculture particularly. These are some of the
initiatives which will help reduce

unemployment and poverty and we need to pay more attention to measures which will stimulate growth and increase investments local and foreign.

May I express my sincere appreciation towards the efforts done by Honorable Calle Schlettwein and his team to steer our economy out of recession of two years.

I have an absolute comprehension that it was necessary for his team to implement budget cuts and downsize capital projects spending.

Anticipated economic growth rate of 1% for 2020 is a result of physical discipline in efforts of improvement in closing loopholes of revenue collection.

Development spending increase of 42 percent will stimulate the economy as it increase from

5,5 billion to 7,9 billion in previous financial year to the current financial year.

Honorable Deputy Speaker

Honorable Members

My major concern is the issue of 87,5 billion (46,3% of our Gross Domestic Product) government total debt nearing 50% as projected while we don't have a stable economy. We are still producing what we don't consume and consume what we don't produce.

Neither do we add value to our resources and export our resources in raw form and import finished products. I would have love to see expansion in manufacturing sector and increase in pro developmental budget that dominate manufacturing sector and industrialization as I commend the government for setting

up(Peugeot) car assembly plan a move in a correct direction.

I am a little disappointed with the allocation to the Agriculture, water and foresting that was reversed downwards from N\$ 2,1 billion to N\$ 1,9 billion I regard Agriculture as one of the big three backbone sectors of our economy apart from mining, fishing, tourism and as well as employment provider. I would have recommend that this sector be given more allocation than defense as it will stimulate the end to food import syndrome through improved green scheme, decentralized distribution of water through channels, provision of animal fodder, food security in Silos, safeguard our forest expansion of evergreen forest and resilience through draught and current climate change.

Extremely high salary cost and other operating expenses, many wasteful and unnecessary in the public service, however, continue to dilute the impact of these stimulatory measures. The incredible inefficiencies in the bloated ministries and public entities administering key economic and social drivers has the effect of neutralizing the well-intended measures introduced in the budget. This despite well-intended governance and accountability promises in the Harambee Prosperity Plan and NDP 5. This really needs to be the “Year of Accountability” if we are to return to positive growth rates again. We need a serious clean-up of inefficiency and corruption throughout. It also needs to be the “Year of Alignment” so that all entities pull in the same direction, including private sector which can contribute constructively to economic growth in many

areas. Far greater and more meaningful consultations is needed with private sector.

My disappointment is the unequal equation of distribution of 13,8 allocated to Education. How come 10 billion goes to salary and wage bill and only 3,8 billion left to infrastructure and maintenance, consumables and day to day running. It was in the light of reality on ground that we encourage those parents that can afford to pay school fees to continue in order not to compromise on standards in the name of unusual free education. The revised curriculum where learners end up in grade 11 not grade 12 with o levels or a levels is a puzzle to my mind the half complete school career. Although there is a slight improvement in health allocation with 2,3 percent, the demands and needs in health and social sector is extremely under allocated taken into consideration that it well

cater for procurement for pharmaceuticals, recruitment of additional personal whereas unemployed qualified personal are out in streets, public health outbreak and maintenance of absolute delabitated infrastructure. Why should we cut on tea/coffee from diet which is unacceptable. Why should patients be punished?

In a peace-loving and peaceful country, the huge expenditure on defense and safety and security can also no longer be justified 29 years into Independence. There are other ways of creating productive employment, again in cooperation with private sector in a true spirit of Public Private Partnership.

At social sector this budget guard against reversal and enhances access to affordable and

reliable allocation to social safety nets to improve coverage of qualifying beneficiaries and maintain the grants in real terms. My sincere appreciation for N\$ 50.00 increase in social grants Harambee.

We need to do much more to stimulate employment and economic growth. Policy uncertainty has had a major negative impact on private investment, both local and Foreign Direct Investment. We saw what mining investment in particular investment in uranium, gold and base metals did for the economy over the past five years, resulting in the mining sector contributions to GDP growing strongly in 2017 and 2018 because of new mine production. This investments have been stopped in its tracks by policy uncertainty, threats of new legislation and taxes and now the threat of an unfair and uncompetitive

royalty regime specifically targeting these very minerals. We need to ensure that we remain competitive for investment and that “ease of doing business” is improved urgently, to encourage local and foreign investment. Simplification of taxes and streamline of business regulations will put us back on the right track.

It is scenarios like this where our budget estimate is 66,5 billion against the backdrop of 58,4 billion revenue collection and budget deficit of 8,1 billion that forces us to get loans to balance our budget while we anticipate debt of 96,2 billion in the middle of our economic crisis that I want to pose the following question to the Minister of Finance.

1. What is the current status of our foreign capital reserves?

2. What is the view of World Bank on the current economic situation of Namibia?
3. How does the International Monetary fund view our current situation after our continuous refusal to downsize our public service wage bill and reduction of large size public service?
4. What is our current Fitch moodly rating with regards to the junk status that we are in?

Honorable Deputy Speaker
Honorable Members

In conclusion I would proposed to have a parliamentary standing committee to conduct public input into budget plan and proposals prior to tabling of the budget as

consultation to test how the public feel
their hard earned tax can be allocated.
I thank you.