



Republic of Namibia
Ministry of Finance and Public Enterprises

MOTIVATION FOR BUDGET ALLOCATION
TO VOTE 09: MINISTRY OF FINANCE AND PUBLIC ENTERPRISES IN THE APPROPRIATION BILL,
2023

PRESENTED BY
BY

HONOURABLE MAUREEN HINDA - MBUENDE, MP
DEPUTY MINISTER OF FINANCE AND PUBLIC ENTERPRISES

279 28 March 2023

Honourable Chairperson of the Whole House Committee,
Honourable Members

1. It is my distinct honour and privilege to introduce to this August House the expenditure proposals for Vote 09: Ministry of Finance and Public Enterprises for appropriation, in order to meet the financial requirements of the Vote during the financial year ending March 2024.
2. During the current financial year, the Ministry of Finance managed to successfully integrate the Department of Public Enterprises to form the Ministry of Finance and Public Enterprises, this expenditure proposals therefore covers the expenditure aspiration of the entire Ministry as a single Vote for the very first time since the merging of Votes 09 and 34, further, the individual accountability reports for both Vote 09 and 34, accounting for the usage of the 2022 – 2023 financial year's allocation, will be provided through the 2022 – 2023 Government accountability report, which will be presented to this August House by the Hon. Minister of Finance and Public Enterprises during the 2023 – 2024 Mid-Year Budget review.
3. The Ministry of Finance and Public Enterprises is responsible for central government finances, including coordination of the national budget, financial markets, consumer legislation and tax policy, the Ministry further plays an important role in positioning Namibia's Public Enterprises to play a significant role in the country's developmental agenda.
4. In order to attain the above indicated objectives, the Ministry has allocated financial resources towards a total of eight programs, before I present the full amounts required to implement the eight programs of the Ministry of Finance and Public Enterprises, allow me to present a few highlights regarding the budget of the Ministry:
5. In line with Government's directive to reform the Public Service Medical Aid Scheme (PSEMAS) and consistent with previous budget statements made by the then Hon Minister of Finance, the PSEMAS is allocated a reduced amount of, **two point Seven Billion Namibian dollars (N\$ 2 736 400 000)**, which represents a total reduction of Five Hundred Million Namibian dollars in comparison to the previous financial year's allocation.
6. The implementation of a Tax Policy Unit within the Ministry of Finance and Public Enterprises for purposes of Tax policy formulation and to carry out the oversight

function on NamRA was postponed to the 2023/2024 financial year, this was due to the need to secure savings in order to implement the adjusted salary remuneration and benefits of Civil servants which was implemented during the current financial year. The Ministry has allocated a total amount **of Six, point Two, Million Namibian dollars (N\$ 6 200 000)** for this task.

7. NamRA, the semi-autonomous revenue agency is allocated an amount of **Nine Hundred and Thirty-Nine Million Dollars (N\$ 939 191 103)**, this amount represents a realignment of expenditure from the Ministry of Finance and Public Enterprises to NamRA and not necessarily an increase in the overall Vote allocation.

NamRA is a Non-Commercial Public Enterprise, therefore, all its operational and development related needs will be furnished by the Government through the Ministry of Finance and Public Enterprises, the realignment is attributed to a successful mass recruitment project which enabled the Agency to increase its Human Capital from a mere 189 employees in August 2022 to about 750 employees by the end of November 2022.

As of end of February 2023, the total number of staff members who were previously working for the Ministry of Finance and currently appointed by NamRA was 836 employees, while the total number of staff members who remain seconded to NamRA from the Ministry stood at 293, the initial number of employees seconded to NamRA at the operationalization of NamRA on the 07 April 2021 was 1 324 employees, the Agency's structure has a total of 1 498 positions.

Given that the 2023/2024 financial year will mark the final year of transition between NamRA and the Ministry, the Agency plans on finalizing its recruitment process before the end of the 2023/2024 financial year, further, the Agency will make significant investments in the upgrade of the Asycuda World System, which is a system used by Customs Officers in the execution of their mandate, this investment will be in the form of purchasing of servers and software, as well as the implementation of ICT digitalization initiatives which are expected to further increase revenue collection efforts.

8. The Department of Public Enterprises which was successfully integrated into the Ministry of Finance during the course of the current financial year is allocated a total amount of **Four Hundred and Forty Five Million Namibian dollars (N\$ 445 000 000)** of which **Four Hundred and Twenty Five Million Namibian dollars (N\$ 425 401 000)** will be transferred to Public Enterprises, these funds are meant to assist Public Enterprises with the implementation of their respective business and strategic plans with the objective for them to become self-sustaining.
9. The funding of Political activities through funding of Political Parties has been allocated an amount of **One Hundred and Forty-Nine Million Namibian dollars (N\$ 149 486 000)** which represents 0.2% of the total projected revenue for the 2023/2024 financial year, while the Contingency provision is allocated an amount of **Two Hundred and Eighty-Eight Million Namibia dollars (N\$ 288 340 000)**
10. Moreover, Vote 09's expenditure proposal comprises of the following expenditure elements:
- (a) Expenditure ceiling to be appropriated as part of the 2023/24 Appropriation Bill which amounts to Five Billion, Eight Hundred and Fifty-Two Million, Five Hundred and Ninety-Six Namibian dollars (N\$ 5 852 596 000) and,
 - (b) Expenditure (Debt servicing or commonly known as interest payments) that is deemed to have been appropriated as per Section 10 (1) (b) (iii) read together with section 10 (2) of the State Finance Act, 1991 to the estimated value of Ten Billion and, Twenty-One Million Namibian dollars (N\$ 10 021 000 000)
- It should be noted that the allocations which I am about to introduce for various programs of the Ministry, exclude the above indicated amount of N\$ 10 021 000 000 which is earmarked for interest payment.

11. **Honourable Chairperson of the Whole House Committee, Honourable Members**, now allow me to present to this August House, the eight (8) programs of the Ministry of Finance and Public Enterprises as well as the exact figures allocated to these Programs, which equates to a total allocation of N\$ 5.8 billion excluding interest payments in the 2023/2024 financial year, it should further be noted that the past

performance and planned activities of all these programs are highlighted in the Medium Term Expenditure Framework (MTEF), which was part of the budget documents presented by the Hon Minister of Finance and Public Enterprises.

- (a) **Economic Policy Advise**: The objective of this program is to advise the Government on economic policy aimed at fostering macro-economic stability, advancing economic development, and addressing socio-economic challenges. The activities of both the Economic Policy and Tax Policy Advisory Services resort under this Program.

A total amount of N\$ 18 754 000 has been allocated to this Program, which represents 0.3 % of the total allocation.

- (b) **Revenue Management**: The objective of this program is to collect revenue in the forms of taxes, duties and fees as prescribed in relevant tax, customs, and excise laws and to ensure the compliance with such laws and to facilitate trade and movements of goods and services to and from Namibia, this program represents the activities of the former IRD and Customs Directorates which have since been shifted to the Namibia Revenue Agency (NamRA), the Ministry plans to only discontinue this program at the end of the transitional period as expenditure attributed to staff members seconded to NamRA are still accounted for under this program, while the expenditure of the Revenue Agency is accounted for under the Policy Coordination and Support Services Program.

A total amount of N\$ 355 506 000 has been allocated to this Program, which represents 8.1 % of the total allocation.

- (c) **Government Expenditure Management**: The main objective of this program is to ensure the effective and timely formulation of the national budget and the Medium-Term Expenditure Framework (MTEF), proper control, accounting and reporting of the financial resources and management of State Assets and liabilities, this program is also responsible for coordinating and accounting for Government's non tax revenue, the functions and responsibilities of the Treasury Department resorts under this program.

A total amount of N\$ 790 474 000 has been allocated to this Program, which represents 13.5 % of the total allocation.

- (d) **Government Procurement Management**: This program facilitates the implementation of the Public Procurement Act, 2015 (Act 15 of 2015) and executes the functions under Section 7 of the said Act which is to promote integrity, accountability, transparency, competitive supply, and value for money in the procurement of assets, works and services in the Namibian Public Sector. The functions and responsibilities of the Procurement Policy Unit, Central Procurement Board, and the Review Panel resort under this program, as well as under the Policy Coordination and Support Services program.

A total amount of N\$ 11 148 000 has been allocated to this Program, which represents 0.2 % of the total allocation.

- (e) **Civil Servants Managed Health Care**: This program is responsible to ensure effective coordination and management of the Public Service Employees Medical Aid Scheme (PSEMAS) through the registration of members and coordination of members' services as well as timely payment of Health Services Providers claims.

A total amount of N\$ 2 746 555 000 has been allocated to this Program, which represents 46.9 % of the total allocation.

- (f) **Public Private Partnership (PPP)**: The main objective of this program is to promote Public Private Partnerships and enhance compliance to the Public Private Partnership Act, the program further facilitates training on Public Private Partnerships to Public Entities, the PPP Unit resorts under this program.

A total amount of N\$ 45 674 000 has been allocated to this Program, which represents 0.8 % of the total allocation.

- (g) **Legal, Economic and Financial Advisory Services**: This program is responsible to facilitate the implementation of a Corporate Governance Framework and to ensure legislative compliance by all Public Enterprises, the functions and

responsibilities of the Department of Public Enterprises resorts under this program.

A total amount of N\$ 445 268 000 has been allocated to this Program, which represents 7.6 % of the total allocation.

- (h) **Policy Coordination and Support Services**: The objectives under this program entail the strategic guidance and oversight towards achievement of established goals of the Ministry of Finance and Public Enterprises by the Office of the Minister and Accounting Officer, by providing policy supervision and administrative support to the entire Ministry. Further, the expenditure of the Central Procurement Board of Namibia, the Review Panel and the Namibia Revenue Agency are accounted for under this Program.

A total amount of N\$ 1 439 217 000 has been allocated to this Program, which represents 24.6 % of the total allocation.

12. ***Honourable Chairperson of the Whole House Committee and Honourable Members,*** with this short introduction and with the anticipation that members have read all the budget documents, I now move to request this August House to consider and approve the expenditure request of **N\$ 5.8 billion** for Vote 09: Ministry of Finance & Public Enterprises to meet its financial requirements for 2023 / 2024 financial year.

I thank you.

