



PARLIAMENTARY OFFICE
OF THE
HONOURABLE INNA K. HENGARI, MP

Parliamentary Contribution

On the

Second Reading - Appropriation Amendment Bill

**Hon. Speaker,
Hon. Members,
Fellow Namibians,**

Today, I stand before you to discuss a matter of great importance to our nation—the national budget. The national budget is not merely a financial document; it is a reflection of our collective priorities, values, and aspirations as a society.

It is essentially a road map that guides the allocation of resources to various sectors and programs, shaping the trajectory of our nation's development. It is a tool through which we express our commitment to education, healthcare, infrastructure, defense, and numerous other facets of our society. Therefore, it is crucial that we, as citizens, understand and engage with the budgetary process.

The budget is not just about numbers; it is about people—the millions of lives that are impacted by the decisions made in the corridors of power. One of the key aspects of the national budget is its role in fostering economic stability. Through prudent fiscal policies, the aim must be to maintain a balance between government spending and revenue generation. This equilibrium is vital to prevent inflation, control public debt, and create an environment conducive to sustainable economic growth.

The stark truth is that the gap between income and the cost of living is widening, pushing countless individuals into a perpetual struggle to keep up with the rising tide of expenses.

Our incomes, on the other hand, seem to be stuck in a state of stillbirth, failing to keep pace with the relentless surge in prices. Many find themselves trapped in a cycle where every pay raise is quickly swallowed by the voracious appetite of inflation. The promise of financial stability remains elusive, as the economic landscape fails to provide relief for the everyday worker.

This is not just an economic issue; it's a matter of social justice. The burden of the high cost of living disproportionately affects the most vulnerable citizens of our society. Families are forced to make heart-wrenching choices between putting food on the table and meeting other basic needs such as education and healthcare. Something clearly must be done to lessen this burden. In layman's terms, **Hon. Shiimi**, we are suffering. The people of Namibia are suffering, life is simply too expensive in this country.

On the Execution rate of the Development Budget

The execution rate on the development budget which stood at 32.6% at mid year and the subsequent reallocation of N\$167 million from lagging projects is a clear indication of mismanagement and inefficiency in the implementation of crucial initiatives. This not only hampers the progress of ongoing projects but also undermines the trust of the public in our ability to effectively utilize allocated funds for the betterment of society.

Hon. Members, as representatives of the people, we are duty-bound to ensure that every dollar allocated to development projects is spent judiciously and yields tangible results. It is imperative that we engage in a thorough examination of the reasons behind this lackluster execution rate and take corrective measures.

We must address the root causes of delays and inefficiencies, whether they be bureaucratic hurdles, logistical challenges, or inadequate monitoring mechanisms. Let us collaborate across party lines to identify solutions and implement the necessary reforms that will enhance the execution rate on the development budget.

On the preferential tax treatment afforded to insurance companies;

For far too long, these entities have enjoyed a remarkably low effective tax rate and, more notably, have been exempt from paying non-resident shareholders tax, setting them apart from other sectors and creating an imbalance in our tax system.

This preferential treatment has not only raised questions about the fairness of our tax regime but has also led to a situation where the burden of contributing to the nation's coffers falls disproportionately on other sectors. It is imperative that we address this issue to promote equity, fairness, and sustainability within our tax framework.

One key factor has been the historical perception of the insurance industry as a stabilizing force in the economy, providing security and protection against unforeseen

Hon. Speaker, I too believe that this mid-year budget review plays a crucial role in the overall budget process as it establishes the foundation for the fiscal framework of the subsequent primary budget.

A well-known proverb suggests that prior to criticism, we ought to acknowledge and appreciate. This is because constructive critique thrives in an environment of positive recognition and facilitates growth towards improvement.

Hon. Members, increasing the threshold for Income Tax on Individuals from the current N\$50, 000 to N\$100,000 with a view to relief low income earners is a welcomed development. Indeed, the idea that reduced tax rates can stimulate savings, investment, production, and subsequently reduce unemployment is rooted in economic theory, particularly in the principles of supply-side economics. For example **Hon. Speaker,** when tax rates are reduced, individuals and businesses have more disposable income. This additional money can be saved or invested, stimulating economic activity. Secondly, lower tax rates for businesses can enhance their after-tax profits. This gives companies more resources to invest in capital projects, research and development, and expansion, which can contribute to increased productivity and economic growth. These are just some of the benefits that could be derived from effective tax reform. For this I say kudos to you Hon. Shiimi.

Hon. Speaker, I am thrilled to observe that some of the proposals we put forth in this chamber, aimed at fostering the progress of our nation, have been incorporated into this fiscal plan. I refer to page 14 (pt. 39) of the Minister's Statement, where he refers to the introduction of the Internship Tax Incentive Programme aimed at incentivizing employers to enrol more interns by providing an additional corporate tax deduction with a total implication estimated at N\$126 million.

This notion, **Hon. Members,** has not only been promoted ~~for several years~~ ^{on the floor of this House,} but it is also reiterated in our Motion on Youth Unemployment, which garnered resounding backing within this House. Thank you Hon. Shiimi, in Otjiherero we say "Ndunge imue ~~kara nayo, yamwe~~ ^{imue} isa ku mbwae ~~woye~~ ^{yoe}".

Hon. Speaker,

Hon. Shiimi, sometimes, in the garden of praise, too many compliments can overshadow the beauty of genuine appreciation. I will turn now to some thorns in your garden;

The Soaring Cost of Living: A Struggle for Every Penny

The cost of living has become an insurmountable challenge for the average citizen. The shelves in our local stores are adorned with price tags that seem to defy gravity, leaving many of us grappling with the harsh reality that our hard-earned money no longer stretches as far as it used to.

Take a stroll through any supermarket with N\$200 in your pocket, and you'll quickly realize that this modest sum barely covers the essentials. The price of everyday items such as chicken, potatoes, and other staples has reached unprecedented heights, making it increasingly difficult for individuals and families to make ends meet.

risks. Policymakers have, in the past, incentivized this sector to encourage investment and ensure the availability of insurance services for individuals and businesses.

However, as times have changed and the insurance industry has matured, it is crucial that our tax policies adapt to reflect the evolving landscape. The current situation not only results in an unequal distribution of the tax burden but also fails to account for the broader economic realities and challenges faced by other sectors.

Why has NAMRA has been so quick to raid our young people who run “Order with Me” businesses and yet so slow to go after the real culprits (insurance companies) which are in most cases non-compliant and rarely pay Government dues? We must fix this Hon. Minister. Fairness must apply.

On Parliament funding:

Hon. Speaker,

I stand here today with a heavy heart and a burning sense of outrage at the sheer audacity displayed. It is a disgrace, an insult to every hardworking citizen, that the allocation of funds to the National Assembly, the very heart of our democratic system, is being slashed without mercy.

What kind of message does this send? It screams of a blatant disregard for the pillars upon which our democracy stands tall. The reduction of resources, especially towards the Parliamentary standing committees tasked with the crucial duty of oversight, is nothing short of an assault on the very essence of accountability.

These committees, the watchdogs of our democracy, are now being crippled in their ability to scrutinize the actions of the government. Is this not a deliberate attempt to shield those in power from the piercing gaze of accountability?

Hon. Members , It is evident that the creation of a Parliamentary Service Commission (PSC) would signify an acknowledgement of the crucial role played by a specialized body in furnishing expert administrative support services to both the National Assembly and its members. How much longer must we clamor for this vital transformation within our Constitutional democracy?

Hon. Speaker, the Hon. Nico Smit has painted an accurate picture of the state of State Owned Enterprises and their future if no urgent steps are taken to reform.

The constant need for bailouts by state-owned enterprises (SOEs) is imposing a substantial burden on our nation. The mismanagement and inefficiencies plaguing these entities are adversely affecting every citizen, as the cost of these continuous rescues trickles down to all of us. It is imperative that we reevaluate the fundamental objectives of SOEs within a functional economy. Failure to make decisive decisions regarding their role and governance will undoubtedly result in an economy burdened by the weight of unsustainable financial demands, hindering our collective progress.

With these few words Hon. Speaker, I yield the floor.
And I thank you.