



**ADDRESS BY
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ON MID-YEAR BUDGET REVIEW POLICY SPEECH FOR
2023/24 FINANCIAL YEAR, November 15, 2023**

Honourable Speaker, Honourable Members

I rise to make my contribution to this MID-YEAR BUDGET REVIEW for the 2023/24 FINANCIAL YEAR. I comment Honourable Ipumbu, the Minister, Honourable Maureen Hinda-Mbuende, the Deputy Minister, Mr Titus Ndove, the ED and all the strategic staffers at the fiscus house for this budget, themed “Economic Revival and Caring for the Poor”.

I thank you very much because, just like I said last year, there is nothing sweeter than a balanced budget, which is not easy to do. I particularly want to compliment you for the ‘stock of international reserves, which is sufficient to cover our international obligations, the current, N\$53.8 billion, as at the end of September 2023, is very healthy and highly commendable.

Equally a positivity from the Fiscal Policy Developments, recorded in the previous financial year which ended on the 31st of March 2023, is the actual outturns in the fiscal indicators of actual revenue of N\$64.3 billion, is unbelievable good considering that your revised estimates was just N\$64.1 billion. Equally, your operational expenditure of N\$60.0 billion shows a healthy performance as your expenditure was at least N\$4 billion lower than your revenue.

Honourable Speaker, Honourable Members, I must equally say with a sense of optimism that the previous development expenditure of N\$4.9 billion, is way too low. Though your

execution rate is good, however, if for example, you compares it to the actual spending on interest payments of N\$9.5 billion, the amount is disappointing. Of course we do understand that the world was generally at a standstill, but we ought to find a way to improve our development spending way above everything else if we need to achieve economic development.

Fiscal policy is defined as the government's measures to guide and control spending and taxation. Government does this by performing three fiscal main functions, which is allocation, distribution, and stabilization.

The stabilization function supports achieving macroeconomic objectives set to ensure economic growth, price stability, and sustainable external accounts.

The consolidated data for Africa by the IMF, for the first time in 50 years, which was launched on the 10 October 2023, will now bring together data for the whole of Africa. This is good for sub-Saharan, but we must take ownership as African, and cannot always look to IMF to be the centrepiece of our economic dispensation and indicator. For even as we Africans looks to the IMF for some economic solutions, we must not forget that it was the IMF and other institutions that lead the poverty and debt escalation with impunities over Africa in the 70s, 80, and 90s - And in return, their actions brought about poverty, hunger and eventually death of millions of African children through economic sabotage.

Honourable Member, while you have articulated properly, the risk of commodity price volatility, which have increased tremendously, because of mainly the geopolitical. This poses a huge risks to the domestic economic outlook, which is still very volatile. Many governments and companies were restricted to purchase of Russian oil after Moscow intervene in Ukraine. Nevertheless, the price cap on Russian oil which was agreed by the G7 countries, present an opportunities for Namibia. We need to tap into these cheap oil in order to benefit our citizens. But in

order to do that, we must have top Namibian negotiators? We want ruthless aggression, where we must negotiate and secure, a robust and reliable supply chain, for petroleum.

Even the United States is starting to see success on Russian oil through middle wholesalers using the price cap by the Group of Seven according to the New York Times. This came about because countries are negotiating deals with Russia to buy oil far below the benchmark Brent crude price.

Though the Russia federation has said it would not supply oil to any country that agrees to the price cap, nevertheless the oil continues to be traded at lower price. In fact two of Russia's largest buyers, China and India, have stepped up purchases of the country's oil, taking advantage of the gap between that and other crude grades. Namibia, though a small economy can use the same strategy.

Mr Speaker, Honourable Members,

Even though, in terms of the balance of payments, the current account deficit has improved in 2023 on account of a lower trade deficit and improved income from the SACU customs pool over the period, according to the Minister. However, this notwithstanding, I am skeptical about South Africa's genuineness to play fair towards partner countries such as Namibia. A customs union has a common external tariff on imports. This means that it doesn't matter which country the imports enter – because all countries have the same import tariff. A disadvantage of joining a customs union is that a country is not able to pursue its own independent trade deals.

However my concern is the equity distribution in terms of industries and the generalization of high technology equally between the SACU customs members. Because if it is not regulated, then industries will continue to go to south Africa, which will continue to create more employment, technological advancements and development for itself at the expense of other

member countries. I think the revision of the SACU agreement must become an urgent priority for Namibia. Otherwise we must do a strategic assessment of whether Namibia need SACU at all.

The total debt stock stood at N\$142.7 billion, equivalent to 67.9 percent of GDP, remain a clear and present danger to the country. We will run out of the fiscal space soon. I do agree with the Honourable friend, when he said that “containing the pace of growth in public debt should still remain a key priority for fiscal policy in the upcoming MTEF”.

At the beginning of this year, in my budget contributions, I said that IMF further said “The public should be provided with information on the past, current, and projected budgetary activity, including its financing, and the consolidated financial position of the government”. I say again here that, in line with IMF recommendations, “the government should regularly publish information on the stock and composition of its debt and financial assets, including their currency, maturity, and interest rate structure”. Parliament which is the authentic representative of the Namibian people should have been provided with a full disclosure. The lack of a full disclosure could mean that there is no transparency in the reporting of the public debt.

Other urgent action including accountability, accountability and accountability, particularly at local and regional level, but also at the level of the executive. If you look at institutions like government garage, they are wasting state assets and in urgent need of a clear turnaround.

Lastly, we have all witness the decision, taken, July 19, 2023, by the British Government, to compel Namibians to require a visa in order to enter the UK. I did say in a local daily that such a decision by the UK could be considered ‘a bullying tactics by a big brother’, acting outside the parameters of good bilateral relationship and without recourse on the impact such a decision will have on ordinary Namibians traveling to the UK either as tourists or for business and I had called on the Namibian

Government to offer the British reciprocity on the same with immediate effect. But what I want Namibians to look at is on the Visa fees both EU Member states, UK and USA are charging. I would want to propose entry fees for all the countries which requires Namibians to have visas when traveling to their countries. Because now they come here and enter for free, while we are paying exhibited fees just to enter their countries. In one particular African Country 2 million of its citizens applied for a visitors' visa for a particularly western country and it cost roughly U\$250 per application irrespective of whether the application is successful or not. Only about 5,000 applicants were approved but this foreign government made U\$500 million just per year. So we must introduce entry fees even if that country does not require a visa.

Allocation on mines

But lets' not relent because tough times are still ahead of us. The IMF and other economic indicators, describe 2023 as having been a difficult year for the sub-sahara Africa, with the region's economic growth slowing to 3.3 percent from 4 percent in 2022. But many economic indicators are careful not to be too optimistic in their prediction but nevertheless there is optimistic that the horizon is looking good for sub-sahara Africa with growth expected to rebound to 4 percent in 2024.

Now, there are some who may question the scale of the government's ambitions – they could suggest that our system cannot tolerate too many big plans. “Their memories are short” as one president once said. “For they have forgotten what we as a country has already done”, “what free men and women can achieve when imagination is joined to common purpose, and necessity to courage.” I support the bill. Thank you.