



MOTIVATION REMARKS BY

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**DEPUTY CHAIRPERSON OF THE STANDING COMMITTEE ON
ECONOMICS AND PUBLIC ADMINISTRATION**

**REPORT ON THE STAKEHOLDER CONSULTATIVE AND
OVERSIGHT WORKSHOP ON THE FINANCIAL INSTITUTIONS
AND MARKETS ACT (FIMA) HELD IN MAY 2023 AT
SWAKOPMUND**

WEDNESDAY, 17 APRIL 2024

PARLIAMENT BUILDING WINDHOEK

Honourable Speaker,

I rise to motivate an important report for the approval of this august house.

The Standing Committee on Economics and Public Administration held a consultative workshop with stakeholders from 22 to 24 May 2023 in Swakopmund.

Our consultations were prompted by an ongoing series of stakeholders' consultations focusing on the Retirement Fund Industry, particularly on the sections of the Financial Institutions and Markets Act, Act No. 2 of 2021 commonly known as FIMA on the pension preservation clause (RF.R.10), compelling members to retain seventy-five (75) percent of their minimum withdrawal benefit until they reach the age of 55.

Consequently, before a member of a pension fund or retirement fund attains the prescribed age of 55, he/she will be entitled to withdraw only 25% of the fund credit and the 75% should be saved or preserved for retirement.

Hon. Speaker, Hon Members,

FIMA was gazetted in 2021 and its aim is to replace the outdated Pension Fund Act of 1956, with the aim to reform, consolidate and

harmonize the laws that govern non-bank financial institutions, financial intermediaries and financial markets while addressing flaws identified in the current outdated legislation.

FIMA was expected to come into force on 01 October 2022 but due to a wide public outcry demanding a legislative reform of aspects of the law, NAMFISA announced the postponement of the enforcement of the aforesaid law.

Therefore, the consultation and oversight workshop held in May 2023 followed after the wide public debate and outcry, particularly on Chapter 5, dealing with the preservation of pensions.

The main objectives of the workshop among others are listed in the report amongst others to: Provide a platform for Members of Parliament and stakeholders to share their views, experiences and recommendations on the proposed pension preservation clause (RF.R.10) and other provisions of FIMA;

Participants of the workshop include senior officials and stakeholder representatives in the industry that represents thousands of members.

The workshop involved a series of presentations and insightful panel discussions by stakeholder representatives and members of the Standing Committee.

In the interest of time, I will not delve too much into the details of the report because it's already shared on the Chamber Documents Telegram App. I will go straight to the recommendations of the Committee:

Based on the insightful discussions and outcome of the workshop, the Committee recommends to this august House as follows:

1. The National Assembly discuss, consider and adopt the report.
2. The Minister of Finance and Public Enterprises should implement the NAMFISA Act, 2021 as promulgated by Parliament subject to the recommendations, which follow hereunder.

3. Amendments should be considered holistically within a one to two-year period after implementation (reflecting the implementation challenges).
4. The Minister of Finance and Public Enterprises must put on hold all controversial clauses in FIMA such as the pension preservation clause when implementing FIMA.
5. The Minister of Finance and Public Enterprises in collaboration with the Office Attorney-General must clarify the constitutionality of introducing a mandatory pension preservation clause of this nature, in legislation.
6. The Ministry of Finance and Public Enterprises and NAMFISA must consider the concerns and challenges stated by stakeholders as indicated in the report.
7. Although the word spouse is being defined in the Namibian retirement fund law for the first time, the current definition is excessively broad and has a potential of draining retirement funds, especially the defined benefit as it includes people who are not married e.g. cohabitees to be members of funds. Also,

12. There is a great need for the separation of the controversial pension preservation clause from the Financial Institutions and Markets Act (FIMA).
13. The outdated Pension Fund Act of 1956 should be revised since it no longer suits the current economic situation.
14. NAMFISA should hold annual briefings and consultations with the National Assembly through its Parliamentary Standing Committee on Economics and Public Administration with the view to update members on the development in the non-banking financial institutions sector and to ensure that members are equipped with the necessary information (opportunities and challenges) in the financing sector
15. The preservation of benefits Regulation (RF.R.5.10) which was removed from the NAMFISA's website must be addressed in the Act (FIMA) because it has a major impact on the Namibian society.

I so submit Hon. Speaker.