State-Owned Enterprises
The future of public enterprises

PUBLIC enterprises are created to execute social obligations placed in good governance by a government worried about the well-being of people. They are entrusted with public goods such as energy, water, transport and linked social services, which contribute to the welfare of ordinary citizens.

The performance of public enterprises has been a hot topic in the country with a number of public enterprises requesting bailouts from government. This led to the establishment of the public enterprises ministry in 2015 as public enterprises were governed by the State Owned Enterprises Act, falling under the Office of the Prime Minister whilst some other acts are still governed by under line ministries.

There was an intention in 2015 for government to amend the current state-owned enterprises (SOEs) legislation allowing for public enterprises to only operate under the Ministry of Public Enterprises (MPE).

Government had to set up a completely new legislation and the policy had to be completely revised.

The past year, the MPE started taking over all the commercially viable public enterprises but it faces a hiatus.

Hybrid governance model delayed

In an interview with The Namibian, MPE minister Leon Jooste said his ministry was busy with the hybrid governance model but that his ministry has been faced with very complex legislative bottlenecks that have delayed the implementation of the hybrid governance model.

Jooste said one of the problems is that most of the public enterprises have their own enabling legislation and there is very little coherence between these acts.

“Any amendment to our legislation results in a domino effect of legislative consequences and these need thorough scrutiny to avoid undue complications. We are working closely with the Office of the Attorney General and have agreed to first table an amendment bill of our existing legislation to enable us to implement the governance model followed by a more comprehensive new bill,” he said.

Compliance project process

In May 2016, the MPE launched a compliance project for all 97 public enterprises and the overall compliance is a measur 55% to date.

Jooste said the primary compliance requirements include that performance agreements between the line ministries and individual board members must be signed, governance agreements between the board and the line ministries must be signed, business and financial plans must be submitted at least 90 days before the financial year-end and that annual reports must be submitted within six months after the financial year-end of the enterprise.

“In most cases we review annual financial plans which are based on the business plans. We have been tasked to approve several new business plans of public enterprises where we prefer to follow an interactive approach to cooperate with the line ministries and the public enterprises to improve business plans as required. We therefore don’t necessarily simply approve or decline business plans but rather follow due process until we feel confident that a truly feasible business plan could be submitted to Cabinet,” he said.

Moreover, Jooste noted that his ministry is implementing performance management in a phased manner and has already started implementing the first phase of the public enterprises performance management and evaluation system (PEMES).

“The new performance agreements will be signed after the new incentivised remuneration guidelines are implemented. These three components work together: performance agreements, performance monitoring and performance based remuneration,” he noted.

He stressed that the implementation of the corporate governance guidelines is an ongoing process and constantly refined in line with global corporate governance best practices.

He added that the business plans of public enterprises are very similar to those found within the private sector and serve to illustrate how the company will be run operationally and financially (a “road map”) and as a basis to raise financing when required.

“We are now making sure that business plans are feasible before proposing to treasury to provide financial assistance on behalf of the shareholder or alternatively to attract financing from financial institutions. Business plans are usually valid for a five-year period but they should be reviewed annually,” he added.

 Bailouts, funding and future plans

In terms of bailouts, Jooste said the MPE put an immense amount of effort into a thorough situational analysis, saying one can only implement remedial measures once one has a thorough understanding of the reasons for the failures.

He added that the ministry has identified a number of core primary causes for the failures as well as several secondary causes, saying their job is to launch calculated measures to rectify the situation.

He noted that the most important thing for public enterprises during the current medium-term expenditure framework is to re-prioritise their core business responsibilities and to address inefficiencies as a matter of urgency while aligning themselves to government priorities.

He added that the public enterprises are the ultimate implementers of numerous government programmes and projects and the reliable, affordable supply of the products and services to enable economic growth and counter inequality are of fundamental importance.

“We are also evaluating various potential proposals to restructure our portfolio of public enterprises through mergers, absorption into ministries, partial listing on the Namibian Stock Exchange and so forth,” he said.

For the current financial year, around N$4.6 billion has been set aside for public enterprises and this includes subsidies of around N$2.9 billion to the various education-focused entities.

• CHARMAINE NGATJIHEUE
Commercial SOEs need restructuring

There is a call for state-owned enterprises (SOEs) that are seen as commercial to be restructured in such a way that it paves the way for private investors to forge partnerships with government to run them. Purvan Heuer, head of dealing and research at Simonis Storms Securities (SSS) said this would allow for commercial competitiveness, and thus lessen SOEs’ reliance on government funding.

Heuer stated that an SOE is a legal entity that is created by the government in order to partake in public service delivery, regulatory and commercial activities on behalf of government.

He added that theoretically, SOEs have been created because markets were imperfect or unable to accomplish critical societal needs such as effectively mobilising capital or building enabling infrastructure for economic development such as a nationwide electricity grid or water system.

“The function of SOEs is thus intended to fill those gaps. They are meant to ensure effective and efficient public service delivery so that economic activities can flourish and thus improve the general living standards of individuals,” he said.

He advised that for long-term sustainability, an SOE should be seen not only to be financially sustainable, but it should also continuously add societal value, in the form of effectiveness of public service delivery, governance and systems, human resources and job creation, amongst others.

He explained that SOEs aim to strike a balance between achieving economic and social objectives, and thus, perhaps even more so than their private sector counterparts, they need to find a way to remain financially sustainable and where appropriate commercially competitive, while creating value for citizens and society.

“Therefore, because of their significance in providing public goods, SOEs should not be purely evaluated on financial results, such as profit and loss statements of the enterprise, but rather on how they contribute to societal value creation. Note that SOEs should not be there to compete with the private sector and should therefore not be compared thereto. It should rather be there to stimulate private sector activity in order to improve standards of living, employment, development and overall economic activity,” he stressed.

Heuer added that the introduction of the public enterprises ministry should be seen as a necessary step to bring about improved accountability and efficiency of some SOEs.

He said in this regard SSS believes that the initiated process of streamlining the roles of SOEs and their governance in general but also allow for an effective allocation of public resources and an improved public service delivery.

He noted that this would also see some commercial SOEs being partially listed on the Namibia Stock Exchange, thereby easing the burden of financial reliance on government.

“We envision SOEs to serve as catalyst for growth and economic development, particularly in the transport and logistics sector, where the country is striving to position itself as a logistics hub for Southern Africa,” he said.

Klaus Schade, Economic Association of Namibia’s executive director said SOEs are often created to perform functions more effectively and efficiently outside of government structures, for instance the Namibia Statistics Agency and so forth.

However, he noted that they have not always lived up to this expectation as the current discussions concerning the closure of the Roads Contractor Company indicate. He added that the functions of the Road Fund Administration and the Roads Authority were previously part of the Ministry of Works and Transport.

He said there are different kinds of SOEs, saying some are statutory and regulatory institutions such as the Meat Board, Agronomic Board, Namibia Training Authority, Namibia Standards Institute, and so forth, while others are commercial enterprises, such as, for instance, NamPower, Air Namibia, amongst others, that supply goods and services to the public.

“Some SOEs provide goods and services that are regarded as strategic by government and are therefore not entirely left to the private sector, for example water supply and until recently electricity supply, before independent power producers entered the market. These goods and services are often critical to the functioning of the economy,” Schade said.

In terms of required performance and outcomes, Schade stated that it all depends in which category the SOE falls, saying they should render excellent, cost-efficient services in case of regulatory institutions.

“Commercial SOEs should provide access to affordable goods and services, recover costs if not make a decent profit. Some SOEs could play a developmental role by providing goods and services not yet provided by the private sector and develop new market opportunities,” Schade added.

He reiterated that SOEs’ objectives are usually not to maximise profits, but to achieve social and other objectives, saying a number of SOEs are run professionally and efficiently, provide essential services and are growing.

“Other SOEs could learn from these examples. However, it is necessary to review the multitude of SOEs, since functions could be in full or part fulfilled by the private sector. SOEs should be run and governed professionally and transparently without political interference. Management should be held accountable for the performance of the institution,” Schade said.

Local investors not willing to bank on SOEs – analyst

JOHANNESBURG – Local investors aren’t willing to put their money behind state-owned enterprises amid political and regulatory uncertainty, said economist and strategist Nazmeera Moola.

Moola was speaking at the Discovery Financial Planning Summit held in Sandton on Monday. She shared on the impact of the Cabinet reshuffle on investor confidence.

When president Jacob Zuma replaced Pravin Gordhan as finance minister with former home affairs minister Malusi Gigaba, ratings agencies Standard & Poor’s and Fitch Ratings downgraded South Africa’s sovereign rating to junk, over policy uncertainty. Fitch also downgraded the local debt rating. Moody’s, which has the sovereign rating two notches above junk, is expected to make an announcement soon.

Moola however highlighted that this uncertainty has not yet “shown up” in financial markets. It has become cheaper to buy local government debt, and there has been US$1.2bn worth of foreign flows into government bonds. But this is due to a recovery in emerging markets as a whole, she said.

What is most concerning is that fixed investment in the private sector has contracted for the first time since 1994 due to internal shocks, said Moola.

The only two instances when private investment contracted was due to global factors such as the Asian financial crisis in 1998 and the global financial crisis in 2008, she explained.

The last two years of political and regulatory uncertainty have brought on the current contraction.

This means that state companies cannot borrow from local bond markets, said Moola. If companies like Transnet and Eskom were solely dependent on local bond markets alone for funding, they would have problems, she explained. “They would have to find alternative sources of finance.”

Since the cabinet reshuffle Transnet has had three bond auctions and only managed to raise between R10bn and R25bn compared to historical figures of roughly R20bn raised in bond auctions.

Eskom has even tried to raise money from the local bond market in the past Year State owned companies can’t raise money in the local bond markets.

This does not necessarily mean that there isn’t money available. Corporates such as MTN, Capitec and Barloworld sought to raise funds in the bond market for the first 10 days of May and their auctions were oversubscribed between two and three times, said Moola.

Investors are not willing to invest in state-owned companies at this point in time,” she said.

Foreign investors don’t necessarily fund the state-owned company market. “State-owned companies are dependent on local investors for funding and local investors are not lending them money, that is the risk,” said Moola.

First24 recently reported that Treasury may be considering using the Public Investment Corporation to bailout bankrupt SOEs, like South African Airways (SAA).

Newly formed South African Federation of Trade Unions (Satu) raised concern over this. The National Union of Public Service and Allied Workers (Nupsaw) general secretary Success Matiusane said that this intervention is only a “short-term solution”. He explained that the Government Employees Pension Fund (GEPF), which is managed by the PIC, makes up a significant portion of public servants’ wealth.

“Any irresponsible investment, like the one contemplated by the national treasury, will threaten the sustainability of the fund,” he said.

A report by Moneyweb also revealed that the GEPF has funded the majority of Eskom’s debt. Satu spokesperson Patrick Craven said this was a concern. “If however the PIC pays out GEPF funds to fill massive holes of debt at loss-making SOEs like Eskom and SAA, which are unable to raise loans on the market in the light of the government being downgraded by the ratings agencies, the GEPF will inevitably eventually become unsustainable,” said Craven.
The Benguela Current ecosystem is the common ocean economy of Namibia, South Africa and Angola, and to ensure it remains sustainably beneficial to the three nations for generations to come, a cooperative guardianship was established, namely the Benguela Current Convention (BCC), which has its headquarters at Swakopmund.

BCC executive secretary Hashali Hamukuaya explained to The Namibian that the Benguela Current was a unique marine ecosystem, unlike any other in the world, with unique fish and other marine species important for local food security as well as major export revenue. Namibia's fisheries is amongst the top three GDP sectors. It is also crucial to other economic goods and services which provide direct employment to thousands of Namibians, as well as other downstream opportunities.

Most of the resources are renewable, but there are also non-renewable resources that need to be managed properly to ensure that the exploitation of these do not affect those which can be renewed. “Our three nations saw how important this ecosystem is and that cooperation on a regional level was necessary to ensure the system remains sustainable to all,” said Hamukuaya.

This eventually led to the establishment of the BCC a decade ago with the aim of harmonising the three countries’ marine management systems and ensure optimal sustainability for the future. Beside the management of resources, the BCC also ensures contingency plans are in place in the event of emergencies, while also sharing and building on a collective research data network. “The Benguela system is transboundary in nature and it is important for us to be able to understand the environment and find solutions and make forecasts as to how something here may impact the environment in Angola or South Africa, or vice versa. Our resources are not just national, but transboundary,” he said.

Asked if the BCC is currently fulfilling its purpose, Hamukuaya said “so far, so good.” “Of course, with any project of this magnitude comes challenges, but this convention is the first of its kind based on large marine ecosystem management, which is under regional management. It has become a model for other regions with similar systems to emulate. This is something to be proud of,” said Hamukuaya. “Even the UN registered the convention in April as an inter-governmental organisation under the law of the sea.”

Besides this, the success of the BCC has attracted a lot of funding to carry out strategic action plans. The problem now is that due to a poor global economy, the BCC is faced with the challenge of ensuring more local funding, which, according to Hamukuaya, is not an easy task as Namibia and the region also face economic hardships.

Although the convention is a complicated international body, which is answerable to the three nations’ governments, the importance of it can be experienced by the man in the street. According to Hamukuaya, everyone in the country benefits if the BCC fulfils its mandate. It could also negatively impact everyone if the convention fails at its task.

He reminded The Namibian of conditions before Namibia’s independence, when international fishing fleets plundered Namibia’s marine resources without any consideration for the citizens or the future.

Now, with the management system in place, marine exploitation, industrial development and environmental and man-made threats are checked, and steered into a mutually beneficial and sustainable economic resource that benefits all citizens. “It is all to ensure the ocean produces more for jobs, food, development and investments. The man in the street can have confidence in what we do because they can enjoy the benefits. One nation cannot do it alone, otherwise they may destroy others due to lack of considerate management of a mutual resource,” explained Hamukuaya. “If there is not this cooperation, there will be a vacuum.”
Interview with Namibia Airports Company corporate communications manager Nankelo Katjiuonga on the company’s performance, responsibilities and its key role in running eight airports in Namibia.

Please briefly articulate the mandate of the NAC.

In terms of the Airports Act 25, 1998, NAC is mandated to develop, maintain, and operate certain airports in Namibia as designated by the government. Currently, our portfolio is comprised of eight airports, namely:

- Hosea Kutako International
- Eros
- Katima Mulilo
- Keetmanshoop
- Luderitz
- Ondangwa
- Rundu
- Walvis Bay

What would you say were your key achievements in the past two years and where do you see the NAC in the next two years?

Over the past two years, we have been able to finalise key infrastructure projects at Eros, Ondangwa, and Walvis Bay.

At Eros, we introduced a modern rescue and fire station that meets the national and international requirements for the level of operational activities there. At Ondangwa, we completed a new modern and efficient passenger terminal to cater for the needs of the travellers in the northern regions and hopefully beyond.

We also enlarged and reinforced the capacity of the runway at Ondangwa to be able to receive medium-size aircraft. Walvis Bay now has a brand new passenger terminal capable of effectively meeting the requirements of our customers’ airlines and passengers.

In terms of the organisation, we have been working to streamline our operations to meet the national and international obligations and the requirements from our regulator, the Namibia Civil Aviation Authority.

For the next two years, we would like to continue major infrastructure projects at the remaining airports in order to meet the forecasted air traffic demands for leisure and business passengers in Namibia.

Now, we have to keep in mind that the realisation of airport infrastructure projects takes time. The construction of a runway or a passenger terminal takes a minimum of three years.

We would want to see in the next three years a NAC that has reached a substantive level of realisation of the rehabilitation of the major facilities at the regional airports, and air cargo facilities, providing Namibia with integrated airports systems to support economic development and the tourism industry.

As a key player in the transport and logistics sector how do you see your company contributing to the furthering of the government dream of creating a transport and logistics hub and also driving the Harambee Prosperity Plan?

NAC’s role is about developing, maintaining and operating the airport facilities to support the transport objectives. To that end, we will continue to engage the government to ensure that key airport infrastructure projects are included in the national plan for a transport and logistics hub.

This includes, of course, the expansion of our national flagship airport – Hosea Kutako International Airport – to meet the needs of the modern travellers and capitalise on the interests of international airlines to serve Namibia. We would also be looking at public-private partnership opportunities to harvest the benefits of the new facilities opened at Ondangwa and Walvis Bay in terms of cargo operations and inter-modality with other transport means.

What role do you think NAC can play in stimulating the transport and logistics sector in the future?

We were extremely pleased to have new airlines in 2016. The arrival of such airlines was mostly due to the decision of our government to open our skies to Africa, Europe and Middle East airlines as part of its international cooperation with the states were such airlines originate from. NAC contributed through its long-term marketing of our airports. We wish to continue working in tandem with the government to attract new airlines to Namibian airports and open new horizons for business and tourism.

What are some of the challenges faced by NAC in executing its mandate and improving its efficiency?

There are two major challenges for the company: ageing infrastructure, and capacity limitations. The airport infrastructure is ageing. The runways, taxiways and aprons at Eros and other regional airports have reached their life limit.

In some instances, the capacity is not sufficient to accommodate the traffic demand. This is particularly acute at Hosea Kutako International Airport where we are already facing difficulties meeting the needs of the current air traffic, let alone the forecasted one.

The arrival of new airlines demonstrates the interests and strong beliefs which international airlines and their respective nations have in the potential of the Namibian economy and tourism industry. However, we need to invest in the expansion of the facilities to accommodate the current and forecasted air traffic.

We also need to continue to rehabilitate the infrastructure at regional airports to support domestic air travel.

Do you think our transport and logistics sector, with special reference to airports services and security users, has developed world-class standards that promote safety and efficiency?

Airport services are heavily regulated in terms of the operational safety and security requirements. Namibia recently enacted a new Civil Aviation Act that clarifies further the role of all involved parties – that is from the services providers (including NAC to the national regulator.

We believe that if each party plays its role, there is no reason not to reach the world class standards we aspire to as a nation.

On its part, NAC is determined to continue to play its role as assigned to it in the Airports Act 1998, and the Civil Aviation Act 2016. However, to reach world class standards, we also need to ensure we have sufficient and modern facilities, in particular at Hosea Kutako International Airport.

Hence the need to expedite the infrastructure projects required to support efficient airport operations.

What potential do you foresee in the transport and logistics sector in driving the economy?

The arrival of new airlines last year is a testimony of the keen interest that the international air transport industry has for Namibia.

When we meet other airlines at international forums, they also reiterate their interest for including Namibia in their offerings for their passengers, and also air cargo. So, the potential is out there. It is important that we put in the necessary infrastructure to be able to keep the interests of the current and future airlines, and meet the current and forecasted demand.

Each new airline or air route brings in additional opportunities for achieving the national objectives of making Namibia a major transport hub in the region.
FISHCOR makes significant profit

FISHCOR is one of the few state-owned enterprises being able to meet the requirements of the public enterprises ministry in terms of profitability.

The company can also boast of a N$39 million profit made during the 2014/15 financial year and even better results during the 2015/16 financial year of N$42 million.

FISHCOR Group chief executive officer, Mike Nghipunya said this is thanks to the company having made profit for around ten years prior to the 2014/15 financial year. Speaking to The Namibian, Nghipunya explained the company’s mandate, the challenges it has faced and future plans.

THE NAMIBIAN (TN): Can you please give us an overview of the functions of Seaflower?

MIKE NGHIPUNYA (MN): The National Fishing Corporation of Namibia (FishCor) was established on 27 December 1991 in terms of the National Fishing Corporation of Namibia Act, 1991 (Act 28 of 1991) which paved the way for the establishment of Seaflower Whitsbee Corporation Limited (SWC), Seaflower Lobster Corporation Limited (SLC) and Seacope Fresher Fishing (Pty) Ltd. All these are now known as the Seaflower Group of Companies which are FishCor’s operating companies. Our core business is catching, processing and marketing fish and fishery products.

Seaflower Group of companies owns 10 vessels and operates two processing plants, all based at Lüderitz.

Vessels

The group owns rock lobster vessels and wet hake trawlers that dock at Lüderitz docks, namely Monte San Roque, Rex and Farillon as well as one hake freezer trawler, Pemba Bay, which docks at Walvis Bay.

Processing Plants:

Our lobsters are processed in the Seaflower lobster factory, while hake and by-catches are processed in the Seaflower whitefish factory.

FISHCOR has been consistent in the production of various products with the former also being sold to US markets. Whole raw frozen tails which are by-catches.

FISHCOR has also brought foreign currency earnings in the economy whilst adding to creating employment and value addition.

FISHCOR’s operations

We want to heed government’s call on value addition, and as part of the cooperation agreement between ourselves and the minister of fisheries and marine resources, we acquired the Whitsbee Property in Walvis Bay at a cost of N$160 million in 2016 to set up an onshore processing facility for horse mackerel.

THE NAMIBIAN (TN): What has Seaflower been able to mitigate these challenges?

MN: In terms of skills, we introduced a bursary scheme, which enables us to train our own people as a long-term strategy, and when these students are done studying, they can come back and work for us.

In terms of ensuring that we reduce downtime, we analyse and understand our operations and our immediate needs so that we keep spare parts in case any vessel or machinery breaks down.

THE NAMIBIAN (TN): What has Seaflower done to improve the turnaround time for turning vessels around?

MN: As part of the interventions to turn around the group’s fortunes, we restructured agreements with our partners which were previously not beneficial to the group. We also addressed the vessel capacity challenge by acquiring two state-of-the-art wet hake trawlers at a combined cost of N$80 million.

THE NAMIBIAN (TN): Can you please give us an overview of the operations of Seaflower?

MN: In April 2014, our factory was closed due to finances for roughly three months as I mentioned earlier. We worked tirelessly to come up with a turnaround strategy and managed to reopen our factory in July 2014, and although it did not operate at full capacity, we managed to bring approximately 500 employees back to work.

We managed to address the financial challenges and restored trust with our suppliers, bankers and other stakeholders who have lost hope in the group. We successfully addressed the vessel capacity challenge by acquiring two state-of-the-art wet hake trawlers at a combined cost of N$80 million.

As part of the interventions to turn around the group’s fortunes, we restructured agreements with our partners which were previously not beneficial to the group by consolidating our freezer subsidiary and by restructured agreements with our partners which were previously not beneficial to the group by consolidating our freezer subsidiary and Seacope into the group. With all these interventions, we managed to report a profit of N$39 million in the 2014/15 financial year from a loss of N$135 million in the previous year. We also managed to grow the group’s asset base from around N$156 million to around N$357 million.

During that time we managed to revamp our old machinery and vehicles to enable the operations to run smoothly. In terms of employment creation, we managed to employ an additional 100 workers and continued to add to that number over time such that the group currently employs 676 workers.

THE NAMIBIAN (TN): What has Seaflower’s contribution been to the local economy? How will this improve?

MN: We were able to put together a five-year strategic plan that was launched this year. This will serve as our guide as we work towards growing the group and meeting our operational and financial targets. It will also help us track progress and inform us as to what processes need reengineering, propelling us towards a better future.

We also produced an annual report as required by the SOEs Act. Our aim is for FISHCOR to be a role model for other SOEs by complying with all the requirements in terms of transparency.

For the past two financial years we were able to host our annual general meetings and in 2016 we were able to pay a dividend of N$5 million into the governor’s trust, which is the first in the history of the company.

Other projects include the turnaround strategy, acquiring vessels, replacing ageing machines to achieve efficiency, and introducing our bursary scheme.

We also implemented our production plan, which is a guide to how much we should produce in a day, week and month.

THE NAMIBIAN (TN): In terms of the future, what long-term strategies does Seaflower have in order to enhance its business?

MN: We will continue to reinvest finances into machinery to ensure efficient operations meet targets.

We have managed to build strong relationships with our customers who are from Spain, Holland, South Africa and Japan. Ninety percent of our finished products are exported whilst 10% is meant for the local market.

Our future plans include acquiring an additional vessel to run the factory at an optimum level and investing the construction of a 100 tonnes a day ice plant, which should be completed by August this year. This will ensure that we improve our vessel turnaround time, as it is critical to keep the vessels fishing and not standing idle in the port.

We want to heed government’s call on value addition, and as part of the cooperation agreement between ourselves and the minister of fisheries and marine resources, we acquired the Whitsbee Property in Walvis Bay at a cost of N$160 million in 2016 to set up an onshore processing facility for horse mackerel.

This will be one of the largest, if not the largest of its kind, in southern Africa and it will employ around 700 new people with a daily production output of 660 tonnes.

This project should be completed in mid to end 2018 at a cost of N$30 million.

THE NAMIBIAN (TN): What has Seaflower been able to improve the turnaround time for turning vessels around?

MN: We always say we are the friends of the communities in which we operate in looking at what we do for them. We have a budget of N$1 million annually meant for reaching communities and some schools at and around Lüderitz.

We have a feeding programme which supports three day-old homes at Lüderitz and 7 schools at and around Lüderitz, each receiving fish once every week to supplement their feeding programmes, in addition to donating fish to different communities in Khomas and Hardap.

Since 2018 we have been the main sponsor of the Lüderitz Grayfish Festival, the National Women Hockey team and the Seaflower Ocean Swallows Rugby Club from Lüderitz.

FISHCOR has also been designated to implement projects on behalf of the government in the fishing sector and as such in 2016 we donated around 3 million cans of fish to the Office of the Prime Minister for drought relief and poverty alleviation at a cost of N$21 million. There are other projects which in total amounts to around N$30 million to date.

THE NAMIBIAN (TN): What has Seaflower’s contribution been to the local economy? How will this improve?

MN: Well, everything we have done thus far is part of our contribution to the local economy. Since we are a state-owned enterprise, we implement a number of projects on behalf of the government. The fact that we employ 676 people in itself is a contribution to the local economy because this helps with poverty alleviation.

Our new factory meant for Walvis Bay will cost us half a million Namibian dollars and that is a contribution to the local economy in addition to creating employment and value addition.

We also bring foreign currency earnings in the economy whilst being an integral player in the fishing industry.

FISHCOR makes significant profit
An insight into NHE OPERATIONS

The National Housing Enterprise (NHE) is a state-owned enterprise created by an Act of Parliament (Act 5 of 1993), and resort under the Ministry of Urban and Rural Development with a mandate to provide and finance affordable housing on a national scale.

Since its inception, NHE has focused its operations on providing and financing housing in urban centres and has a clientele base covering over 14,000 (fourteen thousand) clients and a loan book of over N$500 million. The housing entity has delivered over 17,000 housing units since 1983. For the past five years, the company has expanded its operations to rural areas of Namibia as well. In addition to constructing houses and rendering credit facilities, the company also service land directly with the aim of creating serviced infrastructure in a number of local authority areas. Conversely, current legislative, policy and regulatory environment for land delivery slows the processes ultimately making land more expensive. Currently, the NHE waiting list stands at 94,747, however, the national housing backlog is recorded at approximately 130,000 which is believed to be expanding by 3,000 annually.

NHE Products and Services

The NHE renders home loan facilities and provides more than 15 housing products targeting middle to low-income market segments.

- **Package Loan**
  This product is mainly offered to Government employees to purchase and upgrade houses. The loan is structured to pay for the purchase price of the house, transfer and bond registration costs as well as funds for renovations and/or improvements.

- **Home Financing Loan**
  NHE Home Financing Loan is a loan given to clients for a private re-sale. A private re-sale is when an NHE client decides to sell his/her NHE property to someone. In this instance, the selling price for the property must be determined by the NHE valuator.

- **Home Improvement Loan**
  This is a loan given to existing clients of NHE who now want to extend their houses. Clients can go to the nearest NHE Regional Office to apply for a Home Improvement Loan.

- **Rental Housing**
  NHE offers rental accommodation units in the form of town houses and flats. The units, which are in Windhoek and Eenhana, range from bachelor to two-bedroom flats.

- **Excess Loan**
  Excess Loan is a loan given to existing clients of NHE who have owned NHE properties for a certain period of time. The client can borrow money from NHE up to the maximum of N$20,000. This money can be used to pay for school fees, municipal services such as rates & taxes, water & electricity, tuition fees, minor renovations to a property such as tiling, painting, etc. The Excess Loan amount to be paid is the difference between the financed amount and the outstanding balance. No second bond registration is needed for the Excess Loan application.

Challenges facing the NHE

The National housing Enterprise has, in the past, received Government recapitalisation to allow the institution to execute its mandate successfully and prioritise low-income earners to afford subsidised NHE constructed houses. This basically means, Government funding remains vital to NHE operations if the institution is to continue to focus on medium to low-income earners.

However, NHE was not catered for in the 2017/18 National Budget meaning NHE will not receive funding from Government coffers in this Financial Year. To this end, the housing institution has to devise mechanisms to ensure that housing production is not stagnated even when operating under strained financial conditions. In view of the above, and given the fact that the NHE Act does not limit NHE to only target middle to low-income earners, the current status quo leaves NHE with no choice but to run the institution on a strict cost-recovery principle to sustain its operations while delivering on this crucial mandate.

**NHE prices vs open market**

The NHE rolled-out and sold its latest houses in Windhoek in 2012/2013. By then, the housing bubble in the country had begun to balloon at an alarming rate. In spite of this, the NHE still maintained its prices accommodating medium to low-income earners. To date, NHE’s biggest house dubbed ‘the Stork’ still sells at almost 50 percent below what one can pay to a private developer on the same property.

The Stork, a three-bedroom, 138 square meter property with a garage, was sold for approximately N$750,000.00 in 2013 while other commercial institutions had valued the same property at over N$1 million. A 2-bedroom, 50 square meter house dubbed Core 8 was priced at N$330,000.00 while other mortgage lending institutions valued the same property at N$600,000.00. In all these instances and many others, the NHE could have opted to sell these products at market value but the institution has always resisted from this because the supposed loss is always covered by government intervention through recapitalisation.

**Business Principle**

The NHE competes with private developers to acquire land from local authorities, no special privileges are extended to NHE despite being the highest arm of government in the housing sector. To this end, the NHE may borrow money, at its own risk, from private institutions which money has to be re-paid with interest and NHE has to recoup some profit from such investment. This consequently means the NHE will sell its products at market price. For example, the Stork may be priced at N$1 million based on the actual valuation without any subsidy.

In the absence of the recapitalisation at the moment, NHE may opt to price its products in a commercially sensible way by selling all houses at market prices, a burden that will weigh heavily on our clients as they will be on the receiving end of expensive products.

Similarly, NHE may have to adjust its interest rate parallel to the prime rate as is the case with other mortgage lending institutions in the country. This basically means NHE will compete directly with private developers and by so doing operate on a sound business system to maintain sustainability and to allow NHE to roll-out more projects for other beneficiaries on our waiting list.
We aspire to ensure a sustainable road sector which is ahead of national and regional socio-economic needs in pursuit of Namibia’s Vision 2030.

The RA places a high premium on sound and transparent corporate governance, with the corporate governance structure comprised of a board of directors, audit committee and chief executive officer.

Through our procurement policy, the RA continues to promote broad-based development of small and medium enterprises and the training of Namibian people.

RA’s Economic Statistics & Milestones

We have made significant strides in expanding Namibia’s road network in our efforts to achieve the goals for transport infrastructure as set out in Vision 2030. Our road network now stands at approximately 46 327 km of which 7 568 km are bitumen standard (surfaced), 25 603 km gravel, 13 022 km earth (cleared tracks), salt roads is 304 km and the proclaimed roads that are not yet constructed, total 1 829 km.

We have constructed major regional roads, created links with all neighbouring countries in line with Namibia’s national development plan, which places a high premium on the four priorities of logistics, manufacturing, agriculture, and tourism. The expansion of the road network has already started to bear fruit as many of the communities in Namibia have access to the main centres of the country and are able to sell their products to the major urban centres within Namibia and beyond. Good roads are highly regarded as key and primary economic development enablers in the 21st century.

Major road construction and rehabilitation projects - the organisation completed to date:

- Rundu – Bundu road which links the Kavango and Ohangwena regions.
- Okahandja – Karibib road which links the Otjozondjupa and Erongo regions.
- Phase one of the Gobabis – Grootfontein road project which links the Otjozondjupa and Oshikoto regions.
- The upgrading to bitumen standard of the Tsumeb-Tsantsabis-Kahwehi road which links the Oshikoto and Kavango regions.
- Iitanange-Omakange road in the Omusati region.
- Omafo-Ongenga-Outapi road which links the Omusati and Oshikoto regions.
- Omakange-Ruacana road linking the Omusati and Kunene regions.

Current projects:

- Windhoek - Okahandja road upgrade to a dual carriageway (Section 4b).
- Windhoek - Hosea Kutako International Airport road upgrade to a dual carriageway (Phase one);
- Swakopmund - Henties Bay - Uis – Kamanjab road upgrade (Phase one);
- Walvis Bay – Swakopmund road upgrade to a dual carriageway [behind the dunes] Phase one;
- Grootfontein – Omatatapati road upgrade;
- Gobabis – Aminuis – Aranos road upgrade (Phase one);
- Oranjemund – Rosh Pinah road upgrade;
- Oshakati – Ongwediva road upgrade;
- Onhuno – Endola – Ongwediva road upgrade;
- Namalibi – Iitete – Luhonono (Schuckmannsburg) road upgrade.
- Etomba – Omundaunglo gravel road.

The Roads Authority (RA) is a state-owned entity that was established in terms of an act of parliament (Act no.17 of 1999). The mandate of the organisation is to manage Namibia’s national roads network with a view to achieve a safe and efficient road sector.

In addition to our core function, the RA provides transport and traffic related services to vehicle owners, operators and drivers as assigned functions from the minister of works and transport through our Namibian Traffic Information System NaTIS centres countrywide.

We are currently finalising road safety projects. As of last year, the RA has conducted raids and audits which were done on our main corridors. As a result of this, we have also constructed the first arrester device that enables vehicles with braking capabilities to stop, the trial sections on some of our roads.

In addition, we have embarked on research and implemented engineering decisions to enhance our road network. We will also continue with prudent cost-control measures to ensure we continue to execute our planned road projects.

Conrad Mutonga Lutombi, CEO: Roads Authority

<table>
<thead>
<tr>
<th>DRIVING TIPS FOR MOTORISTS</th>
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<tbody>
<tr>
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<td>2. You have a valid and unexpired driving license.</td>
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<td>3. Do not drink and drive.</td>
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<tr>
<td>4. Pedestrians</td>
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<td>a. Walk in single file facing traffic and crossing the road before doing so.</td>
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<tr>
<td>b. Do not cross the road where you cannot see the traffic.</td>
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<tr>
<td>c. Observe the speed limit.</td>
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<tr>
<td>d. Cross the road only if there is a safe gap at a pedestrian crossing.</td>
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<tr>
<td>e. Use the pedestrian crossing.</td>
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Tel: 061 284 7000  Tel: 061 382 2800  Fax: 061 284 7110  Email: info@ra.org.na
• Uukwiyusshona-Omuntele gravel road;
• Epato - Onashe gravel road.

The RA has also implemented the government rural access roads development programme to enhance rural accessibility and connect the rural population to the economic belt of the country. Under this programme, several gravel roads were constructed, especially in the northern regions.

Additionally, the road infrastructure of Namibia continues to act as a gateway that contributes to the economic growth of other Southern African Development Community (SADC) countries. Namibia is accessible by all the SADC member states. Countries such as Zambia, Zimbabwe and the Democratic Republic of Congo can now access the Atlantic Ocean via the Port of Walvis Bay because of our well-maintained road infrastructure.

With regards to maintenance of the network, we commenced with re-seal and re-gravelling projects in 2015, which are simultaneously being executed countrywide over a period of three years. The main aim of this initiative is to extend the life of our aged road network, improve safety for motorists and improve the condition of our bitumen and gravel roads until such a time we have adequate funds to rehabilitate them. Through this initiative, the condition of our roads has improved significantly (from 12% to 90%).

Determing & Prioritizing

There are established regional road boards across the country who, in consultation with regional governors and councillors, advise the Ministry of Works and Transport, through the Roads Authority, on regional priorities which eventually get incorporated in the medium to long-term roads master plan. This master plan is then tabulated by the Ministry of Works and Transport to the National Planning Commission after which Cabinet endorses the recommendation of the National Planning Commission. Priorities are then set in the master plan for budgetary purposes.

In addition, the road must be a proclaimed road of any standard, either a gravel or an earth road.

Other factors that are taken into consideration are the frequency of traffic on the specific road, as well as safety and maintenance costs at the current standard. The social aspect is also a key factor in constructing/upgrading roads, for example connectivity to schools and hospitals and national integration.

The upgrading commences when funds are made available by government.

RA’s plans for 2017

Last year the road sector was faced with immense challenges caused by a shortage of funds, a situation which hindered the progress on some of our projects. However, although the funding situation is not ideal at this point in time, the RA will continue with the implementation of key identified priority roads to support our country’s economic growth and enhance road safety.

All in all, where the resources permit, we will continue to execute our planned road project activities in line with the current strategic plan. We will also continue with prudent cost-cutting measures by ensuring that we focus our attention on activities and operations which create value for us to deliver on our mandate.

RA’s long-term strategy to prevent road accidents countrywide

As a key stakeholder in road safety, our main priority is to keep the state of the road network in a good condition as we continue to build new ones. It is imperative that we also implement engineering decisions to enhance road safety through the implementation of dual carriageways on critical sections of the road network. We are currently finalising road safety audits which were done on our main corridors. This is ongoing as we speak. The idea is to come up with implementable solutions if the problems are engineering/ geometric or design related.

We have commenced with the upgrading to dual carriageways of the following roads: Windhoek-Okahandja, Windhoek-Hosea Kutako Airport Road and Swakopmund-Walvis Bay Road. We are also busy with the detailed design of the Ombuthiya – Ondangwa – Ongwediva road upgrade.

We completed the installation of kilometre markers on our surfaced road network countrywide at the end of last year. These markers will enable the RA and other stakeholders to record specific locations where accidents occur, which will simultaneously enable emergency services to be easily and speedily directed to the exact locations where an accident has taken place. Similarly, this will aid the RA to identify “black spots” where accidents occur frequently. The data provided from these kilometre markers will be analysed and will enable the RA to come up with interventions of implementing infrastructural road alterations that will reduce and prevent accidents at identified “black spots” on our national road network.

In addition, we have embarked on research and development field trials using solar road studs on some of our roads. The trial sections are on road T0201 (Swakopmund – Walvis Bay) and on road T0111 (Ondangwa – Ongwediva). Solar road studs provide the driver a tenfold increase in visibility of the layout of the road ahead. At a speed of 100 km/h the studs give drivers over 30 seconds to react to road conditions compared to the 3,2 seconds for conventional retro-reflective units.

We have also constructed the first arrester bed in Namibia on the B2 road from Usakos to Swakopmund. An arrester bed is a traffic device that enables vehicles with braking problems to stop safely. The construction of this arrester bed is one of the many road safety action plans the government has initiated to promote road safety and save lives.

Lastly, the organisation has introduced speed flashers to curb the speeding problem by calming the traffic travelling between Otjiwarongo and Otavi as well as Windhoek and Rehoboth. These speed flashers were installed to monitor infrastructure and enhance road safety. The number of speeding vehicles has been reduced by more than 70% after the devices were installed.

DRIVING TIPS FOR MOTORISTS

• Drive at a safe speed and always observe the speed limit.
• Speed should be adjusted according to the road conditions.
• Always wear your seat belt and ensure that your passengers do the same.
• Do NOT drink and drive.
• Follow other vehicles at a safe distance.
• Do not use a mobile phone while driving.
• Overtake with care, avoid overtaking at blind spots.
• Do not tailgate.
• Before you embark on your journey, ensure that:
  1. Your vehicle is properly licensed.
  2. You have a valid and appropriate licence to drive the vehicle.
  3. The vehicle is roadworthy.
  4. Pedestrians.
  5. Always cross the road at designated pedestrian or zebra crossings.
  6. Always use footpaths where they are available.
  7. Do not cross at bends in the road where you cannot see the danger of oncoming vehicles.
  8. If you are walking in a group, walk in single file facing oncoming traffic.
  9. When crossing the road, be attentive and on the lookout for oncoming vehicles.
  10. Always make sure it is safe to cross the road before doing so.
The mandate of the MPE

The Ministry of Public Enterprise is meant to position Namibia’s key state-owned enterprises to play their meaningful role in Namibia’s development agenda, as well as guaranteeing that they are properly managed to reduce the financial burden on government.

Meanwhile, the major challenge the Ministry of Public Enterprises (MPE) is faced with is the legal environment, which is still in essence the same as that under which the state-owned enterprise (SOE) Governance Council operated.

In the 2017/18-budget motivation, MPE deputy minister Engel Nawatiseb said the act in its current form merely provides the MPE with an oversight mandate and is therefore not sufficient to deal with the transformation of the public enterprises landscape.

“Hence the necessity to urgently amend the act to also give legitimacy to the hybrid governance model, which was approved by Cabinet in July 2016,” Nawatiseb said.

Nawatiseb said a number of milestones have already been reached such as the appointment of a professional team in the corporate advisory reform unit of the ministry, the finalisation and approval of the hybrid governance model, and approval of the amendment of the governance system.

“Other milestones are the technical review of the Public Enterprises Governance Act in preparation of the amendment; the development of a framework for an ownership policy which will provide guidance on the role of “the state as a shareholder” in commercial enterprises; establishment of an in-house monitoring system which now enables MPE to report collectively on the financial performance and levels of compliance of all public enterprises, this system will be enhanced during the new budget period,” Nawatiseb said.

The ministry also boasts of establishing a proper board recruitment process, which includes a database for potential board members for public enterprises, various induction and training interventions for boards of directors as all new board members attend compulsory induction courses; and finalisation of performance-based (incentivised) remuneration guidelines and board fees for public enterprises.

Nawatiseb noted that they are steering through uncharted territory but they remain guided by evidence-based facts and references to global best practices.

“We will not fall into the trap of taking ill-conceived decisions and I want to plead for more patience as we embark on the journey to reform Namibia’s public enterprises.”

The MPE has two main programmes for the 2017/18 financial year, which are policy supervision and support services; and legal, economic and financial advisory services.

With N$41 726 000 set aside for it, under the policy supervision and support services programme, MPE intends facilitating the recruitment, training and development of board members and chief executives; rationalising remuneration of board members and management staff of public enterprises; providing policy supervision, change management and administrative support services to ensure efficient and effective service delivery; improving staff competence and facilitate the development and acquisition of specialised skills; and strengthening monitoring capacity through the use of information and communication technology systems.

Meanwhile, as N$16 097 000 is set aside for legal, economic and financial advisory services, the main activities under this programme is developing and enhancing good corporate governance guidelines and regulatory frameworks; through constant monitoring, ensure that public enterprises comply with financial, legal and governance requirements; establish a performance management culture and appropriate performance incentive schemes; and conducting strategic interventions, evaluations, due diligences, special investigations and provide further technical support and consultation, specifically to public enterprises that are earmarked for restructuring.

We will not fall into the trap of taking ill-conceived decisions and I want to plead for more patience as we embark on the journey to reform Namibia’s public enterprises.
The Old Power Station, one of the Lüderitz Waterfront’s flagship development projects that is being transformed into an attractive waterfront space. This special project focuses on the development of the fully fledged satellite campus for The Namibia University of Science and Technology (NUST), Maritime Museum, indoor and outdoor sport- and recreational facilities.

At completion, it is envisaged that this will be a special place that welcomes all people to work, mix, mingle and socialise.

**LWDC envisions economic growth for Lüderitz and //Kharas Region**

The Lüderitz Waterfront Development Company (LWDC) was birthed through a Cabinet resolution in the early 1990s that was taken to inject funds into ‘dying’ towns of Namibia at the time, to improve their economic base.

The company was then created as a state-owned enterprise operating under the auspices of the Ministry of Finance. The company was created with the specific focus to realise the potential of the harbour town of Lüderitz as a destination for business, tourism, education and social upliftment.

It is committed to becoming a catalyst for meaningful economic development for Lüderitz and the //Kharas region and seeks to help the town achieve its economic diversification plans. The LWDC further aims to be “a popular destination for commerce, public access place, leisure and to promote the culture of the sea”.

Its development interventions facilitate easy access to the sea and prime beach areas of the town, which were historically not accessible for the beachfront development as well as for residents and visitors. The overall waterfront development seeks to link the central business district of the town to the water’s edge, striving to bring people closer to the water by connecting a series of public urban spaces through attractive pedestrian routes.

LWDC’s mission is to provide high quality infrastructure and superior business environment for our clients, visitors and investors. Meanwhile, its vision is to make the Lüderitz Waterfront a special place that welcomes all people to live, work and enjoy leisure in the beautiful and inspiring spaces and architecture that connect the town to the sea and protect its heritage for future generations apart from economic imperatives. The LWDC also envisions being one of the top development companies in the industry in which we operate. The vision is also to become a popular destination in terms of public access for the people of Namibia, as well as international visitors.

In pursuit of achieving its objectives and vision, the LWDC strives for and believes in trust, excellence and professionalism.

LWDC undertakes to:

- Play a meaningful and catalytic role in developing and attaining a vigorous and modern Lüderitz economy.
- Help the town of Lüderitz in achieving its economic diversification strategies.
- To continue to be a financially self-sustaining SOE and a leading waterfront in Namibia through the continuous support and assistance of the government.
- Strive continuously to improve the shareholder’s value.
- Be sensitive to the environment as well as responsive to the needs of the immediate communities within which LWDC is operating.
- To create substantial job opportunities through ongoing waterfront development projects.
- Create a conducive environment for Small to Medium Enterprises (SMEs) and private vendors.
- Where possible, to facilitate mentorship training programmes for SMEs.
- Enhance the First Phase of the development project through continuation of the Second Phase.
- The company cherishes the principle of Public Private Partnerships (PPP), subscribing to the principles of continuous improvement and modernisation in the interest of customer satisfaction through service excellence.
- We have ensured a clean and well-functioning waterfront venue that is ready to welcome the public.
- The hugely popular waterfront outdoor harbour square continues to host major public events notably the Annual Lüderitz Crayfish Festival.
- The renovation and upgrading of the Lüderitz old power station commenced in earnest in 2013. About N$300 million was set-aside for the development, making it the largest single development over 20 years at Lüderitz.
- About 150 people have been employed during the construction phase. Approximately 150 permanent jobs will be created at operation level.
- The town is poised to become a university town by 2019 onwards.
- The maritime museum is set to become a major tourist attraction (drawcard for increased tourism as well as enhancing maritime education).
- A variety of modern sport & recreational facilities will offer new experience for users.
- We continue to enhance urban town planning through a series of waterfront development projects.
- By creating a vibrant new community, the town and its business partners are building the foundation to grow meaningful jobs, opportunities for new and emerging businesses, increased tourism activities and recreation.
- The town is set to become a university community with renewed vibrant nightlife.
- Our harbour square continues to host public events attracting many people.
- It is essential that the waterfront be accessible for everyone to the greatest extent possible.
- The Lüderitz Waterfront makes it possible for people to own modern sea view properties in town.
- The second phase development makes it easy to enhance the town’s ability to lure new investors to the town.
- The Lüderitz Waterfront will make Lüderitz proud in strengthening investor confidence, attracting and retaining professionals in key disciplines, create meaningful employment, attract new sustainable investments, and bring about modern economic infrastructure capable of offering new experiences and the need to improve the living standards of its people.

**HIGHLIGHTS AND SUCCESSES OF LÜDERITZ WATERFRONT**

**First Phase of Business Complex**

- The company successfully built its first phase consisting of residential units, offices, shops, popular seaview restaurant & coffee shop, SME section offering conducive business environment and other public amenities which never existed in town such as the harbour square, pedestrian jetty, play park and also improved access roads, walkways. Lighting and introduced trees to contribute towards the beautification of the town.
- Over the years, we have maintained relatively high occupancy rates in the retail section of our business.
- Our target is to achieve and maintain an occupancy rate of over 95% within the first phase of our business premises.
- About 150 permanent jobs have been created in various business sections under the first phase.
- LWDC continues to be a major player and catalyst for economic development locally as well as for the //Kharas region.
- Our unchallenged record speaks for itself in the promotion of the culture of the sea.

**Second Phase: Transformation of the Old Power Station into Attractive Waterfront Space**

- About N$300 million was set-aside for the development, making it the largest single development over 20 years at Lüderitz.
- About 150 people have been employed during the construction phase.
- Approximately 150 permanent jobs will be created at operation level.
- The town is poised to become a university town by 2019 onwards.
- The maritime museum is set to become a major tourist attraction (drawcard for increased tourism as well as enhancing maritime education).
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State-owned enterprises not operating in the interest of taxpayers

Although they are expected to run efficiently as commercialisation of those entities were to lessen the burden on the fiscus and/or even generate revenue for government, Kakujaha-Matundu said this has unfortunately not been the case for most of them.

Comparing private businesses and SOEs, Melber said that those who have ownership, either individuals or shareholders, hold those companies operating in the private sector accountable and if they fail to be economically viable, their management is either replaced or the company is closed.

He noted that the main purpose of private business is to make profit, saying if it fails to do so, it is abandoned.

“State-owned enterprises, in contrast, would justify their existence even when making losses if they serve a public good, that is the common people, in satisfying basic needs. It is then justified to be subsidised by revenue, because they contribute to welfare.”

But the few public enterprises operating with profits in Namibia do so often at the expense of ordinary people by cutting them off from water or electricity and serve those who can afford to pay. Most SOEs, however, are not even justified by such a function and often operate at huge costs for the state, only to remunerate those who render a disservice,” he said.

He stressed that his hope is that the plethora of SOEs would be tightly scrutinised and those who do not serve the basic needs of a welfare-oriented state and its citizens are closed.

He added that they have to be performance-oriented and measured against delivery, saying as a result many, if not most, of the existing SOEs would need to either shape up or shut down.

Melber further stated that government bailouts should be stopped. He said if SOEs operate continuously with major losses, they have to either be closed or completely revamped.

He said if they are not performing, there should be new management, service-oriented staff and adjusted salaries, adding that the current wages of the higher echelons in SOEs are out of proportion with their delivery.

He reiterated that SOEs should be committed to the welfare of the people and serve the ordinary citizens, and similar to the civil service, they should have an ethical code of conduct which justifies their existence through the contributions to public well-being.

“This can either be an economically sound company reconciling profit and good services in the interest of the customers, or a non-profit making entity which instead contributes to general uplifting which in itself is also a relevant economic contribution and service to society,” he said.

Otjo Kakujaha-Matundu, senior economics lecturer at the University of Namibia said SOEs were created to provide public services to the Namibian society efficiently to avoid failures that are associated with inefficiencies in government provision.

Although they are expected to run efficiently as commercialisation of those entities were to lessen the burden on the fiscus and/or even generate revenue for government, Kakujaha-Matundu said this has unfortunately not been the case for most of them. They became a burden on the fiscus and as such on the taxpayers.

Comparing SOEs to private sector companies, Kakujaha-Matundu said private companies are driven by strong shareholder sentiments, which are profit-driven, with serious consequences for non or underperformance.

“On the other hand, SOEs in Namibia seem to suffer from the same vices of the public sector. Historically there has been no consequences for SOE bosses for underperformance.

There is generally weak accountability, mainly due to poor selection of board members and inexperienced CEOs, in these entities,” he said.

Speaking on growth, Kakujaha-Matundu noted that hopefully, the newly created Ministry of Public Enterprises won’t face strong headwinds and will hopefully shake things up. He added that there is no growth in terms of quality, timely and efficient service delivery and hence SOEs remain a burden on the taxpayer who should pay exorbitant salaries to public enterprises for poor service delivery.

“Run the commercial ones on serious commercial principles; identify those with the potential to sustain themselves and let the others be placed under the Ministry of Public Enterprises. Let me hasten to say, that if is we assume that the public enterprises ministry is not just going to be another government ministry where accountability has been thrown out of the window. The ministry should have real teeth in its supervision of those commercial state-owned enterprises. There should be consequences for non-performance,” he advised.

He said the non-commercial ones should just become government departments and in that sense government could make huge cost savings through downgrading management positions to be comparable to the salaries of their peers in the civil service.

He added that utility companies such as NamPower and NamWater, if run well, will provide utilities not only to households, but oil the industrialisation machine through cheaper water and electricity.

“Thus our Growth at Home Strategy can only become a reality if we can provide utilities efficiently. Similarly others such as Namport and others in that sector will provide the requisite infrastructure, which is a necessary condition for economic development,” Kakujaha-Matundu added.
Serving on three boards not a practice anymore

MINISTER of public enterprises

Leon Jooste said in the ministry's current processes that are being followed to appoint new boards, the ministry is doing due diligence in order to prevent one person from serving on three boards. This is in terms of people who are currently serving on more than three boards of different public enterprises. Jooste reiterated that, will not be a practice anymore.

He was answering questions in parliament earlier in the year and said it is illegal for one person to serve on more than two public enterprises' boards. He said the act makes provision that a person may only serve on two public enterprises' boards at any given time. “We in fact, discussed this in Cabinet and all ministries have been instructed to forward information to our ministry, so that we can review the current appointments and if there are persons serving on more than two boards, they will have to vacate one of those seats immediately,” Jooste said.

He added that in his ministry’s current processes that are being followed to appoint new boards will prevent the above mentioned practice from continuing.

In terms of remuneration, Jooste stated that his ministry has the current guidelines that have been implemented, and have finalised the new guidelines that have been taken to Cabinet and those will be implemented in future.

Another question posed was why some of the audits for public enterprises are done by the Office of the Auditor General while other audits are done by independent external auditors. “The reason for that, once again, you would mostly find that being specified in the Act or legislation, that the audits need to be done by the Office of the Auditor General. We need to take a final decision and again have a uniform approach where all audits should be done by the Office of the Auditor General and whether we would allow for discrepancy to continue,” Jooste noted.

He stressed that what is important is that the quality of the audits are exactly on the same standard, saying they have met with all the major auditing firms to discuss this particular item and have various concerns about the current process.

He noted that there is a need to identify solutions as there is no use complaining about the problems. “You would find that a particular public enterprise has a qualified audit opinion, year upon year, and that is a massive red flag for us,” Jooste noted.

He stated that the way for his ministry to fix that will be with new, more deliberate performance agreements, where an item like that will also be included in the performance agreement and that the board of that enterprise will be responsible to deliver an unqualified audit opinion within one or two financial years depending on what the reasons are for bringing a qualified opinion.

Get to know the Namibia Tourism Board

The Namibia Tourism Board was established through an act of the Namibian Parliament as a statutory body responsible for establishing the mechanisms for convergent thinking and synergy between both the private and public sectors in implementing national policy on tourism.

NTB Mission Statement

To sustainably market and develop tourism to and within Namibia by exceeding our visitor’s experience and expectations, adding value to our stakeholders and yielding enhanced quality of life of all our people.

NTB Vision

Namibia to be renowned as the most sought after tourism destination in Africa.

The Board was established on 2 April 2001 with the following mandate:

• Promote Namibia’s tourism industry internationally and locally.
• Ensure that services rendered and facilities provided to tourists comply with the prescribed standards.
• Register and grade accommodation establishments and other tourism related businesses.
• Promote the training of persons engaged in the tourism industry.
• Promote the development of environmentally sustainable tourism by actively supporting the long-term conservation, maintenance and development of the natural resources base of Namibia.
• Provide advice and guidance to persons engaged in the tourism industry.

Core Values of the Destination Brand

NTB research has identified four Namibian brand values that underpin our visitors’ experience of Namibia. These reflect the essence of Namibia and set us apart from our competitor. By evoking the feelings that lie behind these brand values, we can remind previous visitors of our appeal and excite potential new visitors about coming to Namibia. It’s a combination of these values that evoke the unique perception of Namibia. By applying them regularly and consistently, we increase Namibia’s chances of being seen as unique and memorable:

• Rugged – Namibia has an elemental, pristine landscape that is unlike anywhere else.
• Natural – The landscape and animals are Namibia’s defining natural assets.
• Soulful – Namibia touches your soul; you feel humbled and awe-inspired by the vast space and tranquillity.
• Liberating – You feel free. You can explore the country on your own terms.

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www.namibiatourism.com.na
The Meat Planet—Meatco

The Meat Corporation of Namibia (Meatco) serves a premium market segment as its products are of international standards. The business environment—locally, regionally and internationally—that the corporation operates in, remains a highly competitive one, especially in view of the fact that Meatco’s products compete in strategic niche markets against those from the big-beef-producing countries such as Australia and Brazil. Working on diversification, Meatco has been able to set itself apart from its competitors. Since it kicked off operations in 1986, Meatco’s business focus is maximising producer prices and stabilising livestock prices especially beef. According to the 2015/2016 Financial report 62.35% of Meatco’s revenue went to the producer and that explains why in a good year we declare a bonus payment to the producers/farmers. Paving Namibia on the map, giving it international recognition—Meatco is proud of its long standing adherence to the highest international quality and compliance standards, which is viewed as a priority in giving the company a competitive edge. Although Meatco exports only 44.48% of their products abroad to the European Union (23.59%), Great Britain (14.29%), Norway (5.28%) and Reunion (1.32%), the value from these markets make up 74.04% of the returns. In addition, Meatco markets 23.91% of their products to South Africa which contributes only 16.01% to Meatco’s returns and Namibia receives 22.60% of Meatco’s products and contributes only 9.91% to the returns of the company. Meatco is currently finalizing the United States and the Asian (Chinese) markets.

Below is a question and answer session to better your understanding on the Meat Corporation of Namibia (Meatco).

WHO IS MEATCO?

Meatco was established, and is regulated by the Meat Corporation of Namibia Act, with the remit to serve, promote and coordinate the interests of livestock producers in Namibia. Our vision is to have the most sought-after meat brands in selected markets in the long-term interest of our stakeholders. Meatco is also listed as a State-Owned Enterprise (SOE) under the SOE Governance Act, 2006 (Act 2 of 2006).

HOW DID MEATCO GET LISTED AS AN SOE?

According to the SOE Governance Secretariat, Meatco is included as an SOE because of the provision of Section 20 of the Meatco Act which states: “that the funds of the corporation shall consist of moneys which by virtue of Section 2 form part of the corporation’s money appropriated by parliament for the realisation of the objects of the corporation.” It was also proposed that “once Meatco amends this section that they are not receiving money and that they have no potential of receiving money appropriated by parliament, then there is no need for Meatco to be on the list of SOE’s, on condition that Meatco pay in full what (start-up capital) they got from the government.”

WHAT DRIVES MEATCO?

To maximise producers’ returns sustainably within our business context, Meatco has identified key value drivers:

- Competitive business structure
- Supportive ethical and corporate social responsibility programs
- Enhance supply levels
- Improve stakeholder support
- Reduce Northern Communal Area losses

MEATCO AS A COMPANY AND ITS PERFORMANCE

70% of the Namibian population depends on livestock. The livestock industry is approximately worth N$2.3 billion of which Meatco occupies 50%. We have managed to stabilise the livestock prices since its inception 1986. We continue to have a relatively high price compared to other regional countries: e.g. Botswana, which has the same net export status and serves the same international markets as we do.

RECENT ACHIEVEMENTS:

2016 PMR AWARDS WHERE MEATCO WAS NOMINATED AND AWARDED:

- In the Business sector: Agriculture (abattoirs) in Namibia, Meatco Namibia: Diamond Arrow Award.
- In the Business sector: Agriculture (livestock) in Namibia, Meatco Namibia: Diamond Arrow Award.
- In the Business sector: (meat processing companies) in Namibia, Meatco Namibia: Diamond Arrow Award.
- Companies/institutions demonstrating exceptional managerial and corporate governance qualities over the past 12 months in Namibia: Meatco Namibia: Diamond Arrow Award.

ARROW AWARD

THE LONDON STOCK EXCHANGE GROUP (LSEG):

In 2016 The London Stock Exchange Group (LSEG) has identified Meatco as one of Africa’s most inspiring companies in the United Kingdom. Meatco together with 16 other companies in Namibia are identified as Africa’s most inspiring businesses. The group hosted the launch of “Companies to Inspire Africa” on 31 March 2017, which puts forward the most dynamic companies on the continent. The report identifies Africa’s fastest growing private companies and profiles them based on country and industry. The LSEG has always played a central role in bringing together ambitious, growing companies from around the world with global-minded investors. Key to that role is a continual effort to raise awareness in emerging markets of the unrivalled investor base that exists in London seeking exposure to new geographies and opportunities.

DBN GOOD BUSINESS AWARD

In 2015, Meatco received the Development Bank of Namibia (DBN) Good Business Awards. DBN Good Business Awards are awarded to enterprises that create a platform for innovation and keen business acumen to showcase their efforts and this can encourage and inspire other businesses to follow suit.

WHO ARE MEATCO’S CLIENTS?

Namibia produces more beef than what Namibians can consume, hence our status as net exporter. The main thrust of Meatco is to derive value for Namibian customers by exporting to international markets. Our clients include the European Union, United Kingdom, Norway and South Africa. However, Meatco also serves local butcheries, franchises, hotels and restaurants.

WHAT PRODUCTS/SERVICES DOES THE COMPANY OFFER?

Meatco is a meat-processing and meat-marketing entity. We serve as a conduit between Namibian producers and markets. We serve niche markets locally and internationally with premium quality products that are traceable all the way from the farm to the fork. To highlight the unique qualities of our products, we have developed our very own Nature’s Reserve brand of products, which, along with the Meatco brand, act as a vehicle to extract the maximum value from international markets for the corporation’s livestock producers. Meatco’s Nature’s Reserve brand has opened up free-range beef marketing channels and serves various international customers.

WHERE DOES THE COMPANY HAVE OFFICES/ BRANCHES?

Meatco has factories in Windhoek and at Okahandja. But, recently the latter has been partially transformed into an export cold storage. Further to this, we have our various Meatco offices countrywide at Gobabis, Grootfontein, Okahandja, Otjiwarongo, Okakarara, Rundu and Windhoek, which serve farmers and the general public. We also have marketing and sales offices in South Africa and the UK.
WHAT ARE THE BEEF PRODUCTS AND SERVICES MEATCO PROVIDES, ANY BRANDS TO HIGHLIGHT?

The services and products that Meatco offers stretch from farm to fork, with our dedicated livestock procurement team, throughout the value chain to the delivery of our products in global export markets to our customers’ distribution hubs and shops. Meatco works hard to connect itself throughout the value chain and to access the end user premium and return this to the Namibian farmer. Our Nature’s Reserve branded beef can be found weekly on the shelves of some of Europe’s largest supermarkets.

Amongst our Nature’s Reserve customers are internationally known names such as MacDonalds, Burger King, Heinz and Danish, Norwegian, German, Dutch, Spanish, Portuguese and UK-based retailers as well as known regional quoted companies, e.g. Famous Brands in South Africa.

The products sold to these customers vary, but include frozen, chilled, whole muscle and retail, ready barcoded packs for direct distribution to retail and cash and carry shelves. From our cannery our Elooko, Texan, Longhorn, Ranch and Cattleman brands are all growing their market presence and can be found in retail outlets throughout South Africa, Southern Africa, Zimbabwe, Nigeria and beyond.

In 2013, Meatco reviewed its overall offer and recognised a further opportunity within our home market to further develop our value addition and local market product range to appeal to a far larger market segment and to include, within this venture, our own retail outlets. MeatMa was launched in 2014 and the ministers of agriculture and of trade opened the initial store. Since then MeatMa has quickly established itself as a competitive, high quality brand that is growing in popularity and volumes week on week. MeatMa has created new jobs, new skills and new opportunities for both Meatco and Namibia and as such is also proud to be part of the government’s ‘Growth at Home’ initiative.

WHAT IS MEATCO’S OUTLOOK FOR THE FUTURE?

Meatco realised the continual decline in cattle numbers over the past 20 years and the trend is not expected to change for the better. Meatco continues to ensure that it has the required infrastructure to maximise its facilities and drive unit cost down.

In 1995, we introduced feedlot development into our supply chain as part of our backwards integration initiatives, which ensures optimal capacity utilisation and secures a consistent supply of cattle to our abattoirs. Meatco has thus assumed a key role in sourcing our own raw material. To date, Meatco has been undertaking assessments and followed all legal requirements to get the go-ahead for our feedlot expansion in the Omahke and Opuwo/Okapuka regions.

Meatco saw the business opportunity with the Development Bank of Namibia and this is where initiatives such as expanding the Okapuka feedlot infrastructure expansion came in. Further expansion of building similar infrastructure in the Omahke (Annasuru) and Opuwo/Okapuka (Kombat) regions has also commenced. With Meatco’s backwards integration strategies and a strong marketing push, we are set for positive growth in the coming years and reinventing ourselves.

However, it is important to note that the drought conditions, in tandem with the number of cattle available, recent animal diseases outbreak as well as the water scarcity, pose a serious threat to the business in general, and to the farmer in particular, to continue with the production of quality animals. But in terms of our outlook, the introduction of multiple supply chains will remain an important strategy to pursue and continue with.

NQA urges graduates to have their qualifications evaluated

The NQA is mandated to perform certain key statutory functions which include evaluating qualifications, to set up and administer a National Qualifications Framework as well as to accredit institutions providing education and training in Namibia.

In line with its vision to empower people in Namibia, the NQA plays a key role in ensuring that the education offered in Namibia is of high quality and in line with the national standards, that graduates are equipped with skills that match industry needs and can be used to upscale the economy and contribute towards social progression. Ultimately, the NQA is committed to collaborating with key stakeholders to build a world-class education and training sector which is not only responsive to the needs of the Namibian nation but is also globally competitive.

In this special feature, the NQA sheds more light on the evaluation of qualifications and how the public can make use of this free service.

Why does the NQA evaluate qualifications?

The NQA evaluates qualifications to give them value by comparing them to the qualification types on the National Qualifications Framework (NQF) for Namibia. Evaluation is also done to verify legitimacy, validity and creditability of the awarding body and its qualifications. The NQA only evaluates qualifications that are quality assured.

- Legitimacy refers to the authenticity of the qualification (i).
- Validity refers to whether the qualification issued in a legal manner and by a legal body.
- Credibility refers to whether the awarding body can be trusted.

What is a quality assured qualification?

A quality assured qualification is one that is recognised in the country of origin and obtained at an accredited institution.

Why is the evaluation of qualifications important?

- It provides valuable information regarding the status of qualifications and credentials of institutions.
- It enhances chances of employability.
- It opens up access routes to additional education and training.
- It contributes to the personal development of each student and the socioeconomic development of the national at large.

- It provides assurance to the public and other stakeholders that a particular set of professional and academic standards have been achieved.

What type of qualifications does the NQA evaluate?

The NQA only evaluates qualifications and Unit Standards based awards which are quality assured in the country of origin and thus advises prospective learners to verify the status of both the institution and the programme before enrolling for studies. The NQA does not evaluate certificates of attendance.

Who may apply for the evaluation of qualifications?

Any person may apply to have their qualification(s) evaluated by the NQA. Applications must be made on the approved application form and must be completed fully, correctly and legibly. The application form may be downloaded on the NQA website: www.namqa.org or collected from the NQA House.

What documents should be submitted with the application form for the evaluation of qualifications?

Certified copies of the following documents should be submitted with the application form:

- Highest School Qualification, e.g. Grade 12
- Each Degree, Diploma or Certificate awarded
- Complete, official academic records/transcripts of each qualification issued by the awarding body
- Completion of apprenticeships, where relevant
- Degree/Diploma supplement where applicable
- Qualifications in the original language as well as translations of all non-English documents translated by a sworn translator inside Namibia
- Research paper/work project/Thesis, where applicable
- Valid ID/Passport showing applicant’s photograph
- Proof of name change (i.e. Marriage Certificate), if applicable
- Original documents as needed on request

How long does the evaluation process take?

The process takes 30 working days. However this depends on the availability of information and the completeness of the application. If an application is submitted and it is incomplete, when the outstanding information is submitted, the process takes 30 working days from the day the outstanding information is submitted.

The application forms with all the relevant documents should be sent via post, courier or hand delivered at the NQA Office: Corner of Bismarck and Dr. W. Kulz Street in Windhoek or posted to: Namibia Qualification Authority Private Bag 15347 Windhoek.

For more information, please contact the NQA on (061) 384 100, email: evaluation@namqa.org or visit: www.namqa.org
The Namibian Standards Institution is Namibia’s only national standards body (NSB) responsible for coordinating all standardisation and quality assurance activities in the country. The institution represents Namibia at regional and international standardisation activities to advance the national interest in the development of standards. It is a young and dynamic institution, which was established in 2007 under the terms of the Standards Act (Act No. 18 of 2005) and started operations in January 2008. The NSI’s primary aim is to facilitate the development of national standards for application in business, government and consumer protection. To assist manufacturers to access the global market, the NSI provides conformity assessment services which are testing, inspection, certification and metrology.

Standards are developed through a transparent, open and consensus based process, involving interested stakeholders who in turn define the standards’ fitness for purpose for products, and good practice in the case of processes or services. Management system standards assist organizations in the management of their operations. The widespread use of standards is a necessary precursor to the evolution of a culture of quality in society.

As the National Standards Body, NSI provides standards through the adoption of regional and international standards in most instances. International standards ensure businesses operate more efficiently and effectively. Furthermore, standards can aid in resolving challenges and provide solutions in all stages of a production process. Additionally, international standards provide businesses with the information they need to compete globally. They further provide a modern technical base for regulators and help to drive down costs for contractors, suppliers and ultimately the end user.

The role of a national standards body is constantly evolving and therefore the NSI’s leadership saw the need to revise the NSI’s strategic plan and review the vision and core values to align its operations to customer needs.

**FUNCTIONS**

- Information on trade-related standards and technical regulations
- Standards development and training on specific standards requirements
- Sales of international, regional and national standards
- Certification of products and organisations management systems based on standard requirements
- Microbiology and chemistry analysis on foods, fishery products and water
- Inspection of fishery products, fishing factories and vessels
- Calibration and verification of measuring instruments used for trade, health and safety
- Enforcement of the Metrology Act

**BRAND PROMISE**

Creating peace of mind

**VISION**

To be recognised as the centre of excellence for standardisation in Namibia

**MISSION**

Promoting the standardisation of products for the safety the of consumers, protection of the environment and improved access to global markets

**CORE VALUES**

- Stakeholder and customer centricity
- Responsiveness
- Integrity and ethics
- Respect for people
- Excellence & quality
- Accountability