



MINISTRY OF MINES AND ENERGY

BUDGET SPEECH

VOTE 15

BY

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MINISTER OF MINES & ENERGY**

**THURSDAY, 11 JUNE 2020
NATIONAL ASSEMBLY**

Hon. Chairperson of the Whole House Committee
Hon. Members

This being my first time to speak since the beginning of the 7th Parliament, let me use this opportunity to congratulate both the Speaker and the Deputy Speaker, on being elected as Presiding Officers. I have no doubt that you will continue to manage the affairs of the National Assembly effectively.

I also congratulate all of us for being elected to this august House – especially the youngest among us. To you I say, remember that youth comes but once in a lifetime – so do not squander it. I am, however, convinced that your youthful enthusiasm will find its practical expression in impactful lawmaking.

I commend the Minister of Finance, Hon. Ipumbu Shiimi, for tabling a budget under very difficult conditions. The COVID-19 pandemic has severely damaged economies; it made governments worldwide to make near-impossible choices between saving lives and saving economies. It is at times like these when concepts such as fiscal and macroeconomic stability assume a different meaning altogether. When some Hon. Members decry the high budget deficit and the sizeable debt-to-GDP ratio, they are not necessarily wrong- because that concerns all of us. They are, however, disingenuous when they pretend as if they have better workable alternatives to what the Minister of Finance has presented to us.

If ever we thought that one day we will seriously be challenged as a Nation, COVID-19 has accelerated the arrival of that day. While it is common knowledge that our economy has stagnated over the last few years; that unemployment is still unacceptably high; that inequality in our society is still prevalent - if anything, COVID-19 has exacerbated our challenges. The pandemic has ravaged the economy and disrupted anything and everything resembling normality. It has challenged what we thought we knew. It is for that reason that today the Namibian people, more than ever before, need their leaders to demonstrate true stewardship. This is true for political leaders, business leaders and social leaders alike.

At this juncture I want to acknowledge and appreciate His Excellency, President Hage G. Geingob's sterling leadership in managing the pandemic. The quick actions taken earlier have so far yielded positive results. I also want to thank all the brave men and women who risked and continue to risk their lives while protecting ours. These are the health workers, the security and safety personnel, and the truck drivers that made sure that we continue to have access to essential goods and services.

We are all here as elected representatives of the people – and given the fact that we are here to represent our political parties, we will be tempted to always view our debates through partisan lenses. Chances are we will consider our

debates as something that necessarily must be won or lost. If we were to take this approach, the unfortunate consequence is bad lawmaking. And guess what – the impact of bad lawmaking will be felt disproportionately more by the underprivileged among us; by the ones who need us most.

If we were to go the route of partisan politics at all cost, we will give our common enemies an opportunity to gain an upper hand. We have a number of common enemies such as economic stagnation, unemployment, corruption and inequality. Recently we have also witnessed tribalism rearing its ugly head and starting to threaten unity among us – making us lose the sense of being a community which is an important ingredient in finding solutions to difficult issues facing us. The end result will be that our common enemies will continue to be stronger and defeat could be staring at us.

I am not naïve to suggest that political parties are not important. After all, the essence of our democracy is based on a multi-party system and it is about competition of ideas. I am therefore not calling for the abandonment of all our party identities, nor am I suggesting that as political parties we should not promote our political agendas in this august House. The point I am, however, making is that as Members of Parliament, the Namibian people need us more than ever before to find sustainable solutions to our socio-economic challenges.

They need us more than ever before to concentrate our political energy more on what unites us and less on what divides us. They want us to know that a non-partisan approach will serve them better than being highly partisan. They also want us to know that the country matters more than our respective political parties and that it is good politics when we choose to collaborate and disagree without being disagreeable.

I am certain that some of the events that took place in this chamber this week have left the electorate dumbfounded. They were left horrified and cringing in disbelief after watching us on television screens hurling insults at each other. They were appalled watching their elected leaders bullying others and masquerading it as debating. None of these distasteful conduct on our part will provide solutions to our challenges. What will though, is when we pay attention on restoring people's hope and soothing their fears. What will work is when all our efforts are geared towards creating an environment where the light at the end of the tunnel starts to burn brighter.

Going forward, our future will be determined by what we as lawmakers and as citizens choose to do. We can choose to be remembered as those who enabled our development or choose to be those who derailed our progress. However, if we were to choose the latter we risk perpetual underdevelopment and ridicule by the rest of the world.

Having said that, let me now briefly motivate the budget for Vote 15 – the Ministry of Mines and Energy. The proposed budget for Vote 15 is in the amount of N\$233.5 million of which 36% (N\$85m) is earmarked for capital projects. The mandate of the Ministry is to ensure that the country's mineral resources are exploited in the best interest of the country; and that the country has access to affordable energy that is required for our socio-economic development.

Mining continues to be an important sector of our economy. In 2019 the mining sector contributed 13% to the GDP; paid N\$3.1bn in taxes to the Government; and employed more than 16 000 employees. It is our intention to continue to do everything necessary to provide a conducive environment to make it possible for further private sector investment in the mining sector. As you would appreciate, given the volatility of the international commodity prices, mining is a volatile industry and needs to be handled diligently.

Pertaining to the mining sector, we continue to be pre-occupied with two issues; namely the local content in mining operations and value addition to raw minerals before they are exported. In both cases we are making good progress and it is our hope that we will be able to finalize the necessary changes to the mining law during this financial year.

With regards to the provision of the required energy in the country, we continue to increase the local production capacity of electricity. In order to encourage more local electricity production, we have introduced reform measures that allow IPPs to sell electricity directly to large consumers – as opposed to a system where it was only Nampower that was allowed to sell electricity to consumers. We are also encouraged by the presence of international oil companies that are exploring for oil in the country, both off- and on-shore.

In fulfilling our mandate, we have six programs and I will briefly explain each programme as follows:

Programme 1 : Promotion of Local Investment in Exploration – N\$24.8m

The main focus of this programme is to ensure that the management of the mineral licensing function is done effectively. As we all know, any mining operation starts with an exploration and it is important that we continue to promote mineral exploration. It is also under this programme that we ensure that safety is maintained at all mining operations.

Programme 2 : Creation of knowledge of Geological Resources – N\$52.2m

This programme focuses on the integrated and multidisciplinary geoscience surveying and research. Activities carried out under this programme include geophysical and geochemical surveying, geological mapping, geo-environmental monitoring of mines, upgrading the National Seismological

network for recording and monitoring of earthquakes, as well as economic assessment of mineral deposits.

Programme 3 : Energy Supply & Security – N\$71.8m

The main focus of this programme is to ensure access to electricity, especially electrification of the rural areas. We still have a number of schools and clinics in rural areas without electricity and we will be scaling up the rural electrification program where in this budget N\$53m is made available for this purpose. So far rural electrification has largely been done through the extension of the current grid. However, given the expansiveness of the country, the grid-connection method is rather expensive. We are therefore reviewing our delivery mechanism by considering other delivery methods such as mini-grids and standalone solar systems.

Programme 4 : Protection of Diamond Industry – N\$14m

The diamond sector is an important contributor to the economy. It is also a sensitive sector because diamonds do not have utility value but rather have a sentimental value. This programme therefore aims at ensuring a sustainable development of diamond resources, paying particular attention to the security of the diamond industry.

Programme 5 : Petroleum Supply – N\$12.3m

This programme aims to provide a conducive environment to sustain the exploration for hydrocarbons in the country, by ensuring that we remain a competitive destination of investment in the oil and gas sector. During this financial year, there are plans to drill two wells offshore and it's our hope that a commercial resource will be found. Under this programme we will also carry out more research projects that will add to the body of knowledge pertaining to the hydrocarbon potential in the country. This is important when marketing ourselves to potential investors.

Programme 6 : Policy Co-ordination and Support Services – N\$58.5m

This programme caters for the administrative functions and support services in the Ministry. One of the most important support services under this programme is the provision of IT services – necessary for the data integrity pertaining to the minerals licensing function.

Before I conclude, I would like to sincerely thank Deputy Minister, Hon. Kornelia Shilunga, the Executive Director, Mr. Simeon Negumbo and the entire staff of the Ministry for their contribution towards the execution of our mandate.

Honorable Chairperson,

I herewith submit the Budget for Vote 15, in the amount of two hundred and thirty three million, five hundred and fifty thousand Namibia Dollars **(N\$233,550,000)** for your consideration and approval. I pledge that the requested funds will be utilized as intended to achieve the desired outcomes.

I thank you.

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