



08/04/2025

PARLIAMENTARY RESPONSE TO THE 2025/26 APPROPRIATION BILL
HON. K. HENGARI

Honourable Speaker,
Honourable Members,

I rise today to deliberate on the 2025/26 Budget, tabled by the Honourable Minister of Finance and Social Grants Management. While we acknowledge the need for fiscal discipline and commend the government's recent revenue mobilisation efforts, particularly the enhanced tax administration and the deployment of digital tax tools; this budget falls woefully short of setting a decisive and transformative agenda for the new administration. It lacks the bold economic interventions necessary to tackle the deeply structural challenges facing our nation.

One of the most glaring inconsistencies is the budget's failure to reflect the ministerial mergers announced by President Ndaitwah. The restructuring was announced as a measure to streamline government operations and improve fiscal efficiency. Yet, the estimates presented before us show no sign of consolidated funding. On the contrary, allocations continue to be made to entities that no longer exist in their previous form. This raises fundamental questions about the alignment

between executive decisions and fiscal planning. Are we financing ghost ministries? Is this not fiscal recklessness masquerading as business-as-usual?

Madam Speaker,

It is no secret that this budget was rushed. That much is evident. But perhaps the more constructive conversation we should be having is how, from a legislative standpoint, we can ensure that future transitions between administrations do not compromise the integrity and strategic alignment of the national budget.

A three to four-month period between national elections and the swearing-in of Members of Parliament and the new Head of State is, quite frankly, too long. During this time, critical decisions ought to be made, including the formulation of the national budget; an exercise that defines our country's economic priorities and developmental trajectory. The distribution of the national purse is not a procedural formality(it is not a by-the-way matter); it is a deliberate economic intervention. It is the most powerful tool at our disposal to chart the course of nation-building, address inequality, stimulate growth, and deliver services.

When a new administration assumes office, it must have the time, mandate, and institutional support to craft a budget that reflects its policy vision. Rushing this process not only undermines transparency and accountability , it severely limits the capacity of the new government to effect meaningful change. There is therefore a need to revisit the constitutional and legislative frameworks governing this transitional period to safeguard the integrity of future budgetary processes.

Honourable Members of this August House

Equally troubling is the absence of a dedicated allocation for the asset management agency announced by President Ndaitwah. While the idea of centralising and professionally managing government assets is welcome, the credibility of this proposal is undermined by the lack of clear budgetary provision for its establishment and operations. Are we once again witnessing a grand announcement without the financial means or political will to follow through? Institutions of this scale require resourcing, staffing, and legislative frameworks. This budget provides no such clarity, only ambiguity.

Honourable Speaker, on the issue of housing, we cannot ignore the grim reality facing thousands of Namibians. Rent prices are skyrocketing across the country, and home ownership remains a distant dream for many. A nation where citizens cannot afford shelter is a nation stumbling on the edge of social collapse. We need structural solutions: increased housing subsidies, incentives for developers of low-cost housing, and state-supported access to mortgage finance for first-time buyers. We are yet to see defined actions that could help regulate and stabilise excessive rental increases, particularly in urban centres.

This budget also fails to address the economic plight of the youth. The 121 Constituency Fund for youth-led SMEs introduced by the previous Minister was a necessary intervention aimed at decentralising support and boosting micro-entrepreneurship. This budget makes no mention of tailor-made projects that will absorb the unemployed. Instead, youth unemployment, which remains at over 50% is relegated to vague rhetoric. There is no targeted funding, no entrepreneurial stimulus, and no job creation plan tailored to the realities faced by our young people. The consequences of ignoring our youth will haunt this nation for generations. When will this administration introduce a Youth Employment Tax

Incentive where companies that hire young job seekers are offered tax breaks? TIPEEG and the 121 SME Constituency Fund very well thought-out initiatives that ended up very dead.

Moreover, there is the urgent issue of the National Youth Council. Year after year, the Auditor-General has flagged financial irregularities and unaccounted funds. We can no longer turn a blind eye. It would be remiss of me not to call for a Commission of Inquiry to investigate the financial management of this institution. Youth-focused structures must embody accountability and transparency, or risk becoming instruments of patronage and decay.

Honourable Members, let us turn our attention to the development budget. The execution rate of just 67.5% in the previous fiscal year is deeply concerning. How can we claim to be investing in growth and infrastructure when a third of the budgeted funds are left untouched? The development budget is the primary tool for stimulating the economy, improving social services, and addressing spatial inequality. Delays in project implementation, procurement bottlenecks, and lack of capacity at sub-national levels must be addressed as a matter of urgency. Budgeting alone does not build roads, hospitals, or classrooms, execution does.

As a country, we have consistently failed to meet our development spending targets, despite increasing nominal allocations. The slow procurement processes, overlapping mandates between ministries, and weak inter-agency coordination are chief culprits. I therefore ask the Minister directly: What reforms are being implemented to address these weaknesses? How do we expect investors and

citizens alike to trust the state's ability to deliver when year after year, the development budget underperforms?

On fiscal policy, while we welcome the narrowing of the fiscal deficit from 8.5% in FY2020/21 to an estimated 3.4% in FY2024/25, we must interrogate the quality of this consolidation. Are we cutting where it hurts the poor most? Are we achieving sustainability by shrinking the state's developmental capacity? Austerity without strategic investment is economic vandalism. Fiscal discipline should never be pursued at the expense of human dignity, food security, and employment.

Furthermore, Honourable Speaker, the issue of policy consistency must be addressed. Investors and economic actors operate on expectations and predictability. Constant shifts in direction; be it on taxation, procurement policy, or sectoral priorities creates confusion and deter investment. Uncertainty in fiscal and industrial policy is one of the leading causes of Namibia's poor private investment performance. It is time for a multi-year economic roadmap that transcends political cycles, one that prioritises key sectors and ensures regulatory stability.

Additionally, we must shine a light on the issue of debt. While the budget outlines a reduction in the debt-to-GDP ratio to 69.8%, the actual debt servicing costs are escalating, now projected at N\$12.3 billion annually. That is money we are not investing in our people. Every dollar spent on debt interest is a dollar taken away from health, education, and agriculture. Without a clear debt management strategy that prioritises concessional borrowing and domestic investment stimulation, this trajectory is unsustainable.

Honourable Speaker, this budget also misses the opportunity to empower local authorities and regional councils. These are the institutions closest to the people, and yet they are grossly underfunded. Decentralisation without financial empowerment is a farce. The urban-rural divide will continue to widen unless local governments are capacitated to respond to the developmental needs of their communities. I propose the introduction of a Local Development Conditional Grant, tied to specific outcomes, to help bridge this gap.

We must also ask difficult questions about our over-reliance on SACU receipts, which still constitute over 33% of national revenue. This over-dependence is dangerous. As regional trade patterns evolve and SACU revenues fluctuate, Namibia must develop its own diversified tax base. Investment in value addition, digital services taxation, and formalisation of the informal economy are key steps in this direction.

In summary, Honourable Speaker, this is a budget of cautious maintenance, not bold transformation. It misses the opportunity to signal a new dawn under a new administration. Our people are calling for leadership that is courageous, solutions-oriented, and unafraid to disrupt the status quo. We are not here to rubber-stamp stagnation; we are here to advocate for a new economic order, one that places people, especially the most vulnerable, at the centre.

The Namibian people are not asking for miracles. They are asking for jobs, housing, affordable living, dignity, and a government that works. We must meet them at their point of need; with urgency, with integrity, and with vision.

I so submit.