



REPUBLIC OF NAMIBIA

Statement at Ministry of Finance Staff Meeting

Presented by Honourable Saara Kuugongelwa-Amadhila

Minister of Finance

February 10, 2012

The Honourable Deputy Minister of Finance

The Permanent Secretary & Deputy Permanent Secretary

Distinguished Staff Members

Distinguished Members of the Media

I welcome you to this Annual General Staff Meeting. I hope you have all settled in well after a year end break and are re-energised to take on the challenges of the New Year. Indeed the New Year is filled with many challenges.

We face an increasing challenge to raise enough revenue to meet the resources needs of government and enable it to undertake critical programs aimed at providing socio economic services and creating jobs. With the current economic outlook where growth is projected to be subdued in the medium term, this challenge becomes arduous.

The Ministry has over the past few years been pursuing measures to improve public revenue collection. A review of the tax policy and administration was undertaken and out of this an integrated reform programme was developed. A number of aspects of this reform agenda are already being implemented with a range of tax laws amendments having been passed by Parliament last year, while others including an

environmental tax levy are due to be presented for parliamentary approval as soon as Parliament resumes.

These measures are supplemented with a range of administrative reforms including a modern integrated IT system, for tax administration that will allow both for integration in tax administration in order to ensure improved compliance enforcement and monitoring.

The reforms will also include a review of the institutional set up of the tax office and in this regard we would like to investigate the viability of an autonomous revenue office.

All these are aimed at improving the efficiency of tax administration. But although this will improve revenue collection, they are not enough to even mitigate against reductions in revenue growth. Therefore, the reforms also include the introduction new taxes and revising the taxation methods. We shall soon launch this reform agenda. I must hasten to add though that success of these reforms depend in large part on commitment and capacity of those who have to drive it, and that is ourselves.

In addition to optimizing public revenue, we need to continue improving the allocation of scarce resources in order to ensure we optimize outcomes from public investment. I am happy that the Public Finance Reforms Programme under which these efforts are being promoted is progressing well. It is important that we maintain the momentum in this regard.

The recurrent reports of misuse of public funds are a course of concern. In addition to this, there is a significant potential for savings to be made through efficiency gains. In this regard, the Public Expenditure Review of O/M/A's will enjoy priority attention over the next years and the outcome thereof will be implemented.

In regard to curbing the misuse of public resources, the internal audit function plays an important role in ensuring O/M/A's compliance with Treasury Instructions. We have established a foundation by having internal auditors in all O/M/A's. These auditors are necessary to support treasury to enforce compliance by Accounting Officers with Treasury Instructions. We shall therefore, continue to invest efforts into building capacity for internal auditing across government as part of the strengthening of Treasury oversight over Public resources. This will

go along with improving Physical assets management through the finalization and active management of a government asset register.

I am glad that some progress is being made in this regard. We should build on this progress during this year in order to reach finalization of the asset register. Similarly, we shall aim to finalize a revision of the procurement system.

I must emphasize that government will continue its efforts fight against theft or any misappropriation of Public assets. Those who make themselves guilty of this will face the wrath of the law. As officials of finance, we must uphold the highest standards of ethics and be exemplary to others.

I am concerned about reported delays in the processing of payments to contractors and other service providers by O/M/A's. It is important to note that such delays result in high costs to these contractors and can cause cash flow problems. It is important that government makes the payments due to other parties in time. In this regard, a maximum period has been established within which any payments due should be made by O/M/A's. However, it is reported that some O/M/A's fail to make payments within the stipulated time frame.

I urge those parties that do not receive their payments in time after making a supply to government to notify my office so that I can facilitate a follow up.

I know that the delays in processing payments are a concern also in regard to tax refunds. With regards to this; the tax reforms also include measures to address the backlog in tax assessments and refunds payments. They also include measures to mitigate the build-up of a backlog in the future by stream lining procedures, aligning them to best practices and addressing the staff shortages. A special project with dedicated staff to deal with the tax assessment and refunds is foreseen.

To realize these ambitions would require unreserved commitment on our part. I, therefore, urge you to strive for excellence in your performance. As you have, I am sure learnt by now, government has adopted a new performance evaluation system. In terms of this system, performers will be recognized while non performers will be held accountable for their non performance. This means one can no longer expect to be promoted on the basis of his/her qualifications and the performance in the interview only. One has to demonstrate in practical terms one's capabilities and commitment by way of good performance in the previous job.

Finally but by no means the least, we must live up to the Public Service charter to be professional in providing service to the public. We should, at all times be mindful of the fact that we are, as our job title says, servants of the public and not their masters. We should thus be polite and helpful to members of the public who come to us for service. It is our obligation to do so.

- Let me conclude by wishing you a prosperous 2012.