

# Govt banks on parastatals to revive economy

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by

**THE government is banking on the performance of parastatals to revive the economy, despite clear evidence that these companies have been begging for billions in bailouts from the state this year.**

Public enterprises' minister Leon Jooste announced in a statement issued on Friday that the state is counting on the success of Air Namibia, TransNamib, Namport, NamWater and Telecom to help lift the failing economy.

The statement was in response to a Friday article by *The Namibian* which exposed the government's lack of a plan to turn around the economy.

One of the concerns raised by the International Monetary Fund in assessing Namibia's situation is the financial risks posed by parastatals.

Jooste is, however, optimistic that parastatals will turn around their fortunes, and expects a "positive net effect" worth N\$4 billion, which includes a lower reliance on government bailouts and subsidies, higher dividends, and the generation of capital from other proceeds.

The minister said a team of consultants had been appointed under the technical committee of the Cabinet committee on public enterprises, and a final report with recommendations is expected during the first three months of 2019.

"We believe that with an optimised business model, Air Namibia will be able to comfortably reach a break-even level within a maximum period of three years," he noted.

The successful implementation of such a strategy could result in savings of N\$1 billion per year, he said.

Interestingly, Air Namibia's acting managing director Mandi Samson told parliamentarians in September this year that the airline needs an injection of N\$3 billion to become profitable.

Jooste said Cabinet decided last week to approve the new TransNamib business plan, which will be implemented immediately.

“This plan will enable TransNamib to become a competitive bulk transport service provider once the upgraded infrastructure is in place. Despite the burden of a significant legacy debt burden, we are positive that the company can become profitable over the medium term, while it unlocks economic development in the country and region”, he said.

A new board of directors will also be appointed in February 2019 to ensure the business plan is implemented, Jooste said.

“An efficient TransNamib will unlock the large investment made into the Walvis Bay port expansion project resulting in a positive knock-on effect for Namport,” he added.

TransNamib's chief executive, Johnny Smith, told parliamentarians last month that the national railway company would need about N\$2,5 billion to implement its five-year strategic plan.

According to Jooste, Telecom Namibia has impressed by managing to reach a break-even level, despite the extremely challenging economic climate in the country.

“The implementation of a creative strategy to capitalise on its vast communication infrastructure will further enhance the performance of the company,” the minister said.

Jooste said NamWater had performed remarkably well, despite the challenging circumstances and the current debt caused by additional costs associated with the Neckartal Dam project for which NamWater should not be blamed since it was not the implementer.

He said failure in running state-owned businesses is not an option, and will not be entertained.

Jooste made these remarks to The Namibian on Sunday when asked about his claim that the more than 18 parastatals under his watch will pump N\$4 billion into the failing Namibian economy by 2020.

Asked whether he will resign if parastatals don't perform, the minister said: “Failure is simply not an option, and I have no intention even to entertain the thought of failing. If we fail to perform, the cause of the failure must be identified, followed by immediate remedial action to recover as soon as it is practical,” he stressed.

According to him, parastatal reforms always rely on multiple elements to succeed, and many of these will be beyond the direct control of the public enterprises minister.

“The current economic climate is not making it any easier, and the most critical success factor will be the level of collective political appetite to support the reforms,” he added.

The minister, however, said some plans have potential to generate an income of N\$4 billion within two years, but this can only be done if the Public Enterprises Governance Act has been made law. “I want to make it clear that we do have plans, and that we have good plans,” he enthused.

The Public Enterprises Governance Act, which will give Jooste (as public enterprises minister) control over parastatals with a combined value of N\$32 billion, was passed by the National Assembly, and is now in the National Council for review.