

Jooste closer to controlling N\$32b parastatals

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by Shinovene Immanuel



Leon Jooste

PUBLIC enterprises minister Leon Jooste tabled a proposed law which will give him powers to control over 18 profit-driven state companies with a combined value of N\$32 billion.

Jooste tabled the public enterprises governance bill 2018 in the National Assembly last Wednesday.

The proposed legislation will give the public enterprises minister powers, including creating parastatals, appointing parastatal board members, monitoring performance agreements, and approving special investigations at state-owned entities.

Speaking during his presentation in parliament, Jooste said the proposed law would make the public enterprises ministry the direct shareholder in state-owned businesses on behalf of the state.

The proposed bill gives the public enterprises minister wide-ranging powers to oversee more than 18 strategic state-owned businesses.

Jooste said these commercial public enterprises have a N\$62 billion asset value, N\$30 billion liabilities, and annual income of N\$23 billion.

This effectively means that the 18 parastatals involved in electricity, roads

construction, petroleum, information technology, telecommunications and transport industries have a combined net value of N\$32 billion.

These parastatals, according to Jooste, spent around N\$21 billion, and make a profit of N\$1,9 billion, which gives the state a return on investment of only around 1,2% a year.

He said the public enterprises portfolio of more than 90 parastatals has a total asset value of N\$93 billion (as at 30 June 2018), employing more than 17 220 people.

Total liabilities, however, stand at N\$44 billion, leaving a net asset value of N\$49 billion.

Jooste noted that research had shown that the failure of the parastatals is linked to the failure of the current system of reporting to two ministries.

“The model will allow for the ministry of public enterprises to become more focused and specialised with an appropriate structure and skills to be a professional, active shareholder representative for the state,” the minister motivated.

“This bill is the obvious next step in the evolution of the Namibian public enterprises landscape, and it leaves room for further evolution/refinement if the need arises”.

According to him, the proposed law represents a revolutionary and necessary reform of state-owned businesses. While Jooste is optimistic, some of his Cabinet colleagues are not sure about giving one person so much power, with little checks and balances.

Some senior government officials complained to *The Namibian* last month that creating one ministry to control all strategic parastatals could lead Namibia into a situation similar to South Africa, which was rocked by rife corruption involving key state-businesses. Jooste insisted during his parliamentary statement that better days are coming.

“We shall introduce multiple measures to eradicate mismanagement, corruption and overall poor performance to effectively enhance shareholder value and ensure the efficient and effective supply and delivery of services and products on behalf of the state,” he added.

The minister also pleaded with fellow lawmakers not to unduly delay the process of passing the proposed legislation into law.

The *Namibian* reported two weeks ago that several Cabinet ministers were concerned that having one minister running at least 18 parastatals could

create a "super-minister", and would dilute the powers of the prime minister, who heads the administration part of the government. A person privy to Cabinet discussions said some ministers, particularly those with parastatal supervision, questioned the role of the line minister against that of the public enterprises minister.

The proposed changes will make the public enterprises minister, in this case Jooste, the political head of parastatals such as TransNamib Holdings, Air Namibia, Namibia Power Corporation, Namibia Ports Authority, National Petroleum Corporation of Namibia and Namibia Wildlife Resorts.

Also to fall under Jooste's ambit would be the Namibia Airports Company, National Fishing Corporation, Meat Corporation of Namibia, and the Namibia Industrial Development Agency. The Roads Authority, the Namibia Post and Telecommunication Holdings, Namibia Institute of Pathology and the Roads Contractor Company (RCC) would also report to him.

The debate on this proposed bill was postponed to this week