Statement for the 2009/10 Budget

Presented by the Hon. Saara Kuugongelwa-Amadhila

Minister of Finance

19 March 2009

A. GENERAL

Honourable Speaker, Honourable Members,

With the current financial year reaching its end, I am once again honoured to table the budget for the 2009/10 financial year and the Medium Term Expenditure Framework covering the years 2009/10 to 2011/12.

Much has been said about the global financial crisis and the resulting economic down turn. There is now a worldwide consensus that indeed it is a global crisis from which no country is spared. This calls for global reactions, but it also calls for domestic interventions. In this context, allow me to quote our President, H.E. Hifikepunye Pohamba. He said during the opening of Cabinet at the beginning of the year. “As much as we strive for our effective and vibrant democracy, we must also focus on the bread and butter issues, including infrastructure development, housing, health, education, rural development, social welfare and job creation.”

In this budget, we have managed to find a balance that satisfies both these demands, that is, an appropriate reaction to the global economic crisis, while at the same time addressing the needs of the local economy.

Honourable Speaker, Honourable Members,

Some local analysts have been suggesting that this budget will be an “election budget”. This year is indeed an election year, but I must emphasise that we in SWAPO-Party are always responsive to the needs of our people, not only during election years. As a people centred party, our actions are always aimed at improving the lives of our people and, therefore, our budgets interventions are aimed at the bread and butter issues, as H.E. the President highlighted. I am, therefore, happy to reiterate our Party's determination to remain people centred, pro poor and pro growth in all its actions.

For the past four years, we have managed to increase revenue considerably, and this has allowed us to pursue an expansionary fiscal policy to address our developmental challenges, without jeopardising fiscal sustainability.

The robustness of our fiscal policy was put to the test during the first half of 2008 with the inflation crisis and the significant depreciation of our currency. I am pleased to say that we rode out this storm successfully. Not only did we manage to maintain debt at optimal levels, but we could afford to zero rate VAT on some basic goods to alleviate the effect of the price increase on the poorest. But even before that crisis was over, another crisis hit the world markets, resulting in a global economic downturn of historical proportions. Given the limited room for the use of monetary policy, because of our membership in the CMA, we have to rely on fiscal policy interventions to weather the economic storm.

Our fiscal policy response is diversified and sustainable. Expenditure increases and targeted tax concessions will render high multipliers to improve GDP performance and address strategic issues for the economy such as diversification and improving the competitiveness of our economy.

B. MACROECONOMIC PERFORMANCE

1. Economic Developments and Outlook

Global Economy

Honourable Speaker, at the end of last year I appraised this House of the impact of the global financial crisis. While there was a global consensus that global output growth would decrease as a result of the crisis, the proportions of such a decrease could not be exactly predicted. By now global output projections for both 2008 and 2009 have been revised downwards, with output projections for 2009 being barely above breakeven and most major economies expected to experience negative growths.

Regional Economy

Although the impact of the crisis on the African economies was expected to be limited, with most of the economies being dependent on commodities, the impact of decreased commodity prices is already taking its toll on many African economies. Output growth for the African economy for 2008 and 2009 is thus projected to slow to 5.4 percent and 3.5 percent respectively from the pace of 6.9 percent recorded in 2007.

South Africa, the region's largest economy and with which our economy is highly integrated is also expected to experience an economic down turn, with declines in output growth estimated for the manufacturing, retail and mining sectors, although growth is projected to remain positive over the MTEF period. GDP growth in South Africa is estimated to decline to 3.1 percent for 2008 and 1.2 percent for 2009, compared to 5.1 percent recorded in 2007.

2. Domestic Economic Developments and Outlook

Namibia's growth slowed as a result of downturns in both the mining and non-mining sectors.

Preliminary indicators put GDP growth for 2008 at 2.4 percent for 2008. In addition to the unfavourable global developments that negatively impacted on export-oriented industries, the domestic economic slowdown is also attributed to weak output in the primary industry and a sharp deceleration in consumption. For 2009, the economy is expected to further slow down to 1.1 percent.

However, the economic outlook beyond 2009 holds some promise. During this period, growth will mainly be driven by both private and government, investment. New investments are expected in the mining, water and electricity as well as in the construction sectors. Imports are expected to rise as a response to slightly higher demand in consumption and investment.

Balance of Payments

The external sector of Namibia continued to show positive results with a surplus of N$ 4.1 billion recorded for 2007, compared to the N$ 1.1 billion in 2006. This continuous surplus since 2005 mainly stems from significant current account surpluses. But this level is expected to come under pressure due to a surge in imports and a reduction in exports resultant from low commodities demand.

The deficit on the capital and financial account, narrowed from N$7 billion in 2006 to N$4.9 billion in 2007. The improvement was due to an increase in foreign direct investment, representing 8.3 percent of GDP in 2007, mainly from investments in mining and the net inflows of capital to commercial banks.

Inflation and Monetary Policy

During 2005-2007, inflation averaged 4.7 percent, underpinned by prudent fiscal and monetary policies and a favourable external environment. However, inflation accelerated progressively reaching 10.3 percent by 2008 mainly due to high and persistent increases in international crude oil, food prices and a weaker Namibia Dollar. To prevent second round effects of the global prices increase, the Bank of Namibia increased the bank rate by 350 basis points during 2006 and 2007. By the end of 2008, consumer price inflation showed responsiveness to monetary policy tightening, leading to reductions in repo rate by 50 and 100 basis points in December 2008 and February 2009.

Investments

Gross fixed capital formation in 2007 contracted to -4.2 percent compared to the robust expansion of 32.8 percent recorded in 2006 and 10.7 percent average for 2005-2007. The expansion of investment was caused by high global demand for minerals as well as an increase in public investment. The contraction is mainly attributed to a contraction in private sector investment.

Exchange Rate Developments

The Namibia Dollar experienced significant depreciation last year, thus putting substantial pressure on expenditure in the foreign debt category which increased by some 30 percent for US Dollar denominated loans and by 20 percent for loans denominated in EURO. Over the MTEF period, it is expected that the Namibia Dollar will depreciate further by 6.5 percent per annum. Although the State's foreign loan portfolio is relatively small, the weakened Namibia Dollar puts additional pressure on Government expenditure in as far the servicing of foreign debt is concerned.

C. FINANCIAL SECTOR DEVELOPMENTS

Stability of the sector

Private sector credit growth slowed significantly over the past two years as a result of the inflation control measures introduced by the Bank of Namibia, but lending margins remain relatively high. Banks remain very profitable and prudential ratios are sound. Treasury bill and bond yields continue to be profitable, tracking regional trends. Public and private sector savings remain high and smaller capital outflows helped increase reserve coverage.

The exposure of our financial sector to the global financial crisis is limited because of stringent foreign exchange regulations in the CMA. In terms of these regulations only up to 20 percent may be invested outside the CMA. Therefore potential losses as a direct result of the financial crisis are limited to that exposure. However, there is an indirect exposure through a downturn in the South African equity markets in which a substantial part of our savings is invested.

As a whole, our pension funds, including the GIPF, and insurance companies are adequately capitalised to shoulder these losses. The insurance industry had surplus assets of N$ 1.8 billion, by the end of 2008.

As regards the banking sector, our banks were well-protected by conservative lending practices and remain well-provisioned and profitable. Non-performing loans are very low despite a modest increase in 2008. However, given that banks have a high concentration in real estate and consumer lending, the sector may face increased risk going forward. Overall, the financial sector remains exposed to crisis through its impact on the real economy.

Overall, however, the financial sector has benefited from continued prudent supervision and capital controls. The sector is therefore able to meet claims without any difficulty over this period, and the solvency levels will improve as the global markets recover.

To improve supervision, the Bank of Namibia and NAMFISA will strengthen the stress-testing framework and implement some elements of the Basel–II framework in 2009. NAMFISA has also introduced standardised reporting structures for pension funds and insurance companies that should help address deficiencies in data collection and monitoring. At the same time a risk-based auditing system is now being implemented.

Legislative Amendments and broad-based economic empowerment

Government introduced amendments to Regulations 15 and 28 last year. Although there were objections on the part of some industry members, most industry members are currently supportive of the amendments. In addition, the current financial crisis has revealed the vulnerability posed by offshore investments. Implementation of the amendments has revealed a need for amendments to the legal framework as well. This will receive priority attention in the coming year.

The long-awaited Financial Service Sector Charter is now ready to be launched. Just recently, the Ministry of Finance and the Parliamentary Standing Committee on Economics, Natural Resources and Public Administration was briefed on the draft Charter. In terms of the draft Charter, the industry will monitor members' compliance by a balanced score card.

This development is commendable, but it should only be seen as a point of departure for further structural reforms. Government will thus take the industry at its word to ensure the commitments made under the Charter are implemented.

Foreign Exchange Liberalisation

No new amendments to exchange controls are made this year. This decision is based on the fact that our controls are already fairly liberal and the current turmoil in the financial markets does not warrant any further liberalisation at this stage. In fact, the controls that are in place have served us well in limiting our exposure to the risks from the global market.

D. FISCAL DEVELOPMENTS

Public revenue outturn

Total revenue and grants amounted to N$ 20.7 billion in 2007/08, which is N$ 2.3 billion above the estimates and N$ 4.5 billion greater than the revenue collection for the 2006/07 financial year.

Preliminary observations for the 2008/09 financial year suggest that revenue will exceed estimates, improving the Government's fiscal position. By January 2009, N$ 18.8 billion had already been collected representing 97 percent of the tax revenue estimated for the year. But, non-tax revenue collections stood at N$ 909 million, representing only 70 percent of their annual estimates. However, although non-tax revenue is performing at a slightly slower pace than was expected, this is not anticipated to have a significant impact on total revenue because of its relatively small contribution to total revenue.

The overall positive tax revenue outturn is a result of a strong performance on Taxes on Income and Profits, on Domestic Tax on Goods and Services, as well as international trade taxes.

However, this positive revenue trend may not persist going forward with the impact of the global crisis expected to factor in as from the 2009/10 financial year.

Public Expenditure Outturn

Expenditure for 2007/08 totalled N$17.3 billion, 3 percent lower than the N$ 17.8 billon allocated in the budget.

Vote level results vary widely with some Votes under-spending while others over-spent. However, the number of Votes that over-spent reduced from seven in 2006/07 to only four in 2007/08 as a result of improved budget control achieved through implementation of the Integrated Financial Management System – IFMS.

Preliminary estimates indicate that by December 2008, total Vote expenditure for 2008/09 amounted to N$ 12.1 billion, representing 60% of the total budgeted expenditure. The rate of expenditure is expected to improve sharply in the last quarter of the financial year.

To overcome the delays in the implementation of public projects, government undertook a project cycle audit to identify possible bottlenecks in the implementation of public projects. As a result, a range of measures have been proposed to improve delivery rates. It is expected that the roll out of the decentralisation agenda will further improve outcomes of project implementation.

Main Achievements in 2008/09

The priorities for the current budget were:

- To improve the social safety net to relieve poverty, particularly in rural areas.
- To foster human resource development, through better health and education.
- To invest in improving competitiveness and promoting growth with new jobs.

Looking back on the year's budget implementation, I am proud to state that our budget interventions succeeded in being pro-poor / pro-growth.

- This year, we substantially increased the old-age grants by 21.6 percent to N$450 per month and improved coverage to about 90 percent of the target group.

- Further, coverage for OVCs grants increased with an additional 10,489 children benefitting. The school feeding programme was also expanded and is destined to be boosted further under this budget.

- Since 1st April 2008, close to 2000 veterans are covered under the veteran's grant scheme, and as registration progresses, more veterans will benefit.

- Provision to the Emergency Management Unit also made it possible to provide relief to vulnerable people affected by natural disasters.

- Government availed additional funds to the Ministry of Education to allow for Grade 10 learners in 2008/09 to repeat the course. A total of 16,740 learners benefitted under this scheme.

- With an increase in allocations to the Students Financial Assistance Fund in 2008/09, an additional 2,251 students were enabled to study at tertiary institutions. Particular consideration was given to natural and applied sciences.

- An increased funding to National Youth Service enabled 900 youths to receive skills training in 2008/09.

- The growth in health expenditure has enabled government to enhance the roll out of ARVs. A modern cardiac unit has become operational and upgrading of health infrastructures was also undertaken. This included replacement and upgrading of health equipments, as well as upgrading of hospitals and clinics.

- The current MTEF provides N$ 610 million to NamPower to address power shortages. This was to accelerate both transmission and generation projects in order to guarantee continuous and affordable power supply. The transmission project enabling us to import power from our neighbours is on schedule and is envisaged to be completed next year. The projects in the energy sector have also attracted significant private sector interest, demonstrating the catalytic role played by public funding.

- Similarly, water infrastructure development, including both rural water supply and supply to the industry, is subject of growing cooperation with diversified stakeholders.

Performance of SOEs

During the last three financial years, total dividends received from SOEs amounted to N$915,747,781. During 2008/09 some N$164 million on dividends were paid, about N$ 74 million above the projected N$ 90 million rendering Government a return of 16.4 percent of its inputs in 2008/09. A number of SOEs however still are loss making, and are receiving budget transfers. This issue is receiving the attention of the State Owned Enterprises Governance Council.

Budget Balance, Public Debt and Contingent Liabilities

Given the strong performance in collections for the third consecutive year, the budget balance was in a surplus position again. The surplus increased from N$ 2.3 billion in 2006/07 to N$ 3.3 billion in 2007/08. In relative terms, this translates into 5.2 percent surplus as a share of GDP.

For 2008/09, a surplus of about N$138 million or 0.2 percent of GDP is predicted, a significant improvement over the 2.3 percent deficit projected under the current budget.

This favourable fiscal situation reduced debt to N$ 13.167 billion by December 2008. The stock of government contingent liabilities also reduced to N$3.2 billion as of 31st January 2009, as compared to the N$ 3.4 billion in 2007/08. In spite of this improvement in total debt, foreign debt increased by N$ 300 million or some

10 percent as a result of currency depreciation. Total debt at the end of 2007/8 stood at N$ 14.071 billion.

E. FISCAL OUTLOOK

The global financial crisis poses risk to the fiscal outlook. Subdued growth means reduced demand for our export products and decreased commodity prices will exert downward pressure on profitability of companies. This in turn erodes the public revenue base. In addition, trade liberalisation agreements to which Namibia is party and regional economic integration, portend a fiscal adjustment process that may hold opportunities but also costs.

On average total revenue and grants are projected to decelerate by 9.4 percent during the MTEF. The deceleration is expected to affect all major revenue streams, although in varying degrees. Tax on international trade, which accounts for about 40 percent of revenue is expected to decline by about 15 percent over the MTEF.

All tax categories are expected to remain flat over the MTEF due a sharp decline in 2009/10 with recovery only expected in 2010/11 and 2011/12.

Grants are anticipated to increase moderately during the MTEF as a result of the coming on-stream of a number of sector budget support programmes from a range of development cooperation partners, including the EU. Releases from the Millennium Challenge Account as well as a number of other donor support is provided as support outside the State Revenue Fund.

3. Fiscal Policy Stance “Weathering the Storm”

The fiscal policy stance underlying this budget is geared towards promoting economic growth and welfare for all Namibians, while maintaining fiscal stability.

Thanks to the fiscal consolidation achieved, we have the necessary fiscal space to expand the budget in order to mitigate the impact of the global crisis.

However, with the anticipated revenue declines, fiscal expansion will have to be pursued with caution and properly targeted to augment the resilience of the domestic economy, without compromising fiscal sustainability.

Long-term growth and sustainability

The budget interventions do not only aim to stimulate economic growth in the short term, but they also seek to consolidate the basis for sustainable growth in the long term, while at the same time addressing welfare needs of our people.

Productive Sectors and competitiveness

Investments in economic infrastructures and the productive sectors are increased to support the productive capacity of the economy and to provide the necessary services. A total additional N$ 1.87 billion is allocated to economic infrastructures and productive sectors over the MTEF, bringing the total allocations for these sectors to N$ 12.785 billion over the MTEF. Apart from augmenting the GDP performance, these programmes are expected to create employment during implementation.

The additional allocation to the productive sectors includes funds for SME's support, aquaculture projects, agricultural production, tourism development and environmental management.

Investments in agriculture are aimed at livestock production, animal health improvement and irrigation. A large portion of this allocation will cater for infrastructure. Further, AgriBank will receive support to provide production loans to farmers under the Affirmative Action Loan Scheme.

Additional allocation to infrastructure development will focus on infrastructure development in rural areas, where the majority of our population reside. They relate to improvement of energy supply and security, water supply, sanitation and transport and communication. This increases total allocation for infrastructure development to N$ 5.1 billion over the MTEF.

Investing in Human Resources Development

The largest increase in expenditure is to the education sector with an additional N$ 908 million provided, lifting its total allocation to N$ 16.9 billion over the MTEF of which N$ 5.3 billion is for the next financial year. This amount represents 22.5 percent of the total expenditure allocated for all the votes, clearly illustrating the emphasis placed on productive skills.

The additional resources will be mainly directed to build classrooms and hostels for the primary and secondary schools, remuneration of teachers, bursaries, and to finance diverse faculties at UNAM, the Polytechnic of Namibia and the Vocational Training Centres.

To guarantee access to quality health care services, the Ministry of Health has been allocated an additional amount of N$ 801 million, raising its total allocation by 12 percent to reach N$ 7.4 billion over the MTEF. The additional resources will facilitate construction of clinics and hospitals, purchase of essential medicine, including ARV's, Malaria and TB medicines; and to operationalise the newly established cardiac unit.

Resources are also made available to provide assistance to cover medical expenses for children who are in need of special medical treatment.

In order to guarantee quality medical services to civil servants, PSEMAS tariffs were increased to align them with market related tariffs. This results in an increase in PSEMAS allocations to N$ 2.9 billion over the MTEF.

Strengthening social safety nets

Additional resources are being provided to increase coverage for social grants for pensioners and Veterans. This amounts to N$ 200 million over the MTEF.

With the emergency caused by current flooding we are availing an additional N$ 109 million to the Emergency Management Unit to provide relief to the affected communities.

Law and Order

Law and order is important not only for the safety and security of the citizens but also for business to operate. We are therefore availing a total of N$ 1.3 billion in additional funding to the Police and Prison Services, Justice and Anti-Corruption Commission.

Most of this will go to recruitment of police, judicial staff and crime investigators, and for required training, equipment, and the improvement of the general work environment for law enforcement staff.

Tax concessions as a driver of economic and social welfare

Apart from expenditure expansion, a range of tax concessions deemed at stimulating businesses and individuals are proposed. The total concession package is valued N$ 800 million in 2009/10 and constitutes mostly lower tax income due to reduced tax rates on personal income, amended tax and transfer duty brackets; lower corporate tax for non mining companies. Further basic food items and medical supplies will be VAT zero rated. The tax free amounts for retrenchment pay-outs will be increased.

4. Expenditure Summary

Total expenditure

With the above allocations, Honourable Speaker, Honourable Members the total expenditure, including statutory payments, will amount to N$ 25.5 billion, N$ 26.6 billion and N$ 26.6 billion for 2009/10, 2010/11 and 2011/12, respectively. For 2009/10, this represents an 12.5 percent expansion as compared to the previous financial year, illustrating the countercyclical expansionary approach. The total additional amount made available for the MTEF period 2009/10 to 2011/12 is N$ 10.5 billion.

By sectoral allocation, the greatest year-on-year increase in nominal terms is in the social sector, with an expansion of N$ 1.28 billion or 17 percent. In relative terms, the economic sectors received the highest increase with 33 percent.

Financing the Expansion and Debt Management

With the depreciation of the Namibia Dollar, foreign debt has become more expensive. Total external debt increased by N$ 300 million or some 10 percent over 2008/09 as a result of currency depreciation. We shall engage in active management of debt to minimise cost of servicing and mitigating currency exposure risks.

In the current economic environment one must be mindful of the need to keep the market assured of our ability to redeem public debt. Government shall therefore allocate part of cash balances to the debt redemption fund to maintain the State's preparedness to honour debt. In this regard, part of the cash balances will be used to fund the debt redemption fund. This will improve coverage of maturing debt.

Budget Balance

Of a total cash balance amounting to some N$ 6 billion as at mid March 2009 we will allocate N$ 4.5 billion towards financing the deficit over the MTEF. This will bring the deficit to an average of 5.0 percent of GDP over the MTEF. Annually the deficit will stand at 4.5 percent in 2009/10; 5.8 percent in 2010/11 and 4.9 in 2011/12.

Total Debt

Total debt is therefore estimated to average at 25.6 percent of GDP over the MTEF. Each of the MTEF years, debt will stand at 21.7 percent for 2009/10; 26.3 percent for 2010/11 and 29 percent for 2011/12.

F. TAXATION REFORMS

Tax policy as a tool for equitable wealth distribution and stimulus for economic growth

As indicated previously, our tax system as a policy instrument fulfils two objectives, that is, raising revenue and intervening into the economy to pursue socio-economic objectives.

In pursuance of that, we are proposing a range of tax amendments. These amendments are primarily aimed at improving competitiveness of our businesses and providing relief to individuals.

1) **Tax exemption on accumulative gratuities will be amended as follows:**

The tax exemption applicable on payment of retrenchment packages will be increased from the current N$ 100,000 to N$ 300,000. This will especially offer relief to people who will become redundant as a consequence of retrenchments.

2) **Tax on pension payouts will be amended as follows:**

The amount that may be taken as a full lump sum tax free pension payout where the full benefit was less then N$ 20,000 is now increased to N$ 50,000.

3) **On personal income tax the following amendments are proposed:**

To avoid bracket creep, brackets on personal income tax and levels of tax to be adjusted as follows:

- Increase the threshold for tax-free amount up to N$ 40,000 per annum.
- Above N$ 40,000 up to N$ 80,000 – the tax rate is decreased to 27 percent.
- Above N$ 80,000 up to N$ 200,000 – the tax rate is decreased to 32 percent.
- A new tax bracket is introduced for the income category of an amount above N$ 200,000 up to N$ 750,000 and is to be taxed at a rate 34 percent.
- A further tax bracket is introduced for personal income above N$ 750,000 per annum to be taxed at a rate of 37 percent.

4) **Corporate Tax** for non-mining operations will be lowered from the current level of 35 percent to 34 percent.

5) **Transfer duty schedules for property purchases by natural persons in terms of the Affirmative Action Loan Scheme for commercial farmland and individuals who buy properties are to be adjusted as follows:**

   - The threshold for transfer duty on properties by individuals is increased to N$ 400,000.

- o Property purchase value above N$ 400,000 to N$ 800,000 is to be dutied at 1 percent.
- o Property purchase value above N$ 800,000 to N$ 1,500,000 is to be dutied at 5 percent.
- o Property purchase value above N$ 1,500,000 is to be dutied at 8 percent.

Transfer duty amendments for purchases of farmland to be registered under natural persons who are benefitting under the Affirmative Action Loan Scheme are as follows:

- o Threshold for transfer duties is lifted to N$ 500,000.
- o Commercial farmland with purchase value above N$ 500,000 to N$ 1,000,000 is to be dutied at 1percent.
- o Commercial farmland with purchase value above N$ 1,000,000 is to be dutied at 3 percent.

6) Further zero rating of essential basic items as follows:

- o Milk and sugar to be zero rated
- o Medical services (medical services are currently VAT exempt but will now become VAT zero rated)

7) Change in Excise Duties

In accordance with requirements of the Southern African Customs Union Agreement of 2002, the following increases in excise duties are applicable with effect from 11 February 2009:

- o Malt beer - increased by 7cents to 79 cents per 340ml can.
- o Unfortified wine - increased by 14 cents to N$1.98 per litre.
- o Fortified wine - increased by 32 cents to N$3.72 per litre.

- o Spirits - increased by N$3.21 to N$25.05 per 750ml.
- o Cigarettes - increased by 88 cents to N$7.70 per packet of 20.

Tax measures to augment and broaden the revenue base

8) **The current transfer duty rate of** 8 percent by corporate bodies, including foundations and trusts, is increased to 12 percent.

9) **Tax measures to protect the environment:** An environmental levy is introduced on disposable products that are harmful to the environment. The details of this will be announced.

Strengthening Revenue Administration:

With the projected downturn in revenue, it is essential that revenue collection from existing sources is optimised. In this regard, the government will strengthen collection through capacity building, compliance enforcement and general revenue administration. We will, however, continue with optimising Public-Private-Partnerships in revenue collection.

G. CONCLUSIONS

Honourable Speaker, Honourable Members,

I want to conclude my presentation with two quotations. Firstly, from Honourable Nahas Angula, the Right Honourable Prime Minister who in reaction to the current financial turmoil said "... it is critical for Namibia to encourage savings, boost investment in infrastructure, attract foreign direct investments and improve productivity".

Secondly, some nine years ago Honourable Hage Geingob, Vice President of SWAPO-Party and the then Prime Minister said in "Decade of Peace, Democracy and Prosperity 1990-2000." "Our actions are increasingly being driven by a commitment to give the citizens value for money, and making sure that Government spending is also a function of value for money."

This confirms SWAPO-Party's consistency and steadfastness in pursuing actions that not only satisfy the needs of our citizens, but also safeguard macro-economic stability.

Namibia was blessed with close to two decades of peace, democracy and prosperity. We have utilised these good years to build a nation with the resolve and commitment to continuously confront the challenges facing it. We owe it to our future generations to build and grow a better Namibia for the future. It is also an obligation we owe to our fore-bearers who have sacrificed for us to have the liberty and freedom we have enjoyed for the last 19 years.

I am grateful to H.E. the President for his trust and support during a difficult budget process. Equally my thanks go to the Right Hon. Prime Minister and all Cabinet colleagues for their support and understanding.

I also want to take this opportunity to thank all my officials who worked very hard in preparing and compiling the budget and MTEF.

I also appreciate the continued support that we have received from our citizens and our development partners. This MTEF is nothing else but money from the people for the people.

Honourable Speaker, Honourable Members,

I now have the pleasure to table the Appropriation Bill for 2009/10 and the Medium Term Expenditure Framework for the Financial Years 2009/10 to 2011/12 before this August House for its consideration and approval.

I thank you.