

3 October 2017

Minister Schlettwein Engages Construction Sector



Team Players: From left to right: Hon. Mr Calle Schlettwein, Minister of Finance; Mr Nico Badenhorst, CIF President; Ms Bärbel Kirchner, CIF Consulting General Manager; Panashe Daringo, CIF Vice President; at the 2017 CIF AGM

Honourable Mr Calle Schlettwein, minister of finance, addressed over 120 member-businesses at the annual general meeting of the Construction Industries Federation of Namibia (CIF) held on 28 September 2017.

Over the last twelve months, the construction industry experienced an extreme downturn; it was therefore particularly opportune that Hon. Mr Calle Schlettwein, minister of finance, delivered the keynote address for the evening. Members of the CIF welcomed the engagement with the minister, as well as the opportunity to network and to engage with various industry-related exhibitors, who showcased their products and services.

To begin the proceedings, Bärbel Kirchner, consulting general manager of the CIF, welcomed all present and then addressed the minister of finance with an inspiring opening statement.

“Honourable Mr. Schlettwein, your role in Government must be most taxing. You prudently and persistently hold the purse strings – when no doubt, every member of the family in the Namibian house is pleading and fighting for, or commanding your attention in order to be given priority”, she said.

She also shared the CIF’s gratitude for the minister’s commitment to providing support where possible, highlighting his immediate willingness to engage the CIF’s member organisations at a meeting between the CIF and the minister in March 2017.

Bearing in mind the developments in the industry, and considering the implications of resulting change and ways to move forward, Ms. Kirchner said: “The immediate effects of change very often blind us from possible opportunities that might lie ahead. That is human nature. However, if we – with urgency – recognise and start sharing a common vision, our path to productivity and prosperity, will be lit. And for that to happen, information and communication is so vital. We are therefore extremely grateful for Minister Schlettwein’s engagement with our members today”.

We also trust that under his leadership, the demand for supporting our local construction capacities can be lead through changing our thinking and by encouraging authorities at all levels of Government to give preferential treatment to Namibian suppliers of construction services and products.”

Nico Badenhorst, president of the CIF, then formally introduced Mr Calle Schlettwein, minister of finance, to the members of the CIF and highlighted developments under his leadership: “Under the minister’s leadership, we are seeing significant change - greater control over Namibia’s national budget, which not only includes the cutting of expenditure, but also the necessary focus on greater efficiencies in revenue collection. Past public procurement practices are also in the process of changing with the new Public Procurement Act which became effective on 1 April this year. Limited financial resources also necessitated the legislation of public private partnerships and we understand that the long-term goal is that 50% of the financial resource requirements for infrastructure projects will be financed through public private partnerships – we hear that in the initial phases this will be less”

In principle, from a macro-economic perspective, these efforts and changes were recognised. The main concerns and requirements, which had also been previously raised during meetings with the minister of finance, were noted by Mr. Badenhorst as follows:

- In order to avoid a total crash of the industry, greater budget allocations for infrastructure development are necessary to support the construction sector;
- in order to maintain the Namibian construction capacity, a commitment from the government, that the local construction sector will be supported is required;
- the need for efficient and greater regulation and protection of the construction industry remains important;
- Tenderpreneurism needs to be avoided, as this would increase costs with very little benefit to the public at large.

Following his introduction, the Calle Schlettwein, minister of finance delivered his keynote address. The minister recognised the situation the industry was in and said: “During the past year and a half, the construction industry experienced the severest economic circumstances since 2009. The activity rate in the sector contracted by 26 percent last year, relative to 2015, and according to latest figures the contraction is larger than that.”

Whilst referring to deep-seated contractionary pressures during the first two quarters of 2017, the minister anticipated improvements this year and said: “It is anticipated that there will be an overall economic growth in the range of 1.8 and 2.3 percent for this year, as opposed to the activity rate which stood at 1.1 percent for the previous year”.

Although suggesting an improvement for the construction sector, this is likely to only occur in 2018. The minister said: “Recessionary pressures are anticipated to remain on the construction sector for this year, but the worst appears to be over and the sector will improve gradually with better recovery prospects anticipated in 2018 going forward”.

The minister of finance also had promising news for the members of the CIF, and said: “On the public sector front, we will roll out interventions to revive the pace of activity on some of the ongoing major capital projects, while opening up opportunities for new ones.

“This will be done through harnessing alternative means of financing – i.e. the proposed Infrastructure Fund at DBN; assessing PPP options and aggressively seeking to harness such opportunities while keeping fiscal risks in check; concerted efforts to bring about effective SOE reforms and better utilisation of state assets as a means of enhancing investment in infrastructure development and the implementation of the Public Procurement Act which offers opportunities for local procurement and tendering”.

The minister of finance concluded his keynote address inviting the private sector to proactively participate in the revival of economic activity and also noting the various steps that had been taken regarding the Tax Arrear Recovery Incentive Program.

At a time such as this within the construction industry, it was vital for the CIF, with a member base of 373 member companies, to host an annual general meeting that would offer not only the yearly sharing of valuable information with their members and the opportunity to network and exhibit their products, but also to engage with the minister of finance, Mr Schlettwein, in order to be informed about the latest developments affecting the construction industry.

The CIF would like to thank the Honourable Minister, the attendants and exhibitors for partaking in the 2017 AGM, hereby taking another step toward “Building the Future”.