



REPUBLIC OF NAMIBIA

**RESPONSE BY HON. STANLEY M SIMATAA, MINISTER OF
INFORMATION AND COMMUNICATION TECHNOLOGY**

TO QUESTIONS RAISED BY HON. JAN.J.VAN WYK (UPM)

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Let me thank Hon. Jan.J. Van Wyk for having posed the questions. Over the years, the discourse on the financial challenges facing the NBC, has been deliberately sedated with the wrong narrative of bail out. I trust that through this reply, this narrative will be changed. Firstly, it suffices to state that as per the construction of the Namibian Broadcasting Act 1991 (Act No 9 of 1991), the NBC was established as a public broadcaster. **It is not a commercial entity.** It therefore follows that its funding requirements, as is the case with any public broadcaster worldwide, should and must be provided by the State. It is also a given that for as long as the existing legislation remains as is, the NBC will continue to rely on the State to fund its operations in pursuit of its legal mandate. Successive Ministers of Information and Communication Technology including my good self, have repeatedly stated in this Chamber, (the last time being this year when I presented Vote 29 on 25 April 2019 please check page 6 of my motivation) that notwithstanding a steady rise in own revenue generated by the the NBC, the subsidy provided to the entity is not adequate to enable it to effectively execute its mandate. Yes, it is true that there are certain variables in the operations of the NBC that should continuously be tweaked to achieve the desired operational efficiencies. Both the Board and Management of the NBC are seized with this iterative process.

We should however not loose sight of the fact that what compounds the NBC's already depressed financial situation, is the fact that they have for several years been saddled with historical debts which they have not been able to extinguish, not because they do not want to, but because they do not have the financial means to do so. To date the NBC's historical debt plus the remaining balance due to Huawei for the DDT which has since stalled, stands at a **whooping 363 million Namibia dollars (239 million PAYE & 124 million Huawei)** and increasing due to interest. This is further exacerbated by their astronomical wage bill which gobbles 68 percent of their operational budget leaving little if not nothing to spend on Capex and other key operations. The Report tabled by the Parliamentary Standing Committee on ICT in this Chamber, clearly illustrated the dire straits in which the NBC finds itself!

The net effect of the zero allocation to Capex, is that the NBC is forced to operate with archaic digital equipment that has reached the end of their operational life.

It is therefore crystal clear that additional allocations made to the NBC from time to time, should not be construed as "bail outs" but should rather be regarded as part and parcel of funding previously requested but not provided at that particular point in time for reasons we all know.

During challenging economic times, any organization that values the sustainability of its operations, has two very tough choices to make namely : Ignore the impending economic perils and continue with business as usual and risk the total collapse of its operations or Consider a bouquet of painful but necessary austerity measures, some of which are extremely unpopular, to salvage the operations of the organization. In conformity with the prescriptions of good governance, the NBC Board and Management chose to pursue the latter, unpalatable as it is. In saying this, let it be understood that I am in no way glorifying the austerity measures taken as some of these measures drive a dagger deep in the heart of the NBC's core mandate that of informing and entertaining the Namibian public. Indeed what we have experienced at the NBC and I hasten to add, if not decisively addressed, is partly a consequence of not being funded at the optimum level. It is for this reason that concerted efforts are being made to find a long term funding solution to the perpetual funding woes of the Corporation. I must concede that such intervention is long overdue!

With regard to your question on possible retrenchments and their impact, it goes without saying that one of the long term measures to be considered is to conduct a comprehensive review of the organisation with a view to right size. As I indicated earlier, retaining the current level of staffing at the NBC is no longer sustainable and has the effect of totally collapsing the entity. Yes, the outcome of this exercise will invariably lead to retrenchments. But what choice do we have when annual staff costs alone stands at **262.5 million Namibia dollars**. Simple arithmetic of the subsidy of 140 plus 100 own revenue, gives a total of **240 million Namibia dollars** which is **22.5 million Namibia dollars** less than what is required to cover staff costs. Faced with this situation, and having stretched own revenue generation efforts to an absolute maximum, what options does the Corporation have to raise additional funds? Given this scenario I am sure many of us would concede that restructuring is an unavoidable evil.

Yet, in appreciation of the the bulging sea of the unemployed, the NBC Board has for now opted to reduce staff numbers through natural attrition and freezing of less critical posts - a painfully slow process in the face of the dire financial situation. To borrow the language of Auditors, **the NBC is technically insolvent and demands a huge financial injection from its shareholder**. As line Minister, I still have faith that government will do its utmost best to keep this public entity afloat and further that the envisaged reforms once realised, will restore the viability and credibility of the NBC's operations. I verily believe that it's time for us to elevate the plight of the NBC to the basket of government's funding priorities. The majority of our people in rural areas, on whose account we exist as leaders, depend on radio as the only reliable medium in their respective desolate localities, to access critical information. **We cannot and must not let our people down!**

On the last question pertaining to the NBC's ability to cover the forthcoming elections, I am confident that as has become customary in the event of elections, sufficient provision will be made in the allocation to the Electoral Commission of Namibia. Equal free airtime allocated to registered political parties contesting in the November elections, will not be affected. I however encourage political parties to increase their expenditures on paid airtime and in so doing support the national broadcaster. By the way, it is only the NBC that has an extensive radio footprint. Indeed, it is only the NBC that broadcasts in **all the national languages and has 11 radio stations!**

Hon. Deputy Speaker, with these few but many words, the ED in our Ministry would say, I trust that I have clearly given an honest account of the situation at the NBC and have adequately illustrated the host of measures being contemplated to salvage the operations of the entity.

I thank you!