



MINUTES OF THE 4th ANNUAL GENERAL MEETING OF THE PUBLIC ENTERPRISES CHIEF EXECUTIVE OFFICERS' FORUM, HELD ON THURSDAY, 07 JUNE 2018, 08:30 AM AT THE STRAND HOTEL, SWAKOPMUND NAMIBIA.

The Public Enterprises Chief Executive Officers' Forum, a non-profit association incorporated in terms of section 21 of the Companies Act (No. 28 of 2004), held its 3rd Annual General Meeting (AGM) on 07 June 2018.

The AGM was attended by members, listed in the document attached to these Minutes, marked **Annexure A**.

PART 1

The first part of the meeting was moderated by the Vice-Chairperson of the Public Enterprises Chief Executive Officers' Forum, Ms Rosalia Martins-Hausiku.

1.1 OPENING AND CONSTITUTION OF MEETING

After the singing of the National and African Union Anthems, the Her Worship the Mayor of Swakopmund, Ms Pauline Nashilundo welcomed everyone to the town of Swakopmund and the AGM. She wished the Public Enterprises CEO Forum all the best with its deliberations at the 3rd AGM and urged the Forum to filter the resolutions taken at this meeting to the grass-root levels. This will influence the future direction of public enterprises and their meaningful role in the country's development.

In his report on the 3rd AGM, Dr Mathe, Chairperson of the Forum thereafter welcomed all attendees to the first AGM of the PE CEO Forum outside Windhoek. He also thanked the Minister of Public Enterprises who took the time to join the Forum again for the 4th AGM.

He pointed out that to date there are only 38 paid up members. Although the Forum is a voluntary organisation he requested all Public Enterprises present to pay their subscription fees as this is the only source of income of the Forum.

He highlighted the following matters which is applicable to all Public Enterprises:

- **The Challenges with the Public Procurement Act.**
- **Uncalled-for criticism of Public Enterprises and their Executives and the poor relations between Boards and Management of Public Enterprises.** He called on the Minister of Public Enterprises to enforce existing regulations regarding the suspension or dismissal of Executive Members.
- **The Hybrid Model and the uncertainties of what it means in practice.** Any effort to improve the smooth management of PE's is welcomed, including the proposed regulatory framework and remuneration guidelines.
- **Public Enterprises Reform.** It is imperative that an honest conversation needs to be had to find the best proposition for Namibia. Reforms should also revolve around duplication of efforts between government departments and Public Enterprises.
- **Tripartite Engagements.** A Forum which involves Government, represented by the Ministry of Public Enterprises, the Forum and the Labour Unions to resolve salary increments within the PE Family.

1.2 PUBLIC ENTERPRISES – UNRESOLVED CHALLENGES AND NEW OPPORTUNITIES

The Minister of Public Enterprises, Honourable Leon Jooste, addressed the meeting on the opportunities and challenges faced by public enterprises in Namibia.

He informed the meeting that the Hybrid Governance Model was approved in July 2016, but it has not been implemented yet.

In his speech he highlighted the following matters:

- **Definition of Entities that are governed by the Public Enterprise Sector:**
 - **Commercial Public Enterprises.** They provide a product or render a service with the potential to generate a sustainable product and can be expected to pay dividends to the shareholder. They are established by an Act or are incorporated as a company under the Companies Act.
 - **Non-commercial Public Enterprises.** They provide a product or render a service in the best interest of the public and are wholly or partly sustained by government support, either via a subsidy or on a cost recovery basis. These entities are not expected to pay dividends to the shareholder.
 - **Extra Budgetary Funds.** These institutions are non-commercial and non-profit entities which are controlled and financed by Government through subsidies, taxes, tax levies or public charges to carry out Government policies. They have their own governance structures that are often independent of Government Ministries and may have separate banking and institutional arrangements which are not included in the annual national budget.

- **Compliance with the Public Enterprises Act:**

- It was a concern that only 27% of Public Enterprises submitted Audited Financials. 20% have a Governance Agreement and only 25% have signed a Performance agreement, while only 48% submitted Business Plans.

- **Public Enterprises and their Mandates:**

- The intention of the Ministry of Public Enterprises is to test all PEs' current business and business models against their original Mandate. Based on the assessment of relevance, importance and impact, the mandate will be updated or the PE will be refocused to its original mandate or a restructuring may be recommended. This could include the consolidation of Public Enterprises, Private-Public Partnerships, public listing of shares, reintegration of PEs functions into portfolio Ministries and possible transfer of assets from the PE to other state-owned entities.

- **Other matters:**

- The Minister briefly touched on the proposed pension and medical aid schemes for PEs, Board appointments, remuneration of PEs. The Unions need to be proactively engaged where remuneration is concerned. New Board recruitment and appointment Guidelines have been finalised and will be presented to Cabinet for endorsement
- Total PE debt is currently standing at N\$43 billion and this is a concern.
- Challenges of the Procurement Act also needs to be addresses. Public Enterprises are invited to submit their challenges to the MPE, which will consolidate these and subsequently submit it to the Ministry of Finance for possible amendment of the Act.
- Engagement with the media. The media was requested to report factually on PE matters as negative reporting could affect the brand value internationally.

1.3 A YEAR IN REVIEW PM THE IMPLEMENTATION OF THE PUBLIC PROCUREMENT ACT: Lessons learned, Challenges experienced and Successes recorded

Deputy Minister of Finance, Mr Natangue Ithete addressed the AGM on this topic and emphasised the following:

- A year after the Public Procurement Act (Act 15 of 2015) and with consultations with stakeholders it was found it prudent to review, reflect and interrogate the operationalisation of the Act.
- The Central Procurement board was institutionalised and this created opportunities for Namibia's trade and industrial policy development to stimulate domestic productive capacity and industrialisation.

- Set up of the Procurement Policy Unit, the Procurement Board and the Review Panel. The PPU act as a technical arm for the Ministry of Finance for the conception and implementation of procurement policies of Government policies as well as monitoring the effective implementation and compliance of the Act. The PPU also provides training for both public officials and bidders on the Procurement Act and all other operational matters.
- The following lessons were learned during the first year of implementation:
 - The bidding process, which were not finalised before commencement of the PPA, must be resolved as a matter of urgency.
 - A Review Panel was established which constitutes as an ad-hoc panel responsible for the adjudication of review applications lodged by aggrieved bidders. This reduced the number of court challenges in respect of grievances from bidders. The Act makes it mandatory that all review matters need to be heard by the Review Panel, before the High Court is approached.
 - This panel also blacklists and/or suspends bidders who are found guilty of any misconduct in terms of the Act.
- Challenges which were experienced are:
 - A lack of both human and capital resources;
 - Finding personnel with specialised skills;
 - Constant Training; and
 - Resistance towards the PPA as it was found challenging to practically execute some aspects of the Act due to vagueness.
- Successes recorded
 - Some successes recorded are the training of 2400 public officials throughout the 14 Regions. All structures as prescribed by the Act has be institutionalised. The review panel adjudicated 12 cases during the 2017/2018 Financial Year. Contract management and monitoring visits were undertaken to critical projects and 127 internal procurement structures were registered.

He indicated that with the participation and commitment of all stakeholders, there would be no reason for the Namibian public procurement system to become a reference model sooner than later.

1.4 GOVERNANCE, OVERSIGHT ROLE OVER PUBLIC ENTERPRISES – AUDITOR GENERAL’S EXPERIENCE

Mr Goms Menette, Deputy Auditor General shared the office of the Auditor General’s experience of governance and oversight over Public Enterprises at the AGM. He indicated that there are four categories of Public Enterprises. These are:

- **Category 1**
These are PE’s audited by the Auditor-General as per their establishing Act;
- **Category 2**
These PEs appoint their own auditor and the Auditor-General issues a certificate;

- **Category 3**

The Auditor-General is consulted on the appointment of Auditors for this Category of PEs; and

- **Category 4**

These are PEs where the Auditor-General is not involved at all in the auditing of the entities.

In his comments on Good Governance he mentioned that most of the entities that are audited by the Auditor-General have internal audit functions on their structures. Where the internal audit function is outsourced at a high cost, it is believed that internal controls over financial reporting improve significantly and it results in a favourable opinion. This is however not the case in the majority of PEs. For the office of the Auditor General this is not good governance and accountability with regard to stewardship that is mandated on CEOs and the Board.

He further elaborated on the lack of skills in finance divisions of some of the PEs. He recommended that the recruitment policy of these entities must ensure that properly qualified staff members are recruited with the emphasis on commitment and accountability.

In conclusion he indicated that the Auditor-General is part of the oversight mechanism. Together with the Public Accounts Committee of the National Assembly. The PAC makes recommendations to stakeholders and the office of the AG checks on the implementation of these and reports back to the PAC.

1.5 THE MONTE-CHRISTO HOUSING DEVELOPMENT PROJECT

Ms Nicole du Plessis, CFO of Nuvella Marketing Management made presentation to the AGM on the development of the Monte-Christo Housing Development Project.

She indicated that this development will consist of 4100 housing units and 70% of the land will be utilised for institutional use. This property development will be completely self-sufficient with facilities like schools, hospitals, shopping centres etc. The housing units offered will range from entry level housing from about N\$600 000 to luxury housing units and units with extended land. The development of this project will create employment of many skilled and unskilled workers.

This could be an ideal opportunity for Public Enterprises to encourage their staff members to buy their own houses. With the creation of a housing deposit fund, staff members will be able to start saving on a monthly basis until such time that they will have enough funds available to pay a deposit on their own property instead of spending money on rentals. Ms du Plessis said that the developer will give preference to PEs who would like to encourage their staff members to buy their own houses. She also said that the cost of 95% of these houses are cheaper than the median houses in Windhoek.

2. 3RD ANNUAL GENERAL MEETING OF THE PUBLIC ENTERPRISES CEO FORUM

The Chairperson of the Public Enterprises CEO Forum moderated this part of the Annual General Meeting.

The report of the 2nd AGM of Public Enterprises Chief Executive Officers' Forum that was held on 08 June 2017 was adopted. The minutes of the 3rd AGM which took place on 8 June 2017 was also adopted.

2.1 ANNUAL FINANCIAL STATEMENTS FOR 1 MARCH 2017 TO 28 FEBRUARY 2018

The Treasurer, Mr Ali Ipinge, presented the annual financial statements of the Public Enterprises Chief Executive Officers' Forum, for the financial year ended 28 February 2018. He informed the Forum that the membership fees of N\$20 000 per year will not increase for the new financial year.

Mr Ipinge highlighted the company's operating results as outlined in the income statement, and the company's current assets as per the balance sheet. The total fees received for the financial year period was N\$405 000. As at 28 February 2018, the Forum had a total surplus of N\$56 000 which includes interest on investments and had cash assets of N\$379 000. With the receivables added the Forum has a net equity of N\$750 000. For 2017/2018 N\$535 000 were received the expenses N\$368 000 that gives N\$167 000 generated from the operation.

2.2 WELCOMING THE AGM AND SPORTS DAY 2019 TO THE KARAS REGION

The baton was handed over from the Erongo Region hosts to the //Karas Region who would host the 2019 AGM and Sports Days to Lüderitz. The dates for these events are from 6 to 8 June 2019.

2.3 CONSTITUTION OF THE EXECUTIVE COMMITTEE

The Chairperson invited the Treasurer to inform the delegates on the Constitution of the Executive Committee of the PE CEO Forum. Due to constraints of one member of the EXCO it was resolved that this member should be replaced and due to the fact that it was mostly difficult to have a quorum at meetings it was decided to elect alternative members to the EXCO to enhance its functionality.

The following members were elected to the EXCO:

Ms Zelna Hengari – NWR – Permanent Member
Ms Foibe Namene – ECB – Alternate Member
Mr Jerry Beukes – NTA – Alternate Member
Mr Heroldt Murangi – NAMCOL – Alternate Member
Mr Fluksman Samuehl – Lüderitz Waterfront – Alternate Member

2.4 PRESENTATION OF RESOLUTIONS FOR 2018 AGM

The following Resolutions were taken and approved at the PE CEO Forum 2018 which took place at the Strand Hotel in Swakopmund on 7 June 2018:

Resolution No. I: Report on the Implementation of AGM Resolutions

Resolved that the Report on the Implementation of the 2nd AGM Resolutions, be and is hereby confirmed and adopted by the AGM held on 07 June 2018.

Resolution No. II Approval of Financial Statements

Resolved that the Annual Financial Statement for the year ending February 2018, be and is hereby confirmed and adopted by the AGM held on 07 June 2018.

Resolution No. III Membership Fees

Resolved that the annual membership fee of the Forum remains at N\$20,000.00 by the AGM held on 07 June 2018.

Resolution No. IV Constitution of the EXCO

Resolved that the current Executive Committee of the Public Enterprises Chief Executive Officers' Forum will complete its term in 2019. Ms. Zelna Hengari was elected to the Executive Committee with the following persons as alternate members: Ms. Foibe Namene, Messrs. Jerry Beukes, Fluksman Samuehl and Heroldt Murangi.

Resolution No. V: Venue for the 4th AGM and Sport Days

Resolved that the 2019 AGM and Sports Days of the Forum be held in the town of Lüderitz, Karas Region, hosted by Lüderitz Waterfront Development Company and Seaflower Group of Companies from 06 to 08 June 2019.

Resolution No. VI: Development of the Web Portal

Resolved that a formal request for the development of an interactive web portal be forwarded to the Ministry of Public Enterprises which will ensure:

- accessibility through usage of unique usernames and passwords, message board functionality and mobile device alerts to access the web portal;
- effective and timeous communication between the Ministry of Public Enterprises, the Forum and Public Enterprises and vice versa using an automated solution;
- submission of all compliance related matters in automated format to the Ministry of Public Enterprises; and
- a central database of all communication between the Ministry of Public Enterprises and Public Enterprises is established, as resolved by the AGM held on 07 June 2018.

Resolution No. VII: Joined CEO and Chairperson Forums

Resolved that an annual joint meeting be held between the Forums representing the CEOs and the Chairpersons of Boards of Public Enterprises.

Resolution No. VIII: Membership to the NCCI

Resolved that the EXCO of the Forum explore the viability of joining the Namibia Chamber of Commerce and Industry as an Associate Member and report same to the 2019 AGM.

Resolution No. IX: Settlement of Membership Fees and 2018 Arrears

Resolved that Public Enterprises ensure payment of Membership Fees not later than 30 days upon receiving the Membership Invoice from the Office of the Treasurer and to ensure settlement of 2018 arrear Membership Fees within 30 days of conclusion of the AGM held on 07 June 2018.

Resolution No. X: Non-Members of the Forum

Resolved that all Public Enterprises who are not members of the Forum be encouraged to join the Forum by latest 30 September 2018.

Resolution No. XI: Stakeholder Engagement

Resolved to propose a tripartite engagement with the shareholder representatives, Labour and the Forum to take place on an annual basis to discuss financial ability for salary increases and any other matter under the Labour Act, negatively affecting Public Enterprises.

3. CLOSURE OF MEETING

Dr Mathe concluded the meeting by thanking all the participants for attending the meeting. He reiterated that the Public Enterprises Chief Executive Officers' Forum should be an active association, for government to seriously recognise it in terms of consultation and opinions. Further, the Chairperson again requested that the Chief Executive Officers should PEs should ensure that their membership fees are paid to ensure that the Forum can meet its obligations. The Secretary also thanked the organising teams for both the AGM and the Sports Days for their contribution to the success of these events.

Chairperson

Date

Secretary

Date