



**REPUBLIC OF NAMIBIA**

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**MINISTRY OF PUBLIC ENTERPRISES**

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**Office of the Minister**

Telephone : +264 (0) 61 202 3644  
Facsimile : +264 (0) 886 556 931

Private Bag 13408  
4<sup>th</sup> Floor, Old FNB Building  
Opp. Main Post Office  
WINDHOEK, Namibia

8 April 2016

**DIRECTIVE: ALL PUBLIC ENTERPRISES TO ALIGN THE INCREASE OF REMUNERATION IN LINE WITH INFLATION**

**DOCUMENT NUMBER 4/2016**

**SUBJECT - MATTER:**

**REALIGNMENT OF GROWTH OF REMUNERATION EXPENDITURE IN LINE WITH INFLATION**

**1. INTRODUCTION:**

The recent growth in remuneration expenditure is of a great concern to the Government, leaving very little resources needed to enhance the productive capacity of the economy. This directive is being issued to seek to address this matter/concern of Government.

**2. APPLICATION / SCOPE OF DIRECTIVE:**

This directive is of general application to all Board Chairpersons, Chief Executive Officers, Managing Directors, Management and Staff members/employees of public enterprises.

**3. STATUTORY BASIS OF THIS DIRECTIVE:**

This directive is being issued in consonance with the clear provisions of section 4(1)(d)(iii) of the principal Act, the State-owned Enterprises Governance act of 2006 as amended by the Public Enterprises Governance Act of 2015.

The said provision stipulates that one of the functions of the Minister responsible for public enterprises is:

***"...to lay down directives in relation to the remuneration levels of board members, chief executive officers and other senior management staff of public enterprises".***

*All official Correspondence must be addressed to the Permanent Secretary*

#### **4. RE-ALIGNMENT OF REMUNERATION EXPENDITURE IN LINE WITH INFLATION:**

- 4.1 In terms of the clear provisions of section 4(1) (d) (iii) of the principal Act, the State – Owned Enterprises Governance Act, 2006 (Act No. 2 of 2006), as amended by the Public Enterprises Governance Act of 2015, one of the cardinal functions of the Honourable Minister of Public Enterprises, is, **“to lay down directives in relation to the remuneration levels of board members, chief executive officers and other senior management staff of State-Owned enterprises.”**
- 4.2 In other words, the Minister responsible for Public Enterprises issues directives/guidelines for the remuneration levels of Boards and Management of State-owned enterprises, and the portfolio Ministers are responsible for determining the remuneration of Boards and Management of Public Enterprises, subject to the guidelines issued by the Minister responsible for Public Enterprises and with the concurrence of the Minister responsible for Finance.
- 4.3 In consonance with the foregoing, the Chairpersons, Chief Executive Officers and Managing Directors of all Public Enterprises are herewith being formally informed to urgently take stock of and be guided, **with immediate effect**, by the serious concerns raised and the related recommendation made by the Ministry of Finance pertaining to the subject – matter of this directive.
- 4.4 Kindly find attached hereto, for ease of reference, the official correspondence on the subject-matter as received from the Ministry of Finance.
- 4.5 In line with the said official correspondence, the attention of all Board Chairpersons, Chief Executive Officers and Managing Directors of Public Enterprises, is being drawn to the Budget Statement recently tabled by the Minister responsible for Finance, Honourable Calle Schlettwein MP, on 25<sup>th</sup> February 2016 on the subject-matter of the **“containment of annual remuneration adjustments in the public sector.”**
- 4.6 As can be clearly deciphered from the attached correspondence, the core essence thereof is that:  
**“...any public wage increase, starting in 2016/17 financial year, including both for the Central Government and its entities, should be capped to a minimum of the annual inflation rate. Any increase beyond the inflation levels is unsustainable.”**
- 4.7 Given the urgency of this request from the Ministry of Finance, your urgent cooperation in this matter shall be greatly appreciated.

Kindly accept, dear Board Chairpersons, Chief Executive Officers and Managing Directors, assurances of my highest consideration.

Leon Jooste, MP  
(Minister)



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