



REPUBLIC OF NAMIBIA

Ministry of Finance

MEDIA STATEMENT

Government's position on the plan to liquidate Air Namibia

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Hon. Leon Jooste, Minister of Public Enterprises
Hon. Obeth Kandjoze, Director General of the National Planning Commission
Fellow Namibians,
Members of the media,
Ladies and gentlemen,

1. I wish to thank you all for responding to our invitation to provide information to the nation through you, the media, on this critical issue that touches many lives and the national economy.
2. As the Chairperson of the Cabinet Committee on Treasury (CCT), I wish to state that the Committee has been working very hard to explore every possible option to save our national airline, Air Namibia. I must also announce that we had a number of engaging meetings with the trade unions representing Air Namibia employees and at the one of yesterday management was also included. At this meeting we communicated the Cabinet resolution on this matter. This matter has been a standing item on the Cabinet Committee on Treasury agenda for a considerable period of time. After considering a number of strategic alternatives, government approved a plan to liquidate the national airline.
3. This difficult decision was taken after a careful consideration of the various options to save the national airline. All options assessed point to the fact that the national airline is not profitable and it has not been profitable since its inception. The net economic costs of Air Namibia's operations far outstrip the net gains and it is thus unsustainable. It is estimated that so far government has spent more than N\$8 billion on Air Namibia. At this stage, the country's economy, can no longer afford to perpetually provide financial support to Air Namibia at the expense of supporting economic growth and critical social services. It is, therefore, with that consideration that government took a decision to file for the voluntary liquidation of Air Namibia. It must be noted that government considered all other options which included engagement with other airlines for potential investment/partnership, various business plans to turnaround the company.
4. It is therefore important for the nation to understand that the current debt of Air Namibia is unsustainable and will jeopardize the economic recovery plan that government is currently seized with. The Government believes that the decision taken is in the long-term interest of the country, taking into consideration the loss making history of the national Airline.
5. I also wish to clarify the misunderstanding about the cost of liquidation. It is believed that liquidation is going to cost Government over N\$2 billion. It is important to note that the cost of liquidation is not generally borne by shareholders, in this case government. Liquidation expenses are normally paid out of the proceeds of the sale of assets of the company that is being liquidated. It appears that people confuse the money that Government has to pay to the owners of the aircrafts that Air Namibia is leasing and for which Government has provided guarantees in the past. This money

would have to be paid, whether or not Air Namibia continues with operations or is liquidated.

6. As a shareholder, the welfare of the employees remains a priority and it is for this reason that government commits to an ex-gratia payment to the value of 12 month's salary for each employee. We will continue with consultations with the interim board and the management to work out detailed modalities of winding up the operations of the current Air Namibia and that includes the schedule of payments to the employees and the protection of the assets in the possession of the company and the nation will be informed in this regard.
7. I also wish to address the issue that has been circulating in the public with the potential to tarnish the image of the Government. Some quarters of the society are accusing government of closing Air Namibia deliberately for the growth of another airline. This information is totally misleading and devoid of any truth. The history of Air Namibia is well known and government can no longer carry this burden given Air Namibia's soaring debts.
8. There is no justification to take a decision that has an impact on the lives of many people only to benefit few individuals. It does not make any sense at all to promote the interest of the few at the expense of the majority. Therefore the decision to liquidate Air Namibia is not linked to a desire to promote a private airline.
9. In the same vein, I also wish to clarify the issue of the interim board that was appointed after the resignation of previous board. The names of the individuals that were circulating on social media this week were initially approached for their availability but after consultations between myself as Chairperson of the Cabinet Committee on Treasury and Honourable Jooste, it was agreed to appoint internal staff members from both the Ministry of Finance and Ministry of Public Enterprises to serve as Interim Board Members. Therefore, the notion that there was a State House intervention on this matter is not correct.
10. It is for this reason that I announce that Mr. Marten Ashikoto, Director of Assets, Cash and Debt Management in the Ministry of Finance and Mr. Tjiuee Kaura, holding a position of a director at the Ministry of Public Enterprises were appointed to serve as interim board members.
11. In conclusion, I wish to assure the employees of Air Namibia that government understands their difficulties and as such government is committed to work closely with them to lessen their burden during this challenging time. I would also like to emphasise that the decision to liquidate Air Namibia was not taken lightly, all options were explored to find a solution that is in the best interest of the country and future generations.
12. We will continue engaging and communicate to all stakeholders as new developments unfold. I Thank you!

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