

Press release

BIG Coalition supports the Namibian Government's plans to increase mining taxes

The BIG Coalition welcomes and supports the Namibian Government and especially the Minister of Finance Saara Kuugongelwa-Amadhila for her wisdom and courage to strive to increase taxes for mining companies. We see this move as an integral part of a local economic strategy and as a - long overdue - step of sharing resources to benefit all Namibians.

Especially the Minister's proposal to do away with the zero-rating of VAT on the export of raw minerals and introduce a standard rate (15%) plus a levy of 5% for the export of unprocessed raw minerals should be applauded for two reasons: Firstly, it would encourage local processing of minerals and thereby create local jobs. Secondly, this would ensure that revenue from the country's wealth can benefit all Namibians. If combined with a Basic Income Grant, it would ensure a direct dividend to all its citizens.

The current taxes on mining are unacceptably low. Allowing the situation to go unattended would be allowing the transnational corporations and some few individuals to plunder and rip off the Namibian people of their rightful share in the resources of this country. The current zero-rating gives a free tax ride to those extracting minerals without processing, this stands in stark contrast to the national interest of local economic growth and the urgently needed redistribution.

Namibia is today classified as an upper middle-income country because of amongst others its richness in natural resources. It is rich in minerals but reflects the most unequal economic society where more than half of its population is unemployed and poor. The questions we ask are: Where do the profits of the mining companies go? Who are the ones benefiting most from it? Why should we have high unemployment rate, poverty, hunger, malnutrition, people collecting rotten food from rubbish dumps and high crime rate in Namibia? How

does one reduce the huge and ever widening gap between the rich and the poor? Where is the problem? Who is responsible to create a society of equals and of sharing and a society of Harambee and Ubuntu?

These questions need urgent and serious consideration and actions from all the stakeholders in the Namibian society. The mining companies should not see the Government's decision to increase taxes as creating a restrictive investment climate but as a way of finding monetary resources that can be redistributed to all Namibian citizens, in order to create a society of equals; to fight poverty and unemployment, and stop the exploitation of the resources of the country by a few rich. The mining benefits should be shared by the citizens of the country.

The Namibian Government's recommendation is in line with current trends where certain states that fare much better economically than Namibia are being forced to generate additional revenues to meet the needs for services for their citizens. In this regard, Australia recently increased its royalty tax to 30 percent (compared to less than 10 percent in Namibia) and South Africa is currently debating measures to increase revenues from mining with some constituencies even proposing nationalization. Alaska puts 25% of the profits of its oil into a fund which returns is then equally distributed to all citizens. According to a recent study, Namibia does not receive much revenue from its uranium resources.

The BIG Coalition (which consists of churches, trade unions, NGOs, youth and students organizations) is convinced that the increase in taxes on the mining companies would increase government revenue and also form the main source of financing for Basic Income Grant (BIG). The results of the BIG project at Otjivero have proven that it has the potential to reduce poverty, distribute wealth to the rural areas, create both employment and self-employment through SMEs, eradicate malnutrition, reduce crime, create a society of sharing and a spirit of community, improve performance of learners and most importantly restore the human dignity of the people.

We therefore urge our Government to strongly and urgently reconsider its position and stance on the Basic Income Grant by implementing it countrywide.

Z. Kameeta

Bishop Dr Zephania Kameeta
Chairperson of Basic Income Grant (BIG) Coalition

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Evangelical Lutheran Church
- Republic of Namibia -
Head Office

Bishop Dr. Z. Kameeta

P.O. Box 5069, Ausspannplatz Windhoek
Tel: +(264) (61) 224531/2/3
Nº 6 Church Street
e-mail: bishoppa@elcrnam.org