



MEDIA STATEMENT IN RESPONSE TO VARIOUS ARTICLES THAT RECENTLY APPEARED IN BOTH PRINT AND ELECTRONIC MEDIA ALLEGEDLY BY NHE MIDDLE MANAGERS

13 APRIL 2021

Members of the Media;

Ladies and Gentlemen

Thank you for making time to attend our media briefing. We would like to share with you and through you the general public some aspects relating to the complaint made in the media allegedly by the middle managers of NHE.

We specifically refers to the letter dated 1st April 2021 and the petition dated 9th April 2021 requesting a meeting with the Board and making various allegations. For purposes of convenience, the Board shall address the most pertinent matters and allegations arising from the mentioned petitions. Our decision to not address other items contained therein, should not be construed as an admission or acceptance thereof.

A) CEO APPOINTMENT

As part of the responsibilities of the Board embodied in the Act read together with the Public Enterprises Governance Act (PEGA) 1 of 2019, decisions relating to the appointment of the CEO and/or his/her employment contract extension rests upon the Board. The duty to assess the performance of the CEO lies squarely with the Board.

The Board discussed the CEO's performance at its meeting dated 16 February 2021. After considering what has been achieved since the appointment of the CEO and the difficult financial environment that the NHE has been operating during the period under review, the Board resolved to recommend for the renewal of the CEO's contract for another five years. Please note that section 10 (1) of the NHE Act, No. 5 of 1993 as amended provides as follow: The Board shall, with the approval of the Minister, appoint a person other than a director as chief executive officer of the NHE. This approval was sought as per the Chairperson's letter dated 8 March 2021 and the Ministerial approval was given on 18 March 2021. The renewal was then duly made after the relevant approval was made. It is important to note that this appointment approval process was finalized way before we received the letter of concern from middle managers dated 1st April 2021.

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B) CONFLICT OF INTEREST BY DIRECTORS OF BOARD

The Board of Directors specifically reject any insinuations that any of its Directors are conflicted in the exercise of their duties. The identified directors were appointed during the course of 2015, with these "supposed conflicts" having existed at the time of their appointment. It is therefore noteworthy that alleged conflicts are only relevant at this juncture, and were never flagged as a contentious matter. Additionally, the Board remains guided by the Namcode and other governance protocols to manage conflicts arising, which have at all times been observed, and of which Management is well aware.

The managers are alleging that the chairperson is conflicted because NHE is a taxpayer. What a pity? Managers ought to be aware of the provisions of 19(1) of the enabling Act which exempt NHE as a tax-payer. Therefore, concerns surrounding the potential conflict can be discarded and this should provide good governance assurance to the concerned parties.

The Board also considers it frivolous to insinuate that commercial banks are a competitor of the institution, when the offerings provided fall within distinct categories of the housing value chain.

C) GOVERNANCE

The Board has noted with grave concern the legacy of being behind on audits (from prior to the current CEO and NHE Boards terms of office). NHE financial statements are behind with four years owing to the delay caused by the Mass Housing Development Programme (MHDP) transactions which are not classified for accounting purposes. Accounting opinions on MHDP transactions have been sought from PWC, Deloitte and MURD with no success in resolving matters. Engagement with MURD is taking place to resolve the MHDP bonds ownership and the next meeting is expected in April 2021 to hopefully discuss and address this highly impactful matter.

The Board has noted the commencement of the simultaneous audit for three years i.e. 2016/17, 2017/18 and 2018/19 financial year respectively. Furthermore, the proposed planned audit for 2019/20 is expected to commence in August 2021 to bring the backlog of audited financial statements up-to-date. The Board has on numerous occasions implored upon management to act with swiftness and dedication to ensure that we comply with the submission of the audited statements. Owing to the fact that annual financial statements remain outstanding, this matter is known and is being addressed with immediate attention albeit the challenging circumstances. This Board has ensure that no corruption

D) LIQUIDITY AND PROFITABILITY

The Board is prudent to report that during its tenure, it has taken a deliberate focus on the enterprise's high liabilities, with the aim to reduce them and place the company in a better position so that it can refocus on its mandate execution. Debt stood at N\$533,8 million but have now been reduced to N\$ 149,4 million to date. The overdraft facility is being reduced with N\$ 2 million every month and currently stands at N\$29 million.

It is a known fact that the Enterprise is operating with limited financial resources. Multiple factors disabling the generation of sufficient revenue and loan book are also attributed to a suppressed economy coupled with Covid 19.

The Board has taken a deliberate decision to ensure that Management introduces immediate austerity actions as well as short-term measures to reduce expenditure. Furthermore, a strategic decision has been taken for Management to develop a turnaround strategy to improve overall liquidity of the organization. These include limiting official travels to housing projects supervision and crucial official trips only, prioritising expenditure, enhancing debt management and collection measures, filling only critical vacancies, among others.

Despite the unfavourable financial position and challenges inhibiting maximum execution of mandate, the Enterprise is in a strong liquidity position whereby the total liabilities make up only 22% of the total assets. With the envisaged updating of financial statements, this liquidity position is favourable enough to enable the entity to borrow capital on the open financial market and rollout more housing projects with ease. To this effect, the rumors that NHE may not be able to pay salaries is false and misleading. These are exertions aimed at unsettling and derailing initiatives of ensuring a healthy organizational working culture.

It should be noted that the Board herewith wish to reiterate that at no point has it ever indicated its intentions to lay off any of its employees. Furthermore, employees are cautioned that the Board will not hesitate to hold employees accountable, especially those who are not willing to be part of the team to advance social housing delivery. In the same vein, Board will equally reward those whose performance is aligned to the organization's Key Performance Areas and any other appropriate structures in place.

E) HARAMBEE PROSPERITY PLAN 2 (HPP2)

The allegations that NHE has been insignificantly treated by Government is a statement that is undermining the efforts of national government to support the social need of houses. The Board herewith would like to elucidate to management that NHE does indeed feature in the housing delivery section of HPP2. It is common knowledge that NHE cannot be mentioned in the land delivery section as this is not an NHE key function, but that of the local authorities. It is evident that this translates into practical support on the part of government to enable the NHE to roll out housing projects. This Board will not tolerate any official that is anti-government to national priority areas, it is in this vein that this Board has been entrusted to ensure that NHE implements and advances the response to housing need realities for the low to middle income and with the advent of the ultra-low to low income groups in line with government national plans.

F) ALLOCATION OF LAND TO TWALOLOKA RESIDENTS

With regards to the allegations that the Board gave away NHE land to accommodate the Twaloloka residents, it is a pity when you have people in national institutions who are anti government developmental agenda. When the Twaloloka incident occurred there was a need to respond to the plight of our people in Twaloloka. The land was requested and availed in light of the urgency to assist the victims of Twaloloka. There is a commitment from Walvisbay Municipality to replace NHE's land.

The Board maintains the decision to avail this land in light of our collective national duty to assist vulnerable communities. We are very proud of the decision that we have taken to assist our people.

G) ONGOS AND MEERSIG DEVELOPMENT

It is correct that the Board has elected not to avail funds for the development of the Ongos Project. As Management has at all times been aware, the specific development was undergoing planning and appropriate registration with the City Of Windhoek (CoW). NHE has continuously followed up with the COW on the status of the necessary approvals, which it had no control over, as the NHE had submitted all the relevant information.

Further, the property on Ongos is unserviced land that also requires bulk services related to electricity, water and sewerage systems. The initial cost estimates provided to the Board by Management suggest a sum in excess of NAD 2 billion would be required to install the bulk and related primary infrastructure. Against this costing background, it is implausible and unfeasible for the NHE to make an investment of this amount, and provide low cost housing within this area.

The Meersig project was awarded without any competitive procurement process followed by the institution. The contract signed during the course of 2014 was turnkey in nature. Payment for works would therefore only be made upon completion of the project, and not on progress based system as was done. The contract that was in place called for a turnkey project, thus the contractor had to complete the work, and not stop and request for Progress Payment as he did. The contract that was entered into did not indicate any completion date for the project. These are all the issues that the CEO and his Management team attempted to address, and which remain under deliberation.

Finally, the Board is surprised with the way in which management decided to deal with its grievances. Problems are never solved through the media and social media. Most especially when the lines of communication are still open. If Management do not want to engage the Board, why could they not approach the line Minister. Why run first to the media, social media and to a tribal WhatsApp Group? The prejudices contained in the communication of the managers are retrogressive and purely aimed at bringing the institution as well as the shareholder into disrepute.



Sam SHIVUTE

Chairperson: NHE Board of Directors on behalf of the Board.

CC: Hon. Erastus Uutoni, MP
Minister of Urban and Rural Development

Hon. Leone Jooste, MP
Minister of Public Enterprises