



# GOVERNMENT GAZETTE

## OF THE

# REPUBLIC OF NAMIBIA

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## Government Notice

### STATE-OWNED ENTERPRISES GOVERNANCE COUNCIL

No. 174 2010

#### DIRECTIVES IN RELATION TO REMUNERATION LEVELS FOR CHIEF EXECUTIVE OFFICERS AND SENIOR MANAGERS OF STATE-OWNED ENTERPRISES AND ANNUAL FEES AND SITTING ALLOWANCES FOR BOARD MEMBERS: STATE-OWNED ENTERPRISES GOVERNANCE ACT, 2006

Under section 4(1)(d)(iii) of the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006), the State-owned Enterprises Governance Council has laid down directives in relation to the remuneration levels for the chief executive officers and senior managers of the State-owned enterprises and the annual fees and sitting allowances for the members of the boards of those enterprises set out in the Schedule.

The directives apply to chief executive officers, senior managers, board members, and non-executive directors, of State-owned enterprises who are re-appointed or appointed after the publication of this notice in the *Gazette*.

**N. ANGULA**

**CHAIRPERSON**

**STATE-OWNED ENTERPRISES GOVERNANCE COUNCIL**

Windhoek, 29 July 2010

## SCHEDULE

**1. Definitions**

In this directive, unless the context otherwise indicates, a word or expression defined in the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006) has that meaning, and -

“chief executive officer”, includes executive member; and

“non-executive director”, includes a non-executive member.

**2. Classification of State-owned enterprises into three tiers**

2.1 The data generated from the survey conducted from the year 2000 was used to contribute to the classification of State-owned enterprises in terms of their size and contribution to the economy and therefore, the remuneration bands.

2.2 Three key quantitative indicators were regarded as relevant for the classification of State-owned enterprises:

(a) Total revenue;

(b) Total assests; and

(c) Total primary employment.

2.3 Based on the quantitative data for each State-owned enterprises, a composite score was calculated for each State-owned enterprises, and a classification was developed as follows:

TABLE 1  
CLASSIFICATION BY CATEGORY AND SIZE

<b>Category as per State-owned Enterprises Governance Act, 2006</b>			
	<b>Economic &amp; Productive Enterprises</b>	<b>Regulatory Enterprises</b>	<b>Service Rendering Enterprises</b>
<b>Tier 3</b>	Air Namibia Meat Corporation of Namibia Namibia Ports Authority Namibia Post Namibia Power Corporation Roads Contractor Company Telecom Namibia TransNamib Holdings Ltd		Government Institution Pension Fund University of Namibia
<b>Tier 2</b>	Agricultural Bank of Namibia Development Bank of Namibia Namibia Airports Company Namibia Broadcasting Corporation Namibia Development Corporation Namibia Institute of Pathology Namibia Water Corporation Namibia Wildlife Resorts National Housing Enterprise	Fishery Observer Agency National Petroleum Corporation of Namibia	Motor Vehicle Accident Fund Polytechnic of Namibia Roads Authority Social Security Commission

<b>Tier 1</b>	Namibia National Reinsurance Corporation New Era Publication Company Namibia Agronomic Board Star Protection Service Windhoek Machinefabrik	Electricity Control Board Meat Board of Namibia Namibia Financial Institution Supervisory Authority Namibia Qualification Authority Namibia Special Risk Insurance Association Namibia Tourism Board	Namibia College of Open Learning Namibia Maritime Institute Namibia Press Agency National Art Gallery of Namibia National Heritage Council National Theatre of Namibia
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2.4 Table 1 is a guide for State-owned enterprises administration purposes and is therefore not a cast in stone. If the situation warrants, a State-owned enterprise can be reclassified to a higher tier and vice versa. The following are some of the circumstances which can be considered for a State-owned enterprise's classification -

- (a) the competitive environment of operation for a particular State-owned enterprise. A State-owned enterprise operating in a monopoly is protected by legislation and therefore does not have a lot of dynamism required by one which is in a competitive environment;
- (b) the level of responsibility and skills required to manage a State-owned enterprise; and
- (c) the impact to the social life in the country as a result of failure of a particular State-owned enterprise.

### 3. Remuneration levels for chief executive officers, senior managers, board members and non-executive directors of State-owned enterprises

TABLE 2  
CHIEF EXECUTIVE OFFICERS' REMUNERATION BANDS

<b>Remuneration: Chief Executive Officers</b>				
	<b>Bands for Total Guaranteed Pay (per annum), excluding performance and incentive based pay (N\$)</b>			
Size of SOE	Lower Quartile	Median	Upper Quartile	90th Percentile
<b>Tier 3</b>	709 722	869 531	1 257 029	1 532 828
<b>Tier 2</b>	451 739	550 625	791 341	987 197
<b>Tier 1</b>	401 199	476 116	664 797	803 413

TABLE 3  
SENIOR MANAGERS' REMUNERATION BANDS

<b>Remuneration: Senior Managers</b>				
	<b>Bands for Total Guaranteed Pay (per annum), excluding performance and incentive based pay (N\$)</b>			
Size of SOE	Lower Quartile	Median	Upper Quartile	90th Percentile
<b>Tier 3</b>	445 854	530 843	709 271	872 653
<b>Tier 2</b>	372 361	446 195	612 675	739 651
<b>Tier 1</b>	272 453	324 123	432 282	531 790

TABLE 4  
BOARD MEMBERS AND NON-EXECUTIVE DIRECTORS REMUNERATION GUIDELINES

	Board of Directors		Audit Committee		Other Sub-Committees	
	Non Executive Chairperson	Non Executive Director	Non Executive Chairperson	Non Executive Director	Non Executive Chairperson	Non Executive Director
<b>Annual Fee or Retainer N\$</b>						
<b>Lower Quartile</b>	31 012	25 333	16 333	12 867	16 333	12 867
<b>Median</b>	51 790	42 306	24 826	18 914	24 826	18 914
<b>Upper Quartile</b>	76 649	62 613	37 239	24 021	37 239	24 021
<b>Sitting allowance per annum (assuming four meetings per annum) N\$</b>						
<b>Lower Quartile</b>	18 356	12 032	8 452	6 280	8 452	6 280
<b>Median</b>	29 186	18 409	13 608	9 106	13 608	9 106
<b>Upper Quartile</b>	42 320	23 932	20 548	14 023	20 548	14 023