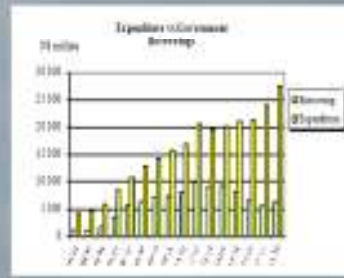




REPUBLIC OF NAMIBIA



SUMMARY REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# GOVERNMENT OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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# REPUBLIC OF NAMIBIA



## TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my summary report on the accounts of the Government of Namibia for the financial year ended 31 March 2011 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, JULY 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**SUMMARY REPORT OF THE AUDITOR-GENERAL  
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FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2011**

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**1. SCOPE OF AUDIT AND SUMMARY OF MAIN FINDINGS**

**1.1 INTRODUCTION**

**1.1.1** This report summarizes the main audit findings on the general accounts and Ministries/Offices/Departments on which audit reports have been tabled individually during 2012. It also includes the general accounts of the Government of Namibia for the financial year ended 31 March 2011 and is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

**1.1.2** Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that -

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

**1.2 SCOPE OF THE AUDIT**

**1.2.1** The Permanent Secretary: Ministry of Finance and the respective Accounting Officers are responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included -

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

**1.2.2** The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislator; and
- (c) the financial transactions conform to the authorities that govern them.

### 1.3 MAIN FINDINGS

#### 1.3.1 Expenditure

The overall expenditure on all thirty (31) Ministries/Offices/Departments amounted to an under expenditure of N\$ 704 million or 2.56 of the total budget compared with an under expenditure of N\$ 441 million or 1.8% in the previous year.

**1.3.1.1** The State Finance Act, 1991, Section 6(a)(i) to (iii) stipulates that no expenditure shall be incurred during a financial year on services of the State which results in the total amount mentioned in an estimate of expenditure in respect of a vote, a main division of a vote or a subdivision of a main division being exceeded. Section 1 of the Act defines such excess as unauthorized expenditure.

**1.3.1.2** Furthermore, Section 27(6)(a) of the Act stipulates in explicit terms:

*“The Auditor-General shall in a report (to the National Assembly) draw attention to every unauthorized expenditure incurred”*

**1.3.1.3** In accordance with the above-mentioned requirement, attention is drawn to unauthorized expenditure incurred by various ministries during the financial year under review.

**1.3.1.4** The expenditure on the accounts of six (6) Ministries/Offices/Departments exceeded the approved budget. The total excess expenditure on these accounts amounted to more than N\$ 415 million. This compares with six (6) accounts with excess expenditure totaling some N\$ 484 million in the previous financial year. The unauthorized expenditure decreased by N\$ 69 million or 16.62 % (2010: N\$ 287 million or 145% - increase).

**1.3.1.5** The main reasons for the excess expenditure have been explained by the concerned ministries as being due to unexpected cost increases, insufficient budgetary provision and virements not being approved.

**1.3.1.6** A summary of the unauthorized expenditure in respect of the different votes where the total approved budget limits were exceeded contrary to Section 6(a)(i) of the Act, compared with two previous years, is as follows:

		2010/11	2009/10	2008/09
		Excess	Excess	Excess
		N\$	N\$	N\$
05.	Home Affairs and Immigration	20 677 341.50	10 171 199.08	4 907 920.26
06.	Police	-	65 551 034.91	-
07.	Foreign Affairs	35 676 897.66	48 655 422.55	81 151 867.43
10.	Education	312 491 686.41	275 964 641.38	106 625 472.09
13.	Health and Social Services	35 216 628.45	53 623 934.46	-
16.	Justice	11 665 802.34	-	-
17.	Regional and Local Government	146 173.49	-	-
18.	Environment & Tourism	-	-	3 092 857.92
24.	Lands and Resettlement	-	-	1 480 037.41
25.	Electoral Commission	-	30 086 447.41	-
		<b>415 874 529.85</b>	<b>484 052 679.29</b>	<b>197 258 155.11</b>

- 1.3.2.7** The following Ministries/Offices/Departments have consistently exceeded their approved budgets now for this and the foregoing two or more consecutive financial years:

Foreign Affairs (10 years)  
 Education (7 years)  
 Home affairs (4 years)  
 Health and Social Services (2 years)

As also mentioned in previous years, improved communication, budget procedures, internal controls and guidance by the Ministry of Finance would improve the situation. Exceeding approved budget limits represents a disregard of the National Assembly's powers to control and authorize the use of taxpayers' money for approved activities and up to specified limits.

- 1.3.2.8** The Auditor-General is also required to report unauthorized excess expenditure incurred on the main divisions and subdivisions of a vote. The total excess expenditure of this nature can be summarized as follows:

Excess expenditure on funds approved for 25 (2010: 30) main divisions in the vote accounts:  
 N\$ 532 076 985.60 (2010: N\$ 540 678 430.30).

Excess expenditure on funds approved for 224 (2010: 230) subdivisions of the main divisions in the vote accounts: N\$ 656 970 194.60 (2010: N\$ 558 326 728.69).

- 1.3.2.9** The following Ministries/Offices/Departments managed not to incur any unauthorized expenditure during the year under review:

Auditor-General  
 Anti-Corruption Commission

### **1.3.2 Qualified audit opinions**

- 1.3.2.1** Qualified (negative) audit opinions were expressed on the vote accounts of five (5) Ministries/Offices/Departments compared with nine (9) in the previous year. This implies that the accounts concerned do not, in a material sense, fairly present the financial transactions.

- 1.3.3.2** Qualifications were mainly based on non-submission of income and expenditure accounts.

### **1.3.4 OTHER OBSERVATIONS**

#### **1.3.4.1 Budget controls**

Eight (8) Ministries/Offices/Departments exceeded the approved budget amounts on between 10 to 35 subdivisions of their respective votes (2010: Nine (9) while twenty one (21) exceeded less than ten subdivisions (2010: eighteen (18)). It is once again advised that an up to date kept commitment register can assist Accounting Officers to a large extent to eliminate most of these excesses by requesting approvals for virements timeously. Properly trained accountants and improved communication between the Ministries/Offices/Departments and the Ministry of Finance will also contribute largely to improve the situation.

The following Ministries/Offices/Departments are commended for deviating with actual expenditure from the approved budget within 2%: (Excess expenditure is indicated in brackets).

	%
• Auditor-General	0.57
• Prisons	0.91
• Defence	0.28

#### **1.3.4.2 Exemptions from normal Tender Board procedures**

The Tender Board annually approves deviations from normal tender procedures where it is convinced that the nature of the required service or procurement is as such that normal tender procedures would not be in the best interest of the State. In most cases a monetary value is attached to these exemptions. On eleven (11) (previous year – 10) vote accounts it was found that there are either no control measures in place to ensure that these values are not exceeded or the actual expenses exceed the approved amount at random. No additional approvals were obtained from the Tender Board. Improved recording of these expenditures will contribute to avoid excess expenditure or to request additional exemptions timeously.

#### **1.3.4.3 Subsistence advances**

At nineteen (19) (previous year – 17) Ministries/Offices/Departments discrepancies were found. In some cases it was found that there were long outstanding subsistence advances, mainly due to the reluctance of staff to submit the relevant claim forms against which these advances can be cleared. Treasury instructions require submission of claims within thirty days after the return of an official. Advance balances have to be repaid immediately. This issue has been repeatedly reported and the relevant Ministries/Offices/Departments are once again urged to continue taking the necessary steps to clear these advances.

Other areas of concern were differences between the respective suspense account balance and the debtors list kept by Ministries/Offices/Departments.

#### **1.3.4.4 Reconciliation of suspense accounts**

It was found that twenty six (26) (previous year – 29) Ministries/Offices/Departments failed to reconcile their suspense accounts, either partly or wholly. These reconciliations are important in order to account for all transactions that need to be transferred to the relevant vote account or revenue account to ensure completeness thereof.

#### **1.3.4.5 Appropriation accounts**

On seventeen (17) (previous year – 20) appropriation accounts it was found that virements as approved by Treasury differ from those reflected under the main divisions in the appropriation account.

Accounting Officers should ensure that their appropriation accounts agree with approved virements.

#### **1.3.4.6 Annual report information**

Information is requested on an annual basis from all Ministries/Offices/Departments for publishing purposes in the annual report of the Auditor-General. The correctness and completeness of such information is of vital importance to ensure credibility thereof. Incorrect, incomplete or no information was received on some of the requested information from four (4) (previous year – 9) Ministries/Offices/Departments.

It is once again recommended that the necessary records should be kept in order to enable these institutions to submit correct and complete information to the Office of the Auditor-General.

#### **1.3.4.7 Bank accounts**

The Treasury considers requests from Ministries/Offices/Departments to open bank accounts at commercial banks to operate certain fund accounts. No such account may be opened without the approval of Treasury and Treasury requires proper bank reconciliations to be carried out. At eight (8) (previous year-9) Ministries/Offices/Departments no bank reconciliations were carried out and/or no income and expenditure statements were available for audit purposes.

Serious concern is once again expressed, as also in previous reports, over non-compliance with Treasury instructions and the lack of proper record keeping of such accounts. Action should be taken with immediate effect to regularize these accounts and carry out reconciliations between the bank balances and the cash-books. Income and expenditure statements should also be prepared for audit purposes.

#### **1.4 Audit of the Office of the Auditor-General**

The Office is currently still being audited by its own staff. It has been noted with appreciation that this aspect has been addressed in the proposed new Audit Bill.

#### **1.5 Internal audit**

Internal audit sections in Ministries/Offices/Departments do not have a legal framework for policies and guidelines under which they can operate. This results in a lack of uniformity in ways of carrying out duties, making it difficult for the Office of the Auditor-General to put reliance on the work carried out by Internal Auditors.

#### **1.6 Risk Management**

Ministries/Office/Departments do not have risk management processes to address the risk attached to their activities. The focus of good risk management is the identification and treatment of these risk and to add maximum sustainable value to all the activities of the O/M/A`s.

#### **1.7 Guardian Fund – Justice**

The Accounting Officer of the Ministry of Justice is unable to provide updated financial statements of the Fund for the 2010/2011 financial year. The non-submission of financial statements is unacceptable. This state of affairs creates room for possible misappropriation of funds.

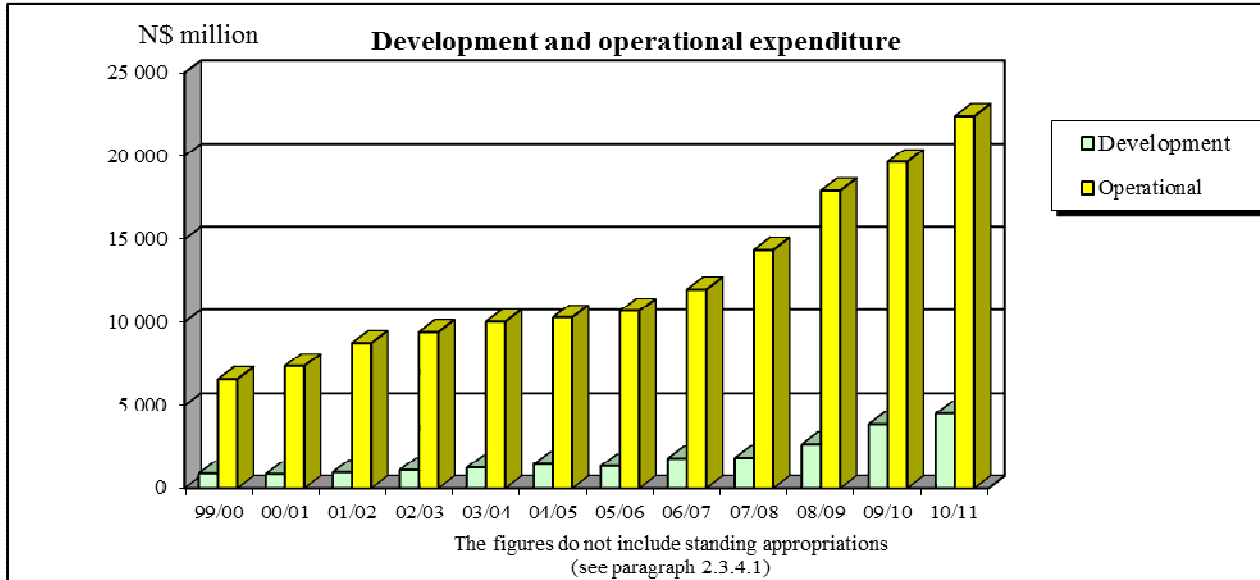
#### **1.8 Capital Projects**

Ministries/Office/Departments do not have oversight audit committees for their internal functions. Therefore the effectiveness of these functions is not overseen and the independence from management influence may not subsist.

Three (3) Ministries/Office/Departments could not provide accurate accounts on these project.

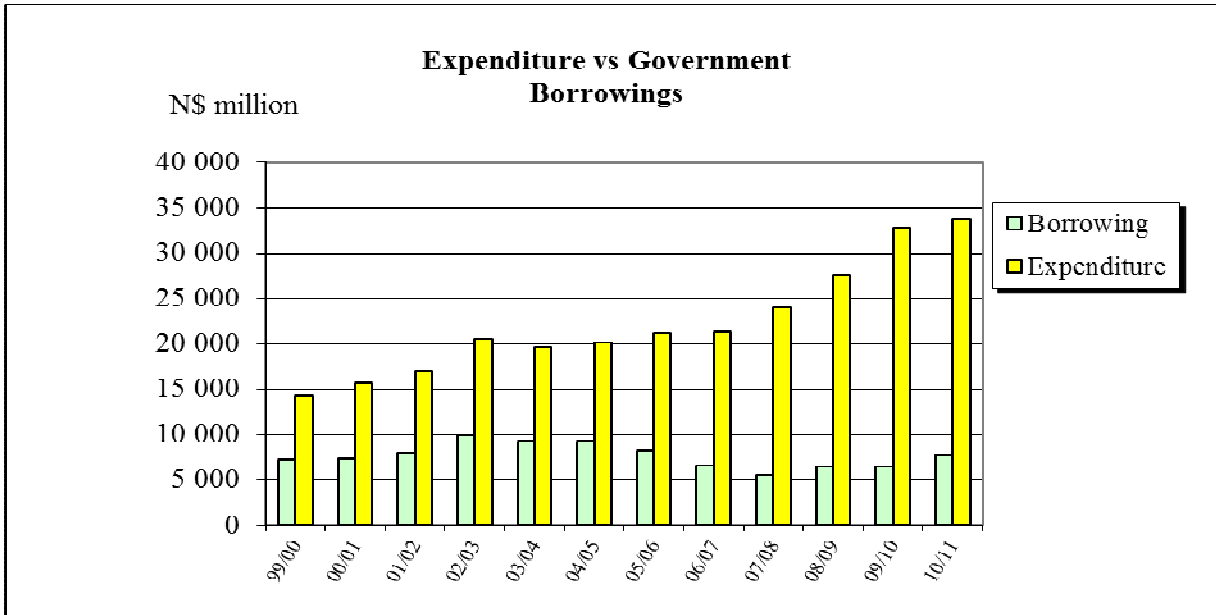
## 1.5 EXPENDITURE, REVENUE AND PUBLIC DEBT OF THE GOVERNMENT

The charts below show the trend in development and operational expenditure, expenditure vs Government borrowings, interest paid on borrowing and revenue vs expenditure during the financial years 1993/94 to 2010/11.



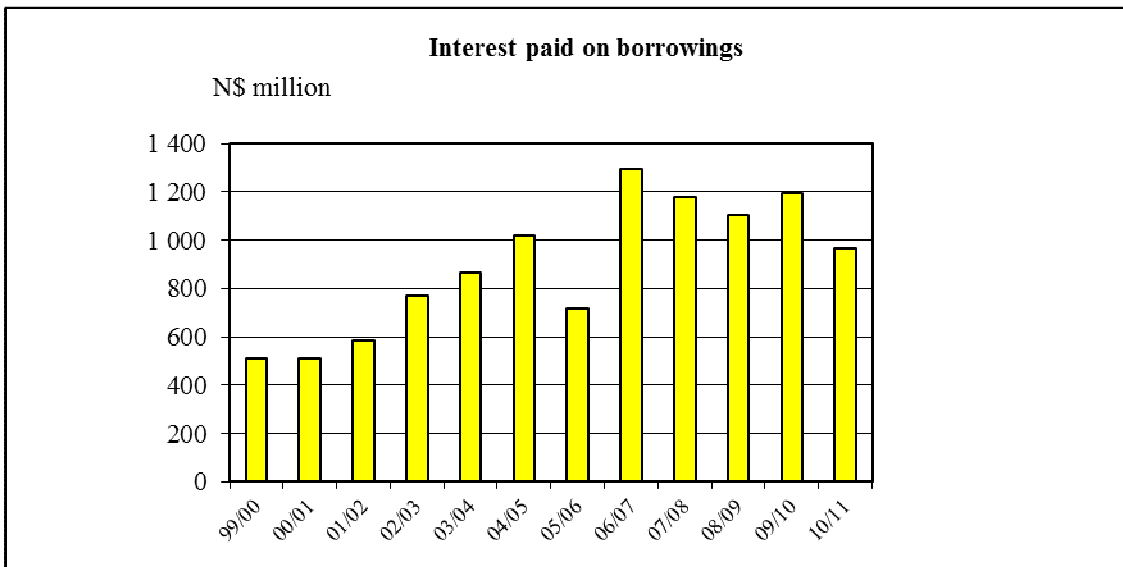
During 2010/2011 there was an underspending of N\$ 387 million or 7.94 % (previous year – N\$ 416 million or 10.78 %) on the approved budget for development expenditure and N\$ 315 million or 1.39 % underspending (previous year –underspending of N\$ 25 million or 1.21%) on the operational expenditure. The overall underspending for 2010/2011 was therefore N\$ 703 million or 2.55 % (previous year – underspending of N\$ 441 million or 1.85 %).





See paragraphs 2.4.1, 2.2.2 and 2.3.4.1)

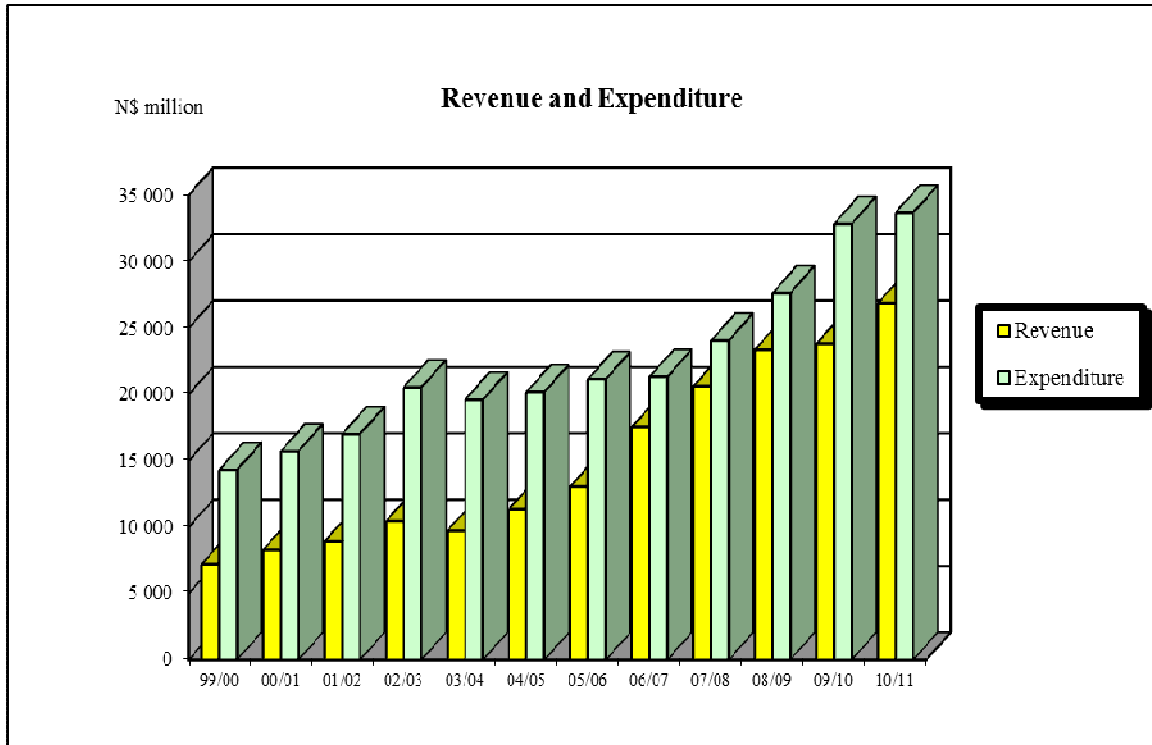
The expenditure includes domestic redemption payments such as stock and Treasury Bills. Payments amounted to: N\$ 880 245 413. Interest and N\$ 5 655 167 197 Redemption. Receipts amounted to N\$ 7 639 467 919. In the 2010/2011 financial year 24% (previous year – 19.77%) of the total expenditure consists of borrowing related payments. In order to put this expenditure percentage into perspective, it needs to be said that Treasury Bills to the value of N\$ 5 655 167 197 have been redeemed as mentioned above and Bills valued at N\$ 6 774 452 932 have been sold. Selling of Treasury Bills stimulates the investment market and if these transactions are not taken into consideration, the expenditure relating to loan expenses is less than 1% of the total expenditure.



(See paragraph 2.6.1)

Interest paid includes interest paid on Government stock and Treasury Bills of N\$ 880 245 413. Interest on foreign loans amounted to N\$ 85 251 402.

Interest related charges on the borrowings equaled 4% of the total operational expenditure in the 2010/2011 financial year compared with 6.09% in the 2009/2010 financial year. The ratios include payments relating to domestic debt.



Revenue excludes contributions/grants and borrowings.

Expenditure comprises actual expenditure on all vote accounts and expenditure under Standing Appropriations.

Expenditure increased by 13 % between 2010/2011 and 2009/2010, whereas Revenue increased by 2% during the same period.

## 2. GENERAL

### 2.1 STATEMENT OF BALANCES

#### 2.1.1 Summary of the General Ledger

The balances as at 31 March 2011 of the State Revenue Fund and the various other accounts in the main ledger of the State Account, maintained by the Ministry of Finance, are summarized in the statement of cash assets and liabilities below. Credit balances are shown in brackets.

	Paragraph reference	31 March 2011		31 March 2010	
		N\$	N\$	N\$	N\$
<b>FUNDS AND ACCOUNTS</b>					
<b>Funds:</b>					
State Revenue Fund	2.2.2		(1 207 485 770.08)		(3 868 495 136.22)
<b>Operating accounts:</b>					
Computer: Prime Minister	301	-		(5 918 533.61)	
		(7 551 226.32)			
Student financial assistance: Education	313	-		(310 531.64)	
Prison rehabilitation: Prisons	308	(1 434 186.45)		1 905 387.83	
Medical store: Health	302	422 700 477.14		349 612 688.79	
Resorts: Tourism	305	34 218 397.15		34 076 809.15	
Tourism Board	304	1 904 147.28		1 904 147.28	
Farming: Defence	320	(404 707.79)		(357 297.70)	
Construction equipment: Agriculture	306	(53 623 016.53)		(45 583 582.46)	
Central stores: Works	309	47 752 723.69		40 456 557.49	
Government Garage: Transport	310	63 709 654.23		195 400.70	
Air services: Transport	312	61 830 262.39	569 102 524.79	46 437 804.71	422 418 850.54
<b>TOTAL</b>			<b>(638 383 245.29)</b>		<b>(3 446 076 285.68)</b>
<b>REPRESENTED BY:</b>					
<b>Cash:</b>					
In the bank, favourable balance	2.1.2(401)	772 143 366.78		3 550 230 685.14	
Uncashed cheques	(376+460)	(374 368 674.84)		(1 071 502 242.90)	
Cashed cheques not matched with issues, including incorrect bookings of transactions	403	40 078 574.11	437 853 266.05	(37 316 481.31)	2 441 411 960.93

(continued)

	Paragraph reference	31 March 2011		31 March 2010	
		N\$	N\$	N\$	N\$
<b>In transit to the bank from:</b>					
Inland Revenue Deposit Account	2.1.2(407)	(32.04)		(337.86)	
Customs and Excise Deposit Account	2.1.2(405)	789.66	757.62	208.02	(129.84)
<b>On hand for payments:</b>					
<b>Offices abroad:</b>					
Foreign Affairs	411	31 466 892.01		32 737 576.61	
Defence	412	2 019 793.80		4 174 610.79	
Other ministries/departments/offices	417	699 155.38	34 185 841.19	693 005.38	37 605 192.78
<b>Investments:</b>					
State Revenue Fund	2.8		*2 108 196.25		*2 877 910.90
<b>Debtors:</b>					
Cheques returned to drawer	418	10 603 673.77		2 481 015.44	
Rejected expenditure, disallowances	454	14 302 437.09		(24 426 280.00)	
Collateral losses rejection	422	(20 211 466.72)	4 694 644.14	(16 908 886.72)	(38 854 151.28)
<b>Suspense accounts:</b>					
General suspense accounts			366 890 019.11		1 192 481 075.83
			845 732 724.36		3 635 521 859.32
<b>Less:</b>					
<b>Money held in respect of:</b>					
Court orders, etc. at magistrates offices	585	(82 550 538.27)		(68 642 458.67)	
Deposits for services, local authorities and settlement areas within communal areas	351-363			**1 743 077.04	
Prospecting and claim fees	584	741 120.48		**2 968 873.57	
Mines and Energy	583	(16 861 764.38)		(16 632 773.71)	
Patient aids at hospitals	581	5 955.20	(98 665 226.97)	-	(80 563 281.77)
<b>Creditors:</b>					
State Revenue Fund, collection of income tax and sales tax	497	867 626.21		465 848.88	
Customs and excise collections	571	(139 469 538.00)		(154 511 414.24)	
Pension contributions by employees	502	(1 827 317.75)		(5 591 344.27)	
Social Security contributions	496	3 329.39	(140 425 900.15)	(476 522.62)	(160 113 432.25)
			<b>606 641 597.24</b>		<b>3 394 845 145.30</b>

The Statement of balances does not balance with an amount of N\$ 31 741 648.05. The ministry has engaged on an expert to examine the nature of the problem.

## 2.1.2 Bank accounts

The Ministry of Finance administers the main Government bank accounts; the State Account is maintained in terms of Section 2(1) of the State Finance Act, 1991 (Act 31 of 1991) and also three bank accounts into which most of the State moneys received, referred to in Section 2(1)(a) of the Act, are deposited for control purposes and for daily transfers to the State Account. The balances of the accounts according to the main ledger, shown as cash assets in paragraph 2.1.1, were as follows on 31 March 2011:

	N\$
State Account (favourable)	772 142 609.16
Less: Unprocessed cheques*	-
<b>Sub-total</b>	<b>772 142 609.16</b>
General Revenue Account (unfavourable)	(32.04)
Customs and Excise Deposit Account (favourable)	789.66
Ministries' Deposit Account	-
<b>Total</b>	<b>772 143 366.78</b>

- \* Unprocessed cheques are the total actual cheques at the Bank of Namibia that still had to be processed through the bank account at the end of the day, but were not processed that specific day. The bank credits the bank account with the total of the unprocessed cheques at the end of that day and reverses the entry the next morning.

## 2.2 STATE REVENUE FUND

### 2.2.1 Introduction

The State Revenue Fund has been established in accordance with Article 125(1) of the Namibian Constitution.

### 2.2.2 Statement of account

The following summary includes the statement which the Permanent Secretary: Finance prepared in compliance with Section 12(1)(a) of the State Finance Act, 1991 (Act 31 of 1991), setting out the total revenue to the benefit of, and the expenditure as a charge to the State Revenue Fund during the 2010/11 financial year:

	N\$	N\$	N\$
Credit balance on 1 April 2010			3 868 495 136.22
Revenue (Paragraph 2.4.1)		31 015 105 907.50	
<b>Expenditure:</b>			
Appropriation accounts (Paragraph 2.3.1):			
Operational (Paragraph 2.3.2)	22 367 242 680.72	Excl. main div.14 of Ministry of Finance - Standing appropriations	
Development (Paragraph 2.3.2)	4 496 856 814.50		
	26 864 099 495.22		
Standing appropriations (Paragraph 2.3.4.1)	6 812 015 778.42		
Total expenditure		33 676 115 273.64	
Deficit for the year			(2 661 009 366.14)
Balance on 31 March 2011– Credit			<b>1 207 485 770.08</b>

## 2.3 EXPENDITURE

### 2.3.1 Summary: Appropriation accounts

The appropriated amounts and the expenditure on the thirty-one (31) vote accounts, published individually, are summarized below:

Vote	Act 9 of 2010	Withholdings or suspensions	Net total authorized expenditure	Actual expenditure 2010/2011	Variations	
					Under-expenditure/ (Excess)	Percentage
	N\$	N\$	N\$	N\$	N\$	%
1. President	360 399 000		360 398 000	321 813 185.72	38 584 814.28	10.71
2. Prime Minister	164 509 000		164 509 000	146 472 590.46	18 036 409.54	10.97
3. National Assembly	117 536 000		117 536 000	104 022 381.35	13 513 618.65	11.50
4. Auditor-General	52 867 000		52 867 000	52 568 536.76	298 463.24	0.57
5. Home Affairs & Immigration	174 284 000		174 284 000	194 961 341.50	(20 677 341.50)	(11.87)
6. Police	1 890 448 000		1 890 448 000	1 833 668 248.54	56 779 751.46	3.01
7. Foreign Affairs	505 480 000		505 480 000	541 156 897.66	(35 676 897.66)	(7.06)
8. Defence	3 014 774 000		3 014 774 000	3 006 353 194.40	8 420 805.60	0.28
9. Finance	2 650 427 000		2 650 427 000	2 344 875 098.26	305 551 901.74	11.53
10. Education	6 476 391 000		6 476 391 000	6 788 882 686.41	(312 491 686.41)	(4.83)
11. National Council	51 016 000		51 016 000	41 882 908.92	9 133 091.08	17.90
12. Gender Equality and Child Welfare	521 659 000		521 659 000	453 081 319.09	68 577 680.91	13.15
13. Health and Social Services	2 593 039 000		2 593 039 000	2 628 255 628.45	(35 216 628.45)	(1.36)
14. Labour and Social Welfare	1 140 182 000		1 140 182 000	1 097 582 299.85	42 599 700.15	3.74
15. Mines and Energy	177 161 000		177 161 000	156 529 068.07	20 631 931.93	11.65
16. Justice	326 735 000		326 735 000	338 400 802.34	(11 665 802.34)	(3.57)
17. Regional and Local Government, Housing and Rural Dev	958 693 000		958 693 000	958 839 173.49	(146 173.49)	(0.02)
18. Environment & Tourism	347 927 000		347 927 000	318 924 637.53	29 002 362.47	8.34
19. Trade and Industry	490 689 000		490 689 000	455 768 208.89	34 920 791.11	7.12
20. Agriculture, Water and Forestry	1 518 737 000		1 518 737 000	1 349 594 475.62	169 142 524.38	11.14
21. Prisons and Correctional Services	419 526 000		419 526 000	415 743 073.85	3 782 926.15	0.91
22. Fisheries and Marine Resources	322 180 000		322 180 000	268 126 914.99	54 053 085.01	16.78
23. Works	462 877 000		462 877 000	401 620 837.58	61 256 162.42	13.24
24. Transport	1 308 829 000		1 308 829 000	1 238 706 217.55	70 122 782.45	5.36
25. Lands and Resettlement	190 196 000		190 196 000	179 312 072.72	10 883 927.28	5.73
26. National Planning Commission	134 012 000		134 012 000	118 940 832.01	15 071 167.99	11.25
27. Youth, National Service, Sport and Culture	459 260 000		459 260 000	430 411 380.22	28 848 619.78	6.29
28. Electoral Commission	181 997 000		181 997 000	154 385 806.13	27 611 193.87	15.18
29. Information and Communication Technology	251 487 000		251 487 000	232 645 107.07	18 841 892.93	7.50
30. Anti-Corruption Commission	36 786 000	7 000 000	29 786 000	24 712 342.67	5 073 657.33	17.04
31. Veterans Affairs	274 538 000		274 538 000	265 862 227.12	8 675 772.88	3.16
<b>TOTAL</b>	<b>27 574 641 000</b>	<b>7 000 000</b>	<b>27 567 640 000</b>	<b>26 864 099 495.22</b>	<b>703 540 504.78</b>	<b>2.56</b>

### 2.3.2 Standard subdivisions

The statement below shows the amounts appropriated for the standard items of expenditure, as reduced by the Treasury, and the amounts actually spent in rendering the services for which the funds were appropriated in the appropriation acts for the 2010/2011 financial year. Comparative actual expenditure figures for the previous financial year are also shown:

Subdivisions	2010/2011			2009/2010
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational</b>				
<b>Current expenditure: Personnel (paragraph 2.3.3)</b>				
001. Remuneration	9 242 224 042	9 471 173 974.88	(228 949 932.88)	7 868 519 015.45
002. Employer's contribution to staff's pension fund	1 169 933 597	1 124 502 900.82	45 430 696.18	989 920 215.13
003. Other conditions of service	187 559 918	200 206 942.41	(12 647 024.41)	186 092 406.40
004. Improvement of remuneration structure	4 871 000	697 098.83	4 173 901.17	477 441.41
<b>Total</b>	<b>10 604 588 557</b>	<b>10 796 580 916.94</b>	<b>(191 992 359.94)</b>	<b>9 045 009 078.39</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	456 436 177	393 096 459.04	63 339 717.96	370 736 537.58
022. Materials and supplies	826 763 696	793 421 716.65	33 341 979.35	815 368 143.29
023. Transport	581 397 596	544 597 668.83	36 799 927.17	495 386 538.41
024. Utilities	536 959 117	524 933 938.25	12 025 178.75	607 518 993.48
025. Maintenance	278 688 692	251 671 194.49	27 017 497.51	211 318 872.18
026. Property rental and related charges	156 401 668	165 341 995.28	(8 940 327.28)	154 611 765.54
027. Other services and expenses	1 389 017 581	1 273 470 655.38	115 546 925.82	1 407 625 918.74
<b>Total</b>	<b>4 225 664 527</b>	<b>3 946 533 627.92</b>	<b>279 130 899.28</b>	<b>4 062 566 769.25</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	50 311 113	43 830 503.26	6 480 609.74	52 621 514.35
042. Domestic	3 268 994	2 780 574.34	488 419.66	526 828.14
<b>Total</b>	<b>53 580 107</b>	<b>46 611 077.60</b>	<b>6 969 029.40</b>	<b>53 148 342.49</b>
<b>Current expenditure: Subsidies, grants and other transfers</b>				
043. International	2 935 106 907	2 918 655 347.61	16 451 560.19	1 951 049 461.70
044. Domestic	3 210 723 589	3 105 120 556.01	105 603 032.99	2 763 666 398.19
045. General	220 109 475	214 476 707.18	5 632 767.82	196 414 506.80
<b>Total</b>	<b>6 365 939 972</b>	<b>6 238 252 610.80</b>	<b>127 687 361.20</b>	<b>4 911 130 366.69</b>
<b>Total: Current expenditure</b>	<b>21 249 773 163</b>	<b>21 027 978 233.26</b>	<b>221 794 929.94</b>	<b>18 071 854 556.82</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	155 945 388	121 710 392.61	34 234 995.39	121 615 599.49
102. Vehicles	339 192 269	319 786 336.43	19 405 932.57	348 050 385.37
103. Operational equipment, machinery and plant	326 704 935	289 398 928.12	37 306 006.88	395 128 554.89
<b>Total</b>	<b>821 842 592</b>	<b>730 895 657.16</b>	<b>90 946 934.84</b>	<b>864 794 539.75</b>
<b>Capital transfers</b>				
121-123. Capital transfers - Operational	33 902 000	31 025 790.30	2 876 209.70	29 260 120.00
<b>Total</b>	<b>33 902 000</b>	<b>31 025 790.30</b>	<b>2 876 209.70</b>	<b>29 260 120.00</b>
<b>Total: Capital expenditure</b>	<b>855 744 592</b>	<b>761 921 447.46</b>	<b>93 823 144.54</b>	<b>894 054 659.75</b>

(continued)

Subdivision	2010/2011			2009/2010
	Authorized expenditure	Actual expenditure	Underexpenditure/(Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Lending and equity participation</b>				
174. International and regional organisation	527 343 000	527 343 000.00	-	674 700 000.00
175. Joint ventures and domestic enterprises	50 000 000	50 000 000.00	-	-
<b>Total</b>	<b>577 343 000</b>	<b>577 343 000.00</b>	<b>-</b>	<b>674 700 000.00</b>
<b>Total: Operational expenditure</b>	<b>22 682 860 755</b>	<b>22 367 242 680.72</b>	<b>315 618 074.28</b>	<b>19 640 609 216.57</b>
<b>Development</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Materials and supplies	47 361 000	35 883 833.76	11 477 166.24	76 601 884.50
023. Transport				-
024. Utilities	-	(600.00)	600.00	-
027. Other services and expenses	132 351 787	122 555 411.60	9 796 375.40	127 012 168.34
<b>Total</b>	<b>179 712 787</b>	<b>158 438 645.36</b>	<b>21 274 141.64</b>	<b>203 614 052.84</b>
<b>Capital expenditure: Acquisition of Assets</b>				
101. Furniture and office equipment	66 041 742	57 885 017.45	8 156 724.55	49 897 056.52
103. Equipment, machinery and plant	630 473 121	609 101 862.61	21 371 258.39	526 615 968.73
104. Purchase of buildings	3 690 000	3 689 779.83	220.17	17 751 613.53
105. Feasibility studies, design and supervision	251 448 105	213 320 890.07	38 127 214.93	307 198 607.02
106. Land and intangible assets	68 805 000	59 241 328.47	9 563 671.53	74 655 145.64
107. Construction, renovation and improvements	2 319 435 987	2 030 933 496.40	288 502 490.60	1 790 857 864.93
<b>Total</b>	<b>3 339 893 955</b>	<b>2 974 172 374.83</b>	<b>365 721 580.17</b>	<b>2 766 976 256.37</b>
<b>Capital transfers</b>				
131. Government organizations	1 118 152 571	1 118 068 521.63	84 049.37	605 579 288.98
133. Promotion of date production	67 168 000	67 168 000.00	-	155 094 000.00
134. Abroad	179 851 932	179 009 272.68	842 659.32	109 981 233.26
<b>Total</b>	<b>1 365 172 503</b>	<b>1 364 245 794.31</b>	<b>926 708.69</b>	<b>870 654 522.24</b>
<b>Total: Development expenditure</b>	<b>4 884 779 245</b>	<b>4 496 856 814.50</b>	<b>387 922 430.50</b>	<b>3 841 244 831.45</b>
<b>GRAND TOTAL</b>	<b>27 567 640 000</b>	<b>26 864 099 495.22</b>	<b>703 540 504.78</b>	<b>23 481 854 048.02</b>

### 2.3.3 Personnel costs

The personnel costs totaled N\$ 10 796 580 916.94 for the year under review. It represents 41% of the total actual expenditure of N\$ 26 864 099 495.22 charged to the State Revenue Fund in 2010/2011. In the previous financial year personnel costs totaled N\$ 9 045 009 078.39 (38.5%) and the year before N\$ 7 559 277 982.21 (36.7%).

The actual expenditure of N\$ 10 796 580 916.94 in 2010/2011 was N\$ 191 992 359.94 more than the authorized amount of N\$ 10 604 588 557 (1.8%) compared with an overspending of N\$ 196 818 778.39 (2.2%) in the previous year.



## 2.3.4 Standing appropriations

### 2.3.4.1 Summary

In addition to expenditure incurred in terms of annual appropriation acts, expenditure was also charged to the State Revenue Fund in terms of standing appropriations in other legislation. These standing charges to the State Revenue Fund are not subject to further or annual appropriation. The following is a summary of the estimates for 2010/2011 for standing charges and the actual expenditure and also indicates the relevant legislation:

Service	Paid in terms of	Appropriated in	Estimate according to ledger	Actual expenditure 2010/2011	Variations		Actual expenditure 2009/2010
					Under-expenditure/ (Excess)	Percentage	
			N\$	N\$	N\$	%	N\$
Expenditure in connection with loans raised: Interest paid: Domestic Foreign	Sect. 10(1)(b)(iii) of Act 31 of 1991	Sect. 10(2) of Act 31 of 1991	880 245 413.43	880 245 413.43	-	-	1 063 024 550.99
			85 251 402.15	85 251 402.15	-	-	133 330 651.70
			<b>965 496 815.58</b>	<b>965 496 815.58</b>	-	-	<b>1 196 355 202.69</b>
Redemption of loans: Domestic Foreign	Sect. 10(1)(b)(iv) of Act 31 of 1991	Sect. 10(2) of Act 31 of 1991	5 655 167 196.95	5 655 167 196.95	-	-	7 259 595 213.01
			190 332 953.96	190 332 953.96	-	-	667 507 305.67
			<b>5 845 500 150.91</b>	<b>5 845 500 150.91</b>	-	-	<b>7 927 102 518.68</b>
Borrowing related charges	Sect. 10(1)(b)(iii) and 32 of Act 31 of 1991	Sect. 10(2) and 32 of Act 31 of 1991	986 631.20	986 631.20	-	-	1 135 638.39
Redemption of guarantees given in terms of Sect. 36 of Act 31 of 1991 (see par. 2.7)	Sect. 10(1)(b)(i) and (iv) of Act 31 of 1991	Sect. 10(2) of Act 31 of 1991	32 180.73	32 180.73	-	-	229 581 957.90
Total expenditure in terms of standing appropriations			<b>6 812 015 778.42</b>	<b>6 812 015 778.42</b>	-	-	<b>9 354 175 317.66</b>

## 2.4 REVENUE

### 2.4.1 Summary of revenue

The statement below, prepared by the Permanent Secretary: Finance in terms of Section 12(1) and 12(2) of the State Finance Act, 1991 (Act 31 of 1991), reflects the revenue received in the State Revenue Fund during the 2010/2011 financial year. It is shown under the various heads of revenue referred to in the revised estimate of revenue presented to Parliament.

	Revenue heading	Estimate	Revenue received 2010/11	More/(Less) than estimated	Revenue received 2009/10
		N\$	N\$	N\$	N\$
<b>30.</b>	<b>TAX REVENUE</b>				
0001	<b>Taxes on income and profits</b>				
	601. Income tax on individuals				
	6010. Normal income tax on individuals	5 334 330 088	5 945 457 147.00	611 127 059.00	5 084 136 855.81
		<b>5 334 330 088</b>	<b>5 945 457 147.00</b>	<b>611 127 059.00</b>	<b>5 084 136 855.81</b>
	602. Company taxes				
	6021. Diamond mining companies	184 473 819	354 461 282.01	169 987 463.01	511 273 159.20
	6022. Other mining companies	462 298 824	212 696 113.56	(249 602 710.44)	61 151 680.86
	6023. Non-mining companies	2 415 095 904	3 018 330 612.90	603 234 708.90	2 279 254 110.23
		<b>3 061 868 547</b>	<b>3 585 488 008.47</b>	<b>523 619 461.47</b>	<b>2 851 678 950.29</b>
	603. Other taxes on income and profits				
	6031. Non-resident shareholders tax	205 263 207	189 239 264.98	(16 023 942.02)	106 097 569.46
	6032. Tax on royalties	29 454 557	21 238 714.60	(8 215 842.40)	28 308 793.38
	6033. Annual levy on gambling income	16 458 557	14 612 626.25	(1 845 930.75)	13 870 246.31
		<b>251 176 321</b>	<b>225 090 605.83</b>	<b>(26 085 715.17)</b>	<b>148 276 609.15</b>
	604. Withholding tax on interest				
	6044. Withholding Tax on Companies	32 572 978	49 512 459.69	16 939 481.69	50 675 703.82
	6045. Withholding Tax on Unit Trust	26 862 978	106 692 577.05	79 829 599.05	1 976 572.88
		<b>59 435 956</b>	<b>156 205 036.74</b>	<b>96 769 080.74</b>	<b>* 52 652 276.70</b>
	<b>TOTAL: Taxes on income and profits</b>	<b>8 706 810 912</b>	<b>9 912 240 798.04</b>	<b>1 205 429 886.04</b>	<b>8 136 744 691.95</b>
0002	<b>Taxes on property</b>				
	6040. Transfer duties	209 770 402	138 516 422.96	(71 253 979.04)	191 868 335.64
	<b>TOTAL: Taxes on property</b>	<b>209 770 402</b>	<b>138 516 422.96</b>	<b>(71 253 979.04)</b>	<b>191 868 335.64</b>
0003	<b>Domestic taxes on goods and services</b>				
	605. Value added tax	5 035 969 323	5 056 820 344.77	20 851 021.72	4 976 184 215.97
	606. Additional Sales Levy	-	300.00	300.00	-
	607. Levy on fuel	115 825 246	101 580 745.66	(14 244 500.34)	81 704 148.76
	608. Liquor licences	7 935 848	6 938 824.45	(997 023.55)	6 768 223.95
	609. Fishing boats and factory licences	180 000	107 065.00	(72 935.00)	97 115.00
	610. Hunting and fishing licences	1 300 000	1 241 800.00	(58 200.00)	1 328 524.20
	611. Prospecting licences and claims	2 200 000	1 354 263.78	(845 736.22)	1 428 209.00
	612. Fishing quota levies	73 912 000	133 062 129.20	59 150 129.20	92 755 531.63
	613. Gambling licences	1 750 000	1 441 675.00	(308 325.00)	2 089 728.75
	614. General sales tax	-	1 720.00	1 720.00	(28 408.63)
	<b>TOTAL: Domestic taxes on goods and services</b>	<b>5 239 072 417</b>	<b>5 302 548 867.86</b>	<b>63 476 450.86</b>	<b>5 162 327 288.63</b>
0004	<b>Taxes on international trade and transactions</b>				
	6150. Customs Revenue Pool share	6 447 142 000	5 975 941 080.00	(471 200 920.00)	8 585 176 458.00
	6160. Customs Revenue Formula Adjustment	(471 810 000)	-	471 810 000.00	-
	<b>TOTAL: Taxes on international trade and transactions</b>	<b>5 975 332 000</b>	<b>5 975 941 080.00</b>	<b>609 080.00</b>	<b>8 585 176 458.00</b>
0005	<b>Other taxes</b>				
	617. Stamp duties and fees	188 065 884	208 385 712.12	20 319 828.12	166 675 119.00
	<b>TOTAL: Other taxes</b>	<b>188 065 884</b>	<b>208 385 712.12</b>	<b>20 319 828.12</b>	<b>166 675 119.00</b>
	<b>TOTAL TAX REVENUE</b>	<b>20 319 051 615</b>	<b>21 537 632 880.98</b>	<b>1 218 581 265.98</b>	<b>22 242 791 893.22</b>

	Revenue heading	Estimate	Revenue received 2010/11	More/(Less) than estimated	Revenue received 2009/10
		N\$	N\$	N\$	N\$
<b>31.</b>	<b>NON-TAX REVENUE</b>				
0020	<b>Entrepreneurial and property income</b>				
	Interest receipts for loans extended to:				
	6181. Government organizations, public enterprises and non-profit organisations	358	-	(358.00)	1 270 317.00
	6183. Municipalities and regional authorities	7 845 000	2 985 756.61	(4 859 243.39)	4 421 998.58
	6184. Government officials – House sale scheme	1 606	571.64	(1 034.36)	1 126.81
	6185. Low cost housing and self build schemes	2 025 000	-	(3 025 000.00)	-
	6186. On-lending arrangements	36 265 097	1 295 529.82	(34 969 567.18)	1 388 439.39
	619. Interest on investments	14 000	218 273.57	204 273.57	189 661.82
	620. Dividends and profit share	444 525 000	296 503 004.89	(148 021 995.11)	424 174 501.36
	621. Interest on Government deposits	120 000 000	52 755 837.85	(67 244 162.15)	188 719 925.83
	622. Compensation for the use rand				180.00
	623. Diamond royalties	252 000 000	601 963 093.57	349 963 093.57	230 814 901.50
	<b>TOTAL: Entrepreneurial and property income</b>	<b>863 676 061</b>	<b>955 722 067.95</b>	<b>92 046 006.95</b>	<b>850 981 052.29</b>
0021	<b>Fines and forfeitures</b>				
	624. Fines and forfeitures	24 000 000	40 596 535.05	16 596 535.05	35 127 493.49
	625. Other mineral royalties	250 000 000	280 014 534.16	30 014 534.16	261 009 332.78
	<b>TOTAL: Fines and forfeitures</b>	<b>274 000 000</b>	<b>320 611 069.21</b>	<b>46 611 069.21</b>	<b>296 136 826.27</b>
	<b>Administrative fees, charges and incidental sales</b>				
	0122. President	176 847	292 186.00	115 339.00	80 360.01
	0222. Prime Minister	14 500	53 801.58	39 301.58	82 628.62
	0322. National Assembly	10 000	635 774.03	625 774.03	727 255.88
	0422. Auditor-General *	950 000	*-	(950 000)	1 177 981.53
	0522. Home Affairs and Immigration	32 202 000	52 469 731.51	20 267 731.51	54 421 969.05
	0622. Police	4 747 800	8 441 155.97	3 693 355.97	4 763 755.80
	0722. Foreign Affairs	1 216 000	2 572 935.90	1 356 935.90	1 352 087.79
	0822. Defence	275 155 000	844 305.02	(274 310 694.98)	826 363.04
	0922. Finance	141 393 616	209 528 433.12	68 143 607.12	135 473 007.78
	1022. Education	43 346 000	44 423 480.20	1 077 480.20	41 808 627.04
	1122. National Council	3 700	179.04	(3 520.96)	9 066.59
	1222. Gender Equality and Child Welfare	102 000	4 870 137.80	4 768 137.80	118 101.74
	1322. Health and Social Services	42 143 000	60 244 714.65	18 101 714.65	60 259 003.07
	1422. Labour and Social Welfare	125 000	143 273.93	18 273.93	142 110.30
	1522. Mines and Energy	8 750 000	12 390 638.09	3 640 638.09	6 542 762.99
	1622. Justice	3 478 958	3 555 988.30	77 030.30	3 434 129.55
	1722. Regional and Local Government, Housing and Rural Development	5 014 400	477 251.77	(4 537 148.23)	862 320.29
	1822. Environment and Tourism	56 582 215	57 662 012.68	1 079 797.68	52 481 560.31
	1922. Trade and Industry	151 780	(2 156.58)	(153 936.58)	186 302.55
	2022. Agriculture, Water and Forestry	12 481 504	19 599 112.78	7 117 608.78	18 184 142.39
	2122. Prisons and Correctional Services	203 967	621 856.34	417 889.34	40 050.22
	2222. Fisheries and Marine Resources	40 000	3 043 721.81	3 003 721.81	4 760.05
	2322. Works	40 273 019	28 339 112.05	(11 933 906.95)	28 143 412.66
	2422. Transport	5 712 211	1 667 339.16	(4 044 871.84)	2 543 686.35
	2522. Lands and Resettlement	44 715 000	9 450 304.18	(35 264 695.82)	5 541 500.49
	2622. National Planning Commission	134 000	9 965 630.31	9 831 630.31	426 312.43

\* Actual revenue reflected as N\$ 1 405 635.29 in General Ledger. The omission was due to a system error.

	Revenue heading	Estimate	Revenue received 2010/11	More/(Less) than estimated	Revenue received 2009/10
		N\$	N\$	N\$	N\$
	2722. Youth, National Service, Sport & Culture	2 434 220	2 153 058.86	(281 161.14)	2 415 645.20
	2822. Electoral Commission	10 800	28 953.52	18 153.52	205 762.27
	2922. Information and Communication Technology	72 550	450 722.67	378 172.67	270 345.10
	3022. Anti-Corruption Commission	10 800	(43 055.29)	(53 855.29)	6 935.05
	3122. Veterans Affairs	-	27 210.73	27 210.73	30 952.53
	<b>TOTAL: Administrative fees and charges and incidental sales</b>	<b>721 650 887</b>	<b>533 907 810.13</b>	<b>(187 743 076.87)</b>	<b>422 562 898.67</b>
	<b>TOTAL NON-TAX REVENUE</b>	<b>1 859 326 948</b>	<b>1 810 240 947.29</b>	<b>(49 086 000.71)</b>	<b>1 569 680 777.23</b>
<b>32.</b>	<b>RETURN OF CAPITAL FROM LENDING AND EQUITY PARTICIPATION</b>				
0030	<b>Receipts of principal of loans from:</b>				
	903. Municipalities and regional authorities	2 191 360	1 284 713.52	(906 646.48)	1 701 818.76
	904. Government officials house sale scheme	11 109	10 797.35	(311.65)	6 960.83
	905. Low cost housing and self build scheme	4 600 000	1 085 883.39	(3 514 116.61)	1 043 049.59
	906. On-lending arrangements	17 690 577	1 867 066.00	(15 823 511.00)	1 867 066.00
	907. Government organizations, public enterprises and non-profit organizations	1 801 076	-	(1 801 076.00)	-
	<b>TOTAL: Return of capital from lending and equity participation</b>	<b>26 294 122</b>	<b>4 248 460.26</b>	<b>(22 046 661.74)</b>	<b>4 618 895.18</b>
<b>33.</b>	<b>EXTERNAL GRANTS</b>				
0040	910. Recurrent activity – Tied grants	-	23 515 700.00	23 515 700.00	200 764 744.46
	910. Development projects - Tied grants	265 088 307	-	(265 088 307.00)	-
	<b>TOTAL: External grants</b>	<b>265 088 307</b>	<b>23 515 700.00</b>	<b>(241 572 607.00)</b>	<b>200 764 744.46</b>
<b>34.</b>	<b>BORROWINGS</b>				
0042	<b>Domestic</b>				
	9120. Treasury bills	-	6 774 452 931.71	6 774 452 931.71	5 550 571 616.43
	9121. Internal registered stock	-	865 014 987.26	865 014 987.26	942 466 953.71
	<b>TOTAL: Domestic borrowings</b>	<b>-</b>	<b>7 639 467 918.97</b>	<b>7 639 467 918.97</b>	<b>6 493 038 570.14</b>
	<b>TOTAL: Borrowings</b>	<b>-</b>	<b>7 667 232 079.23</b>	<b>7 375 849 650.23</b>	<b>6 493 038 570.14</b>
	<b>TOTAL REVENUE</b>	<b>22 469 760 992</b>	<b>31 015 105 907.50</b>	<b>8 545 344 915.50</b>	<b>30 510 894 880.23</b>

#### 2.4.2 Explanations for deviations of N\$ 100 000 and above.

The following explanations were provided by the Permanent Secretary: Finance in respect of variations in excess of N\$ 100 000 between the estimate and actual revenue:

30.	Tax revenue	Explanation
30.0003.607	Fuel levy	Less than anticipated Fuel Levy was received for the financial year as a refund of N\$ 720 404.50 for Fuel Levy. Please note that the collection depends on the quantity of fuel imports and consumption. Consumption is influenced by prize per litter.
30.0003.609	Fishing boat and factory licenses	There was a decline in the number of fishing boat licenses in relation to the previous fishing season, on which the estimate was based.
30.0003.611	Prospecting Licenses	Most applications received where in the category of low application fees, less than N\$ 6 000 per application. Only few applications were received for renewal and the rest were new applications. These caused lower amount to be collected during the financial year.
30.0003.612	Fishing quota levies	The quota fees that was estimated for the 2010/11 financial year was N\$ 73 912 000. This includes fisheries such as Horse Mackerel, Pilchards, Crab and Tuna like species that the fishing seasons commence on the 1 <sup>st</sup> January to 31 <sup>st</sup> December. Also for the Hake and Monk that commence from 1 <sup>st</sup> May to April the following year, which might not correspond with the financial year of Government structures. Future more Rock Lobster fishing season that commence in November to April the following year. This means that from the estimated amount of quota fees for 2010/11 N\$ 45 758 204.06 was collected and the remaining N\$ 84 531 604 was income for the previous fishing seasons. It is important to note that due to different fishing seasons in place not all income as estimated was collected in the particular financial year. However the Ministry has introduced measures to collect the revenue through not licensing any vessel to right holders not honoring its payments. It is also a condition when fishing rights are reviewed. Meanwhile most of the right holders have done with payment plans to speed up the outstanding quota fees.
30.0004.6150	Customs Revenue Pool Share	Lower than anticipated payment to the Customs Pool was receive due to the economic crisis which was globally experienced. The SACU pool is depended on international trade hence lower receipts.
30.0004.6160	Customs Revenue Formula Adjustment	A negative figure due to the deficit in the SACU common revenue pool is attributed to the fact that member states had reimbursed certain amounts to the SACU common revenue pool.

<b>31.</b>	<b>Non-tax revenue</b>	
31.0020.6183	Municipalities and Regional authorities	The estimated amount was based on repayment to be received from sixteen (16) municipalities and from nineteen (19) Towns and Villages for 2010/2011 financial year but only seven (7) out of sixteen (16) municipalities made repayments on loans granted. In addition none repayments for loans granted to towns and villages has been received for the year 2010/11 financial year.
31.0020.619	Interest on investment	A discrepancy between the Statement and the General Ledger due to transactions that was erroneously posted on this account and a credit entry .that was credited twice in the General Ledger.
31.0020.623	Diamond royalties	Increased significantly following the recovery in the rough diamond market. The carats sold increased by 12% due to higher demand from cutting and polishing centers, consumer demand and strong recovery in the rough diamond prices and high volumes sold in 2010. The estimated (budget) were done taking into consideration of the Economic Crisis the year and two before the current year reporting, and the economic situation in the USA. The strengthening Namibian Dollar against the US Dollar was also taken into consideration.
31.0020.625	Other Mineral Royalties	This was mainly due to extensive verifications; to ensure that allowable deductions are specified in terms of the Minerals (Mining and Prospecting) Act and that the correct value is declared to royalties due. Penalties were imposed for late royalty payments that resulted in extra payments.
<b>32.</b>	<b>Return of capital from lending and equity participation</b>	
32.0030.903	Municipalities and Local Authorities – Capital	The estimated amount was based on repayment to be received from sixteen (16) municipalities and from nineteen (19) Towns and Villages for 2010/2011 financial year but only seven (7) out of sixteen (16) municipalities made repayments on loans granted. In addition none repayments for loans granted to towns and villages has been received for the year 2010/11 financial year.
32.0030.907	Government organizations, public enterprises and non-profit organizations	The estimated amount was based on payments to be received from Windhoek International School and Nursery School in Okahandja. It was expected to receive an amount of N\$ 1 800 000.00 from Windhoek International School and N\$ 1 076.00 from Nursery School. None repayment of loans has been received from both institutions for 2010/2011 financial year.

### 2.4.3 Revenue outstanding

The following amounts of revenue were outstanding.

	<b>N\$</b>
Income Tax	3 910 097 436
Employees Tax	895 537 085
Value Added Tax	3 120 154 458
Import	2 190 549 453
	<b>10 116 338 432</b>

### 2.4.4 Revenue refunded

The following amounts of revenue received in 2010/2011 and in the previous financial years were refunded by the Ministry of Finance during the 2009/2010 financial year in terms of Section 10(1)(b)(ii) of the State Finance Act, 1991 (Act 31 of 1991), and the under mentioned legislation:

	<b>N\$</b>
Section 94(1) of the Income Tax Act, 1981	198 287 760
Section 38 of the VAT Act, 2000	3 865 774 943
Section 38 of the VAT Act, 2000-Administration	20 226 288
Section 20 of the Transfer Duty Act, 1993	1 112 974
Section 32 (1) of the Stamp Duty Act, 1993	341 858
Non Mining	93 003 931
Diamond Mining	16 079 759
Non Resident Shareholding Tax	3 196 657
	<b>4 198 024 170</b>

These refunds were not charged to vote moneys, in terms of Section 10(2) of the fore-mentioned Act, but to the respective revenue headings.

### 2.4.5 Revenue written off

No revenue has been written off during the 2010/2011 financial year.

### 2.4.6 Donor aid received

The following donor aid was recorded during the year:

Foreign country/Institution	Beneficiary	External/tied grants Recurrent activities <b>33.0040.9100</b>
		<b>N\$</b>
Spain	Ministry of Education	13 863 000.00
Spain	Ministry of Education	9 652 700.00
		<b>23 515 700.00</b>

## 2.4.7 Audit observations

### 2.4.7.1 Explanations for deviations of N\$ 100 000 and above.

The Accounting Officer did not provide all the explanations for variations exceeding N\$ 100 000 from revenue estimates. Explanations for the following revenue headings were not submitted:

Revenue heading	Description	More/(Less) than estimated
		N\$
30.0001.6010	Income tax on individuals	611 127 059.00
30.0001.6021	Diamond mining companies	169 987 463.01
30.0001.6022	Other mining companies	(249 602 710.44)
30.0001.6023	Non mining companies	603 234 708.90
30.0001.6031	Non-residence shareholders tax	(16 023 942.02)
30.0001.6032	Tax on royalties	(8 215 842.40)
30.0001.6033	Annual levy on gambling income	(1 845 930.75)
30.0001.6044	Withholding tax on companies and individuals	16 939 481.69
30.0001.6045	Withholding tax on unit trust	79 829 599.05
30.0002.6040	Transfer duties	(71 253 979.04)
30.0003.605	Value added tax	20 851 021.77
30.0003.608	Liquor licenses	(997 023.55)
30.0003.613	Gambling licenses	(308 325.00)
30.0005.617	Stamp duties	20 319 828.12
31.0020.6185	Low Cost Housing	(3 025 000.00)
31.0020.6186	On-Lending	(34 969 567.18)
31.0020.620	Dividends on profit share	(148 021 995.11)
31.0020.621	Interest on Government deposits	(67 244 162.15)
31.0020.624	Fines and forfeitures	16 596 535.05
32.0030.906	On-Lending	(15 823 511.00)
32.0030.907	Government Origination Public Enterprises	(1 801 076.00)
33.0040.910	Recurrent activity -Tied grants	(23 515 700.00)
33.0040.910	Development projects- Tied grants	(265 088 307.00)

### 2.4.7.1 Donor aid received

No Treasury approval was provided.



## 2.5 DEBT TO THE GOVERNMENT

### 2.5.1 Loans

The Ministry of Finance administers the following loans given by the Government:

#### (i) Summary of lending and return of capital from lending

Purpose of loan	Term	Interest rate	Balance 01/04/2010	Payments and other debits 2010/2011	Redemption received and other credits 2010/2011	Balance 31/03/2011	Arrears 31/03/2011
	Years	%	N\$		N\$	N\$	N\$
Financing expenditure of local authorities (a)	(a)	(a)	187 286 788.92	-	1 284 713.52	186 235 423.68	20 147 254.01
Financing the capital expenditure of Meatco	40	12,5	(1 529 747.00)	-	-	(1 529 747.00)	-
Housing loans to and houses sold to staff members (b)		5	25 076.71	-	10 797.35	14 279.36	-
Nursery schools	40	4	10 241.16	-	-	10 241.16	2 109.29
Windhoek Infrastructure project 1	16	10	28 457 165.65	-	-	28 457 165.65	9 740 040.96
Windhoek Infrastructure project 2			99 851 600.00	-	-	99 851 600.00	85 186 456.88
*Upgrading of Commercial Port	7	2	15 870 050.92	-	1 867 066.00	14 002 984.92	-
Rural basic telecommunication	2	15	(7 669 624.59)	-	-	(7 669 624.59)	-
Namibia Water Corporation 1	11	10	5 745 566.38	-	-	5 745 566.38	5 745 566.38
Namibia Water Corporation 2	10	15	19 426 987.91	-	-	19 426 987.91	19 233 818.72
Seaflower Fisheries Development project	30	3	8 379 325.60	-	-	8 379 325.60	1 117 243.41
Windhoek International School	11	12	6 652 504.35	-	-	6 652 504.35	6 400 000.00
Windhoek Water Reclamation	20	7	41 437 306.79	-	-	41 437 306.79	20 435 334.36
Windhoek Urban Infrastructure	20	16	148 818 255.17	-	-	148 818 255.17	10 186 001.66
National Housing Enterprise	10	Free	45 461 394.67	-	-	45 461 394.67	2 650 088.00
*Namibia Post	30	.75	7 988 424.49	-	-	7 988 424.49	2 650 088.00
Trans Namib Holdings Pty Ltd	15	3	-	207 792 805.10	-	207 792 805.10	-
<b>Total</b>			<b>606 211 317.94</b>	<b>207 792 805.10</b>	<b>3 162 576.87</b>	<b>603 030 368.04</b>	<b>183 494 001.67</b>

\*Notes:

- (a) Local authorities. See subparagraph (iii)
- (b) Staff housing. See subparagraph (v)
- (c)

**(ii) Interest on the loans**

Interest levied on the afore-mentioned loans was received as follows:

Purpose of loan	Interest rate	Outstanding	Levied and other debits	Redemption/ Other credits	Outstanding
		31/03/2010	2010/2011	2010/2011	31/03/2011
Local authorities	%	N\$	N\$	N\$	N\$
Staff housing (b)	(a)	62 854 399.73	9 193 683.66	* 3 538 170.32	68 509 913.07
Nursing schools	5	-	571.64	571.64	-
Windhoek infrastructure project 1	4	554.06	757.03	-	1 311.09
Windhoek infrastructure project 2	10	8 778 255.43	19 266 712.14	-	28 044 967.57
*Upgrading of Commercial Port	10	45 344 060.11	48 564 541.23	-	93 908 601.34
Rural basic telecommunication	7	-	-	1 075 096.81	(1 075 096.81)
Namibia Water Corporation	2	-	-	-	-
	10	2 101 817.85	2 101 817.85	-	4 203 635.07
	15	5 951 632.65	5 953 632.63	-	11 905 265.28
Seaflower Fisheries project	3(e)	754 139.28	-	-	754 139.28
Windhoek Water Reclamation	7	8 948 996.04	18 180 473.10	-	27 129 469.14
Windhoek Urban Infrastructure	12	134 161 252.30	221 144 589.18	-	355 305 841.40
*Nampost	.75	-	-	* 59 749.03	(59 749.03)
Trans Namib Holding Pty Ltd		-	25 696 752.00	-	25 696 752.00
<b>TOTAL</b>		<b>268 895 107.45</b>	<b>350 102 773.43</b>	<b>4 673 587.80</b>	<b>614 324 293.08</b>

\*See paragraph 2.5.1.1

**Notes**

- (a) Local authorities. See subparagraph (iii)  
(b) Staff housing. See subparagraph (v)

## (iii) Local authorities

Lent to	Balance 01/04/2010 N\$	Redemption received 2010/2011 N\$	Balance 31/03/2011 N\$	Capital in arrears 31/03/2011 N\$	Interest received 2010/2011 N\$	Interest outstanding 31/03/2011 N\$
<b>Municipalities</b>						
Gobabis	5 573 906.03	74 658.89	5 499 247.14	40 840.93	623 955.99	726 799.63
Grootfontein	6 817 958.35	25 548.58	6 792 409.77	85 652.06	160 683.98	1 614 768.18
Karasburg	1 473 915.23	49 040.04	1 424 875.19	-	40 120.82	2 10 629.95
Karibib	2 538 870.16	-	2 538 870.16	596 216.28	-	2 302 437.03
Keetmanshoop	10 002 508.03	-	10 002 508.03	3 375 034.10	-	6 045 092.98
Mariental	5 406 941.88	-	5 406 941.88	151 919.56	-	799 372.43
Okahandja	5 768 684.09	-	5 768 684.09	121 662.81	-	538 074.68
Omaruru	2 804 779.24	117 256.89	2 687 522.35	-	357 887.15	285 075.18
Otavi	1 412 294.01	-	1 412 294.01	193 796.17	-	1 619 651.90
Ojjiwarongo	2 550 905.87	-	2 550 905.87	103 804.96	-	728 886.13
Outjo	2 716 789.34	-	2 716 789.34	544 834.71	-	1 698 033.32
Swakopmund	13 568 919.73	141 169.02	13 427 750.71	-	671 715.08	714 080.01
Tsumeb	18 942 825.78	-	18 942 825.78	2 317 916.48	-	9 626 777.23
Usakos	2 031 166.23	-	2 031 166.23	931 544.05	-	1 650 026.32
Windhoek	70 710 032.04	591 890.82	70 118 141.22	317 455.66	1 364 353.88	11 747 619.94
Walvis Bay	4 385 733.66	51 800.90	4 333 932.76	-	319 453.42	-
<b>Total</b>	<b>156 706 229.67</b>	<b>1 051 365.14</b>	<b>155 654 864.53</b>	<b>8 780 677.77</b>	<b>3 538 170.32</b>	<b>40 307 324.91</b>

(continued)

Lent to	Balance 01/04/2010	Redemption received 2010/2011	Balance 31/03/2011	Capital in arrears 31/03/2011	Interest received 2010/2011	Interest outstanding 31/03/2011
	N\$	N\$	N\$	N\$	N\$	N\$
<b>Towns</b>						
Arandis	550 000.00	-	550 000.00	-	-	-
Henties Bay	74 795.14	-	74 795.14	22 506.48	-	43 299.58
Katima Mulilo	479 021.19	-	479 021.19	-	-	-
Khorixas	205 952.45	-	205 952.45	-	-	-
Lüderitz	11 321 914.12	-	11 321 914.12	8 195 234.98	-	21 368 355.50
Okakarara	319 554.79	-	319 554.79	-	-	-
Ondangwa	1 572 038.95	-	1 572 038.95	-	-	-
Ongwediva	1 324 829.08	-	1 324 829.08	-	-	-
Opuwo	76 484.86	-	76 484.86	-	-	-
Oshakati	381 060.99	-	381 060.99	-	-	-
Rehoboth	999 086.16	-	999 086.16	-	-	-
Rundu	1 087 996.44	-	1 087 996.44	-	-	-
	<b>18 392 734.17</b>	-	<b>18 392 734.17</b>	<b>8 217 741.46</b>	-	<b>21 411 655.08</b>
<b>Villages</b>						
Aranos	1 229 076.54	-	1 229 076.54	387 600.10	-	1 237 491.74
Aroab	453 892.70	-	453 892.70	491 455.35	-	252 004.95
Aus	313 724.30	-	313 724.30	-	-	2 380.12
Bethanië	1 282 819.97	-	1 282 819.97	961 383.67	-	904 337.36
Gibeon	589 955.63	-	589 955.63	-	-	-
Gochas	1 108 652.58	-	1 108 652.58	334 903.77	-	959 980.51
Kalkrand	118 762.42	-	118 762.42	18 165.02	-	61 961.21
Kamanjab	839 384.78	-	839 384.78	124 950.95	-	530 627.40
Koëns	478 728.59	-	478 728.59	67 196.48	-	96 156.06
Leonardville	178 466.93	-	178 466.93	85 623.84	-	400 582.19
Maltahöhe	1 940 994.06	-	1 940 994.06	456 100.62	-	1 365 852.89
Stampriet	277 203.10	-	277 203.10	58 710.08	-	214 158.95
Tses	450 626.62	-	450 626.62	-	-	-
Uis	21 197.75	-	21 197.75	-	-	-
Witvlei	587 309.75	-	587 309.75	267 923.92	-	385 341.26
<b>Total</b>	<b>9 870 795.72</b>	-	<b>9 870 795.72</b>	<b>3 254 013.80</b>	-	<b>6 410 874.64</b>

(continued)

Lent to	Balance 01/04/2010	Redemption received 2009/2011	Balance 31/03/2011	Capital in arrears 31/03/2011	Interest received 2010/2011	Interest outstanding 31/03/2011
<b>Settlement areas</b>	N\$	N\$	N\$	N\$	N\$	N\$
Ariamsvlei	274 846.41	-	274 846.41	5 799.86	-	21 786.54
Grünau	138 017.44	-	138 017.44	66 292.48	-	214 229.26
Kalkfeld	823 133.61	-	823 133.61	9 562.48	-	51 374.01
Noordoewer	1 021 477.11	-	1 021 477.11	-	-	-
Warmbad	29 062.99	-	29 062.99	-	-	5 426.80
Wlotzkasbaken	30 491.70	-	30 491.70	18 667.73	-	73 444.43
	<b>2 317 029.26</b>	<b>-</b>	<b>2 317 029.26</b>	<b>100 322.55</b>	<b>-</b>	<b>379 967.44</b>
<b>GRAND TOTAL</b>	<b>187 286 788.82</b>	<b>1 051 365.14</b>	<b>186 235 423.68</b>	<b>20 147 254.01</b>	<b>3 538 170.32</b>	<b>68 509 822.07</b>

### 2.5.1.1 Audit observations

(i) The following differences between the statements, as submitted by the Accounting Officer, and the general ledger were observed as follows:

Purpose of loan	Statement	General Ledger	Difference
Municipalities (Interest)	N\$	N\$	N\$
Municipalities (Capital)	1 051 365.14	1 284 713.52	233 348.38
Housing loans and houses sold to staff members (capital)	3 538 170.32	2 985 756.61	552 413.71
	11 597.35	10 797.35	800.00

**(iv) Motor financing scheme**

The Ministry in consultation with the Attorney-General is busy consulting in recovering some of these loans. There is no progress made since the last report. The Ministry is therefore urged to attend to this issue as a matter of urgency.

**(v) House sales and housing loans to staff**

Loans were paid to Government staff members until 1980/81 to enable them to acquire houses, also for buying Government houses. Thereafter, until 1987, Government houses were sold to them on an installment system by two of the Government authorities at the time. The debts bear interest at only 5%.

	<b>N\$</b>
Balance on control record at 1 April 2010	<b>25 076.71</b>
Less: Capital redemption recovered in 2010/11 in respect of 3 houses	<b>(10 797.35)</b>
Interest levied and received amounted to N\$ 571.64	<b>14 279.36</b>

**2.5.2 Loan installments in arrears**

The arrear installments on loans due to the Government increased from N\$ 129 965 557.71 to N\$ 183 494 001.67 regarding the capital portion and from N\$ 268 895 107.45 to N\$ 614 324 293.08 regarding the interest portion, since 31 March 2011.

It is strongly recommended that Government should review its policy regarding certain loans to these institutions.

## 2.6 DEBT OF THE GOVERNMENT

### 2.6.1 Statement

The Permanent Secretary: Finance, prepared a statement of the Government's debt at 31 March 2011 and related transactions during 2010/11, in compliance with Section 12(1)(b) of the State Finance Act, 1991, resulting from unredeemed loans incurred since 1997. Redemption and interest payments made and currency fluctuation losses suffered on loans shown in the following summary were charged to the State Revenue Fund in terms of Section 10(2) of the Act as shown in paragraph 2.3.4.1, without annual appropriation. The statement does not include current liabilities, such as unpaid debts in respect of supplies and services received and contingent liabilities such as those referred to in paragraph 2.7:

Nature	Interest rate %	Term Years	Redemption date	Debt at 01/04/2010 N\$	Created 2010/11 N\$	Redemption in 2010/11		Debt at 31/03/2011 N\$	Interest paid in 2010/11	
						By transfer N\$	From State Revenue Fund N\$		Payments by transfer N\$	From State Revenue Fund N\$
<b>FOREIGN DEBT</b>										
<b>1. African Development Fund</b>										
a) Trans-Kalahari Road Project	0.75	50	2042/04/01	16 990 112	-	-	-	16 990 112	-	-
				850 806	-	-	-	850 806	-	-
				3 603 594	-	247 325	-	3 356 269	-	356 621
				3 193 636	-	-	-	3 193 636	-	-
b) <b>Basic Teacher Education</b> Project (from African Development Fund)	0.75	50	2043/01/01	1 125 184	-	1 109 713	-	15 471	-	777 724
				11 817 915	-	-	-	11 817 915	-	-
				30 847 957	-	-	-	30 847 957	-	-
				6 928 825	-	-	-	6 928 825	-	-
				4 605 747	-	-	-	4 605 747	-	-
				2 704 041	-	-	-	2 704 041	-	-
<b>2. Kreditanstalt für Wiederaufbau</b>										
a) Hardap dam rehabilitation	2	30	2023/06/30	18 416 891	-	1 473 905	-	16 942 986	-	390 863
b) Trans Caprivi Highway 1	2	30	2024/06/30	91 761 667	-	5 597 886	-	86 163 781	-	1 597 441
c) Trans Caprivi Highway 2	3.25	30	2036/12/30	124 280 139	-	4 402 820	-	119 877 319	-	868 432
d) Trans Caprivi Highway 3	2	20	2028/12/30	72 388 637	-	4 109 929	-	68 278 708	-	1 541 745
e) Rural Basic Communication Tranch 1	2	30	2026/06/30	8 463 239	-	942 424	-	7 520 815	-	297 938
Tranch 2	2	30	2026/06/30	19 660 756	-	425 015	-	19 235 741	-	84 668
				<b>417 639 146</b>	-	<b>18 309 017</b>	-	<b>399 330 129</b>	-	<b>5 915 431</b>

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2010	Created 2010/2011	Redemption in 2010/11		Debt at 31/03/2011	Payments by transfer	From State Revenue Fund
						By transfer	From State Revenue Fund			
	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
f) Upgrading of Commercial Port Walvis Bay	2	30	2027/06/30	48 063 407	-	-	2 598 231	45 465 176	-	899 081
g) Windhoek water reclamation	2	30	2027/06/30	84 596 084	-	-	4 308 339	80 287 745	-	1 416 323
h) Road rehabilitation Oshwelo – Oshakati Tranch 1	3.25	20	2026/12/30	63 009 003	-	-	3 325 735	59 683 268	-	1 116 433
Tranch 2	2	30	2026/12/30	72 365 271	-	-	2 494 301	69 870 970	-	526 190
i) Labour based road construction	3	20	2030/12/30	50 083 010	-	-	-	50 083 010	-	1 133 773
j) Mururani gate Rundu	2	20	2030/06/30	27 988 894	-	-	3 458 009	24 530 885	-	1 400 936
k) Road Rehabilitation Ondangwa Oshikango	2	30	2032/06/30	40 503 085	-	-	-	40 503 085	-	672 493
l) Extension of payment services	2	30	2044/12/30	8 257 950	-	-	-	8 257 950	-	61 241
m)Sector Budget Support					-	-	-		-	747 472
<b>3. People's Republic of China</b>										
a) Loan account nr. 1	Free	20	2020/10/01	38 328 237	-	-	-	38 328 237	-	-
b) Loan account nr. 2	Free	20	2012/10/01	11 640 504	-	-	-	11 640 504	-	-
c) Northern tannery and leather manufacturing Project (China)	4	8	2007/07/14	8 216 964	-	-	-	8 216 964	-	-
<b>4. International Fund for Agriculture development</b>										
Northern regions livestock	3.64	20	2015/06/01	(6 745 290)	(3 417 168)	-	16 202 719	(26 365 177)	-	63 995
				<b>446 307 120</b>	<b>(3 417 168)</b>	<b>-</b>	<b>32 387 334</b>	<b>410 502 618</b>	<b>-</b>	<b>8 037 937</b>



Nature	Interest rate	Term	Redemption date	Debt at 01/04/2010	Created 2010/11	Redemption in 2010/2011		Debt at 31/03/2011	Interest paid in 2010/2011	
						By transfer	From State Revenue Fund		Payments by transfer	From State Revenue Fund
	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
<b>5. European Investment Bank</b>										
a) Windhoek Infrastructure 1	4.7	20	2015/05/20	20 204 750 (13 092 047) (6 335 668) 196 028	- - - -	- - - -	- 14 247 210 12 521 284 2 593 540	20 204 750 (27 339 257) (18 856 953) (2 397 512)	- - - -	- 1 772 241 1 608 671 254 312
b) Windhoek Infrastructure 2	3	20	2009/07/31	59 913 163	-	-	7 688 694	52 224 469	-	2 526 439
c) Nam-Windhoek water supply A	3	12	2009/03/15	(1 437 069) (7 390 250)	- -	- -	- -	(1 437 069) (7 390 250)	- -	- -
d) Nam-Windhoek water supply B	3	20	2013/03/31	907 594	-	-	2 070 957	(1 163 363)	-	170 688
e) Private sector Global loan 1	3	10	2010/06/10	(40 182 387)	-	-	-	(40 182 387)	-	-
f) Private sector Global loan 2	3	10	2023/11/10	37 053 403 29 638 400	- -	- -	3 148 084 -	33 905 319 29 638 400	- -	371 739 -
<b>6. Nordic Investment Bank</b>										
Seaflower Fisheries	0.75	40	2035/06/15	6 381 145	-	-	366 571	6 014 574	-	123 041
<b>7. African Development Bank</b>										
a) Human resources development	0.4	20	2020/07/01	11 443 449	-	-	1 521 163	9 922 286	-	603 803
b) Northern railway extension	3.5	15	2021/02/01	168 242 564	-	-	13 495 938	154 746 626	-	11 743 005
c) Aus Rosh Pinah	Jibar	30	2023/02/01	182 087 519	-	-	13 323 581	168 763 938	-	13 107 698
d) Kamanjab- Omakange road	Jibar	20	2024/02/01	240 255 996	-	-	16 450 667	223 805 328	-	17 436 761
<b>8. Caisse Francaise de Development</b>										
Windhoek water supply	3.5	15	2011/04/30	7 355 758	-	-	3 789 429	3 566 329	-	161 134
<b>9. Arab Bank for Economic Dev.</b>										
a) Human resources development	3	17	2015/05/01	(625 977)	-	-	576 464	(1 202 441)	-	116 105
b) Windhoek Aris road	3	25	2017/11/01	11 838 770	-	-	1 476 984	10 361 786	-	381 347
c) Northern railway extension	3	24	2024/08/25	39 523 300	-	-	2 232 639	37 290 661	-	1 496 181
d) Aus-Rosh Pinah	3	24	2028/04/01	54 081 830	-	-	-	54 081 830	-	671 860
				<b>800 060 270</b>	-	-	<b>95 503 205</b>	<b>704 557 065</b>	-	<b>52 545 025</b>

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2010	Created 2010/11	Redemption in 2010/2011		Debt at 31/03/2011	Interest paid in 2010/2011	
						By transfer	From State Revenue Fund		Accrued Interest	From State Revenue Fund
	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
<b>10. Development Bank of South Africa</b> Windhoek urban infrastructure	16	20	2022/08/31	(6)	-	-	-	(6)	-	-
<b>11. Kuwait Fund for Arab Economic Development in Africa</b> Northern railway extension	3	20	2021/09/15	(40 526 272)	-	-	14 004 585	(54 530 857)	-	4 641 751
<b>12. Exports Finans ASA</b> Fisheries patrol vessel	Free	10	2012/11/14	19 181 772	-	-	6 048 191	13 133 581	-	-
<b>13. Instituto de Credito Oficial</b> (a) Construction: Fisheries surveillance vessel	0.35	20	2032/11/30	38 818 880	-	-	-	38 818 880	-	213 283
(b) Upgrading of airport	4.27	14	2032/02/09	48 466 143	2 623 416	-	-	51 089 559	-	557 791
<b>14. Bilbao Bilbao Vizcaya</b> (a) Construction: Fisheries surveillance vessel	Euribor	20	2033/11/30	(15 838 085)	-	-	6 924 084	(22 762 169)	-	318 236
(b) Upgrading of airport	4.27	12	2032/02/09	12 346 828	2 633 082	-	17 156 536	(2 176 626)	-	4 170 202
<b>15. Export-Import Bank of China</b> Purchase of railway equipment	3	15	2021/03/21	(28 046 156)	-	-	-	(28 046 155)	-	-
Electronics Document and Record Management Systems	4.27	15	2032/02/09	37 953 964	1 277 999	-	-	39 231 963	-	777 346
Customs Scanners	2	15	2028/03/21	105 379 343	64 690 033	-	-	170 069 376	-	3 263 353
<b>16. International Bank for Recon</b> Education and Training Sector	usd	3	-	-	-	-	-	-	-	129 879
<b>17. Japan Bank for International Cooperation</b> Rundu- Elundu road upgrading	jpy	-	-	568 021 506	54 132 596	-	-	622 154 102	-	-
<b>TOTAL: FOREIGN DEBT</b>				<b>745 757 917</b>	<b>125 357 126</b>	<b>-</b>	<b>44 133 396</b>	<b>826 981 647</b>	<b>-</b>	<b>18 753 009</b>
				<b>2 409 764 453</b>	<b>121 939 958</b>	<b>-</b>	<b>190 332 953</b>	<b>2 341 371 458</b>	<b>-</b>	<b>85 251 402</b>

Nature	Interest rate %	Term Years	Redemption date	Debt at 01/04/2010 N\$	Created 2010/2011 N\$	Redemption in 2010/2011		Debt at 31/03/2011 N\$	Interest paid in 2010/2011	
						By transfer N\$	From State Revenue Fund N\$		Accrued interest N\$	From State Revenue Fund N\$
<b>DOMESTIC DEBT</b> Internal registered stock:										
GC07	12.5	7	2007/07/15	18 927 230	-	-	-	18 927 230.00	-	-
GC08	8.5	12	2008/07/15	(1 614 231)	-	-	-	(1 614 231.00)	-	-
GC10	12	10	2010/01/15	(63 487 086)	-	-	-	(63 487 086.00)	-	-
GC12	10.5	5	2012/10/15	1 467 809 128	-	-	-	1 467 809 128.00	-	144 847 500
GC15	12	5	2015/04/15	1 820 693 205	-	-	-	1 820 693 205.00	-	214 145 100
GC18	9.5	8	2018/04/15	769 716 793	354 303 168.78	-	-	1 124 019 961.78	-	89 181 250
GC21		10	2021/10/15	-	171 716 348.60	-	-	171 716 343.60	-	-
GC24	10.5	12	2024/10/15	1 651 802 413	287 611 935.48	-	-	1 939 414 348.00	-	169 388 100
GC27	8	15	2027/01/15	-	26 697 190.00	-	-	26 697 190.00	-	-
GC30	8	20	2030/01/15	-	24 686 348.00	-	-	24 686 348.00	-	-
				<b>5 663 847 452</b>	<b>865 014 991.26</b>	-	-	<b>6 528 862 443.26</b>	-	<b>617 561 950</b>
<b>Treasury bills</b>	Note A	Note	Note A	2 683 330 459	6 774 452 932.00	-	-	3 802 616 194.00	-	251 026 117
<b>TOTAL: DOMESTIC DEBT</b>				<b>8 347 177 911</b>	<b>7 639 467 923.00</b>	-	-	<b>10 331 478 637.00</b>	-	<b>868 588 067</b>
<b>TOAL: DEBT</b>				<b>10 757 032 364</b>	<b>7 761 407 881.00</b>	-	-	<b>12 672 850 095.00</b>	-	<b>953 839 469</b>

Notes:

A: The interest on Treasury bills is determined by individual tenders. They are redeemed three to six months after issue.

B: Development bonds are redeemable to holders on presentation at any time one year after issue. No information regarding these bonds has been received from the Ministry of Finance for the year under review.

### 2.6.1.1 Audit observations: Difference between Domestic interest (standing Appropriation and interest paid)

The following difference was noted:

	Paragraph 2.3.4.1	Paragraph 2.6.1	Difference
	N\$	N\$	N\$
Domestic interest paid	N\$ 880 254 413.43	868 588 067	11 637 346.50

The response from the Ministry on the above mentioned query is as follows: This discrepancy was noted after the closing of the books and a manual journal could not be processed as the books were closed.

### 2.6.2 Borrowing costs

Costs incurred in establishing loans during the 2010/2011 financial year are as follows:

Loan	Cost
	N\$
Windhoek Water Reclamation	8 872.26
Ondangwa-Oshikango	336.99
Sector Budget Support	69 295.88
Aus-Rosh Pinah Road	14 675.41
Upgrading and refurbishing of five airports	4 977.13
Electronic Documents and Record Management	29 944.30
Customs Scanners	826 633.37
Namibian Stock Exchange	25 000.00
Republikein	4 250.40
New Era	2 645.46
	<b>986 631.20</b>

### 2.6.3 Loan debt

The debt during the financial year increased from N\$ 10 757 009 219 to N\$ 12 672 916 950 or 18%.

## 2.7 FINANCIAL GUARANTEES

The following guarantees given in terms of Section 36 of the State Finance Act, 1991, and administered by the Ministry of Finance, were reported as contingent liabilities on the State Revenue Fund at 31 March 2011:

#### (i) Local institutions:

Guarantee given to	Purpose/Beneficiary	Amount
		N\$
The Agricultural Bank of Namibia	537 Loans to purchase farms	227 150 667.34
RFA Loan Stock Trust	Road Fund Administration	330 000 000.00
Development Bank of Namibia	Transnamib Holdings Ltd	5 621 030.00
Development Bank of Namibia	Seaflower Whitefish Corporation	59 621 799.00
Old Mutual Life Insurance Co.	Namibia Wildlife Resorts	65 302 291.00
Agricultural Bank of Namibia	Aussenkehr farms	24 500 000.00
Development Bank of Namibia	National Housing Enterprise	1 497 035.00
Standard Bank Namibia	Air Namibia	40 000 000.00
Bank Windhoek	Air Namibia	58 500 000.00
Development Bank of Namibia	Air Namibia	40 000 000.00
Standard Bank	Air Namibia	220 000 000.00
<b>TOTAL</b>		<b>1 072 194 822.34</b>

(ii) Foreign institutions:

Guarantee given to	Purpose/Beneficiary	Amount
		N\$
European Investment Bank	Telecom Namibia	21 585 715
European Investment Bank	Namibia Ports Authority	42 868 218
European Investment Bank	Namibia Power Corporation	197 818 908
AB Svensk Export Kredit	Namibia Power Corporation	36 114 752
Agence Francaise de Development	Namibia Power Corporation	23 270 950
African Development Bank	Namibia Power Corporation	29 418 952
European Investment Bank	Namibia Power Corporation	234 002 469
BCI Aircraft Leasing Ireland Limited	Air Namibia	137 530 800
Gie Lara	Air Namibia	149 490 000
Capex Leasing Limited	Air Namibia	30 468 780
Capex Leasing Limited	Air Namibia	32 072 400
<b>TOTAL</b>		<b>934 641 944</b>

The Government also provided guarantees to the National Housing Enterprise, a building society and commercial banks, in terms of the State Finance Act, 1991, for the purposes of housing loans given to Government employees. The following guarantees for housing collateral were issued during the 2010/2011 financial year:

INSTITUTION	Amount
	N\$
Standard Bank	31 003 582.60
FNB Holdings	16 510 975.90
National Housing Enterprise	4 433 464.48
Nedbank	1 769 958.00
Bank Windhoek	7 645 763.20
<b>TOTAL</b>	<b>61 363 744.18</b>

Transactions during 2010/2011 and the position at 31 March 2011 regarding payments in terms of these loan guarantees in favour of Government employees were as follows:

Irrecoverable payments charged as losses to the State Revenue Fund. See paragraph 2.3.4.1	N\$ 32 180.73
Payments recovered. See revenue item 91.3.09.010-Individual report-Finance	233 718.76
Amount recoverable. See paragraph 2.1.1 (Collateral Losses rejection)	(20 211 466.72)

## 2.8 INVESTMENTS

Moneys from the State Account, invested in terms of Section 10(1)(a) of the State Finance Act, 1991, were as follows:

Investments	Amount
	N\$
Long-term, redeeming half-yearly until April 2013, interest 5,25%	2 108 196.25
Balance as at 31 March 2011 (Par. 2.1.1)	<b>2 108 196.25</b>

Interest received from investments comprised:

Financial institutions	Interest
	N\$
On long-term at two other institutions See revenue item 31.0020.619 in paragraph 2.4.1	218 273.57
	<b>218 273.57</b>

The response from the Ministry on the above mentioned queries is as follows: we wish to bring it to the attention of the Auditor-General that a manual journal with adjustments were provided for processing into the General Ledger, but this was erroneously not done, leaving the cash with an incorrect balance. The correct balance should this be N\$ 141 118.22.

## 2.9 SHARES

Payments were made from the State Revenue Fund for the acquisition of shares in various bodies as shown below:

<b>Vote</b>	<b>Shares of</b>	<b>Total payments up to 31/03/2011</b>	<b>Nominal value of shares held at 31/03/2011</b>
No		N\$	N\$
	Namibia Development Corporation	151 676 273.00	232 435 130.00
	National Housing Enterprise	71 029 246.35	71 029 248.00
	NAMCOR	40 000 100.00	10 000 000.00
	Air Namibia	2 507 857 713.00	100.00
	Nampower	1 410 000 000.00	165 000 000.00
	Bank of Namibia (FIC)	21 879 434.00	-
	Bank of Namibia	40 000 000.00	40 000 000.00
	Rossing Uranium	11 160 000.00	111 160 000.00
	Transnamib	310 318 876.00	277 266 030.00
	National Fishing Corporation of Namibia Ltd	-	74 521 855.00
	Namibia National Training Organisation	3 355 666.13	4 000.00
	African Development Bank	-	45 640 842.38
	Namibia Post and Telecommunication	154 549 936.00	143 926 935.00
	Namibia Minerals Corporation	7 575 758.00	7 575 758.00
	Afreximbank	4 229 700.00	4 229 700.00
	Namdeb	4 956 951.00	4 956 951.00
	Namport	53 440 000.00	-
	Shelter Afrique	1 631 625.00	1 631 625.00
	Offshore Development Company	200 000.00	400 000.00
	Namibia Wildlife Resorts	10 000 000.00	10 482 104.00
	Namibia Water Corporation	1 109 054 444.00	959 054 444.00
	Development Bank of Namibia	645 500 000.00	141 000 000.00
	Road Fund Administration	300 000 000.00	-
	Agribank	222 243 000.00	-
	NAMFISA	8 612 711.00	-
	Namibia Airports Company	111 153 121.00	1.00
	Windhoek Country Club Hotel	10 226 000.00	2 360.00
	Namibre	-	20 000 000.00
	August 26 Holding Company	-	4 340.00
	Windhoek Maschinen Fabrik	-	4 000.00
	Walvis Bay Export Processing Zone	-	175 000.00
	Road Contractor Company	-	100 000 000.00
	Lüderitz Waterfront	21 000 000.00	1.00
	Hentiesbay Waterfront	10 000.00	-
	Zambezi Waterfront	49 000 000.00	4 000.00
	National Energy Fund	156 000 000.00	-
		<b>7 436 660 554.48</b>	<b>2 420 504 424.38</b>

<b>Institution</b>	<b>Amount</b>
	N\$
Namibia Post and Telecommunication	78 885 982.00
Bank of Namibia	114 529 000.00
Namport	15 000 000.00
Rossing Uranium	588 022.89
Namibre	2 500 000.00
Namibia Diamond Trading Company	85 000 000.00
See revenue item 31.0020.620 in paragraph 2.4.1	<b>296 503 004.89</b>

## **2.10 QUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements for the year ended 31 March 2011, published in this summary report on the Government of Namibia, in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

My opinion was qualified due to the following:

- a) Unexplained difference of N\$ 31 741 648.05 in the statement of balances paragraph 2.1.1
- b) Unexplained variations on revenue paragraph 2.4.7.1

Except for the above-mentioned issues, in my opinion the financial statements fairly present the receipts and payments of the State Revenue Fund for the financial year ended 31 March 2011 and in all material respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

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