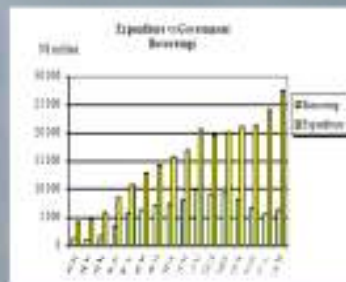




REPUBLIC OF NAMIBIA



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

GOVERNMENT OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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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 2012 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, SEPTEMBER 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**SUMMARY REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
GOVERNMENT OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

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 2013. It also includes the general accounts of the Government of Namibia for the financial year ended 31 March 2012 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 legislature; 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\$ 1.5 billion or 4% of the total budget compared with an under expenditure of N\$ 704 million or 2.56% 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 the unauthorized expenditure incurred by various ministries during the financial year under review.

1.3.1.4 The expenditure on the accounts of three (3) Ministries/Offices/Departments exceeded the approved budget. The total excess expenditure on these accounts amounted to more than N\$ 26.5 million. This compares with six (6) accounts with excess expenditure totaling some N\$ 415 million in the previous financial year. The unauthorized expenditure decreased by N\$ 388 million or 93.6 % (2011: N\$ 69 million or 16.62% - decrease).

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:

		2011/12	2010/11	2009/10
		Excess	Excess	Excess
		N\$	N\$	N\$
05.	Home Affairs and Immigration	-	20 677 341.50	10 171 199.08
06.	Police	3 072 656.10	-	65 551 034.91
07.	Foreign Affairs	-	35 676 897.66	48 655 422.55
08.	Defence	11 233 644.79	-	-
10.	Education	-	312 491 686.41	275 964 641.38
13.	Health and Social Services	-	35 216 628.45	53 623 934.46
16.	Justice	12 201 603.46	11 665 802.34	-
17.	Regional and Local Government	-	146 173.49	-
25.	Electoral Commission	-	-	30 086 447.41
		26 507 904.35	415 874 529.85	484 052 679.79

1.3.2.7 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 18 (2011: 25) main divisions in the vote accounts:
N\$ 130 748 759.28 (2011: N\$ 532 076 985.60).

Excess expenditure on funds approved for 206 (2011: 224) subdivisions of the main divisions in the vote accounts: N\$ 324 282 176.22 (2011: N\$ 656 970 194.60).

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

Auditor-General
National Council
Gender Equality and Child Welfare
Trade & Industry
Youth, National Services, Sport and Culture

1.3.2 Qualified audit opinions

1.3.2.1 Qualified (negative) audit opinions were expressed on the vote accounts of ten (10) Ministries/Offices/Departments compared with five (5) in the previous year. This implies that the accounts concerned do not, in a material sense, fairly present the financial transactions of the respective Ministries/Offices/Departments. Five (5) reports have a Disclaimer of Opinion and implies that the Auditor-General were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1.3.3 OTHER OBSERVATIONS

1.3.3.1 Budget controls

Nine (9) Ministries/Offices/Departments exceeded the approved budget amounts on between 10 to 30 subdivisions of their respective votes (2011: Eight (8)) while seventeen (17) exceeded less than five (5) subdivision (2011: twenty-one (21)). 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%:

	%
• President	1.65
• Auditor-General	0.31
• Foreign Affairs	0.41
• Education	1.74
• Health	1.56
• Prisons	0.93
• Veteran Affairs	0.20

1.3.3.2 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 – 11) 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.

1.3.3.3 Subsistence advances

At seventeen (17) (previous year – 19) 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 (30) 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.

1.3.3.4 Reconciliation of suspense accounts

It was found that twenty seven (27) (previous year – 26) 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.

1.3.3.5 Appropriation accounts

On nineteen (19) (previous year – 17) 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 virements on their appropriation accounts agree with approved virements.

1.3.3.6 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 twelve (12) (previous year – 4) 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.

1.3.3.7 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 ten (10) (previous year-8) Ministries/Offices/Departments no bank reconciliations were carried out and/or no income and expenditure statements were available for audit purposes.

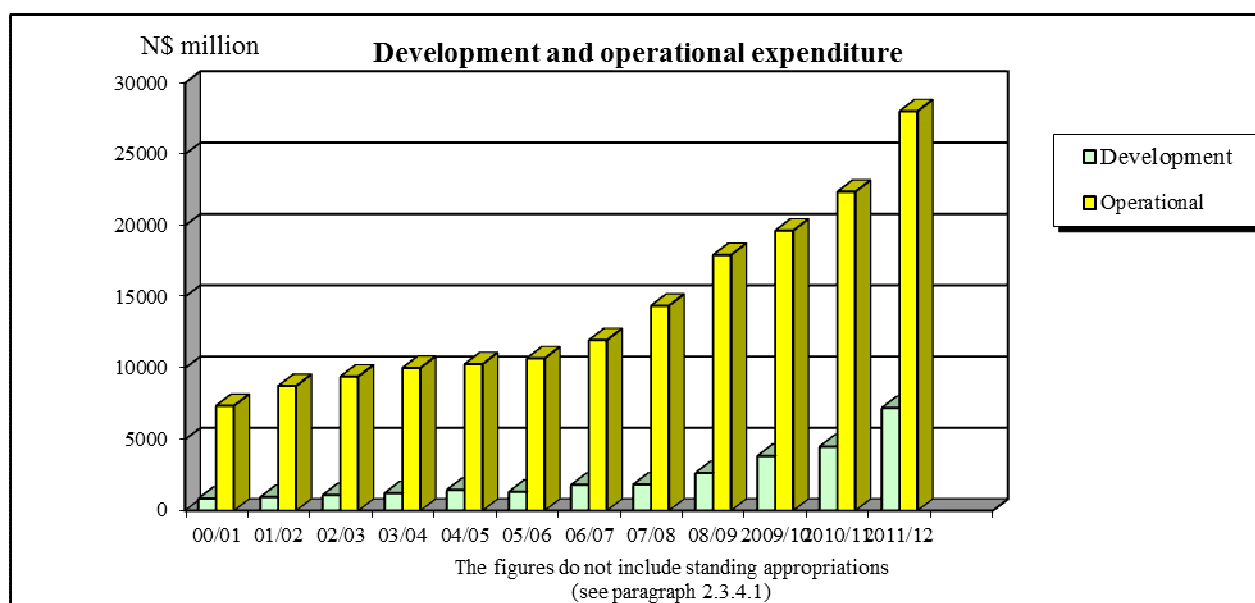
Serious concern is once again expressed, as also in previous reports, over non-compliance with Treasury instructions and the lack of proper record keeping of such accounts. Action should be taken with immediate effect to regularize these accounts and carry out reconciliations between the bank balances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

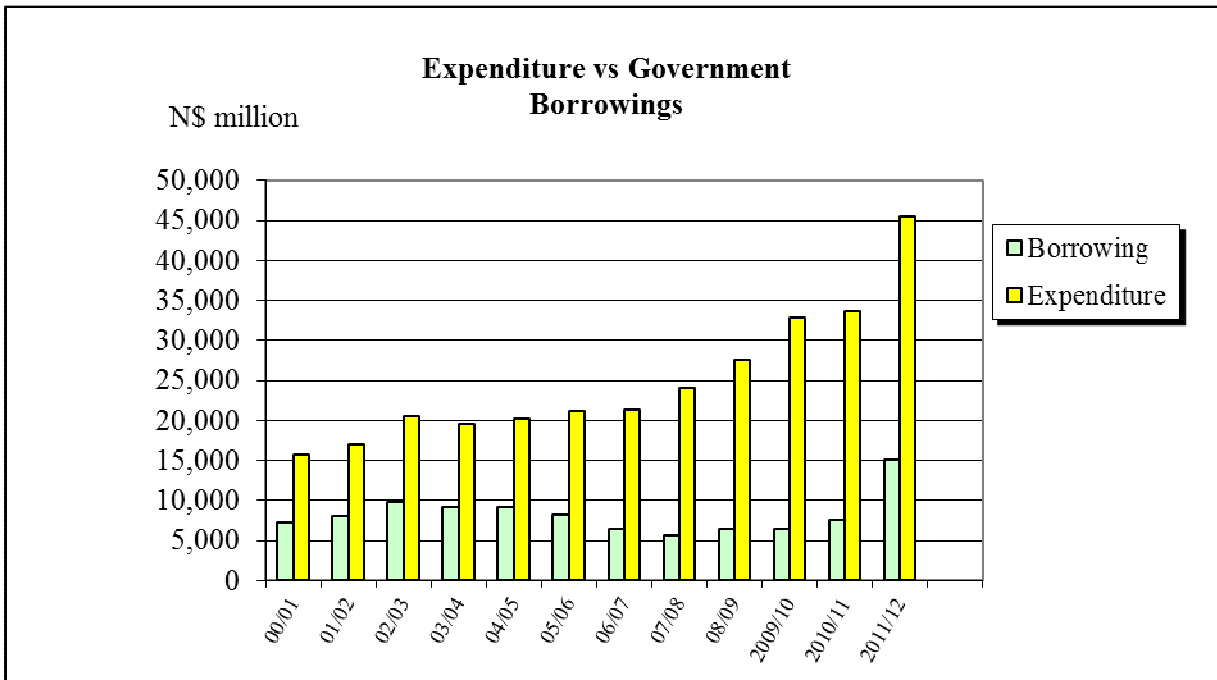
The Office is currently still being audited by its own staff. It has been noted with appreciation that this aspect has been addressed in the proposed new Audit Bill.

1.5 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 2000/2001 to 2011/12.

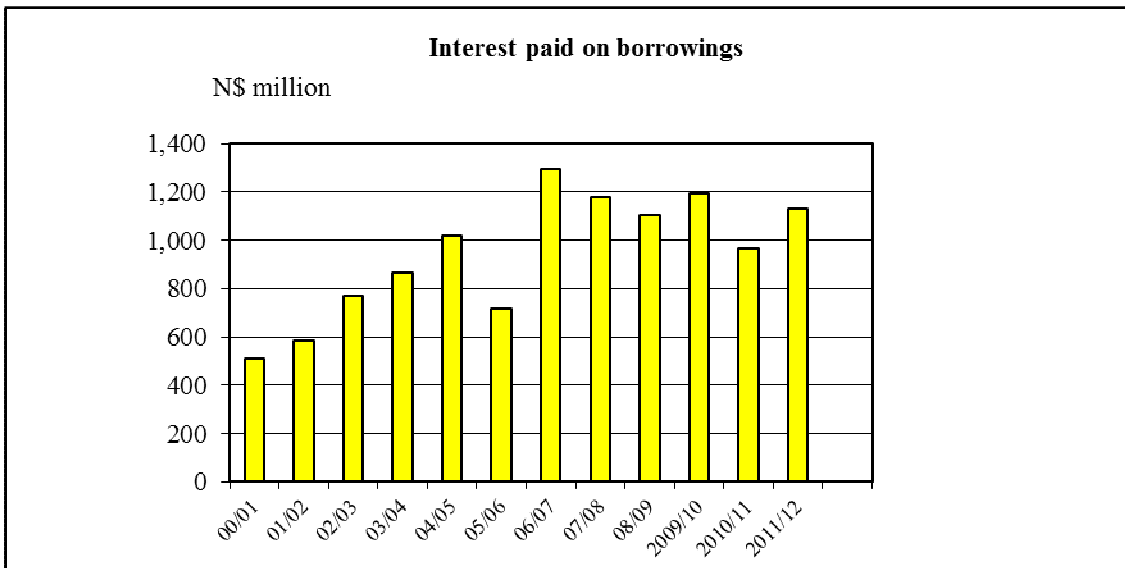


During 2011/2012 there was an underspending of N\$ 542 million or 6.99 % (previous year – N\$ 387 million or 7.94 %) on the approved budget for development expenditure and N\$ 942 million or 3.25 % underspending (previous year –underspending of N\$ 315 million or 1.39%) on the operational expenditure. The overall underspending for 2011/2012 was therefore N\$ 1 483 billion or 4.04 % (previous year – underspending of N\$ 703 million or 2.56 %).



See paragraphs 2.4.1, 2.2.2 and 2.3.4.1)

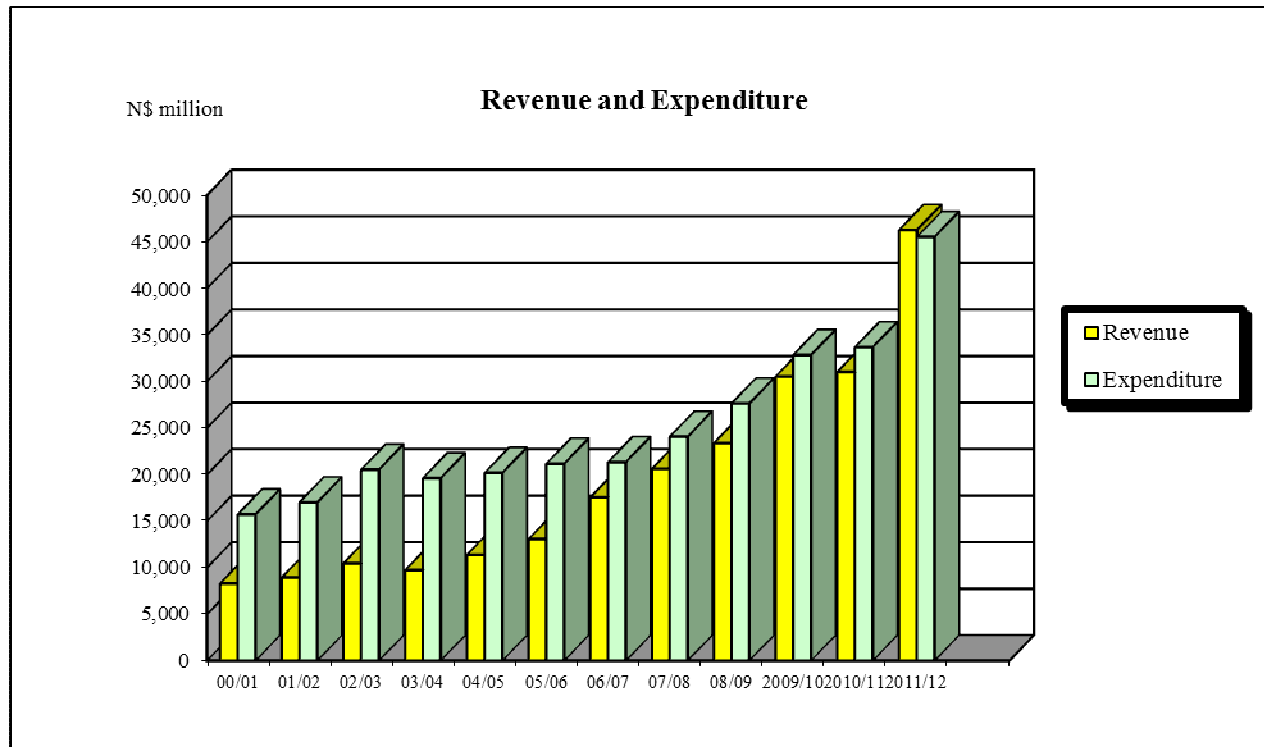
The expenditure includes domestic redemption payments such as stock and Treasury Bills. Payments amounted to: N\$ 1 058 460 242 for Domestic Interest paid and N\$ 8 602 404 824 for Redemption of Domestic Loans. Receipts amounted to N\$ 16 340 718 932. In order to put this expenditure percentage into perspective, it needs to be said that Treasury Bills to the value of N\$ 8 602 404 824 have been redeemed as mentioned above and Bills valued at N\$ 12 089 130 193 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\$ 1 058 460 242. Interest on foreign loans amounted to N\$ 71 867 230.

Interest related charges on the borrowings equaled 0.26% of the total operational expenditure in the 2011/2012 financial year compared with 4% in the 2010/2011 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 24 % between 2011/2012 and 2010/2011, whereas Revenue increased by 33% 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 2012 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 2012		31 March 2011	
		N\$	N\$	N\$	N\$
FUNDS AND ACCOUNTS					
Funds:					
State Revenue Fund	2.2.2		(1 955 443 340.20)		(1 207 485 770.08)
Operating accounts:					
Computer: Prime Minister		(11 803 221.69)		(7 551 226.32)	
Prison rehabilitation: Prisons		(1 491 965.98)		(1 434 186.45)	
Medical store: Health		389 224 816.03		422 700 477.14	
Resorts: Tourism		34 076 809.15		34 218 397.15	
Tourism Board		1 904 147.28		1 904 147.28	
Farming: Defense		-		(404 707.79)	
Construction equipment: Agriculture		(43 096 655.33)		(53 623 016.53)	
Central stores: Works		85 155 187.75		47 752 723.69	
Government Garage: Transport		(70 984 017.77)		63 709 654.23	
Air services: Transport		34 255 545.82	417 240 645.26	61 830 262.39	569 102 524.79
TOTAL			(1 538 202 694.94)		(638 383 245.29)
REPRESENTED BY:					
Cash:					
In the bank, favourable balance		373 514 786.84		772 143 366.78	
Uncashed cheques		(94 782 721.62)		(374 368 674.84)	
Cashed cheques not matched with issues, including incorrect bookings of transactions		25 034 934.32	303 766 999.54	40 078 574.11	437 853 266.05

(continued)

	Paragraph reference	31 March 2012		31 March 2011	
		N\$	N\$	N\$	N\$
In transit to the bank from:					
Inland Revenue Deposit Account		(687.75)		(32.04)	
Customs and Excise Deposit Account		909.53	221.78	789.66	757.62
On hand for payments:					
Offices abroad:					
Foreign Affairs		31 466 892.01		31 466 892.01	
Defense		14 699 599.96		2 019 793.80	
Other ministries/departments/offices		686 558.54	46 853 050.51	699 155.38	34 185 841.19
Investments:					
State Revenue Fund			1 297 543.16		2 108 196.25
Debtors:					
Cheques returned to drawer		6 969 637.37		10 603 673.77	
Rejected expenditure, disallowances		(25 270 129.79)		14 302 437.09	
Collateral losses rejection		(24 424 978.22)	(42 725 470.64)	(20 211 466.72)	4 694 644.14
Suspense accounts:					
General suspense accounts			1 521 628 050.15		366 890 019.11
			1 830 820 394.50		845 732 724.36
Less:					
Money held in respect of:					
Court orders, etc. at magistrates offices		(84 135 361.61)		(82 550 538.27)	
Prospecting and claim fees		4 263 546.69		741 120.48	
Mines and Energy		(16 907 661.38)		(16 861 764.38)	
Patient aids at hospitals		8 335.20	(96 771 141.10)	5 955.20	(98 665 226.97)
Creditors:					
State Revenue Fund, collection of income tax and sales tax		1 071 698.39		867 626.21	
Customs and excise collections		(243 824 975.15)		(139 469 538.00)	
Pension contributions by employees		(2 296 683.74)		(1 827 317.75)	
Social Security contributions		(35 419.73)	(245 085 380.23)	3 329.39	(140 425 900.15)
			1 488 963 873.17		606 641 597.24

See paragraph 2.4.7.5

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 2012:

	N\$
State Account (favorable)	373 514 786.84
Less: Unprocessed cheques*	-
Sub-total	373 514 786.84
General Revenue Account (unfavorable)	(687.75)
Customs and Excise Deposit Account (favorable)	909.53
Ministries' Deposit Account	-
Total	373 515 008.62

- * 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 2011/12 financial year:

	N\$	N\$	N\$
Credit balance on 1 April 2011			1 207 485 770.08
Revenue (Paragraph 2.4.1)		46 262 791 874.75	
Expenditure:			
Appropriation accounts (Paragraph 2.3.1):			
Operational (Paragraph 2.3.2)	28 012 982 489.82	Excl. main div.14 of Ministry of Finance - Standing appropriations	
Development (Paragraph 2.3.2)	7 207 545 286.26		
	35 220 527 776.08		
Standing appropriations (Paragraph 2.3.4.1)	10 294 306 528.55		
Total expenditure		45 514 834 304.63	
Profit for the year			747 957 570.12
Balance on 31 March 2012– Credit			1 955 443 340.20

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 4 of 2011	Withholdings or suspensions	Net total authorized expenditure	Actual expenditure 2011/2012	Variations	
					Under-expenditure/ (Excess)	Percentage
	N\$	N\$	N\$	N\$	N\$	%
1. President	290 635 244		290 635 244	285 834 282.48	4 800 961.52	1.65
2. Prime Minister	272 763 757		272 763 757	256 792 549.02	15 971 207.98	5.86
3. National Assembly	129 788 047		129 788 047	120 441 721.50	9 346 325.50	7.20
4. Auditor-General	90 047 327		90 047 327	89 767 564.34	279 762.66	0.31
5. Home Affairs & Immigration	243 623 726		243 623 726	217 962 610.31	25 661 115.69	10.533
6. Police	2 175 549 278		2 175 549 278	2 178 621 934.10	(3 072 656.10)	(0.14)
7. Foreign Affairs	550 614 556		550 614 556	548 335 661.55	2 278 894.45	0.41
8. Defence	3 263 740 646		3 263 740 646	3 274 974 290.79	(11 233 644.79)	(0.34)
9. Finance	3 671 318 540		3 671 318 540	3 201 850 126.25	469 468 413.75	12.79
10. Education	8 611 980 888		8 611 980 888	8 462 424 780.73	149 556 107.27	1.74
11. National Council	54 527 921		54 527 921	49 613 472.79	4 914 448.21	9.01
12. Gender Equality and Child Welfare	554 703 100		554 703 100	514 005 053.31	40 698 046.69	7.34
13. Health and Social Services	3 423 041 341		3 423 041 341	3 369 762 451.36	53 278 889.64	1.56
14. Labour and Social Welfare	1 200 403 170		1 200 403 170	1 152 048 311.60	48 354 858.40	4.03
15. Mines and Energy	220 055 264		220 055 264	202 087 477.51	17 967 786.49	8.17
16. Justice	402 670 348		402 670 348	414 871 951.46	(12 201 603.46)	(3.03)
17. Regional and Local Government, Housing and Rural Dev	1 487 293 194		1 487 293 194	1 456 113 409.82	31 179 784.18	2.10
18. Environment & Tourism	798 852 824		798 852 824	750 457 500.46	48 395 323.54	6.06
19. Trade and Industry	560 932 811		560 932 811	542 253 256.82	18 679 554.18	3.33
20. Agriculture, Water and Forestry	2 295 263 965		2 295 263 965	2 142 844 095.52	152 419 869.48	6.64
21. Prisons and Correctional Services	442 335 395		442 335 395	438 874 708.16	3 460 686.84	0.78
22. Fisheries and Marine Resources	244 180 641		244 180 641	230 228 320.74	13 952 320.26	5.71
23. Works	546 148 213		546 148 213	475 609 451.88	70 538 761.12	12.92
24. Transport	2 454 026 232		2 454 026 232	2 240 728 351.59	213 297 880.41	8.69
25. Lands and Resettlement	226 164 173		226 164 173	212 258 674.79	13 905 498.21	6.15
26. National Planning Commission	278 823 816		278 823 816	269 622 037.46	9 201 778.54	3.30
27. Youth, National Service, Sport and Culture	516 165 268		516 165 268	464 705 560.21	51 459 707.79	9.97
28. Electoral Commission	113 465 773		113 465 773	99 895 488.91	13 570 284.09	11.96
29. Information and Communication Technology	318 314 351		318 314 351	304 713 391.69	13 600 959.31	4.27
30. Anti-Corruption Commission	63 406 576	10 000 000	53 406 576	42 935 481.03	10 471 094.97	19.61
31. Veterans Affairs	1 212 360 956		1 212 360 956	1 209 893 807.90	2 467 148.10	0.20
TOTAL	36 713 197 341	10 000 000	36 703 197 341	35 220 527 776.08	1 482 669 564.92	4.04

*Note: The total net total authorized expenditure amount of N\$ 36 703 197 341 differs from the authorized expenditure amount in the general ledger with an amount of N\$ 778 821.00. See paragraph 2.4.7.3

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 act for the 2011/2012 financial year. Comparative actual expenditure figures for the previous financial year are also shown:

Subdivisions	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Underexpenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational				
Current expenditure: Personnel (paragraph 2.3.3)				
001. Remuneration	11 262 520 561	11 174 033 337.18	88 487 223.82	9 471 173 974.88
002. Employer's contribution to staff's pension fund	1 433 124 098	1 275 975 619.71	157 148 478.29	1 124 502 900.82
003. Other conditions of service	188 673 416	237 217 263.92	(48 543 847.92)	200 206 942.41
004. Improvement of remuneration structure	3 500 862	2 491 474.01	1 009 387.99	697 098.83
Total	12 887 818 937	12 689 717 694.82	198 101 242.18	10 796 580 916.94
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	546 798 997	454 572 361.20	92 226 635.80	393 096 459.04
022. Materials and supplies	1 177 794 535	1 122 474 823.61	55 319 711.39	793 421 716.65
023. Transport	757 444 784	728 714 188.17	28 730 595.83	544 597 668.83
024. Utilities	661 293 485	633 927 195.93	27 366 289.07	524 933 938.25
025. Maintenance	383 636 383	341 421 647.31	42 214 735.69	251 671 194.49
026. Property rental and related charges	211 770 921	206 517 482.59	5 253 438.41	165 341 995.28
027. Other services and expenses	1 560 270 192	1 444 037 959.30	116 232 232.70	1 273 470 655.38
Total	5 299 009 297	4 931 665 658.11	367 343 638.89	3 946 533 627.92
Current expenditure: Membership fees and subscriptions				
041. International	53 937 086	49 480 837.10	4 456 248.90	43 830 503.26
042. Domestic	352 205 734	2 995 355.14	349 210 376.86	2 780 574.34
Total	406 142 820	52 476 192.24	353 666 627.76	46 611 077.60
Current expenditure: Subsidies, grants and other transfers				
043. International	3 334 275 421	4 464 367 916.92	(1 130 092 495.92)	2 918 655 347.61
044. Domestic	3 335 239 310	3 621 702 332.84	(286 463 022.84)	3 105 120 556.01
045. General	1 389 672 245	236 058 287.63	1 153 613 957.37	214 476 707.18
Total	8 059 186 976	8 322 128 537.39	(262 941 561.39)	6 238 252 610.80
Total: Current expenditure	26 652 158 030	25 995 988 082.56	656 169 947.44	21 027 978 233.26
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	146 169 114	99 457 944.88	46 711 169.12	121 710 392.61
102. Vehicles	400 222 206	361 391 380.03	38 830 825.97	319 786 336.43
103. Operational equipment, machinery and plant	318 772 491	273 990 817.60	44 781 673.40	289 398 928.12
Total	865 163 811	734 840 142.51	130 323 668.49	730 895 657.16
Capital transfers				
121-123. Capital transfers - Operational	34 005 000	34 000 000.00	5 000.00	31 025 790.30
Total	34 005 000	34 000 000.00	5 000.00	31 025 790.30
Total: Capital expenditure	899 168 811	768 840 142.51	130 328 668.49	761 921 447.46

(continued)

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Lending and equity participation				
174. International and regional organisation	989 640 627	834 626 896.41	155 013 730.59	527 343 000.00
175. Joint ventures and domestic enterprises	413 930 000	413 527 368.34	402 631.66	50 000 000.00
Total	1 403 570 627	1 248 154 264.75	155 416 362.25	577 343 000.00
Total: Operational expenditure	28 954 897 468	28 012 982 489.82	941 914 978.18	22 367 242 680.72
Development				
Capital expenditure: Goods and other services				
022. Materials and supplies	284 870 593	273 673 829.04	11 196 763.96	35 883 833.76
024. Utilities	-	-	-	(600.00)
027. Other services and expenses	267 929 673	261 915 727.35	6 013 945.65	122 555 411.60
Total	552 800 266	535 589 556.39	17 210 709.61	158 438 645.36
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	120 536 771	104 345 301.81	16 191 469.19	57 885 017.45
103. Equipment, machinery and plant	478 797 600	464 730 784.77	14 066 815.23	609 101 862.61
104. Purchase of buildings	9 130 400	9 114 365.80	16 034.20	3 689 779.83
105. Feasibility studies, design and supervision	402 259 240	299 538 257.89	102 720 982.11	213 320 890.07
106. Land and intangible assets	117 777 000	62 759 061.36	55 017 938.64	59 241 328.47
107. Construction, renovation and improvements	2 629 005 387	2 435 828 760.16	193 176 626.84	2 030 933 496.40
Total	3 757 506 398	3 376 316 531.79	381 189 866.21	2 974 172 374.83
Capital transfers				
121. Government organizations	259 605 000	259 568 364.58	36 635.42	-
131. Government organizations	3 002 117 030	2 868 039 282.41	134 077 747.59	1 118 068 521.63
133. Promotion of date production	16 000 000	16 000 000.00	-	67 168 000.00
134. Abroad	161 050 000	152 031 551.09	9 018 448.91	179 009 272.68
Total	3 438 772 030	3 295 639 198.08	143 132 831.92	1 364 245 794.31
Total: Development expenditure	7 749 078 694	7 207 545 286.26	541 533 407.74	4 496 856 814.50
GRAND TOTAL	36 703 976 162	35 220 527 776.08	1 483 448 385.92	26 864 099 495.22

2.3.3 Personnel costs

The personnel costs totaled N\$ 12 689 717 694.82 for the year under review. It represents 36% of the total actual expenditure of N\$ 35 220 527 776.08 charged to the State Revenue Fund in 2011/2012. In the previous financial year personnel costs totaled N\$ 10 796 580 916.94 (41%) and the year before N\$ 9 045 009 078.39 (38.5%).

The actual expenditure of N\$ 12 689 717 694.82 in 2011/2012 was N\$ 198 101 242.18 less than the authorized amount of N\$ 12 887 818 937 (1.5%) compared with an overspending of N\$ 191 992 359.94 (1.8%) 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 2011/2012 for standing charges and the actual expenditure and also indicates the relevant legislation:

Service	Paid in terms of	Appropriated in	Estimate according to ledger to ledger	Actual expenditure 2011/2012	Variations		Actual expenditure 2010/2011
					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	1 679 479 442.00	1 058 460 242.32	621 019 199.68	36.98	880 245 413.43
			137 071 284.00	71 867 230.06	65 204 053.94	47.57	85 251 402.15
			1 816 550 726.00	1 130 327 472.38	686 223 253.02	37.78	965 496 815.58
Redemption of loans: Domestic Foreign	Sect. 10(1)(b)(iv) of Act 31 of 1991	Sect. 10(2) of Act 31 of 1991	8 602 404 823.68	8 602 404 823.68	-	-	5 655 167 196.95
			301 007 424.45	301 007 424.45	-	-	190 332 953.96
			8 903 412 248.13	8 903 412 248.13	-	-	5 845 500 150.91
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	2 000 000.00	1 056 314.84	943 685.16	47.19	986 631.20
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	12 828 775.00	259 510 493.20	(246 681 718.20)	(1 922.88)	32 180.73
Total expenditure in terms of standing appropriations			10 734 791 749.13	10 294 306 528.55	440 485 220.58	4.11	6 812 015 778.42

See paragraph 2.4.7.4

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 2011/2012 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 2011/12	More/(Less) than estimated	Revenue received 2010/11
		N\$	N\$	N\$	N\$
30.	TAX REVENUE				
0001	Taxes on income and profits				
	601. Income tax on individuals				
	6010. Normal income tax on individuals	6 831 622 482	7 326 251 249.98	494 628 767.98	5 945 457 147.00
		6 831 622 482	7 326 251 249.98	494 628 767.98	5 945 457 147.00
	602. Company taxes				
	6021. Diamond mining companies	746 301 843	840 722 193.01	94 420 350.01	354 461 282.01
	6022. Other mining companies	704 437 351	10 201 836.73	(694 235 514.27)	212 696 113.56
	6023. Non-mining companies	3 493 154 929	3 065 216 904.88	(427 938 024.12)	3 018 330 612.90
		4 943 894 123	3 916 140 934.62	(1 027 753 188.38)	3 585 488 008.47
	603. Other taxes on income and profits				
	6031. Non-resident shareholders tax	234 574 374	210 444 470.19	(24 129 903.81)	189 239 264.98
	6032. Tax on royalties	31 186 900	30 525 492.13	(661 407.87)	21 238 714.60
	6033. Annual levy on gambling income	20 014 492	16 162 815.85	(3 851 676.15)	14 612 626.25
		285 775 766	257 132 778.17	(28 642 987.83)	225 090 605.83
	604. Withholding tax on interest				
	6044. Withholding Tax on Companies	54 637 815	29 834 338.37	(24 803 476.63)	49 512 459.69
	6045. Withholding Tax on Unit Trust	102 896 698	67 794 699.73	(35 101 998.27)	106 692 577.05
		157 534 513	97 629 038.10	(59 905 474.90)	156 205 036.74
	TOTAL: Taxes on income and profits	12 218 826 884	11 597 154 000.87	(621 672 883.13)	9 912 240 798.04
0002	Taxes on property				
	6040. Transfer duties	215 459 292	193 502 148.80	(21 957 143.20)	138 516 422.96
	TOTAL: Taxes on property	215 459 292	193 502 148.80	(21 957 143.20)	138 516 422.96
0003	Domestic taxes on goods and services				
	605. Value added tax	5 940 856 598	7 773 871 660.86	1 833 015 062.86	5 056 820 344.77
	606. Additional Sales Levy	40 000 000	-	(40 000 000.00)	300.00
	607. Levy on fuel	118 215 092	92 742 054.03	(25 473 037.97)	101 580 745.66
	608. Liquor licenses	7 685 522	7 468 609.18	(216 912.82)	6 938 824.45
	609. Fishing boats and factory licenses	100 000	153 261.95	53 261.95	107 065.00
	610. Hunting and fishing licenses	1 300 000	1 248 401.00	(51 599.00)	1 241 800.00
	611. Prospecting licenses and claims	2 100 000	9 255 106.73	7 155 106.73	1 354 263.78
	612. Fishing quota levies	150 739 175	123 208 465.90	(27 530 709.10)	133 062 129.20
	613. Gambling licenses	2 000 000	1 472 525.50	(527 474.50)	1 441 675.00
	614. General sales tax	285 680 000	44 928.63	(285 635 071.37)	1 720.00
	TOTAL: Domestic taxes on goods and services	6 548 676 387	8 009 465 013.78	1 460 788 626.78	5 302 548 867.86
0004	Taxes on international trade and transactions				
	6150. Customs Revenue Pool share	9 567 165 051	7 136 964 877.00	(2 430 200 174.00)	5 975 941 080.00
	6160. Customs Revenue Formula Adjustment	(2 430 200 174)	-	2 430 200 174.00	-
	TOTAL: Taxes on international trade and transactions	7 136 964 877	7 136 964 877.00	-	5 975 941 080.00
0005	Other taxes				
	617. Stamp duties and fees	216 169 299	210 774 634.25	(5 394 664.75)	208 385 712.12
	TOTAL: Other taxes	216 169 299	210 774 634.25	(5 394 664.75)	208 385 712.12
	TOTAL TAX REVENUE	26 336 096 739	27 147 860 674.70	811 763 935.70	21 537 632 880.98

	Revenue heading	Estimate	Revenue received 2011/12	More/(Less) than estimated	Revenue received 2010/11
		N\$	N\$	N\$	N\$
31.0020	NON-TAX REVENUE				
	Entrepreneurial and property income				
	Interest receipts for loans extended to:		*461 190.52	461 190.52	-
	6181. Government organizations, public enterprises and non-profit organisations	314	-	(314.00)	-
	6183. Municipalities and regional authorities	7 612 776	2 721 794.67	(4 890 981.33)	2 985 756.61
	6184. Government officials – House sale scheme	400	166.49	(233.51)	571.64
	6185. Low cost housing and self-build schemes	3 327 500	-	(3 327 500.00)	-
	6186. On-lending arrangements	11 287 913	-	(11 287 913.00)	1 295 529.82
	619. Interest on investments	100 178	100 178.29	0.29	218 273.57
	620. Dividends and profit share	152 959 000	1 050 580 376.12	897 621 376.12	296 503 004.89
	621. Interest on Government deposits	60 450 000	28 861 074.33	(31 588 925.67)	52 755 837.85
	623. Diamond royalties	350 000 000	631 653 296.97	281 653 296.97	601 963 093.57
	TOTAL: Entrepreneurial and property income	585 738 081	1 714 378 077.39	1 128 639 996.39	955 722 067.95
0021	Fines and forfeitures				
	624. Fines and forfeitures	61 472 250	58 869 824.64	(2 602 425.36)	40 596 535.05
	625. Other mineral royalties	360 000 000	305 422 096.64	(54 577 903.36)	280 014 534.16
	TOTAL: Fines and forfeitures	421 472 250	364 291 921.28	(57 180 328.72)	320 611 069.21
	Administrative fees, charges and incidental sales				
	0122. President	173 651	377 805.65	204 154.65	292 186.00
	0222. Prime Minister	26 000	213 133.81	187 133.81	53 801.58
	0322. National Assembly	50 000	496 507.32	446 507.32	635 774.03
	0422. Auditor-General	1 000 000	1 188 032.96	188 032.96	-
	0522. Home Affairs and Immigration	59 322 000	55 427 422.76	(3 894 577.24)	52 469 731.51
	0622. Police	4 859 900	9 272 386.10	4 412 486.10	8 441 155.97
	0722. Foreign Affairs	1 530 000	2 332 955.27	802 955.27	2 572 935.90
	0822. Defense	1 815 000	1 640 098.11	(174 901.89)	844 305.02
	0922. Finance	112 912 630	184 385 092.13	71 472 462.13	209 528 433.12
	1022. Education	46 256 000	40 985 143.70	(5 270 856.30)	44 423 480.20
	1122. National Council	102 700	77 654.77	(25 045.23)	179.04
	1222. Gender Equality and Child Welfare	100 000	252 037.84	152 037.84	4 870 137.80
	1322. Health and Social Services	59 929 000	51 965 312.74	(7 963 687.26)	60 244 714.65
	1422. Labour and Social Welfare	130 000	308 094.14	178 094.14	143 273.93
	1522. Mines and Energy	9 620 000	24 790 155.71	15 170 155.71	12 390 638.09
	1622. Justice	3 595 885	3 229 016.48	(366 868.52)	3 555 988.30
	1722. Regional and Local Government, Housing and Rural Development	14 400	427 352.15	412 952.15	477 251.77
	1822. Environment and Tourism	66 812 000	52 527 541.55	(14 284 458.45)	57 662 012.68
	1922. Trade and Industry	137 402	122 398.13	(15 003.87)	(2 156.58)
	2022. Agriculture, Water and Forestry	19 175 804	21 792 737.37	2 616 933.37	19 599 112.78
	2122. Prisons and Correctional Services	210 811	369 430.44	158 619.44	621 856.34
	2222. Fisheries and Marine Resources	45 000	73 133.43	28 133.43	3 043 721.81
	2322. Works	21 107 458	40 666 539.22	19 559 081.22)	28 339 112.05
	2422. Transport	6 315 960	2 779 254.26	(3 536 705.74)	1 667 339.16
	2522. Lands and Resettlement	4 845 000	12 598 288.52	7 753 288.52	9 450 304.18
	2622. National Planning Commission	149 000	487 759.22	338 759.22	9 965 630.31

	Revenue heading	Estimate	Revenue received 2011/12	More/(Less) than estimated	Revenue received 2010/11
		N\$	N\$	N\$	N\$
	2722. Youth, National Service, Sport & Culture	2 265 240	2 379 700.63	114 460.63	2 153 058.86
	2822. Electoral Commission	200	366 701.07	366 501.07	28 953.52
	2922. Information and Communication Technology	74 200	212 191.96	137 991.96	450 722.67
	3022. Anti-Corruption Commission	19 000	(54 084.32)	(73 084.32)	(43 055.29)
	3122. Veterans Affairs	111 000	348 154.20	237 154.20	27 210.73
	TOTAL: Administrative fees and charges and incidental sales	422 705 241	512 037 947.32	89 332 706.32	533 907 810.13
	TOTAL NON-TAX REVENUE	1 429 915 572	2 590 707 945.99	1 160 792 373.99	1 810 240 947.29
32.	RETURN OF CAPITAL FROM LENDING AND EQUITY PARTICIPATION				
0030	Receipts of principal of loans from:				
	903. Municipalities and regional authorities	2 423 924	969 888.55	(1 454 035.45)	1 284 713.52
	904. Government officials house sale scheme	7 128	6 645.77	(482.23)	10 797.35
	905. Low cost housing and self-build scheme	5 000 000	1 430 596.76	(3 569 403.24)	1 085 883.39
	906. On-lending arrangements	6 809 121	2 353 142.21	(4 455 978.79)	1 867 066.00
	907. Government organizations, public enterprises and non-profit organizations	1 801 119	-	(1 801 119.00)	-
	TOTAL: Return of capital from lending and equity participation	16 041 292	4 760 273.29	(11 281 018.71)	4 248 460.26
33.	EXTERNAL GRANTS				
0040	910. Recurrent activity – Tied grants	-	178 744 049.18	178 744 049.18	23 515 700.00
	911. Development projects - Tied grants	320 854 000	-	(320 854 000.00)	-
	TOTAL: External grants	320 854 000	178 744 049.18	(142 109 950.82)	23 515 700.00
34.	BORROWINGS				
0042	Domestic				
	9120. Treasury bills	-	12 089 130 193.25	12 089 130 193.25	6 774 452 931.71
	9121. Internal registered stock	-	2 951 588 738.34	2 951 588 738.34	865 014 987.26
	TOTAL: Domestic borrowings	-	15 040 718 931.59	15 040 718 931.5	7 639 467 918.97
0043	External				
	9132 Loan Proceeds earmarked	-	1 300 000 000.00	1 300 000 000.00	-
	Total External Borrowing		1 300 000 000.00	1 300 000 000000.00	-
	TOTAL: Borrowings	-	16 340 718 931.59	16 340 718 931.59	7 667 232 079.23
	TOTAL REVENUE	28 102 907 603	46 262 791 874.75	18 159 884 271.75	31 015 105 907.50

*Note: An amount of N\$ 461 190.52 was not allocated to the sub item, but on the revenue sub source.

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	The actual received fuel levy is lower than estimated. This revenue purely depends on the total amount of fuel imported and is directly affected by the global change in price of fuel. Most fuel exporting countries have been faced with challenges such as political instability that have negative impacts on the oil production that caused limits in quantity of export which led to fuel price increase. As fuel price increases, this is likely to cause a slight decrease in fuel consumption. Therefore, the actual collection is 22% lower than estimated.
30.0003.612	Fishing quota levies	The variance of N\$ 27 530 709.10 is attributed to the fact that the Fishing Companies honor the payment plan as agreed with the Ministry. Out of the N\$ 123 208 465.90 collected, N\$ 54 374 300.18 was for outstanding quota fees from previous financial years (2006/2007 to 2010/2011)
30.0004.6150	Customs Revenue Pool Share	The revenue collected from the SACU REVENUE POOL depends on the volume of the international trade in which Namibia is involved. Due to sluggish economic outlook, the CPR grows at a moderate pace of 7%. The world economic global crisis and threats affect the level of the economic performance which may cause significant drop in import/exports. Therefore, actual collection is 25% lower than estimated as the economy has not yet fully recovered from the depression.
30.0004.6160	Customs Revenue Formula Adjustment	This figure reflects the under-collection of revenue on Customs Revenue Pool as a result of over estimation of revenue from the SACU pool.
31.	Non-tax revenue	
31.0020.623	Diamond royalties	Diamond Royalties increased significantly following the recovery in the rough diamond market.

2.4.3 Revenue outstanding

The following amounts of revenue were outstanding.

	N\$
Income Tax	4 143 238 375.00
Employees Tax	959 160 906.00
Value Added Tax	4 417 531 859.00
Import	3 144 070 112.00
Withholding Tax	17 649.00
	12 664 018 901.00

2.4.4 Revenue refunded

The following amounts of revenue received in 2011/2012 and in the previous financial years were refunded by the Ministry of Finance during the 2010/2011 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:

	N\$
Section 94(1) of the Income Tax Act, 1981	362 711 696.00
Section 38 of the VAT Act, 2000	3 205 807 641.00
Section 20 of the Transfer Duty Act, 1993	775 627.00
Section 32 (1) of the Stamp Duty Act, 1993	1 977 201.00
	3 571 272 165.00

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

2.4.5 Revenue written off

No revenue has been written off during the 2011/2012 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 33.0040.9100
		N\$
Spain	National Planning Commission	10 236 300.00
European Commission	Ministry of Education	38 172 884.24
European Commission	Ministry of Education	45 899 255.43
European Commission	Ministry of Education	52 042 719.35
European Commission	Ministry of Education	32 392 890.16
		178 744 049.18

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	494 628 767.98
30.0001.6021	Diamond mining companies	94 420 350.01
30.0001.6022	Other mining companies	(694 235 514.27)
30.0001.6023	Non mining companies	(427 938 024.12)
30.0001.6031	Non-residence shareholders tax	(24 129 903.81)
30.0001.6032	Tax on royalties	(661 407.87)
30.0001.6033	Annual levy on gambling income	(3 851 676.15)
30.0001.6044	Withholding tax on companies and individuals	(24 803 476.63)
30.0001.6045	Withholding tax on unit trust	(35 101 998.27)
30.0002.6040	Transfer duties	(21 957 143.20)
30.0003.605	Value added tax	1 833 015 062.86
30.0003.606	Additional sales levy	(40 000 000.00)
30.0003.608	Liquor licenses	(216 912.82)
30.0003.611	Prospecting Licenses and claims	7 155 106.73
30.0003.613	Gambling licenses	(527 474.50)
30.0003.614	General Sales Tax	(285 635 071.37)
30.0005.617	Stamp duties	(5 394 664.75)
31.0020.6183	Municipalities and Regional Authorities-interest	(4 890 981.33)
31.0020.6185	Low Cost Housing-interest	(3 327 500.00)
31.0020.6186	On-Lending-interest	(11 287 913.00)
31.0020.620	Dividends on profit share	897 621 376.12
31.0020.621	Interest on Government deposits	(31 588 925.67)
31.0020.624	Fines and forfeitures	(2 602 425.36)
31.0020.625	Other Mineral Royalties	(54 577 903.36)
32.0030.903	Municipalities and Regional Authorities-Capital	(1 454 035.45)
32.0030.905	Low Cost Housing	(3 569 403.24)
32.0030.906	On-Lending-Capital	(4 455 978.79)
32.0030.907	Government Organizations	(1 801 119.00)
33.0040.910	Recurrent activity -Tied grants	178 744 049.18
33.0040.911	Development projects- Tied grants	(320 854 000.00)
34.0042.912	Treasury bills	12 089 130 193.25
34.0042.9121	Internal registered stock	2 951 588 738.34
34.0042.9132	Loan proceeds	1 300 000 000.00

2.4.7.2 Total authorized expenditure

The net total authorized expenditure of N\$ 36 703 197 341 as reflected in the 2011 Appropriation Act, differs from the authorized expenditure of N\$ 36 703 976 162 in the general ledger with an amount of N\$ 778 821.00. The difference could not be explained by the Accounting Officer.

2.4.7.3 Standing appropriations

Explanations on variations exceeding 2% were not provided by the Accounting Officer.

2.4.7.4 Statement of balances

- i) The statement of balances does not balance with an amount of N\$ 49 238 821.77. This is the seventh consecutive year for this statement not to balance which is of a grave concern.

Despite the Ministry of Finance engagement with an expert to examine the nature of the problem, it still does not balance and remains unexplained.

ii) State Revenue Fund

Closing balances from previous years are not used as opening balances for the following years. Difference occurred on a yearly basis between these balances and are not explained and contributes to the statement of balances not balancing.

Fin. Year	STATE REVENUE FUND OPENING BALANCES			STATE REVENUE FUND CLOSING BALANCES		
	Trial balance	Statement J	Audit report	Trial balance	Statement J	Audit report
2007/08	(2 854 712 414.81)	(2 854 793 490.94)	(2 854 788 886.63)	(3 004 793 490.94)	(5 105 397 397.51)	(5 255 397 397.51)
2008/09	(5 105 265 697.13)	(5 105 397 397.51)	(5 255 397 397.51)	(3 858 405 697.13)	(6 142 497 921.29)	(6 193 629 621.67)
2009/10	(6 142 497 921.29)	(6 142 497 921.29)	(6 193 629 621.67)	(6 142 497 921.29)	(3 817 264 035.84)	(3 868 495 136.22)
2010/11	(3 817 271 025.84)	(3 817 271 025.84)	(3 868 495 136.22)	(3 817 288 318.47)	(1 157 667 291.99)	(1 207 485 770.08)
2011/12	(1 157 867 073.11)	(1 157 867 073.11)	(1 207 485 770.08)	(1 157 867 073.11)	(1 905 824 643.23)	(1 955 443 340.20)

This is an indication that entries are made after the closing of the books at the end of September.

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 01/04/2011	Payments and other debits 2011/2012	Redemption received and other credits 2011/2012	Balance 31/03/2012	Arrears 31/03/2012
	Years	%	N\$		N\$	N\$	N\$
Financing expenditure of local authorities (a)	(a)	(a)	186 235 423.68	-	969 888.55	185 265 535.13	25 025 992.43
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	14 279.36	-	6 645.77	7 633.59	-
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	14 002 984.92	-	2 353 142.21	11 649 842.71	-
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	5 300 176.00
*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	22 573 162.00
Road Fund Administration	20	2	-	46 945 321.73	-	46 945 321.73	-
Total			811 074 893.64	46 945 321.73	3 329 676.53	854 690 538.84	213 595 990.10

*Notes:

(a) Local authorities. See subparagraph (iii)

(b) Staff housing. See subparagraph (v)

(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
		31/03/2011	2011/2012	2011/2012	31/03/2012
Local authorities	%	N\$	N\$	N\$	N\$
Staff housing (b)	(a)	68 509 913.07	6 965 828.68	2 721 794.67	72 753 947.08
Nursing schools	5	-	166.49	166.49	-
Windhoek Infrastructure project 1	4	1 311.09	-	-	1 311.09
Windhoek Infrastructure project 2	10	28 044 967.57	-	-	28 044 967.57
*Upgrading of Commercial Port	10	93 908 601.34	-	-	93 908 601.34
Namibia Water Corporation	7	(1 075 096.81)	-	-	(1 075 096.81)
Seaflower Fisheries project	10	4 203 635.07	-	-	4 203 635.07
Windhoek Water Reclamation	15	11 905 265.28	-	-	11 905 265.28
Windhoek Urban Infrastructure	3(e)	754 139.28	-	-	754 139.28
*Nampost	7	27 129 469.14	-	-	27 129 469.14
Trans Namib Holding Pty Ltd	12	355 305 841.40	-	-	355 305 841.40
Road Fund Administration	75	(59 749.03)	-	-	(59 749.03)
		25 696 752.00	-	-	25 696 752.00
TOTAL		614 325 049.40	10 081 106.66	2 721 961.16	621 684 194.90

Notes

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

(iii) Local authorities

Lent to	Balance 01/04/2011 N\$	Redemption received 2011/2012 N\$	Balance 31/03/2012 N\$	Capital in arrears 31/03/2012 N\$	Interest received 2011/2012 N\$	Interest outstanding 31/03/2012 N\$
Municipalities						
Gobabis	5 499 247.14	40 335.15	5 458 911.99	130 315.01	308 972.29	1 026 968.14
Grootfontein	6 792 409.77	-	6 792 409.77	236 815.59	-	1 921 721.83
Karasburg	1 424 875.19	24 915.43	1 399 959.76	1 645.51	18 695.89	195 982.04
Karibib	2 538 870.16	-	2 538 870.16	1 117 102.57	-	2 444 461.77
Keetmanshoop	10 002 508.03	-	10 002 508.03	3 896 081.53	-	6 286 128.51
Mariental	5 406 941.88	-	5 406 941.88	464 351.02	-	1 154 603.18
Okahandja	5 768 684.09	-	5 768 684.09	313 190.29	-	679 712.38
Omaruru	2 687 522.35	39 055.25	2 648 467.10	45 096.50	119 326.09	398 360.03
Otavi	1 412 294.01	-	1 412 294.01	345 602.65	-	1 726 061.35
Ojjiwarongo	2 550 905.87	-	2 550 905.87	317 496.64	-	1 013 461.18
Outjo	2 716 789.34	-	2 716 789.34	790 769.62	-	1 845 713.24
Swakopmund	13 427 750.71	157 190.10	13 270 560.61	-	655 694.00	714 080.01
Tsumeb	18 942 825.78	-	18 942 825.78	3 943 798.76	-	10 643 925.58
Usakos	2 031 166.23	-	2 031 166.23	1 316 839.07	-	1 749 390.15
Windhoek	70 118 141.22	650 189.12	69 467 952.10	666 213.98	1 306 055.58	11 716 317.28
Walvis Bay	4 333 932.76	58 203.50	4 275 729.26	-	313 050.82	-
Total	155 654 864.53	969 888.55	154 684 975.98	13 585 318.74	2 721 794.67	43 516 886.67

(continued)

Lent to	Balance 01/04/2011	Redemption received 2011/2012	Balance 31/03/2012	Capital in arrears 31/03/2012	Interest received 2011/2012	Interest outstanding 31/03/2012
	N\$	N\$	N\$	N\$	N\$	N\$
Towns						
Arandis	550 000.00	-	550 000.00	-	-	-
Henties Bay	74 795.14	-	74 795.14	22 506.48	-	48 171.94
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	-	22 037 030.86
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	-	-	-
	18 392 734.17	-	18 392 734.17	8 217 741.46	-	22 085 202.80
Villages						
Aranos	1 229 076.54	-	1 229 076.54	419 306.58	-	1 306 967.60
Aroab	453 892.70	-	453 892.70	499 879.42	-	277 905.94
Aus	313 724.30	-	313 724.30	-	-	2 380.12
Bethanië	1 282 819.97	-	1 282 819.97	971 956.03	-	935 077.04
Gibeon	589 955.63	-	589 955.63	-	-	-
Gochas	1 108 652.58	-	1 108 652.58	356 734.54	-	1 007 871.12
Kalkrand	118 762.42	-	118 762.42	20 861.13	-	70 049.36
Kamanjab	839 384.78	-	839 384.78	134 809.65	-	550 339.60
Koës	478 728.59	-	478 728.59	68 636.63	-	98 592 .25
Leonardville	178 466.93	-	178 466.93	96 521.71	-	431 354.98
Maltahöhe	1 940 994.06	-	1 940 994.06	487 009.57	-	1 452 109.34
Stampriet	277 203.10	-	277 203.10	62 670.53	-	220 858.44
Tses	450 626.62	-	450 626.62	-	-	-
Uis	21 197.75	-	21 197.75	-	-	-
Witvlei	587 309.75	-	587 309.75	-	-	409 173.47
Total	9 870 795.72	-	9 870 795.72	3 118 385.79	-	6 762 679.26

(continued)

Lent to	Balance 01/04/2011	Redemption received 2011/2012	Balance 31/03/2012	Capital in arrears 31/03/2012	Interest received 2011/2012	Interest outstanding 31/03/2012
	N\$	N\$	N\$	N\$	N\$	N\$
Settlement areas						
Ariamsvlei	274 846.41	-	274 846.41	6 311.03	-	22 535.19
Grünau	138 017.44	-	138 017.44	68 056.84	-	218 197.52
Kalkfeld	823 133.61	-	823 133.61	10 881.28	-	53 931.55
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	19 297.29	-	75 289.89
	2 317 029.26	-	2 317 029.26	104 546.44		375 380.95
GRAND TOTAL	186 235 423.68	969 888.55	185 265 535.13	25 025 992.43	2 721 794.67	72 740 149.68

(iv) Motor financing scheme

During previous years it was reported that 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 Accounting Officer is therefore urged to report on 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%.

	N\$
Balance on control record at 1 April 2011	14 279.36
Less: Capital redemption recovered in 2011/12 in respect of 3 houses	(6 645.77)
Interest levied and received amounted to N\$ 166.49	7 633.59

2.5.2 Loan installments in arrears

The arrear installments on loans due to the Government increased from N\$ 183 494 001.67 to N\$ 213 595 990.10 regarding the capital portion and increased from N\$ 614 325 049.40 to N\$ 621 684 194.90 regarding the interest portion, as at 31 March 2012.

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 2012 and related transactions during 2011/12, 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	Redemption date	Debt at 01/04/2011	Created 2011/12	Redemption in 2011/12		Debt at 31/03/2012	Interest paid in 2011/12	
						By transfer	From State Revenue Fund		Payments by transfer	From State Revenue Fund
FOREIGN DEBT										
1. African Development Fund										
a) Trans-Kalahari Road Project	0.75	50	2042/04/01	16 990 112	-	-	16 990 112	-	-	164 834
				850 806	-	-	850 806	-	-	-
				3 356 269	-	243 096	3 113 173	-	-	-
				3 193 636	-	-	3 193 636	-	-	-
b) Basic Teacher Education	0.75	50	2043/01/01	15 471	-	1 259 035	(1 243 564)	-	-	807 384
Project (from African Development Fund)				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	-	-	-
2. Kreditanstalt für Wiederaufbau										
a) Hardap dam rehabilitation	2	30	2023/06/30	16 942 986	-	1 649 014	15 293 972	-	-	403 716
b) Trans Caprivi Highway 1	2	30	2024/06/30	86 163 781	-	6 268 367	79 895 414	-	-	1 659 620
c) Trans Caprivi Highway 2	3.25	30	2036/12/30	119 877 319	-	4 925 900	114 951 419	-	-	933 987
d) Trans Caprivi Highway 3	2	20	2028/12/30	68 278 708	-	4 598 212	63 680 496	-	-	1 631 267
e) Rural Basic Communication Tranch 1	2	30	2026/06/30	7 520 815	-	1 054 389	6 466 426	-	-	311 861
Tranch 2	2	30	2026/06/30	19 235 741	-	475 509	18 760 232	-	-	91 096
				399 330 129	-	20 473 522	378 856 607	-	-	6 003 765

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2011	Created 2011/2012	Redemption in 2011/12		Debt at 31/03/2012	Interest paid in 2011/12	
						By transfer	From State Revenue Fund		Payments by transfer	From State Revenue Fund
f) Upgrading of Commercial Port Walvis Bay	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
	2	30	2027/06/30	45 465 176	-	-	2 906 916	42 558 260	-	946 696
g) Windhoek water reclamation	2	30	2027/06/30	80 287 745	-	-	4 820 194	75 467 551	-	1 486 424
h) Road rehabilitation Oshivelo – Oshakati Tranch 1	3.25	20	2026/12/30	59 683 268	-	-	3 720 852	55 962 416	-	1 173 294
Tranch 2	2	30	2026/12/30	69 870 970	-	-	2 790 639	67 080 331	-	567 391
i) Labour based road construction	3	20	2030/12/30	50 083 010	-	-	3 171 180	46 911 830	-	1 251 859
j) Mururani gate Rundu	2	20	2030/06/30	24 530 885	-	-	3 868 840	20 662 045	-	1 488 584
k) Road Rehabilitation Ondangwa Oshikango	2	30	2032/06/30	40 503 085	-	-	-	40 503 085	-	1 057 060
l) Extension of payment services	2	30	2044/12/30	8 257 950	-	-	-	8 257 950	-	32 622
m) Participation transport	-	-	-	-	-	-	-	-	-	836 275
3. People's Republic of China										
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) Loan account nr. 3					20 954 053	-	-	20 954 053	-	-
c) Northern tannery and leather manufacturing Project (China)	4	8	2007/07/14	8 216 964	-	-	-	8 216 964	-	-
4. International Fund for Agriculture development										
Northern regions livestock	3.64	20	2015/06/01	(26 365 177)	-	-	-	(26 365 177)	-	-
				410 502 617	20 954 053	-	21 278 621	410 178 049	-	8 840 205

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2011	Created 2011/12	Redemption in 2011/2012		Debt at 31/03/2012	Interest paid in 2011/2012	
						By transfer	From State Revenue Fund		Payments by transfer	From State Revenue Fund
5. European Investment Bank	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
a) Windhoek Infrastructure 1	4.7	20	2015/05/20	20 204 750 (27 339 257) (18 856 953) (2 397 512)	- - - -	- - - -	- - - -	20 204 750 (27 339 257) (18 856 953) (2 397 512)	- - - -	- - - -
b) Windhoek Infrastructure 2	3	20	2009/07/31	52 224 469	-	8 164 083	-	44 060 386	-	2 333 526
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	(1 163 363)	-	2 178 945	-	(3 342 308)	-	133 412
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	33 905 319 29 638 400	- -	3 512 178	-	30 393 141 29 638 400	- -	297 864 -
6. Nordic Investment Bank	0.75	40	2035/06/15	6 014 574	-	413 597	-	5 600 977	-	135 657
Seaflower Fisheries										
7. African Development Bank	0.4	20	2020/07/01	9 922 286	-	1 593 485	-	8 328 801	-	566 817
a) Human resources development	3.5	15	2021/02/01	154 746 626	-	13 495 938	-	141 250 688	-	8 846 376
b) Northern railway extension	Jibar	30	2023/02/01	168 763 938	-	13 323 581	-	155 440 357	-	9 987 596
c) Aus Rosh Pinah	Jibar	20	2024/02/01	223 805 328	-	16 450 667	-	207 354 661	-	13 374 474
d) Kamanjab- Omakange road										
8. Caisse Francaise de Development	3.5	15	2011/04/30	3 566 329	-	1 917 730	-	1 648 599	-	33 747
Windhoek water supply										
9. Arab Bank for Economic Dev.	3	17	2015/05/01	(1 202 441)	-	616 595	-	(1 819 036)	-	110 202
a) Human resources development	3	25	2017/11/01	10 361 786	-	1 587 334	-	8 774 452	-	375 557
b) Windhoek Aris road	3	24	2024/08/25	37 290 661	-	2 285 914	-	35 004 747	-	1 417 578
c) Northern railway extension	3	24	2028/04/01	54 081 830	-	2 728 004	-	51 353 826	-	2 141 507
d) Aus-Rosh Pinah										
				704 557 064	-	68 268 051	-	636 289 013	-	39 754 313

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2011	Created 2011/12	Redemption in 2011/2012		Debt at 31/03/2012	Interest paid in 2011/2012	
						By transfer	From State Revenue Fund		Accrued Interest	From State Revenue Fund
10. Development Bank of South Africa Windhoek urban infrastructure	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
	16	20	2022/08/31	(6.00)	-	-	(6.00)	-	-	-
11. Kuwait Fund for Arab Economic Development in Africa Northern railway extension	3	20	2021/09/15	(54 530 857)	-	-	(62 540 724)	-	-	2 804 419
12. Exports Finans ASA Fisheries patrol vessel	Free	10	2012/11/14	13 133 581	-	-	5 946 031	-	-	-
13. Instituto de Credito Oficial (a) Construction: Fisheries surveillance vessel	0.35	20	2032/11/30	38 818 880	-	-	38 818 880	-	-	230 559
(b) Upgrading of airport	4.27	14	2032/02/09	51 089 559	45 873 918	-	96 963 477	-	-	575 670
14. Bilbao Bilbao Vizcaya (a) Construction: Fisheries surveillance vessel	Euribor	20	2033/11/30	(22 762 169)	-	-	(30 570 833)	-	-	240 375
(b) Upgrading of airport	4.27	12	2032/02/09	(2 176 626)	-	-	(20 180 899)	-	-	3 702 638
15. Export-Import Bank of China Purchase of railway equipment	3	15	2021/03/21	(28 046 156)	-	-	(28 046 156)	-	-	-
Electronics Document and Record Management Systems	4.27	15	2032/02/09	39 231 963	-	-	37 377 382	-	-	916 090
Customs Scanners	2	15	2028/03/21	170 069 376	10 282 839	-	180 352 215	-	-	4 064 590
16. International Bank for Recon Education and Training Sector	usd	3		-	51 472 500	-	-	-	-	129 034
17. Japan Bank for International Cooperation Rundu- Elundu road upgrading				622 154 102	376 753 424	-	908 317 716	-	-	3 577 433
18. BNP Paribas Fortis Supply of Medical Equipment	eur			-	-	-	(6 059 984)	-	-	1 028 139
Fisheries Research Vessel	eur			-	168 771 217	-	168 771 217	-	-	-
19. USA Investors - eurobond	usd	10	2021/10/15	-	3 900 000	-	3 900 000	-	-	-
TOTAL: FOREIGN DEBT				826 981 647	657 053 898	-	1 293 048 316	-	-	17 268 947
				2 341 371 457	678 007 951	-	2 718 371 985	-	-	71 867 230

Nature	Interest rate	Term	Redemption date	Debt at 01/04/2011	Created 2011/2012	Redemption in 2011/2012		Debt at 31/03/2012	Interest paid in 2011/2012	
						By transfer	From State Revenue Fund		Accrued interest	From State Revenue Fund
	%	Years		N\$	N\$	N\$	N\$	N\$	N\$	N\$
DOMESTIC DEBT										
Internal registered stock:										
GC12	10.5	5	2012/10/15	1 467 809 128	-	-	-	1 467 809 128	-	-
GC14	8	3	2014/07/15		1 281 428 688			1 281 428 688		144 847 500
GC15	12	5	2015/04/15	1 820 693 205				1 820 693 205		33 750 000
GC17	7.5	6	2017/10/15		492 462 167			492 462 167		214 145 100
GC18	9.5	8	2018/04/15	1 124 019 962	666 117 232			1 790 137 194		7 504 000
GC21	7.75	10	2021/10/15	171 716 344	232 962 260			404 678 604		131 235 850
GC24	10.5	12	2024/10/15	1 939 414 348	156 986 491			2 096 400 839		18 671 689
GC27	8	15	2027/01/15	26 697 190	72 907 103			99 604 293		194 249 475
GC30	8	20	2030/01/15	24 686 348	48 724 815			73 411 163		6 296 000
				6 575 036 525	2 951 588 756			9 526 625 281		755 742 414
Treasury bills	Note A	Note	Note A	3 802 616 194	12 089 130 193			7 289 341 563		314 375 176
TOTAL: DOMESTIC DEBT				10 377 652 719	15 040 718 949			16 815 966 842		1 070 117 590
TOAL: DEBT				12 719 024 176	15 718 726 900			19 534 338 829		1 141 984 820

Note:

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

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

The same difference was noted for the second year running:

	Paragraph 2.3.4.1	Paragraph 2.6.1	Difference
	N\$	N\$	N\$
Domestic interest paid	N\$ 1 058 460 242.32	1 070 117 588.82	11 657 346.50

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 2011/2012 financial year are as follows:

Loan	Cost
	N\$
Windhoek Water Reclamation	9 926.35
Sector Budget Support	77 528.63
Aus-Rosh Pinah Road	3 980.45
Customs Scanners	875 368.23
Upgrading of Five(5) Airports	440.89
Namibian Stock Exchange	85 900.00
New Era	3 170.32
	1 056 314.84

2.6.3 Loan debt

The debt during the financial year increased from N\$ 12 719 024 176 to N\$ 19 534 338 829 or 54%.

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 2012:

(i) Local institutions:

Guarantee given to	Purpose/Beneficiary	Amount
		N\$
The Agricultural Bank of Namibia	537 Loans to purchase farms	227 152 667
RFA Loan Stock Trust	Road Fund Administration	330 000 000
Development Bank of Namibia	Seaflower Whitefish Corporation	59 552 399
Agricultural Bank of Namibia	Aussenkehr farms	24 500 000
Development Bank of Namibia	National Housing Enterprise	1 201 795
Development Bank of Namibia	Namibia Wildlife Resort	91 500 000
Standard Bank Namibia	Air Namibia	210 000 000
TOTAL		943 906 861

(ii) Foreign institutions:

Guarantee given to	Purpose/Beneficiary	Amount
		N\$
European Investment Bank	Telecom Namibia	17 941 062
European Investment Bank	Namibia Ports Authority	42 224 602
European Investment Bank	Namibia Power Corporation	175 555 000
AB Svensk Export Kredit	Namibia Power Corporation	28 089 000
Agence Francaise de Development	Namibia Power Corporation	20 685 000
African Development Bank	Namibia Power Corporation	27 318 000
European Investment Bank	Namibia Power Corporation	215 738 000
BCI Aircraft Leasing Ireland Limited	Air Namibia	204 030 388
DVB Bank SE	Air Namibia	828 594 984
Capex Leasing Limited	Air Namibia	17 218 661
Capex Leasing Limited	Air Namibia	16 758 269
TOTAL		1 594 152 966

Audit observation: The above guarantee amounts could not be verified due to the lack of proper booking.

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 2011/2012 financial year:

INSTITUTION	Amount
	N\$
Standard Bank	28 932 328.69
Nedbank	2 635 093.60
First National Bank	17 296 864.20
Bank Windhoek	7 237 780.28
National Housing Enterprise	3 593 452.74
TOTAL	59 695 519.51

Transactions during 2011/2012 and the position at 31 March 2012 regarding payments in terms of these loan guarantees in favor of Government employees were as follows:

Irrecoverable payments charged as losses to the State Revenue Fund. See paragraph 2.3.4.1	N\$ 259 510 493.20
Payments recovered. See revenue item 91.3.09.010-Individual report-Finance	405 879.33
Amount recoverable. See paragraph 2.1.1 (Collateral Losses rejection)	(24 424 978.22)

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%	1 297 543.16
Balance as at 31 March 2012 (Par. 2.1.1)	1 297 543.16

Interest received from investments comprised:

Financial institutions	Interest
	N\$
On long-term at two other institutions	100 178.29
See revenue item 31.0020.619 in paragraph 2.4.1	100 178.29

Audit Observation

The balance of investments at 31 March 2012 as indicated above, differs from the amount of N\$ 917 667.96 disclosed in the general ledger. This difference of N\$ 379 875.20 could not be explained during the audit.

2.9 SHARES

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

Shares of	Total payments up to 31/03/2012	Nominal value of shares held at 31/03/2012
	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	2 913 057 713.00	100.00
Nampower	1 510 000 000.00	165 000 000.00
Bank of Namibia (FIC)	23 749 434.00	-
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	11 657 368.34	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	1 159 054 444.00	959 054 444.00
Development Bank of Namibia	995 500 000.00	141 000 000.00
Road Fund Administration	399 858 896.41	-
Agribank	423 411 000.00	-
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	30 000 000.00	1.00
Hentiesbay Waterfront	10 000.00	-
Zambezi Waterfront	68 400 000.00	4 000.00
National Energy Fund	156 000 000.00	-
	8 684 814 819.23	2 420 504 424.38

The following dividends were received by the Government during the 2011/2012 financial year:

Institution	Amount
	N\$
Namibia Post and Telecommunication	379 660 000.00
Bank of Namibia	53 635 478.85
Namdeb	515 218 270.65
Afreximbank	2 066 626.62
Namibia Diamond Trading Company	100 000 000.00
See revenue item 31.0020.620 in paragraph 2.4.1	1 050 580 376.12

2.10 EMPHASIS OF MATTER

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 2.5.1 (iv) Motor financing scheme. No progress made in recovering of these loans.
- b) Paragraph 2.6.1.1 Domestic interest. Difference between statement and general ledger not corrected.
- c) Paragraph 2.7 (ii) Guarantees. Amounts could not be verified due to poor book keeping.

2.11 BASIS FOR QUALIFIED OPINION

My opinion has been qualified due to the following:

- i) The statement of balances does not balance with an amount of N\$ 49 238 821.77. This difference could not be explained. Paragraph 2.4.7.4 (i). It is the seventh year for this statement not to balance.
- ii) The State Revenue Fund is not properly accounted for. Closing balances are not carried over as opening balances at the beginning of the next year. Paragraph 2.4.7.4 (ii).
- iii) Authorized expenditure reflected in the Appropriation Act differs from those reflected in the general ledger with an amount of N\$ 778 821.00 and could not be explained. Paragraph 2.4.7.2.
- iv) Explanations on standing appropriation variations exceeding 2% were not provided. Paragraph 2.4.7.3.
- v) Explanations for deviations of more than N\$ 100 000 on revenue were not provided. Paragraph 2.4.7.1.
- vi) The balance on investments is not in agreement with the general ledger, and the difference of N\$ 379 875.20 could not be explained. Paragraph 2.8.
- vii) Twenty seven O/M/A's failed to reconcile their suspense account either partly or wholly. Paragraph 1.3.3.4

2.12 QUALIFIED OPINION

I certify that I have audited the financial statements for the year ended 31 March 2012 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).

Except for my remarks mentioned in paragraph 2.11 – Basis for qualified opinion, in my opinion, the financial statements fairly present the receipts and payment of the State Revenue Fund for the financial year ended 31 March 2012 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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