



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

# MINISTRY OF AGRICULTURE, WATER AND FORESTRY

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 report on the accounts of the Ministry of Agriculture, Water and Forestry 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, March 2011**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
MINISTRY OF AGRICULTURE, WATER AND FORESTRY  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2011**

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**1. INTRODUCTION**

**1.1 Report**

This report on the accounts of the Ministry of Agriculture, Water and Forestry for the financial year ended 31 March 2011 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.

**1.2 Powers and duties**

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.

**2. FINANCIAL STATEMENTS**

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991(Act 31 of 1991).

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

### **3. SCOPE OF THE AUDIT**

**3.1** The Accounting Officer of the Ministry in co-operation with the Permanent Secretary of the Ministry of Finance is 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.

**3.2** 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 misstatements, 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.

### **4. AUDIT OBSERVATIONS**

#### **4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT**

##### **4.1.1 Expenditure**

The total budget was underspend with a total amount of N\$ 169 142 524.38 (11.14%). This huge underexpenditure could have been used for other pressing needs in the Country. However, the under-mentioned unauthorised expenditure occurred during the financial year and is reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991).

Although Treasury approval was obtained to utilize certain expected savings for the defrayal of excess expenditure by way of virement during the year, six (6) operational expenditure subdivisions exceeded the authorised amount with N\$ 9 341 358.72, which is unauthorised in terms of Section 6(a)(iii) of the Act.

The Accounting Officer explained the unauthorised expenditure as a journal that was posted by the Ministry of Finance on 31 March 2011. By that time the funds under the applicable subdivision had already been exhausted.

#### 4.1.2 Government property

The Accounting Officer could not provide any evidence to enable the auditors to verify the correctness of statement 37.2-cost of damages to Government property which amounted to N\$ 2 447 991.90.

It is recommended that supporting documentation should be submitted to substantiate the correctness of the amounts contained in this statement.

#### 4.1.3 Virements

The approved virements were wrongly reflected on seven (7) of the Ministry's main divisions in the Appropriation Account. The main divisions were affected as follows:

<b>Main division</b>	<b>Total approved virements</b>	<b>Virement in appropriation account</b>	<b>Difference</b>
	N\$	N\$	N\$
02. Administration	3 576 561	3 632 011	55 450
04. Research	(707 680)	(692 000)	(15 680)
06. Agriculture Engineering	34 940 000	(30 000)	34 910 000
07. Planning, pricing, marketing and Co-operation	(15 616 320)	(100 000)	(15 516 320)
08. Agricultural training	(98 000)	(94 309)	(3 691)
10. Resource management	(16 828 117)	(339 000)	(16 489 117)
12. Forestry	(4 368 444)	(1 478 702)	(2 889 742)

The differences as explained by the Accounting Officer is as a result of the difference between the timing of the approval of virements requested by the Ministry of Finance and the utilizing of projected funds before approval takes place.

It is therefore highly recommended that the Accounting Officer must ensure that reconciliations are carried out to ensure the correctness of virement amounts.

#### **4.1.4 Vehicles**

The statements submitted by the Accounting officer reported acquisition of thirty-two (32) vehicles to the value of N\$ 741 473 781.00. However, the balance in the Equipment Lease account for purchases of vehicles indicated an amount of N\$ 8 883 416.58. The Accounting Officer should explain the differences of N\$ 732 590 364.42.

#### **5. ACKNOWLEDGEMENT**

The assistance and co-operation of the management and staff of the Ministry during the audit is appreciated.

#### **6. AUDIT OPINION**

I certify that I have audited the financial statements of the Ministry of Agriculture, Water and Forestry for the year ended 31 March 2011 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).

In my opinion, the financial statements fairly represent the receipts and payments of Vote 20 for the year ended 31 March 2011, and in all material respects the receipts and payments have been applied to the purpose intended by the National Assembly and conform to the authorities which govern them.

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

**OFFICE OF THE AUDITOR-GENERAL**  
**269 Independence Avenue**  
**Private Bag 13299**  
**WINDHOEK**  
**NAMIBIA**

## 1. FINANCIAL STATEMENTS

## 1.1 Appropriation account

		2010/2011				2009/2010
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
<b>01. Office of the Minister:</b>						
Original budget	3 530 000	3 448 000	2 595 140.46	852 859.54	24.73	2 761 703.47
Less: Virement	(82 000)					
<b>02. Administration:</b>						
Original budget	136 471 000					
Plus: Virement	3 632 011	140 103 011	126 564 710.92	13 538 300.08	9.66	117 522 987.36
<b>03. Veterinary Service</b>						
Original budget	213 919 000					
Less: Virement	(30 000)	213 889 000	208 864 479.83	5 024 520.17	2.35	139 051 623.85
<b>04. Research:</b>						
Original budget	82 158 000					
Less: Virement	(692 000)	81 466 000	74 532 046.69	6 933 953.31	8.51	79 915 985.97
<b>05. Agriculture Development and Extension:</b>						
Original budget	156 837 000					
Less: Virement	(9 000)	156 828 000	147 681 623.90	9 146 376.10	5.83	158 123 738.40
<b>06. Agriculture Engineering:</b>						
Original budget	208 170 000					
Less: Virement	(30 000)	208 140 000	204 810 309.21	3 329 690.79	1.60	161 497 868.78
<b>07. Planning, Pricing, Marketing and Co-operation:</b>						
Original budget	102 486 000					
Less: Virement	(100 000)	102 386 000	76 521 240.86	25 864 759.14	25.26	62 758 606.24

## ANNEXURE A (continued)

## Appropriation account (continued)

2010/2011					2009/2010	
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percent age		
N\$	N\$	N\$	N\$	%	N\$	
<b>08. Agricultural Training:</b>						
Original budget	20 647 000					
Less: Virement	(94 309)	20 552 691	17 585 933.05	2 966 757.95	14.43	16 305 992.00
<b>09. Emergency Relief:</b>						
Original budget	136 000	136 000	135 992.01	7.99	0.01	94 248.00
<b>10. Resource Management:</b>						
Original budget	76 880 000					
Less: Virement	(339 000)	76 541 000	63 947 633.34	12 593 366.66	16.45	50 532 189.73
<b>11. Rural Water Supply:</b>						
Original budget	428 376 000					
Less: Virement	(777 000)	427 599 000	342 291 556.83	85 307 443.17	19.95	264 045 097.75
<b>12. Forestry:</b>						
Original budget	89 127 000					
Less: Virement	(1 478 702)	87 648 298	84 064 308.52	3 583 989.48	4.09	73 870 017.24
<b>Total:</b>	<b>1 518 737 000</b>	<b>1 349 594 475.62</b>	<b>169 142 524.38</b>	<b>11.14</b>	<b>1 126 480 058.79</b>	



**ANNEXURE A (continued)**

**1.2. Standard subdivisions**

2010/2011				2009/2010
Subdivision	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
<b>Operational:</b>	N\$	N\$	N\$	N\$
<b>Current expenditure: Personnel</b>				
001. Remuneration	322 544 000	294 229 019.81	28 314 980.19	260 844 161.95
002. Employer's contribution to the GIPF	38 596 000	33 403 212.37	5 192 787.63	27 790 293.74
003. Other conditions of service	5 864 000	5 615 951.22	248 048.78	4 841 658.78
<b>Sub total</b>	<b>367 004 000</b>	<b>333 248 183.40</b>	<b>33 755 816.60</b>	<b>293 476 114.47</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence	59 015 000	45 628 650.96	13 386 349.04	42 271 917.61
022. Materials and supplies	47 971 654	41 692 102.60	6 279 551.40	42 639 703.40
023. Transport	84 306 000	81 919 120.20	2 386 879.80	73 859 900.00
024. Utilities	42 315 011	41 122 693.96	1 192 317.04	37 922 547.63
025. Maintenance	11 249 335	9 619 374.30	1 629 960.70	8 535 374.05
026. Property rental and related charges	35 000	3 589.63	31 410.37	5 377.00
027. Other services and expenses	75 569 000	69 520 133.42	6 048 866.58	48 143 409.37
<b>Sub total</b>	<b>320 461 000</b>	<b>289 505 665.07</b>	<b>30 955 334.93</b>	<b>253 378 229.06</b>
<b>Current expenditure: Membership and subscriptions, subsidies and other current transfers</b>				
041. International	4 074 000	1 968 837.11	2 105 162.89	1 686 672.02
042. Domestic	523 000	120 901.83	402 098.17	50 698.45
043. Government organizations	50 000 000	28 398 249.26	21 601 750.74	24 146 504.73
044. Individuals and non-profit entities	39 336 000	39 333 945.00	2 055.00	29 830 773.58
045. Public and departmental enterprises and private industries	10 300 000	10 300 000.00	-	9 236 672.55
<b>Sub total</b>	<b>104 233 000</b>	<b>80 121 933.20</b>	<b>24 111 066.80</b>	<b>64 951 321.33</b>
<b>Total: Current expenditure</b>	<b>791 698 000</b>	<b>702 875 781.67</b>	<b>88 822 218.33</b>	<b>611 805 664.86</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	6 294 000	7 191 271.03	(897 271.03)	8 614 307.93
102. Vehicles	14 780 000	14 771 000.00	9 000.00	24 097 461.75
103. Operational equipment, machinery and plant	9 239 000	6 915 752.76	2 323 247.24	35 701 404.05
<b>Total: Capital expenditure</b>	<b>30 313 000</b>	<b>28 878 023.79</b>	<b>1 434 976.21</b>	<b>68 413 173.73</b>
<b>Total: Operational expenditure</b>	<b>822 011 000</b>	<b>731 753 805.46</b>	<b>90 257 194.54</b>	<b>680 218 838.59</b>
<b>Development:</b>				
<b>Capital expenditure: Goods and other services</b>				
022. Materials and supplies	6 460 000	6 272 747.16	187 252.84	12 716 336.63
027. Other services and expenses	24 878 000	24 536 338.82	341 661.18	22 684 185.68
<b>Total</b>	<b>31 338 000</b>	<b>30 809 085.98</b>	<b>528 914.02</b>	<b>35 400 522.31</b>

**ANNEXURE A (continued)**

**Standard subdivisions (continued)**

2010/2011				2009/2010
Subdivision	Authorized expenditure	Actual expenditure	Under expenditure / (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	2 140 000	2 101 689.25	38 310.75	1 212 573.17
103. Operational equipment, machinery and plant	20 670 000	20 141 404.21	528 595.79	10 887 299.52
105. Feasibility studies, design and supervision	62 770 000	57 839 347.40	4 930 652.60	68 639 640.76
106. Purchase of land and intangible assets	-	-	-	2 000 000.00
107. Construction, renovation and improvement	340 109 000	267 329 192.69	72 779 807.31	226 221 184.44
<b>Sub total</b>	<b>425 689 000</b>	<b>347 411 633.55</b>	<b>78 277 366.45</b>	<b>308 960 697.89</b>
<b>Capital expenditure: Capital transfers</b>				
131. Government organizations	179 140 000	179 060 950.63	79 049.37	14 200 000.00
133. Public and departmental enterprises and private industries	60 559 000	60 559 000.00	-	87 700 000.00
<b>Sub total</b>	<b>239 699 000</b>	<b>239 619 950.63</b>	<b>79 049.37</b>	<b>101 900 000.00</b>
<b>Total: Development expenditure</b>	<b>696 726 000</b>	<b>617 840 670.16</b>	<b>78 885 329.84</b>	<b>446 261 220.20</b>
<b>Grand total:</b>	<b>1 518 737 000</b>	<b>1 349 594 475.62</b>	<b>169 142 524.38</b>	<b>1 126 480 058.79</b>

**ANNEXURE A (continued)**

**1.3. Departmental revenue**

Revenue for the financial year is as follows:

Revenue heading	2010 / 2011			2009 / 2010
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private telephone calls	72 815	3 107.38	(69 707.62)	5 893.68
Unclaimed cheques	-	1 158 979.81	1 158 979.81	126.00
Miscellaneous *	331 283	1 838 463.98	1 507 180.98	398 897.48
Lost equipment and stores	118 448	55 608.12	(62 839.88)	26 380.24
Ministerial fines	8 832	1 279.79	(7 552.21)	-
Lease/letting State land and buildings	85 867	140 710.00	54 843.00	246 113.39
Sale of stock and farm produce	1 692 682	4 438 458.05	2 745 776.05	4 957 226.84
Veterinary and clinical services	732 150	687 710.81	(44 439.19)	1 218 646.33
Services rendered to ministries	5 388	2 155.87	(3 232.13)	-
Performance testing fees	5 067	50.00	(5 017.00)	-
Sale of furs and wool	276 253	519 274.52	243 021.52	313 721.15
Grazing fees	41 204	3 720.00	(37 484.00)	3 550.00
Meat hygienic services	1 908 215	1 778 163.99	(130 051.01)	1 946 284.70
Registration fees on remedies, feeds and fertilizers	449 776	846 167.00	396 391.00	709 800.00
Hides and skins	31 494	8 180.70	(23 313.30)	3 590.90
Ploughing services	958	103 978.50	103 020.50	1 160.00
Planting services	216	300.00	84.00	100.00
Seeds and fertilizers	1 179	238 645.60	237 466.60	-
Auction fees	2 909 011	100.00	(2 908 911.00)	1 151 573.82
Sale of water and electricity: Employees	93 896	195 514.04	101 618.04	173 697.35
Sale of water (Hardap irrigation scheme)	1 152 594	-	(1 152 594.00)	444 048.91
Laboratory testing: Agriculture	988 472	1 036 593.58	48 121.58	1 193 073.81
Meter linkage and rental fees	728 975	3 184 000.00	2 455 025.00	2 015 857.94
Permit fees	1 524 746	2 858 769.28	1 334 023.28	2 907 025.95
Commission fees	161 575	489 864.64	328 289.64	446 072.90
Game and game produce	14 236	9 317.12	(4 918.88)	21 301.00
College fees	298 766	-	(298 766.00)	-
<b>Total</b>	<b>12 481 504</b>	<b>19 599 112.78</b>	<b>7 117 608.78</b>	<b>18 184 142.39</b>

\*See paragraph 4.1.4 regarding the notes to the financial statements on departmental revenue.

**ANNEXURE A (continued)**

\* Miscellaneous revenue is compiled as follows:

<b>Nature of revenue</b>	<b>Amount</b>
	N\$
Photocopies / Faxes	494.65
Stock card	1 593.00
Surplus on funds	133.50
Buttons	650.00
Books	3 840.00
Maps	1 020.00
Cleaning of borehole	3 000.00
Show price	840.00
Conference facilities	1 700.00
Eartags	660.00
Quarantine	500.00
Proposal documents	3 300.00
Rent of farm	1 000.00
Servitude	16 100.00
Purchase of furniture	24 575.00
Insurance of condemnation	3 558.81
Accommodation	85 213.09
Transport	164 171.03
Metzger drilling refund on previous book year expenses	1 526 114.90
<b>Total</b>	<b>1 838 463.98</b>

**ANNEXURE A (continued)**

**1.4 Trade account: Equipment and transport**

**(i) Balance sheet as at 31 March 2011**

	<b>2010/2011</b>	<b>2009/2010</b>
	N\$	N\$
<b>Capital employed</b>	<b>135 512 093</b>	<b>121 756 548</b>
Capital as at 1 April	*118 589 242	83 287 075
Net Surplus/(Deficit)	16 922 851	38 469 473
	<b>135 512 093</b>	<b>121 756 548</b>
<b>Employment of capital</b>	<b>81 889 077</b>	<b>73 005 660</b>
Fixed assets at net book value	73 005 660	31 795 723
Purchases	8 883 417	41 209 937
<b>Plus:</b>	<b>53 623 016</b>	<b>48 750 888</b>
State revenue fund	53 623 016	48 750 888
	<b>135 512 093</b>	<b>*121 756 548</b>

\*See paragraph 4.1.5 under main issues/findings of this report

**ANNEXURE A (continued)**

**(ii) Replacement Reserve Fund for the year ended 31 March 2011**

	<b>2010/2011</b>	<b>2009/2010</b>
	N\$	N\$
<b>Balance on 1 April</b>	<b>*45 583 582</b>	<b>51 491 352</b>
<b>Plus: Transfer from income statements</b>	<b>8 039 434</b>	<b>(2 740 464)</b>
Capital	(8 883 417)	(41 209 937)
Net Surplus for the year	16 922 851	38 469 473
<b>MINISTRY OF FINANCE LEDGER ACCOUNT</b>	<b>53 623 016</b>	<b>*48 750 888</b>
<b>Remarks:</b> Balance to be kept in the account for the following reasons:		
i. The purchase for new vehicles committed in fiscal year	32 623 016	35 750 898
ii. License renewals of vehicles	5 000 000	5 000 000
iii. Implementation and fitting E - fuel on vehicle fleet	-	-
iv. Maintenance and repairs on the vehicles fleet	16 000 000	8 000 000
<b>Total</b>	<b>53 623 016</b>	<b>48 750 898</b>

\*See paragraph 4.1.5 under main issues/findings of this report

**(iii) Capital income for the year ended 31 March 2011**

	<b>2010/2011</b>	<b>2009/2010</b>
	N\$	N\$
<b>Gross income</b>	<b>34 267 731</b>	<b>44 269 782</b>
Rental charges	28 563 303	26 213 170
Auctions	143 500	-
Transfer for purchase of new vehicles	5 560 928	18 056 612
<b>Less: Expenditure</b>	<b>8 883 417</b>	<b>41 209 937</b>
Purchases of new vehicles	8 883 417	41 209 937
<b>Net profit for the financial year 2009/2010</b>	<b>25 384 314</b>	<b>3 059 845</b>

**ANNEXURE A (continued)**

**(iv) Maintenance income statement for the year ended 31 March 2011**

	<b>2010/2011</b>	<b>2009/2010</b>
	N\$	N\$
<b>Gross income</b>	<b>51 206 391</b>	<b>41 887 792</b>
Rental charges	42 844 954	39 824 827
Transfers	8 361 437	2 052 965
<b>Less: Expenditure</b>	<b>68 551 272</b>	<b>47 678 102</b>
AFS payments	1 501 588	1 437 840
Fuel & Oil	102 497	182 371
Repairs and maintenance	5 417 099	2 050 419
Roads Authority	2 224 704	2 894 909
Other expenses	46 380	1 112 563
Vehicle hiring from Government Garage	1 246 754	-
Log and trip authority books	12 250	-
Stannic transfers	58 000 000	40 000 000
<b>Net loss for the financial year 2010/2011</b>	<b>(17 344 881)</b>	<b>(5 790 310)</b>

**1.5. Notes to the financial statements**

**1.5.1.1 Appropriation account: Explanations of variations exceeding 2% between authorized and actual expenditure.**

**Underexpenditure**

The Accounting Officer explained the underexpenditure as follows:

**Main division 01: Office of the Minister (N\$ 852 859.54 – 24.73%)**

The under spending of funds under this main division was mainly attributed to the fact that the vacancy of Personal Assistant has not yet been filled. Consequently, someone was seconded from the Ministry of Youth, Sport & Culture to assist for a period of five years. However, the staff member is compensated only a prorata payment, which led to the under spending under this main division.

The other contributing factor is that the trips for the Honourable Minister and Deputy Minister were mainly based on invitations and are therefore very difficult to plan for. It is almost impossible to predict how many trips they would undertake per financial year, thus resulting in an under spending.

**Main division 02: Administration (N\$ 13 538 300.08 – 9.66%)**

The contractors on annual tender struggle to get the bills of quantity from the Ministry of Works on time which forces them to commence later in the given financial year. As such they are not able to complete the work before the end of the financial year.

The contractors were reminded via the local newspapers to submit their invoices together with the purchasing orders before the closing date of 15 March 2011. The response was not satisfactory as only a few responded, leading to an under spending due to cancelled outstanding commitments on the system.

Provision was also made for the maintenance and repairs of office machines, but due to proper maintenance there was a decrease in repairs which led to an under spending. The under spending on office furniture and equipment can be attributed to better control over purchases.

**Main division 03: Veterinary services (N\$ 5 024 520.17 – 2.35%)**

The under spending of funds under this main division can mainly be attributed to the fact that funds were budgeted for technical and professional positions as well as foreign veterinarians that could not be filled as there were no suitable candidates. Farm inspections were not carried out due to transport constraints and thus caused the underexpenditure.

The under spending on the development budget also occurred due to various reasons such as the late submission of payments by the Ministry of Works and Transport. Contractors that could not complete the work on time, the limited infrastructure available at the borders, the process of acquiring land,



## ANNEXURE A (continued)

delay in conducting feasibility studies, development of building designs and project documentation by the consultants contracted by the Ministry of Works and Transport, as well as the changing of consultants contributed to the underexpenditure. There were also delays in the completion of the construction of some veterinary clinics as well as delays in the commencement of the construction of veterinary infrastructure at some border posts.

### **Main division 04: Research (N\$ 6 933 953.31 – 8.51%)**

The under expenditure on this main division was as a result of vacant posts that were not filled due to the recruitment process of professional categories, movement of personnel due to promotions, retirements and resignations.

The retention monies from remodeling and renovation work done at the analytical laboratory facilities also contributed to the under spending under this main division.

### **Main division 05: Agriculture development and extension (N\$ 9 146 376.10 – 5.83%)**

The under spending on this main division was due to vacant senior positions such as Chief Agricultural Extension Officer that could not be filled on time. The Ministry could not fill these positions because the recommended staff members were at the entry level even though they had the necessary experience and qualifications, thus resulting in an underexpenditure on this main division.

### **Main division 07: Planning, pricing, marketing and co-operation (N\$ 25 864 759.14 – 25.26%)**

The under spending of funds under this main division was attributed to the fact that surveys of collecting data on the performance of the agricultural sector were not undertaken. The Ministry has embarked on re-organizing data collection. Currently, the Agricultural Management Information System is being developed within the Ministry, which caused the Ministry to focus on institutional capacity building and less fieldwork. The Ministry utilized ministerial staff stationed in foreign countries to tend to regular official commitments, which caused less international travelling.

The Ministry pays for membership fees and interest subsidies for agricultural financing schemes based on invoices from institutions such as Food Agriculture Organization (FAO), Agri-Bank, etc. Clients older than 10 years are no longer eligible for subsidies and there are less new clients participating in the financing schemes resulting in less expenditure on interest subsidies and as a result in under expenditure under this main division.

### **Main division 08: Agricultural training (N\$ 2 966 757.95 – 14.43%)**

The under spending of funds under this main division was due to the delay in filling certain key positions for Mashare Agricultural Development Institute (MADI) and Tsumis Arid Zone Agricultural Centre (TAZAC).

The other contributing factor was that funds budgeted for consultancy and catering services that were earmarked to host various workshops which were to develop curricula for MADI and TAZAC as part

## ANNEXURE A (continued)

of the turnaround strategy that could not be utilized as the development of the documents for the turnaround strategy and Training policy for the Ministry could not be completed prior to the end of the period under review, thus resulted in an underexpenditure.

### **Main division 10: Resource Management (N\$ 12 593 366.66 – 16.45%)**

The under spending was mainly an indirect result of many vacancies such as the Director: Resource Management, four Chief Hydrologist posts and one post of Chief Control Technician at senior level that could not be filled. This resulted in the non-utilization of funds on Remuneration and Employer's Contribution to the GIPF, thus an underexpenditure under this main division was realized.

The under spending was also due to the delayed execution of projects because of vacant positions, the early flooding situation delays by tender procedures and the appointments processes of consultants. The construction activities for the gauging weirs in the Lower Orange had to be stopped early in December 2010 because of the flood.

Another contributing factor encountered was with the transboundary projects in the Cuvelai area and the Orange River, where agreements between all States involved are intricate and time-consuming.

### **Main division 11: Rural Water Supply (N\$ 85 307 443.17 – 19.95%)**

The underexpenditure on this main division was as a result of vacant posts that were not filled due to the recruitment process of professional categories movement of personnel due to promotions, retirements and resignations. These vacancies also lead to an underexpenditure due to activities that could not be carried out. The community training tender processing that was delayed also contributed to the under expenditure.

Under spending on the development budget also occurred due to Onambutu WSS Phase 6, which constitutes the last phase and consists of a pipeline 181.4 km and 125 water points which was cancelled due to a technical error in the tendering process. It was recommended to be advertised in the 2010-11 financial year.

The long and slow tendering processes from the initial stages of tendering up to the award of the project to the successful contractor could not be completed in time. The late approval of the Annual Rehabilitation tender resulted in the late rewarding of the construction work which could only be done late in the year resulting in the contractors being unable to complete the work before the end of the financial year. Most of the projects were started, but it was impossible to finish the work on time with the respective communities and planned new projects for the financial year 2011/2012. The new sanitation infrastructure was to be developed and implemented. The appointment of the advisor on the desalination was delayed. The Mariental flood mitigation project did not take place due to unforeseen circumstances. The neckartal dam project which takes the bulk of the allocation was not fully implemented as planned.

## ANNEXURE A (continued)

### **Main division 12: Forestry (N\$ 3 583 989.48 –4.09%)**

Vacant posts for Chief Foresters, Principal Foresters and Chief Forest Technicians, could not be filled as there were no suitable candidates for those vacancies. These vacancies also lead to under spending due to planned and budgeted activities that could not be carried out.

Some suppliers did not submit their invoices before the end of the financial year and as a result it caused an under spending.

### **1.5.2. Departmental revenue: Explanations of deviations of N\$ 100 000 and above.**

#### **(i) Over-estimated**

##### **Veterinary and clinical services**

The decrease in revenue collection is mainly attributed to the fact that only a few farmers turned up for clinical services which is an indication that the health status of the animals have improved. The other fact could be that the farmers bought their own vaccines to treat their animals.

##### **Meat hygienic services**

The decrease in revenue is mainly attributed to the fact that Meatco's abattoirs in Katima Mulilo were temporarily closed due to an outbreak of foot and mouth disease.

There was a rift valley outbreak in the south, Karas/Hardap regions, and as a result fewer animals were slaughtered.

##### **Auction fees**

Only one auction was held on John Pandeni station in February 2011. The payment however was only received in April 2011 from Agra. As a result the payment was accounted for in the 2011/12 financial year.

##### **Laboratory testing fees: Agriculture**

The decrease in this revenue code can mainly be attributed to the fact that less people demanded the service. Exports were stopped. If no animals were slaughtered fewer samples were received.

## ANNEXURE A (continued)

### (ii) Underestimated

#### **Sale of stock and farm produce**

Due to the adverse condition experienced during the last rainy season, a bulk of farm produce were spoiled resulting in low quality produce that could not be sold or sold at a very low price. Some stations experienced infestation on fruit and vegetables which resulted in poor production and quality of produce.

The outdated and old irrigation systems in particular at Omahene research station was not efficient and effective and this resulted in poor establishment of crops and eventual poor harvest. Theft of produce by communities surrounding these institutions also contributed to the deviation.

#### **Unclaimed cheques**

With the implementation of IFMS, unclaimed cheques are automatically written back by the system, therefore the amount reflected under this revenue code represents the cheques for March 2011 still to be written back by the system in April.

#### **Miscellaneous**

The increase in collection of revenue under this code is a result of more than expected under script payments that were received for the period under review.

#### **Sale of furs and wool**

The increase in this revenue code was due to fact that more pelts were produced than anticipated. White colour pelts increased with almost 100%.

#### **Registration fees on remedies, feeds, fertilizers**

The increase in revenue collection under this revenue code is mainly attributed to the renewal reminders and follow ups to the registration holders to pay their outstanding fees. Compliance inspections determined unregistered products and informed the registration holders to register the products. As a result the revenue collection increased.

#### **Ploughing services**

The Government re-introduced ploughing services in the northern regions – 45 tractors and implements were purchased during the previous financial year. This programme on the Dry Land Crop Program will be extended every year to benefit more farmers against a subsidized price.

## **ANNEXURE A (continued)**

### **Seeds and Fertilizers**

The increase occurred due to stock of the previous season which arrived late for that season and as a result more fertilizer was sold to the farmers in the new cropping season.

### **Meter Linkage and rental fees**

The connection of private off takes has exceeded expectations, which resulted in the increase of the estimated revenue.

## ANNEXURE A (continued)

### 2. GENERAL INFORMATION

#### 2.1. Bank accounts

During the financial year under review the Ministry operated the following bank accounts for various programmes with commercial banks. Details are as follows:

Name and description of account	Financial institution	Bank statement balance as at 31/03/2011
		N\$
Embassy of Namibia Agriculture Account	ING – Brussels Sweden	1 525 857.71*
Northern Regions Livestock Development Project: Training bank account	Standard Bank - Windhoek	140 864.15
Northern Regions Livestock Development Project: 32 days call account	Standard Bank - Windhoek	5 277 813.32
Capital Project Account ( Pro Trusses): 32 day investment account	Standard Bank - Windhoek	1 361 817.51
Integrated Water Resources Management (IRBM) Plan	Standard Bank - Windhoek	29 326.75
Integrated Water Resources Management (IRBM) Plan call account	Standard Bank - Windhoek	336 298.17
Emergency Animal disease control	FNB-Windhoek	3 065 108.65
MAWF-Water support	FNB- Windhoek	160 893 555.77
SPINAP-AHI	FNB- Windhoek	100 891.80
Project Immunoprophylaxis and molecular epidemiology	Nedbank- Windhoek	63 865.33

\*Exchange rate: €1.00 = N\$ 8.87070

#### 2.2. Compensation Payments

During the financial year under review the Ministry made compensation payments amounting to N\$ 55 619.45 with the necessary Treasury approvals.

#### 2.3. HIV/AIDS

During the financial year under review the Ministry incurred expenditure amounting to N\$ 117 753.00 relating to awareness creation activities, housing allowances, workplace program and basic counseling and support programs in respect of HIV/AIDS.

**ANNEXURE A (continued)**

**2.4. Commissions and committees**

The following expenditure was incurred by the commissions and committees that operated under the Ministry in respect of daily subsistence allowance (DSA), catering, transport, other costs (T-shirts) and membership fees during the year under review:

<b>Beneficiary</b>	<b>Date of appointment</b>	<b>Expenditure</b>	
		<b>2010/2011</b>	<b>2009/2010</b>
		N\$	N\$
Co- operative Advisory Board	21 /12/1996: Act 23 of 1996	142 354.53	102 882.37
Okavango River Basin Water Commission	15 /09/1994: Cabinet decision	227 588.29	260 784.19
Orange Sengu River Basin Commission (ORASECOM)	3 /11/2000: Cabinet decision	66 612.11	54 258.86
Permanent Joint Technical Committee on the Kunene River	18/9/1990: Cabinet decision	14 523.02	1 051.92
Zambezi River Basin Commission	Under negotiation	30 702.76	22 233.42
SADC Water Resources Technical Committee	Unknown	13 024.00	1 363.91
Permanent Water Commission PWC between Namibia and South Africa	14/09/1994: Cabinet decision	3 250.00	5 312.07
<b>Total</b>		<b>498 054.71</b>	<b>447 886.74</b>

ANNEXURE A (continued)

2.5 (j) Development projects (Funded by the Namibian Government)

The following were development projects of the Ministry during the 2010/2011 financial year:

Name of project	Approved total estimated cost	Approved appropriation 2010/2011	Total expenditure at 31/03/2010	Actual expenditure 2010/2011	Total expenditure at 31/03/2011	Expected year of completion
Expansion of intranet and the implementation of E-Governance for MAWF	N\$ 18 700 000	N\$ 3 500 000	N\$ 4 016 553.93	N\$ 3 311 813.33	N\$ 7 328 367.26	31/03/2013
Construction of MAWF regional offices	148 000 000	23 000 000	20 575 548.67	17 746 223.85	38 321 772.52	31/03/2013
MAWRD building construction, renovation and upgrading	50 125 000	15 750 000	50 838 283.18	14 618 756.29	65 457 039.47	01/03/2013
Construction of veterinary clinics, offices and accommodation	82 900 000	13 500 000	16 778 797.70	13 121 691.45	29 900 489.15	28/02/2016
Improvement of animal health marketing services	30 000 000	5 000 000	26 852 012.93	5 000 000.00	31 852 012.93	28/02/2015
Extension of the central veterinary laboratory	106 240 000	37 800 000	19 545 564.32	37 394 922.77	56 940 487.09	30/03/2015
Development of plant and animal health inspection centres	34 803 000	13 803 000	3 818 893.20	13 803 000.00	17 621 893.20	31/03/2015
Development of livestock breeding & marketing infrastructure in communal areas	29 838 000	8 925 000	15 736 672.01	8 919 031.21	24 655 703.22	31/03/2013
Upgrading, Maintenance of Farm infrastructure & improvement of systems & Training Institutions & Research Stations	71 715 000	15 000 000	21 098 084.84	14 539 803.60	35 637 888.44	31/03/2014
Support to processing of indigenous plants and mahangu	2 500 000	1 000 000	575 955.40	1 000 000.00	1 575 955.40	14/04/2013
Construction of Agricultural Development Centers	34 250 000	8 640 000	19 429 911.63	8 560 950.63	27 990 862.26	31/03/2013
Kalimbeza Rice Project	15 000 000	5 000 000	-	5 000 000.00	5 000 000.00	31/03/2013
Development of agricultural technology centers	62 000 000	22 000 000	13 950 680.00	22 000 000.00	35 950 680.00	31/03/2013
Green scheme	384 500 000	84 000 000	227 706 341.41	84 000 000.00	311 706 341.41	01/03/2013
Integrated grain storage facilities	22 500 000	4 500 000	36 139 000.00	4 500 000.00	40 639 000.00	31/03/2013
National horticulture development initiative (Horticulture production, marketing and processing)	256 113 000	82 000 000	48 194 438.71	82 000 000.00	130 194 438.71	31/03/2015
Agricultural feasibility studies and surveys	19 240 000	9 000 000	17 154 890.27	9 000 000.00	26 154 890.27	31/03/2013
Research and feasibility studies in water resource management	106 284 000	24 980 000	21 459 957.04	23 291 489.14	44 751 446.18	31/03/2013
Integrated water resource management implementation at Basin level	67 190 000	10 000 000	91 569 223.02	9 992 780.71	101 562 003.73	31/03/2015
Rural water supply coverage (Rural secondary pipeline construction)	380 678 000	43 652 750	462 117 416.06	30 296 545.19	492 413 961.25	31/03/2015
Implementation of decentralisation, constituency office construction	32 600 000	6 000 000	80 042 805.44	4 545 430.46	84 588 235.90	31/03/2013
Implementation of community based management	220 480 000	48 205 000	103 854 006.17	30 091 815.70	133 945 821.87	31/03/2014
Development of regional rural water supply development plan	5 500 000	3 000 000	4 901 460.67	2 262 640.03	7 164 100.70	31/03/2012
Construction of large dams, desalination and provision of water to larger settlements	1 607 510 000	138 832 250	44 771 063.25	108 662 671.01	153 433 734.26	31/03/2013
Construction of dams, traditional wells and pans for livestock drinking	84 000 000	23 000 000	22 530 724.93	18 713 635.38	41 244 360.31	31/03/2013
Desalinated bulk water supply to uranium mines at the coast	138 190 000	5 000 000	3 345 758.93	4 850 567.78	8 196 326.71	04/01/2013
Rural & urban sanitation infrastructure development	75 000 000	10 000 000	4 824 928.90	9 557 714.96	14 382 643.86	30/04/2030
Integrated forestry fire management	216 663 000	31 638 000	41 947 157.76	31 059 186.67	73 006 344.43	31/03/2013
<b>TOTAL</b>	<b>4 302 519 000</b>	<b>696 726 000</b>	<b>1 423 776 130.37</b>	<b>617 840 670.16</b>	<b>2 041 616 800.53</b>	



## ANNEXURE A (continued)

### 2.5 (ii) Donor funded projects

The following development projects of the Ministry were funded externally:

Name of project	Approved total estimated cost	Amount funded 2010/11	Donor	Year of completion
	N\$	N\$		
Geohydrological investigation of the Cuvelai basin including the feasibility of desalination	15 000 000	2 500 000	Germany – BGR	30/04/2013
IWRM in Cuvelai basin	38 500 000	15 000 000	EU – ACP	31/12/2012
<b>Total</b>	<b>53 500 000</b>	<b>17 500 000</b>		

### 2.6 Bursary and study assistance

During the financial year under review the Ministry awarded bursaries to the amount of N\$ 3 712 434.71 to seventy two (72) of its employees.

### 2.7 Donations

#### (i) To the Government

During the financial year the Ministry received the following donations with the necessary Treasury approvals.

Recipients	Nature of donation	Value	Authorization
		N\$	
SPINAP-AHI (African Union)	Land Rover defender 110 station wagon 4DW	220 575.53	20/11/1/20 (2010/335 AM) dd 14/02/2011
SPINAP-AHI (African Union)	5 FCA Yamaha Motorcycles DT175, 5 FCA Helmets	126 432.99	20/11/1/20 (2010/577 AM) dd 14/03/2011
Food and Agriculture Organization (FAO)	1 Trailer, 1 Computer Compaq Laptop NX6110, 1 Projector “NEC”, 1 Computer “DELL”	45 419.85	20/11/1/20 (2010/48 AM) dd 04/06/2010
European Union	Computer network devices , UPS and rack	63 693.15	20/11/1/20 (2010/199 AM) dd 10/09/2010
<b>Total</b>		<b>456 121.52</b>	

#### (ii) By the Government

During the financial year the Ministry donated four (4) herds of Bovines cattle with a total value of N\$ 16 000.00 to the Office of the President with the necessary Treasury approval.

## ANNEXURE A (continued)

### 2.8 Debt to the Government

Description	Balance as at 31/03/2010	New cases for 2010/11	Rectifications / Written offs	16% Interest rate	Over deduction/ refunds	Payments for the year	Balance as at 31/03/2011
Study debt	N\$ 12 554.29	N\$ -	N\$ -	N\$ -	N\$ -	N\$ -	N\$ 12 554.29
Vehicle damages	1 728 280.28	410 945.99	(22 257.08)	1 060.00	20 155.10	74 949.57	2 061 114.72
Unpaid leave	*348 765.36	166 854.95	(5 921.93)	-	-	118 000.80	391 697.58
Theft/Fraud	95 149.51	2 874.71	-	-	-	1 440.00	96 584.22
Overpayments	*1 164 403.09	293 472.56	(17 028.44)	-	3 946.12	341 598.66	1 103 194.67
Veterinary services	44 153.00	-	-	-	-	-	44 153.00
Surcharges	63 712.80	7 126.05	966.82	-	-	1 842.76	69 962.91
Maternity leave	46 690.25	16 490.48	(602.66)	-	-	20 767.75	41 810.32
Others	284 476.47	130 472.76	(2 219.16)	-	1 200.00	28 272.02	385 658.05
<b>TOTAL</b>	<b>3 788 185.05</b>	<b>1 028 237.50</b>	<b>47 062.45</b>	<b>1 060.00</b>	<b>25 301.22</b>	<b>586 871.56</b>	<b>4 206 729.76</b>

\*The opening balances differ from the closing balance due to adjustments made by the Ministry.

### 2.9 Tender Board exemptions

The Ministry obtained the following exemptions from normal Tender Board procedures for acquiring goods and services valued at N\$ 258 862 000.00. The following items were exempted:

Description of goods /services	Exemption number	Amount approved	Actual expenditure	Difference
*Annual Tender Board Exemption from tender procedures: 2010/11 financial year	E1/18/1-1/2010	N\$ *258 862 000	N\$ 147 832 110	N\$ 111 029 890
Request for exemption: Tender A18/1-7/2008: Rendering of security services	E1/18/1-2 /2010	N/A	N/A	-
<b>Total</b>		<b>258 862 000</b>	<b>147 832 110</b>	<b>111 029 890</b>

**ANNEXURE A (continued)**

\*The annual Tender Board Exemption amount comprises the following:

<b>DESCRIPTION</b>	<b>Approved Amount</b>
	(N\$)
Daily travel and subsistence allowances	57 677 000
Consumable for computers, photocopiers, typewriters, calculators and fax machines	2 500 000
Library supplies, books, periodicals, newspapers and subscriptions	800 000
Variety of stock feeds and licks	1 000 000
Spares for windmills	500 000
Video recordings from copyright holders and camera films, developing and enlargement of photos	100 000
Agrochemical and special micro element nutrients and plant and hormone compounds	2 500 000
Laboratory consumables and equipment	2 500 000
Purchase of breeding stock	500 000
Essential germplasm for horticultural and agricultural use	150 000
Purchase of software licenses	800 000
Purchase of fencing materials	3 000 000
Hiring of private aircraft and pilots	1 200 000
Utilities	60 000 000
Repair and purchase of emergency spares, special items and equipment for water supply	800 000
Servicing of adding machines, computers and scales, microfiche and fax machines	450 000
Repairs to laboratory and electronic research equipment	500 000
Maintenance, repairs and other support services for flood warning equipment installations	500 000
Clearing agents	100 000
Hiring of earth moving equipment	2 000 000
Other services and expenses	10 000 000
Transfer payments to implementing agents, national and international organizations and statutory bodies	94 385 000
Purchase of emergency spares, HF communication equipment and spares, special items and equipment for water supply, agricultural, construction and hydrological equipment	7 000 000
Purchase of equipment to apply agrochemical substances	1 500 000
Purchase of laboratory instruments and equipment	1 000 000
Purchase of fire arms	150 000
Purchase of spare parts for mechanical and heavy equipment	1 000 000
Purchase of accessories for ministerial vehicle fleet	1 000 000
Service and repairs on mechanical and heavy equipment	450 000
Vehicle licenses for Ministerial vehicle fleet	3 000 000
Purchase heavy load tyres	1 000 000
Service and repair of trucks above 3 ton carrying capacity and above for towns where there is no approved annual contractor	800 000
<b>Total</b>	<b>258 862 000</b>

**ANNEXURE A (continued)**

**2.10 Suspense accounts**

The Ministry had balances on ten (10) suspense accounts at 31 March 2011. Four (4) had debit balances and six (6) credit balances. The suspense accounts of the Ministry have been thoroughly analyzed and reconciled with the General Ledger accounts for which the Accounting Officer is commended.

The following suspense account had balances of more than N\$ 100 000:

<b>DESCRIPTION</b>	<b>Balance as at 31/03/2011 Debit / (Credit)</b>
	N\$
Equipment Trade Account	(53 623 016.53)
S&T Advance Suspense Account	816 045.36
Rejection Account	4 206 729.76
Seed and Fertilizer Scheme – Kavango Region	(4 626 312.33)
Bills Payable	(60 904 973.43)
Electronic Fund Transfer Clearing Account (EFT)	(146 305.31)

**2.11 Losses**

**(i) Vehicles**

The Accounting Officer reported vehicle damages amounting to N\$ 153 838.01 for the financial year and loss of equipment valued at N\$ 384.00.

**(ii) Equipment**

The Accounting Officer reported losses of equipment valued at N\$ 128 608.00 and surpluses amounting to N\$ 27 998.35 for the financial year.

**WINDHOEK, 2011-10-24**

**ANDREW N NDISHISHI  
ACCOUNTING OFFICER**