



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 2012

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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 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, March 2013

**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 2012**

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 2012 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 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.

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\$ 152 419 869.48 (6.64%). 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, nine (9) operational expenditure subdivisions exceeded the authorised amount with N\$ 6 976 217.08, which is unauthorised in terms of Section 6(a)(iii) of the Act.

The Accounting Officer should put measures in place to avoid such huge underexpenditure and also to avoid any unauthorised expenditure.

4.1.2 Virements

The approved virements were wrongly reflected on three (3) of the Ministry's main divisions in the Appropriation Account. The main divisions were affected as follows:

Main division		Total approved virements	Virements processed in appropriation account	Difference
		N\$	N\$	N\$
03.	Veterinary Services	25 835 429	23 582 386	2 253 043
10.	Resource management	(29 000 000)	(28 654 545)	(345 455)
11.	Rural Water Supply	(11 369 000)	(9 461 412)	(1 907 588)

The differences as explained by the Accounting Officer are as a result of the funds that could not be transferred due to insufficient funds at the time of processing the virement on the Integrated Financial Management System (IFMS).

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

4.1.3 Subsistence allowances outstanding

The statement submitted by the Accounting Officer indicated an amount of N\$ 120 182.00 outstanding at 31 March 2012. Most of the advances were paid during March 2012 and as such the amount reported only represents advances outstanding within the allowed 30 day period.

The suspense account however, revealed a balance of N\$ 235 022.50. The difference between the balances was explained as claims that were outstanding for a period longer than 30 days. The Accounting Officer indicated that advances of which claims were not received within the allowed 30 day period were handed over to the salary section to be deducted from the responsible officials' salaries. The difference between the Subsistence and Travel suspense account and the Debit balance list are balances from the previous financial years which are still being reconciled.

4.1.4 Supporting Documents

The supporting documents for the following statements were not sufficient to verify correctness and amounts do not correspond to the actual expenditure as reflected.

- Deviation from normal tender procedures (Statement 31)
- Cost of Damages to Government property (Statement 37.2)

It is recommended that the Accounting Officer submits reconciled supporting documents to ensure the amounts disclosed in the financial statements are correct.

4.1.5 Equipment

The audit revealed that statement 33 regarding Equipment does not correspond with Treasury stocktaking reports. Failure to reconcile the records might lead to over/ under statement of amounts disclosed in the financial statements.

It is recommended that the Accounting Officer explains the differences.

4.1.6 Suspense accounts

The Ministry had balances on twelve (12) suspense accounts at 31 March 2012. Five (5) had debit balances and seven (7) 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:

DESCRIPTION	Balance as at 31/03/2012 Debit / (Credit)
	N\$
Equipment Trade Account	(43 096 655.33)
S&T Advance Suspense Account	235 022.50
Rejection Account	4 642 523.36
Seed and Fertilizer Scheme – Kavango Region	(5 241 020.84)
Bills Payable	(71 888 112.47)

5. ACKNOWLEDGEMENT

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

6. EMPHASIS OF MATTER

Without qualifying my opinion attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget was underspend with an amount of N\$ 152 419 869.48 (6.64%).
- b) Paragraph 4.1.2 Virements. Differences noted between virements authorized by Treasury and those reflected in the Appropriation account.

7. 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 2012 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 2012, 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**

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269 Independence Avenue
Private Bag 13299
WINDHOEK
NAMIBIA**

1. FINANCIAL STATEMENTS

1.1 Appropriation account

		2011/2012				2010/2011
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Minister:						
Original budget	4 990 000	4 990 000	4 165 088.78	824 911.22	16.53	2 595 140.46
02. Administration:						
Original budget	138 773 000					
Plus: Virement	12 707 340	151 480 340	142 957 818.93	8 522 521.07	5.63	126 564 710.92
03. Veterinary Services:						
Original budget	227 539 000					
Plus: Virement	29 347 186	256 886 186	252 521 320.02	4 364 865.98	1.70	208 864 479.83
04. Research:						
Original budget	103 523 001					
Plus: Virement	795 936	104 318 937	95 969 608.65	8 349 328.35	8.00	74 532 046.69
05. Agriculture Development and Extension:						
Original budget	172 785 999					
Plus: Virement	5 615 288	178 401 287	169 176 888.98	9 224 398.02	5.17	147 681 623.90
06. Agriculture Engineering:						
Original budget	548 448 000					
Plus: Virement	6 000 000	554 448 000	546 235 161.20	8 212 838.80	1.48	204 810 309.21
07. Planning, Pricing, Marketing and Co-operation:						
Original budget	102 237 000					
Plus: Virement	685 680	102 922 680	85 784 722.71	17 137 957.29	16.65	76 521 240.86

ANNEXURE A (continued)

Appropriation account (continued)

2011/2012					2010/2011	
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
08. Agricultural Training:						
Original budget	20 500 000					
Plus: Virement	893 840	21 393 840	18 405 715.17	2 988 124.83	13.97	17 585 933.05
09. Emergency Relief:						
Original budget	147 000	147 000	146 487.00	513.00	0.35	135 992.01
10. Resource Management:						
Original budget	105 388 000					
Less: Virement	(27 041 865)	78 346 135	61 859 693.28	16 486 441.72	21.04	63 947 633.34
11. Rural Water Supply:						
Original budget	726 163 000					
Less: Virement	(4 658 640)	721 504 360	647 847 284.63	73 657 075.37	10.21	342 291 556.83
12. Forestry:						
Original budget	118 144 000					
plus: Virement	2 281 200	120 425 200	117 774 306.17	2 650 893.83	2.20	84 064 308.52
Total:		2 295 263 965	2 142 844 095.52	152 419 869.48	6.64	1 349 594 475.62

ANNEXURE A

(continued)

1.2. Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under expenditure/ (Excess)	Actual expenditure
Operational:	N\$	N\$	N\$	N\$
Current expenditure: Personnel				
001. Remuneration	362 950 082	336 587 161.34	26 362 920.66	294 229 019.81
002. Employer's contribution to the GIPF	44 748 689	38 274 813.38	6 473 875.62	33 403 212.37
003. Other conditions of service	6 553 580	4 633 685.96	1 919 894.04	5 615 951.22
Sub total	414 252 351	379 495 660.68	34 756 690.32	333 248 183.40
Current expenditure: Goods and other services				
021. Travel and subsistence	66 500 950	55 143 799.89	11 357 150.11	45 628 650.96
022. Materials and supplies	55 156 068	47 735 534.90	7 420 533.10	41 692 102.60
023. Transport	92 661 561	92 664 923.50	(3 362.50)	81 919 120.20
024. Utilities	54 741 706	50 996 052.48	3 745 653.52	41 122 693.96
025. Maintenance	13 833 929	12 335 933.04	1 497 995.96	9 619 374.30
026. Property rental and related charges	294 000	5 770.46	288 229.54	3 589.63
027. Other services and expenses	85 286 078	81 592 585.76	3 693 492.24	69 520 133.42
Sub total	368 474 292	340 474 600.03	27 999 691.97	289 505 665.07
Current expenditure: Membership and subscriptions, subsidies and other current transfers				
041. International	3 585 600	2 512 084.26	1 073 515.74	1 968 837.11
042. Domestic	97 650	59 371.05	38 278.95	120 901.83
043. Government organizations	50 000 000	38 075 765.40	11 924 234.60	28 398 249.26
044. Individuals and non-profit entities	38 367 000	38 147 540.12	219 459.88	39 333 945.00
045. Public and departmental enterprises and private industries	29 500 000	29 298 745.87	201 254.13	10 300 000.00
Sub total	121 550 250	108 093 506.70	13 456 743.30	80 121 933.20
Total: Current expenditure	904 276 893	828 063 767.41	76 213 125.59	702 875 781.67
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	8 884 300	7 448 039.85	1 436 260.15	7 191 271.03
102. Vehicles	12 540 000	12 540 000.00	-	14 771 000.00
103. Operational equipment, machinery and plant	15 630 772	13 794 430.79	1 836 341.21	6 915 752.76
Total: Capital expenditure	37 055 072	33 782 470.64	3 272 601.36	28 878 023.79
Total: Operational expenditure	941 331 965	861 846 238.05	79 485 726.95	731 753 805.46
Development:				
Capital expenditure: Goods and other services				
022. Materials and supplies	8 650 000	8 452 917.27	197 082.73	6 272 747.16
027. Other services and expenses	25 160 000	24 279 115.53	880 884.47	24 536 338.82
Total	33 810 000	32 732 032.80	1 077 967.20	30 809 085.98

ANNEXURE A (continued)

Standard subdivisions (continued)

2011/2012				2010/2011
Subdivision	Authorized expenditure	Actual expenditure	Under expenditure / (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 910 000	1 732 248.68	177 751.32	2 101 689.25
103. Operational equipment, machinery and plant	18 800 000	18 352 213.62	447 786.38	20 141 404.21
104. Purchase of buildings	2 700 000	2 683 974.47	16 025.53	-
105. Feasibility studies, design and supervision	86 270 000	82 816 983.23	3 453 016.77	57 839 347.40
106. Purchase of land and intangible assets	5 337 000	5 269 660.40	67 339.60	-
107. Construction, renovation and improvement	652 580 000	590 898 690.70	61 681 309.30	267 329 192.69
Sub total	767 597 000	701 753 771.10	65 843 228.90	347 411 633.55
Capital expenditure: Capital transfers				
131. Government organizations	552 525 000	546 512 053.57	6 012 946.43	179 060 950.63
133. Public and departmental enterprises and private industries	-	-	-	60 559 000.00
Sub total	552 525 000	546 512 053.57	6 012 946.43	239 619 950.63
Total: Development expenditure	1 353 932 000	1 280 997 857.47	72 934 142.53	617 840 670.16
Grand total:	2 295 263 965	2 142 844 095.52	152 419 869.48	1 349 594 475.62

ANNEXURE A (continued)

1.3. Departmental revenue

Revenue for the financial year is as follows:

Revenue heading	2011 / 2012			2010 / 2011
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private telephone calls	6 250	1 672.32	(4 577.68)	3 107.38
Unclaimed cheques	-	(1 153 015.00)	(1 153 015.00)	1 158 979.81
Miscellaneous *	375 115	1 364 205.29	989 090.29	1 838 463.98
Lost equipment and stores	30 000	31 005.73	1 005.73	55 608.12
Ministerial fines	8 836	-	(8 836.00)	1 279.79
Lease/letting State land and buildings	150 360	397 346.24	246 986.24	140 710.00
Sale of stock and farm produce	5 050 000	3 727 413.56	(1 322 586.44)	4 438 458.05
Veterinary and clinical services	1 050 000	1 447 741.02	397 741.02	687 710.81
Services rendered to ministries	5 113	-	(5 113.00)	2 155.87
Performance testing fees	5 911	-	(5 911.00)	50.00
Sale of furs and wool	309 645	597 384.58	287 739.58	519 274.52
Grazing fees	4 000	2 820.00	(1 180.00)	3 720.00
Meat hygienic services	1 924 397	3 454 252.43	1 529 855.43	1 778 163.99
Registration fees on remedies, feeds and fertilizers	523 384	835 877.24	312 493.24	846 167.00
Hides and skins	10 220	11 071.70	851.70	8 180.70
Ploughing services	1 044	701 224.35	700 180.35	103 978.50
Planting services	252	1 005.00	753.00	300.00
Seeds and fertilizers	1 065	178 735.86	177 670.86	238 645.60
Auction fees	2 946 352	1 853 486.22	(1 092 865.78)	100.00
Sale of water and electricity: Employees	120 255	168 740.14	48 485.14	195 514.04
Sale of water (Hardap irrigation scheme)	-	47 710.09	47 710.09	-
Laboratory testing fees	1 222 285	1 555 619.50	333 334.50	1 036 593.58
Meter linkage and rental fees	2 050 310	3 010 450.00	960 140.00	3 184 000.00
Permit fees	2 912 430	3 089 865.10	177 435.10	2 858 769.28
Commission fees	452 000	463 690.00	11 690.00	489 864.64
Game and game produce	16 580	4 436.00	(12 144.00)	9 317.12
Total	19 175 804	21 792 737.37	2 616 933.37	19 599 112.78

ANNEXURE A (continued)

* Miscellaneous revenue is compiled as follows:

Nature of revenue	Amount
	N\$
Photocopies / Faxes	867.00
Stock card	7 957.00
Lost access cards	950.00
Tender documents	13 100.00
Books	23 289.38
Overtime on State veterinarians	15 055.41
Cleaning of borehole	1 000.00
Participation fees	651 555.87
Workshop	375.00
Eartags	897.50
Quarantine	150.00
Board and lodging	720.00
Lost equipment	538.80
Scrap metal	2 312.00
Refund on employer GIPF contribution	168 240.70
Accommodation	172 996.95
Transport for State veterinarians	199 807.28
Refund on previous year expenses	104 392.40
Total	1 364 205.29

ANNEXURE A (continued)

1.4 Trade account: Equipment and transport

(i) Balance sheet as at 31 March 2012

	2011/2012	2010/2011
	N\$	N\$
Capital employed	159 905 486	135 512 093
Capital as at 1 April	135 512 093	118 589 242
Net Surplus/(Deficit)	24 393 393	16 922 851
	159 905 486	135 512 093
Employment of capital	116 808 831	81 889 077
Fixed assets at net book value	81 889 077	73 005 660
Purchases	34 919 754	8 883 417
Plus:	43 096 655	53 623 016
State revenue fund	43 096 655	53 623 016
	159 905 486	135 512 093

ANNEXURE A (continued)

(ii) Replacement Reserve Fund for the year ended 31 March 2012

	2011/2012	2010/2011
	N\$	N\$
Balance on 1 April	53 623 016	45 583 582
Plus: Transfer from income statements	(10 526 361)	8 039 434
Capital	(34 919 754)	(8 883 417)
Net Surplus for the year	24 393 393	16 922 851
MINISTRY OF FINANCE LEDGER ACCOUNT	43 096 655	53 623 016
Remarks: Balance to be kept in the account for the following reasons:		
i. The purchase for new vehicles committed in fiscal year	25 857 933	32 623 016
ii. License renewals of vehicles	5 000 000	5 000 000
iii. Maintenance and repairs on the vehicles fleet	12 238 662	16 000 000
Total	43 096 655	53 623 016

(iii) Capital income for the year ended 31 March 2012

	2011/2012	2010/2011
	N\$	N\$
Gross income	48 510 666	34 267 731
Rental charges	32 956 417	28 563 303
Auctions	3 559 543	143 500
Transfer for purchase of new vehicles	11 994 706	5 560 928
Less: Expenditure	34 919 754	8 883 417
Purchases of new vehicles	34 919 754	8 883 417
Net profit for the financial year 2011/2012	13 590 912	25 384 314

ANNEXURE A (continued)

(iv) Maintenance income statement for the year ended 31 March 2012

	2011/2012	2010/2011
	N\$	N\$
Gross income	51 079 801	51 206 391
Rental charges	49 434 175	42 844 954
Transfers	1 645 626	8 361 437
Less: Expenditure	75 196 775	68 551 272
AFS payments	754 644	1 501 588
Fuel & Oil	21 439	102 497
Repairs and maintenance	7 506 722	5 417 099
Roads Authority	3 167 409	2 224 704
Other expenses	892 327	46 380
Vehicle hiring from Government Garage	2 854 234	1 246 754
Log and trip authority books	-	12 250
Stannic transfers	60 000 000	58 000 000
Net loss for the financial year 2011/2012	(24 116 974)	(17 344 881)

1.5. Notes to the financial statements

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

Underexpenditure

Main division 01: Office of the Minister (N\$ 824 911.22 – 16.53%)

The trips for the Minister and the Deputy Minister were mainly due to invitations and it was very difficult to predict how many trips they would undertake, however fewer trips took place than anticipated.

The other contributing factor was due to the fact that less furniture and stationaries as well as cleaning materials were procured during the financial year, thus resulted in an underexpenditure.

Main division 02: Administration (N\$ 8 522 521.07 – 5.63%)

The under spending of funds under this main division was mainly due to the fact that funds budgeted for the Deputy Directors of Human Resource and Internal Audit could not be filled on time. The positions for the Chief Accountant, Accountant, Record clerks and Account Assistant are still vacant. The induction training that was planned to take place in the regions could only start in February 2012; therefore all Regions could not be catered for.

Main division 04: Research (N\$ 8 349 328.35 – 8.00%)

There are seven important positions which are not yet filled due to unavailability of suitable candidates. The Chief Agricultural Researcher post for the Analytical Laboratory was advertised and interviewed, but there was no suitable candidate to fill the post. Additionally, the Chief Agricultural Research posts for Agronomy and Horticulture were also advertised and no suitable candidates were identified.

Subsequently, a request for relaxation was sent to the Public Service Commission for which the Directorate of Agricultural Research and Training (DART) was advised to re-advertise.

Main division 05: Agriculture development and extension (N\$ 9 224 398.02 – 5.17%)

There are four Chief Agricultural Extension Officer posts which were advertised internally and no qualified candidate has been found. Twenty eight extension posts are vacant and advertisement was done for some of the posts. Small Stock research and Large Stock research were also advertised and no suitable candidates could be identified, thus resulted to an under spending.

ANNEXURE A (continued)

Main division 07: Planning, pricing, marketing and co-operation (N\$ 17 137 957.29 – 16.65%)

The Ministry has been utilizing the presence of ministerial staff stationed in foreign countries to attend to regular official commitments, which caused less international travelling for home based staff members.

The Ministry pays membership fees and interest subsidies for the agricultural financing schemes such as the Affirmative Action Loan (AAL) only on strength of invoices from Agri-Bank. Reasons for less spending on interest subsidies is that clients older than 10 years, are no longer eligible for subsidies and there are less new clients participating in the financing schemes.

Main division 08: Agricultural training (N\$ 2 988 124.83 – 13.97%)

The delay in the implementation of the turnaround strategy for Tsumis and Mashare Training Colleges as recommended by the consultant also caused certain key positions not to be filled. These vacancies led to underexpenditure under other subdivisions due to activities that could not be carried out

There are three vacant Chief Agricultural Training officers' positions for the Division of Training (DAT) HQs, Tsumis Arid Zone Agricultural Centre (TAZAC) and Mashare Agricultural Development Institute (MADI). A request for relaxation was also made and the response was received in March 2012. The process of filling these posts is underway. Since these positions are not filled, it follows therefore that their GIPF contributions were not made, hence the under spending

Main division 10: Resource management (N\$ 16 486 441.72 – 21.04%)

The under spending was mainly due to the budgeted posts that were not filled for the whole year, as well as resignations, internal transfers in rank and the delays caused by the interpretation and application of the recruitment process.

Another contributing factor was the extension of the EU and German support projects to the integrated Water Resource Management (IWRM) activities and ground water investigations in Cuvelai resulting in less use of GRN funds.

Other reasons for under spending was due to the delay on the feasibility study of a dam on the lower Orange River, the construction of the low flow gauging weir at Sendelingsdrift in the Lower Orange River, the flooding damage in April to May 2011 as well as the west coast desalination project.

Main division 11: Rural water supply (N\$ 73 657 075.37 – 10.21%)

The variance is coming from vacant posts that were not filled due to the recruitment process of professional categories, fluctuation or movement of personnel due to retirements, resignations and promotions. These vacancies also lead to underexpenditure under the other subdivisions due to activities that could not be carried out. The other contributing factor was due to the late awarding of Community Water Points training Tender.

ANNEXURE A (continued)

The amount of N\$ 10 million was budgeted for 2011/12 financial year for the payment of consulting fees of the Desalination project. However, only N\$ 5 million could be paid. The project construction was initially, scheduled for construction to start towards the beginning of the year 2011/12.

However, due to the Euro crises and the Fukushima disaster bidders were affected in obtaining financial closures with lending institutions and the mines could not commit to the water off-take and hence the delay in the project implementation. The set milestone of construction at the beginning of 2012 could not be reached and no payment could be made to the consultants resulting in the under spending.

The tender process on the Onambutu (Rural Water Supply Coverage) took longer than anticipated and it was awarded very late thus resulting in the under spending of funds.

The implementation of Decentralization, Constituency Office Construction and the approval of the Government buildings are done through the Ministry of Works, Transport & Communication. Such approval from MWTC took long and the tender was awarded late towards the end of the financial year.

Construction of Large Dams, Desalination (brackish water) and Provision of Water to Larger Settlements, some funds could not be spent because of non-award of the tender for the clearing of reeds in the Fish River near Mariental and the request for Tender Board exemption to conduct the feasibility study for the Vioolsdrift/Noordoewer Re-regulating Dam withdrawn and the study could therefore not commence as envisaged.

Construction of Dams, Traditional Wells and Pans for Livestock Drinking was delayed as the old designs of the dams was revised and the new designs needed conceptualization before implementation which took long and resulted in the under spending of some funds.

The Rural and Urban Sanitation infrastructure, tender was done through the Regional Tender Board and due to the line of communication between the Ministry and the Regional Council's office the tender was submitted late to the Regional Tender Board.

The Sanitation Training for the Extension officers was delayed and not all targeted people could go on training as was planned.

Main division 12: Forestry (N\$ 2 650 893.83 – 2.20%)

The Directorate of Forestry anticipated filling various positions such as Principal Foresters, Senior Foresters, Senior Forest Technicians, Leader Laborers and Laborers, unfortunately all of them were not filled.

Provision was made for the purchasing of uniforms for the Directorate of Forestry but the tender did not materialized, thus resulted in under spending.

ANNEXURE A (continued)

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

(i) Over-estimated

Unclaimed cheques

The cheques to an amount of N\$ 1 153 015 was written back and got lost in transit.

Sale of stock and farm produce

There was a delay in obtaining Treasury approval for the selling of redundant animals and vegetables on the research station farms and training institutions. Hence the estimated income could not be collected during the period under review.

Auction fees

Due to the expiring of the auction tender and the late approval of submission for livestock auctions, not all auctions could be addressed during the financial year.

(ii) Underestimated

Miscellaneous

The increase in collection of revenue under this code is mainly attributed to the fact that many under script payments were put under miscellaneous.

Lease and letting of state land and buildings

The increase in revenue collection is mainly attributed to the fact that the Ministry leased some houses to private companies (Namibian Diaries in Mariental) for their staff members.

Veterinary and clinical services

The demand for the Services rendered by the Directorate of Veterinary Services is high from the farmers, therefore awareness and demand has increased. An efficient cost recovery system is in place. The other contributing factor is that clinical services coverage has increased in the Northern Communal Areas (NCA's).

ANNEXURE A (continued)

Sale of furs and wool

The international Karakul (Swakara) pelts price increased drastically. Farmers needed Karakul old ewes which were previously sold for meat, but this year farmers bought for breeding.

Meat hygienic services

The increase in revenue collected is attributed to the fact that more meat and meat products were exported to the European Union countries and Africa. The increase in revenue is from meat inspection services and re-imburement of overtime by export abattoirs and meat processing facilities operators.

Registration fees on remedies, feeds, fertilizers

The increase in revenue collection under this revenue code was due to the increase in registration fees and renewals, as well as continuous inspection to determine unregistered products and effective border control.

Ploughing services

The Government re-introduced ploughing services and purchased 70 tractors with implements to provide land preparation for farmers in the Northern Communal Areas (NCA's).

Seeds and Fertilizers

Government purchased mahangu and maize seeds and sold it on subsidized prices to farmers. The demand for seeds in the communal areas is very high thus resulted in more revenue collected.

Laboratory testing fees: Agriculture

The revenue collected at Central Veterinary laboratory was due to an increase in the number of samples from the veterinary offices; hence more testing was done from export abattoirs, law enforcement (feed), private vets and individual farmers.

Meter linkage and rental fees

The number of private connections take off has exceeded expectations, which resulted in the increase of estimated revenue from N\$ 2 050 310 to N\$ 2 919 250. That represents an increase of 42% on the estimated revenue during the financial year 2011/12. Community members who could afford were allowed to do private connections to Rural Water Supply storage facilities in consultation with the local water points and rather connect their pipelines for their own convenience.

Permit Fees

The public has become aware of the forest legislation; therefore most of the people are requesting or applying for forest permits. The reason for collecting more revenue from permits is that there has been a high demand for import and export of plants and plant products, which led to more permits being issued by the subdivision. The increase in revenue collection is also as a result of the increase of veterinary permits from N\$ 50.00 to N\$ 100.00.

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 31/03/2012
		N\$
Embassy of Namibia Agriculture Account	ING – Brussels Sweden	671 185.86*
Northern Regions Livestock Development Project: Training bank account	Standard Bank - Windhoek	4 175 060.93
Northern Regions Livestock Development Project: 32 days call account	Standard Bank - Windhoek	3 984 000.12
Capital Project Account (Pro Trusses): 32 day investment account	Standard Bank - Windhoek	1 430 971.23
Integrated Water Resources Management (IRBM) Plan	Standard Bank - Windhoek	29 326.75
Integrated Water Resources Management (IRBM) Plan call account	Standard Bank - Windhoek	351 570.93
Emergency Animal disease control	FNB-Windhoek	5 234 208.33
MAWF-Water support	FNB- Windhoek	65 801 631.24
SPINAP-AHI	FNB- Windhoek	(account closed)
Project Immunoprophylaxis and molecular epidemiology	Nedbank- Windhoek	2 116.01

*Exchange rate: €1.00 = N\$ 10.23570

2.2. Compensation Payments

During the financial year under review the Ministry made compensation payments amounting to N\$ 506 699.15 with the necessary Treasury approvals.

2.3. HIV/AIDS

During the financial year under review the Ministry incurred expenditure amounting to N\$ 360 371.00 relating to awareness creation activities, housing allowances, workplace program and basic counseling and support programs in respect of HIV/AIDS of this amount N\$ 126 851.00 was funded by donor funds (GIZ).

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:

Beneficiary	Date of appointment	Expenditure	
		2011/2012	2010/2011
		N\$	N\$
Co-operative Advisory Board	21 /12/1996: Act 23 of 1996	311 898.20	142 354.53
Okavango River Basin Water Commission	15 /09/1994: Cabinet decision	136 893.91	227 588.29
Orange Sengu River Basin Commission (ORASECOM)	3 /11/2000: Cabinet decision	55 297.54	66 612.11
Permanent Joint Technical Committee on the Kunene River	18/9/1990: Cabinet decision	-	14 523.02
Zambezi River Basin Commission	Under negotiation	2 699.66	30 702.76
SADC Water Resources Technical Committee	Unknown	4 250.00	13 024.00
Permanent Water Commission PWC between Namibia and South Africa	14/09/1994: Cabinet decision	6 530.50	3 250.00
AMCOW	2002	3 163.84	-
Total		520 733.65	498 054.71

ANNEXURE A (continued)

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

The following were development projects of the Ministry during the 2011/2012 financial year:

Name of project	Approved total estimated cost	Approved appropriation 2011/2012	Total expenditure at 31/03/2011	Actual expenditure 2011/2012	Total expenditure at 31/03/2012	Expected year of completion
Expansion of intranet and the implementation of E-Governance for MAWF	N\$ 12 369 000	N\$ 3 500 000	N\$ 7 328 367.26	N\$ 3 500 000.00	N\$ 10 828 367.26	31/03/2013
Construction of MAWF regional offices	164 093 000	16 628 000	38 321 772.52	16 415 374.29	54 737 146.81	31/03/2013
MAWRD building construction, renovation and upgrading	60 307 000	10 750 000	65 457 039.47	10 503 019.00	75 960 058.47	01/03/2015
Construction of veterinary clinics, offices and accommodation	95 043 000	38 652 957	29 900 489.15	38 618 942.81	68 519 431.96	28/02/2016
Improvement of animal health marketing services	67 037 000	7 000 000	31 852 012.93	7 000 000.00	38 852 012.93	28/02/2015
Extension of the central veterinary laboratory	109 547 000	39 240 000	56 940 487.09	39 190 014.97	96 130 502.06	30/03/2015
Development of plant and animal health inspection centers	41 591 000	8 000 000	17 621 893.20	7 847 393.00	25 469 286.20	31/03/2015
Development of livestock breeding & marketing infrastructure in communal areas	29 826 000	6 925 000	24 655 703.22	6 925 000.00	31 580 703.22	31/03/2013
Upgrading, Maintenance of Farm infrastructure & improvement of systems & Training Institutions & Research Stations	80 950 000	25 363 000	35 637 888.44	24 831 625.61	60 469 514.05	31/03/2014
Support to processing of indigenous plants and mahangu	11 340 000	500 000	1 575 955.40	500 000.00	2 075 955.40	14/04/2013
Construction of Agricultural Development Centers	51 600 000	11 974 000	27 990 862.26	11 961 053.57	39 951 915.83	31/03/2013
Kalimbeza Rice Project	32 211 000	18 817 000	5 000 000.00	18 817 000.00	23 817 000.00	31/03/2013
Development of agricultural technology centers	60 813 000	20 273 000	35 950 680.00	20 273 000.00	56 223 680.00	31/03/2013
Green scheme	3 311 198 000	373 617 000	311 706 341.41	373 617 000.00	685 323 341.41	01/03/2013
Integrated grain storage facilities	80 014 000	15 208 000	40 639 000.00	15 208 000.00	55 847 000.00	31/03/2013
National horticulture development initiative (Horticulture production, marketing and processing)	1 680 371 000	111 296 000	130 194 438.71	105 296 000.00	235 490 438.71	31/03/2015
Agricultural feasibility studies and surveys	26 634 000	3 000 000	26 154 890.27	2 989 630.22	29 144 520.49	31/03/2013
Research and feasibility studies in water resource management	130 677 000	13 951 455	44 751 446.18	13 570 155.58	58 321 601.76	31/03/2015
Integrated water resource management implementation at Basin level	126 262 000	7 000 000	101 562 003.73	5 249 226.01	106 811 229.74	31/03/2015
Rural water supply coverage (Rural secondary pipeline construction)	1 208 849 000	105 243 000	492 413 961.25	81 211 748.56	573 625 709.81	31/03/2015
Implementation of decentralization, constituency office construction	25 822 000	2 037 000	84 588 235.90	1 953 014.46	86 541 250.36	31/03/2011
Implementation of community based management	267 664 000	51 058 000	133 945 821.87	46 542 372.34	180 488 194.21	31/03/2014
Construction of large dams, desalination and provision of water to larger settlements	2 813 730 000	365 000 000	153 433 734.26	337 658 583.82	491 092 318.08	31/03/2013
Construction of dams, traditional wells and pans for livestock drinking	82 613 000	15 000 000	41 244 360.31	14 044 654.60	55 289 014.91	31/03/2013
Desalinated bulk water supply to uranium mines at the coast	101 823 000	10 000 000	8 196 326.71	5 415 648.19	13 611 974.90	04/01/2013
Rural & urban sanitation infrastructure development	89 576 000	13 538 588	14 382 643.86	12 223 398.61	26 606 042.47	30/04/2030
Integrated forestry fire management	231 268 000	60 360 000	73 006 344.43	59 636 001.83	132 642 346.26	31/03/2013
TOTAL	10 993 228 000	1 353 932 000	2 034 452 699.83	1 280 997 857.47	3 315 450 557.30	

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 2011/12	Donor	Year of completion
	N\$	N\$		
Geohydrological investigation of the Cuvelai basin including the feasibility of desalination	15 000 000	8 610 000	Germany – BGR	30/04/2013
IWRM in Cuvelai basin	38 500 000	15 000 000	EU – ACP	30/09/2013
Total	53 500 000	23 610 000		

2.6 Bursary and study assistance

During the financial year under review the Ministry awarded bursaries to the amount of N\$ 5 023 891.07 to ninety three (93) 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\$	
Roads construction company (RCC)	Boreholes drilled between Tsumeb and Katwitwi	-	20/11/1/20 (2011/116 AM) dd 19/10/2011
Mr. Stefanus Isaacks	1 Water borehole	15 000.00	20/11/1/20 (2011/599 AM) dd 13/03/2012
Total		15 000.00	

(ii) Aid/pledges, donations, gifts, assistance, free services by the Government

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

Recipients	Nature of donation	Value	Authorization
		N\$	
Ministries, churches, schools, community projectors, communal and resettlement farmers	200 000 Seedling trees	2 000 000	20/11/1/20 (2011/35 AM) dd 11/08/2011
Marginalized farming communities	Livestock – 20 Donkeys	-	20/11/1/20 (2011/223 AM) dd 25/01/2012
Total		2 000 000	

**ANNEXURE A
(continued)**

2.8 Loans by the Government

Description	Balance as at 31/03/2011	New cases for 2011/12	Rectifications / Written offs	16% Interest rate	Over deduction/refunds	Payments for the year	Balance as at 31/03/2012
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Study debt	12 554.29	-	-	-	-	-	12 554.29
Vehicle damages	2 061 114.72	150 589.89	63 551.64	-	-	79 632.39	2 068 520.58
Unpaid leave	391 697.58	169 959.43	3 660.61	-	1 418.21	137 250.25	422 164.36
Theft/Fraud	96 584.22	4 289.40	120.00	-	-	4 757.24	95 996.38
Overpayments	1 103 194.67	762 229.40	1 477.68	-	8 042.13	354 257.97	1 517 730.55
Veterinary services	44 153.00	-	-	-	-	-	44 153.00
Surcharges	69 962.91	8 262.82	-	-	-	7 684.30	70 541.43
Maternity leave	41 810.32	-	-	-	-	8 861.49	32 948.83
Others	385 658.05	83 883.51	6 287.84	-	2 203.75	87 543.53	377 913.94
TOTAL	4 206 729.76	1 179 214.45	75 097.77	-	11 664.09	679 987.17	4 642 523.36

2.9 Tender Board exemptions

The Ministry obtained the following exemptions from normal Tender Board procedures for acquiring goods and services valued at N\$ 404 640 850.68. The following items were exempted:

Description of goods /services	Exemption number	Amount approved	Actual expenditure	Difference
		N\$	N\$	N\$
Annual Tender Board Exemption from tender procedures: 2011/12 financial year	E1/18/1-1/2011	332 262 000	329 280 205.98	2 981 794.02
Request for exemption from tender procedures: MCA-N State veterinary office	E1/18/1-2 /2011	6 000 000	6 000 000.00	-
Tender board exemption for TIPEEG projects: construction of a bulk pipeline, elevated storage reservoirs, community water points and manifold water meter installations for the Katima Mulilo-Kongola water supply	E1/18/1-3 /2011	29 000 000	29 000 000.00	-
Project no 20/03/040: Renovation of central veterinary laboratory of Namibia	E1/18/1-4 /2011	26 000 000	25 323 890.85	676 109.15
Construction of road under TIPEEG project: The equipment based construction of Alex Muranda Livestock Development Centre access road from trunk road 8/3 to Alex Muranda Livestock Development Centre	E1/18/1-6 /2011	7 878 850.68	7 878 850.68	-
Operation of a fleet management system for the Ministry of Agriculture, Water and Forestry	E1/18/1-7 /2011	3 500 000	3 500 000.00	-
Total		404 640 850.68	400 982 947.51	3 657 903.17

WINDHOEK, 2011-10-23

**JOSEPH IITA
ACCOUNTING OFFICER**