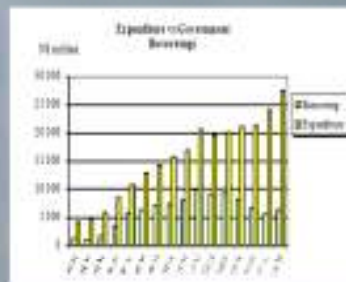




REPUBLIC OF NAMIBIA



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

# GOVERNMENT OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

Published by authority

Price (Vat excluded) N\$ 56.53  
Report no 103/2014

# OFFICE OF THE AUDITOR-GENERAL

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To be an independent, professional supreme audit institution that produces quality and timely reports resulting in the best use of public resources.

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The Office of the Auditor-General is committed to provide independent and credible audit services for legally assigned public and other institutions based on international standards of auditing through quality reporting to the National Assembly and general public resulting in increased accountability and transparency.

**Enhancing**

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**Accountability**

**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 2013 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, NOVEMBER 2014**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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**SUMMARY REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE  
GOVERNMENT OF NAMIBIA  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2013**

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## **1. INTRODUCTION**

This report summarizes the main audit findings on the general accounts and Ministries/Offices/Departments on which audit reports have been tabled individually during 2014. It also includes the general accounts of the Government of Namibia for the financial year ended 31 March 2013 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.

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. SCOPE OF THE AUDIT**

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.

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.

### 3. MAIN FINDINGS

#### 3.1 Expenditure

The overall expenditure on all thirty (30) Ministries/Offices/Departments amounted to an under expenditure of N\$ 1.72 billion or 5% of the total budget compared with an under expenditure of N\$ 1.5 billion or 4% in the previous year.

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.

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”.*

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

The expenditure on the accounts of one (1) Department exceeded the approved budget. The total excess expenditure on this account amounted to more than N\$ 1.9 million. This compares with three (3) accounts with excess expenditure totaling some N\$ 26.5 million in the previous financial year.

The unauthorized expenditure decreased by N\$ 119 million or 44 % (2012: N\$ 388 million or 93.6% - decrease). 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 on time.

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:

|     |                               | 2012/13             | 2011/12              | 2010/11               |
|-----|-------------------------------|---------------------|----------------------|-----------------------|
|     |                               | Excess              | Excess               | Excess                |
|     |                               | N\$                 | N\$                  | N\$                   |
| 05. | Home Affairs and Immigration  | -                   | -                    | 20 677 341.50         |
| 06. | Police                        | 1 989 189.99        | 3 072 656.10         | -                     |
| 07. | Foreign Affairs               | -                   | -                    | 35 676 897.66         |
| 08. | Defence                       | -                   | 11 233 644.79        | -                     |
| 10. | Education                     | -                   | -                    | 312 491 686.41        |
| 13. | Health and Social Services    | -                   | -                    | 35 216 628.45         |
| 16. | Justice                       | -                   | 12 201 603.46        | 11 665 802.34         |
| 17. | Regional and Local Government | -                   | -                    | 146 173.49            |
|     |                               | <b>1 989 189.99</b> | <b>26 507 904.35</b> | <b>415 874 529.85</b> |

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 13 (2012: 18) main divisions in the vote accounts:  
N\$ 70 810 978.46 (2012: N\$ 130 748 759.28).

Excess expenditure on funds approved for 135 (2012: 206) subdivisions of the main divisions in the vote accounts: N\$ 195 908 465.75 (2012: N\$ 324 282 176.22).

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

Auditor-General  
National Council  
Youth, National Service, Sport and Culture  
Finance  
Anti-Corruption Commission  
National Planning Commission  
Environment and Tourism

### **3.2 Qualified audit opinions**

Qualified (negative) audit opinions were expressed on the vote accounts of nine (9) Ministries/Offices/Departments compared with ten (10) 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. No report has a Disclaimer of Opinion compared to five (5) in the previous year and implies that the Auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### **Management response**

The Ministry of Finance has noted the number of qualified audit opinions on 9 Votes compared to 10 in the previous year. The Ministry of Finance notes improvement in the number of qualified opinions. Treasury held a meeting with the ten (10) OMAs in an effort to identify the shortcomings which give rise to unqualified audit opinions. This intervention, together with on-going reconciliations reforms and Accountants training will assist to improve the OMAs financial management and address issues raised by the Office of the Auditor General.

### **3.3 Other observations**

#### **3.3.1 Budget controls**

Three (3) Ministries/Offices/Departments exceeded the approved budget amounts on between 10 to 30 subdivisions of their respective votes (2012: nine {9}) while twenty (20) exceeded less than ten (10) subdivisions (2012: seventeen (17)). 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%:

| Ministries/Offices/Departments                               | Percentage |
|--|------------|
|  | %          |
| President  | 0.31       |
| Auditor-General  | 0.42       |
| Foreign Affairs  | 0.02       |
| Defence  | 0.01       |
| Education  | 1.14       |
| Justice  | 0.07       |
| Regional and Local Government, Housing and Rural Development | 1.30       |
| Trade and Industry   | 1.37       |
| Prisons and Correctional Services                            | 0.27       |
| Veteran Affairs  | 0.12       |

### Management response

The Ministry of Finance shall strengthen mechanisms to coordinate with O/M/As to limit expenditure at Vote or Main Division or Subdivision to corresponding budgeted amounts as a measure to curb exceeding of budgeted amounts at Vote or Main Division or Subdivision levels. As a current measure, the Ministry of Finance now hold monthly meetings with Financial Advisors as a mechanism to enhance financial control and management.

### 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 sixteen (16) (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.

### Management response

Treasury has initiated measures in the IFMS that are aimed at linking all payments to Tender Authorisation Reference Numbers. The service provider has been requested to investigate this linkage, and to ensure that the IFMS system is able to link all payments to limits approved by the Tender Board. The module has been developed and once successfully tested, it would be rolled out to all the O/M/As. However, all O/M/As shall be requested in the meantime to design measures to control the amounts under exemptions. The attention of the Office of the Auditor-General on this matter is drawn to the systems compatibility testings that have been undertaken during the 2014 year.

### **3.3.3 Subsistence advances**

At fourteen (14) (previous year – 17) Ministries/Offices/Departments discrepancies were found. In some cases it was found that there were long outstanding subsistence advances, mainly due to the reluctance of staff to submit the relevant claim forms against which these advances can be cleared. Treasury instructions require submission of claims within thirty (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.

#### **Management response**

The compliance of the O/M/As to Treasury Instructions HB 0500 remains a concern. Given the accounting system currently in place, the outstanding balances for trips undertaken during the last months of the year end, would show a balance in the General Ledger at year end. These balances are then accounted for in the next financial year. Treasury is examining the matter, to design a suitable system of accounting.

The Ministry of Finance is making efforts to ensure that the DSA suspense account balance and the DSA Debit Balance list do reconcile to each other. In this respect, O/M/As are mandated to perform their reconciliations, and submit a reconciliation certificate. Cases of non-compliance by O/M/As to this would be reported to the Secretary to Cabinet.

Training by MoF has been provided to the accountants at the O/M/As during October 2013 as well as June 2014 touching on these matters specifically as well as actions required from the O/M/As.

### **3.3.4 Reconciliation of suspense accounts**

It was found that twenty one (21) (previous year – 27) 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.

#### **Management response**

The reconciliation of suspense accounts is an on-going exercise. Accordingly, reconciliation certificates are submitted to Treasury, as an effort to compel O/M/As to reconcile all suspense accounts. However, Treasury does not imply that O/M/As have fully reconciled all items on the suspense accounts. Cases of non-compliance by O/M/As to this would be reported to the Secretary to Cabinet.

Training by MoF has been provided to the accountants at the O/M/As during October 2013 as well as June 2014 touching on these matters specifically as well as actions required from the O/M/As.

### **3.3.5 Appropriation accounts**

On eighteen (18) (previous year – 19) 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.

## **Management response**

It can be observed that, at the time of seeking approval for virements, the O/M/As may have continued to commit expenditures, such that after approval is granted, the amount available for virement is reduced. As a result, the virement processed would then be reduced. It is Treasury's view that, given the system capabilities, for as long as the virement processed does not exceed the approved virement, the O/M/As can be viewed to be in compliance. In the future, the Ministry of Finance is investigating a control mechanism that allows the system to commit the amount earmarked for virement and freeze its usage until the virement is considered and processed.

### **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 eight (8) (previous year – 12) 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.

## **Management response**

The Ministry of Finance has taken note of the observation of the Office of the Auditor-General on the matter. However, to the extent that such information is not to be submitted by the Accounting Officers in terms of the State Finance Act, 1991, Treasury will find it difficult to enforce it.

### **3.3.7 Bank accounts**

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 five (5) (previous year-10) 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.

## **Management response**

The Ministry of Finance is investigating to introduce measures, using the IFMS system, where transactions expended of bank accounts are maintained on the system, and periodic reconciliations are to be performed.

Treasury has commenced a reform process to reduce the number of commercial bank accounts held by O/M/As, and to strengthen compliance to Treasury directives for those that will remain open, and to ensure strict compliance. As a consequence, most bank accounts has been closed on the instructions of Treasury. Those that remain will be subjected to Treasury conditions, including mandatory reconciliations.

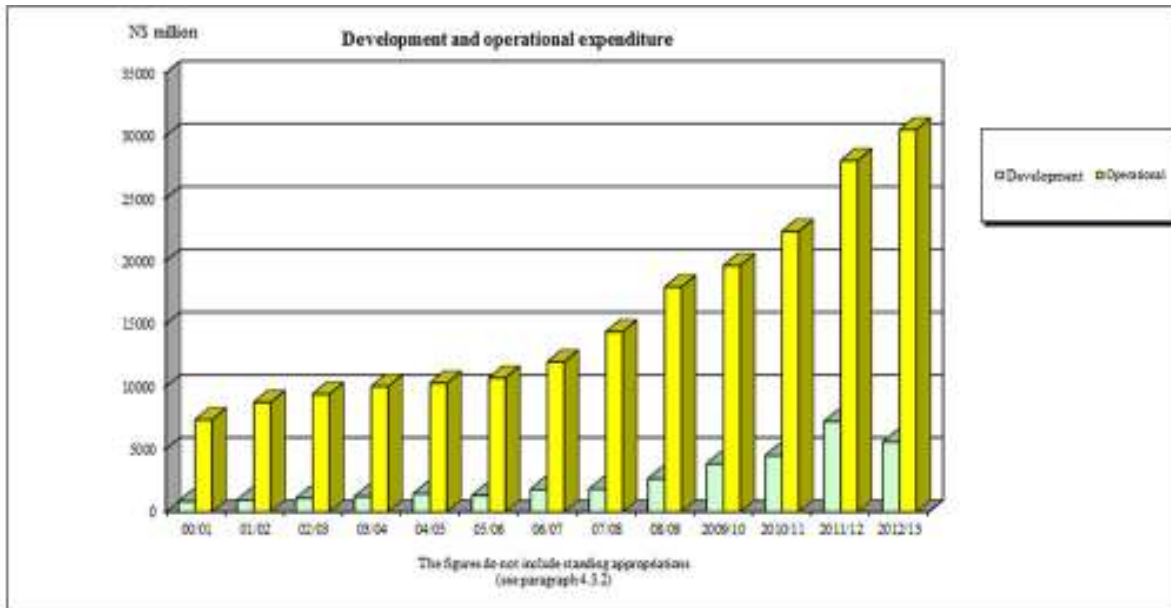
Training by Ministry of Finance provided to the Accountants at the O/M/As during October 2013 as well as June 2014 focused on bank reconciliations. Bank reconciliation templates were also distributed by MoF to all O/M/As to assist them in performing reconciliations. Attendance registers of both training sessions held and training agenda is available at MoF.

### 3.4 AUDIT OF THE OFFICE OF THE AUDITOR-GENERAL

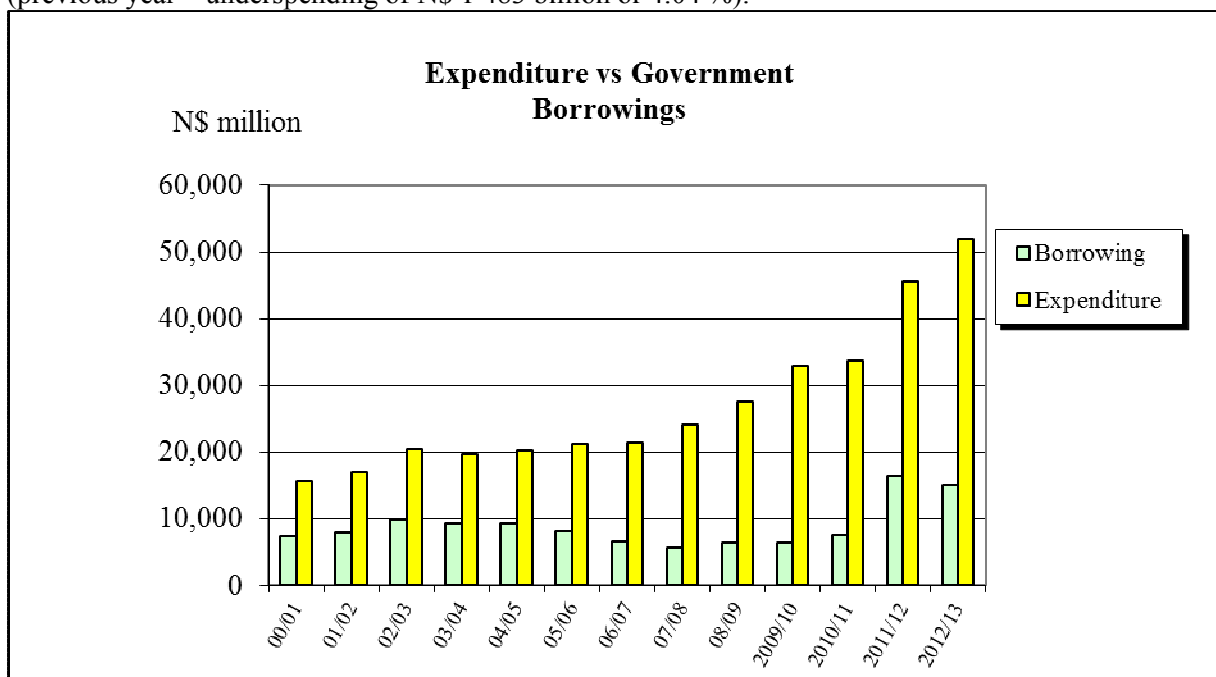
The Office is currently still being audited by its own staff. It has been noted with appreciation that this aspect has been addressed in the proposed new Audit Bill.

### 3.5 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 2012/13.

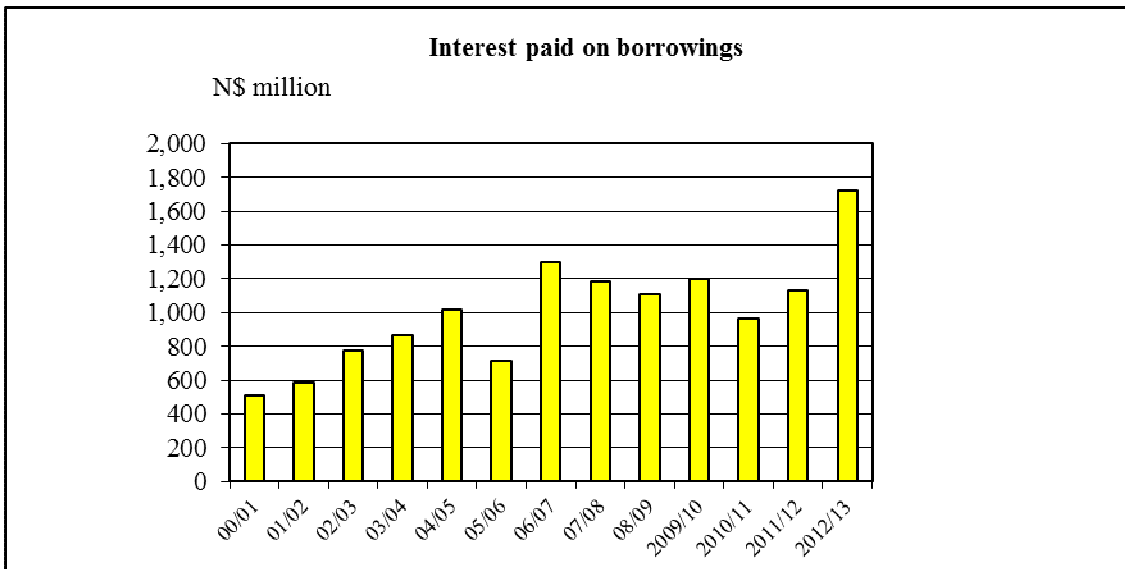


During the year under review, N\$ 30.5 billion was spend on Operational Expenditure and N\$ 5.6 billion was spend on Development Expenditure. However, there was an underspending of N\$ 720 million or 11.44 % (previous year – N\$ 542 million or 6.99 %) on the approved budget for development expenditure and N\$ 758 million or 2.43 % underspending (previous year –underspending of N\$ 942 million or 3.25%) on the operational expenditure. The overall underspending for 2012/2013 was therefore N\$ 1 478 billion or 3.94 % (previous year – underspending of N\$ 1 483 billion or 4.04 %).



(See paragraphs 4.4.1, 4.2.2 and 4.3.4.1)

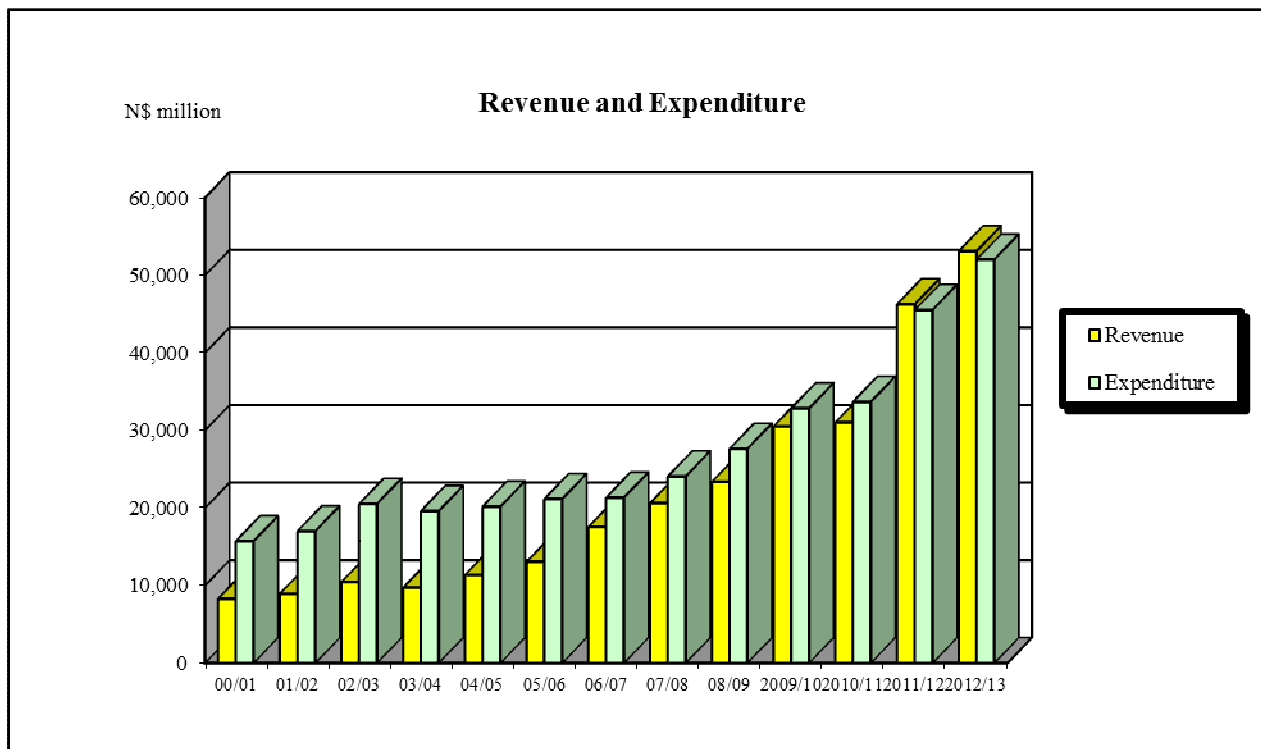
The expenditure includes domestic redemption payments such as Stock and Treasury Bills. Payments amounted to: N\$ 1 418 878 976.78 for Domestic Interest paid and N\$ 13 957 187 970.80 for Redemption of Domestic Loans. In order to put this expenditure percentage into perspective, it needs to be said that Treasury Bills and registered Bonds to the value of N\$ 13 957 187 970.80 have been redeemed as mentioned above and Bills valued at N\$ 12 198 452 856.24 have been sold. Selling of Treasury Bills stimulates the investment market and if the domestic borrowings are not taken into consideration, the expenditure relating to loan expenses is 1% of the total expenditure. Receipts amounted to N\$ 15 105 254 766.38.



(See paragraphs 4.3.4.1 and 4. 6.1)

The total interest paid of N\$ 1 718 510 353.78 includes interest paid on Government Stock and Treasury Bills of N\$ 1 418 878 976.78 and interest on foreign loans amounting to N\$ 299 711 377.

Interest related charges on the borrowings equaled 5.6% of the total operational expenditure in the 2012/2013 financial year compared with 0.26% in the 2011/2012 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. Revenue increased from N\$ 46 262 791 874.75 to N\$ 53 102 537 450.99 (14.8 %) between 2012/2013 and 2011/2012, whereas Expenditure increased from N\$ 35 220 527 776.08 to N\$ 36 039 770 986.91 (14.3%) during the same period.

#### 4. GENERAL

##### 4.1 STATEMENT OF BALANCES

###### 4.1.1 Summary of the General Ledger

The balances as at 31 March 2013 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 2013    |                           | 31 March 2012   |                           |
|--|---------------------|------------------|---------------------------|-----------------|---------------------------|
|  |                     | N\$              | N\$                       | N\$             | N\$                       |
| <b>FUNDS AND ACCOUNTS</b>  |                     |                  |                           |                 |                           |
| <b>Funds:</b>  |                     |                  |                           |                 |                           |
| State Revenue Fund   | 4.2.2               |                  | (3 038 060 385.72)        |                 | (1 955 443 340.20)        |
| <b>Operating accounts:</b>   |                     |                  |                           |                 |                           |
| Computer: Prime Minister   |                     | (4 048 513.69)   |                           | (11 803 221.69) |                           |
| Prison Rehabilitation: Prisons   |                     | (11 101.86)      |                           | (1 491 965.98)  |                           |
| Medical Store: Health  |                     | 319 251 268.33   |                           | 389 224 816.03  |                           |
| Resorts: Tourism   |                     | 34 076 809.15    |                           | 34 076 809.15   |                           |
| Tourism Board  |                     | 1 904 147.28     |                           | 1 904 147.28    |                           |
| Equipment Trade Account: Agriculture   |                     | (74 750 869.14)  |                           | (43 096 655.33) |                           |
| Central Stores: Works  |                     | 101 622 019.17   |                           | 85 155 187.75   |                           |
| Government Garage: Transport   |                     | (197 583 747.71) |                           | (70 984 017.77) |                           |
| Air services: Transport  |                     | 25 066 733.97    |                           | 34 255 545.82   |                           |
| Financial Assistance: Education  |                     | 800.00           | 205 527 545.50            | -               | 417 240 645.26            |
| <b>TOTAL</b>   |                     |                  | <b>(2 832 532 840.22)</b> |                 | <b>(1 538 202 694.94)</b> |
| <b>REPRESENTED BY:</b>   |                     |                  |                           |                 |                           |
| <b>Cash:</b>   |                     |                  |                           |                 |                           |
| In the bank, favorable balance   |                     | 1 908 988 739.25 |                           | 373 514 786.84  |                           |
| Uncashed cheques   |                     | (182 798 200.01) |                           | (94 782 721.62) |                           |
| Cashed cheques not matched with issues, including incorrect bookings of transactions |                     | 100 065 871.09   | 1 826 256 410.33          | 25 034 934.32   | 303 766 999.54            |

(continued)

|  | Paragraph reference | 31 March 2013    |                         | 31 March 2012    |                         |
|--|---------------------|------------------|-------------------------|------------------|-------------------------|
|  |                     | N\$              | N\$                     | N\$              | N\$                     |
| <b>In transit to the bank from:</b>                        |                     |                  |                         |                  |                         |
| Inland Revenue Deposit Account                             |                     | (956.95)         |                         | (687.75)         |                         |
| Customs and Excise Deposit Account                         |                     | 359.69           | (597.26)                | 909.53           | 221.78                  |
| <b>On hand for payments:</b>                               |                     |                  |                         |                  |                         |
| <b>Offices abroad:</b>                                     |                     |                  |                         |                  |                         |
| Foreign Affairs  |                     | 32 513 151.70    |                         | 31 466 892.01    |                         |
| Defence  |                     | 54 960 053.60    |                         | 14 699 599.96    |                         |
| Other ministries/departments/offices                       |                     | 686 558.54       | 88 159 763.84           | 686 558.54       | 46 853 050.51           |
| <b>Investments:</b>  |                     |                  |                         |                  |                         |
| State Revenue Fund   |                     |                  | 443 766.41              |                  | 1 297 543.16            |
| <b>Debtors:</b>  |                     |                  |                         |                  |                         |
| Cheques returned to drawer                                 |                     | 5 771 944.21     |                         | 6 969 637.37     |                         |
| Rejected expenditure, disallowances                        |                     | -                |                         | (25 270 129.79)  |                         |
| Collateral losses rejection                                |                     | (27 403 205.85)  | (21 631 261.64)         | (24 424 978.22)  | (42 725 470.64)         |
| <b>Suspense accounts:</b>                                  |                     |                  |                         |                  |                         |
| General suspense accounts                                  |                     |                  | 1 196 609 707.97        |                  | 1 521 628 050.15        |
|  |                     |                  | 3 089 837 789.65        |                  | 1 830 820 394.50        |
| <b>Less:</b>   |                     |                  |                         |                  |                         |
| <b>Money held in respect of:</b>                           |                     |                  |                         |                  |                         |
| Court orders, etc. at magistrates offices                  |                     | (87 344 717.39)  |                         | (84 135 361.61)  |                         |
| Prospecting and claim fees                                 |                     | (14 053 211.48)  |                         | 4 263 546.69     |                         |
| Mines and Energy   |                     | (737 459 .86)    |                         | (16 907 661.38)  |                         |
| Patient aids at hospitals                                  |                     | (721 546.20)     | (102 856 934.93)        | 8 335.20         | (96 771 141.10)         |
| <b>Creditors:</b>  |                     |                  |                         |                  |                         |
| State Revenue Fund, collection of income tax and sales tax |                     | 686 949.91       |                         | 1 071 698.39     |                         |
| Customs and excise collections                             |                     | (294 425 324.63) |                         | (243 824 975.15) |                         |
| Pension contributions by employees                         |                     | (718 265.26)     |                         | (2 296 683.74)   |                         |
| Social Security contributions                              |                     | 23 031.66        | (294 433 608.32)        | (35 419.73)      | (245 085 380.23)        |
|  |                     |                  | <b>2 692 547 246.40</b> |                  | <b>1 488 963 873.17</b> |

See paragraph 4.4.7.3



#### 4.1.2 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 4.1.1, were as follows on 31 March 2013:

|  |                         |
|--|-------------------------|
|  | N\$                     |
| State Account (favorable)                      | 1 908 988 739.25        |
| Less: Unprocessed cheques                      | -                       |
| <b>Sub-total</b>                               | <b>1 908 988 739.25</b> |
| General Revenue Account (unfavorable)          | (956.95)                |
| Customs and Excise Deposit Account (favorable) | 359.69                  |
| Ministries' Deposit Account                    | -                       |
| <b>Total</b>                                   | <b>1 908 988 141.99</b> |

#### 4.2 STATE REVENUE FUND

##### 4.2.1 Introduction

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

##### 4.2.2 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 2012/13 financial year:

|   |                   |  |                         |
|---|-------------------|--|-------------------------|
|   | N\$               | N\$  | N\$                     |
| Credit balance on 1 April 2012              |                   |  | <b>1 955 443 340.20</b> |
| Revenue (Paragraph 4.4.1)                   |                   | 53 102 537 450.99  |                         |
| <b>Expenditure:</b>                         |                   |  |                         |
| Appropriation accounts (Paragraph 4.3.1):   |                   |  |                         |
| Operational (Paragraph 4.3.2)               | 30 465 085 859.56 | Excl. main div.14 of<br>Ministry of Finance -<br>Standing appropriations |                         |
| Development (Paragraph 4.3.2)               | 5 574 685 127.35  |  |                         |
| Standing appropriations (Paragraph 4.3.4.1) | 36 039 770 986.91 |  |                         |
| Total expenditure                           | 15 980 149 418.56 | 52 019 920 405.47  |                         |
| Profit for the year                         |                   |  | 1 082 617 045.52        |
| Balance on 31 March 2013– Credit            |                   |  | <b>3 038 060 385.72</b> |

### 4.3 EXPENDITURE

#### 4.3.1 Summary: Appropriation accounts

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

| Vote   | Act 5 of 2012         | Net total authorized expenditure | Actual expenditure 2012/2013 | Variations                  |             |
|--|-----------------------|----------------------------------|------------------------------|-----------------------------|-------------|
|  |                       |                                  |                              | Under-expenditure/ (Excess) | Percentage  |
|  | N\$                   | N\$                              | N\$                          | N\$                         | %           |
| 1. President   | 379 759 400           | 379 759 400                      | 378 591 576.65               | 1 167 823.35                | 0.31        |
| 2. Prime Minister  | 251 658 400           | 251 658 400                      | 231 866 931.85               | 19 791 468.15               | 7.86        |
| 3. National Assembly   | 115 332 800           | 115 332 800                      | 107 024 647.44               | 8 308 152.56                | 7.20        |
| 4. Auditor-General   | 80 670 000            | 80 670 000                       | 80 328 059.86                | 341 940.14                  | 0.42        |
| 5. Home Affairs & Immigration                                    | 254 314 500           | 254 314 500                      | 231 701 983.82               | 22 612 516.18               | 8.89        |
| 6. Police  | 2 362 218 300         | 2 362 218 300                    | 2 364 207 189.99             | (1 988 889.99)              | (0.08)      |
| 7. Foreign Affairs   | 542 853 400           | 542 853 400                      | 542 749 959.24               | 103 440.76                  | 0.02        |
| 8. Defence   | 3 414 538 400         | 3 414 538 400                    | 3 414 317 029.59             | 221 370.41                  | 0.01        |
| 9. Finance   | 3 294 888 200         | 3 294 888 200                    | 2 996 577 321.69             | 298 310 878.31              | 9.05        |
| 10. Education  | 9 415 972 800         | 9 415 972 800                    | 9 307 788 969.73             | 108 183 830.27              | 1.15        |
| 11. National Council   | 61 634 800            | 61 634 800                       | 51 605 877.43                | 10 028 922.57               | 16.27       |
| 12. Gender Equality and Child Welfare                            | 567 988 500           | 567 988 500                      | 522 937 454.24               | 45 051 045.76               | 7.93        |
| 13. Health and Social Services                                   | 3 975 967 600         | 3 975 967 600                    | 3 773 027 222.02             | 202 940 377.98              | 5.10        |
| 14. Labour and Social Welfare                                    | 1 328 864 100         | 1 328 864 100                    | 1 239 561 914.39             | 89 302 185.61               | 6.72        |
| 15. Mines and Energy   | 194 397 700           | 194 397 700                      | 178 722 172.03               | 15 675 527.97               | 8.06        |
| 16. Justice  | 444 336 400           | 444 336 400                      | 444 036 205.61               | 300 194.39                  | 0.07        |
| 17. Regional and Local Government, Housing and Rural Development | 1 374 574 500         | 1 374 574 500                    | 1 356 676 543.86             | 17 897 956.14               | 1.30        |
| 18. Environment & Tourism  | 572 450 135           | 572 450 135                      | 518 111 908.05               | 54 338 226.95               | 9.49        |
| 19. Trade and Industry   | 727 859 800           | 727 859 800                      | 717 856 768.59               | 10 003 031.41               | 1.37        |
| 20. Agriculture, Water and Forestry                              | 2 034 233 049         | 2 034 233 049                    | 1 575 769 639.37             | 458 463 409.63              | 22.54       |
| 21. Prisons and Correctional Services                            | 447 368 900           | 447 368 900                      | 446 156 910.23               | 1 211 989.77                | 0.27        |
| 22. Fisheries and Marine Resources                               | 257 463 300           | 257 463 300                      | 235 533 300.61               | 21 929 999.39               | 8.52        |
| 23. Works  | 589 886 600           | 589 886 600                      | 504 888 767.98               | 84 997 832.02               | 14.41       |
| 24. Transport  | 2 494 680 600         | 2 494 680 600                    | 2 376 590 409.48             | 118 090 190.52              | 4.73        |
| 25. Lands and Resettlement                                       | 271 527 500           | 271 527 500                      | 244 729 030.30               | 26 798 469.70               | 9.87        |
| 26. National Planning Commission                                 | 160 322 400           | 160 322 400                      | 152 431 104.56               | 7 891 295.44                | 4.92        |
| 27. Youth, National Service, Sport and Culture                   | 528 699 200           | 528 699 200                      | 515 241 035.56               | 13 458 164.44               | 2.55        |
| 28. Electoral Commission   | 199 413 000           | 199 413 000                      | 129 034 516.82               | 70 378 483.18               | 35.29       |
| 29. Information and Communication Technology                     | 305 426 900           | 305 426 900                      | 294 050 783.19               | 11 376 116.81               | 3.72        |
| 30. Anti-Corruption Commission                                   | 50 302 700            | 50 302 700                       | 47 864 970.43                | 2 437 729.57                | 4.85        |
| 31. Veterans Affairs   | 1 061 099 000         | 1 061 099 000                    | 1 059 790 782.30             | 1 308 217.70                | 0.12        |
| <b>TOTAL</b>   | <b>37 760 702 884</b> | <b>37 760 702 884</b>            | <b>36 039 770 986.91</b>     | <b>1 720 931 897.09</b>     | <b>4.55</b> |

Note: See paragraph 4.4.7.2

### 4.3.2 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 2012/2013 financial year. Comparative actual expenditure figures for the previous financial year are also shown:

| Subdivisions  | 2012/2013                |                          |                            | 2011/2012                |
|---|--------------------------|--------------------------|----------------------------|--------------------------|
|   | Authorized expenditure   | Actual expenditure       | Underexpenditure/ (Excess) | Actual expenditure       |
|   | N\$                      | N\$                      | N\$                        | N\$                      |
| <b>Operational</b>  |                          |                          |                            |                          |
| <b>Current expenditure: Personnel (paragraph 4.3.3)</b>           |                          |                          |                            |                          |
| 001. Remuneration   | 12 395 051 051.00        | 12 255 932 081.99        | 139 118 969.01             | 11 174 033 337.18        |
| 002. Employer's contribution to staff's pension fund              | 1 554 123 706.00         | 1 442 462 057.30         | 111 661 648.70             | 1 275 975 619.71         |
| 003. Other conditions of service                                  | 181 503 617.00           | 225 558 027.04           | (44 054 410.04)            | 237 217 263.92           |
| 004. Improvement of remuneration structure                        | 1 600 000.00             | 1 456 206.90             | 143 793.10                 | 2 491 474.01             |
| <b>Total</b>  | <b>14 132 278 374.00</b> | <b>13 925 408 373.23</b> | <b>206 870 000.77</b>      | <b>12 689 717 694.82</b> |
| <b>Current expenditure: Goods and other services</b>              |                          |                          |                            |                          |
| 021. Travel and subsistence expenses                              | 562 697 411.00           | 506 889 755.82           | 55 807 655.18              | 454 572 361.20           |
| 022. Materials and supplies                                       | 1 283 212 869.00         | 1 233 643 849.32         | 49 569 019.68              | 1 122 474 823.61         |
| 023. Transport  | 861 911 287.00           | 813 162 491.30           | 48 748 795.70              | 728 714 188.17           |
| 024. Utilities  | 752 962 931.00           | 715 921 994.73           | 37 040 936.27              | 633 927 195.93           |
| 025. Maintenance  | 343 703 564.00           | 316 638 438.00           | 27 065 126.00              | 341 421 647.31           |
| 026. Property rental and related charges                          | 222 640 842.00           | 209 269 247.85           | 13 371 594.15              | 206 517 482.59           |
| 027. Other services and expenses                                  | 1 605 084 051.00         | 1 494 212 843.21         | 110 871 207.79             | 1 444 037 959.30         |
| <b>Total</b>  | <b>5 632 212 955.00</b>  | <b>5 289 738 620.23</b>  | <b>342 474 334.77</b>      | <b>4 931 665 658.11</b>  |
| <b>Current expenditure: Membership fees and subscriptions</b>     |                          |                          |                            |                          |
| 041. International  | 623 501 232.00           | 62 306 818.61            | 561 194 413.39             | 49 480 837.10            |
| 042. Domestic   | 3 310 656.00             | 3 198 352.90             | 112 303.10                 | 2 995 355.14             |
| <b>Total</b>  | <b>626 811 888.00</b>    | <b>65 505 171.51</b>     | <b>561 306 716.49</b>      | <b>52 476 192.24</b>     |
| <b>Current expenditure: Subsidies, grants and other transfers</b> |                          |                          |                            |                          |
| 043. International  | 4 829 968 241.17         | 5 351 207 935.09         | (521 239 693.92)           | 4 464 367 916.92         |
| 044. Domestic   | 4 300 053 651.00         | 4 206 388 693.54         | 93 664 957.46              | 3 621 702 332.84         |
| 045. General  | 246 513 694.00           | 246 079 898.54           | 433 795.46                 | 236 058 287.63           |
| <b>Total</b>  | <b>9 376 535 586.17</b>  | <b>9 803 676 527.17</b>  | <b>(427 140 941.00)</b>    | <b>8 322 128 537.39</b>  |
| <b>Total: Current expenditure</b>                                 | <b>29 767 838 803.17</b> | <b>29 084 328 692.14</b> | <b>683 510 111.03</b>      | <b>25 995 988 082.56</b> |
| <b>Capital expenditure: Acquisition of assets</b>                 |                          |                          |                            |                          |
| 101. Furniture and office equipment                               | 115 916 338.00           | 93 382 366.56            | 22 533 971.44              | 99 457 944.88            |
| 102. Vehicles   | 255 247 107.00           | 229 860 302.31           | 25 386 804.69              | 361 391 380.03           |
| 103. Operational equipment, machinery and plant                   | 336 256 147.00           | 309 739 426.26           | 26 516 720.74              | 273 990 817.60           |
| <b>Total</b>  | <b>707 419 592.00</b>    | <b>632 982 095.13</b>    | <b>74 437 496.87</b>       | <b>734 840 142.51</b>    |
| <b>Capital transfers</b>  |                          |                          |                            |                          |
| 121-123. Capital transfers - Operational                          | 23 328 000.00            | 23 314 443.34            | 13 556.66                  | 34 000 000.00            |
| <b>Total</b>  | <b>23 328 000.00</b>     | <b>23 314 443.34</b>     | <b>13 556.66</b>           | <b>34 000 000.00</b>     |
| <b>Total: Capital expenditure</b>                                 | <b>730 747 592.00</b>    | <b>656 296 538.47</b>    | <b>74 451 053.53</b>       | <b>768 840 142.51</b>    |

(continued)

| Subdivision  | 2012/2013                |                          |                             | 2011/2012                |
|--|--------------------------|--------------------------|-----------------------------|--------------------------|
|  | Authorized expenditure   | Actual expenditure       | Under expenditure/ (Excess) | Actual expenditure       |
|  | N\$                      | N\$                      | N\$                         | N\$                      |
| <b>Lending and equity participation</b>              |                          |                          |                             |                          |
| 174. International and regional organisation         | -                        | -                        | -                           | 834 626 896.41           |
| 175. Joint ventures and domestic enterprises         | 724 590 909.00           | 724 460 628.95           | 130 280.05                  | 413 527 368.34           |
| <b>Total</b>   | <b>724 590 909.00</b>    | <b>724 460 628.95</b>    | <b>130 280.05</b>           | <b>1 248 154 264.75</b>  |
| <b>Total: Operational expenditure</b>                | <b>31 223 177 304.17</b> | <b>30 465 085 859.56</b> | <b>758 091 444.61</b>       | <b>28 012 982 489.82</b> |
| <b>Development</b>                                   |                          |                          |                             |                          |
| <b>Capital expenditure: Goods and other services</b> |                          |                          |                             |                          |
| 022. Materials and supplies                          | 148 387 571.00           | 129 488 921.38           | 18 898 649.62               | 273 673 829.04           |
| 027. Other services and expenses                     | 84 744 466.00            | 76 566 240.16            | 8 178 225.84                | 261 915 727.35           |
| <b>Total</b>   | <b>233 132 037.00</b>    | <b>206 055 161.54</b>    | <b>27 076 875.46</b>        | <b>535 589 556.39</b>    |
| <b>Capital expenditure: Acquisition of assets</b>    |                          |                          |                             |                          |
| 101. Furniture and office equipment                  | 54 933 044.00            | 21 497 454.29            | 33 435 589.71               | 104 345 301.81           |
| 103. Equipment, machinery and plant                  | 416 899 972.00           | 424 748 412.39           | (7 848 440.39)              | 464 730 784.77           |
| 104. Purchase of buildings                           | 32 138 000.00            | 31 248 383.91            | 889 616.09                  | 9 114 365.80             |
| 105. Feasibility studies, design and supervision     | 362 791 442.00           | 252 332 421.06           | 110 459 020.94              | 299 538 257.89           |
| 106. Land and intangible assets                      | 45 823 700.00            | 10 907 586.60            | 34 916 113.40               | 62 759 061.36            |
| 107. Construction, renovation and improvements       | 2 636 781 638.00         | 2 150 466 155.99         | 486 315 482.01              | 2 435 828 760.16         |
| <b>Total</b>   | <b>3 549 367 796.00</b>  | <b>2 891 200 414.24</b>  | <b>658 167 381.76</b>       | <b>3 376 316 531.79</b>  |
| <b>Capital transfers</b>                             |                          |                          |                             |                          |
| 121. Government organizations                        | -                        | -                        | -                           | 259 568 364.58           |
| 131. Government organizations                        | 2 219 192 898.00         | 2 184 997 688.95         | 34 195 209.05               | 2 868 039 282.41         |
| 133. Promotion of date production                    | 91 200 000.00            | 91 200 000.00            | -                           | 16 000 000.00            |
| 134. Abroad  | 202 490 000.00           | 201 231 862.62           | 1 258 137.38                | 152 031 551.09           |
| <b>Total</b>   | <b>2 512 882 898.00</b>  | <b>2 477 429 551.57</b>  | <b>35 453 346.43</b>        | <b>3 295 639 198.08</b>  |
| <b>Total: Development expenditure</b>                | <b>6 295 382 731.00</b>  | <b>5 574 685 127.35</b>  | <b>720 697 603.65</b>       | <b>7 207 545 286.26</b>  |
| <b>GRAND TOTAL</b>                                   | <b>37 518 560 035.17</b> | <b>36 039 770 986.91</b> | <b>1 478 789 048.26</b>     | <b>35 220 527 776.08</b> |

### 4.3.3 Personnel costs

The personnel costs totaled N\$ 13 925 408 373.23 for the year under review. It represents 38.6% of the total actual expenditure of N\$ 36 039 770 986.91 charged to the State Revenue Fund in 2012/2013. In the previous financial year personnel costs totaled N\$ 12 689 717 694.82 (36%) and the year before N\$ 10 796 580 916.94 (41%).

The actual expenditure of N\$ 13 925 408 373.23 in 2012/2013 was N\$ 206 870 000.77 less than the authorized amount of N\$ 14 132 278 374 (1.5%) compared with an underspending of N\$ 198 101 242.18 (1.5%) in the previous year.

#### 4.3.4 Standing appropriations

##### 4.3.4.1 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 2012/2013 for standing charges and the actual expenditure and also indicates the relevant legislation:

| Service  | Paid in terms of                             | Appropriated in                      | Estimate according to ledger | Actual expenditure 2012/2013 | Variations                  |            | Actual expenditure 2011/2012 |
|--|--|--------------------------------------|------------------------------|------------------------------|-----------------------------|------------|------------------------------|
|  |  |                                      |                              |                              | Under-expenditure/ (Excess) | Percentage |                              |
|  |  |                                      | N\$                          | N\$                          | N\$                         | %          | N\$                          |
| Expenditure in connection with loans raised:<br>Interest paid: Domestic<br>Foreign   | Sect. 10(1)(b)(iii) of Act 31 of 1991        | Sect. 10(2) of Act 31 of 1991        | 1 418 878 976.78             | 1 418 878 976.78             | -                           | -          | 1 058 460 242.32             |
|  |  |                                      | 299 711 377.00               | 299 711 377.00               | -                           | -          | 71 867 230.06                |
|  |  |                                      | <b>1 718 590 353.78</b>      | <b>1 718 590 353.78</b>      | -                           | -          | <b>1 130 327 472.38</b>      |
| Redemption of loans: Domestic<br>Foreign   | Sect. 10(1)(b)(iv) of Act 31 of 1991         | Sect. 10(2) of Act 31 of 1991        | 13 645 416 210.72            | 13 645 416 210.72            | -                           | -          | 8 602 404 823.68             |
|  |  |                                      | 262 851 356.35               | 262 851 356.35               | -                           | -          | 301 007 424.45               |
|  |  |                                      | <b>13 908 267 567.07</b>     | <b>13 908 267 567.07</b>     | -                           | -          | <b>8 903 412 248.13</b>      |
| Borrowing related charges  | Sect. 10(1)(b)(iii) and 32 of Act 31 of 1991 | Sect. 10(2) and 32 of Act 31 of 1991 | 1 466 842.58                 | 1 466 842.58                 | -                           | -          | 1 056 314.84                 |
| Redemption of guarantees given in terms of Sect. 36 of Act 31 of 1991 (see par. 4.7) | Sect. 10(1)(b)(i) and (iv) of Act 31 of 1991 | Sect. 10(2) of Act 31 of 1991        | 351 824 655.13               | 351 824 655.13               | -                           | -          | 259 510 493.20               |
| Total expenditure in terms of standing appropriations                                |  |                                      | <b>15 980 149 418.56</b>     | <b>15 980 149 418.56</b>     | -                           | -          | <b>10 294 306 528.55</b>     |

## 4.4 REVENUE

### 4.4.1 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 2012/2013 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 2012/13 | More/(Less) than estimated | Revenue received 2011/12 |
|-------------|---|--------------------------|--------------------------|----------------------------|--------------------------|
|             |   | N\$                      | N\$                      | N\$                        | N\$                      |
| <b>30.</b>  | <b>TAX REVENUE</b>  |                          |                          |                            |                          |
| <b>0001</b> | <b>Taxes on income and profits</b>                          |                          |                          |                            |                          |
|             | 601. Income tax on individuals                              |                          |                          |                            |                          |
|             | 6010. Normal income tax on individuals                      | 7 041 266 269.58         | 8 864 899 600.49         | 1 823 633 330.91           | 7 326 251 249.98         |
|             |   | <b>7 041 266 269.58</b>  | <b>8 864 899 600.49</b>  | <b>1 823 633 330.91</b>    | <b>7 326 251 249.98</b>  |
|             | 602. Company taxes  |                          |                          |                            |                          |
|             | 6021. Diamond mining companies                              | 505 033 494.89           | 1 003 665 047.28         | 498 631 552.39             | 840 722 193.01           |
|             | 6022. Non-mining companies                                  | 3 187 492 686.67         | 4 024 665 640.60         | 837 172 953.93             | 10 201 836.73            |
|             | 6023. Other mining companies                                | 229 188 171.26           | 16 805 395.00            | (212 382 776.26)           | 3 065 216 904.88         |
|             |   | <b>3 921 714 352.82</b>  | <b>5 045 136 082.88</b>  | <b>(1 123 421 730.06)</b>  | <b>3 916 140 934.62</b>  |
|             | 603. Other taxes on income and profits                      |                          |                          |                            |                          |
|             | 6031. Non-resident shareholders tax                         | 244 409 251.90           | 153 316 716.17           | (91 092 535.73)            | 30 525 492.13            |
|             | 6032. Tax on royalties                                      | 33 434 001.99            | 109 609 344.33           | 76 175 342.34              | 210 444 470.19           |
|             | 6033. Annual levy on gambling income                        | 20 776 678.89            | 17 590 281.26            | (3 186 397.63)             | 16 162 815.85            |
|             | 6034. Management and Technical Service                      | 141 317 273.72           | -                        | (141 317 273.72)           | -                        |
|             |   | <b>439 937 206.50</b>    | <b>280 516 341.76</b>    | <b>(159 420 864.74)</b>    | <b>257 132 778.17</b>    |
|             | 604. Withholding tax on interest                            |                          |                          |                            |                          |
|             | 6044. Withholding Tax on Companies                          | 60 511 832.06            | 65 498 695.00            | 4 986 862.94               | 29 834 338.37            |
|             | 6045. Withholding Tax on Unit Trust                         | 130 397 669.44           | 35 275 965.92            | (95 121 703.52)            | 67 794 699.73            |
|             | 6046. Withholding Tax on Services                           | -                        | 245 403 830.94           | 245 403 830.94             | -                        |
|             |   | <b>190 909 501.50</b>    | <b>346 178 491.86</b>    | <b>155 268 990.36</b>      | <b>97 629 038.10</b>     |
|             | <b>TOTAL: Taxes on income and profits</b>                   | <b>11 593 827 330.40</b> | <b>14 536 730 516.99</b> | <b>2 942 903 186.59</b>    | <b>11 597 154 000.87</b> |
| <b>0002</b> | <b>Taxes on property</b>                                    |                          |                          |                            |                          |
|             | 6040. Transfer duties                                       | 242 436 927.24           | 288 505 401.70           | 46 068 474.46              | 193 502 148.80           |
|             | 6041. Land Tax  | 40 000 000.00            | -                        | (40 000 000.00)            | -                        |
|             | <b>TOTAL: Taxes on property</b>                             | <b>282 436 927.24</b>    | <b>288 505 401.70</b>    | <b>6 068 474.46</b>        | <b>193 502 148.80</b>    |
| <b>0003</b> | <b>Domestic taxes on goods and services</b>                 |                          |                          |                            |                          |
|             | 605. Value added tax  | 7 472 016 075.36         | 6 185 503 352.18         | (1 286 512 723.18)         | 7 773 871 660.86         |
|             | 607. Levy on fuel   | 118 666 577.11           | 116 600 704.82           | (2 065 872.29)             | 92 742 054.03            |
|             | 608. Liquor licenses  | 7 577 374.55             | 7 428 293.80             | (149 080.75)               | 7 468 609.18             |
|             | 609. Fishing boats and factory licenses                     | 183 455.67               | 132 150.00               | (51 305.67)                | 153 261.95               |
|             | 610. Hunting and fishing licenses                           | 1 075 618.09             | 1 274 810.00             | 199 191.91                 | 1 248 401.00             |
|             | 611. Prospecting licenses and claims                        | 1 268 901.75             | 2 727 735.97             | 1 458 834.22               | 9 255 106.73             |
|             | 612. Fishing quota levies                                   | 73 912 000.00            | 123 391 364.52           | 49 479 364.52              | 123 208 465.90           |
|             | 613. Gambling licenses                                      | 1 574 661.21             | 1 638 234.25             | 63 573.04                  | 1 472 525.50             |
|             | 614. General sales tax                                      | 1 092.00                 | (44 478.63)              | (45 570.63)                | 44 928.63                |
|             | 628. Environmental Levies & Carbon Tax                      | 174 430 942.27           | -                        | (174 430 942.27)           | -                        |
|             | <b>TOTAL: Domestic taxes on goods and services</b>          | <b>7 850 706 698.01</b>  | <b>6 438 652 166.91</b>  | <b>(1 412 054 531.10)</b>  | <b>8 009 465 013.78</b>  |
| <b>0004</b> | <b>Taxes on international trade and transactions</b>        |                          |                          |                            |                          |
|             | 615. Customs Revenue Pool share                             | 11 339 341 297.00        | 13 795 804 050.07        | 2 456 462 753.07           | 7 136 964 877.00         |
|             | 616. Customs Revenue Formula Adjustment                     | 2 456 442 283.00         | -                        | (2 456 442 283.00)         | -                        |
|             | <b>TOTAL: Taxes on international trade and transactions</b> | <b>13 795 783 580.00</b> | <b>13 795 804 050.07</b> | <b>20 470.07</b>           | <b>7 136 964 877.00</b>  |
| <b>0005</b> | <b>Other taxes</b>  |                          |                          |                            |                          |
|             | 617. Stamp duties and fees                                  | 288 457 744.08           | 259 550 900.09           | (28 906 843.99)            | 210 774 634.25           |
|             | <b>TOTAL: Other taxes</b>                                   | <b>288 457 744.08</b>    | <b>259 550 900.09</b>    | <b>(28 906 843.99)</b>     | <b>210 774 634.25</b>    |
|             | <b>TOTAL TAX REVENUE</b>                                    | <b>33 811 212 279.73</b> | <b>35 319 243 035.76</b> | <b>1 508 030 756.03</b>    | <b>27 147 860 674.70</b> |

|                | Revenue heading   | Estimate              | Revenue received 2012/13 | More/(Less) than estimated | Revenue received 2011/12 |
|----------------|---|-----------------------|--------------------------|----------------------------|--------------------------|
|                |   | N\$                   | N\$                      | N\$                        | N\$                      |
| <b>31.0020</b> | <b>NON-TAX REVENUE</b>  |                       |                          |                            |                          |
|                | <b>Entrepreneurial and property income</b>                                      |                       |                          |                            |                          |
|                | Interest receipts for loans extended to:  |                       |                          |                            | 461 190.52               |
|                | 6181. Government organizations, public enterprises and non-profit organisations | 269.00                | -                        | (269.00)                   | -                        |
|                | 6183. Municipalities and regional authorities                                   | 7 241 044.00          | 4 412 895.21             | (2 828 148.79)             | 2 721 794.67             |
|                | 6184. Government officials – House sale scheme                                  | -                     | -                        | -                          | 166.49                   |
|                | 6185. Low cost housing and self-build schemes                                   | 2 000 000.00          | -                        | (2 000 000.00)             | -                        |
|                | 6186. On-lending arrangements   | 10 339 454.50         | 422 436.08               | (9 917 018.42)             | -                        |
|                | 619. Interest on investments  | 57 060.30             | 57 060.30                | -                          | 100 178.29               |
|                | 620. Dividends and profit share   | 162 160 000.00        | 807 022 946.34           | 644 862 946.34             | 1 050 580 376.12         |
|                | 621. Interest on Government deposits  | 63 173 821.00         | 49 147 638.68            | (14 026 182.32)            | 28 861 074.33            |
|                | 623. Diamond royalties  | 495 000 000.00        | 678 987 446.46           | 183 987 446.46             | 631 653 296.97           |
|                | <b>TOTAL: Entrepreneurial and property income</b>                               | <b>739 971 648.80</b> | <b>1 540 050 423.07</b>  | <b>800 078 774.27</b>      | <b>1 714 378 077.39</b>  |
| <b>0021</b>    | <b>Fines and forfeitures</b>  |                       |                          |                            |                          |
|                | 624. Fines and forfeitures  | 70 254 000.00         | 59 160 833.54            | (11 093 166.46)            | 58 869 824.64            |
|                | 625. Other mineral royalties  | 300 000 000.00        | 183 197 779.38           | (116 802 220.62)           | 305 422 096.64           |
|                | <b>TOTAL: Fines and forfeitures</b>   | <b>370 254 000.00</b> | <b>242 358 612.92</b>    | <b>(127 895 387.08)</b>    | <b>364 291 921.28</b>    |
|                | <b>Administrative fees, charges and incidental sales</b>                        |                       |                          |                            |                          |
|                | 0122. President   | 173 601.00            | 265 428.89               | 91 827.89                  | 377 805.65               |
|                | 0222. Prime Minister  | 26 000.00             | 719 819.71               | 693 819.71                 | 213 133.81               |
|                | 0322. National Assembly   | 102 700.00            | 1 107 452.66             | 1 004 752.66               | 496 507.32               |
|                | 0422. Auditor-General   | 1 170 000.00          | 661 683.33               | (508 316.67)               | 1 188 032.96             |
|                | 0522. Home Affairs and Immigration  | 61 157 000.00         | 79 097 871.70            | 17 940 871.70              | 55 427 422.76            |
|                | 0622. Police  | 6 680 100.00          | 8 397 416.22             | 1 717 316.22               | 9 272 386.10             |
|                | 0722. Foreign Affairs   | 1 575 000.00          | 1 850 058.51             | 275 058.51                 | 2 332 955.27             |
|                | 0822. Defense   | 1 635 000.00          | 2 834 865.24             | 1 199 865.24               | 1 640 098.11             |
|                | 0922. Finance   | 117 017 877.00        | 238 351 330.96           | 121 333 453.96             | 184 385 092.13           |
|                | 1022. Education   | 46 140 000.00         | 57 984 924.83            | 11 844 924.83              | 40 985 143.70            |
|                | 1122. National Council  | 100 000.00            | 42 640.13                | (57 359.87)                | 77 654.77                |
|                | 1222. Gender Equality and Child Welfare   | 185 000.00            | 7 552 924.73             | 7 367 924.73               | 252 037.84               |
|                | 1322. Health and Social Services  | 64 282 000.00         | 100 992 848.40           | 36 710 848.40              | 51 965 312.74            |
|                | 1422. Labour and Social Welfare   | 150 000.00            | 265 103.66               | 115 103.66                 | 308 094.14               |
|                | 1522. Mines and Energy  | 9 970 000.00          | 26 661 178.69            | 16 691 178.69              | 24 790 155.71            |
|                | 1622. Justice   | 4 162 000.00          | 3 824 753.81             | (337 246.19)               | 3 229 016.48             |
|                | 1722. Regional and Local Government, Housing and Rural Development              | 352 200.00            | 15 026 847.59            | 14 674 647.59              | 427 352.15               |
|                | 1822. Environment and Tourism   | 78 135 000.00         | 51 905 688.67            | (26 229 311.33)            | 52 527 541.55            |
|                | 1922. Trade and Industry  | -                     | 68 578.62                | 68 578.62                  | 122 398.13               |
|                | 2022. Agriculture, Water and Forestry   | 19 610 946.00         | 24 377 417.09            | 4 766 471.09               | 21 792 737.37            |
|                | 2122. Prisons and Correctional Services   | 651 000.00            | 1 602 732.08             | 951 732.08                 | 369 430.44               |
|                | 2222. Fisheries and Marine Resources  | 45 000.00             | 189 998.25               | 144 998.25                 | 73 133.43                |
|                | 2322. Works   | 31 563 123.00         | 43 903 772.74            | 12 340 649.74              | 40 666 539.22            |
|                | 2422. Transport   | 1 760 491.00          | 2 079 879.19             | 319 388.19                 | 2 779 254.26             |
|                | 2522. Lands and Resettlement  | 4 985 000.00          | 49 992 764.04            | 45 007 764.04              | 12 598 288.52            |
|                | 2622. National Planning Commission  | 115 400.00            | 483 947.20               | 368 547.20                 | 487 759.22               |

|            | Revenue heading  | Estimate                 | Revenue received 2012/13 | More/(Less) than estimated | Revenue received 2011/12 |
|------------|--|--------------------------|--------------------------|----------------------------|--------------------------|
|            |  | N\$                      | N\$                      | N\$                        | N\$                      |
|            | 2722. Youth, National Service, Sport & Culture                                 | 2 390 240.00             | 2 428 717.11             | 38 477.11                  | 2 379 700.63             |
|            | 2822. Electoral Commission   | 2 000.00                 | 11 697.00                | 9 697.00                   | 366 701.07               |
|            | 2922. Information and Communication Technology                                 | 68 000.00                | 181 059.34               | 113 059.34                 | 212 191.96               |
|            | 3022. Anti-Corruption Commission   | 36 000.00                | 98 909.35                | 62 909.35                  | (54 084.32)              |
|            | 3122. Veterans Affairs   | 112 080.00               | 49 178.82                | (62 901.18)                | 348 154.20               |
|            | <b>TOTAL: Administrative fees and charges and incidental sales</b>             | <b>454 352 758.00</b>    | <b>723 011 488.56</b>    | <b>268 658 730.56</b>      | <b>512 037 947.32</b>    |
|            | <b>TOTAL NON-TAX REVENUE</b>   | <b>1 564 578 406.80</b>  | <b>2 505 420 524.55</b>  | <b>940 842 117.75</b>      | <b>2 590 707 945.99</b>  |
| <b>32.</b> | <b>RETURN OF CAPITAL FROM LENDING AND EQUITY PARTICIPATION</b>                 |                          |                          |                            |                          |
| 0030       | <b>Receipts of principal of loans from:</b>                                    |                          |                          |                            |                          |
|            | 903. Municipalities and regional authorities                                   | 2 570 926.00             | 1 529 300.32             | (1 041 625.68)             | 969 888.55               |
|            | 904. Government officials house sale scheme                                    | -                        | -                        | -                          | 6 645.77                 |
|            | 905. Low cost housing and self-build scheme                                    | 5 000 000.00             | 1 708 091.50             | (3 291 908.50)             | 1 430 596.76             |
|            | 906. On-lending arrangements   | 10 339 000.00            | 933 533.00               | (9 405 467.00)             | 2 353 142.21             |
|            | 907. Government organizations, public enterprises and non-profit organizations | 1 801 164.00             | -                        | (1 801 164.00)             | -                        |
|            | <b>TOTAL: Return of capital from lending and equity participation</b>          | <b>19 711 090.00</b>     | <b>4 170 924.82</b>      | <b>(15 540 165.18)</b>     | <b>4 760 273.29</b>      |
| <b>33.</b> | <b>EXTERNAL GRANTS</b>   |                          |                          |                            |                          |
| 0040       | 910. Recurrent activity – Tied grants  | 24 947 806.13            | 168 448 199.48           | 143 500 393.35             | 178 744 049.18           |
|            | <b>TOTAL: External grants</b>  | <b>24 947 806.13</b>     | <b>168 448 199.48</b>    | <b>143 500 393.35</b>      | <b>178 744 049.18</b>    |
| <b>34.</b> | <b>BORROWINGS</b>  |                          |                          |                            |                          |
| 0042       | <b>Domestic</b>  |                          |                          |                            |                          |
|            | 9120. Treasury bills   | 12 198 452 856.24        | 12 198 452 856.24        | -                          | 12 089 130 193.25        |
|            | 9121. Internal registered stock  | 1 758 735 114.56         | 1 758 735 114.56         | -                          | 2 951 588 738.34         |
|            | <b>TOTAL: Domestic borrowings</b>  | <b>13 957 187 970.80</b> | <b>13 957 187 970.80</b> | <b>-</b>                   | <b>15 040 718 931.59</b> |
| 0043       | <b>External</b>  |                          |                          |                            |                          |
|            | 9132. Loan Proceeds earmarked  | 1 148 066 795.58         | 1 148 066 795.58         | -                          | 1 300 000 000.00         |
|            | <b>Total External Borrowing</b>  | <b>1 148 066 795.58</b>  | <b>1 148 066 795.58</b>  | <b>-</b>                   | <b>1 300 000 000.00</b>  |
|            | <b>TOTAL: Borrowings</b>   | <b>15 105 254 766.38</b> | <b>15 105 254 766.38</b> | <b>-</b>                   | <b>16 340 718 931.59</b> |
|            | <b>TOTAL REVENUE</b>   | <b>50 525 704 349.04</b> | <b>53 102 537 450.99</b> | <b>2 576 833 101.95</b>    | <b>46 262 791 874.75</b> |



#### 4.4.2 Explanations for deviations exceeding N\$ 100 000

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  |
|--------------|--|--|
| 30.0001.6010 | Normal income tax on individuals             | <ul style="list-style-type: none"> <li>Inland Revenue adopted a text messaging system (SMS) to communicate information that is time sensitive and relevant to taxpayers; text were sent out to notify taxpayers of outstanding balances and this contributed to prompt responses and ultimately settlement of account balances.</li> <li>The public education intensified during the 2012/2013 financial year;</li> <li>Taxpayers that were in default with Inland Revenue were aggressively pursued and most of them settled or made arrangements to settle their account.</li> </ul> |
| 30.0001.6021 | Diamond Mining Companies                     | All receipts were processed on time and as a result the revenue from Diamond sector showed an increase. Due to enormous expansion of the diamond market and related polishing activities in developing countries that consume or trade in those items, we observe an increased revenue collection in this regard.  |
| 30.0001.6022 | Non-mining companies                         | High expenditure claimed   |
| 30.0001.6023 | Other mining companies                       | All companies are required to settle their outstanding taxes in order to receive good standing certificates required for Namibian tenders.   |
| 30.0001.6031 | Non-resident shareholders tax                | Increased audits and pursuance of tax defaulters improved tax compliance in respect of dividends declared to foreigners.   |
| 30.0001.6032 | Tax on Royalties                             | A single mining company made a huge payment during this year. This single transaction resulted in the estimate being exceeded.   |
| 30.0001.6033 | Annual levy on gambling income               | The ministry estimated an income of N\$ 16 458 557.00 for the financial year in question, but wrong amount of N\$ 20 776 678.89 was entered in the budget book. An amount of N\$ 17 590 281.26 has been collected which resulted in a surplus of N\$ 113 172.26. The increase of this revenue source was due to the payments of penalties on late payments of levies.  |
| 30.0001.6034 | Management and Technical Service             | Specialized services required from non-residents were high in the petroleum exploration industry.  |
| 30.0001.6044 | Withholding Tax on Companies and Individuals | Increased spending resulted in lower interest earned.  |
| 30.0001.6045 | Withholding Tax on Unit Trust                | Expansion of Unit Trust market.  |
| 30.0001.6046 | Withholding tax on Services                  | Withholding tax on services was legislated with effect from January 2012.  |
| 30.0002.6040 | Transfer Duties                              | The increase in prices of property resulted in lower property transaction.   |
| 30.0003.605  | Value added tax                              | Many cases of VAT refunds were completed during the year which resulted in refunds that were put on hold being paid out.   |
| 30.0003.607  | Levy on fuel                                 | The supply of fuel is based on market demand. The variation of N\$ 2 065 872.29 is due to a high demand as well as the   |

|             |                                   |  |
|-------------|-----------------------------------|--|
|             |                                   | exchange rate fluctuations.  |
| 30.0003.609 | Fishing boat and Factory licenses | <p>Please note that the original estimate on the revenue ledger differs from what was submitted to the Ministry of Finance. The revenue estimated submitted to the Ministry of Finance budget management as per the attached copy, was N\$ 183 000 however, the ledger shows an erroneous amount of N\$ 183 455.67. The Ministry therefore would appreciate it if the Ministry of Finance could look in to the matter, and do the necessary corrections. The collection depends on the fishing seasons as follows:</p> <ul style="list-style-type: none"> <li>• Hake: May to December</li> <li>• Horse Mackerel: January to December</li> <li>• Monk: May to April</li> <li>• Large Pelagic: January to December</li> </ul> <p>Of all the species Hake has the most fishing vessels and its collection of vessels is the biggest in comparison to the other species. The estimates are based on the number of fishing vessels that are on the system; however it is important to note that not all vessels are licensed.</p> |
| 30.0003.610 | Hunting and fishing licenses      | <p>Please note that the original estimate on the revenue ledger differs from what was submitted to the Ministry of Finance. The revenue estimated submitted to the Ministry of Finance budget management was N\$ 1 300 000 however, the ledger shows an erroneous amount of N\$ 1 075 618.09, thus the variance of N\$ 199 191.91. The Ministry therefore, would appreciate if the Ministry of Finance could look into the matter, and do the necessary corrections. Revenue collected under this revenue head is difficult to estimate, due to the fact that the numbers of anglers determine the revenue to be collected. The collected revenue fluctuates, and is boosted during long weekends and public holidays as well as festive seasons.</p>  |
| 30.0003.611 | Prospecting Licenses and claims   | <p>New businesses have been established. In meeting the requirements of IRD concerning their operations, more licenses are issued. Subsequently, we gain significantly some licenses are contributing even though their owners are non-residents of Namibia. For example, Tax in respect of Royalties and Non Residential Shareholders has indeed increased.</p>   |
| 30.0003.612 | Fishing quota levies              | <p>The quota fees that were estimated for 2012/2013 financial year was N\$ 73 912 000. The actual revenue collected for the 2012/2013 year amounts to N\$ 122 512 628.61 of which N\$ 61 079 674 was actual quota fees for the year under review, while N\$ 61 432 954.64 was the settlement of arrears. The difference between the amount of quota fees estimates and actual fees collected can be attributed to different starting and ending period of fishing seasons of which quota fees of the same quotas are recorded into two financial years.</p>  |
| 30.0003.613 | Gambling licenses                 | <p>The income was estimated at N\$ 1 750 000 for the financial year in question and the Ministry collected N\$ 1 638 234.25. This caused the shortfall of N\$ 111 765.75 which represents 6%. Some of the gambling machine holders closed down their gambling houses and want to sell</p>  |

|              |   |  |
|--------------|---|--|
|              |   | machines and licenses. This caused negative impact on collection of this revenue head.   |
| 30.0004.615  | Customs Revenue Pool Share                | <p>The collection under this code is pre-determined by the share that Namibia obtain from the Southern African Customs Union (SACU) Common Revenue Pool, and this estimated amount is paid over quarterly in equal instalments. The Ministry of Finance created the code, 30.00.04.615- Customs Revenue Pool Share, under the General Ledger, under which thus SACU receipts are recorded.</p> <p>An amount of N\$ 11 339 341 297 was estimated for the financial year 2012/13 under this code and was received in full. However, an amount of N\$ 2 456 462 753.07 was wrongly recorded under this code instead of under Code 30.0004.616 /Customs Revenue Formula Adjustment underneath, hence resulting, wrongly, in an over-collection of N\$ 2 456 462 753.07</p> |
| 30.0004.616  | Customs Revenue formula adjustment        | <p>The figure computed under Customs Revenue Formula Adjustment is a result of an audit being normally carried out by the SACU Pool manager (RSA) every financial year and that determines the actual that should have been distributed to SACU Member States. The audit of financial year 2012/13 resulted in an additional amount of N\$ 2 456 462 753.07 to Namibia.</p> <p>The estimate under this code was N\$ 2 456 442 283 for the financial year 2012/13. The additional amount received was wrongly recorded under Code 615 above, hence erroneously creating a variance of N\$ 2 465 442 283, instead of a variance of N\$ 20 470.07 only.</p>   |
| 30.0005.617  | Stamp duties and fees                     | Taxpayer campaigns and audits resulted in improved compliance.   |
| <b>31.</b>   | <b>Non-tax revenue</b>                    |  |
| 31.0020.618  | Municipalities and regional authorities   | The estimated amount was based on loan repayment to be received from sixteen (16) municipalities and from seventeen (17) Towns and Villages. Seven (7) municipalities out of sixteen (16) made a loan repayment and other did not pay due to financial constraints. In addition no loan repayment has been received from Town and Villages.  |
| 31.0020.6185 | Low cost housing and self-building scheme | An amount of N\$ 2 000 000 was budgeted and no revenue was received, reflecting an under collection of revenue. The reason for the zero collection is due to the fact that the Ministry did not split the interest and the capital collected for the 2012/2013 financial year.   |
| 31.0020.6186 | On-Lending -interest                      | The SOE's that have On-Lending agreements with Government failed to pay as in accordance with the On-Lending loan agreements.  |
| 31.0020.620  | Dividends and profit share                | Some SOE's performed well. Namibia Post and Telecommunications Holding estimated N\$ 16.5 million and the actual payment was N\$ 244.6 million.  |
| 31.0020.621  | Interest on Government Deposits           | Ministry of Finance requested ministries to close all commercial bank accounts at commercial banks. As a result of the closing of accounts at commercial banks, Government   |

|             |   |  |
|-------------|---|--|
|             |   | earned more interest as budgeted.  |
| 31.0020.623 | Diamond royalties                               | Royalties on diamonds depend on the carats sold and the standards selling value of diamonds. The variance was as a result of an increase in the total number of carats sold and the standard selling value of such diamonds. An increase in price could also be attributed to the weakening of the Namibian dollar against the US dollar, which resulted in increased export earnings by diamond producers during the responding period.   |
| 31.0020.624 | Fines and forfeitures                           | High fines are evidently serving as prevention in decreasing revenue from source, because people are more compliant to the rules. It is apparent from entries in the cash account that there are fewer fines that have been recorded.  |
| 31.0020.625 | Other mineral royalties                         | The revenue estimate for 2012/2013 financial was N\$ 300 000 000, but only N\$ 180 000 000 was collected. The prices for Uranium, Zinc and hold prices had dropped and this affected the corresponding Royalties to be collected. During the period under review, Rossing had a leach tank, which affected the amount planned for production, hence the effect on royalty collection. Furthermore, Rossing was paying royalty at the rate of 6% and during the period under review they reverted back to 3% and this had an effect to the royalty payments, because they are paying at a lower rate of 3%. |
| 32.0030.903 | Municipality and Regional Authorities - Capital | The estimated amount was based on loan repayment to be received from sixteen (16) municipalities and from seventeen (17) Towns and Villages. Seven (7) municipalities out of sixteen (16) made a loan repayment and other did not pay due to financial constraints. In addition no loan repayment has been received from Town and Villages   |
| 32.0030.905 | Low cost housing and self-building scheme       | The reason for the under collection is attributed to the fact that the Ministry overestimated the anticipated collection.  |
| 32.0030.906 | On-Lending -capital                             | The amounts estimated are based on estimated instalments of repayments. However, a number of borrowers did not honor their repayment schedules, resulting in a shortfall.  |
| 32.0030.907 | Government Organizations                        | The estimated amount of N\$ 1 801 164.00 was based on the repayment to be received from Nursery School in Okahandja (N\$ 1 164) and Windhoek International School (N\$ 1 800 000). No repayment has been received from the Nursery School for 2012/2013 financial year due to the financial constraints). No repayment has been received from Windhoek International School for 2012/2013.   |
| 33.0040.910 | Recurrent activity – Tied grants                | More donor funding were availed to the Education and Training improvement.   |

#### 4.4.3 Revenue outstanding

The following amounts of revenue were outstanding:

| DESCRIPTION     | N\$                   |
|-----------------|-----------------------|
| Income Tax      | 3 893 200 268         |
| Employees Tax   | 883 033 642           |
| Value Added Tax | 4 285 937 017         |
| Import          | 3 340 338 088         |
| Withholding Tax | 1 157 358             |
|                 | <b>12 403 666 373</b> |

#### 4.4.4 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 2012/2013 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:

| DESCRIPTION                                | N\$                  |
|--|----------------------|
| Section 94(1) of the Income Tax Act, 1981  | 504 423 935          |
| Section 38 of the VAT Act, 2000            | 5 204 008 736        |
| Section 20 of the Transfer Duty Act, 1993  | 1 664 964            |
| Section 32 (1) of the Stamp Duty Act, 1993 | 4 562 635            |
|  | <b>5 714 660 270</b> |

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.

#### 4.4.5 Revenue written off

No revenue has been written off during the 2012/2013 financial year.

#### 4.4.6 Donor aid received

The following donor aid was reported during the year:

| Foreign country/Institution | Beneficiary           | External/tied grants<br>Recurrent activities |
|-----------------------------|-----------------------|--|
|                             |                       | N\$  |
| European Commission         | Ministry of Education | 124 784 249.19                               |
| European Commission         | Ministry of Education | 43 663 950.29                                |
|                             |                       | <b>168 448 199.48</b>                        |

#### 4.4.7 Audit observations

##### 4.4.7.1 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:

| <b>Revenue heading</b> | <b>Description</b>            | <b>More/(Less) than estimated</b> |
|------------------------|-------------------------------|-----------------------------------|
|                        |                               | N\$                               |
| 30.0002.6041           | Land tax                      | (2 065 872.29)                    |
| 30.0003.608            | Liquor licenses               | (149 080.75)                      |
| 30.0003.628            | Environmental Levies & Garbon | (174 430 42.27)                   |

#### Management response

The Ministry of Finance has taken note of the observation of the Auditor-General. The O/M/As are requested to provide the explanations as part of their submission of the Appropriation Accounts. Treasury wish to request the Office of the Auditor-General to consider to review the threshold.

#### 4.4.7.2 Total authorized expenditure

The net total authorized expenditure of N\$ 37 760 702 884 as reflected in the 2012 Appropriation Act, differs from the authorized expenditure of N\$ 37 518 560 035 in the general ledger with an amount of N\$ 242 142 849.

#### Management response

The difference between the Appropriation Account in the General Ledger and the amounts as per the Appropriation Act is due to the following:-

- (a) The suspensions approved by Treasury in terms of section 16(5) of the State Finance Act, 1991. The two suspensions or revisions have been made during the financial year under review to Votes 09 and 28 for N\$ 206 913 964.83 and N\$ 35 230 000 respectively.
- (b) Rounding difference between the amounts entered in the Appropriation Accounts in the General Ledger and the Appropriation Act no.5 of 2012 amounting to N\$ 1 116.

#### 4.4.7.3 Statement of balances

- i) The statement of balances does not balance with an amount of N\$ 139 985 593.83 compared to N\$ 51 949 171.47 in the 2011/2012 financial year. This is the eighth consecutive year for this statement not to balance which is of 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. Differences occurred on a yearly basis between these balances and are not explained and contribute 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       |
| 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) |
| 2012/13   | (1 157 867 073.11)                  | (1 905 784 144.00) | (1 955 443 340.20) | (1 875 315 185.82)                  | (2 958 312 102.87) | (3 038 060 385.72) |

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

## 4.5 DEBT TO THE GOVERNMENT

### 4.5.1 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 01/04/2012    | Payments and other debits 2012/2013 | Redemption received and other credits 2012/2013 | Balance 31/03/2013    | Arrears 31/03/2013    |
|---|-------|---------------|-----------------------|-------------------------------------|---|-----------------------|-----------------------|
|   | Years | %             | N\$                   | N\$                                 | N\$   | N\$                   | N\$                   |
| Financing expenditure of local authorities (a)        | (a)   | (a)           | 185 265 535.13        | -                                   | 1 529 300.32                                    | 183 736 234.81        | 25 993 533.52         |
| 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) | 30    | 5             | 7 633.59              | -                                   | -   | 7 633.59              | -                     |
| Okahandja Nursery school (d)                          | 40    | 4             | 10 241.16             | -                                   | -   | 10 241.16             | 4 392.46              |
| Windhoek Infrastructure project 1                     | 16    | 10            | 28 457 165.65         | -                                   | -   | 28 457 165.65         | 20 366 214.94         |
| Windhoek Infrastructure project 2 (e)                 | 15    | 10            | 99 851 600.00         | -                                   | -   | 99 851 600.00         | 85 186 456.88         |
| Upgrading of Commercial Port (c)                      | 7     | 2             | 11 649 842.71         | -                                   | 1 867 066.00                                    | 9 782 776.71          | -                     |
| 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          | 8 842 714.74          |
| Namibia Water Corporation 2                           | 10    | 15            | 19 426 987.91         | -                                   | -   | 19 426 987.91         | 16 136 670.36         |
| Seaflower Fisheries Development project (e)           | 30    | 3             | 8 379 325.60          | -                                   | -   | 8 379 325.60          | 5 305 008.70          |
| Windhoek International School (d) (e)                 | 11    | 12            | 6 652 504.35          | -                                   | 1 347 495.65                                    | 5 305 008.70          | 6 400 000.00          |
| Windhoek Water Reclamation (e)                        | 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        | 22 678 073.73         |
| National Housing Enterprise (e)                       | 10    | Free          | 45 461 394.67         | -                                   | -   | 45 461 394.67         | 5 300 176.00          |
| Namibia Post (e)                                      | 30    | 0.75          | 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        | 25 178 590.00         |
| Road Fund Administration                              | 20    | 2             | 46 945 321.73         | -                                   | -   | 46 945 321.73         | -                     |
| <b>Total</b>  |       |               | <b>854 690 538.84</b> | <b>-</b>                            | <b>4 743 861.97</b>                             | <b>849 946 676.87</b> | <b>234 987 029.23</b> |

Notes:

- Local authorities. See subparagraph (iii)
- Staff housing. See subparagraph (v)
- The redemption amount reflected in the General Ledger is N\$ 933 533.00
- No payments were received during the financial year.
- The arrears are the same as previous financial year



**(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           |
|-----------------------------------|---------------|-----------------------|-------------------------|---------------------------|-----------------------|
|                                   |               | 01/04/2012            | 2012/2013               | 2012/2013                 | 31/03/2013            |
|                                   | %             | N\$                   | N\$                     | N\$                       | N\$                   |
| Local authorities (a)             | -             | 72 753 947.08         | 5 549 876.77            | 4 412 895.21              | 73 890 928.64         |
| Nursing schools                   | 4             | 1 311.09              | -                       | -                         | 1 311.09              |
| Windhoek Infrastructure project 1 | 10            | 28 044 967.57         | -                       | -                         | 28 044 967.57         |
| Windhoek Infrastructure project 2 | 10            | 93 908 601.34         | -                       | -                         | 93 908 601.34         |
| Upgrading of Commercial Port (b)  | 7             | (1 075 096.81)        | -                       | 843 702.12                | (1 918 798.93)        |
| Namibia Water Corporation         | 10            | 4 203 635.07          | -                       | -                         | 4 203 635.07          |
|                                   | 15            | 11 905 265.28         | -                       | -                         | 11 905 265.28         |
| Seaflower Fisheries project       | 3             | 754 139.28            | -                       | -                         | 754 139.28            |
| Windhoek Water Reclamation        | 7             | 27 129 469.14         | -                       | -                         | 27 129 469.14         |
| Windhoek Urban Infrastructure     | 12            | 355 305 841.40        | -                       | -                         | 355 305 841.40        |
| Namibia Post                      | 0.75          | (59 749.03)           | -                       | -                         | (59 749.03)           |
| Trans Namib Holding Pty Ltd       | 3             | 25 696 752.00         | -                       | -                         | 25 696 752.00         |
| Road Fund Administration          | 2             | 3 115 111.49          | -                       | -                         | 3 115 111.49          |
| <b>TOTAL</b>                      |               | <b>621 684 194.90</b> | <b>5 549 876.77</b>     | <b>5 256 597.33</b>       | <b>621 977 474.34</b> |

**Notes**

- (a) Local authorities. See subparagraph (iii)
- (b) The redemption amount reflected in the General Ledger is N\$ 422 436.08

## (iii) Local authorities

| Lent to               | Balance<br>01/04/2012<br>N\$ | Redemption<br>received<br>2012/2013<br>N\$ | Balance<br>31/03/2013<br>N\$ | Capital<br>in arrears<br>31/03/2013<br>N\$ | Interest<br>received<br>2012/2013<br>N\$ | Interest<br>outstanding<br>31/03/2013<br>N\$ | Total<br>Outstanding<br>31/03/2013<br>N\$ |
|-----------------------|------------------------------|--|------------------------------|--|--|--|---|
| <b>Municipalities</b> |                              |  |                              |  |  |  |   |
| Gobabis               | 5 458 911.99                 | 138 446.04                                 | 5 320 465.95                 | 130 315.01                                 | 909 476.28                               | 418 333.12                                   | 5 738 799.07                              |
| Grootfontein          | 6 792 409.77                 | -  | 6 792 409.77                 | 236 815.59                                 | -  | 2 220 998.05                                 | 9 013 407.82                              |
| Karasburg             | 1 399 959.76                 | 3 365.07                                   | 1 396 594.69                 | 1 645.51                                   | 3 903.07                                 | 195 830.61                                   | 1 592 425.30                              |
| Karibib               | 2 538 870.16                 | -  | 2 538 870.16                 | 1 117 102.57                               | -  | 2 580 372.20                                 | 5 119 242.36                              |
| Keetmanshoop          | 10 002 508.03                | -  | 10 002 508.03                | 3 896 081.53                               | -  | 6 518 964.61                                 | 16 521 472.64                             |
| Mariental             | 5 406 941.88                 | -  | 5 406 941.88                 | 464 351.02                                 | -  | 1 497 719.08                                 | 6 904 660.96                              |
| Okahandja             | 5 768 684.09                 | -  | 5 768 684.09                 | 313 190.29                                 | -  | 814 527.20                                   | 6 583 211.29                              |
| Omaruru               | 2 648 467.10                 | 142 056.36                                 | 2 506 410.74                 | 45 096.50                                  | 333 087.69                               | 171 790.33                                   | 2 678 201.07                              |
| Otavi                 | 1 412 294.01                 | -  | 1 412 294.01                 | 345 602.65                                 | -  | 1 829 944.92                                 | 3 242 238.93                              |
| Otjwarongo            | 2 550 905.87                 | 256 208.06                                 | 2 294 697.81                 | 317 496.64                                 | 1 015 269.84                             | 137 314.66                                   | 2 432 012.47                              |
| Outjo                 | 2 716 789.34                 | -  | 2 716 789.34                 | 790 769.62                                 | -  | 1 989 294.60                                 | 4 706 038.94                              |
| Swakopmund            | 13 270 560.61                | 175 060.20                                 | 13 095 500.41                | -  | 637 823.90                               | 714 080.01                                   | 13 809 580.42                             |
| Tsumeb                | 18 942 825.78                | -  | 18 942 825.78                | 3 943 798.76                               | -  | 11 630 833.56                                | 30 573 659.34                             |
| Usakos                | 2 031 166.23                 | -  | 2 031 166.23                 | 1 316 839.07                               | -  | 1 843 847.29                                 | 3 875 013.52                              |
| Walvis Bay            | 4 275 729.26                 | 65 397.45                                  | 4 210 331.81                 | 666 213.98                                 | 305 856.87                               | -  | 4 210 331.81                              |
| Windhoek              | 69 467 952.10                | 748 767.14                                 | 68 719 184.96                | -  | 1 207 477.56                             | 11 086 953.25                                | 79 806 138.21                             |
| <b>Total</b>          | <b>154 684 975.98</b>        | <b>1 529 300.32</b>                        | <b>153 155 675.66</b>        | <b>13 585 318.74</b>                       | <b>4 412 895.21</b>                      | <b>43 650 803.49</b>                         | <b>196 806 479.15</b>                     |

(continued)

**Note:** The opening balances for Municipalities submitted by the Accounting Officer differ with the opening balances of the previous audit report.

| Lent to         | Balance<br>01/04/2012 | Redemption<br>received<br>2012/2013 | Balance<br>31/03/2013 | Capital<br>in arrears<br>31/03/2013 | Interest<br>received<br>2012/2013 | Interest<br>outstanding<br>31/03/2013 |
|-----------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|-----------------------------------|---------------------------------------|
|                 | N\$                   | N\$                                 | N\$                   | N\$                                 | N\$                               | N\$                                   |
| <b>Towns</b>    |                       |                                     |                       |                                     |                                   |                                       |
| Arandis         | 550 000.00            | -                                   | 550 000.00            | -                                   | -                                 | -                                     |
| Henties Bay     | 74 795.14             | -                                   | 74 795.14             | 28 532.58                           | -                                 | 57 894.32                             |
| Katima Mulilo   | 479 021.19            | -                                   | 479 021.19            | -                                   | -                                 | -                                     |
| Khorixas        | 205 952.45            | -                                   | 205 952.45            | -                                   | -                                 | -                                     |
| Lüderitz        | 11 321 914.12         | -                                   | 11 321 914.12         | 8 715 149.51                        | -                                 | 23 371 941.15                         |
| Okakarara       | 319 554.79            | -                                   | 319 554.79            | -                                   | -                                 | -                                     |
| Ondangwa        | 1 572 038.95          | -                                   | 1 572 038.95          | -                                   | -                                 | -                                     |
| Ongwediva       | 1 324 829.08          | -                                   | 1 324 829.08          | -                                   | -                                 | -                                     |
| Opuwo           | 76 484.86             | -                                   | 76 484.86             | -                                   | -                                 | -                                     |
| Oshakati        | 381 060.99            | -                                   | 381 060.99            | -                                   | -                                 | -                                     |
| Rehoboth        | 999 086.16            | -                                   | 999 086.16            | -                                   | -                                 | -                                     |
| Rundu           | 1 087 996.44          | -                                   | 1 087 996.44          | -                                   | -                                 | -                                     |
| <b>Total</b>    | <b>18 392 734.17</b>  | <b>-</b>                            | <b>18 392 734.17</b>  | <b>8 743 682.09</b>                 | <b>-</b>                          | <b>23 429 835.47</b>                  |
| <b>Villages</b> |                       |                                     |                       |                                     |                                   |                                       |
| Aranos          | 1 229 076.54          | -                                   | 1 229 076.54          | 460 558.01                          | -                                 | 1 453 673.54                          |
| Aroab           | 453 892.70            | -                                   | 453 892.70            | 509 078.71                          | -                                 | 329 642.59                            |
| Aus             | 313 724.30            | -                                   | 313 724.30            | -                                   | -                                 | 2 380.12                              |
| Bethanië        | 1 282 819.97          | -                                   | 1 282 819.97          | 983 595.09                          | -                                 | 996 457.06                            |
| Gibeon          | 589 955.63            | -                                   | 589 955.63            | -                                   | -                                 | -                                     |
| Gochas          | 1 108 652.58          | -                                   | 1 108 652.58          | 380 574.27                          | -                                 | 1 103 483.08                          |
| Kalkrand        | 118 762.42            | -                                   | 118 762.42            | 23 805.34                           | -                                 | 86 204.76                             |
| Kamanjab        | 839 384.78            | -                                   | 839 384.78            | 145 575.58                          | -                                 | 589 687.58                            |
| Koës            | 478 728.59            | -                                   | 478 728.59            | 70 209.32                           | -                                 | 103 453.44                            |
| Leonardville    | 178 466.93            | -                                   | 178 466.93            | 108 422.46                          | -                                 | 492 816.05                            |
| Maltahöhe       | 1 940 994.06          | -                                   | 1 940 994.06          | 520 762.93                          | -                                 | 1 624 382.52                          |
| Stampriet       | 277 203.10            | -                                   | 277 203.10            | 66 995.45                           | -                                 | 234 226.70                            |
| Tses            | 450 626.62            | -                                   | 450 626.62            | -                                   | -                                 | -                                     |
| Uis             | 21 197.75             | -                                   | 21 197.75             | -                                   | -                                 | -                                     |
| Witvlei         | 587 309.75            | -                                   | 587 309.75            | 285 762.56                          | -                                 | 456 771.77                            |
| <b>Total</b>    | <b>9 870 795.72</b>   | <b>-</b>                            | <b>9 870 795.72</b>   | <b>3 555 339.72</b>                 | <b>-</b>                          | <b>7 473 179.21</b>                   |

(continued)

| <b>Lent to</b>          | <b>Balance<br/>01/04/2012</b> | <b>Redemption<br/>received<br/>2012/2013</b> | <b>Balance<br/>31/03/2013</b> | <b>Capital<br/>in arrears<br/>31/03/2013</b> | <b>Interest<br/>received<br/>2012/2013</b> | <b>Interest<br/>outstanding<br/>31/03/2013</b> |
|-------------------------|-------------------------------|--|-------------------------------|--|--|--|
|                         | N\$                           | N\$  | N\$                           | N\$  | N\$  | N\$  |
| <b>Settlement areas</b> |                               |  |                               |  |  |  |
| Ariamsvlei              | 274 846.41                    | -  | 274 846.41                    | 6 869.25                                     | -  | 24 820.23                                      |
| Grünau                  | 138 017.44                    | -  | 138 017.44                    | 69 997.63                                    | -  | 234 449.04                                     |
| Kalkfeld                | 823 133.61                    | -  | 823 133.61                    | 12 321.43                                    | -  | 61 705.10                                      |
| 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                     | 20 004.66                                    | -  | 80 886.98                                      |
|                         | <b>2 317 029.26</b>           | -  | <b>2 317 029.26</b>           | <b>104 546.44</b>                            |  | <b>407 288.15</b>                              |
| <b>GRAND TOTAL</b>      | <b>185 265 535.13</b>         | <b>1 529 300.32</b>                          | <b>183 736 234.81</b>         | <b>25 993 533.52</b>                         | <b>4 412 895.21</b>                        | <b>73 876 429.64</b>                           |

**(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.

**Management response**

Following the consultation with the Government Attorney, the cases related to the subject matter have been handled as advised.

**(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 2012                            | 7 633.59 |
| Less: Capital redemption recovered in 2012/13 in respect of 3 houses | -        |
| Balance on control record at 31 March 2013                           | 7 633.59 |

**4.5.2 Loans due to the Government**

The loans due to the Government decreased from N\$ 854 690 538.84 to N\$ 849 946 676.87 regarding the capital portion and increased from N\$ 621 684 194.90 to N\$ 621 977 474.34 regarding the interest portion, as at 31 March 2013.

It is of a grave concern to observe that the interest is not capitalized and contracts entered with lenders were not submitted for audit purposes.

It is strongly recommended that Accounting Officer should put measures in place to ensure that all loans are repaid as a matter of urgency. The non-repayment of loans and non-submission of contracts leaves the Auditor-General with no other option but to qualify his opinion.

**Management response**

As one of the measures that the Ministry of Finance has put in place, is issuance of constant demand letters for payments to the borrowers. However, most local authorities do not honour their repayment obligations due to financial difficulties they face.

## 4.6 DEBT OF THE GOVERNMENT

### 4.6.1 Statement

The Permanent Secretary: Finance, prepared a statement of the Government's debt at 31 March 2013 and related transactions during 2012/13, 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 4.3.4.1, 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 4.7:

| Nature                                   | Interest rate | Term | Redemption date | Debt at 01/04/2012 | Created 2012/13 | Redemption in 2012/13 |                         | Debt at 31/03/2013 | Interest paid in 2012/13 |                         |
|--|---------------|------|-----------------|--------------------|-----------------|-----------------------|-------------------------|--------------------|--------------------------|-------------------------|
|  |               |      |                 |                    |                 | By transfer           | From State Revenue Fund |                    | Payments by transfer     | From State Revenue Fund |
| <b>FOREIGN DEBT</b>                      |               |      |                 | N\$                | N\$             | N\$                   | N\$                     | N\$                | N\$                      | N\$                     |
| <b>1. African Development Fund</b>       |               |      |                 |                    |                 |                       |                         |                    |                          |                         |
| a) Trans-Kalahari Road Project           | 0.75          | 50   | 2042/04/01      | 16 990 112         | -               | -                     | 16 990 112              | -                  | -                        | -                       |
|  |               |      |                 | 850 806            | -               | -                     | 850 806                 | -                  | -                        | -                       |
|  |               |      |                 | 3 113 173          | -               | 1 639 294             | 1 473 880               | -                  | -                        | 428 809                 |
|  |               |      |                 | 3 193 636          | -               | -                     | 3 193 636               | -                  | -                        | -                       |
|  |               |      |                 | (1 243 564)        | -               | 1 344 882             | (2 588 447)             | -                  | -                        | 924 586                 |
| <b>b) Basic Teacher Education</b>        |               |      |                 |                    |                 |                       |                         |                    |                          |                         |
| Project (from African Development Fund)  | 0.75          | 50   | 2043/01/01      | 11 817 915         | -               | -                     | 11 817 915              | -                  | -                        | -                       |
|  |               |      |                 | 30 847 957         | -               | -                     | 30 847 957              | -                  | -                        | -                       |
|  |               |      |                 | 6 928 825          | -               | -                     | 6 928 825               | -                  | -                        | -                       |
|  |               |      |                 | 4 605 747          | -               | -                     | 4 605 747               | -                  | -                        | -                       |
|  |               |      |                 | 2 704 041          | -               | -                     | 2 704 041               | -                  | -                        | -                       |
| <b>2. Kreditanstalt für Wiederaufbau</b> |               |      |                 |                    |                 |                       |                         |                    |                          |                         |
| a) Hardap dam rehabilitation             | 2             | 30   | 2023/06/30      | 15 293 972         | -               | 1 709 744             | 13 584 228              | -                  | -                        | 384 843                 |
| b) Trans Caprivi Highway 1               | 2             | 30   | 2024/06/30      | 79 895 414         | -               | 6 499 220             | 73 396 194              | -                  | -                        | 1 592 481               |
| c) Trans Caprivi Highway 2               | 3.25          | 30   | 2036/12/30      | 114 951 419        | -               | 5 107 313             | 109 844 106             | -                  | -                        | 930 587                 |
| d) Trans Caprivi Highway 3               | 2             | 20   | 2028/12/30      | 63 680 496         | -               | 4 767 556             | 58 912 940              | -                  | -                        | 1 597 258               |
| e) Rural Basic Communication Tranch 1    | 2             | 30   | 2026/06/30      | 6 466 426          | -               | 1 093 221             | 5 373 205               | -                  | -                        | 301 772                 |
| Tranch 2                                 | 2             | 30   | 2026/06/30      | 18 760 232         | -               | 493 021               | 18 267 211              | -                  | -                        | 90 802                  |
|  |               |      |                 | <b>378 856 607</b> | <b>-</b>        | <b>22 654 253</b>     | <b>356 202 355</b>      | <b>-</b>           | <b>-</b>                 | <b>6 251 139</b>        |

| Nature  | Interest rate | Term | Redemption date | Debt at 01/04/2012 | Created 2012/2013 | Redemption in 2012/13 |                         | Debt at 31/03/2013 | Interest paid in 2012/13 |                         |
|---|---------------|------|-----------------|--------------------|-------------------|-----------------------|-------------------------|--------------------|--------------------------|-------------------------|
|   |               |      |                 |                    |                   | By transfer           | From State Revenue Fund |                    | Payments by transfer     | From State Revenue Fund |
| f) Upgrading of Commercial Port Walvis Bay                    | 2             | 30   | 2027/06/30      | 42 558 260         | -                 | N\$                   | N\$                     | 39 544 288         | -                        | N\$                     |
| g) Windhoek water reclamation                                 | 2             | 30   | 2027/06/30      | 75 467 551         | -                 | -                     | 4 997 714               | 70 469 836         | -                        | 1 442 538               |
| h) Road rehabilitation Oshivelo – Oshakati                    | 3.25          | 20   | 2026/12/30      | 55 962 416         | -                 | -                     | 3 857 885               | 52 104 532         | -                        | 1 140 370               |
| Tranch 1  | 2             | 30   | 2026/12/30      | 67 080 331         | -                 | -                     | 1 074 070               | 66 006 261         | -                        | 200 207                 |
| Tranch 2  | 3             | -    | -               | -                  | -                 | -                     | 1 819 343               | (1 819 343)        | -                        | 366 668                 |
| Tranch 3  | 3             | 20   | 2030/12/30      | 46 911 830         | -                 | -                     | 3 287 970               | 43 623 860         | -                        | 1 233 076               |
| i) Labour based road construction                             |               |      |                 |                    |                   |                       |                         |                    |                          |                         |
| j) Mururani gate Rundu  | 2             | 20   | 2030/06/30      | 20 662 045         | -                 | -                     | 4 011 323               | 16 650 722         | -                        | 1 464 244               |
| k) Road Rehabilitation Ondangwa Oshikango                     | 2             | 30   | 2032/06/30      | 40 503 085         | -                 | -                     | 2 658 027               | 37 845 058         | -                        | 1 082 770               |
| l) Extention of payment services                              | 2             | 30   | 2044/12/30      | 8 257 950          | -                 | -                     | -                       | 8 257 950          | -                        | 37 411                  |
| m) Participation transport                                    | -             | -    | -               | -                  | -                 | -                     | -                       | -                  | -                        | 867 074                 |
| <b>3. People's Republic of China</b>                          |               |      |                 |                    |                   |                       |                         |                    |                          |                         |
| a) Loan account nr. 1   | Free          | 20   | 2020/10/01      | 38 328 237         | -                 | -                     | -                       | 38 328 237         | -                        | -                       |
| b) Loan account nr. 2   | Free          | 20   | 2012/10/01      | 11 640 504         | -                 | -                     | -                       | 11 640 504         | -                        | -                       |
| c) Loan account nr. 3   | -             | -    | -               | 20 954 053         | -                 | -                     | -                       | 20 954 053         | -                        | -                       |
| d) Northern tannery and leather manufacturing Project (China) | 4             | 8    | 2007/07/14      | 8 216 964          | -                 | -                     | -                       | 8 216 964          | -                        | -                       |
| <b>4. International Fund for Agriculture development</b>      |               |      |                 |                    |                   |                       |                         |                    |                          |                         |
| Northern regions livestock                                    | 3.64          | 20   | 2015/06/01      | (26 365 177)       | -                 | -                     | -                       | (26 365 177)       | -                        | -                       |
|   |               |      |                 | <b>410 178 049</b> | -                 | -                     | <b>24 720 304</b>       | <b>385 457 745</b> | -                        | <b>8 756 438</b>        |

| Nature                                    | Interest rate | Term  | Redemption date | Debt at 01/04/2012  | Created 2012/13 | Redemption in 2012/2013 |                            | Debt at 31/03/2013  | Interest paid in 2012/2013 |                         |
|---|---------------|-------|-----------------|---|-----------------|-------------------------|----------------------------|---|----------------------------|-------------------------|
|   |               |       |                 |   |                 | By transfer             | From State Revenue Fund    |   | Payments by transfer       | From State Revenue Fund |
| <b>5. European Investment Bank</b>        | %             | Years |                 | N\$   | N\$             | N\$                     | N\$                        | N\$   | N\$                        | N\$                     |
| a) Windhoek Infrastructure 1              | 4.7           | 20    | 2015/05/20      | 20 204 750<br>(27 339 257)<br>(18 856 953)<br>(2 397 512) | -               | -                       | -                          | 20 204 750<br>(27 339 257)<br>(18 856 953)<br>(2 397 512) | -                          | -                       |
| b) Windhoek Infrastructure 2              | 3             | 20    | 2009/07/31      | 44 060 386  | -               | 9 304 251               | 34 756 135                 | -   | -                          | 2 282 656               |
| c) Nam-Windhoek water supply A            | 3             | 12    | 2009/03/15      | (1 437 069)<br>(7 390 250)                                | -               | -                       | (1 437 069)<br>(7 390 250) | -   | -                          | -                       |
| d) Nam-Windhoek water supply B            | 3             | 20    | 2013/03/31      | (3 342 308)   | -               | 2 551 148               | (5 893 456)                | -   | -                          | 156 201                 |
| 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      | 30 393 141<br>29 638 400                                  | -               | 3 745 132               | 26 648 009<br>29 638 400   | -   | -                          | 198 705                 |
| <b>6. Nordic Investment Bank</b>          | 0.75          | 40    | 2035/06/15      | 5 600 977   | -               | 433 895                 | 5 167 082                  | -   | -                          | 139 078                 |
| Seaflower Fisheries                       |               |       |                 |   |                 |                         |                            |   |                            |                         |
| <b>7. African Development Bank</b>        | 0.4           | 20    | 2020/07/01      | 8 328 801   | -               | 1 800 931               | 6 527 870                  | -   | -                          | 570 242                 |
| a) Human resources development            | 3.5           | 15    | 2021/02/01      | 141 250 688   | -               | 13 495 938              | 127 754 750                | -   | -                          | 7 593 832               |
| b) Northern railway extension             | Jibar         | 30    | 2023/02/01      | 155 440 357   | -               | 13 323 581              | 142 116 775                | -   | -                          | 8 689 198               |
| c) Aus Rosh Pinah                         | Jibar         | 20    | 2024/02/01      | 207 354 661   | -               | 16 450 667              | 190 903 995                | -   | -                          | 11 704 469              |
| d) Kamanjab- Omakange road                |               |       |                 |   |                 |                         |                            |   |                            |                         |
| <b>8. Caisse Francaise de Development</b> | 3.5           | 15    | 2011/04/30      | 1 648 599   | -               | -                       | 1 648 599                  | -   | -                          | -                       |
| Windhoek water supply                     |               |       |                 |   |                 |                         |                            |   |                            |                         |
| <b>9. Arab Bank for Economic Dev.</b>     | 3             | 17    | 2015/05/01      | (1 819 036)   | -               | 735 279                 | (2 554 315)                | -   | -                          | 96 223                  |
| a) Human resources development            | 3             | 25    | 2017/11/01      | 8 774 452   | -               | 1 860 085               | 6 914 367                  | -   | -                          | 345 667                 |
| b) Windhoek Aris road                     | 3             | 24    | 2024/08/25      | 35 004 747  | -               | 2 773 670               | 32 231 077                 | -   | -                          | 1 586 032               |
| c) Northern railway extension             | 3             | 24    | 2028/04/01      | 51 353 826  | -               | 2 286 383               | 49 067 443                 | -   | -                          | 1 646 770               |
| d) Aus-Rosh Pinah                         |               |       |                 |   |                 |                         |                            |   |                            |                         |
|   |               |       |                 | <b>636 289 013</b>  | -               | <b>68 760 960</b>       | <b>567 528 053</b>         | -   | -                          | <b>35 009 072</b>       |



| Nature   | Interest rate | Term | Redemption date | Debt at 01/04/2012   | Created 2012/13      | Redemption in 2012/2013 |                         | Interest paid in 2012/2013 |                         |
|--|---------------|------|-----------------|----------------------|----------------------|-------------------------|-------------------------|----------------------------|-------------------------|
|  |               |      |                 |                      |                      | By transfer             | From State Revenue Fund | Accrued Interest           | From State Revenue Fund |
| <b>10. Development Bank of South Africa</b><br>Windhoek urban infrastructure                 | 16            | 20   | 2022/08/31      | N\$ (6.00)           | -                    | N\$ -                   | N\$ (6.00)              | N\$ -                      | -                       |
| <b>11. Kuwait Fund for Arab Economic Development in Africa</b><br>Northern railway extension | 3             | 20   | 2021/09/15      | (62 540 724)         | -                    | -                       | 4 392 774               | -                          | 1 419 140               |
| <b>12. Exports Finans ASA</b><br>Fisheries patrol vessel                                     | Free          | 10   | 2012/11/14      | 5 946 031            | -                    | -                       | 3 534 502               | -                          | -                       |
| <b>13. Instituto de Credito Oficial</b><br>(a) Construction: Fisheries surveillance vessel   | 0.35          | 20   | 2032/11/30      | 38 818 880           | -                    | -                       | 3 334 874               | -                          | 239 302                 |
| (b) Upgrading of airport   | 4.27          | 14   | 2032/02/09      | 96 963 477           | -                    | -                       | -                       | -                          | 638 725                 |
| <b>14. Bilbao Vizcaya</b><br>(a) Construction: Fisheries surveillance vessel                 | Euribor       | 20   | 2033/11/30      | (30 570 833)         | -                    | -                       | 3 912 187               | -                          | 53 528                  |
| (b) Upgrading of airport   | 4.27          | 12   | 2032/02/09      | (20 180 899)         | -                    | -                       | 19 437 589              | -                          | 3 165 079               |
| <b>15. Export-Import Bank of China</b><br>Purchase of railway equipment                      | 3             | 15   | 2021/03/21      | (28 046 156)         | -                    | -                       | -                       | -                          | 948 198                 |
| Electronics Document and Management Systems  | 4.27          | 15   | 2032/02/09      | 37 377 382           | -                    | -                       | 4 161 003               | -                          | -                       |
| Customs Scanners   | 2             | 15   | 2028/03/21      | 180 352 215          | -                    | -                       | -                       | -                          | 4 571 420               |
| <b>16. Japan Bank for International Cooperation</b><br>Rundu- Elundu road upgrading          | -             | -    | -               | 908 317 716          | -                    | -                       | 95 571 219              | -                          | 12 159 193              |
| <b>17. BNP Paribas Fortis</b><br>Supply of Medical Equipment                                 | Eur           | -    | -               | (6 059 984)          | -                    | -                       | 12 371 691              | -                          | -                       |
| Fisheries Research Vessel  | Eur           | -    | -               | 168 771 217          | -                    | -                       | -                       | -                          | 53 452                  |
| <b>18. Euro Investors - Eurobond</b>   | Eur           | 10   | 2021/10/15      | 3 900 000            | 1 300 000 000        | -                       | -                       | -                          | 226 505 125             |
| <b>19. JSE - bond</b>  | Rand          | 10   | -               | 848 066 796          | 848 066 796          | -                       | -                       | -                          | -                       |
| <b>TOTAL: FOREIGN DEBT</b>   |               |      |                 | <b>1 293 048 316</b> | <b>2 148 066 796</b> | -                       | <b>146 715 840</b>      | -                          | <b>249 753 163</b>      |
|  |               |      |                 | <b>2 718 371 985</b> | <b>2 148 066 796</b> | -                       | <b>262 851 356</b>      | -                          | <b>299 839 812</b>      |

| Nature   | Interest rate<br>% | Term<br>Years | Redemption date | Debt at<br>01/04/2012<br>N\$ | Bonds issued<br>2012/2013<br>N\$ | Redemption in 2012/2013 |                                      | Debt at<br>31/03/2013<br>N\$ | Interest paid in 2012/2013 |                                   |
|--|--------------------|---------------|-----------------|------------------------------|----------------------------------|-------------------------|--------------------------------------|------------------------------|----------------------------|-----------------------------------|
|  |                    |               |                 |                              |                                  | By<br>transfer<br>N\$   | From State<br>Revenue<br>Fund<br>N\$ |                              | Accrued<br>interest<br>N\$ | From State<br>Revenue Fund<br>N\$ |
| <b>DOMESTIC DEBT</b><br>Internal registered stock: |                    |               |                 |                              |                                  |                         |                                      |                              |                            |                                   |
| GC12   | 10.5               | 5             | 2012/10/15      | 1 467 809 128                | -                                | -                       | 1 379 500 000                        | 88 309 128                   | -                          | 144 847 500                       |
| GC14   | 8                  | 3             | 2014/07/15      | 1 281 428 688                | 290 342 763                      | -                       | -                                    | 1 571 771 451                | -                          | 106 500 000                       |
| GC15   | 12                 | 5             | 2015/04/15      | 1 820 693 205                | -                                | -                       | -                                    | 1 820 693 205                | -                          | 214 145 100                       |
| GC17   | 7.5                | 6             | 2017/10/15      | 492 462 167                  | 502 490 150                      | -                       | -                                    | 944 952 317                  | -                          | 43 848 000                        |
| GC18   | 9.5                | 8             | 2018/04/15      | 1 790 137 194                | -                                | -                       | -                                    | 1 790 137 194                | -                          | 165 590 700                       |
| GC21   | 7.75               | 10            | 2021/10/15      | 404 678 604                  | 454 452 563                      | -                       | -                                    | 859 131 166                  | -                          | 39 635 438                        |
| GC24   | 10.5               | 12            | 2024/10/15      | 2 096 400 839                | 136 275 544                      | -                       | -                                    | 2 232 676 382                | -                          | 205 460 850                       |
| GC27   | 8                  | 15            | 2027/01/15      | 99 604 293                   | 185 596 526                      | -                       | -                                    | 285 200 819                  | -                          | 17 990 000                        |
| GC30   | 8                  | 20            | 2030/01/15      | 73 411 163                   | 189 577 568                      | -                       | -                                    | 262 988 731                  | -                          | 16 177 600                        |
| <b>Treasury Bills</b>                              |                    |               |                 | <b>9 526 625 281</b>         | <b>1 758 735 114</b>             | -                       | <b>1 379 500 000</b>                 | <b>9 905 860 395</b>         | -                          | <b>954 195 188</b>                |
| <b>TOTAL: DOMESTIC DEBT</b>                        |                    |               | Note A          | 7 289 341 563                | 12 198 452 856                   | -                       | 12 265 916 211                       | 7 221 878 208                | -                          | 464 683 789                       |
| <b>TOTAL: DEBT</b>                                 |                    |               |                 | <b>16 815 966 844</b>        | <b>13 957 187 970</b>            | -                       | <b>13 645 416 211</b>                | <b>17 127 738 603</b>        | -                          | <b>1 418 878 977</b>              |
|  |                    |               |                 | <b>19 534 338 829</b>        | <b>16 105 254 765</b>            | -                       | <b>13 908 267 567.35</b>             | <b>21 713 826 027</b>        | -                          | <b>1 718 648 789</b>              |

Note:

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

#### 4.6.1.1 Audit Observations: Credit Balances

It was observed that some loans have credit balances and are still being repaid. The Accounting Officer should explain why the credit balances are repaid.

#### 4.6.1.2 Audit observations: Difference between Domestic interest

The same difference was noted for the second consecutive year:

|                       | <b>Paragraph 4.3.4.1</b> | <b>Paragraph 4.6.1</b> | <b>Difference</b> |
|-----------------------|--------------------------|------------------------|-------------------|
|                       | N\$                      | N\$                    | N\$               |
| Foreign interest paid | 299 711 377              | 299 839 812            | 128 435           |

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”.

#### 4.6.2 Borrowing costs

Costs incurred in establishing loans during the 2012/2013 financial year are as follows:

| <b>Loan</b>             | <b>Cost</b>         |
|-------------------------|---------------------|
|                         | N\$                 |
| Water Reclamation       | 10 291.92           |
| Budget Sector           | 80 383.88           |
| Customs Scanners        | 947 030.55          |
| Namibian Stock Exchange | 64 000.00           |
|                         | <b>1 101 706.35</b> |

Borrowing cost reported by the Accounting Officer amounts to N\$ 1 101 706.35 whereas the General Ledger reflects an amount of N\$ 1 466 842.58 leaving an unexplained difference of N\$ 365 136.23.

#### Management response

The amount paid for borrowing costs was N\$ 1 466 842.58. However, on the statement an amount of N\$ 1 101 706.35 was recorded, leaving a balance of N\$ 365 136.23. It has come to our attention that the following payments were omitted and need to be added to the statement:

| <b>Description</b> | <b>Amounts</b>    |
|--------------------|-------------------|
|                    | N\$               |
| Financial systems  | 328 761.04        |
| JSE Bond           | 36 375.21         |
| <b>Total</b>       | <b>365 136.25</b> |

The “financial systems” component of the costs comes as a result of a loan from Kreditanstalt fur Wiederaufbau (KfW) that was not effected. KfW charged the commitment fees wrongly. This payment so far has been revised and refunded during the 2013/2014 financial year.

#### 4.6.3 Debt of the Government

The debt during the financial year increased from N\$ 19 534 338 829 to N\$ 21 713 826 027 or 11%.

#### 4.7 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 2013:

(i) Local institutions:

| Guarantee given to               | Purpose/Beneficiary             | Amount               |
|----------------------------------|---------------------------------|----------------------|
|                                  |                                 | N\$                  |
| The Agricultural Bank of Namibia | Aussenkehr Farms                | 24 500 000           |
| 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 | 64 100 000           |
| Development Bank of Namibia      | National Housing Enterprise     | 10 000 000           |
| Development Bank of Namibia      | Namibia Wildlife Resort         | 91 500 000           |
| Standard Bank Namibia            | Air Namibia                     | 210 000 000          |
| Standard Bank Namibia            | Air Namibia                     | 413 200 000          |
| First National Bank              | Air Namibia                     | 184 800 000          |
| <b>TOTAL</b>                     |                                 | <b>1 555 252 667</b> |

(ii) Foreign institutions:

| Guarantee given to                   | Purpose/Beneficiary       | Amount               |
|--------------------------------------|---------------------------|----------------------|
|                                      |                           | N\$                  |
| European Investment Bank             | Telecom Namibia           | 140 000 000          |
| European Investment Bank             | Namibia Ports Authority   | 32 656 308           |
| European Investment Bank             | Namibia Power Corporation | 302 083 742          |
| AB Svensk Export Kredit              | Namibia Power Corporation | 21 013 537           |
| Agence Francaise de Development      | Namibia Power Corporation | 34 699 916           |
| African Development Bank             | Namibia Power Corporation | 20 063 751           |
| European Investment Bank             | Namibia Power Corporation | 186 052 000          |
| BCI Aircraft Leasing Ireland Limited | Air Namibia               | 50 747 122           |
| DVB Bank SE                          | Air Namibia               | 266 904 285          |
| Capex Leasing Limited                | Air Namibia               | -                    |
| Capex Leasing limited                | Air Namibia               | -                    |
| Air bus A319-112 Aircraft            | Air Namibia               | 301 541 332          |
| KFW                                  | Nampost                   | 71 919 788           |
| <b>TOTAL</b>                         |                           | <b>1 427 681 781</b> |

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

The Government also provided guarantees to the National Housing Enterprise, a building society and commercial bank, 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 2012/2013 financial year:

| Institution                 | Amount               |
|-----------------------------|----------------------|
|                             | N\$                  |
| Standard Bank               | 10 421 372.86        |
| Nedbank                     | 518 600.00           |
| First National Bank         | 7 139 094.20         |
| Bank Windhoek               | 2 628 579.80         |
| National Housing Enterprise | 713 175.27           |
| Swabou                      | 81 560.00            |
| <b>TOTAL</b>                | <b>21 502 382.13</b> |

Transactions during 2012/2013 and the position at 31 March 2013 regarding payments in terms of these loan guarantees in favor of Government employees were as follows:

|   |                 |
|---|-----------------|
|   | N\$             |
| Irrecoverable payments charged as losses to the State Revenue Fund. (See paragraph 4.3.4.1) | 351 824 655.13  |
| Payments recovered. See revenue item 91.3.09.010(Individual report-Ministry of Finance)     | 238 123.20      |
| Amount recoverable. See paragraph 4.1.1 (Collateral Losses rejection)                       | (27 403 205.85) |

#### 4.8 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% | 443 766.41        |
| Balance as at 31 March 2013 (Par. 4.1.1)                          | <b>443 766.41</b> |

Interest received from investments comprised:

| Financial institutions                          | Interest         |
|---|------------------|
|   | N\$              |
| On long-term at two other institutions          | 57 060.30        |
| See revenue item 31.0020.619 in paragraph 4.4.1 | <b>57 060.30</b> |

## SHARES

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

| Shares of                                   | Total<br>payments up<br>to 31/03/2013 | Nominal value of<br>shares held at<br>31/03/2013 |
|---|---------------------------------------|--|
|   | 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                                    | 1 610 000 000.00                      | 165 000 000.00                                   |
| Bank of Namibia (FIC)                       | 25 806 434.00                         | -  |
| 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                    | 25 720 997.29                         | 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 Namibi                  | 1 464 440 000.00                      | 141 000 000.00                                   |
| Road Fund Administration                    | 399 858 896.41                        | -  |
| Agribank                                    | 543 411 000.00                        | -  |
| 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                          | 87 800 000.00                         | 4 000.00   |
| National Energy Fund                        | 156 000 000.00                        | -  |
|   | <b>9 409 275 448.18</b>               | <b>2 420 504 424.38</b>                          |

The following dividends were received by the Government during the 2012/2013 financial year:

| <b>Institution</b>                              | <b>Amount</b>         |
|---|-----------------------|
|   | N\$                   |
| Namibia Post and Telecommunication              | 244 646 349.00        |
| Bank of Namibia                                 | 60 018 000.00         |
| Namdeb  | 351 000 000.00        |
| Namibre   | 1 358 597.34          |
| Namibia Diamond Trading Company                 | 150 000 000.00        |
| See revenue item 31.0020.620 in paragraph 4.4.1 | <b>807 022 946.34</b> |

#### **4.9 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 4.5.1 (iv) Motor financing scheme. No progress made in recovering of these loans.
- b) Paragraph 4.6.1.1 Domestic interest. Difference between statement and general ledger not corrected.
- c) Paragraph 4.7 (ii) Guarantees. Amounts could not be verified due to poor record keeping.

#### **4.10 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\$ 139 985 593.82. This difference could not be explained. Paragraph 4.4.7.3 (i). It is the eighth 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 4.4.7.3 (ii).
- iii) Authorized expenditure reflected in the Appropriation Act differs from those reflected in the general ledger with an amount of N\$ 242 142 849 and could not be explained. Paragraph 4.4.7.2.
- iv) Explanations for deviations of more than N\$ 100 000 on revenue were not provided. Paragraph 4.4.7.1.
- v) Twenty one (21) O/M/As failed to reconcile their suspense accounts either partly or wholly. Paragraph 3.3.4.
- vi) The amount reflected in the General Ledger on loans is understated. Paragraph 4.5.1 (i) and (ii).
- vii) Interest on loans is not capitalized and contracts entered with lenders were not submitted for audit purposes. Paragraph 4.5.2.
- viii) The financial guarantee amounts could not be verified due to the lack of proper record keeping. Paragraph 4.7.

#### **4.11 QUALIFIED OPINION**

I certify that I have audited the financial statements for the year ended 31 March 2013 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).

In my opinion, except for the effect of the matters discussed in the Basis for qualified opinion paragraph, the financial statements fairly present the receipts and payments of the State Revenue Fund for the year ended 31 March 2013 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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