FY2019/20 Budget Statement

Presented
By

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Honourable Speaker;
Honourable Members of the National Assembly;
Fellow Namibians;

1. I have the honour to table the Budget for the 2019/20 financial year, a fifth under the administration of His Excellency President Dr Hage Geingob.

2. I table this budget knowing that the current economic situation in our country has caused hardship for many citizens and I thank you all for your forbearance during these difficult times.

3. I am equally aware that the situation would have been much worse, if we had not implemented fiscal consolidation and austerity measures.

4. This budget sets out the developmental outcomes we aspire to achieve this year and beyond, and, securing a new pattern of sustainable economic growth that is broadly shared by all Namibians. As masters of our own destiny, this budget summons the collective energy of all Namibians; and, implementing Offices Ministries and Agencies to rally together for broad-based economic growth activities; timely and efficient implementation of funded programs; and, taking the steps required to implement the complementary reforms designed to deliver improved developmental outcomes.

5. It is a budget targeted at stimulating economic growth and bringing about decent jobs and, further adjusting the public fiscal stance to sustainable and stable levels. In pursuit of these material policy objectives, we remain agile to guard against excess reversals on gains in the social sectors. The budget I lay before you is thus as much about ensuring macroeconomic stability as it is about supporting economic recovery with jobs.

6. Beyond the budget, the economy is greatly enabled by private sector investment, expansion of final value of exports, speedy implementation of intervention measures and a conducive policy environment.

What does this Budget offer?

Honourable Speaker,
Honourable members,

7. The FY2019/20 budget provides and reinforces the three-linked and interconnected fiscal policy actions.

8. First, the budget provides for a growth stimulus package, centred on increased magnitude of the development budget, enhanced resource allocation to the agricultural sector, youth and SME support.

9. Second, its policy stance proposes a continued reduction in the budget deficit, consistent with the medium-term fiscal consolidation policy stance.

10. Third, it proposes timely implementation of enabling structural policy reforms to optimize outcomes through improved ease of doing business, business confidence and increased policy certainty. This also includes tax policy and tax administration reforms which balance between promoting investment and revenue generation to support the successful implementation of the fiscal consolidation program.

11. This budget:-

- Increases the development budget allocation by 42.0 percent, with greater emphasis on economic growth enhancing infrastructure investment and crowding in private sector participation,

- Reduces the proportion of non-core expenditure to curb wastage and enhance allocative efficiency,

- Provides increasing budgetary allocations to social sectors to guard against reversals and enhance access to affordable and reliable public services, and

- Further strengthens allocations to social safety nets to improve coverage of qualifying beneficiaries and maintaining the grants in real terms.

Honourable Speaker,

12. In this context, and in terms of Article 126(1) of the Namibian Constitution, I table, for the favourable consideration and approval of this House:-

    a) the FY2019/20 Budget, FY2019/20-2021/22 Medium-Term Expenditure Framework and the accompanying Development Budget
    b) the Estimates of Revenue and Expenditure for the MTEF,
    c) the FY2019/20 Appropriation Bill,
    d) the Fiscal Strategy for the 2019/20 -2021/22 MTEF, and
    e) the Government Accountability Report for FY2017/18

13. To resuscitate growth and jobs, this budget makes the following explicit provisions;-

    - The development budget is increased to N$7.9 billion, from N$5.5 billion this financial year. This allocation must be protected against frequent reallocation and virements during the financial year,
    - Deploys project financing amounting to N$1.1 billion under the African Development Bank arrangement within the budget year, with own budget funding of N$831.9 million for logistics infrastructure mainly rail and road, agricultural mechanisation and school infrastructure renovation.
    - The remaining N$2.9 billion under AfDB funding will be utilized over the next two years.
    - In collaboration with AfDB, and to encourage local participation, construction projects will provide the option for 25 percent of the contract value to local entities through a competitive bidding process.

    - A total allocation of N$290 million is allocated to the crop and horticulture programme under the Ministry of Agriculture, Water and Forestry of which N$96 million is targeted for the Green Scheme Programme. An amount of N$469 million is allocated for water generation and infrastructure refurbishment programme. This is for the purpose of increased productive capacity, increased efficiency and job creation in partnership with the private sector and to enhance water security in the country.

- An additional allocation of N$15 million is allocated for youth entrepreneurship projects on top of N$9.5 million to support youth employment and self-employment under the National Youth Council. This is in addition to youth related projects under the Ministry of Sports, Youth and National Service as well as the support facilities at the Development Bank of Namibia and the Ministry of Industrialization, Trade and SME Development.

- Noting the severe effects of climate change and the ensuing drought, a total of N$100 million is allocated to the Emergency Fund, bringing the total balance of N$304 million. In addition, a total of N$204 million is provided for contingencies.

- Public Procurement Act to enable local economic development and participation in mainstream economic activity:-

    - Last month, I issued a Procurement Directive under the Procurement Act for all public entities north of the cordon fence to procure meat, fresh produce, mahangu (pearl millet), beans, cereal and their by-products to levels and quality available locally. Through partnerships, I call on the private sector to replicate. this gesture,

    - The Development Bank of Namibia, in collaboration with the Chamber of Mines and Industry is developing a database of locally produced goods and services and benchmark cost prices to support local procurement activity across the public and private sector,
    - The Regulations on exclusive bidding to support local participation will be finalized in the Second Quarter of this year to provide for thresholds for local sourcing under the Procurement Act and for enforcement by the Central Procurement Board. Utilization of this policy space will enable optimal participation of the domestic producers of goods and services and for stimulate domestic productive capacity,

- The Central Procurement Board of Namibia will improve its turnaround time for tender and bid evaluation and prioritize the finalization of high-value tender awards within a minimum prescribed time frame.

- A total of N$110 million is earmarked for SME Financing Strategy activities under the Development Bank of Namibia. N$60 million is already transferred and an additional N$50 million is provided for in the budget for the implementation of the following financing activities under the Strategy:
  - The Training and Mentorship Programme:
  - The Credit Guarantee Scheme; and,
  - The eventual roll-out of the Venture Capital Fund and a skills-based loan facility for young graduates and vocational professionals,

- Harness the PPP legal framework, which is now fully operationalized since December 2018 to unlock opportunities for private capital:-
  - Public infrastructure investments, starting with the office complex of the Ministry of Justice in downtown Windhoek,
  - Land servicing and construction of housing units,
  - Water and energy generation through investments in desalination plants and renewable energy, and
  - Provision and servicing of specialized service units in the health sector.

- Reversing some of the previously announced tax rate increases and non-deductibility of some categories of income tax to enable domestic economic agents to invest and produce,

Honourable Speaker,

14. Our President, HE Dr Hage Geingob declared the ultimate year of his first term as the year of accountability. Four years have passed since we took the necessary but difficult decisions to address the complex set domestic and

external shocks to our economy. The effects of these shocks continue to linger:-

- domestically, the extended period of mainly debt funded expansionary fiscal policy, which allowed us to support high cyclical growth prior to 2015 could not continue without compromising future sustainability. At 42 percent of GDP by FY2014/15, expenditure levels were unsustainably high,
- the gradual adjustment in the budget deficit threshold from 3 percent, 5 percent and 7 percent of GDP led to a faster increase in expenditure relative to income and this needed to be reversed,
- public wage bill doubled between 2012/13 -2017/18, on the back of job re-grading and notch improvements above inflationary adjustments. Disposable incomes were also ramped up by substantial tax rate cuts in FY2013/14, which provided relief to virtually all income brackets,
- externally, the commodity price crash arising from weak demand in export markets resulted in sluggish domestic production outputs, exports and earnings,
- recurring El Nino conditions manifested themselves in bouts of severe drought, affecting agricultural output and industrial activity that's highly dependent on water utility,
- GDP growth declined to 0.6 in 2016, from 6.1 percent in 2015 and became negative in subsequent years. This required the deployment of a complex set adjustments,
- GDP estimates and, therefore, revenue had to be adjusted downwards by a factor of 9 percent,
- With economic growth adjusting to lower levels, revenue growth receded, with a decline of 2.6 percent in 2016/17 and averaged 3.8 percent growth thereafter, relative to the average growth rate of 18 percent during the boom years
- The boom-bust cyclical adjustments generated a steep rise in public debt stock and debt serving obligations, underpinning the necessity for rather steep expenditure correction.
- The high-public debt stock and associated debt servicing increased the pressure on our investment grade credit rating leading to a downgrade for foreign denominated bonds.

- Expenditure adjustments of 7.9 percent of GDP were made to align public spending to revenue to stabilise growth in public debt through a gradual reduction in the budget deficit and achieving a positive primary balance anchor.
- Currency volatility resulted in the South African Rand and, thus, the Namibia Dollar depreciating by some 12 percent over 2015 and 2016. This resulted in adverse effects on the servicing costs for the foreign debt portfolio,
- Tight liquidity conditions in the domestic market ensued, with consequent tightness in cash flow due to under-subscription in Government bonds and bills.
- A build-up of accumulated spending arrears arose from a combination of expenditure over-commitments, sharp reduction in expenditure and cash flow tightness.

15. The materialization of these macro-fiscal risks and subsequent corrective measures weighed heavily on our ambitions of high quality economic growth and developmental goals. The corrective measures have, however, prevented a certain slide into macroeconomic instability and unsustainable fiscal operations.

Honourable Speaker,

16. Three years since the implementation of the fiscal stabilization measures, we can together account tangible progress points:-

- Public expenditure is aligned to revenue. Over the past three years, revenue grew by 3.8 percent, relative to 0.4 percent growth in expenditure.
- Expenditure as a proportion of GDP reduced from 42 percent to 34.9 percent in FY2018/19. Relaxation of expenditure containment hold high fiscal risks of slippage into unsustainable operations.
- The budget deficit narrowed from 8.1 percent in 2015/16 to 4.0 percent in FY2018/19, narrowing it by half over the last three years. Revenue generation through growth is a necessary condition going forward.
- Growth in the public debt stock slowed to an annual average of 11.2 percent in the past two years, compared to an average of 30.1 percent the previous three years. The moderate increase in debt relative to previous years has

averted a severe contraction on the domestic economy and the provision of social services.

- The current account deficit narrowed significantly, from 14.1 percent of GDP in 2016 to 2.1 percent in 2018/19.
- The international reserves stock has strengthened from 2.1 months of import cover in 2016 to 4.2 months by February this year.
- The intensity of the recession has eased from -0.9 percent in 2017, to an estimate of between -0.5 to -0.2 percent in 2018. This would indicate that the recession has almost bottomed out and points to the economy recovering to positive GDP growth territory this year and over the MTEF.

17. These inherent fiscal risks and subsequent corrective measures impacted significantly on our ambitions for economic growth and developmental goals. However, these measures prevented us from certain macro-economic instability and loss of fiscal sustainability.

18. Over the past four years, we have also utilized domestic policy space and brought about structural policy reforms to strengthen resilience and enhance domestic productive and institutional capacity. Key structural policy reforms have become operational in broad areas of the economy:-

- The Mid-Year Budget Review was introduced since FY2015/16 as an added tool to improve budget transparency, allocative efficiency and provide for advanced announcement of medium-term budgetary framework,
- The Public, Private Partnership legislative framework and institutional arrangements are implemented, providing opportunities for private capital investment in the domestic economy and alternative means for financing infrastructure and services,
- The Public Procurement law and institutional arrangements are in place, creating enhanced objectivity and transparency in the procurement process. Notably, implementation and capacity challenges arose in the implementation of the procurement law. We are committed to a national stakeholder workshop to assess and address the emerging challenges. In the meantime, the Procurement Act provides for directives to be issued to achieve improved local sourcing.

- In December last year, an Integrated Tax Administration System was rolled out, delivering solutions for online filing and online self-assessment,
- The recruitment process for the Namibia Revenue Agency will commence over the coming months in advance of its launch on 1 October 2019. The Board of Directors was inaugurated in December last year and is currently developing internal policies and operational readiness activities,
- In the financial sector, policies to expand the depth and frontiers of financial inclusion have been advanced.
- Domestic Asset Requirements have also been increased from 35 percent to 45 percent by December last year through amendments to Regulation 15 and 28, potentially releasing substantial amount of money in the economy available for investment locally. Investment in unlisted entities are expected to be within the 5 percent limit.

- In the energy sector, the proposed Energy Regulatory Authority Bill and amendments to the Electricity Act will, among others, encourage Independent Power Producers to invest in commercial energy generation activity. The IPP Policy is approved and the Government aims to liberalize the supply of electricity in Namibia, through the introduction of the Modified Single Buyer Market Model which will replace the current single buyer model where electricity suppliers can only sell to NamPower foster competition in the market.

- Over 49 percent of the budget continues to be allocated to the social sectors. The new curriculum for the basic education sector is implemented and, support to the Student Financial Assistance Fund continues to promote to tertiary and vocational education.
- In the infrastructure sector, major investments have been made in infrastructure including in the port, road and water sectors.
- In the public administration sector, Namibia continues to rank well on the governance, transparency and the rule of law ratings, including the fight against corruption as evidenced by independent assessments.
- We continue to make steady progress in reducing poverty and wealth inequalities
    - Absolute poverty has declined from 41 percent in 1990s to 17.4 percent by 2015/16. Extreme poverty has reduced to 10.7 percent.

  - The Gini Coefficient ratio is estimated at 0.56, compared to 0.70 in the 1990s. However, we acknowledge that inequalities remain high relative to aggregate income levels.

- The Public Enterprises Governance Bill was approved by the National Assembly and reviewed by the National Council. Its passing will enable a wholesale review of many of the current Public Enterprises, with the objective of making them into economically viable enterprises.
- The Witness Protection Act and the Whistle Blowers Act have been passed and the supporting institutional structures are being created. These will strengthen governance and anti-corruption measures through improved transparency and accountability.
- A successful second Land Conference was held. The resolutions address fundamental land reform issues and lay the foundation to peacefully resolving political, economic and emotive challenges.

19. Constitutional Court judge Kate O'Regan said,
"*The deep inequalities that persist are visible reminders of the effects of apartheid and colonialism. Until these scars are healed, the vision of our Constitution will not have been achieved*." –

20. Our society and the structure of our economy are a product of past political economy, shaped by apartheid and colonialism. The outcome is that Namibia is still the second most unequal society in the world. The only way to become a prosperous nation is to "heal these scars"; enable us to live up to the vision of our Constitution; and, develop into a society where prosperity is more equitably shared.

21. For this reason, we have chosen to build a fair and equitable society where socio-economic opportunities are available to all Namibians. We must, therefore, upgrade and deploy policy permutations that will reform the structure of our economy to achieve eroding inequality and eradicate extreme poverty during our lifetime.

22. Substantial stakeholder input has been sought in the development of the New Equitable Economic Empowerment Bill. These have resulted in compromises that should allay investor concerns whilst retaining the spirit of the intended policy objectives.

23. With the same motive of creating an environment of policy certainty, amendments to the Investment Promotion Act will be tabled in the House in this calendar year.

Macro-fiscal Developments and Medium Term Outlook

Honourable Speaker,

24. This budget is presented against the backdrop of slowing momentum in the global economy, elevated trade tensions and climatic induced disasters.

25. This is largely due to the risk factors which have materialised in the latter part of 2018. These include the ensuing emergence of unilateralism and resulting trade wars between and among the United States of America and China and the European Union and the impending process of the United Kingdom exiting the European Union later this year or earlier with or without a deal.

26. The repercussions from these developments for global trade and financial market sentiment are increasingly significant,
    - Global output growth is projected at 3.5 percent this year and 3.6 in 2020, a slowdown from 3.7 percent for 2018. This reflects the economic slowdown in Advanced Economies, mainly the waning effects of the stimulus package in the United States.
    - for China, a key source of demand for mineral commodities, growth is projected to decelerate from 6.6 percent in 2018 to 6.2 over the next two years as the effects of the on-going trade war takes their toll.
    - Non-fuel commodity prices are projected to decline on average by 2.7 percent this year due to weakening demand.
    - Global trade is projected to be static over the next two years.
    - Financial market conditions are tightening due to trade tension repercussions.

- Net capital outflows from Emerging Markets have become elevated, owing to changing sentiments and prospects for monetary policy tightening in some of the advanced economies,

27. The growth outlook for the Sub-Saharan African Region is projected to firm up to 3.3 percent in 2019, from 2.7 and 1.4 percent in 2017 and 2016 respectively.

28. The outlook for our main neighbouring trading partners is generally weak.

    - growth for South Africa could improve to 1.5 percent in 2019 and 2.1 by 2021,
    - For Angola, the growth rate is estimated at 2.4 percent for 2019, strengthening to 3.2 percent next year as the pass-through effects of oil price take hold.
    - However, the current climatic catastrophes, the most severe flooding in recent times in one part of Southern Africa and the most severe drought in other parts of Southern Africa present a significant emerging risk to the economy.

Domestic Economy

Honourable Speaker,

29. The domestic economy is projected to emerge from recession this year. The pace and quality of the recovery is dependent on the speed and scale of implementation of pro-growth policy interventions, but may also be influenced by external factors.

30. GDP growth for 2019 could reach up to 1.0 percent, from a contraction of between 0.2 and 0.5 in 2018.

31. In a baseline scenario, if no policy measures are implemented, GDP growth is estimated at 0.2 percent in 2019 and improve to approximately 1 percent by 2021. However, the outlook could improve to approximately 1.2 percent this year and reach 2.2 percent in 2020 if it is supported by timely implementation of supportive policy measures.

32. At this economic recovery rate, the imperative to speed-up implementation capacity and eliminate bureaucratic delays for the outlook to translate into per capita income expansion is critical.

33. On the demand side, the recovery is expected to be led by increased exports from the mining sector, increased investment in public infrastructure and a soft recovery in aggregate consumption expenditure. With aggregate public spending generally flat, private investment inflows are necessary to lift the growth potential of the economy.

34. After a peak of foreign direct investment in the mining sector, investment flows have been declining, contracting by 28.6 percent and 24.4 percent by 2016 and 2017 respectively. Government has facilitated for the establishment of the Peugeot Car Assembly Plant which commenced operations in Walvis Bay in 2018. Domestic Asset Requirements have also been increased. In the spirit of partnerships and closing domestic savings-investment gap, elevated private sector participation is required to drive economic growth and job creation.

35. From the sectors of industry, recovery is expected to be anchored by increased output from the mining sector, especially the uptick in uranium output. The primary industry is estimated to grow by 3.1 percent in 2019 and average around 2 percent over the MTEF. The growth outlook for primary industries is significantly discounted by the expected contraction of the agricultural sector by 5.2 percent this year as the severe drought takes its toll on the crop and livestock subsectors as well as continued contraction in the fisheries subsector.

36. Secondary industries are projected to remain under pressure for the year, with an estimated contraction of 5.9 percent in 2018 and easing to -1.8 percent this year. At the epicentre of this contraction are the construction and the manufacturing sectors. Measures to support activity in the construction sector, the implementation of the Growth at Home Strategy and attraction of private sector investment are important policy domains to yield long-term and, sustainable growth in these sectors.

37. Recessionary pressures on the tertiary industries are expected to ease this year, on the back of public sector investment in the social sectors and the effects of a moderate recovery in consumption demand.

Monetary Policy and External Sector

Honourable Speaker

38. Monetary policy has remained largely accommodative, with the Repo remaining at 6.75 since August 2017, in line with the currency peg and to support domestic economic conditions.

39. Inflation remains benign at 4.4 percent in February this year, after averaging 4.3 percent over 2018,

40. On account of relative increase of exports over imports, the merchandise trade balance has reduced to 10.6 percent of GDP by the end of 2018, compared to 13.1 percent the previous year.

41. As such, the current account deficit has narrowed to 2.1 percent in 2018, compared to 5.1 percent last year.

42. The international reserves have firmed up to 4.5 months of import cover at the end of 2018.

Fiscal Policy Developments

Honourable Speaker,

43. Let me now turn to fiscal policy developments:-

44. The 2018 Mid-Year Budget Review provided an account of fiscal outturns for the 2017/18 fiscal year. The details on outcomes are provided in the Accountability Report,

- Revenue for FY2017/18 of N$58.8 billion, was 4.3 percent better than the budget and 3.7 percent better than the revised budget. For FY2018/19, revenue outturn is projected at N$56.7 billion, consistent with the Budget Review estimates,
- By Mid-March 2019, revenue outturn was N$55.0 billion, 97.1 percent of the collection target.
- at this rate, no revenue shortfalls are anticipated, on account of better outturn on Personal Income Tax, mining company taxes and other categories of non-tax revenues.
- however, collection pressures remain for non-mining company tax and value-added tax due to subdued economic activities,

45. For FY2019/20, total revenue is estimated at N$58.4 billion, 3.0 percent better than the estimated outturn for 2018/19 and 29.7 percent of GDP. This is in anticipation of 16 percent better SACU receipts, which is largely offset by the downward revisions in annual estimates for non-mining company tax and Value-Added Tax owing to a low growth and depressed consumption demand.

46. Over the MTEF, revenue is projected to increase on average by 3.0 percent, at N$59.9 billion in FY2020/21 to reach N$61.8 billion by FY2021/22. As a proportion of GDP, total revenue is estimated to moderate from 29.7 percent of GDP in FY2019/20 to about 29.2 percent over the remainder of the MTEF, mainly on account of the expected slackness in the growth of SACU receipts and domestic revenue streams.

47. The low growth environment impacts on the revenue outlook in respect of both domestic and SACU receipts. In this situation, realising significant and sustainable economic growth addressing tax planning opportunities; and, increased tax administration efficiency are prerequisites to maintain revenue buoyancy over the medium-term.

Expenditure, budget deficit and debt

Honourable Speaker,

48. The 2018 Budget Review and the Government Accountability Report for FY2017/18 provide details of the expenditure and fiscal outturns in respect of the previous year.
    - During FY2017/18, Government resolved the incidence of accumulated spending arrears arising from the previous year.
    - By the last week of March 2019, total expenditure including expenditure commitments stood at N$64.8 billion, 99.6 percent of the budgeted spending.
    - This comprises of operational spending, including statutory commitments, at 99.8 percent and 79.4 percent of development budget execution rate.
    - the budget deficit for FY2018/19, is estimated at 4.4 percent,
    - Public debt is approximately N$87.5 billion or 46.3 percent of GDP by the end of FY2018/19,
    - Debt servicing interest payments is 10.2 percent of revenue, and contingent liabilities for Government are approximately 5.8 percent of GDP below the 10 percent maximum cap.

49. While discernible progress to reduce the growth in public debt stabilisation, further progress is required to achieve the positive primary balance anchor necessary to stabilise debt and ensure that public debt is on a downward trajectory. A balanced fiscal consolidation policy stance therefore remains necessary over the medium term.

FY2019/20 Budget, Medium-term Expenditure Outlook and Fiscal Policy Stance for the MTEF

Honourable Speaker;
Honourable Members;

50. Let me now turn to the FY2019/20 budget and the Medium Term Expenditure Framework.

51. Policy space for rapid adjustments in the economy are limited and the fiscal stance is constrained on all fronts. At 49.2 % of GDP, total debt will not allow for further aggressive debt financing as this is not a sustainable option. Equally, significant increases in domestic revenue through higher and additional taxes will do more harm than good to the economy. Therefore, we are restricted in our ability to increase expenditure.

52. Implementing enabling policy reforms and departing from business as usual to a more speedy implementation of interventions is within the scope of each implementing Offices/Ministry and Agencies.

53. The private sector, as the envisaged engine of growth and job creation is called upon to play an elevated role in the economy. The Ministry of Finance will continue to spearhead consultations with the private sector, professional bodies and the newly formed High-level Panel on the Economy for effective partnerships.

54. Against this backdrop of prevailing pressures in the economy, and the triple socio-economic challenges of high inequalities, high unemployment and perpetual poverty levels for an Upper Middle Income Country, I table before you the FY2019/20 budget, totaling N$66.5 billion.
    - this is 2.0 percent increase from the previous year,
    - Expenditure is growing at 1.3 percent on average over the MTEF. Revenue is growing at an average of 3.0 percent and improved alignment of expenditure to revenue is achieved,
    - non-interest operational expenditure is budgeted at N$52.2 billion, 1.8 percent less than the previous year, reflecting realignment of spending to priorities, from non-core to core goods and services and to capital expenditure,
    - The development budget is increased by 42.2 percent, to N$7.9 billion from the revised N$5.6 billion the previous year, to give greater impetus to economic growth.
    - This increases the development budget as a share of total non-interest expenditure from 9.4 percent in FY2018/19 to an average of 13.6 percent over the MTEF.

- Offices/Ministries and Agencies must live within their means and the implementation rate for the development budget must be timely to deliver the intended outcomes,
- Transfers to commercial Public Enterprises is budgeted at N$836.5 million, reducing to N$ 815.6 million in FY2020/21 and reach about N$838.3 million by FY2021/22. This reflects a reduction from historical levels.
- The budget deficit is estimated at N$8.2 billion or 4.1 percent of GDP and averaging 3.4 percent over the MTEF, compared to 4.4 percent in FY2018/19. Faster reduction in the budget deficit would require deep expenditure cuts, that would hurt growth and service delivery,

- The deficit will be financed through a combination of domestic, multilateral and bilateral borrowing. The leveraging of state assets in the telecommunication sector is expected to ease financing obligations and mitigate against increases in the debt stock,

- taking into account the total financing requirements, the debt stock is estimated at N$96.3 billion, 46.3 percent of GDP and 50.8 percent over the MTEF and peaking at 52.3 percent by FY2021/22, with appreciable reduction in public debt expected by FY2021/22 when about N$8.6 billion of debt is expected to be redeemed.

- Sinking fund investments are made for debt redemption for which 70 percent is reserved for redeeming maturing debt. The sinking fund will be further build up quarterly.

- Interest payments, averages N$6.7 billion or 11.2 percent of revenue over the MTEF. This is above the 10 percent cap, reflecting the increasing burden of debt servicing obligations.

55. Taking into account the weak growth and a volatile revenue outlook and the national objective to contain growth of the public debt, total expenditure is only projected to increase by approximately 1.3 percent over the MTEF, from N$66.5 billion in FY2019/20 to N$67.1billion in FY2020/21 and, N$67.8 billion by FY2021/22, averaging 33 percent of GDP over the MTEF.

56. Containing expenditure at an average of 33 percent of GDP over the MTEF will require domestic revenue generation founded on economic growth and efficiency of tax administration to achieve successful pro-growth fiscal consolidation.

57. To encourage achieving the primary objective of reigniting economic growth within a constrained fiscal space, targeted infrastructure financing will be done through bilateral and multilateral financing arrangements and budgetary transfers to Public Enterprises in economic sectors for targeted capital investments.

Honourable Speaker

58. While reviving broad-based economic growth is imperative, debt stabilization through revenue generation and non-core expenditure containment is a critical objective which cannot be abandoned. Therefore, the pro-growth fiscal consolidation policy remains the appropriate and timely policy stance to safeguard long-term macroeconomic stability and fiscal sustainability.

59. Significant reductions in non-core expenditure has been achieved since the adoption of targeted consolidation measures in FY2015/16. Total spending on Subsistence and Travel Allowance, for instance, has reduced by a cumulative about 62.3 percent over the past three years, from N$634.3 million in FY2015/16 to N$221.8 million allocation in FY2018/19.

60. However, there is a systematic erosion of Subsistence and Travel Allowance from Divisions which render key services to administrative offices within Budget Votes across the board, thus constraining the provision of essential goods and services. Such emerging trend must be curtailed.

61. We would expect that all Accounting Officers continue to prevent public spending that is non-core and, non-compliant with the cost-saving measures issued by the Office of the Prime Minister.

62. The policy stance over the next MTEF is to:-

- maintain a pro-growth fiscal consolidation stance, with the objective of stabilizing the growth in public debt, while maintaining the growth-friendly and social development objectives of fiscal policy,

- reduce the budget deficit from 4.1 percent of GDP in FY2019/20 to approximately 3.5 percent in FY2020/21 and average at this rate over the MTEF,

- stabilize the growth of Government debt at 52.3 percent of GDP through a gradual reduction in the budget deficit and debt amortization program, and

- implement effective expenditure containment measures, mainly through public sector wage bill reduction, revenue-raising tax policy and tax administration reforms as well as structural policy reforms to support the implementation of the fiscal consolidation program,

Honourable Speaker,

63. In respect of expenditure-based measures,
    - Expenditure containment measures are centred on the wage bill management within the entire public sector, managing transfers to Public Enterprises and containing the growth of non-core expenditure.
    - At 51 percent of non-interest operational expenditure, and 15.5 percent of GDP, the Central Government wage bill has increased by 110 percent over the past five years preceding FY2018/19. The Government appreciates the common understanding and commitment of the civil service and organized labour for the contribution to the policy efforts to exercise restraint on remuneration increases and to restore long-term sustainability,
    - Hiring restraint in the public sector calls for job creation in the private sector,
    - Thomas Piketty said, "*I don't think there is any serious evidence that we need to be paying people more than 100 times the average wage in order to get high-performing managers*". We concur with him and empirical evidence on public sector remuneration in Namibia equally

shows that there is no correlation between high salaries and productivity.

- Restraint on the wage bill applies also to all Public Enterprises. The Ministry of Public Enterprises will issue a directive in this regard. The spiralling wage bill in Public Enterprises and Sub-national governments is partly financed by budgetary transfers from Central Government or, such increases reduce the potential dividends to the State. Public Enterprises need to demonstrate that they are delivering value for money in the delivery of good and services to the public who are, effectively paying taxes to subsidies these organisation,

- a total of N$650 million is reallocated from non-core expenditure and transfers to Public Enterprises to support the provision of core goods and services, financing for SMEs support facilities as well as development budget expenditure

Tax Policy, Revenue enhancement and Tax Administration Reforms

Honourable Speaker,

64. Let me now turn to tax policy, customs and excise and tax administration changes.

65. As earlier stated aggressive tax policy during economic downturns is mostly seen as counterproductive. However, to concentrate all corrective fiscal measures on expenditure also has a down-side.

66. The Government has facilitated wide stakeholder consultation on a set of tax policy proposals. Some of these proposals could have had unintended negative consequences and therefore, to avoid the risk in slowing the economic recovery through additional taxes, the Government has decided to reverse the proposed tax rate increases and non-deductibility criteria for some of the headline tax categories.

67. However tax proposals to achieve equity and fairness in the tax regime by taxing economic agents generating the same level of income and plugging tax

planning and avoidance opportunities will be finalised for tabling in the FY2019/20 fiscal year.

68. In particular, the following tax proposals will be finalised for tabling:

- phasing out the current tax incentive for manufacturers and exporters of manufactured goods, repealing the Export Processing Zone and introducing the Special Economic Zones, with a sunset clause for current operators with the EPZ status,

- introducing a 10 percent dividend tax for dividends paid to residents. This is to enhance the fairness and equity of the tax regime,

- abolishing the current practice of a conduit principle in the taxation of trusts to harmonize the taxation of trusts,

- subjecting income derived from commercial activities of charitable, religious, educational and other types of institutions under Section 16 of the Income Tax Act to normal corporate tax requirements,

- Deepening the current hybrid tax system by taxing all income earned from foreign sources. Namibian residents will have to declare such income in their annual tax returns,

- as a tax incentive for saving and improved domestic investment capability, increase the tax deductibility of retirement fund contributions from the current N$40,000 per annum to 27.5 percent of income with a maximum of N$150,000 to encourage savings and provisions for retirement,

- Disallow deductibility of fees and interest paid to non-residents for calculating taxable income until payment of withholding tax paid is proven.

- introduce VAT on income of listed asset managers and on proceeds of the sale of shares or membership in a company owning commercial immovable property, and

- Remove VAT zero-rating on sugar.

- disallow deductibility of royalties for non-diamond mining entities,

69. The following excise levies and duties will also be introduced for domestic revenue purposes:-

- increase the fuel levy by 25 cents per litre for all levied fuel products in terms of the Section 54 of the Customs and Excise Act,
- expand coverage of export levy to include other specific agricultural, forestry and game products and other mining products currently not covered,
- increase the export levy for dimension stones from the current 2 % maximum to 15 %,
- introduce an export levy of 15 % for timber,

Honourable Speaker,

70. In terms of the SACU Agreement and taking into account sales volumes and targets set for the total tax burdens on respective excisable commodities, the following increases, effective from 21 February 2018 and as agreed in terms of the SACU Agreement, have been adjusted as follows:

- Excise duty on beer goes up by 12 cents to N$ 1.74
- Excise duty on a 750ml bottle of wine goes up by 22 cents to N$ 3.15
- Excise duty on a 750ml bottle of Sparkling wine goes up by 84 cents to N$ 10.16
- Excise duty on a bottle of whiskey will go up by N$4.54 to N$65.84
- A pack of 20 cigarettes goes up by N$1.14 cents to N$16.66
- Excise duty on a typical cigar will go up by about 64 cents to N$7.80

71. These amended rates of excise duty are set out in more detail in the Government Notice which I will table in the National Assembly, in terms of section 54(1) of the Customs and Excise Act, 1998 at a later stage. The Government Notice referred above will be deemed to have come into operation as from midnight 21st February 2019.

72. New Environmental Levy items will be introduced under Schedule 1 to Customs and Excise Act, 1998 (Act No. 20 of 1998) on the importation of Lubricant oils,

Plastic carrier bags and disposable batteries including car/truck batteries. These levies are as follows:

- a levy on Lubricant oil of N$ 1.80 per litre;
- an environmental levy of 5% of the cost of Primary cells and primary batteries;

73. The tax proposals for domestic revenue purposes are anticipated to generate approximately N$400 million. Income tax changes will come into effect in 2020 after drafting and tabling of the specific tax proposals. Excise duties will become effective upon the tabling and gazetting of the schedules.

74. Complementary to these tax policy changes; key tax administration reforms will be implemented during the FY2019/20 and over the MTEF. These are principally:

- continued rolling-out of the Integrated Tax System to leverage service innovation embedded in the new system
- transitional arrangements for the establishment of the Namibia Revenue Agency by 1 October 2019 including the commencement of recruitment ,
- improving the tax administration to ensure compliance with tax laws and, improving the efficiency of domestic tax collection,
- leveraging regional and international tax cooperation as a mechanism to enhance national technical capacity in various areas of tax administration, such as transfer pricing and illicit financial flows, and
- scaling-up the programme for targeted recovery of tax arrears for different categories of tax and non-tax revenues,

The FY2019/20 Appropriation Bill

Honourable Speaker,
Honourable Members,
Let me now turn to the FY2019/20 Appropriation Bill and the resource allocations per sector.

Social Sectors

75. Investment in the social sector remains central to long-term productive capacity and shielding the social strata against vulnerability. As such, amidst limited fiscal space, allocations to social sectors are maintained or scaled up to mitigate against reversals.

76. The share of social sector allocation is maintained at 49.3 percent of the budget and over the MTEF. This is N$29.6 billion in FY2019/20 or N$88.9 billion over the MTEF.

- Basic Education receives N$13.8 billion, and N$ 41.4 billion over the MTEF,

- Higher Education, Training and Innovation receives N$3.1 billion and about N$9.4 billion over the MTEF, of which N$911.9 million is for UNAM, N$500 million for NUST and N$1.1 billion for NSFAF in the budget year and N$3.4 billion over the MTEF.

- Such resource outlay reflects the Government's commitment to invest in the youth and human capital development as the central driver for sustainable development and poverty reduction over time.

- In order to realize better quality of outcomes, internal efficiency gains must be pursued with in the sector.

- Health and Social Services is allocated N$6.9 billion, 2.3 percent better than the previous year and about N$20.6 billion over the MTEF. Incremental increase in the allocation to the health sector is to support procurement of pharmaceuticals, recruitment of additional health personnel, combating public health outbreaks and maintaining health infrastructure.

- The Members contribution to PSEMAS, which have been static from now, will be doubled to bring the total contribution from the current N$410 million to N$820 million effective April 2019.

- A few remarks on PSEMAS, the medical aid scheme which covers 95 % of medical expenses for public servants. It receives an allocation of 2.8 billion for 2019/20 and covers 130,000 members, 155,000 dependants totaling to 285,000 persons being covered. The introduction of this scheme equalizes medical service provision in the public service. To reduce cost and improve efficiency a peer review mechanism was introduced. The outcome is revealing. During the first round, 82 service providers, including general health practitioners, dentist hospitals, pharmacists, dental technicians and the medical aid administrator were flagged for suspicious transactions. Also, membership and member card fraud were highlighted as a significant cost driver. As a follow up, a forensic investigation was launched to verify the findings of the peer review and the outcomes were by and large confirmed. These findings indicate that PSEMAS suffered from a fraudulent assault launched by stakeholders across the board, service providers, members, administrators, civil servants, everyone had a hand in the till. This investigation is now coming to finality and the culprits are brought to books. Recovery of N$23 million is envisaged of which N$13 million has been recovered.

- Poverty Eradication and Social Welfare is allocated N$3.6 billion, 4.5 percent more than the previous year and approximately N$10.8 billion over the MTEF to maintain and improve the coverage of existing programs.

- The social safety nets form the first line of defence against poverty for the vulnerable and the veterans of our liberation struggle, with allocations maintained in real terms to guard against inflationary creep.

- Given the high dependence ratio and the challenging effects of the cost of living at household level, the Old Age Pension is increased by N$50.00 to N$1,250.00 per month.

Economic and infrastructure sectors

Honourable Speaker,

77. Economic and infrastructure sectors take up the third largest share of the budgetary allocations, after the Public Safety and Social Sectors. This share rises to the second highest in FY2020/21 and over the remainder of the MTEF

to give greater impetus to economic growth objectives. A total of N$12.8 billion is allocated to the Economic and Infrastructure Sectors in FY2019/20, summing to about N$39.6 billion over the MTEF. This is further supported by investment outlay of the Public Enterprises in their areas of mandate.

- Transport receives N$3.4 billion, and N$10.2 over the MTEF, for the completion of on-going phases of road capital projects with contractual awards. This allocation is supported by N$1.4 billion from the Road Fund in FY2019/20 or about N$ 7.0 billion over the MTEF as well as N$644.94 million for road project financing under the AfDB loan arrangement during the budget year, with remainder of N$1.69 billion to be disbursed over the next two years for transport road and rail infrastructure financing under the AfDB-funded Economic Governance and Competitiveness Program.

- The Ministry of Agriculture, Water and Forestry receives N$1.9 billion, of which N$469 million is earmarked for commencement of the water infrastructure refurbishment and development program. Over the MTEF, the sectoral allocation amounts to about N$6.1 billion,

- The Ministry of Finance is allocated N$4.4 billion and about N$13.2 billion over the MTEF. Out of this amount N$2.4 billion or 58.0 percent is allocated for PSEMAS. N$73.5 million is allocated to AgriBank, totaling N$241.4 million to support investment in horticulture and AgriBank's loan book. Similarly, a total of N$50.9 million is allocated to DBN for SME support facilities with the MTEF allocation totaling N$165.9 million. A total of N$150 million is earmarked for the transitional arrangements for the establishment of NAMRA in the budget year, to be scaled up over the MTEF on top of the allocations made for the Departments of Inland Revenue and Customs and Excise, while N$2 million is allocated annually for the Financial Literacy Initiative.

- Vote Industrialization, Trade and SME Development is allocated N$295.0 million and about N$926.3 million over the MTEF.

Public Safety and Order

Honourable Speaker,

78. At 21.7 of the budget in FY2019/20, the Public Safety Sector take up the second largest share of the budget allocations, totaling N$13.1 billion and about N$39.1 billion over the MTEF, representing investment in maintenance of law and order, peace and stability.

79. Among others:-

- Defence is allocated N$5.9 billion, and N$17.9 billion over the MTEF,

- Safety and Security receives N$5.6 billion, 6.3 percent more than the previous year for basic goods and services and recruitment of core personnel needs. Over the MTEF, the allocation stands at N$16.7 billion,

- The Ministry of Home Affairs and Immigration is allocated N$677.1 million, 11.2 percent more than the previous year to among others, complete its Head Office building and its Regional Office in Kunene Region. Over the MTEF, the allocations amount to about N$1.7 billion,

- The Judiciary receives N$368.4 million, and a total of about N$1.11 billion over the MTEF,

- The Anti-Corruption Commission receives N$61.6 million, 1.4 percent more than the previous year and totaling about N$184.8 million over the MTEF to support activities to fight against corruption.

- Corruption is prevalent in both the developed and developing worlds. Corruption is the evil that touches almost every aspect in an economy. It is one of the most immoral causes for inequality as it disproportionally benefits the few and, harms the many. It creates, elites or cliques. When self-interest reigns supreme, with no ethics a society without humanitarian values and compassion is formed, the principles of social justice, equality and peace are lost.

- Namibia has been considered for several years by several reputable rating agents as being a relatively stable environment for investors. We are consistently in the top five least corrupt countries on the African continent. The question however is whether that is good enough. The answer is IT IS NOT, because in as much as this is an achievement, it falls short of us being free of corruption. On face value the cost of corruption is immense. For instance, the customs case in court currently produced figures, where through suspected collusion between clearing agents, importers and customs officials the State was allegedly defrauded in a scam involving the trade volume of N$ 3.1 billion. Large infrastructure projects such as the Hosea Kutako Airport Project, which was stopped because cost escalated by more than double for no viable reason. Tenderpreneuring and accompanying overpricing is possible only when private operators connive with officials and put personal gain above the common good.

Administrative Sectors

80. The Administrative Sector receives the lowest share of the budget allocations, averaging 7.6 percent over the MTEF. For the budget, a total allocation of N$4.6 billion is made and approximately N$13.7 billion over the MTEF.

- Urban and Rural Development receives N$1.98 billion, 6.5 percent more than the previous year and a total of about N$5.8 billion over the MTEF, to support increasing provision of sanitation, serviced urban land and bulk services for water, sewage and electricity,

- International Relations and Cooperation is allocated N$941.3 million in and totaling about N$2.89 billion over the MTEF,

- The National Assembly receives N$126.8 million for FY2019/20, 14.4 percent better than the previous year for increased outreach activity and a total of about N$360.5 million over the MTEF, while the National Council is allocated N$94.8 million and N$284.3 million over the MTEF.

- An amount of N$204 million is allocated to the Contingency Fund in the budget year and about some N$616.77 million for the MTEF to cater for unforeseen emergencies.

- For the FY2018/19, a total of N$317 million was allocated to the Contingency Fund. I have distributed the corresponding information regarding the utilization of the Contingency Fund.

The Appropriation Bill and the Estimate of Revenue and Expenditure for the MTEF provide details of expenditure allocations per Vote and programmes. The Government Accountability Report provides an account of achievements and outcomes for the 2017/18 fiscal year.

Public Finance and Financial Sector Reforms over the MTEF

Honourable Speaker,

81. In addition to the structural policy reforms I emphasized, domestic resources mobilization, improving national institutional capacity and financial sector reforms are other important components in the process of national development.

82. In the Public Finance management space;
    - We have brought about reforms in public procurement, PPPs and a range of tax policy and administration reforms,
    - We will continue to deepen and broaden the tax base and improve capacity in the specialized areas of profit shifting and illicit financial flows,
    - Implement administrative measures to enhance the functioning of public procurement structures and the new integrated tax system to facilitate the ease of paying tax and tax compliance across the board and realizing the establishment of NamRA,
    - Spearhead activities to finalize the drafting process for the Public Finance Management Bill.

83. In the financial sector, the reform agenda is to safeguarding financial stability and foster financial inclusion and access to finance.

- We have proceeded to implement the provisions of the Financial Sector Strategy for expanded access to finance and the protection of consumers of financial products and services,

- the Bank of Namibia Bill harmonizes the regulatory framework with central banking law within the SADC and provides mandate for financial stability and overall macro-prudential supervision,

- Amendment to the Banking Institutions Act will further advance bring Second Tier banking institutions under the regulatory ambit, provide for microfinance institutions and increased local participation in banking institutions.

- the comprehensive legislative framework for the non-banking financial sector under NAMFISA is finalized for tabling in the House, providing for the roll-out of the much needed risk-based supervision in the financial sector,

84. Seen together, the fast-tracking policy reforms and implementing internal operational efficiency initiatives in each sector holds promise to unlock developmental opportunities and improve the ease of doing business. The impact of fiscal policy, through the budget, is most optimized if and when implemented under supportive sectoral policies, institutional capacity and administrative frameworks.

85. The imperative for supportive policies and administrative efficiencies is even more important in times when fiscal policy has assumed a consolidation stance.

CONCLUSION AND Acknowledgements

Honourable Speaker,
Honourable Members,

86. We must admit that we cannot do everything with a budget, but we have over the past three years put the country on a sounder financial footing. When delivered, our economy will be in better shape. The future will be more secure and promising.

87. It proposes to continue placing the budget deficit on a declining path and to stabilize growth in public debt.

88. It fosters private sector partnerships and engenders policy certainty, through a balanced structural policy reform agenda.

89. It calls for coordination and timely implementation of critical policy reforms across all sectors. It offers opportunity for increased private sector participation in the economy.

90. Internal efficiencies and a more supportive policy environment are necessary conditions for doing more with less.

91. I wish to express my gratitude to His Excellency President Hage Geingob for his leadership, guidance and support and for entrusting me as a steward of our public finance management and financial sector as we chart our course from the prevailing economic environment.

92. I equally wish to thank, His Excellency Vice President Nangolo Mbumba, Right Honourable Prime Minister Kuugongelwa-Amadhila, the Hon. Deputy Prime Minister Netumbo Nandi Ndaitwah for their guidance for continuous policy support.

93. I thank my Cabinet Colleagues for walking together on this right but tight path to long-term gains which far outweigh short-term pains.

94. I thank Honourable Obeth Kandjoze, Minister of Economic Planning and Director General of the National Planning Commission and his entire staff for the joint work and usual support.

95. I express my appreciation to the Bank of Namibia and the staff at NAMFISA for all-round technical support.

96. My gratitude also extends to my Deputy Minister, Honourable Natangue Ithete, the Executive Director, Madam Ericah Shafudah and my officials who always persevere in preparing the budget documentation. I thank all senior officials in all O/M/As for their hard work.

97. Indeed, my sincere appreciation is extended to the various political parties and Parliamentary Committees for their contribution to the improvement of the budget allocative efficiency.

98. I thank the business community, organized labour, Development Partners, the financial services industry players such as the Bankers Association of Namibia, Asset Managers, Insurance industry, Economic Association of Namibia and NASIA for consultation, collaboration and support.

99. I extend my appreciation to our Development Partners for all-round support in various fields of national development. I extend my sincere appreciation to the multilateral financial institutions and bilateral partners for technical and sometimes grant support for the implementation of national development programmes.

100. This budget translates our collective development aspirations into resource allocation proposals. Its medium-term outlook provides opportunity to improve and further prioritize such proposals.

101. We must not only approve the proposals. We must implement then prudently and timely.

102. Let me end with a quote from George Horace Lorimer, an American journalist and author of the previous century. He wrote, "*It's good to have money and the things money can buy, but it's good, too, to check up once in a while and make sure that you haven't lost the things that money can't buy*." This budget proposes to make money available to buy things and these things should improve all our lives. However, we must do that honestly, diligently, with the common good as our only objective in mind.

I now appeal for your support.

I thank you.

Annex: Government Financial Operations for the FY2019/20 – FY2021/22

Fiscal year	Actual 2017/18	Rev. Budget 2018/19	Estimates 2019/20	Estimates 2020/21	Estimates 2021/22
GDP in Fiscal Year	**183,488,250**	**187,896,000**	**196,775,080**	**205,436,709**	**214,738,688**
Taxes on Income and Profits	**21,917,663**	**22,418,735**	**21,782,695**	**22,430,920**	**23,142,421**
Normal Income Tax on Individuals	13,267,278	13,195,000	13,573,168	14,019,028	14,477,242
Diamond Mining Companies	1,653,946	1,623,000	1,230,094	1,325,125	1,437,561
Other Mining Companies	256,010	405,000	501,366	533,340	558,552
Non-Mining Companies	5,950,137	6,374,000	5,603,172	5,646,492	5,722,342
Non-Resident Shareholders Tax	183,136	191,455	219,303	228,604	241,232
Tax on Royalty	96,025	92,280	142,540	144,623	147,385
Withholding Tax on Companies & Individuals	331,418	352,000	319,745	333,305	348,491
Withholding Tax on Unit Trusts	83,419	83,000	80,305	82,610	85,314
Withholding Tax on Services	96,295	103,000	113,002	117,795	124,302
Taxes on Property	**269,544**	**260,000**	**216,387**	**225,564**	**233,990**
Transfer Duties	269,544	260,000	216,387	225,564	233,990
Domestic taxes on Goods and Services	**12,391,638**	**13,061,445**	**12,851,809**	**13,278,307**	**13,723,408**
Value Added Tax (VAT)	12,049,401	12,711,445	12,464,498	12,874,570	13,302,963
Levy on Fuel	342,237	350,000	387,311	403,737	420,445
Other Taxes	**171,358**	**147,101**	**201,845**	**210,406**	**216,614**
Stamp Duties and Fees	171,358	147,101	201,845	210,406	216,614
Total Tax Revenue, excluding SACU	**34,750,203**	**35,887,280**	**35,052,736**	**36,145,197**	**37,316,433**
Taxes on International Trade and Transactions	**19,597,423**	**17,374,890**	**18,917,000**	**19,295,340**	**19,681,247**
Total Tax Revenue	**54,347,625**	**53,262,170**	**53,969,736**	**55,440,537**	**56,997,680**
Enterpreneurial and Property Income	**1,270,988**	**674,000**	**1,445,290**	**1,589,819**	**1,748,801**
Interest Receipts for Loans Extended	9,953	6,000	-	-	-
Interest on Investments	1,256	-	-	-	-
Dividends and Profit Shares	1,236,259	661,000	1,410,720	1,551,792	1,706,971
Interest on State Account Balances with Bank of Namibia	23,520	7,000	34,570	38,027	41,830
Fines and Forfeitures	**94,799**	**68,376**	**69,698**	**71,438**	**72,398**
Administrative fees, charges and Incidentals	**2,882,631**	**2,683,621**	**2,744,894**	**2,835,692**	**2,976,661**
Total Non-Tax Revenue	**4,248,418**	**3,425,997**	**4,259,882**	**4,496,949**	**4,797,860**
Return on Capital from Lending	**62,831**	**16,000**	**-**	**-**	**-**
Total Revenue (own sources)	**58,658,873**	**56,704,168**	**58,229,619**	**59,937,486**	**61,795,539**
Grants (Inside State Revenue Fund)	**58**	**-**	**167,000**	**-**	**-**
Total Revenue and Grants	**58,658,931**	**56,704,168**	**58,396,619**	**59,937,486**	**61,795,539**
Total Revenue and Grants as % GDP	**32.0%**	**30.2%**	**29.7%**	**29.2%**	**28.8%**

Operational Budget Expenditure, by Sector					
Social Sector	29,617,228	28,621,108	28,431,924	28,432,493	28,433,061
Public Safety Sector	11,976,524	11,832,177	11,718,365	11,718,599	11,718,833
Administrative Sector	4,088,053	3,385,218	3,589,608	3,589,679	3,589,751
Economic Sector	7,290,423	6,737,326	6,693,986	6,694,120	6,694,254
Infrastructure Sector	3,275,107	2,354,856	1,805,353	1,805,389	1,805,425
Total	**56,247,336**	**52,930,685**	**52,239,235**	**52,240,280**	**52,241,325**
As % of GDP	**30.7%**	**28.2%**	**26.5%**	**25.4%**	**24.3%**
Development Budget Expenditure by Sector					
Social Sector	882,671	879,017	1,201,451	1,289,537	1,161,063
Public Safety Sector	1,090,571	1,023,376	1,355,542	1,271,666	1,340,312
Administrative Sector	768,867	713,719	1,037,818	1,028,616	866,953
Economic Sector	1,461,276	1,346,148	1,746,175	1,941,545	2,824,625
Infrastructure Sector	1,641,819	1,596,066	2,565,292	2,641,321	2,372,152
Total	**5,845,204**	**5,558,326**	**7,906,278**	**8,172,685**	**8,565,105**
As % of GDP	**3.2%**	**3.0%**	**4.0%**	**4.0%**	**4.0%**
Total Operational & Development Expenditure	**62,092,540**	**58,489,011**	**60,145,513**	**60,412,965**	**60,806,430**
As % of GDP	**33.8%**	**31.1%**	**30.6%**	**29.4%**	**28.3%**
Total Expenditure by Sectors as % to Total Expenditure					
Social Sector	49.1%	50.4%	49.3%	49.2%	48.7%
Public Safety Sector	21.0%	22.0%	21.7%	21.5%	21.5%
Administrative Sector	7.8%	7.0%	7.7%	7.6%	7.3%
Economic Sector	14.1%	13.8%	14.0%	14.3%	15.7%
Infrastructure Sector	7.9%	6.8%	7.3%	7.4%	6.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Expenditure Excluding Interest Payments	**62,092,540**	**58,489,011**	**60,145,513**	**60,412,965**	**60,806,430**
Primary Budget Balance 1/	**-3,433,609**	**-2,530,655**	**-1,748,894**	**-475,479**	**989,110**
As % of GDP	**-**	**-1.3%**	**-0.9%**	**-0.2%**	**0.5%**
Domestic Interest Payments	3,637,704	3,795,504	4,105,485	4,365,485	4,625,485
Foreign Interest Payments	1,784,698	1,987,294	2,298,698	2,349,929	2,395,160
Borrowing Related Charges	8,078	-	-	-	-
Interest Payments	**5,430,479**	**5,782,798**	**6,404,183**	**6,715,414**	**7,020,645**
As % of GDP	**3.0%**	**3.1%**	**3.3%**	**3.3%**	**3.3%**
As % of Revenue	**9.3%**	**10.2%**	**11.0%**	**11.2%**	**11.4%**
Total Expenditure Including Interest Payments	**67,523,019**	**64,271,809**	**66,549,696**	**67,128,379**	**67,827,075**