

The National Budget 2014/15

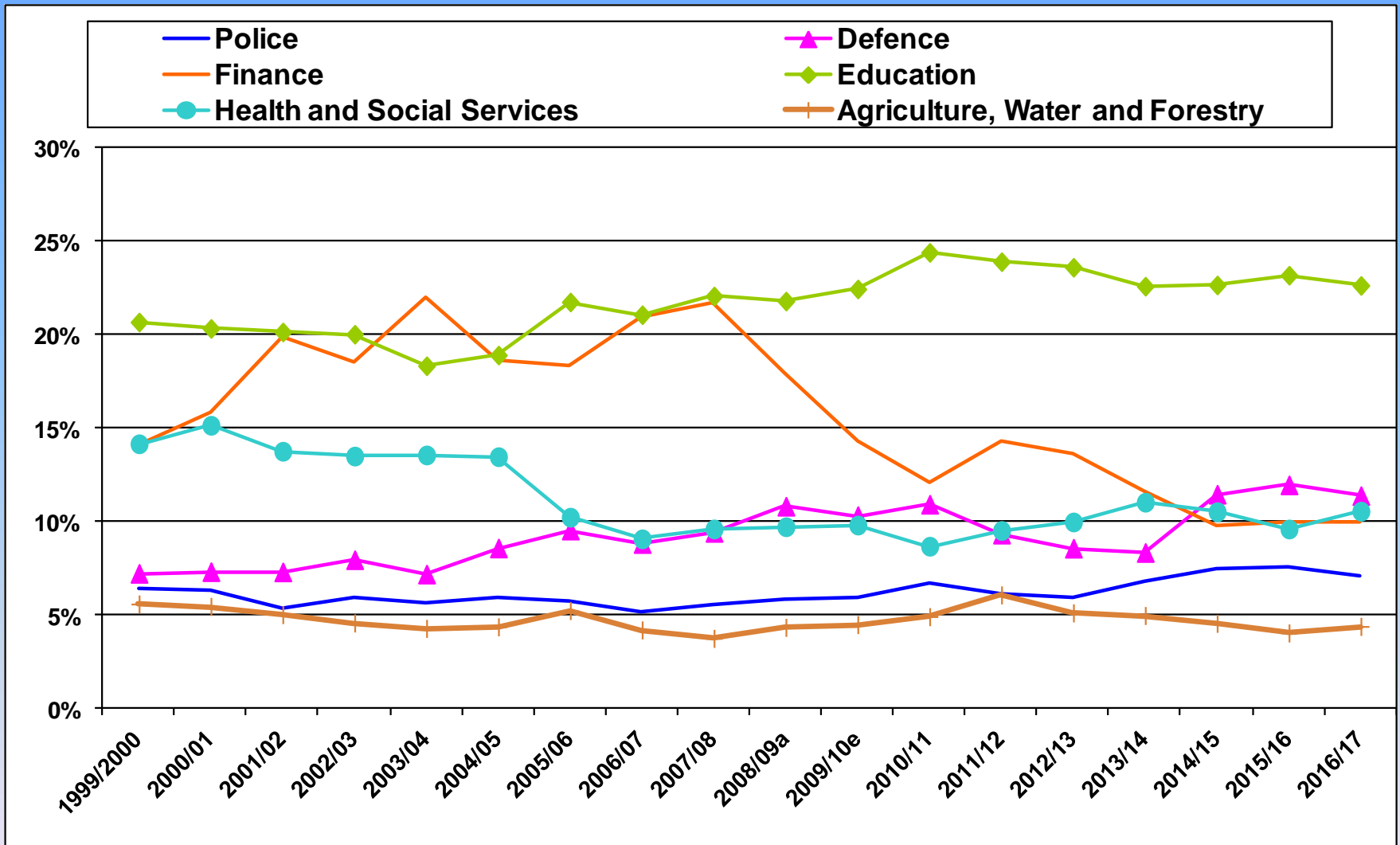
A brief overview

Presented by Klaus Schade

At the HSF-IPPR-Nangof-UNAM Budget Panel

27 February 2014

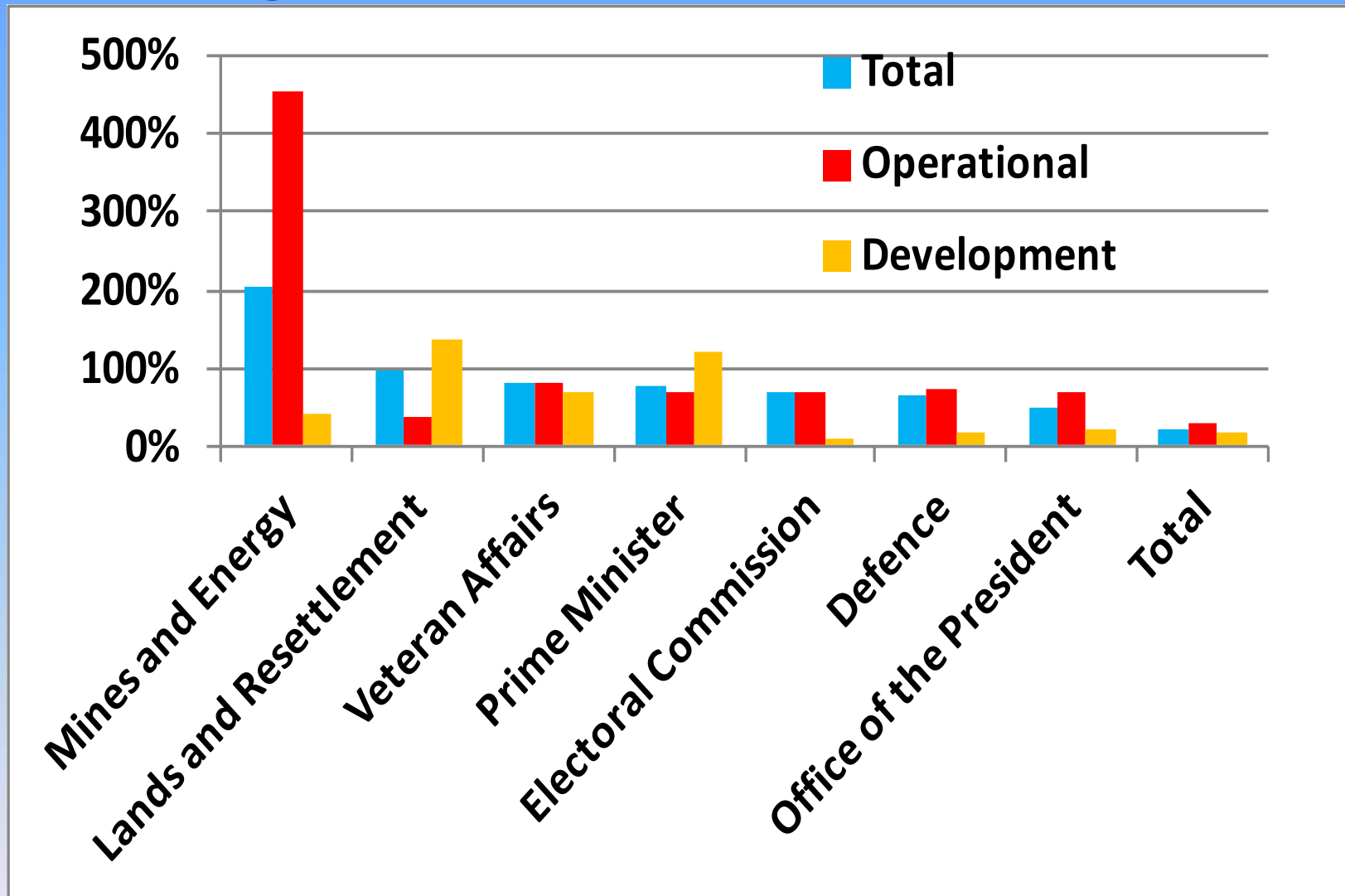
Expenditure by vote



Expenditure by vote cont.

- Total expenditure increase by 26.7 per cent. Operational exp by 29.4 per cent and development exp by 17.6 per cent
- Additional allocation to SOEs for infrastructure projects such as Kudu Gas, Walvis Bay harbour expansion, but also for Air Namibia and TransNamib
- Additional allocation to remuneration due to increments and re-grading
- FPG and MG up by NAD50 per month (and another NAD50 per month in 2016/17) to NAD250 per month, while old age grants remain unchanged.
- Education continues to receive largest share (22.7 per cent), followed this year by Defence (11.5 per cent) and health (10.5 per cent)

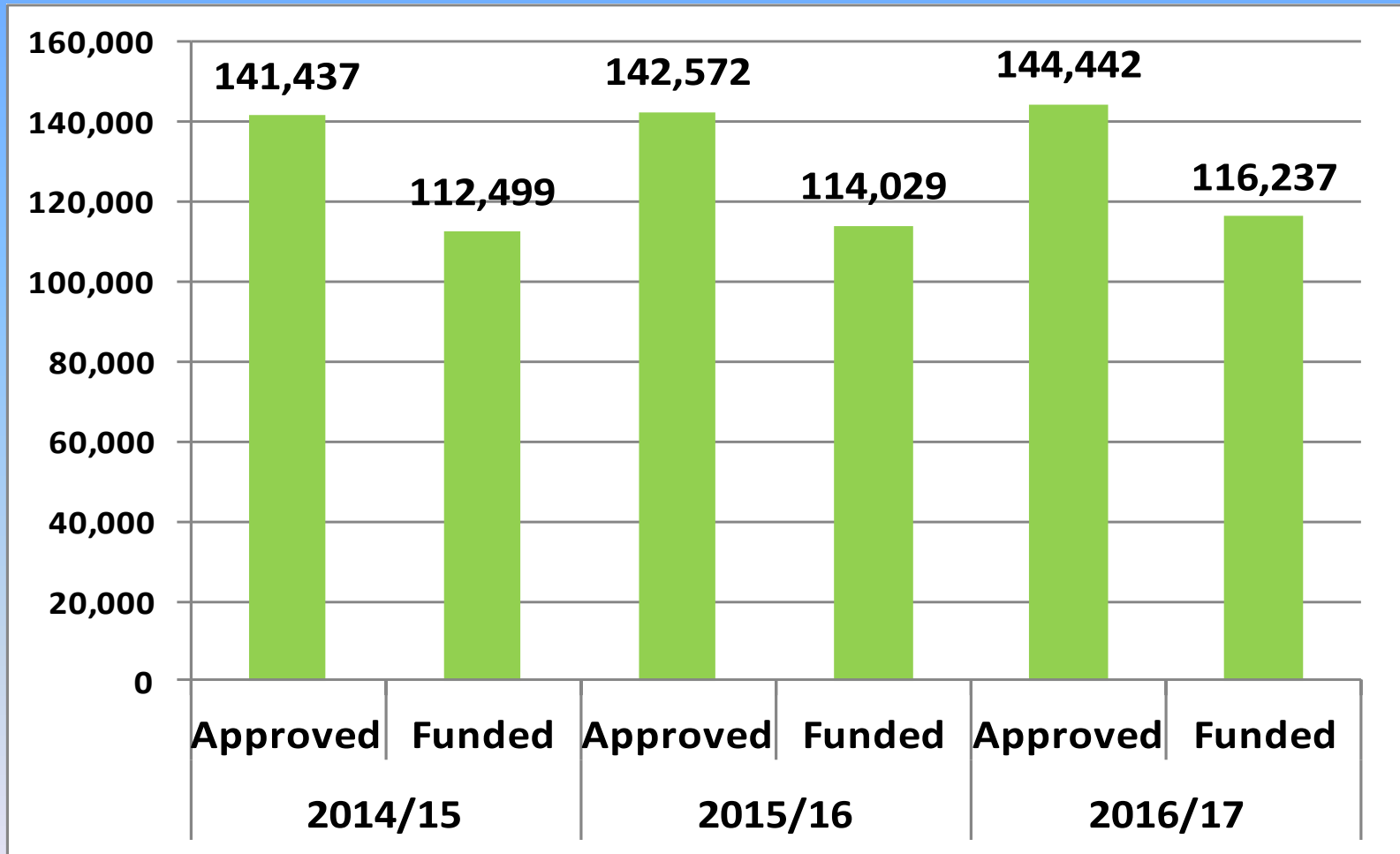
Change in allocation vs. 2013/14



Change in allocation cont.

- Substantial additional allocations to MME (205 per cent) in support of the Kudu Gas Project among others.
- Allocation to MLRR increased by 97 per cent owing to allocation for land acquisition
- MVA's budget goes up by 81 per cent to cater for once-off gratuities (NAD50,000 or NAD20,000).
- MICT receives 17 per cent less than in 2013/14 due to drop in Personal Expenditure and subsidies for NBC

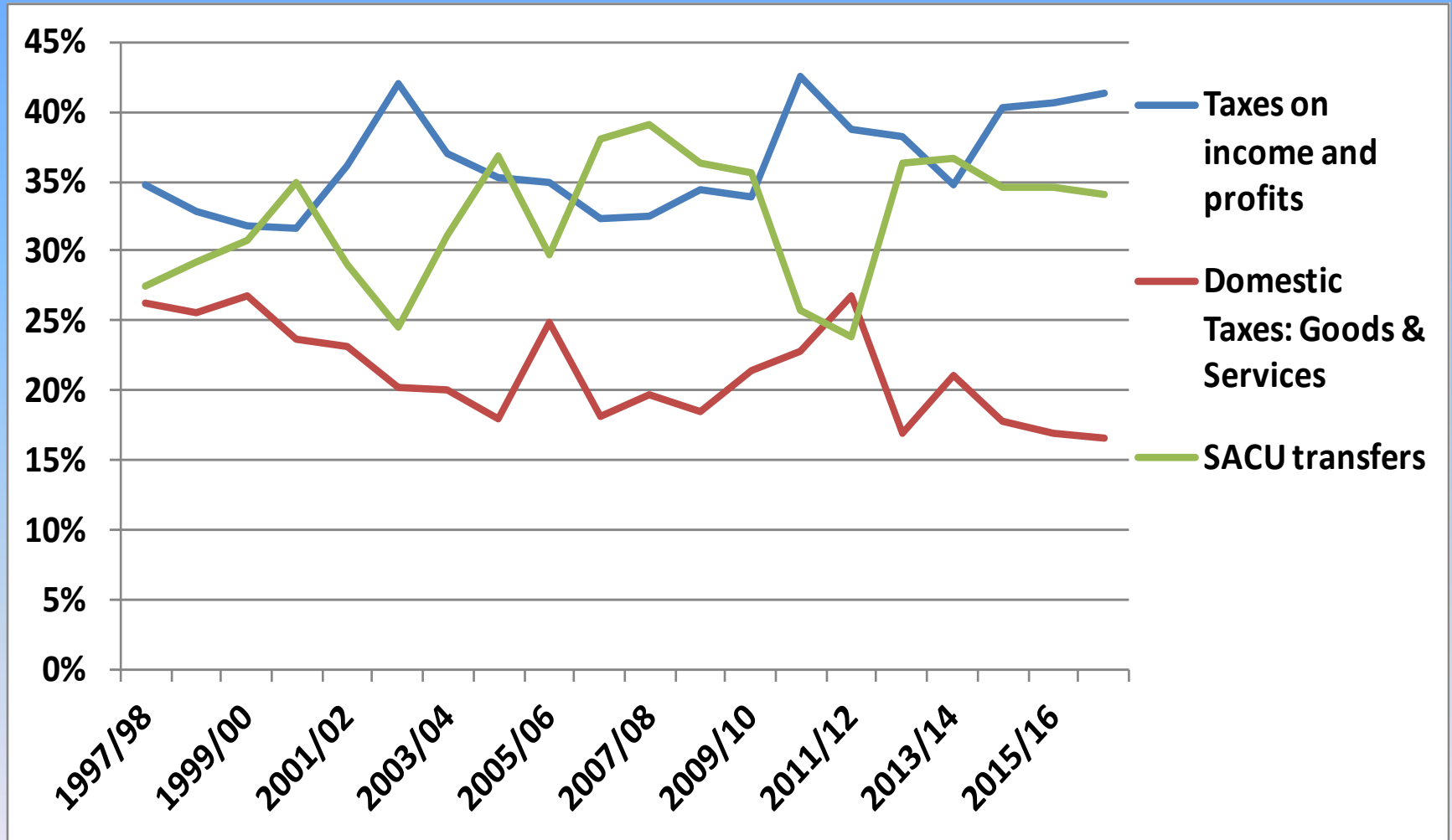
Public Sector Employment



Public Sector Employment cont.

- Approved and funded positions increase by 27 and 17 per cent respectively in 2014/15 to 141,000 and 112,000. In the following years increases by between 1 and 2 per cent.
- Funded positions increased the most for education - from 25,000 to 39,000 (56 per cent). Funded positions for NDF up by 19 per cent to almost 26,000 (second largest GRN employer).
- Gap between approved and funded posts the highest for Correctional Services (6,361 vs. 2,055 -> 68 per cent) and Police (37,375 approved vs. 15,538 funded -> 58 per cent).

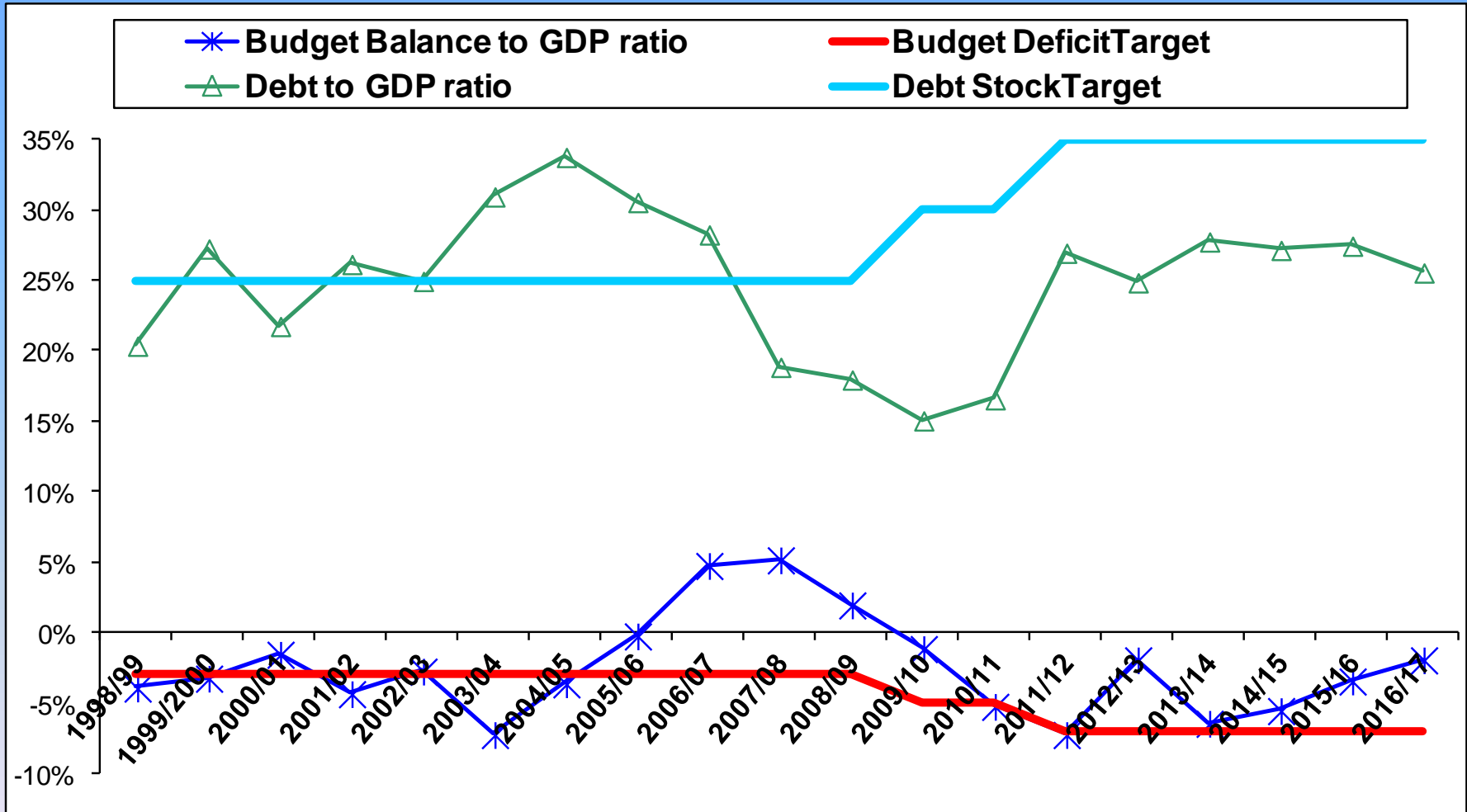
Main Revenue Sources



Main Revenue Sources 2

- Tax rate for non-mining companies dropped by one percentage point to 32 per cent
- Excise duties (alcohol & tobacco) to increase
- Environmental levies to be introduced – carbon levy, levy on tyres and conventional bulbs
- VAT threshold increased to turnover of NAD500,000
- Taxes on income and profits remain main revenue source contributing 40.4 per cent or NAD21.2 bln in 2014/15 to Government income
 - ✓ Increase by 52.1 per cent compared to estimates for 2013/14
- SACU transfers expected to increase by 23.0 per cent to NAD18.1 bln or 34.5 per cent of revenue
- Domestic taxes on Goods&Services (mainly VAT) to drop to 17.8 per cent of total revenue, but amount to rise by 11 per cent to NAD9.4 bln.
- Future of SACU transfers remains uncertain due to re-negotiations of Revenue Sharing Formula

Budget Deficit and Total Debt



Budget Deficit cont.

- Estimated at 5.5 per cent for 2014/15 – up from 4.1 per cent in 2013/14 MTEF. In absolute terms, deficit expected to be about NAD7.7 bln (or some NAD3,300 per capita)
- Interests and Borrowing Related Charges to increase to NAD2.5 bln in 2014/15 and NAD3.6 bln in 2016/17
 - ✓ Interest payment on domestic debts account for 81 per cent of total interest payment and foreign debts for 19 per cent -> but exchange rate risks
- Total Debt to increase to NAD38.5 bln and NAD46.6 bln respectively. 64 per cent domestic debt, 36 per cent foreign debt.
- Debt per capita increase to some NAD17,200.
- Debt to GDP ratio to decline from 27.2 to 25.6 per cent
- Well within international benchmarks (60 per cent)

Thank you for your attention.