

YOUR Money, YOUR Budget.

2012/13 Citizens Guide to the
National Budget



MINISTRY
OF
FINANCE
NAMIBIA



FISCAL SUSTAINABILITY AND JOB-CREATING GROWTH—DOING MORE WITH LESS

The 2012 budget is focused on continued poverty reduction, enhanced economic growth, improved service delivery and more jobs for Namibians amidst macroeconomic challenges and uncertainties.

During the previous and current budget, the Government has increased spending significantly, to help cushion the domestic economy from the impacts of the global economic downturn and address domestic issues with more force. Spending in this budget will be focused on sectors with high growth and job creation potential, whilst improving important social services to all in society and protecting the most vulnerable.

The increased Government spending has come at the cost of increased debt. However, the Government will maintain debt at a manageable level to ensure stability and keep money available in case of unexpected events. Therefore this budget shows the start of the debt reduction process.

Unfortunately, the slow global economy may have an impact on Namibia, but we can meet our goals if we focus our efforts and do more with the resources we have. This is the challenge for us all over the next budget.

WHAT IS THE BUDGET?

The national budget is about how the government raises money from the people and how this money will be spent for the people.

Government collects money in several ways, such as through income tax, mining tax, value added tax (VAT), fines/charges and taxes on trade (for example, taxes on goods imported into Namibia). The budget document estimates how much money will be collected from each source.

The budget then explains how the Government will spend this money towards meeting the national development objectives: from economic and employment growth, to skills development to social welfare and reduced inequality. Given that funds are limited, Government has to make hard choices on what is not only best for today’s generation, but also what is best for future generations.

The budget covers a 3 year period, with fixed spending allocations for the first year of the budget and gives estimates for the second and third year.

SIZE OF THE BUDGET

The total size of the budget in 2012/13 is N\$40.2 billion, a continuation of the high budget of N\$37.7 billion in 2011/12.

In 2012/13 the operation budget accounts for 77% of expenditure and the development budget accounts for 17% (with the remainder spent on statutory payments).

Government revenue is estimated to be N\$35.4 billion in 2012/13, an increase of 32% from 2011/12. Revenue is lower than spending in 2012/13 which means the Government will have to borrow N\$4.7 billion, a deficit of around 4.6% of GDP.

THE BOTTOM LINE

The table below summarises the aggregate numbers for the budget.

	2012/13	2013/14	2014/15
Revenue and Grants (N\$bn)	35.4	35.3	39.7
As % of GDP	34.6%	30.9%	31.2%
Expenditure (N\$bn)	40.2	41.0	40.2
As % of GDP	39.2%	36.0%	31.6%
Budget Balance (N\$bn)	-4.7	-5.7	-0.5
As % of GDP	-4.6%	-5.0%	-0.4%
Debt (N\$bn)	28.3	34.5	35.5
As % of GDP	27.7%	30.3%	27.9%

TAX CHANGES

- A packet of cigarettes will cost 58 cents more.
- A 750ml bottle of spirits will cost N\$6 more.
- A 340ml can of beer will cost 9 cents more.
- An increase of non-resident shareholding tax from 10% to 20%.
- Re-introduction of VAT exemption on supply of medical services by a medical practitioner/hospital.