Dissecting the 2022/23 Annual Budget Speech

Reform to Grow
February 2022
2022/23 Annual Budget Speech

“Reimagining, a Better Future for the Youth”

01 Reignite economic growth

02 Job creation

03 Youth focussed opportunities

Namibian Youth Demographics:

- 33% of the total population are aged 15-34 years.
- 44.2% live in rural areas.
- Expected growth: 7.7% to more than 1 million by 2027
2022/23 Annual Budget Speech: Reimagining, a Better Future for the Youth

- **N$50mil**: upgrading & renovating Independence Stadium
- **AgriBank Women and Youth scheme**: N$73.2mil land & N$43mil for livestock
- **Namibian Youth for Green Hydrogen (Y4H2) Scholarship Programme**: N$86mil donated
- **Establishing Student Village**: addressing student accommodation needs
- **VTC Centres Expansion**
- **EIF Green Concessional Loan facility**: N$300mil over MTEF
2022/23 Annual Budget Speech: Reflection on Policy Reforms, amongst others

- N$50mil to Welwitschia Fund
- WVB Harbour Container Terminal bid to be finalized
- Freeze public service non-critical positions
- DBN: Pilot Business Rescue Fund
- N$680mil donation received for Green Hydrogen research and development activities
- Finalization of various Policies - amongst others: PPA Bill, National Housing Policy, State Asset Ownership Policy, CSD
2022/23 Annual Budget Speech: Debt Stock

- **Debt Stock as % of GDP**
  - 2021/22: 67.3%
  - 2022/23: 71.0%

- **Debt Stock**
  - 2021/22: N$ 125.8 Billion
  - 2022/23: N$ 140.2 Billion

**12.3% increase in debt from prior year**
2022/23 Annual Budget Speech: Revenue vs. Expenditure

Revenue & Expenditure Comparison (N$ Millions)

<table>
<thead>
<tr>
<th></th>
<th>2020/21 Actuals</th>
<th>2021/22 Estimates</th>
<th>2022/23 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>57,838</td>
<td>53,601</td>
<td>59,678</td>
</tr>
<tr>
<td>Expenses</td>
<td>(14,197)</td>
<td>(16,075)</td>
<td>(11,088)</td>
</tr>
<tr>
<td>Deficit</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2022/23 Annual Budget Speech: Tax vs. Non-Tax Revenue

Non-Tax Revenue 2022/23

- Entrepreneurial & Property, License Fees and Income
  - 56% of non-tax revenue
  - N$5,386 mil

- Admin fees, charges and incidental sales
  - 43% of non-tax revenue
  - N$4,133 mil

- Fines & Forfeitures
  - 1% of non-tax revenue
  - N$96 mil

- Tax Revenue vs. Non-Tax Revenue
  - 16.1% Tax Revenue
  - 83.9% Non-Tax Revenue
2022/23 Annual Budget Speech: Tax Revenue Composition

Tax Revenue Composition 2022/23

- Customs & Excise: 28%
- VAT: 23%
- Individual Income Tax: 29%
- Corporate Income Tax: 15%
- Other Taxes: 5%
- Property Taxes: 0.4%
2022/23 Annual Budget Speech: SACU Receipts

SACU Receipts Comparison (N$ Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (N$ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020/21 Actuals</td>
<td>22,252</td>
</tr>
<tr>
<td>2021/22 Estimates</td>
<td>14,750</td>
</tr>
<tr>
<td>2022/23 Projections</td>
<td>14,190</td>
</tr>
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</table>

Dissecting the 2022/23 Annual Budget Speech
PwC Namibia
February 2022
2022/23 Annual Budget Speech: Revenue vs. Expenditure

Revenue & Expenditure Comparison (N$ Millions)

- Development = N$5.0 billion
- Operational = N$65.8 billion
- Interest Payments = N$9.2 billion. 15.4% of projected Revenue
2022/23 Annual Budget Speech: Operational Expenditure

Government Expenditure Estimates by main items / sub divisions (including statutory) N$ '000 Million

- Personnel Expenditure: 30,116,390
- Goods and Services: 7,546,784
- Subsidies and Other Current Transfers: 18,492,059
- Interest Payments and Borrowing: 9,210,000
- Capital Transfers: 704,700
- Acquisition of Capital Assets: 4,696,068
- Guarantees: 0

Dissecting the 2022/23 Annual Budget Speech
PwC Namibia
February 2022
2022/23 Annual Budget Speech: Departmental Expenditure

Expenditure Allocations by Department (N$ Million)

- Finance: 13,217 (2021/22), 14,418 (2022/23)
- Education, Arts and Culture: 14,174 (2021/22), 14,075 (2022/23)
- Health and Social Services: 8,430 (2021/22), 8,350 (2022/23)
- Defence: 5,884 (2021/22), 5,848 (2022/23)
- Gender Equality, Poverty Eradication and Social Welfare: 5,508 (2021/22), 5,508 (2022/23)
- Transport: 2,449 (2021/22), 2,587 (2022/23)
- Urban and Rural Development: 1,576 (2021/22), 1,332 (2022/23)
- Other: 9,433 (2021/22), 9,484 (2022/23)

Dissecting the 2022/23 Annual Budget Speech
PwC Namibia

February 2022
2022/23 Annual Budget Speech: Spending Priorities

Health
- N$8.4bil -12%
- Continued fight against COVID

Finance
- N$14.4bil;
- N$9.2bil financing the Debt;
- Contingency Fund
- Discretionary allocations FY23/24: N$5.5bil & FY24/25: N$6.7bil.

Education
- N$17bil;
- In total 24.6%;
- UNAM: N$840mil;
- NUST: N$455mil;
- NSFAF: N$1.4bil.

Public Safety and Order
- N$12.6bil - 17.8%
- N$36.6bil over MTEF
- N$62.8mil to Anti-Corruption Commission

Infrastructure
- N$8.4bil - 12%
- N$36.6bil (5.6%) and N$9.4bil over MTEF
- RFA - N$700mil, B1 Road and B2 rehabilitation
2022/23 Annual Budget Speech: Expenditure Execution Rate
### 2022/23 Annual Budget Speech: Tax Policy and Administration

<p>| | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Non-mining tax rate reduction over the MTEF</td>
<td></td>
</tr>
</tbody>
</table>
| 2 | Income Tax Amendment Bill (inter alia):  
   - N$150,000 max deduction on retirement, pension and educational savings  
   - WHT on Local Dividends - postponed |
| 3 | VAT Amendment Bill (inter alia):  
   - Zero rating of sanitary pads  
   - VAT on asset management fees |
2022/23 Annual Budget Speech: Tax Policy and Administration

4. Tax relief programme to be reintroduced for 12 months

5. NamRA rounding up recruitment process. Focus on ease of paying taxes and increased compliance

6. Creating a Tax Policy Unit in the MoF with recruitment to start
## 2022/23 Annual Budget Speech: Sin Taxes

### 2022/23 Excise Duty effective 23 February 2022

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits</td>
<td>per 750ml</td>
<td>68.73</td>
<td>74.23</td>
<td>79.06</td>
<td>6.5%</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>per packet of 20</td>
<td>17.40</td>
<td>18.78</td>
<td>19.82</td>
<td>5.5%</td>
</tr>
<tr>
<td>Sparkling wine</td>
<td>per 750ml</td>
<td>10.77</td>
<td>11.63</td>
<td>12.39</td>
<td>6.5%</td>
</tr>
<tr>
<td>Fortified wine</td>
<td>per 750ml</td>
<td>5.51</td>
<td>5.94</td>
<td>6.27</td>
<td>5.6%</td>
</tr>
<tr>
<td>Unfortified wine</td>
<td>per 750ml</td>
<td>3.29</td>
<td>3.56</td>
<td>3.72</td>
<td>4.6%</td>
</tr>
<tr>
<td>Malt Beer (5% alcohol)</td>
<td>per 340 ml</td>
<td>1.81</td>
<td>1.96</td>
<td>2.06</td>
<td>5.5%</td>
</tr>
<tr>
<td>Ciders &amp; Alcoholic fruit beverages</td>
<td>per 340 ml</td>
<td>1.81</td>
<td>1.96</td>
<td>2.06</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
Annual Budget Speech 2022/23

“A society that cuts off from its youth severs its lifeline” - Kofi Annan

Thank you

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