



The City of Many Faces

**STATEMENT MADE BY HONOURABLE MATHEUS
AMADHILA, CHAIRPERSON OF THE MANAGEMENT
COMMITTEE, ON THE OCCASION OF THE TABLING OF
THE CITY OF WINDHOEK BUDGET ESTIMATES 2017/2018,
ON 29 JUNE 2017.**

DATE: 29 JUNE 2017

TIME: 17H30

VENUE: COUNCIL CHAMBERS

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CHAIRPERSON OF THE MANAGEMENT COMMITTEE, ON THE
OCCASION OF THE TABLING OF THE CITY OF WINDHOEK
BUDGET ESTIMATES 2017/2018, ON 29 JUNE 2017.**

Hon. Laura-McLeod-Katjirua, MP, Governor of the Khomas Region,

Your Worship, Honourable Muesee Kazapua, Mayor of the City of Windhoek,

Hon. Fransina Kahungu, Deputy Mayor of the City of Windhoek,

Fellow Councillors of the City of Windhoek,

Bishop Erns //Gamxamub, Evangelical Lutheran Church in the Republic of
Namibia

Mr Robert Kahimise, Chief Executive Officer of the City of Windhoek,

Strategic Executives and Senior Officials of the City of Windhoek,

Windhoek Residents,

Distinguished invited guests,

Members of the media,

Ladies and Gentlemen,

Good evening.

It is with profound appreciation and a great sense of gratitude that I stand in front of this August House to table one of the most critical components of our financial governance system, the City of Windhoek Statement of Estimated Income and Expenditures for the 2017/2018 Financial Year.

Your Worship, Honourable Councillors

The estimates presented before you, have been prepared in accordance with the Local Authorities Act, 1992 (Act 23 of 1992) as amended, the vision, mission and strategic objectives of the City of Windhoek, policies and programmes of the Government of the Republic of Namibia and indeed, in line with the International Public Sector Accounting Standards (IPSAS).

For many years we have put our effort into key priorities that can *enhance the quality of life to all our people by rendering efficient and effective municipal services*’ as testament to our commitment to the mission of the City of Windhoek. In carrying out its mandate, the Management Committee; now therefore put before this Council; Budget Estimates under a theme deemed appropriate- *“We focus our*

efforts towards caring for our residents by improving municipal services”.

Your Worship, allow me now to elaborate briefly on what is submitted before us tonight and highlight on issues that have considerable impact on the City’s budget for the financial year 2017/2018.

Provision of Electricity

It is important to understand that the City Council’s responsibility is to buy bulk electricity from the national bulk supplier NamPower; for onward distribution to individual households and businesses within the city. Electricity is distributed at regulated tariffs as approved by Electricity Control Board (ECB).

Furthermore, it is important to inform you that the Electricity Control Board has already approved NamPower’s bulk electricity tariff with an average increase of 8%; which directly have bearing on municipal electricity tariff adjustments. Practically, the said average increase in NamPower tariff; translates to an average 13% increase to the City of Windhoek.

To absorb the Nampower increase, the City of Windhoek submitted to the ECB, an application for an average adjustment of 10% in electricity tariffs, for the financial year 2017/2018. We remain hopeful to receiving the pending approval in the next few days.

It is equally important to mention that the electricity situation in Windhoek might have an impact on our developmental efforts due to bulk supply capacity constraints. To this end, the City of Windhoek has engaged NamPower on the second bulk supply project, to ensure security of supply to the City by increasing capacity from 160MVA to 210 MVA. The total value of this project amounts to N\$198 million. The City had already spent N\$72 million towards the project during the financial year 2016/2017.

Both City of Windhoek and NamPower are committed to finalizing the project which will be completed within the next 30 - 36 months.

Provision of Potable Water

You would recall that in the last financial year the City and central Namibia areas endured a severe shortage of water due to drought. During this period, Council had to make desperate interventions and

focused a considerable amount of its resources and efforts on water saving measures. Despite the huge investment that eventually impacted negatively on our previous budget, I am happy to mention that we have succeeded in overcoming the water crises, by keeping the water taps for residents running.

This could not have been accomplished without the intervention of our Government, the national utility NamWater and cooperation of our residents, both on water saving campaigns and sharing of resources. On this note, I would like to use this opportunity to applaud our residents for their enthusiasm and collaborative effort; when we called upon them during that difficult time. Please give yourself a hand of applause.

Furthermore, Honourable Councillors, Ladies and Gentlemen, we are all aware that rainfall patterns during the last three years were below average, and the inflow into the dams supplying Windhoek with water, was very low. However, during February and March this year our dams' levels drastically improved with good rains falling in the

catchment area of the three dams. The current water holding in the three dams equates to 56%, compared to 20% of last year.

Coupled with the water shortage, I regrettably have to inform Windhoek residents that the national utility NamWater has received approval from the Ministry of Agriculture, Water and Forestry for an increase in the bulk water supply tariffs of 13%, for the financial year 2017/2018. Accordingly, the City Council will also adjust its tariffs to 13%, with effect from 1 July 2017, as a measure to ensure sustainable supply of water to its customers.

Your Worship, I believe that our residents will now appreciate that as a Council, we do not have control over tariff increases on water and electricity; as this rests mainly with the bulk suppliers and the approval authorities. The City simply adjust these tariffs as it needs to recover the cost from the end users, who are water and electricity consumers. Although it is understood that these increases were necessitated by the water shortage brought about by the drought, there is pressure on Windhoek to also cope with the increased demand of

water in the City, due to rapid population growth; which equally places a heavy burden on the resources at Council disposal.

However, in order to contain the cost of services, the City will supply the first 6 cubic metres of water to domestic consumers at cost, which is the same as the NamWater Tariff. In the same vein, we appeal that prior to the approval of NamPower and NamWater electricity and water tariff increases, broader consultation with local authorities and relevant stakeholders should be made.

I must further mention that, it is a painful decision for us local authorities, to pass on these tariff increases on water and electricity to our residents, most of whom cannot afford. Hence our repeated appeal for a national intervention in order to control and harmonize the burden of water and electricity tariff increases on our residents.

Capital Budget

Honourable Councillors, Ladies and Gentlemen, as part of our commitment to consultative budgeting process, we continued to solicit inputs on the capital budget from our key stakeholders, such as the Khomas Regional Council, Windhoek Residents and Rate Payers

Association, the business community through the Namibia Chamber of Commerce and Industry, and the public at large.

Like in any other budgetary process, not all proposed projects received from the aforesaid consultations could be accommodated in the capital budget estimates presented before this August House this evening. Our decision in considering the Capital Budget was therefore influenced by the prevailing economic realities, and within the constraints of resources at Council's disposal. For this reason, I am tabling before this August House tonight a capital budget for the Financial Year 2017/2018 worth N\$ 638 million.

Windhoek Residents, Ladies and Gentlemen,

Now I need to appeal for your good understanding on the fact that in as much as we would have liked to include all the requested capital development projects, we could not do so, simply because of the fact that resources are not enough to provide for all identified needs. However, we trust that the projects that have been prioritised for the next financial years; will go a long way in providing the much needed services to our communities.

The total Budget tabled before this August House tonight is an amount of N\$5.3 billion, of which, as I mentioned earlier, N\$638 million will go towards the capital budget and the remaining N\$ 4.7 billion towards the operational budget.

It is important to mention that the capital budget includes N\$20 million provision; for the electrification of informal settlements and N\$83 million for the second bulk supply project with NamPower.

In an attempt for a sustainable solution on pensioners' debts, a provision of **N\$6 million**, has been made to install prepaid water and electricity meters in pensioners houses. Through this initiative a more effective debt collection can be ensured, whilst assisting the pensioners who over the years been faced with challenges settling outstanding debts.

The capital budget also makes provision of **N\$1million** for sanitation projects in the informal settlements.

The funding the Capital Expenditure will be sourced as follows:

- N\$350 million from external financial sources

- N\$133 million from TIPEEG allocation; mainly for informal settlements development and
- the rest will be funded out of own revenue sources.

Operational Budget

I must also inform you that the operational budget was also compiled under difficult circumstances as the cost of operation such as bulk services is ever escalating. The increases by bulk suppliers left us with no option, but to propose to you tonight tariff adjustments; which are aimed at enabling Council to continuously provide the required municipal services during the financial year ahead.

In this connection, I regrettably have to inform you that it was not possible for us to present a balanced budget; and as such; a deficit of N\$505 million budgeted. It is important to mention that in the last three financial years; we have been able to steadily reduce the budget deficit on a year to year basis. However, following the implementation of the International Public Sector Accounting Standards, we are required to provide for depreciation. This provision has a material effect on the Budget Deficit. To this end, the

2017/2018 deficit is 11% of the total Operational Budget, which amounts to N\$406 million. Comparing apples with apples and removing depreciation from the equation, Council deficit would be 2% or N\$99 million.

Your Worship, Honourable Councillors, the past few financial years the City has not been able to present a balanced budget. Coupled with this, are economic factors; such unemployment in the City; which is now said to be standing at 35%. This is an indication that our revenue base and current alternative revenue sources; are not able to meet the demands for services within the current economic environment.

Therefore, tonight we will again have to make a tough decision of approving the budget deficit for the Financial Year 2017/2018. We call upon the Chief Executive Officer's to implement strict cost control and saving measures in an effort to reduce this deficit at year end.

In the same vein, the Management Committee further requires from the staff members to work tirelessly to broaden the revenue base of the City and to augment the existing revenue base; as well as; implementing new initiatives that will yield positive financial results.

Having said that, let me now articulate the proposed tariff adjustments, which are as follows:

- 1 That the water basic tariff be increased with 7%.
- 2 That the sewerage tariff be increased with 7 %.
- 3 The water consumption tariff shall be increased with 13 %.
- 4 The property tax tariffs shall be increased with 15%.
- 5 The Household Refuse Removal tariff shall be increased with 10%.
- 6 The Availability Charge for services shall be increased with 5%.
- 7 The Informal Settlement Refuse Removal tariff shall be increased with 10%.
- 8 The Solid Waste Management tariff shall be increased with 10%.

9 The semi-purified (non-potable) water tariff increase with 25%.

10 As I mentioned earlier, we expect an average increase in electricity tariffs of 10% pending ECB approval.

The proposed tariff increases will have the following effects, per average income category:

Average Low Income Household - N\$ 70.36

Average Middle Income Household - N\$ 190.02

Average High Income Household- N\$ 427.10

I must also mention here that the salary provision is 32% of the Operational Budget, which falls well within the accepted limit of 35%.

Your Worship, Fellow Councillors,

Your Worship, Ladies and Gentlemen, as I indicated earlier, prior to the preparation of this budget the Management Committee consulted the Khomas Regional Council, and other stakeholders who provided inputs as per written correspondences attached to the agenda before you.

I am particularly encouraged by the continuous participation in our budget process, by the private sector through NCCI, civic society through Rate Payers Association and Workers union through the NUNW, who attended the joint consultative meeting held on the 3rd April 2017.

At our April joint consultation meeting, we were also honoured by the participation of a representative from Simonis Storm Securities; who shared with us the Namibia economic outlook; which information also guided us in coming up with the budget tabled before this August House.

I know that not all your proposed projects could be accommodated. This is due to the fact our developmental needs, aspirations or demands surpass the limited resources at our disposal. However, we remain committed to this consultative and participatory budget process; as we strive to make Windhoek, a better place for all our citizens and visitors.

Kindly also allow me to thank our clients who pay their accounts regularly, an attitude that allows us to carry out our mandate, whilst in

the same manner we encourage others to adopt the same culture which will enable us to enhance service delivery.

Your Worship, Honourable members of this August House, may I now use this opportunity to propose that Council approve the budget as tabled before us tonight.

I thank you.