

**STATEMENT MADE BY HONOURABLE MOSES SHIIKWA,
CHAIRPERSON OF THE MANAGEMENT COMMITTEE, ON
THE OCCASION OF THE TABLING OF THE CITY OF
WINDHOEK BUDGET ESTIMATES 2015/2016, 30 JUNE 2015.**

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

Khomas Regional Councillors Present,

Alderspersons and Fellow Councillors of the City of Windhoek,

Mr Edward Kawesha, Acting Chief Executive Officer of the City of
Windhoek,

Strategic Executives and Senior Officials of the City of Windhoek,

Distinguished invited guests,

Windhoek residents,

Members of the media,

Ladies and Gentlemen,

Good evening.

It gives me a great sense of honour and gratitude to 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 2015/16 financial year.

The estimates 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 Municipal Accounting Principles.

In preparing these budget estimates, the Management Committee has in its quest to execute its mandate now put before this Council a theme deemed appropriate. For many years we have put our effort into key priorities that can *enhance the quality of life to all our residents*’ as testament to our commitment to the vision of the City of Windhoek. This year’s budget estimates is therefore tabled under the theme *“We stay committed to providing municipal services”*. Rightfully, you will note from the estimates that a considerable allocation is made towards basic services with emphasis on water.

Your worship, allow me now elaborate briefly what is submitted before us tonight and only highlight few issues that are deemed to have considerable impact on the City’s budget for the financial year 2015/2016, for at least the next two financial years:

Electricity

It is important to understand that the City’s responsibility is to buy bulk electricity from the national bulk supplier Nampower; for onward distribution to individual households and business. A few months ago Your Worship, informed this August House of the approved electricity increase by Nampower.

Therefore, it is equally important to mention that the municipal electricity annual tariffs adjustments are influenced and depended on the approved electricity increases by Nampower and approval by the national regulator, the Electricity Control Board (ECB). However, before any municipal electricity tariff adjustment approval has to be obtained from the regulator ECB.

This year the bulk electricity supplier, NamPower, has informed Council that it has obtained approval on consumption for an average increase of 10%. However, it is important to note that when you breakdown the tariff components, during the low demand season which accounts for nine of the twelve months (September to May), the increase on electricity consumption is 18% while during the high demand season, which accounts for three of the twelve months (June to July), the increase on electricity consumption shall be 0%. Also of importance is that the National Energy Fund (NEF) will also increase with 6% and the ECB tariff with 7%.

Therefore, with the foregoing, Council has proposed an average increase of 9.8% on electricity tariffs for its residents effective 1st July 2015, subject to the approval by the regulator, the ECB. In the same vein, Council would like to advise our residents to save electricity at all times so that the excess power can be made available for new developments within the city.

It is equally important to mention that electricity supply crisis in the region continued to haunt us, derail our developmental efforts and put pressure on our ability to deliver sustainable municipal services. The City continues to participate in national efforts, discussions and forums aimed at finding an amicable solution to the national electricity supply shortage. Coupled with this shortage and poor payment by our residents, it is important to mention that the monthly Nampower bill to the City is on average N\$90million, and can rise to more than N\$120million during the winter season.

Water

Ladies and Gentlemen, this year we are all aware that rainfall during the financial year 2014/2015 was average, and the inflow into the dams supplying Windhoek with water, was very low. The current water holding in the three dams equates to 37 million cubic metres, compared to 71 million cubic metre of last year.

The national utility NamWater, has introduced a water use strategy wherein the City need to realise a water saving of 10% to ensure that the current water supplies will last until the next rain season. The City, Namwater and other central area stakeholders will therefore embark on a vigorous water saving campaigns. In this regard, all our clients are requested to give their full support and cooperation in water saving. Without this support, there is a strong possibility that we might run out of water before the next rainy season has started.

Coupled with the current water shortage, Ladies and Gentlemen, I regrettably have to inform Windhoek residents that NamWater has submitted before the Ministry of Agriculture, Water and Forestry to increase the bulk water tariff estimated at 15% for the financial year 2015/2016. I hope our residents will now understand here that as a Council, we have no control over tariff increases on water and electricity.

During the last three years we have seen a 75% increase in water tariffs; and the City expect a 15% increase that will come into effect on 1 July 2015 from Namwater.

Although it is understood that these increases were necessitated by the long overdue upgrading of the pumping capacity between Von Bach Dam and Windhoek; in order to cope with the increased demand of water in the City; these increases equally place a heavy burden on the resources of the City. The water account of the City is run on cost recovery principles, and an increase in bulk water tariffs, can only be recovered from the end user, through the raising of tariffs by the City. These water tariffs have become increasingly expensive and unaffordable to many within the municipal boundaries.

However, in order to try and 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.

Ironically, while no fixed subsidies to local authorities, the national utilities Nampower and Namwater, receive guaranteed central Government funding. I therefore wish to repeat Council's plea of previous years, that in order to keep water and electricity affordable commodities, at least to the poorer members of society and pensioners, Central Government should subsidize drinking water and electricity in our Country. 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 as 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 to 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 resources at Council's disposal. For this reason, I am tabling before this August House tonight a capital budget for the Financial Year 2015/2016 to the tune of N\$ 383 million and N\$ 373 million for the 2016/2017 financial year respectively. Of the N\$ 383 million, N\$ 344 million is for the on-going capital projects; whilst N\$ 39 million is earmarked for new capital projects.

Windhoek Residents, Ladies and Gentlemen,

I must appeal for your 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 two financial years; will go a long way in providing the much needed services to our communities.

The total Budget tabled before us tonight is an amount of N\$4.04 billion, of which as I mentioned earlier, N\$383 million will go towards the capital budget and the remaining N\$ 3.66 billion towards the operational budget.

I must also inform you that the operational budget was also compiled under difficult circumstances as the cost operation is ever escalating.

The aforementioned increases by our bulk suppliers, however, left us with no option, but to propose to you tonight tariff adjustments which are aimed at reducing the budget deficit.

In this connection, I regrettably have to inform you that once again it was not possible for us to present a balanced budget and as such a deficit of N\$ 288 million will have to be approved tonight subject to the Chief Executive Officer's commitment to implement strict cost control and saving measures in an effort not to reduce this deficit at year end. The Management Committee further requires from the staff to work tirelessly to broaden the revenue base of the city and to enhance the existing revenue base as well as implementing new initiatives that would yield positive financial results.

In addition, allow me to mention that the City is facing numerous challenges which are mentioned in the detailed submission in front of us and for the sake of time, I would not like to repeat every detail.

In conclusion, let me now pronounce the proposed tariff adjustments, which are as follows:

- 1 That the sewerage tariff be increased with 17.5 %.
- 2 That the water basic tariff be increased with 10 %.
- 3 The water consumption tariff shall be increased with 10 %.

- 4 The property tax tariffs shall be increased with 9%.
- 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 5%.
- 8 The Solid Waste Management tariff shall be increased with 10%.
- 9 The Electricity tariff shall increase with an effective rate of 9.8%, subject to the approval of the Electricity Control Board.

The proposed tariff increases will have the following effects on monthly municipal bill per income category:

Average Low Income Household -11% - amounting to N\$74.10

Average Middle Income Household-10% amounting to N\$163.70

Average High Income Household-10% - amounting to N\$377.78

Your Worship, Fellow Councillors,

I will fail in my duty if I do not thank our clients who pay their accounts regularly, a principle that allows us to carry out our mandate, whilst in the same vein we encourage others to adopt the same culture which will enable us to enhance service delivery.

Your Worship, you are further advised that the Management Committee has consulted the Khomas Regional Council as prescribed in the Local Authorities Act on 25 June 2015 and they gave their blessing to the budget estimates, that are tabled tonight with emphasis that it be pro poor considering the plight of our communities

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

I thank you.