

# OFFICE OF THE CHIEF EXECUTIVE OFFICER

☒ 59

80 Independence Avenue  
WINDHOEK, NAMIBIA



Tel: (+264) 61 290 2615

Fax: (+264) 61 290 2344

[www.cityofwindhoek.org.na](http://www.cityofwindhoek.org.na)

## MEDIA RELEASE

For immediate release

### **City of Windhoek provides clarity and context in response to the New Era Newspaper Article titled "*City is broke: Kandjeke*".**

**Windhoek, 21 February 2024:** The City of Windhoek (City) has noted with concern the article published in the New Era newspaper on 19<sup>th</sup> February 2024. While appreciating the media's role in keeping the public informed, we find the headline and context provided sensational and unfortunate since such selective journalistic exploits have the potential to cause unprovoked panic among the entire chain of our stakeholders and residents alike. It is crucial for journalists to provide a balanced reporting that acknowledges both challenges, achievements and highlight the historic time period of such information as presented. Focusing solely on the negative aspects is tantamount to the entrepreneurship of distort perception with the potential to mislead the public and undermine good efforts employed towards continuous improvement.

We would like to point out that the audit report referred to in the article is of historic matters observed about four years ago and specifically for the financial year ending 30 June 2021. It must be noted that this is the first time in 12 years that the City of Windhoek received a Qualified Audit Opinion. Therefore, moving from a Disclaimer Audit Opinion to a Qualified Audit Opinion represents significant progress in financial reporting for the City of Windhoek. These results are an indication that the organization has been occupied with addressing previous operational uncertainties and financial deficiencies, which has now resulted in improved transparency and reliability of the financial statements to date. This positive movement may not sound gratifying, but it is a significant reflection of the commitment of the Council and Management to enhancing good corporate governance, prudent financial management practices, and accountability, which are essential pillars to building trust with our stakeholders as well as validating the reliability of our internal controls and systems.

The Council and Management's conscience is alive to the ethos of good corporate governance and improvement of statutory compliance; hence, we are proud to share that submission of the Financial Statement in accordance with Section 87 of the Local Authorities Act, 1992 (Act 23 of 1992) as amended are close to total compliance. To date, the Auditor General has commenced with the 2022 audit, and in addition, preparations have started to conclude the 2023 audit by the end of this year, ensuring that all outstanding audits will be up-to-date and the Council will be in full compliance.

### **Future Sustainability of Operations and Commercial Solvency:**

As of 30 June 2021, the City's current liabilities exceeding current assets by 50 cents for every N\$1.00 is an issue we have been actively addressing. To date, the City of Windhoek has settled all our arrears to the creditors, including large suppliers such as NamPower and NamWater and we are up to date with our current accounts, working on a 30-day Account Payment period for the past four years consecutively. The City of Windhoek is in continuous engagement with the central government to secure the settlement of the long outstanding N\$700 million government on-lending loan through land and debt swap method. It is worth noting that excluding the government on-lending loan, our current ratio will improve significantly from N\$0.50 to N\$0.79 per every N\$1.00 of current liability.

The City has made significant strides over the last two financial years which included effectively containing our expenditure, with specific emphasis on our employment cost and specifically no salary increases were granted in the last four years since 2020, despite the economic hardship experienced over this period. As a result of these efforts, the current liquidity has improved further from N\$0.63 to N\$0.99 when excluding government on-lending loans as per the unaudited annual financial statements for the year ending 30 June 2023. We continue to pay creditors and service providers timeously.

### **Housing Fund:**

Regarding the housing fund, the City has established various housing schemes using internal resources, alongside the Build Together Fund. Unfortunately, due to the lack of separate bank accounts for these schemes, repayments were received into the City's operational accounts. This practice did not adhere to fund accounting requirements, which mandate that reserves, other than operational reserves, should be supported by financial assets. Therefore, as of 30<sup>th</sup> November 2023, the Council decided to reclassify the unsupported council housing and retain the Build Together fund, which has since 2020/21 financial year been merged with the Informal Settlement Upgrading Project, a move which now ensures that proper fund accounting practices are complied with.

### **Land sales and Public Private Partnership reporting:**

The Council adopted new accounting standards, the International Public Sector Accounting Standards (IPSAS) which brought forth new technical accounting issues regarding land sales and Public-Private Partnership (PPP) reporting. While there were disagreements between CoW and the Auditor-General until 2021 over the acceptable reporting methods, consensus was reached, and adjustments have been implemented from 2022 onwards.

The City of Windhoek remain committed to transparency and accountability in our operations and would like to assure our stakeholders, partners and the residents of Windhoek and the entire nation that for now and in the foreseeable future, the City of Windhoek is a going concern. We are actively crafting a financial recovery plan aimed at securing long-term

financial sustainability. Our focus is not only on developing a robust strategy but also on ensuring its effective execution to achieve our goals in line with the Strategic Plan 2022-2027.

For more information about this statement, please contact our Corporate Communication Section at Tel.: 061 290 3797 / 2044, or email: [cowcommunication@windhoekcc.org.na](mailto:cowcommunication@windhoekcc.org.na)

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**ISSUED BY:**

**Moses Matyayi  
CHIEF EXECUTIVE OFFICER  
CITY OF WINDHOEK**