**STATEMENT BY HONOURABLE MATHEUS AMADHILA, CHAIRPERSON OF THE MANAGEMENT COMMITTEE, ON THE OCCASION OF THE TABLING OF THE CITY OF WINDHOEK BUDGET ESTIMATES 2016/2017,**

**KHOMAS REGIONAL COUNCIL CHAMBERS, 30 JUNE 2016, 17H30**

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

Honourable Laura-McLeod Katjirua Member of Parliament and Governor of the Khomas Region,

Honourable Rachel Jakob, Chairperson of the Khomas Regional Council,

Honourable Regional Councillors Present,

Fellow Councillors of the City of Windhoek,

Mr Fillemon Hambuda, 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 appreciation and gratefulness to address this August House with the aim 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 2016/17 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 the International Public Sector Accounting Standards (IPSAS).

In preparing these budget estimates, the Management Committee has in its pursuit 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 commit all our efforts towards the continuous provision of municipal services”*. Considering our current water crises, you will note from the estimates that a considerable allocation is made towards basic services with emphasis on water.

Your Worship, allow me now to elaborate briefly on what is submitted before us this evening and only highlight few issues that are deemed to be material impact on the City’s budget for the financial year 2016/2017, for at least the next 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 businesses. However, to date we have not received any indication from NamPower on the electricity increase for the financial Year 2016/2017. The Electricity Control Board (ECB) has not provided NamPower with their tariff approvals which directly have bearing on our municipal tariff adjustments on electricity. We remain hopeful to receive this notification shortly, in order to also adjust and implement the electricity tariffs for the new financial year. However, for budgetary prudence, a provisional adjustment has been made in the estimate before you. This provision will be adjusted as soon as ECB’s approval is obtained.

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 amicable and sustainable solutions to the national electricity supply.

**Water**

Ladies and Gentlemen, we are all aware that rainfall during the financial year 2015/2016 was below average, and the inflow into the dams supplying Windhoek with water, was very low. The current water holding in the three dams equates to 20 million cubic metres, compared to 37 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 40%, to ensure that the current water supplies will last until the next rainy season. The City, Namwater and other central area stakeholders have therefore embark on a vigorous water saving campaigns. In this regard, all our clients are requested to give their full support and cooperation to water saving campaigns currently in force. Without this support, there is a strong possibility that we might run out of water even before the start of the next rainy season.

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 10% for the financial year 2016/2017. I believe that our residents will understand that as a Council, control over tariff increases on water and electricity is mainly with the bulk suppliers.

For the last year we have seen a 25% increase in bulk water tariffs; and the City’s adjustment of only 15% effective from 1 July 2016.

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 because of population growth. These increases equally place a heavy burden on the limited resources at the disposal of the City. The water tariffs have become increasingly expensive and unaffordable to many within the municipal boundaries.

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 reiterate our 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 as 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 mitigate 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 through scheduled public meetings.

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 2016/2017 worth N$ 179 million.

**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 financial year; 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$3.79 billion, of which as I mentioned earlier, N$179 million will go towards the capital budget and the remaining N$ 3.61 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 it was not possible for us to present a balanced budget and as such a deficit of N$ 125 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 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 will 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 water basic tariff be increased with 10 %.

2 That the sewerage tariff be increased with 18 %.

3 The water consumption tariff shall be increased with 15 %.

4 The property tax tariffs shall be increased with 10%.

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 irrigation tariff (potable) shall increase with 15%, and semi-purified (non-potable) water tariff increase with 10%.

The proposed total tariff increases will have the following effects:

* An average monthly municipal bill for the Low Income Household is adjusted from N$745.49 to N$853.04 representing an average increase of

**N$107.56.**

* An average monthly municipal bill for a Middle Income Household is adjusted from N$1,814.14 to N$2,070.52, representing an average increase of **N$256.38.**
* An average monthly municipal bill for a High Income Household -was adjusted from N$4,118.53 to N$4,697.16 representing an average increase of **N$ 578.63.**

Detailed information on the tariff increases will be distributed to the media with my statement in order to ensure factual reporting.

**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.

It is further important to mention that the Management Committee has consulted the Khomas Regional Council as prescribed in the Local Authorities Act on 28 June 2016 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.

Chairperson of Council, Honourable members of this August House, may I now use this opportunity to propose for the acceptance and approval of the City of Windhoek Budget for the Financial Year 2016/2017 as tabled before us tonight.

On the same note, I would like to invite members of the Press to a Media Briefing on the Budget 2016/2017, tomorrow 1st July 2016, at the City Hall.

**I thank you!**