



The Gateway to Endless Opportunities

STATEMENT BY COUNCILLOR FILLEMON NANGOLO HAMBUDA,
CHAIRPERSON OF THE MANAGEMENT COMMITTEE, ON THE
BUDGET PRESENTATION, AT THE ORDINARY COUNCIL MEETING
OF APRIL 2021

DATE: THURSDAY, 29 APRIL 2021

TIME: 17H30

VENUE: COUNCIL CHAMBERS

Your Worship, the Mayor of Windhoek, Dr Job Shipulolo Amupanda

Your Worship, Cllr Clemencia Hanases, Deputy Mayor of Windhoek

Honourable Councillors

Acting CEO and the Executive Team

Officials of the Municipal Council of Windhoek

Residents of Windhoek

Members of the Media

Ladies and Gentlemen

Good evening and welcome,

Your Worship, Job Shipulolo Amupanda, we still mourn our fellow Namibians that have passed away because of the COVID 19 pandemic. This damage by the COVID 19 runs deep and we share in the collective pain of our fellow Namibians who have lost family members, friends and the many who have lost their jobs. All these withstanding, Your Worship and Fellow Councillors we are not without hope.

Your Worship, my reason for hope stems from the worldwide roll-out, including in Namibia of the vaccine which may give impetus to a much-improved economic outlook.

Your Worship the Mayor, Deputy Mayor and Honourable Councillors

It is thus a privilege to stand here before you and present the Municipal Council of Windhoek's 2021/2022 Annual Budget to be submitted to the Minister of Ministry of Urban and Rural Development for approval, in accordance with our statutory obligation.

This Budget has been crafted after extensive consultation with our stakeholders.

The Annual Budget for the 2021/2022 Financial Year consists of the Operational Income and Expenditure Budget [OPEX], the Capital Budget Estimates [CAPEX] and the Revision of Additional Tariffs for 2021/2022.

The budget was compiled according to the provisions of the Local Authorities Act (Act 23 of 1992) and Council Policies. Furthermore, the Strategic Plan set out the Council's Vision, Mission, and Objectives, all of which informed operations. The 2021/2022, Budget is no different and considers the expectations and needs of the residents.

The current Strategic Plan will come to an end in 2022 and the Municipal Council of Windhoek will start with the drafting of the new Strategic and Transformation Plan in 2021, which will speak to our understanding of our resident's needs, especially the needs in the informal settlement, but at the same time, we will craft a plan to move the Municipal Council of Windhoek to financial sustainability.

Your Worship the Mayor, Deputy Mayor and Honourable Councillors

To meet the above, the total Budget of the Council amounts to **N\$4.9 Billion** for the 2021/2022 Financial Year.

Of that amount, **N\$507 Million** is for Capital Projects and **N\$4.4 Billion** is for Operating Expenditure including maintenance of existing infrastructure.

The estimated revenue is **N\$4.6 Billion** resulting in an operational result of **N\$213 Million** surplus.

Included in revenue is land sales of **N\$300 Million** and statutory funds of **N\$8 Million**.

It should be noted that the operational expenditure budget does not include non-cash expenses of **N\$666 Million** (including depreciation of **N\$564 Million**).

Your Worship the Mayor, Deputy Mayor and Honourable Councillors

Allow me to now highlight the major issues covered in the two (2) budget components namely the Operational Income and Expenditure [OPEX] and Capital Budget Estimates [CAPEX].

1. The Operational Income and Expenditure Budget [OPEX]

The 2021/2022 operational budget figures are as follows:

Operational expenditure	4.39 Billion
Revenue	4.60 Billion
Surplus	213 Million

The surplus of **N\$213 Million** is mainly due to anticipated land sales of **N\$300 Million** and Statutory funds of **N\$8 Million**.

Non-cash expenses of depreciation and defined benefits of **N\$666 Million** are not included in the budget. When these are included the result changes to a shortfall of **N\$453 Million**.

This means that Council is not generating enough revenue from tariffs to cover its operating and capital expenses.

The major breakdown of the operational expenditure is as follows:

Salary related (1,935 permanent employees)	35 %
Repairs and maintenance	5 %
Capital charges	1%
General expenses	58 %
Other	1%

The salary related expenses will be analysed in the coming year to ensure that our human resources capacity speaks to the resources required to execute the Strategy and Transformation Plan.

For the 2021/2022 financial year, the majority of tariffs have not been increased and the minimum increases are set out below.

- * The electricity tariffs will be amended once the regulator, (Electricity Control Board-ECB) pronounces itself on the Operating and

Reporting Manual to be submitted. For the budget, a 5% tariff increase for electricity was applied.

- * The water tariff adjustments are still under consideration and will be adjusted pending communication from NamWater.
- * Sewerage – No tariff increase is proposed.
- * Refuse Removals and Solid Waste Charges – a 5% tariff increase is proposed.
- * Property Rates – No tariff increase is proposed.
- * Bus Services – increases of 7% and 6% for smart card fares and cash fares, respectively were proposed.

Your Worship the Mayor, Deputy Mayor and Honourable Councillors

2. The Capital Budget Estimates [CAPEX]

Over the past few years, the Capital Budget faced increasing demands for the provision and maintenance of basic services infrastructure, but without an increase in the available resources. In fact, it has witnessed a diminishing revenue base thereby contributing to an imbalance between demand for better and improved services and limited resources. Coupled with this is the fact that for the past three financial years, only capital projects with secured funding were approved by the Minister.

That said, Council is committed to maintaining and upgrading existing infrastructure, to enhance the quality of life for all our people, by rendering effective and efficient municipal services. To fulfil this commitment, Council apportioned the scarce resources available as follows:

Water and Roads Infrastructure	46 Million
Electricity Infrastructure	174 Million
Replacement of redundant vehicles	23 Million
Urban and Transport Planning	15 Million
Development and upgrading of markets and cemeteries	5 Million
Law Enforcement to improve safety and security	10 Million
Informal Settlement Upgrading	104 Million
Housing Construction and Property Acquisition	61 Million
Information Technology Infrastructure	20 Million
Contingency CAPEX	30 Million
Other Projects Upgrading	18 Million
Total	<u>506,677,250.00</u>

The capital budget is financed from three sources as follows:

Grant Funding from Central Government	148 Million
Bank Funded	155 Million
Revenue Funded	204 Million
Total	<u>506,677,250.00</u>

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Land delivery, especially in the Informal Settlement remains a key priority and focus for Council. In February 2021, Council approved the pre-allocation of land to households on the City of Windhoek's waiting list and Informal Settlement upgrading areas. The target is to reach five thousand (5,000) pre-allocations in the informal settlements by February 2024. Also, included in the budget, is the construction of 100 affordable housing units in Goreangab Ext 4.

A number of projects will also be undertaken to provide sanitation, servicing of residential streets and upgrade of mid-block sewers in the Informal Settlements.

Your Worship the Mayor, Deputy Mayor and Honourable Councillors

In conclusion, Municipal Council of Windhoek finds itself in a precarious position. The global Covid-19 pandemic presents a unique set of challenges combined with the prevailing issues around rapid urbanisation and the demands for basic services, land delivery, employment creation and economic development.

Municipal Council of Windhoek will need to adopt stringent financial measures in the next financial year and all of us will need to demonstrate exemplary leadership and embrace innovation and creativity as we approach the next strategic period and beyond.

We are not in the best financial state at the moment but, I strongly believe that we are the only ones in the best position to change the current

narrative and apply ourselves if we all pull together for the common good and well-being of our residents and sustainability of the organisation.

With these few words, I thank you.