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- BUDGET SPEECH DELIVERED
  - BY THE
  - CHAIRPERSON OF MANAGEMENT COMMITTEE
  - COUNCILLOR RICHARD HOAEB
  - Wednesday 20<sup>th</sup> July 2022 @ 18:00
  - Council Chambers, Civic Centre, Nangolo Mbumba drive, Walvis Bay
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- Budget speech for the financial year ending June 2023 delivered by the chairperson of the Management Committee, Councillor Richard Hoaeb
- Honourable regional councillors of Walvis Bay rural and urban constituencies;
- Your worship the Mayor of Walvis Bay;
- Fellow councillors of Walvis Bay Municipality;
- The acting chief executive officer;
- Management and staff members present;
- Distinguished invited guests and rate payers;
- Members of the media.

Good afternoon to you all.

- I have the honour and privilege to table the budget for the financial year ending June 2023.
- These budgets are tabled in terms of the provision of section 83, sub-section 1 of the Local Authorities Act, Act No. 23 of 1992, which states as follows, amongst others:
- Every management committee -
- *“shall in each financial year cause to be prepared, after consultation with the regional council in whose area the local authority is situated, a statement of its estimated income and expenditure during the following financial year; which*

*statement shall be submitted by the chairperson of the local authority council concerned to the local authority council for its adoption and subsequent approval by the Minister”.*

- It is crucial to highlight that in terms of ministerial budget directive, this budget was supposed to have been handed in with the line ministry on 3<sup>rd</sup> June 2022, however Council requested for a postponement to hand in this budget with the line ministry on by 27<sup>th</sup> June 2022. The second request for a postponement to submit this budget was necessitated by public consultations. Such request to submit the budget by 22<sup>nd</sup> July 2022 was approved with the letter dated 15<sup>th</sup> July 2022. Consultations with the Erongo Regional Council in terms of Section 83(1)(a) of the local Authorities Act, 1992 (Act No. 23 of 1992) was held on 08 June 2020.
- Amongst other the main items which directly emanated from the consultations with the Erongo Regional Council are Development of Farm 37, Councils five-year Strategic plan versus its budget and land development in general.
- There have however been few adjustments to the capital budget, after the presentation with the Erongo Regional Council and the latter will be informed as to the adjustments accordingly. These adjustments are:

1. Reduction in Naraville sport boundary wall from 1 million to N\$ 500 000;
  2. Naraville sport field infrastructure repair – N\$ 1 000 000;
  3. Naraville Arts and Culture centre – N\$ 500 000;
  4. Vote B 324 5375 000 – Description amended to read as *Upgrade existing parks*;
  5. Tarring of roads in Naraville and Kuisebmond – N\$ 5 million
  6. Servicing of Land Development Projects to make land available for establishment of a clinic in WB rural area – N\$ 150 000
  7. Municipal Busses – 3 million **AND** finally, the removal of All office furniture and Tataleni Fire Station.
- Capital budget mainly consist of total of both continuation and new capital projects and is made up as follows: **40%** of Land Development Projects, **13%** of Infrastructure Repair & Replacement, **17%** of Service Delivery Projects, **8%** of Social Projects, **21%** of vehicle replacement and new acquisition of new vehicles and the remaining **1%** is Operating Capital related expenditure.
  - I can assure you that Council will always continue to engage in land delivery projects which serves as one of the main spurs for investment, prosperity, and job creation. Therefore, allow me to share with you that Council of Walvis Bay has the

following list of fully developed and or serviced erven ready to be acquired:

- 38 single residential erven in Meersig;
  - 20 light industrial erven;
  - 2 business erven Kuisebmond, and
  - 2 Business erven in Narraville.
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- Council at its meeting dated 06 April 2022 under item 11.18 resolved as follows:

*“That the estimated amount of N\$ 54 million, representing the outstanding interest on improved residential properties as on 28 February 2022, be written off under Rule 8.8 of the Financial Rules, 1997.*

*That the estimated amount of N\$ 6,7 million, representing the outstanding pensioners’ debts as on 28 February 2022, be written off under Rule 8.8 of the Financial Rules, 1997.*

*That Council take note of pensioners who are not on the data base, and that such cases be registered with Customer Service, as they surface.*

*That the Council take note of the total amount of debt to be written off in 1 & 2 above, represents 17% of the total outstanding debt”*

- Councils' intention as with the above resolution was to write off one dwelling per registered pensioners services debts and outstanding interest levied on all residential dwellings. All pensioners who were 60 and above on or before the date of the above resolution, date being 06 April 2022, who were not registered with our financial system are hereby urged to link up with our customer care office to benefit from this resolution.
- The latest age analysis reflects that Council total outstanding service debts amounts to **N\$ 317 million** of which N\$ 39 million is current. This figure reflects the debts after Councils' resolution to write off the outstanding debts as per the above resolution.
- Interest amnesty which is in force until 31 December 2022 applies to business customers only. I therefore would encourage all ratepayers to make use of amnesty interest in place. Amnesty interest will write off all outstanding interest levied once the capital amount has been settled in full.
- I will now provide you with a synopsis of the proposed Budgets and Tariffs for the financial year ending June 2023.
- **THE CAPITAL BUDGET:**

- Total Capital projects with a value of **N\$ 551 million** will be executed over periods of more than one year.
  - The total amount on the capital budget which is anticipated to be spent during the ensuing financial year amounts to **N\$ 257 million** and the remaining **N\$ 294 million** during the year ending June 2024 and beyond.
  - A breakdown of the combined projects provided for in the anticipated spending for the year ending June 2023 is set out as follows:
- **Land Development Projects: N\$ 106 million**
  - The land delivery projects run over more than one financial year. From the above total land development budget, **N\$ 29 million** has been budgeted for the development of Farm 37. This involves the development of portions 10 and 11 of which each will yield 238 erven of which 202 erven are residential and 489 erven of which 475 erven are residential, respectively. The services on the above two portions will be communal, i.e. streetlights etcetera.
  - **N\$ 14 million** has been budgeted for, for the development of Meersig extension 13 and is expected to yield 96 erven of which 86 erven are residential erven.

**N\$ 28 million** has been budgeted for, for the development of extension 8 (phase 1) in Naraville and is expected to yield about 81 erven of which 71 are residential erven.

**N\$ 4 million** and **N\$ 5 million** has been budgeted for, for the development of extension 11 (Shack Dwellers Federation) and erf 4171 Kuisebmond respectively and the remaining **N\$ 26 million** is divided into finalisation and starting up of new extensions amongst other.

**1. Service Delivery-related Projects: N\$ 43 million**

It involves amongst others the implementation, upgrading and replacement of water and sewer infrastructure, planning and construction of a New Wastewater Treatment Plant.

**2. Infrastructure Repair and Replacement: N\$ 33 million**

This involves tarring of street, resealing and rebuilding of streets and intersections.

**3. Social Projects: N\$ 20 million**

The primary or main individual projects under this category includes amongst others Upgrading of Ekutu (Stalls on Erf 3994), Naraville Cemetery, Kuisebmond soccer stadium etcetera.



#### **4. Vehicle Replacements and Additions: N\$ 53 million.**

The main components under this category are the acquisition of and replacement of existing vehicles. **N\$ 35 million** for replacement and the remaining **N\$ 18 million** for acquisition.

Full details of the individual projects can be found in the detailed capital budget. I therefore call upon all stakeholders to obtain your copies from our offices for your perusal and records.

#### **THE OPERATING BUDGET:**

Expected revenue for the new financial year is estimated at about **N\$ 563 million** while expected Expenditure has also been recorded at **N\$ 563 million**.

The above total income and expenditure totals excludes estimated non-cash income and expenditure of N\$ 44 million and 202 million respectively. For example, estimated depreciation alone as a non-cash expenditure for the year ending June 2023 is estimated at N\$ 101 million. There is no deficit or surplus for the budget under review, this excludes net non-cash items of N\$ 158 million. It is a requirement from the line Ministry that the budget should be

balanced, i.e. income and expenditure should correspond hence no deficit or surplus.

About 68% of total estimated Revenue is obtained from utility services and related service charges of which the primary are Water sales services, Property rates and taxes, Refuse removal services and Sanitation services.

**NO** tariff adjustments on these items were proposed for the past consecutive two financial years, being years being June 2021 and 2022. Considering the average inflation rate of 4.56% over the period the above two mentioned years, it is just prudent to adjust the utility services tariffs as follows: 3% water and related services and 5% on refuse removal services and sanitation services.

Note should also be taken that there are expectations of 5% tariffs increases from the bulk service provider later in the course of the financial year and the ministerial directive also states that the utility tariffs should rise in line with the cost of the relevant utility provider for us to be able to maintain a margin on their cost (NAMWATER), Council has managed to balance its operational budget with the 3% tariff adjustment on water services.

**NO** tariffs adjustment has been made on property rates and taxes, in fact these tariffs has been reduce as follows: 50% reduction on side values and 19% reduction on improvement values. These reductions were necessitated due to the increase in land values and

a slight increase in property values caused by the annual legislative five-year valuation roll which has been approved by valuation court in early June 2022.

I would like to thank my fellow councillors for their continued support, the administration leadership and all staff for their commitment and hard work in making it possible for me to present this budget.

It is now my honour and privilege to officially present the Capital Budget, Operating Budget and Tariffs structure changes for the year ending June 2023 to His Worship the Mayor of Walvis Bay, Councillor Trevino Forbes for him to table it to this august house for approval.

I thank you.