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Republic of Namibia

Ministry of Urban and Rural Development
OFFICE OF THE MINISTER

NOTICE OF QUESTIONS BY THE HONOURABLE EDSON ISAAKS (PDM) ON THE
LOCAL AUTHORITIES BUDGET IMPLEMENTATION

NOTICE OF QUESTION NUMBER 18

RESPONSE ON: 20 April 2023

Hon. Speaker

Hon. Members

I rise to respond to questions that have been posed by Hon. Edson Isaaks of LPM on the Local Authorities Budget Implementation as well as the debts.

Firstly allow me to respond to question regarding the Budget Implementation as follows:

QUESTION 1

As the authority that approves the budget of Local Authorities, does the Minister have an appropriate mechanism in place to track budget implementation?

Answer:

The Ministry does have appropriate mechanisms in place to track budget implementation. The Ministry through the Directorate: Regional and Local Government and Traditional Authorities Coordination, among others, monitor and evaluate the general performance and compliance of Local Authorities including budget execution. In order to enable the Ministry to effectively perform this oversight role, Circulars dated 5th March 2015 and 27th May 2021 were issued to all Local Authority Councils urging them to submit quarterly management reports to the Ministry as well as to ensure that the following detailed information is provided:

- Variances resulting from under or over estimations of revenue and expenditure should be explained in detail;
- Income from operations should be separated from subsidy income;
- Capital projects reports must be submitted separately;
- Variance in bulk utilities supplied e.g. water and electricity;
- The management and capital reports must be accompanied by copies of bank statements in order for easy verification of the information provided.
- Management and Capital project reports for each quarter must be submitted on a quarterly basis not later than the 15th of the month following the end of the quarter.

The directives emphasized that the Management reports are not only to help the Ministry to monitor the performance of Councils but equally to assist Councils to be aware of (early warning) and to take proactive or corrective actions where shortcomings or challenges have been identified.

In addition to the above, the Ministry convenes budget consultation meetings with selected Town Councils and each Village Council at which the Councils must provide feedback on their accountability reports as well as the previous year's spending and explains the rationale for their budgets. Budgetary constraints hamper the Ministry to convene budget consultation meetings during every financial year.

The Ministry further undertakes monitoring and inspection visits to the Local Authorities as per the Annual Work Plan to check on compliance issues and to address, in a systematic way, the problems and challenges facing them and to provide some recommendations. Budgetary constraints hamper the Ministry for the teams to undertake more regular visits and to visit all Local Authorities.

QUESTION: 2

If so, at what intervals is budget implementation reviewed?

Answer:

It has been noted with concern that most Local Authority Councils do not comply with the directives contained in the above-mentioned Circulars notably the submission of Quarterly Management and Capital Project reports to the Ministry. Some of the reasons provided for non-submission are that the Local Authority Council does not get a subsidy from Central Government through MURD to finance their operations, a lack of capacity at Village Councils to complete the reports etc.

Quarterly Management and Capital projects reports must be submitted in the prescribed format and not later than the 15th of the month following the end of the quarter.

QUESTION 3

Can the Minister tell this house at what level Local Authorities' budgets were implemented as of January 2023?

Answer:

Due to the above mentioned non-submission of Quarterly Management and Capital Project reports to the Ministry, we do not have the level of budget implementation as of January 2023 for all Local Authorities but the information is readily available at the Local Authorities.

QUESTION 4

Can the Minister shed more light on the execution rate of the Capital budget and the Ministry's contribution to the Capital budgets of the Local Authorities until January 2023?

Answer:

Before responding to the question it should be noted that the financial year of Local Authorities differ from that of Government in that it ends on 30 June each year and as such LAs are required to execute their capital projects funded by the grant from Central Government within nine (9) months (July to March the next year).

The annual subsidy budget appropriation is not sufficient to cover the increasing requests for financial assistance from Local Authority Councils. A total subsidy of N\$14,555,000.00 was allocated to Town and Village Councils for Capital projects for the current financial year.

The execution rate of the Capital budget funded by Central Government through MURD was 56.7% as at the end of January 2023.

QUESTION 5

Can the Minister also tell this house what the execution rates were in the 2021/2022 financial year of the Local Authorities as well as the Ministry's contribution to the Capital budgets for the same financial year?

Answer:

A total subsidy of N\$7,056,205.00 was allocated to Town and Village Councils for Capital projects for the 2021/2022 financial year.

The execution rate of the Capital budget funded by Central Government through MURD was 93.3% for the 2021/2022 financial year.

Honourable Speaker

Honourable Members

ON THE LOCAL AUTHORITY DEBTS, I WOULD LIKE TO RESPOND AS FOLLOWS:

QUESTION 16

Is the Minister aware of the financial calamity of Local Authorities and how does he intend to intervene to ease the financial dire straits of his Local Authorities?

Answer:

Yes, the majority, if not all, of the Regional Councils, Local Authorities and NamWater, the bulk water supplier who supplies water to the Councils, is at the receiving end. It should however be pointed out that the Central Government through the Ministries responsible for local government development and for water, directed Regional Councils, Local Authorities and NamWater to ensure access to water in areas under their jurisdictions in general and to make special logistical arrangements to meet the water supply needs of the poor and vulnerable groups as well as areas that do not have established water supply infrastructure such as informal settlements.

The understanding or expectation was that residents who used to and who are in a position to pay for water supplied to them will, as responsible and good citizens, continue to pay for the water and related services rendered to them and the supplying authorities will continue to apply and enforce their normal billing and debt management measures. As for residents who have been verified to be indigent and truly not in a position to pay for the water supplied to them, records of water supplied to them are to be kept and made available for verification and consideration of reimbursement of cost incurred by the concerned water supplying authority.

Ensuring the effectiveness and sustainability (financially and otherwise) is a collective responsibility of the Government at all levels (Central, Regional and Local) as well as the general public. The latter (the public/consumers) among others needs to avoid and report any abuse or misuse.

As stated in response to question 2 below, the Government at the highest level is pre-occupied and doing everything to mobilise additional money to make available to local authorities, regional councils and Namwater for verified costs related to the COVID-19 water supply measure.

On their part, Regional Councils, Local Authorities and NamWater are urged to re-inforce their water demand and supply management measures to curb abuse or misuse. They (LAs

and RCs) are also urged to enforce their credit and debt management policies so that all residents who used to and are in a position to do so are duly paying for the municipal services they use.

QUESTION 27

When will the debt be forgiven?

Answer:

The Ministry and Central Government in general remains committed to mobilise resources to assist Regional Councils, Local Authorities and Namwater to meet the cost related to the supply of water to residents who are truly not in a position to pay for such water themselves as it is the case with all other citizens.

In keeping with its commitment, the Government, during the 2020/2021 financial year, mobilized and paid out to Namwater, Regional Councils and Local Authorities an amount totaling N\$ 72,587,219.61 for water supplied related to the COVID-19 pandemic.

The Government at the highest level is pre-occupied and doing everything possible to mobilise additional financial resources and as Hon. Isaaks might have observed with the tabling of the budget for 2023/2024 – 2025/2026 MTEF period, Central Government through MURD will avail funds in the new financial year (2023/2024) to reimburse Regional and Local Authority Councils for actual costs incurred in supplying water in urban and rural areas related to COVID 19 preventative measures.

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Honourable Speaker

Honourable Members

I so submit.