



# Hats



# Off

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## CIF & MANWU AGREE ON MINIMUM WAGE PAYABLE

On 28 May 2021 the Construction Industries Federation (CIF) and the Metal and Allied Namibian Workers Union (MANWU) reached agreement on the increases of minimum wage payable, in the construction industry. Both parties once again negotiated a two-year "collective agreement" on behalf of their members, respectively.

The agreement clearly stipulates the minimum wage requirements and employment conditions in Namibia's construction industry, once promulgation has taken place. Of relevance to the industry will then be the adjustment to the minimum wages payable, which are to be increased by 2.6% for the first year after promulgation and by a further 2.6% after the second year of promulgation. The basis of the increase for the respective categories are the minimum wages as determined in the Government Gazette No.6567, dated 11 April 2018.

The Collective Agreement as per Government Gazette No. 6567, dated 11 April 2018 and the extension of this agreement, as per Government Gazette No. 7142, dated 16 March 2020, have expired. However, the conditions as per the collective agreement remain in place as per section 50(1)( e) which prohibits the unilateral alteration of any condition of employment.

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## Contributions

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## RENT PRICES SLIP FURTHER INTO NEGATIVE TERRITORY

The First National Bank (FNB), residential rental index posted an annual contraction of 2.1% at the end of December 2020, from -0.8% recorded in December 2019. This brings the national weighted average rent to N\$6 747 at the end of December 2020, compared to N\$6 991 recorded over the same period in 2019. The rent price for a 1-bedroom unit has spurred growth of 4.9%y/y from -6.5% y/y recorded a year ago. Affordability within the 2-bedroom, 3-bedroom and more-than-3- bedrooms units, on the other hand, continues to be on an uphill path, with annual rent prices recording contractions of 2.3%, 5.0% and 3.4% y/y to N\$6882, N\$9728 and N\$17 121, respectively.

FNB views the prevailing fundamentals in the rental market to be permeated by three key themes. Firstly, the deteriorating demand for higher-priced properties means that landlords are seemingly left with little choice but to curb their expectations when setting their asking price. Secondly, many short-term and leisure rental properties moved onto the long-term rental market in 2020, after a sharp decline in tourism activity potentially due to COVID-19 induced travel restrictions. Lastly, FNB researchers are also starting to see a growing interest among tenants choosing to take advantage of lower interest rates to buy houses, whilst some are opting to move in with families, mainly due to job losses and/or reduced income. This exit of tenants from the rental market means an additional oversupply of rental properties to the already overstocked pool, thereby exerting further downward pressure on the rental price. Looking at the various towns, Walvis Bay continues to bear the brunt of rental contractions, recorded at -42.2% y/y followed by Oshakati (-30.9 y/y), Ondangwa (26.8% y/y), Rundu (-20.2%), Swakopmund (-16.7% y/y), Okahandja (-5.8% y/y) and Windhoek (-2.1% y/y). Conversely, Tsumeb recorded the highest growth in rent prices of 35.8%y/y followed by Ongwediva with 15.2% y/y over the review period.

## REPO RATE MAINTAINED AT 3.75 PERCENT

The Monetary Policy Committee (MPC), of the Bank of Namibia has decided to keep the repo rate unchanged at 3.75 percent. The MPC is of the view that the rate remains appropriate to continue supporting domestic economic activity, while at the same time safeguarding the one-to-one link between the Namibia dollar and the rand from South Africa.

### Recent economic development

The global economy recorded an improved quarter-on-quarter growth in the last three months of 2020. Inflation rates in most monitored advanced economies (AEs) and emerging market and developing economies (EMDEs) increased. Monetary policy stances of key monitored economies were generally accommodative.

Global economic activity recovered somewhat in the fourth quarter of 2020, compared to the previous quarter. The recovery was stronger in both the AEs and EMDEs, supported by strong fiscal stimuli, improved industrial production, as well as increased economic activity. The recovery was mainly on the back of positive sentiment regarding the progress with vaccine production and its deployment in many countries. In addition, the impact of COVID-19 containment measures was less severe on economies that had adopted better public health measures and income support.

### Domestic economic outlook

Domestic economic activity contracted severely by 8.0 percent in 2020, compared to a contraction of 0.6 percent in 2019. Contractions were observed in key sectors such as tourism, transport, mining, agriculture, manufacturing, construction, wholesale and retail trade, as well as the public sector. The contraction was mainly due to the devastating effects of the COVID-19 pandemic, with the sharpest declines in output recorded in the tourism and transport sectors. On the contrary, activity in the electricity and water, as well as information and communication sectors, recorded positive growth during the same period.

### Monetary policy stance

On the 13th of April 2021, the MPC of the Bank of Namibia held its bi-monthly meeting and decided to keep the repo rate unchanged at 3.75 percent. This decision was taken following a review of global, regional and domestic economic and financial developments. The MPC is of the view that at 3.75 percent, the repo rate remains appropriate to continue supporting the weak domestic economy while at the same time safeguarding the one-to-one link between the Namibia dollar and the rand from South. The next meeting of the MPC will be held on the 15th of June 2021.

# Bank of Namibia







## DEVELOPMENT BANK OF NAMIBIA OFFERS FINANCE FOR CONSTRUCTION

As Covid-19 pandemic continues, the construction industry is one of the industry that has been economically negatively affected, and this has necessitated the need of extra funds for some construction businesses to continue with their operations. The Development Bank of Namibia (DBN), has developed a range of products to support the construction industry. All economic development will directly or indirectly require construction, typically early in the lifespan of an economic initiative. DBN's range of products is the optimum mix to support construction and various solutions are available. To begin, products are geared for both public private partnerships and local authorities engaged in development of infrastructure, as well as vehicle and asset financing - in terms of which movable assets including vehicles are financed by DBN through instalment sale agreements and term loans. Additionally, contract-based finance is available to support tenders and performance guarantees can also be provided. DBN has a sound track record of finance for servicing land, as well as residential units.



## CIF & MANWU AGREE - MINIMUM WAGE PAYABLE

Once the Collective Agreement is promulgated by Mr Utoni Nujoma, the Minister of Labour, Industrial Relations and Employment Creation, the minimum wage for the general labourer in the construction sector is N\$17.38 per hour. Currently it still is N\$16.94 per hour. All other conditions as per the previously gazetted collective agreement (Government Gazette No. 6567 of 11 April 2018) remain the same. Ms Bärbel Kirchner, general manager of the CIF, says: "We are happy that the CIF and MANWU could come to a swift agreement, considering the harsh economic environment we find ourselves in. Many business have closed down or scaled down drastically; large-scale retrenchment has taken place over the recent years;

and many businesses sit with a cash flow crisis, especially in instances where there is still outstanding payment by Government on certain projects. However, we feel that since the last increase had been in April 2018, a 2.6% increase on minimum wage payable is only fair. At the same time, we hope that the conditions for our sector will change, with an acute focus on securing more work for local contractors. Our lobbying efforts for greater regulation in view of the optimal development of our industry will continue."

Justina Jonas-Emvula, secretary-general of MANWU says: "Negotiating for a wage increase for this sector at the moment was not an easy mandate as given to us by our members. The sector continues to face serious economic challenges especially during this time of COVID-19. We are happy that workers, especially our members, agreed to this position to ensure the sector's sustainability.

"As we are waiting for the gazetting process to be finalised, we continue to call upon all stakeholders in the sector to seriously consider localisation of construction works. We call for a fast-tracked implementation of the Construction Council, for it to be in place as quick as possible, to safeguard the sector.

# N\$75 MILLION AFFORDABLE HOUSING INITIATIVE FOR CIVIL SERVANTS KICKS OFF IN GROOTFONTEIN



*The Minister of Urban and Rural Development, Hon. Erastus Uutoni (6th from left) together with the Otjozondjupa regional, Grootfontein local authority leadership and project owners at the Le Mont Mix Development site at Grootfontein.*

The Minister of Urban and Rural Development, Hon. Erastus Uutoni on 25 March 2021, officiated the groundbreaking ceremony for the development of a new housing initiative at Grootfontein in the Otjozondjupa region.

The initiative spearheaded by Singleton Commercial cc will see the construction of 122 affordable houses for civil servants especially teachers, members of the defence force and the police.

The township to be known as Le Mont Village Mix Development, is the brainchild of Edward Tokolo Kasete, with the backing of development partners Tom van Wyk, a professional quantity surveyor, Antonio De Jesus- also a professional electrical engineer and professional mechanical engineer Roger Herunga. Singleton Commercial cc obtained the undeveloped land from the municipality of Grootfontein through a public-private partnership in 2017.

"These were approved on private treaty. If we perform, we can return for extensions of more land. Singleton Commercial cc is truly honoured to be part of this momentous journey to grow the town of Grootfontein and to be part of the housing delivery solution for Namibia", said Kasete.

Uutoni described the initiative as one that can be emulated as the government alone cannot shoulder the immense investment required for the servicing of land and the construction of low-cost housing.

"It is therefore important to state that, mitigating our collective shortage as well as affordable housing solutions for all Namibians is a national imperative that requires us to purposefully explore viable alternative ways of ensuring that every Namibian has a decent roof over their heads", the honourable minister said.

Le Mont Village Mix Development further boasts one business plot for a mid-size shopping complex, one institutional plot for a clinic or library or a church and eight play parks for the children. All the streets in this development will be fully interlocked and paved. The developers offer turnkey housing projects where clients will sign up for plot and plan with its sister company as construction contractors.

"We have opted to go this route to control construction quality workmanship and listen to clients concerns during construction till completion. We have put in a clause for a retention period for clients to enjoy their new house with peace of mind", said Kasete.

"To avoid land speculations no plot will be sold separately. Clients have an option to choose from the 18 different architecture house plans. The smallest house with the size 72m2 situated on a 406m2 land goes at the starting price of N\$620,000", Kasete concluded.

Source: <https://economist.com.na/60197/general-news/n75-million-affordable-housing-initiative-for-civil-servants-kicks-off-in-grootfontein/>