CITY OF HARARE

2023 BUDGET

BACK TO BASICS: TOWARDS SUSTAINABLE SERVICE DELIVERY

THE 2023 BUDGET SPEECH

PRESENTED TO COUNCIL ON 09 NOVEMBER 2022

BY

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FINANCE AND DEVELOPMENT COMMITTEE CHAIRPERSON

1. Motion

Your Worship, I move that leave be granted to present a Statement of the Estimated Revenues and Expenditures of the City of Harare for the 2023 Financial Year.

This is in compliance with the Constitution of Zimbabwe, Amendment (No.20) Act. 2013 **(Section 276)**, Public Finance Management Act (Chapter 22:19) as amended **Section 47** and Urban Councils Act Chapter (29:15) **Section 288**.

SALUTATIONS

- **HIS WORSHIP, THE MAYOR OF THE CITY OF HARARE: COUNCILLOR JACOB MAFUME**
- **HONOURABLE COUNCILLORS**
- **THE ACTING TOWN CLERK, ENG P.M. MOYO**
- **HEADS OF DEPARTMENT**
- **ESTEEMED STAKEHOLDERS AND RESIDENTS WHO ARE WATCHING THIS BUDGET PRESENTATION LIVE ON ZTN AND ON OUR SOCIAL MEDIA PLATFORMS**
- **INVITED GUESTS**
- **MEMBERS OF THE MEDIA FRATENITY**
- **LADIES AND GENTLEMEN**

GOOD MORNING TO YOU ALL.

Your Worship, allow me to extend my gratitude to all stakeholders whose input helped in shaping this budget through the budget consultation process we undertook as a City.

Let me start by appreciating the residents of Harare for exhibiting high levels of resilience during the 2022 financial year. The year was characterised by serious micro and macro-economic challenges due to rising inflation and erosion of income. We managed to stay afloat because some of the ratepayers were honouring their obligations.

Commendations also go to our development partners particularly those who invested in the Water, Sanitation, and Hygiene (WASH) and Health sectors. These partners contributed towards the achievement of our key outcomes as will be highlighted later in the budget speech.

Your Worship, we have very little space to de-couple Harare from both Country and the Government. We don't have enough space to run Council on our own mandate. Centre-Local remains one entity with the "Centre" more in charge. In a normal set up the Ministry responsible would be an enabler, a facilitator, and a catalyst for the good things a Council seeks to

do. This has not been the case as Council has been operating with many directives which are not doing the City any good.

The disbursement of devolution funds and the ZINARA grant have not been to our expectations. **Your Worship,** devolution was born out of Zimbabwe's 2013 Constitution Section 301 (3). The section clearly states that; "**not less than five percent of the national revenue raised in any financial year must be allocated to the provinces and local authorities as their share in that year".** The government must respect the Supreme law of the land and act according to the dictates of the same.

Your Worship, as we prepared the 2023 budget, we were alive to the key role that the City plays towards the contribution to the National Gross Domestic Product, in the **following key macro-economic targets:**

i. Growing the economy at an average **5%** for 2023
ii. Maintain fiscal deficit averaging not more that **3%** of the Gross Domestic Product
iii. Lower inflation to within SADC target range of **3% to 7%** by 2025
iv. Improve infrastructure development in the energy, water and sanitation sectors.

Your Worship, the budget before you is a responsive budget that has taken into consideration issues raised by stakeholders through the consultative process. Key among the issues raised were: the provision of water and sanitation, infrastructure development, social services delivery, public safety and security, protection of the environment and fairness in tariffs charged by City of Harare.

The 2023 budget, whilst it takes cognisance of issues raised by stakeholders, it is also an outward looking financial plan. The budget seeks to facilitate economic growth and development which will act as a catalyst to national economic transformation. The budget theme is: "***Back to Basics: Towards Sustainable Service Delivery***," anchored on enhancing good governance and infrastructure development. This seeks to inspire confidence in our residents and promote both local and foreign investment. These are positive deliberate measures being undertaken by Council contribute to the attainment of the national vision at a local level.

Your Worship, concerted effort is being made by the City to ensure, basic provision of water and sanitation, rehabilitation of roads, access to affordable health services, equitable

distribution of educational and social amenities, and ensure environmental protection.

Allow me to give an overview of the **National economic outlook** to assist in contextualising the 2023 City of Harare budget.

NATIONAL ECONOMIC OUTLOOK

Your Worship, the Zimbabwean economy experienced some turbulence during the year. The annual inflation rate was **60.6%** in January 2022, reaching **285%** in August 2022. This has been largely due to the depreciation of the local currency. The exchange rate between the local currency (ZWL) and the United States Dollar (USD) started the year at **1:110** to a high of **1:621 (interbank rate)** as at 30 September 2022. Interventions by the fiscal authorities resulted in narrowing of the gap between the interbank rate and parallel market rate. This has reduced the level of arbitrage in the pricing of goods and services and improvement in access to foreign currency.

Your Worship, the national economy was projected to grow by **5.5%** in 2022, revised downward to end the year at 4.6**%**.

This is in recognition of the adverse movements in key indicators as mentioned earlier. For 2023, the projected growth is **5%** as the nation focuses on the continued growth strategies and anticipated favourable rain season.

The projected growth of the economy and achievements of 2023 targets of the proposed budget are threatened by the possible inflationary pressures as the Russia-Ukraine conflict is perpetuated affecting key commodity prices like fuel and energy.

LOCAL GOVERNMENT SECTOR ISSUES

Your worship, the following key Local government sector issues need to be urgently addressed.

1. **Dilapidated Infrastructure**

   Aged infrastructure, coupled with increasing population makes it imperative that we invest in water, wastewater and road infrastructure for our City.

2. **Enterprise Resource Planning System**

   The delays in resolving ERP issues has led to the continued failure of the City to have timeous audited financial statements, effective revenue collection and

plugging of revenue leakages. This is destroying residents' confidence in the city and calls for expeditious procurement and operationalisation of an efficient ERP system. We have resolved to have a bridging ERP within the next fourteen days.

3. Low Revenue Collection Efficiency

The City has attained a record low revenue collection efficiency of **45%**. Comprehensive strategies, which are all encompassing, must be put in place underpinned by tight cost cutting measures to address the cash-flow challenges being experienced.

4. Auditor General Remarks

Efforts to remedy outstanding governance and service delivery issues raised by the Auditor General for the past audits is necessary to move away from disclaimer audit opinion which the City has been attracting over the years.

5. Under Exploited Revenue Base

There is need to expedite crafting of by- laws in potential revenue generating areas. Furthermore, the review of outdated by- laws is very urgent.

6. Lack of Enforcement

There is lethargy in the enforcement of laws governing operations of the city and this indiscipline has resulted in illegal settlements, buildings and increased revenue leakage. Efforts must made to restore order through rigorous enforcement.

LOCAL ECONOMIC AND OPERATIONAL ENVIRONMENT

Your Worship, the general informalisation of the country has resulted in a growing underground economy. Informality has a huge bearing on the operations of the City. Council, with the aid of development partners, is making efforts to register these economic activities so that they contribute to the fiscus.

Your Worship, this sector has over the years, been characterised by political groupings battling for illegal control and dominance over space and infrastructure. The City has

witnessed violent incidents in Mbare, there is need for political will across the divide for coordinated regulation and enforcement of the informal sector. This is critical as the nation prepares for the 2023 harmonised elections.

Your Worship, the City of Harare needs to review and update by-laws and enforce to regulate activities and get the legal basis to collect revenue and fund service delivery. To this end, departments are currently reviewing their mandates to identify by-laws for reviewing and crafting new ones. This, **Your Worship**, will ease the pressure on our mainstream tariffs that may burden our ratepayers.

Your Worship, your Council is part of the Harare Metropolitan Province, where sister authorities in the province depend on Harare for essential services. There is need for continued engagements to ensure coordinated development across the province in view of Harare Combination Masterplan.

INVESTMENT OPPORTUNITIES

Your Worship, as a broad measure which seeks to unlock value, the city needs to conclude the Harare Combination Master Plan in 2023. This will give a conceptual layout of future growth and development of the city as Council envisages

to make a significant contribution to the national fiscus through growth in Local Gross Domestic Product. It is important that this project be given priority implementation in the year 2023 as it will set the tone for development in the city. It will speak to potential investment areas, which will promote domestic and foreign investment.

Furthermore, Your Worship, the City is a fertile ground for Public Private Partnerships (PPPs) in infrastructure development since the City has no capacity to do it alone given huge capital outlays required for this. The City has an active Business development Unit whose task is to market available opportunities and receive proposals from private investors for mutual benefit to both players.

REVIEW OF THE 2022 BUDGET

Your Worship, the 2022 budget that is still under implementation, has faced several factors, positive and negative resulting in collection efficiency of 45% as at 30 September 2022. The 2022 tariffs are indexed to the USD, and hence provided the Council room to preserve value at the billing point but collections have not been commensurate to the

billings. **Your Worship**, the obtaining state of our finances is undesirable having failed to collect more than **50%** of potential revenues. The failure to collect is linked to non-availability of a fully functional integrated enterprise resource platform, inadequate service delivery and low customer satisfaction index of **32%** according to a survey conducted in 2021.

REVENUE

Your Worship, revenue inflows during the first nine months to September 2022 amounted to **ZW$31.89 billion** against a potential of **ZW$ 70.216 billion**, resulting in a negative variance of **ZW$ 38.33 billion**. Included in this amount are inflows from ZINARA **ZWL $ 392.46 million** and devolution funds amounting to **ZWL165.05 million**. Revenue inflows are projected to reach **ZW$ 55.01 billion** by year end (***see annexure 1)***

The revenue inflows were predominantly from property tax which contributed **36,5%** to the total inflows. Another significant revenue line was user charges contributing **24.8%.** Overally the city did not fully exploit potential revenue streams due to non-implementation of by-laws, which await approval

and weak enforcement of existing by laws. The city failed to raise interest charges on outstanding debtors. Furthermore, the city failed to collect revenues in potential areas, which by-laws are yet to be crafted.

EXPENDITURE

Your Worship, the rising inflation and deteriorating exchange movements have had a multiplied impact on the cost of delivering services to the City. The existence of the parallel exchange market cannot be ignored as the market for daily provisions show evidence of market players indexing their prices to the parallel market and forward pricing in local currency. As the key economic indicators of inflation and exchange rate worsened around mid-year, the level of arbitrage by our service providers resulted in the City requiring suppliers to quote in **USD** and get payments in **ZWL,** converted at the ruling official exchange rate. This minimised the level of price variations from suppliers, but the existence of the parallel market still led to the suppliers over-stating the USD quotations. **Your Worship**, your Council is working to manage these supplier relations and curtail expenditure so as not to over-stretch creditor days.

Your Worship, total expenditures for the same period amounted to **ZWL 33.524 billion** against a proportionate budget of **ZWL31.404 billion**, resulting in an expenditure overrun of **ZWL2.119 billion**. Expenditure to year end is projected to reach **ZWL55.821 billion** attributed to major cost drivers namely salaries, electricity, fuel and water chemicals.

Your Worship, our debtors continue to grow monthly. Debtors rose to **ZWL 56.691 billion** to 30 September 2022 from the 1 January position of **ZWL 16.8billion.** Debtors disaggregation is as follows, commerce and industry **43.64%,** domestic **35.56%,** government, general **5.07%,** sundry debtors **12.68%** and Dormitory towns **3.05 %.** Council continues to be saddled with the effects of a huge debtor's book.

Non-payment of rates negatively impacts on service delivery. Ladies and gentlemen living in the City have costs that are attached to it and every effort should be made to pay. For the city to be able to provide sustainable services, ratepayers, should be prepared to honour their obligations.

Your Worship, creditors rose to **ZWL 8.6 billion** as at 30 September 2022 from the January opening balance of **ZWL 3.37 billion** against the backdrop of constrained revenue inflows. The major drivers to the creditors position are listed below:

i. Electricity charges: **32.52 %**
ii. Statutory obligations: **29.49 %**
iii. Trade creditors: **19.22%.**

Electricity charges have long been high and there is need for sustainable measures to be put in place. Alternative sources of energy should be pursued. Furthermore, Council has an outstanding obligation to service China EXIM loan for Morton Jaffray Water Works refurbishment amounting **to USD $77.05 million**.

Notwithstanding the financial position of the City as highlighted above and with all the challenges related to the inadequate disbursements of the grants we expected from the National Treasury, we managed to fund some of the capital acquisitions using our own resources. Recapitalisation of service delivery assets is important in order to build and sustain service delivery.

As at 30 September 2022, the City had utilized **ZWL1, 824 billion** out of a budgetary allocation of **ZWL 10, 236 Billion.** Operational assets, namely 30 service vehicles, 6 refuse compactors, 8 tipper trucks, 1 excavator, 50 desk-top computers, 4 tractors, 20 motor bikes, 1 Compressor and 26 receipting printers were procured. The City also expensed in the rehabilitation of Morton Jaffray Laboratory, construction of Mabvuku poly clinic administration block foundation and the completion of Chitubu Polyclinic.

Your Worship, Devolution funds amounting to **ZWL 165 million out of the budgetary allocation of 2,335 billion** were received and utilised to partly to construct Crowborough sewerage ponds, aerated lagoon and Kuwadzana sewer line replacement. Both these projects are incomplete awaiting further disbursement. We hope through engagement that government will release the outstanding funds to enable completion of these projects by year-end. (**annexure3**)

BILLING

Your Worship, allow me to highlight key issues on billing. We are indexing tariffs for our services in USD to maintain value given the exchange rate volatility. Rate payers are free to pay in foreign currency or local currency at the prevailing official rate in compliance with the operative Statutory Instrument 185 of 2020. We however, encourage all clients who trade in foreign currency and collect revenue in the same to consider paying in foreign currency to enable the City to sustain service delivery. Some services require payment in foreign currency only.

AUDITS

Your Worship, we were last audited for the 2019 financial year and 2020 financial year is ready awaiting audit, pending finalisation of issues in 2019 raised by Auditor General and signing off. The last Audit of 2019 was qualified because of the absence of a fully integrated Enterprise Resource Planning System (ERP). Absence of full integration has resulted in delays in production of monthly management reports as manual computations are employed. We are however working to restore financial confidence by having an operational ERP

System in the shortest period and to ensure that we are up to date in terms of financial reporting and audited accounts.

YOUR WORSHIP, FELLOW COUNCILLORS, IT IS MY HONOUR TO PRESENT FOR YOUR APPROVAL, THE 2023 REVENUE AND CAPITAL ESTIMATES

Budget Framework

Your Worship, the budget before you, is a plan whose main thrust should be to spur sustainable service delivery and improve the well-being of the residents of Harare. The 2023 estimates are advised by outcomes and outputs in the six programme areas.

Your Worship, The City of Harare endeavours to contribute to the national growth targets and bring about sustainability in service delivery. To align and support the National Development Plan (NDS1), Provincial Plans and Local Plans vision, the City's 2023 budget will embark on an array of infrastructural projects in following areas

- Water and sanitation
- Roads
- Public safety and security

- Health
- Education and social amenities.

The 2023 budget seeks to:

•**Support water infrastructure** and rehabilitation through construction of a chlorine dioxide plant at Morton Jaffray Water Works. The project is expected to reduce the number of chemicals used in the purification of water. This will have a positive impact in the reduction of the cost of chemicals and the subsequent tariff. Rehabilitation of intake works at Lake Chivero and Darwendale will improve quality of raw water abstracted. Refurbishment at Morton Jaffray Prince Edward and Warren Control will improve water production and pumping to **500 Mega Litres/Day** from the current average of **350 Mega Litres/Day** once complete. Furthermore, interventions in the distribution network and installation of prepaid water meters will result in reduction of non-revenue water **by 3%** and improve on revenue collection.

•**Support infrastructure development** through road construction and rehabilitation, which is a key enabler for economic growth and development. The City through the Government of Zimbabwe and Rwanda has embarked on a

street lighting project which will enhance public safety and security. Over 1200 streetlights are expected to be installed.

- **Support macro-economic stability** by proposing taxes and levies that are just and equitable resulting in reduction of cost of doing business and attracting foreign direct investment.
- **Protect the vulnerable groups** of the society through the provision of world-class health services and supporting gender mainstreaming through Mbare Polyclinic for Sexual Gender Based Violence (SGBV). The City will refurbish polyclinics City wide and upgrade targeted polyclinic to match service provision given by the Mabvuku polyclinic. Furthermore, the City will procure mobile clinics to service areas with limited access to health facilities.

•**Improve socio-economic development** through refurbishment of social amenities. The City seeks to embark on refurbishing of its Halls and Stadia to world class standards and complete the construction of markets across City's Wards.

•**Protecting the environment** through the implementation of the Local Environmental Action Plan. The City is also continuing renewable energy programmes through installation of solar facilities in all the district offices.

As the City draws closer to its vision of becoming world class City in 2025, all the proposed Council policies, strategies, and budgetary allocations of all programmes for the ensuing financial year are focused on attaining inclusive and sustainable growth towards the vision.

GENDER BUDGET STATEMENT

Your Worship, gender equality is a topical subject and as a City we are committed to ensuring that we provide gender responsive service delivery. To address gender equality concerns Council adopted, a two-pronged approach consisting of the administrative and budgetary measures for implementation.

The administrative measures include among others, capacitation of the gender desk, appointment of a gender focal person in every Department of the City, formulation and implementation of gender sensitive policies and laws. Whilst the budgetary approach involves gender mainstreaming through the budgetary process, this include prioritising gender responsive service delivery. **Your Worship**, this is the reason why the 2023 budget is skewed towards Water, Sanitation and

Hygiene sector. The street lighting project which the city has embarked on will ensure that our streets are well lit and minimise the violation of women and girls in our communities. In addition, effective gender mainstreaming through the budget is being sustained through equality participation in budgetary process. In this area we have dedicated consultative meetings with women, and young people, and investments in projects and programmes that seek to achieve gender equality.

Your Worship, the total budget to achieve the above is as follows: -

	Amount ZWL
Capital expenditure	41.688 **billion**
Recurrent expenditure	171.758 **billion**
Total	**213.427 billion**

The capital funding structure is as follows:

Capital Funding structure	**Amount in ZWL**
OWN FUNDING	26, 741 Billion
IGFT	7,980, Billion
PPP	1 .329 Billion
Loan	2 .980 Billion
Grant	120.00 Million
ZINARA	2.100 Billion

Donation	80.000 Million
Total	**41.668 Billion**

Your Worship, allow me to give more detail on the above budget highlighting allocation to each program.

WATER AND SANITATION AND HYGIENE PROGRAMME: ZWL 95. 559 Billion.

Water Sanitation and Hygiene is at the heart of service delivery. The strategic objective of the programme is to improve the availability and sustainable management of water and sanitation for all. The key outcome is improved water, sanitation and hygiene. In line with the aspirations of the residents and stakeholders of Harare, we have made the following major provisions for the Water, Sanitation and Hygiene Programme:

SECTOR	**ALLOCATION ZWL**
Solid Waste	19. 279 billion
Waster Services	11 .837 billion
Wastewater	64 .442 billion
Total	**95. 559 billion**

The programme will be funded as follows:

Funding structure	Amount in ZWL
IGFT	6.552 billion
Own revenues	86.342 billion
PPP	840.000 million
Loans	1 .633 billion
Donations	192 .000 million
Total	**95. 559** billion

ROADS PROGRAMME: ZWL 26 .441 BILLION

Your Worship, the strategic objective of the programme to improve the road network. The state of our roads is currently not aligned to The City's Vision 2025 as the state is very poor. The performance of this program is attributed to late disbursement of funds and failure by the City to provide funding for this highly capital-intensive programme. The Roads programme will be funded as follows:

Sub Programme	Allocation ZWL
Road Infrastructure	21.847 billion
Traffic Management	4.593 billion
Total	**26.441** billion

Sources of funding are as highlighted below:

Funding structure	Amount in ZWL

ZINARA	2 .750 billion
Own Revenues	22 ,168 billion
Loan	404 .800 million
IGFT	1. 118Billion
Total	**26 .441** billion

PUBLIC SAFETY AND SECURITY SERVICES: ZWL19. 616 Billion

Your Worship, the strategic objective of the programme to improve the safety of citizens in the local authority. Our emergency services remain in a dire state, our 2023 budget seeks a redress this state. We are happy to report that the four fire tenders donated by Operation Florian were delivered and are in use, we also received donations of 3 ambulances during the year. As a City we must make efforts to improve that state of our emergency services because no discerning investor is willing to risk investing in a City without robust emergency services. The Public safety and security provisions are as follows:

SECTOR	**ALLOCATION ZWL**
Emergency Services	4.269 billion
Municipal Police	10.133 billion
Public Lighting	5.213 billion

Total	**19. 616** billion

Source of funding

Source of revenue	**Amount in ZWL**
Own Revenues	19 .186 billion
Loan	350.000 million
Donation	80.000 million
Total	**19.616 billion**

SOCIAL SERVICES: ZWL 40. 807 BILLION

Your Worship, the strategic objective of the programme to improve the standard of living of the community by providing quality and adequate housing, education, health and social amenities. The social service programme consists of housing delivery, education, social amenities, informal sector and health services. To achieve the objectives of this programme, we have made the following allocations:

SECTOR	**ALLOCATION ZWL**
Housing	7.212 billion
Education	3.083 billion
Social Amenities	5.886 billion
Health	22.641billion
Informal Sector	1.982 billion

Total	**40.807 billion**

Sources of funding

Funding structure	**Amount in ZWL**
IGFT	660 .000 million
Own revenues	38 .277 billion
PPP	489. 500 billion
Loans	253 .220 million
Donation	983. 883 million
Grant	802 .856 million
Total	**40. 807** billion

GOVERNANCE AND ADMIN PROGRAMME: ZWL 29.039 Billion

Your Worship, the Governance and Administration Programme is a cluster of departments that provide governance and administrative support in Council. In essence, these are the Finance Department, the Human Capital Department, the Chamber Secretary's Department and Town Clerks' Office. The major outcome of this programme is: **Improved corporate governance and administration**. Capital budget allocations to the various sub programs within the governance program were made as follows: -

SECTOR	**ALLOCATION ZWL**

Council	4.331 billion
CEO	1.565 billion
Human Resources	3.628 billion
Finance	5.216 billion
Technical Services	14.297 billion
Total	**29.039** billion

Funding Structure	**Amount in ZWL**
Own Revenue	28.163 billion
Loans	589.320 million
IGFT	336.693 million
Total	29.039 billion

NATURAL RESOURCES, CONSERVATION AND MANAGEMENT ZWL1,92 BILLION

Your Worship, the strategic objective of the programme is to promote conservation of natural resources for sustainable development within the community. This programme has no sub programme and will be funded partly from its generated revenues of **ZWL16.2 million** and deficit from property tax. Council has adopted Local Environmental Action Plan which will guide programs in this area.

2023 REVENUE PROJECTIONS

Your worship the following external and internal revenues will accrue to the city as follows:

EXTERNAL	**ZWL**
IGFT	8.866 billion
Loans	2 .980 billion
ZINARA	2. 850 billion
PPP	1. 329 billion
Grants	120 million
Donation	1.22 billion
TOTAL	**17. 367 billion**

INTERNAL	**ZWL**
OWN REVENUES	**198.499 billion**

Your Worship, the above own revenue amounting to **ZWL 198.499Billion** will come from the following income streams:

Source	**Amount in ZWL**
Refuse collection	15 .094 billion
Parks fees	279 .135 million
Wastewater	11 .181 billion
Property tax	73. 114 billion
Cemetery fees	1 .559 billion
Water services	60. 066 billion
Business licence	10 .100 billion
Public safety	1 .740 billion

Housing	4 .093 billion
Billboards	570. 00 million
City parking	2 .260 billion
Estates	4 .533 billion
Stadia &halls	501. 976 million
City architect	3. 412 billion
Cemetery fees	1 559 billion
Emergency services	1.500 billion
Trenching fees	1.200 billion
Health fees	3.021 billion
Town planning fees	1 .118 billion
Informal Sector	395. 448 million
Other	

YOUR WORSHIP I, NOW TURN TO THE PROJECTED EXPENDITURES AND REVENUES FOR VARIOUS PROGRAMS.

3.1. Water, Sanitation and Hygiene Programme ZWL 95,559 billion

Your worship the WASH programme is the cornerstone of service delivery. It has a projected expenditure of **ZWL 95,559 billion** and will totally fund its activities through cost recovery tariffs after taking into consideration funding from devolution, loans and other. The WASH

program is expected to realise internal revenues amounting to **ZWL 86 .342 billion** to support its functions.

Below is the tariff structure for the WASH program

Refuse, Once a week Collection (Area)	**Existing 2022**	**Proposed 01/01/23**
	USD	**USD**
Residential: High Density	8	8
Residential: Low Density	11	11
Commercial/Industrial	22	22

Commercial and Industrial

Frequency per week of Collection	**Existing 2022 USD**	**Proposed 01/01/23 USD**
1	22	22
2	25	25
3	27	27
4	30	30
5	33	33
6	36	36
7	40	40

3.2 ROADS PROGRAMME

Your Worship, the Roads programme has a total expenditure of **ZWL26.441 billion.** The revenue for this programme will be drawn

from billboards **ZWL 570 million**, parking fees **ZWL 2,26 billion** and endowment fees **ZWL1.20 billion**. ZINARA fees amount to **ZWL2.85 billion** and other fees **500 ZWL million**. The deficit will be covered by property tax

3.3 SOCIAL SERVICES PROGRAMME ZWL40. 807 billion

Your Worship, the social service with total expenditure of **ZWL40. 807 billion** is expected to generate own revenue of **ZWL3,183 billion**. Business licence will realise **ZWL10.1 billion**, Health fees **ZWL3,10 billion**, Housing **ZWL4,093** billion, Education **ZWL164.6 million** and Informal sector **ZWL395, 44 million**. The shortfall from the programme is off-set by property tax.

	Existing 2022 USD	**Proposed 2022 USD**
Clinic Fees		
Adult	5	5
Child	3	3
Hospital Fees		
Adult	5	5
Child	3	3
Maternity Fee	25	25

Hospital and clinic fees are substantively static in relation to 2022 financial year to promote access to health by all. It is expected that government grants for drugs and related programs will cover the shortfall as well as contribution from property tax.

Your Worship, Council rented accommodation was not contributing much in terms of revenue because our rentals have been very sub economic. In the coming year, we are proposing the following charges.

AREA	**EXISTING 2022 USD**	**Proposed 01/01/23 USD**
Glen Norah (semi-detached)	159	130
Dzivarasekwa (terraced full unit)	78	80
Glaudina	228	230
Borrowdale lower house	300	500

3.4. PUBLIC SAFETY AND SECURITY ZWL 19. 616 BILLION

1. **Your Worship**, Public Safety and Security with a projected expenditure of **ZWL19.616 billion** is expected to generate own revenue of **ZWL1.74 billion**. The programme shortfall will be subsidised by property tax.

Ambulance fees are as follows:

AMBULANCE FEES	Existing 2022 USD	Proposed USD 01/01/23
Ambulance	20	35
Hospital-non ventilated	27	50
Ventilated	32	75

3.5 GOVERNANCE AND ADMINISTRATION ZWL29 .039 Bil

Your worship, this is the programme where property tax resides and is responsible for offsetting shortfalls incurred by other programmes The programme is expected to generate projected own funds amounting to **ZWL 78.016 billion**. The revenue will come mainly from property tax **ZWL73.114 billion**, technical services comprising City Architect and DOW Administration **ZWL3.413 billion** and **ZWL1.118 billion** respectively

3.6 NATURAL RESOURCES AND CONSERVATION ZWL 1.92billion

The programme with total expenditure of **ZWL1.92 Billion** is expected to generate own revenue amounting to **ZWL16.26 million** with shortfall being offset by property tax.

- **Council Rented Properties**: Council resolved to dispose Council rented accommodation to eligible sitting tenants to promote home ownership in Harare.
- **Building Plan approval fees** have been rationalised to facilitate ease of doing business.
- **Market fees** have been rationalised to promote the growth of the small and medium enterprises sector.
- **Rates** have been maintained at the current levels and in some cases adjusted downwards.
- **Clamping and towing fees** reduced as a response to the public outcry and as a measure to reduce corruption in the sector.

4. CROSS SECTION OF MONTHLY BILL

Your Worship, the following are examples of ordinary monthly bills for high density, medium density and low-density areas**.** 5 cubic metres of water equivalent to 25 drums (200 Litre in 1 drum) is the monthly lifeline for a standard household of six occupants.

	HIGH DENSITY (Mbare) Existing ZWL	**Proposed 01/01/2023 USD**
Water (5 cubic metres)	5.15	5.15
Sewage	4	4

Refuse	8	8
Property Tax	6	6
TOTAL	**23.15**	**23.15**

TARIFF	**Medium Density M'reign 2022 USD**	**01/01/2023 Proposed USD**
Water(5 cubic metres)	8.3	8.3
Sewage	6	6
Refuse	11	11
Property Tax	52	52
TOTAL	**77,3**	**77,3**

TARIFF	**LOW DENSITY (Bdale Brooke) 2022 USD**	**01/01/2023 Proposed USD**
Water(5 cubic metres)	8.30	8.30
Sewage	6	6
Refuse	11	11
Property Tax	88	88
TOTAL	**113,3**	**113,3**

RECOMMENDATIONS

Your Worship, some of the recommendations listed below were pronounced in the 2022 budget but were not fully implemented. I therefore propose that these be carried forward to 2023 in addition to new ones.

i. **ERP**: Council should bring to finality within the first quarter of 2023 issues regarding the ERP as this is the platform to collect revenues and prepare final accounts. In the immediate Council resolved to have a bridging ERP within fourteen days.

ii. **Water Provision:** Council should prioritise implementation of the chlorine dioxide technology to reign in cost of chemicals

iii. **Revenue generation-**Departments should identify potential areas requiring by-laws and craft by-laws with help from the Chamber Secretary and submit with this budget. Furthermore, outdated by-laws should be reviewed immediately

iv. **General valuation roll**: Due process to approve the recently completed GVR should be expedited so that implementation takes place in the first quarter of 2023

v. **Structural review of Revenue collection division:** It is recommended that a review be done and capacitate the Division with the right structure which will aid in revenue collection.

vi. **Strategic Business Units**: It is recommended that there is assessment of dividend accruing from strategic business units so that Council derives optimal benefit. In the meantime, Council has taken full control of Rufaro Marketing and a new Board with a clear mandate has been appointed. The Board has been tasked to solve the legacy issues and ensuring that Council derives maximum benefit from its properties.

vii. **Roads programme funding**: There is a huge potential to generate significant monies from gravel sales. Council should put in place security measures to stop illegal abstraction of gravel from designated sites and enhance internal controls to mitigate revenue leakages from this income stream.

viii. **Sale of Council Rented Houses to Sitting Tenants-** Council to come up with a policy to dispose of Council rented residential properties to eligible sitting tenants.

ix. **Vital statistics-** Departments must continuously update their databases to have reliable statistics.

x. Institute program project monitoring to ensure accountability, transparency & enhanced efficiency

xi. **Modernisation of facilities**: Council must rehabilitate and modernise social services infrastructure: This will enable the city to derive maximum value from these services. Furthermore, programmed maintenance should be undertaken on all infrastructural assets to mitigate against expending greater capital outlays in future years

xii. **Billboard fees**: Billboards a key potential revenue stream, has not been optimally explored, going forward a proper audit should be undertaken, and automation of billboard management must be done to promote efficiency and transparency. This should be a key priority in terms of budget execution and its performance should have a tracked dashboard to assess traction. Furthermore, contracts with companies should be watertight to avoid monetary loss in instances of severing ties.

xiii. Debt recovery strategies: Council is implored to execute an effective debt recovery strategy to reign growing debtors.

- **Lease management process**: Council should optimise revenues received from leases by making periodic review of the lease agreements in line with obtaining market trends. Council to recover what is due through cancellation of leases and engagement of defaulters through stakeholder engagement programmes.
- **Data collection**: Council must continuously embark on an intensive data collection exercise to update the customer's database with information such as emails, cell numbers.
- There should be intensification of e -billing as council embraces e-commerce and ensure that those who have no access to electronic platforms have timeous delivery of the physical bills.
- **Increasing payment platforms and revenue collection points is important to bring convenience to customers.**

- Expedite integration of payment platforms so that customers can have real time balances, which lessens contestation of bills.

xiv. **Audit Gaps:** Council should attend to recurring audit matters, raised by the Auditor General over the past 3 years.

xv. **Billing in USD**: We propose that Council bills rate payers in USD to preserve value. However, the rate payers will have the choice of paying with their preferred currency as provided for by S.I 185 of 2020.

CONCLUSION

Before I close Your Worship, and Fellow Councillors, allow me to recognize the following: -

- The various stakeholders including the residents of Harare who through physical and virtual meetings have given Council valuable feedback, which has been broadly incorporated in the preparation of these Estimates.

My fellow Councillors for deliberating on these Estimates and giving guidance during their preparation.

- The Town Clerk, Heads of Departments and their staff who were involved in the preparation of these Estimates.

Your Worship, the successful implementation of the programmes spelt out above requires that the various stakeholders including the residents/ ratepayers of the City of Harare to pay their bills when they fall due. Everyone must pay for services, there is a cost to doing business or living in an urban set up. This is the only way your Council will be able to provide services to their expectations.

FINALLY, Your Worship, the budget that is before you is reasonable. Residents were consulted and we listened. Council took heed and responded with a budget that aims to provide the

basic services as demonstrated by our theme: **2023 BUDGET: BACK TO BASICS TOWARDS SUSTAINABLE SERVICE DELIVERY.**

The budget aims to ensure sustainable service delivery. Water, wastewater and refuse collection challenges, roads have been given preference in the budget before you, Your Worship. The Smart City concept, which is characterised by using modern systems and processes as demanded by stakeholders at various fora will be sufficiently addressed by the budget before you Your Worship. Our goals and targets are purely products and by-products of the financial performance of the City. It is quite imperative to note that service delivery is a function of the financial performance of Council.

I NOW HAVE THE PLEASURE, YOUR WORSHIP, FELLOW COUNCILLORS, IN ASKING COUNCIL TO APPROVE THE 2023 ESTIMATES OF EXPENDITURE REVENUES .

CITY OF HARARE 2023 BUDGET:

I THANK YOU! TATENDA SIYABONGA

ANNEXURE 1: 2022 BUDGET PERFORMANCE

ANNEXURE 2: 2022 PERFOMANCE OF REVENUE SOURCES

ANNEXURE 3 : 2022 CAPITAL EXPENDITURE

ANNEXURE 4 :2023 REVENUE ESTIMATES