



2022 BUDGET SPEECH

AND PROPOSALS

CITY OF HARARE BUDGET STATEMENT

***CITY OF HARARE 2022 BUDGET: BUILDING
RESILIENCE TOWARDS SUSTAINABLE SERVICE
DELIVERY***

**PRESENTED TO CITY OF HARARE ON THE 9TH OF
NOVEMBER 2021 AT 0930HRS BY THE
CHAIRPERSON OF FINANCE AND DEVELOPMENT
COMMITTEE COUNCILLOR TICHAVONA MHETU**

- ***YOUR WORSHIP, THE ACTING MAYOR OF THE CITY OF HARARE: COUNCILLOR STEWART MUSARURWA MTIZWA***
- ***HONOURABLE COUNCILLORS***
- ***THE ACTING TOWN CLERK, ENG P MABHENA-MOYO AND ALL HEADS OF DEPARTMENTS***
- ***STAKEHOLDERS AND RESIDENTS WHO ARE WATCHING THIS BUDGET PRESENTATION ON TELEVISION AND OTHER PLATFORMS***
- ***INVITED GUESTS, MEMBERS OF THE MEDIA FRATERNITY: LADIES AND GENTLEMEN :***

GOOD MORNING TO YOU ALL.

Your Worship, as the Chairperson of the Finance and Development Committee, I am honored to present before you, for your approval, the Capital and Revenue Estimates for 2022 and the Capital Development Plan for period 2023 to 2025.

1.1. Introduction and Background

Your Worship, as required by Section 288 of the Urban Councils Act (Chapter 29:15) and as read with the Public Finance Management Act (Chapter 22:19), the Finance Committee has drawn up, for the approval by Council, Estimates on Revenue and Capital Accounts for 2022. In crafting the 2022 Budget, the City engaged key

stakeholders including the residents of Harare. The consultations were done virtually because of the COVID 19 induced restrictions. Key issues from the virtual consultations, which have been recurring for the past two years centred on the need to improve service delivery in the Water, Sanitation and Hygiene (WASH), Roads and Health sectors. The common thread from these consultations is that stakeholders agreed that the City must ensure sustainable service delivery both in terms of the quality and in terms of cost of the services.

Your Worship, fellow Councillors, the 2022 budget, which **is drawn under the Theme: *Building resilience: Towards Sustainable Service Delivery*** seeks to address key service delivery issues and ensure that we provide sustainable service delivery before we leapfrog into the World Class Mode. We are aiming to build resilience because we were negatively affected by the shocks induced by the COVID-19 pandemic both in terms of our operations and in terms of our financial health. This theme is in line with the thrust of Council in 2022 to ensure sustainability in the water sector, to manage solid waste effectively and to ensure that our roads are more trafficable. By building resilience for sustainable service delivery, we will be developing the Launch pad for the transformation of Harare into a Smart City by the year 2025.

The budget also seeks to take care of gender issues. It clearly states programmes, which address this aspect like provision of maternity services to all women within the environs of the City of Harare. The Budget, Your Worship also seeks to ensure gender responsive service delivery hence the focus is predominantly water, sanitation and hygiene. This is so because we are alive to the fact that women and girls are the mostly affected by poor service delivery in these sectors.

Your Worship, the 2022 tariff regime takes into consideration the existing macro-economic fundamentals and informed by the need to provide service delivery to all. We propose that our tariffs be stated in local and foreign currency guided by the ruling official exchange rate in line with Statutory Instrument 185 of 2020. To hedge against loss in value we propose that our Zimbabwe dollar tariff move in tandem with the foreign exchange value stated in the budget. Furthermore, the 2022 Revenue and Capital Estimates were developed in a manner that aims to fulfil Council's 2022 Strategic outcomes as we tap into the national agenda "**Zimbabwe to become an upper middle income economy by 2030**".

Your Worship, the presentation of the 2022 budget is taking place at a time when our country experienced negative economic shocks because of the COVID-19 pandemic. This has caused serious stresses and strains that we have had to manage. The Government of Zimbabwe has eased COVID-19 restrictions and as a City, we need to take that opportunity and rebuild our capacity to deliver services to the residents of Harare. We also need to have contingency plans so that we are well placed to deal with potential future shocks. Our capacity to collect what we bill was largely affected by the absence of an integrated resource planning system, the COVID-19 pandemic and inadequate service delivery. With curtailed revenue inflows, the Capital expenditure incurred throughout the year was supported predominantly by the much-appreciated intergovernmental fiscal transfer (devolution) from Government amounting to a provision of **ZWL1.095 billion**. Draw down of devolution funds was negatively affected by various factors, chief among them procurement processes and obtaining market conditions however by the end of the year 75% will be utilised. The funds

are being expended on wastewater infrastructure projects, Morton Jaffray Water Works and on capacitating the Amenities Division through procurement of ten refuse compactors, one dozer and one landfill compactor as well as rehabilitation of Pomona disposal site. This will obviously have positive knock on effects on waste management in the City, which has been negatively affected by an ageing fleet. We expect delivery of the critical plant and equipment late this year and before the end of the first quarter of 2022.

1.2 Operational Environment, Economic Review and Outlook

Your Worship, 2021 has been a difficult year, because of the unprecedented pressures from increased cost against declining revenues. The 2022 budget is prepared against a backdrop of continued uncertainties over the recovery of the global and domestic economies. There is, therefore, need for a new line of thinking, borrowing largely from key deliverables of our strategic plan. Specifically, the budget will focus on what is achievable during this coming Financial Year. I will give particular attention to strategies that will support the delivery of sustainable services.

In contextualising the 2022 budget, a scan of the global and domestic economic developments is critical in guiding assumptions and macroeconomic and fiscal projections.

We all agree that the COVID-19 pandemic has exacerbated socio-economic challenges facing the country since its outbreak in 2020. The pandemic has claimed a number of lives, affected livelihoods through loss of incomes. The economy is now on a recovery path benefiting from the good 2020/21 farming season and vaccination programme. According to the 2022 budget strategy paper presented by the Minister of Finance and

Economic Development Professor Mthuli Ncube, “ ***Prospects for the global economy have significantly improved in recent months due to the progress achieved in the vaccination programme, fiscal and monetary stimulus support in major economies. Global economic growth is projected at 6% in 2021; moderating to 4.4% in 2022***”

On the domestic front, Minister Mthuli notes That: “***The domestic economy has reached a positive turning point towards a sustainable growth path, with GDP growth for 2021 now projected at 7.8%. This positive outlook is based on the prevailing stable macro-economic environment, strong performance in agriculture, higher international mineral commodity prices and increased domestication of value chains that has seen the manufacturing sector increase capacity utilization from 36.4% recorded in 2019 to 47% during 2020. During 2021, capacity utilization is projected to further increase to 61%.***

The economy is targeted to grow by 5.4% in 2022, anchored on growth in sectors such as mining, manufacturing, electricity generation, among others. Inflation is projected to slow down significantly, with average annual inflation projected to close the year 2021 at between 35-53%. This is based on the official projections though the situation on the ground might be different due to temporary shocks being experienced. Our 2022 Budget considered all these factors.

Your Worship, the measures being implemented by government to stabilise the economy are plausible and we pray that the measures continue to bear the intended fruits so that our 2022 budget will achieve its objectives of ensuring sustainable service delivery and contribute immensely towards “**an upper middle income economy**” key

delivery indicators. Our Strategic Plan and the Council Integrated Performance Agreement (CIPA) inform our Budget for 2022 whose strategies are aligned to NDS1.

The budget largely addresses the following thematic areas:

1. Infrastructure and Utilities including informal sector infrastructure
2. Governance
3. Housing Delivery
4. Health and Wellbeing
5. Human Capital Development and Innovation

The budget has adopted issues of infrastructure development by apportioning a **43.3% capital expenditure** towards water and sanitation infrastructure and a recurrent budget of **43.7%** to bolster infrastructure projects deemed crucial for the attainment of an ***Upper Middle-Income Economy by 2030***. Your worship, we are very aware that our 2021 Budget Performance was largely affected by governance issues, resulting in us collecting less than what we targeted. To restore public confidence in our budget and ensure enhanced collection for sustainable service delivery, we will continue with the measures crafted in 2021 to address the governance issues, which were stalled for the greater part of 2021. The measures are aimed at stabilising council's micro environment and enhance operational efficiency. The measures are going to be a recitable phenomenon in 2022. The Pillars of the Plan are:

1. **STOP THE BLEEDING:** Making hard and unpopular decisions in closing all revenue leakages, eradicating corruption,
2. **REVENUE MAXIMIZATION:** through completion of valuation roll updating, efficient tariff modelling and billing, exploitation of all new revenue streams and enhanced debt recovery.

3. **OPERATIONAL & TECHNICAL EFFICIENCY:** through effective project management, Efficient Project Implementation (EPI), restore infrastructure, allocative efficiencies, focus on priority programmes and efficient service delivery in all sectors.
4. **EMPLOYEE MOTIVATION & PRODUCTIVITY:** Through human resource reforms, optimum manpower utilisation, enhanced IRBM performance management system and a fair and competitive remuneration framework and ending nepotism in employment, promotions and staff development and encouraging innovation
5. **GOOD GOVERNANCE:** Restoring public confidence in council administration through effective leadership, performance culture, adherence to standard operating procedures, administrative and political leadership conflict resolutions, stakeholder management, transparency and accountability.

1.3 Budget Performance

Your Worship, the 2021 budget was relatively underperforming because of a plethora of issues ranging from inefficient internal systems, poor planning particularly in project management, Enterprise resource planning platform, which is not fully integrated, a structure which is not responsive to program based budgeting and low revenue collection efficiencies. On the revenue side, we managed to collect **ZWL\$8.788 billion** as of 31 October 2021 and we are projecting to collect a further **\$2.610 billion** by end of December 2021.

Your Worship, as a City we are frank about the limitations and challenges that confront us. Today we are able to stand before you to report on these and the successes we

have recorded under a constrained fiscal space. Although we have had challenges, we are happy to report that we have recorded successes in the following areas:

- i. Ruzivo stream crossing 95% complete and is now due for commissioning (PSIP ,IGFT own funds)
- ii. Warren Park collapsed sewer pipe replacement 1.5 km complete(own funds)
- iii. Rehabilitation of 2 units at Firle sewage treatment works (**75% complete**) own funds
- iv. Increased water supply coverage to include North Eastern Suburbs, which had not been receiving water for years.
- v. Expansion of 20km water transmission mains (water pipes) in Hopley (**45% complete**) own funds & donation.
- vi. Rehabilitation of Warren control pump station (**75% complete**) Grant funded.

We express our profound gratitude to His Excellency the President of Zimbabwe Cde E.D Mnangagwa for his timely intervention.

- vii. Improved enforcement in the CBD particularly in the decongestion of the City in collaboration with the Zimbabwe Republic Police.
- viii. Managed to renovate some wards at Beatrice Infectious Diseases Hospital and Wilkins Hospital.
- ix. Renovation of Kuwadzana Clinic is in progress and we expect to complete the Construction of Glen Norah Chitubu Satellite Clinic by the end of 2021
- x. Purchase of 40 skip bins (IGFT)
- xi. Rehabilitation of Kuwadzana 14 km collapsed sewer line (**25 %complete**) devolution funded and scheduled to be complete by 31December 2021

- xii. Upgrading of Morton Jaffray Laboratory (**20%complete**) devolution funded and scheduled to be complete by 31 December 2021
- xiii. Construction of Crowborough sewer ponds (**30%complete**) devolution funded and scheduled to be complete by 31 December 2021

Your Worship, turning to the roads programme, this year we had targeted to rehabilitate 130 km but we have only done 15 km. We had also targeted to maintain 400 km but we only managed 297 km. This sector relies heavily on ZINARA funds and we have received ZWL\$ 198,9 million, out of an allocation of ZWL\$ 483 million which is still inadequate given the capital-intensive nature of the works.

Your Worship the following are key proposals to fund the roads programme:

1. Revenue from City Parking
2. Endowment fees
3. Billboards
4. Gravel sales
5. Harare Quarry dividend
6. Trenching fees

Your Worship, of the above revenues, Endowments and City Parking are statutory funds and as at 30 September the City had received ZWL95.81 million and ZWL62,65 million respectively to give a total of ZWL158 million. These funds should be ring fenced. According to Section 191 of the Urban Councils Act (29:15), Council is required to have

a parking account. While the Emergency Road Rehabilitation Programme Phase 11 is taking care of the major roads, there is urgent need for the City to rehabilitate the roads in the residential areas, which are in a sorry state. From 2022 onwards, we expect regular updates on the utilisation of the aforementioned revenue streams in the roads programme.

2 YOUR WORSHIP, FELLOW COUNCILLORS, IT IS MY HONOUR TO PRESENT FOR YOUR APPROVAL, THE 2022 REVENUE AND CAPITAL ESTIMATES

2.0 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 2022 budget estimates are advised by outcomes and outputs in the six programme areas. The predominant focus is on **WASH** and the budget estimates speak to this aspect by adequately providing for Capital and revenue estimates outlay, which constitute **43.3%** of the capital budget and **43.7%** of Revenue budget respectively. In line with Programme based budgeting the following are the focus areas of this budget:

- **Governance and Administration**
- **Water, Sanitation and Hygiene**
- **Social Services**
- **Roads**
- **Public Safety and Security**
- **Natural Resources, Conservation and Management**

Your Worship, the total budget is as follows: -

Capital budget	<u>ZWL\$ 10.367 billion</u>
Revenue Budget	<u>ZWL\$ 31.506 billion</u>
Total	<u>ZWL\$ 41,873 billion</u>

The capital funding structure is as follows:

Capital funding structure	Amount in ZWL\$
RCCO	5, 525 billion
GRANT	50 milion
IGFT	2 ,335 billion
ZINARA	708 ,8million
PPP	327, 5 million
Donation	60 million
Loan	1, 361 billion
Total	10 ,367 billion

Your Worship, allow me to give more detail on the above budget, starting with the capital budget.

2.1 WATER AND SANITATION AND HYGIENE PROGRAMME:

ZWL\$ 4 .489 Billion

Water Sanitation and Hygiene is at the core of service delivery. In the area of water production, the City is currently producing an average of **375MI/Day** against a demand of over **1000ML/Day**. Unfortunately, not all the water produced is billed as a substantial percentage is lost through water bursts and metering issues thus Non- Revenue Water currently at 62%. This scenario means that City is only accounting for 48% of what it

produces. The proposed budget will reduce non-revenue water through a number of interventions namely pipe replacement , water metering and accurate billing. We also intend to expedite the utilisation of alternative water treatment chemicals such as chlorine dioxide, which will assist in reducing the cost of treating water. 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	1.619 billion
Water Services	2.187 billion
Waste Water	683 million
TOTAL	4.489 billion

Your worship, as we strive to be a Smart City we are aware of the need to manage waste water effectively and as such, part of the allocation will be channelled towards the optimisation of our sewer treatment plants. We aim to capitalise our biological assets as we seek alternative sources of income and alleviate the burden on rate payers through cattle breeding as a low hanging fruit. We have since bought **64** heifers to boost the quality of our herd and it is my sincere hope that we undertake a project that adds value not only to the wastewater treatment process and increases revenue for the City of Harare. We applaud the government for availing provisional funding through devolution for capitalisation of WASH, this has an impact of reducing tariffs applicable to this sector as capital formation costs will be reduced substantively . In a bid to sustainably manage waste, we have established 4 material recovery centres and 6 more are in the pipeline.

The Programme will be funded as follows: -

SOURCE OF REVENUE	AMOUNT (ZWL\$)
Inter-Governmental Fiscal Transfer	2.120 billion
Revenue Contribution to Capital Outlay	1.887 billion
Loans	361.5 million
Donation	20 million
Public private partnership	100 million
Total	4.489 billion

2.2 ROADS PROGRAMME

Your worship, the state of our roads remain deplorable. The poor performance of this program is attributed to late disbursement of funds and price variations caused by distortions in the market. It must be acknowledged that the amount allocated is inadequate to carryout intended capital works envisaged in the budget. We always request for more funds from ZINARA but ZINARA has not responded positively.

The Roads programme is funded as follows:

SUB-PROGRAMS	ALLOCATION (ZWL\$)
Road infrastructure	953.998 million
Traffic management	296.071 million
TOTAL	1.250 billion

SOURCE	AMOUNT (ZWL\$)
RCCO	301.957 million
ZINARA	707.812 million
Capital Loan	90.300 million
IGFT	150 million
TOTAL	1.250 billion

2.3 PUBLIC SAFETY AND SECURITY SERVICES (602.197 million)

Your Worship, our emergency services remain in a dire state, our 2022 budget seeks a redress this state, We are happy to report that the foreign currency payment of shipment of 4 fire tenders and Fire equipment donated to city of Harare in 2017 by Operation Florian UK has been done 2 of the 4 fire tenders are in transit. Tender for 10 ambulances is at an advanced stage and we expect delivery by first quarter 2022, this is a major boost to our depleted fleet.

The Public safety and security provisions are as follows:

SUB-PROGRAMS	ALLOCATION (ZWL\$)
Emergency Services	163.684 million
Municipal Police	80.732 million
Public Lighting	357.781 million
TOTAL	602.197 million

Sources of Funding-Sub-programs

SOURCE	AMOUNT (ZWL\$)
RCCO	462.197 million
Donation	40 million
Capital Loan	100 million
TOTAL	602.197 million

2.4 SOCIAL SERVICES: ZWL\$ 2.324 billion

Your Worship, the City's broad objective is to have functional housing systems, functional social services infrastructure and well-managed informal sector. The social service programme consists of housing delivery, education, social amenities, informal sector and health services. In order to achieve the objectives of this programme, we have made the following allocations:

SECTOR	ALLOCATION (ZWL\$)
Housing	275.938 million
Education	230.785 million
Social amenities	250.418 million
City Health	838.700 million
Informal Sector	639.120 million
TOTAL	2.324 billion

SOURCES OF FUNDING	ZWL\$
RCCO	1.678 billion
Loans	352.500 million
PPP	227.585 million
IGFT	65 million
TOTAL	2.324 billion

2.5 GOVERNANCE AND ADMIN PROGRAMME: ZWL \$ 1.618 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.

Capital budget allocations to the various sub programs within the governance program were made as follows: -

AREA	ZWL\$
COUNCIL	158.44 million
CEO	65.611 million
HUMAN RESOURCES	49.550 million
FINANCE	278.464 million
TECHNICAL SERVICES	1.066 billion
TOTAL	1.618 billion

Below is the funding structure:

SOURCE	AMOUNT (ZWL\$)
RCCO	1.145 billion
Loans	473.5 million
TOTAL	1.618 billion

2.6 Natural Resources, Conservation and Management ZWL 83.550 Million

Your Worship, this programme has no sub programme and will be wholly funded by revenue contribution to capital outlay. This program will enable council to take a proactive approach to issues of conservation rather than the reactive approach currently obtaining as environmental issues take centre stage and cannot be ignored any further without negative impact on sustainable development. To this regard, the city is making deliberate action towards preservation of wet lands.

2022 REVENUE BUDGET

Your Worship, the proposed 2022 revenue budget before you is a responsive budget. It has been crafted with a need to strike a balance between **service delivery and affordability**.

The projected consolidated own revenue and utilisation for the year 2022 for the city is as follows:

	ZWL\$
Total own Revenues	37.04 billion
Recurrent expenditure	31.515 billion
Revenue contribution to capital outlay	5.525 billion
SURPLUS	0

Your Worship, the above own revenue amounting to **ZWL\$ 37.04** will come from the following income streams:

Source	Amount in ZWL
Refuse collection	2.081 billion
Parks fees	73.322 million
Waste water	1.318 billion
Property tax	14.03 billion
Health fees	2.194 million
Water services	11.315 billion
Public safety	114.833 million
Housing	823.468 million
Bill boards	365.565 million
City parking	144 million
Estates	139.775 million
Social amenities	40.782 million
City architect	2.393 billion

Informal Sector	385.099 million
Other	1.615 billion

YOUR WORSHIP I, NOW TURN TO THE PROJECTED 2022 PERFORMANCE OF THE VARIOUS PROGRAMMES RELATING TO REVENUE GENERATION.

3.1. Water, Sanitation and Hygiene Programme

Your worship the WASH programme is the cornerstone of service delivery .It has a projected recurrent expenditure of **ZWL\$ 13.809 billion** predominantly cost recovery after taking into consideration funding from devolution, loans and other. The WASH program is expected to realise revenues amounting to **ZWL14.714 billion** to support its functions.

Below is the tariff structure for the WASH program

Refuse ,Once a week Collection (Area)	Existing 2021	Proposed 01/01/22 @ prevailing official exchange rates	Proposed 01/01/22
	ZWL	ZWL	USD
Residential: High Density	565	778	8
Residential: Low Density	803	1112	11
Commercial/Industrial	1 632	2224	22

Commercial and Industrial

Frequency per week of Collection	Existing 2021 ZWL	Proposed 01/01/22 ZWL@ prevailing official exchange rate	Proposed 01/01/22 USD
1	1632	2224.74	22
2	1705	2447.21	25
3	1782	2691.94	27
4	1862	2961.13	30
5	1946	3257.24	33
6	2034	3582.97	36
7	2125	3941.26	40

3.2 ROADS PROGRAMME

Your Worship, the Roads programme with a recurrent expenditure of **ZWL3.017 billion** is expected to realise **ZWL1.225 billion** in order to support its program . The revenue for this programme will be drawn from billboards **ZWL365.5 million**, parking fees **ZWL144 million** and endowment fees **ZWL339.593 million**. ZINARA fees amount to **ZWL118 million** and other fees **ZWL257.907 million**.

3.3 SOCIAL SERVICES PROGRAMME

Your Worship, the social service with a recurrent expenditure of **ZWL6.544 billion** is expected to realise own revenue of **ZWL3,183 billion**. City Health will realise **ZWL2.174 billion**, Housing and Estates **ZWL963.24 million**, Education **ZWL83,9 million** and Informal sector **ZWL\$ 391.9million**. The shortfall from the programme is off-set by property tax.

	Existing 2021 ZWL\$	Proposed 2022 ZWL@ equivalent official exchange rate	Proposed 2022 USD
Clinic Fees			
Adult	417	495	5
Child	250	297	3
Hospital Fees			
Adult	417	495	5
Child	250	297	3
Maternity Fee	2 000	2 475	25

Hospital and clinic fees are substantively static in relation to 2021 in order 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 2021 ZWL	Proposed ZWL 01/01/22 @ official exchange rate	Proposed 01/01/22 USD
Glen Norah (semi-detached)	6504	15 799	159
Dzivarasekwa(terraced full unit)	3200	7 753	78
GLAUDINA	9300	22 538	228

3.4. PUBLIC SAFETY AND SECURITY

Your Worship, Public Safety and Security with a projected expenditure of **ZWL3.279 billion** is expected to generate own revenue of **ZWL114.832 million**. The programme shortfall is subsidised by property tax.

Ambulance fees are as follows:

AMBULANCE FEES	Existing ZWL\$	Proposed ZWL\$ 01/01/22@ official exchange rate	Proposed USD 01/01/22
Ambulance	820	1980	20
Inter Hospital-non ventilated	2 050	2681	27
Ventilated	2 625	3181	32

3.5 GOVERNANCE AND ADMINISTRATION

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 **ZWL16.705 billion**. The revenue will come mainly from property tax **ZWL14.03 billion**, technical services comprising City Architect and DOW Administration **ZWL2.393 billion** and **ZWL127.58 million** respectively.

3.6 NATURAL RESOURCES AND CONSERVATION

The programme with a recurrent expenditure of **ZWL61.285 million** is expected to generate own revenue amounting to **ZWL16.26 million** with shortfall being offset by property tax.

4.

CROSS SECTION OF MONTHLY BILL

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

	HIGH DENSITY (Mbare) Existing ZWL	Proposed 01/01/2022 ZWL @ official exchange rate	Proposed 01/01.2022 USD
Water(5cubic metres)	575	615	5.15
Sewage	250	400	4
Refuse	565	778	8
Property Tax	345	594	6
TOTAL	1735	2387	23.15

TARIFF	LOW DENSITY (Mabelreign) Existing	Proposed 2022 ZWL @official exchange rate	01/01/2022 Proposed USD
Water(5cubic metres)	765	820	8.3
Sewage	410	540	6
Refuse	803	1112	11
Property Tax	2580	5158	52
TOTAL	4 558	7630	77,3

RECOMMENDATIONS

Your Worship, some of the recommendations listed below were pronounced in the 2021 budget and implementation was stalled by interruptions in the operating environment. I therefore propose that these be carried forward to 2022 with a few amendments.

- 1. Organisational Structural review:** It is recommended that we review our organisational structure to allow for operational, technical efficiency and improved governance.
- 2. Water Provisison:** Analysis of recurrent expenditure shows that chemicals constitute 56% of the general expenses of the water services, which is an unsustainable position. Recommendations are that Council:
 - i. Utilise alternative cheaper treatment chemicals

3. **ERP:** It is recommended that we adopt a fully integrated functional enterprise resource planning system. This will run parallel with SAGE until full migration.

4. **Strategic Business Units:** It is recommended that there is assessment of dividend accruing from strategic business units so that council derives optimal benefit

4.1 Expedite the winding up of all Council non-performing business entities should by mid-2022

5. **Roads programme funding:** It is recommended that we ring fence all revenue that is generated from the roads sector so that it is utilised to develop roads and the attendant infrastructure.

It is recommended that the following revenues are ring-fenced:

- Revenue from City parking
- Endowment fees
- Billboards
- Gravel sales
- Harare Quarry dividend
- Trenching fees

6. Set up and capacitate institutional structures necessary for effective implementation of devolution projects

7. Set up of timeous yearly program of works and the relevant cash flows for projects

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

9. **Modernisation of facilities:** Council must rehabilitate and modernise all social services infrastructure: This will enable us 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

- 10. 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 to 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 water tight to avoid monetary loss in instances of severing ties.
- 11. Debt recovery strategies:** Council is implored to execute an effective debt recovery strategy
- **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 in order 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 also ensure that those who have no access to electronic platforms have timeous delivery of the physical bills.
 - **Blacklisting delinquent customers:** engagements with a Financial Clearing Bureau are on course and this will bring immediate results through access to debtors' database hence there is need to expedite this process.

- **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.

12. General valuation roll: The process of reviewing the GVR underway should be expedited so that Council capture the true value of properties commensurate with each property and realise the monetary gains.

13. Audited Financial Statements: Council seeks to be up to date with audits by 31 December 2022. The 2022 statements should be produced within set statutory deadlines.

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 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.
- Allow me also to applaud the warm relationship existing between the government and the City. This is crucial in pursuing development objectives.

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 heeded. Council took heed and responded with a budget that aims to deliver stabilisation of service delivery. The budget aims to ensure sustainable service delivery. Water, wastewater and refuse collection challenges, and the deplorable state of our roads have been afforded priority in the budget before you, Your Worship. The Smart City concept, which is characterised by the use of 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 2022 CAPITAL AND REVENUE ESTIMATES, AND THE 2023 TO 2025 THREE-YEAR DEVELOPMENT PLAN BEFORE YOU.

CITY OF HARARE 2022 BUDGET: BUILDING RESILIENCE TOWARDS SUSTAINABLE SERVICE DELIVERY

I THANK YOU!

TATENDA

SIYABONGA