



2020 BUDGET SPEECH

AND PROPOSALS

**CITY OF HARARE
BUDGET STATEMENT**

CITY OF HARARE 2020 BUDGET: NEW HOPE: TOWARDS A SMART CITY

**PRESENTED TO CITY OF HARARE ON TUESDAY 26 NOVEMBER
2019 AT 1430HRS BY THE CHAIRPERSON OF FINANCE AND
DEVELOPMENT COMMITTEE COUNCILLOR LUCKSON
MUKUNGUMA**

***YOUR WORSHIP, THE MAYOR OF THE CITY CLR.H. GOMBA
HONOURABLE COUNCILLORS,***

INVITED GUESTS, GOOD AFTERNOON TO YOU ALL.

1.0. Your Worship, as the Chairperson of the Finance and Development Committee, I am honored to present, for your approval, the Capital and Revenue Estimates for 2020 and the Capital Development Plan for period 2021 to 2023.

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 of Council, Estimates on Revenue and Capital Accounts for 2020. In crafting the 2020 Budget, the City benefitted from the contributions of residents and various stakeholders calling for interventions that improve service delivery especially focusing on Water, Sanitation and Hygiene (WASH) programs. Roads are also being given priority. Allow me to commend the residents of Harare for their tolerance and vigilance during consultations for both the 2019 supplementary budget and the 2020 budget. Your Worship, fellow Councillors, we have made efforts to ensure that this budget addresses key service delivery issues because we believe that the interests of the residents must be prioritised. **The budget is themed: New Hope: Towards a Smart City.** This theme is in line with the thrust of Council in 2020 to give hope in the midst of all the challenges we are facing as a nation. We want to give hope in water supply, we want to give hope in waste management, we want to give hope in trafficable roads, we want to give hope

in social services, we want to give hope in sustainable financial management. Your Worship in everything we are planning for 2020, we want to give new hope.

Fellow Councillors, it is important to note that this budget will take care of environmental issues under the Natural Resources, Conservation and Management Program. In line with the thrust by Council to preserve the environment, conserve our wetlands and put in place mitigatory measures to combat climate change, Council approved the establishment of the Environmental Management Unit in the Office of the Town Clerk. We expect this unit to deal with issues of environmental pollution in all its forms. Preservation of wetlands is also a key issue that will ensure sustainability in the water sector. Tailor made programmes to preserve our wetlands will be implemented in the 2020 financial year. Linked to wetlands preservation is the issue of urban agriculture, which we believe, must be well planned and well regulated to curb its adverse effects on the environment. Climate change is real and the City must be proactive in the implementation of mitigatory measures. We aim to transform Harare into a smart city hence the importance of paying particular attention to environmental issues.

Honourable Councillors, the tariff regime has changed largely due to the existing macro-economic environment, which is hyperinflationary, and these will be highlighted later on. Furthermore, the 2020 Revenue and Capital Estimates before you were developed in a manner that aims to fulfil Council's 2019 to 2025 Strategic plan goals. Our mid-term strategic plan focusses on attaining 75% customer satisfaction. 75% customer satisfaction entails that we

provide water to our residents, we avoid environmental pollution through effective wastewater management, we manage our waste effectively, and we repair, maintain and construct roads. The strategic thrust is to ensure that the residents of Harare are satisfied to 75% and as we move towards 2025, we should be able to offer seamless services that are in line with world-class cities. The budget is also program based, anchored on Performance Improvement Plans and Gender Responsive in nature, and in line with Ministerial Circular referenced CX/53 dated 09 October 2019. This is different from the traditional line item budgeting. This budget, which is guided by our strategic plan, also takes care of the intentions of the Zimbabwe government, as espoused in the Transitional Stabilisation Program (TSP) that is to achieve an upper middle class economy by 2030.

Your Worship, the presentation of the 2020 budget is taking place at a time when the World Bank downgraded Zimbabwe into a low-income country, which confirms the dire economic straits obtaining in our nation. The country is also battling triple-digit inflation and a power crisis. Fuel prices surge weekly, and disposable incomes continue to shrink. The country is also contending with a foreign exchange shortage that has seen the local currency free-falling against the greenback. The prevailing macro –economic environment has posed serious challenges for the City and we have had to battle to remain afloat. We are sympathetic to the residents of Harare, who are facing many challenges because of the economic conditions prevailing in the country. Although we have tried to reasonably adjust our tariffs and fees, we hope the macro-economic environment will not force us to readjust our fees as we try to

provide services in a constrained fiscal space. Your Worship, fellow Councillors, this budget is therefore meant to give our people new hope and to transform Harare into a smart City.

1.2 Operational Environment, Economic Review and Outlook

On June 24, 2019, a new statutory instrument with clearly far-reaching effects was promulgated. SI 142 of 2019 enacted by the Minister of Finance and Economic Development introduced the Zimbabwe dollar as the sole legal tender. The SI stipulated that all other currencies (United States dollar, South African rand and pula, among others) were no longer legal tender and could not be used in settlement of obligations in Zimbabwe. The development threatened to derail Council operations because when we were planning for 2019, it was under a different fiscal and monetary regime.

Ladies and gentlemen, the tight liquidity conditions, industrial closures, high unemployment levels, results in low disposable incomes and in turn low revenue collections by councils, adversely affect our ability to deliver services. The prices of essential services and goods like electricity, chemicals and fuel, which are our daily inputs to service delivery, continue to go up as these are imported and are therefore linked to the interbank exchange rate. Budget projections and key assumptions in this kind of environment, are therefore very difficult to manage.

Honourable Councillors, we pray that the measures taken by the government will stabilise the economy, as this will facilitate our planning and budgeting

projections if the City is to achieve its strategic goals. SI 135 of 2019 made it mandatory that budgets for local authorities be submitted to the Ministry by 31 August but we were later advised to submit by the 30th of November 2019.

1.3 Budget Performance Projected to December 2019

Your Worship, 2019 Council had a non-performing budget for the first ten months due to several reasons. Non-approval of the original budget meant that Council continued charging the same tariffs for water, rates, refuse and other service charges that it was charging in 2018 when the economy was in a multicurrency regime and the United States dollar was the currency used for accounting purposes. Our supplementary budget was approved on the 21st of October 2019. This effectively means Council is now operating with an approved budget and a deficit that cannot be changed from an unimplemented supplementary budget of 3 months.

Your Worship, the economic environment we operated under during the course of 2019 was highly unfavourable. As confirmed by the Finance and Economic Development Minister Professor Mthuli Ncube in his 2020 national budget statement that “the economy was in a weak position during the better part of the year, operating under high uncertainties, vulnerabilities, high costs, all complicating investment, planning and operations. Resultantly, growth, which was originally projected at 3%, had to be revised downwards to -6.5% in 2019, reflecting gross capacity underutilisation and output losses in the rest of the sectors”.

Poor economic performance at national level directly affects operations of Council negatively as we do not exist in a vacuum. Inflation rates have continued to skyrocket. The current month on month inflation rate is estimated to be around 20%. We remain hopeful that inflation will be arrested, as the current scenario is untenable.

The harsh socio-economic environment results in ratepayers mostly not prioritising paying municipal bills hence the low collection efficiency. The City's situation was worsened by the non-availability of the Enterprise Resource Platform (ERP) from March this year as this had a huge knock on effect on revenue collection, which drastically went down, as collections could not be enforced. In addition, data on both income and expenditure had to be manually computed. I am happy to report that we now have an ERP, Sage evolution and we have managed to address the billing issues and live receipting although it still needs integration of all modules to run full throttle.

Although we have had challenges, we are happy to report that we have recorded success in the following areas:

- Harare City has managed to remain afloat, despite operating in a very difficult environment characterized by price and currency instability in the first eleven months of 2019.
- Road rehabilitation in the CBD including the design and construction of the High Glen/ Glen Eagles traffic circles
- City beautification works are on-going with the Samora Machel Avenue complete while Julius Nyerere Way Centre Island is work in progress.

- Tariro Clinic and Youth Centre in Hopley, Kuwadzana Library and were officially commissioned and some blocks at Matapi Flats were renovated.
- Council made fruitful partnerships in Water and Sanitation as a strategy to eradicate cholera.
- Harare Water Wastewater project (Ruzivo Stream crossing) \$7m was expensed to date.
- Various water and waste water rehabilitation projects funded by \$5.99 million intergovernmental fiscal transfer fund and the \$37, 4 million financial bailout.

On the revenue side, the City managed to collect \$203 million from operations as of 30 September 2019. Your Worship the money market is not conducive for Council to borrow hence our inability to embark on budgeted capital projects requiring such borrowings.

In terms of roads programmes, we rely heavily on ZINARA funds. During the current financial year, we have managed to receive ZWL\$12.9m. When the vehicle-licensing portfolio was still under the City of Harare we managed to collect an average of \$9 million annually. Subject to confirmation, the vehicle population in Harare is way over 450 thousand and if the City was managing the vehicle licensing portfolio on its own we would be able to carry to road construction and major maintenance works. We remain hopeful that ZINARA disburses more funds to us so that we keep our road maintenance on course. As we wait for the decision from government, we are alive to the challenges facing the motoring public, we travel on the same roads and we feel the impact of the state of the roads on our vehicles. As a mitigatory measure, Council is

proposing a 20% infrastructure development levy on all new developments to enable us to fund road programmes. This will be effective 01 January 2020. We will then use the 20% levy as a leverage to borrow funding for roads programmes. This levy will be a condition in the permit. For the commercial enterprises, a levy to renew infrastructure will also be imposed to enable Council to fund these critical projects. This will be effective upon the approval of the relevant by-law to ensure that it is enforceable. Punitive charges will also be levied on regularisation. The fees will be calculated as a percentage of the total cost of the construction project. We are doing this to ensure that property developers comply with the relevant statutes and by- laws. We are also going to be introducing the same levy for those who require change of reservation. For low-density areas another 5% infrastructure development levy will also be introduced in 2020. Administration levies will be imposed on housing waiting list application fees and application fees for commercial and industrial stands. Your Worship, fellow Councillors we are introducing the levies so that we ease the burden on the residents who are reeling under the effects of the economic challenges facing the country. With this background, allow me to present the 2020 budget proposals.

2 YOUR WORSHIP, FELLOW COUNCILLORS, AS THE CHAIRPERSON OF THE FINANCE AND DEVELOPMENT COMMITTEE, IT IS MY HONOUR TO PRESENT FOR YOUR APPROVAL, THE 2020 REVENUE AND CAPITAL ESTIMATES

2.0 Budget Framework

Your Worship, Zimbabwe continues to work under the adopted economic policy, the Transitional Stabilisation Program, the national trajectory that seeks to promote investment and ease of doing business and achievement of upper middle-income status by 2030. As Council, we continue working under this framework and also our mid-term strategic plan whose thrust is to achieve 75% customer satisfaction by 2020. Your Worship, the budget before you, is a plan whose main thrust should be to transform and improve lives and give new hope to the residents of Harare as opposed to being a tool for recording and controlling expenditure patterns. Our theme: ***CITY OF HARARE 2020: NEW HOPE: TOWARDS A SMART CITY. THIS THEME DOVETAILS WITH THE MESSAGE DELIVERED BY HIS WORSHIP THE MAYOR IN THE STATE OF THE CITY ADDRESS ON 29 OCTOBER 2019 THAT GAVE HOPE TO OUR PEOPLE. WE CONTINUE TO GIVE HOPE TO OUR RESIDENTS AS WE WORK TOWARDS TRANSFORMING HARARE INTO A SMART CITY.***

Ladies and gentlemen, the 2020 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 87, 7% and 76 % of the budget respectively. The key areas on WASH are to reduce water loses through strategic pipe replacement in areas of greatest impact.

In order to alleviate the water challenges facing the residents of Harare we are also proposing to procure mobile water treatment plants at a cost of ZWL\$ 375
Fellow Councillors, the Audis plant at Morton Jaffray Water Treatment Plant

will also be given due attention in the 2020 financial year. Water is a constitutional right and your Council will ensure that the water situation is addressed. We are committed to giving new hope in the water sector.

In conformity with government requirements that budgets be presented as programmes, the following programs are the basis 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\$1689 070 238</u>
Revenue Budget	<u>ZWL\$ 2 904 699 481</u>
Total	<u>ZWL\$ 4 593 769 719</u>

Your Worship, we have received a total of \$257 million dollars from Treasury and the breakdown is as follows: PSIP (conditional) ZWL\$ 140 000 000, IGTF ZWL\$109 850 000 and intergovernmental fiscal transfer operational grant of ZWL\$ 7 283. 000.00

The capital funding structure is as follows:

Capital funding structure	Amount in ZWL\$
RCCO	1 286 843 578
PSIP(conditional)	140 000 000
International grant	19 872 000
IGTF	109 850 000
ZINARA	81 280 000
PPP	2 000 000
Donation	2 000 000
JV	2 000 000
Loan	45 224 660
Total	1689 070 238

Ladies and gentlemen, allow me to give more detail on the above budget, starting with the capital budget.

2.1 WATER AND SANITATION AND HYGIENE PROGRAMME: ZWL\$ 1.485 billion

The Water and Sanitation and Hygiene is at the core of service delivery programmes. In line with the aspirations of the residents and stakeholders of Harare we have made the following major provisions for the Water and Sanitation and Hygiene Programme: -

- Solid Waste ZWL\$63.98million
- Water Services ZWL\$ 872.4million
- Waste Water ZWL\$ 548.4 million
- **TOTAL WASH** **ZWL\$ 1.485 billion**

The **ZWL\$ 1.485** billion funding allocated to Water, Sanitation and Hygiene. As we strive to be a smart City we are aware of the need to manage wastewater effectively and as such part of the allocation will be channelled towards the optimisation of our sewer treatment plants that is Firle and Crowborough Sewage Works. Efforts will be made towards the rehabilitation of our farms which are critical in the waste water treatment process.

Programme will be funded as follows: -

- | | |
|--------------------------------------|---------------------|
| • Inter-Governmental Fiscal Transfer | ZWL\$ 109.85million |
| • PSIP (conditional) | ZWL\$ 140 .0million |
| • Revenue Contribution to Capital | ZWL\$ 1.215 billion |
| • International Capital grant | ZWL\$ 19.87 million |

TOTAL **ZWL\$ 1.485 billion**

2.2 ROADS PROGRAMME: ZWL\$108.1m

The state of our roads remain deplorable and this year we managed to do only 10km of the targeted 545 km, then in terms of preventive maintenance we did only 18 km of the targeted 585 km. This was largely due to the late disbursement of funds and price variations caused by distortions in the market. We constantly requested more funds to implement road works but ZINARA did not respond positively to our pleas. In order to give hope for trafficable roads to the populace, your Council will ring-fence revenue from City Parking Private Limited and use it as a leverage to borrow loans to funds other roads programmes. We hope that through the efforts alluded to above we can be able to do 120km of roads. The Roads programme provisions are as follows:

Roads Infrastructure ZWL\$ 101.4m

Traffic Management.....ZWL\$ 4.87 m

Traffic Enforcement.....ZWL\$1.86m

TOTALZWL\$ 108.1m

SOURCES OF FUNDING

LOANS OTHER.....ZWL\$ 14.8M

RCCO..... ZWL\$ 12.1 M

ZINARA ZWL\$ 81.2

TOTALZWL\$108.1 million

2.3. PUBLIC SAFETY AND SECURITY SERVICES: RTGS 17 883.600

million

Sub-programs

Emergency Services.....ZWL\$ 2.9million

Municipal Police.....ZWL\$ 1.4million

Public Lighting ZWL\$13,5million

TOTAL.....ZWL\$ 17.8 million

Sources of Funding-Sub-programs

RCCO.....	ZWL\$4.3million
Donation.....	ZWL\$ 2.00 million
Joint venture.....	ZWL\$ 2.00 million
Donation.....	ZWL\$ 2.00 million
Capital Loan.....	ZWL\$ 7.58 million
TOTAL.....	<u>ZWL\$ 17.8 million</u>

2.4 SOCIAL SERVICES: ZWL\$ 26.76million

Housing	ZWL\$ 2.36 million
Education.....	ZWL\$ 6.7 million
Social amenities & Welfare.....	ZWL\$1.5 million
City Health.....	ZWL\$ 13 million
Informal Sector	ZWL\$ 3.2 million
TOTAL.....	<u>ZWL\$ 26.76 million</u>

Sources of Funding

RCCO.....	ZWL\$ 19.04 million
Loans.....	ZWL\$ 7.72 million
TOTAL.....	<u>ZWL\$26.76 million</u>

2.5 GOVERNANCE AND ADMIN PROGRAMME: ZWL\$ 50.5 million

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: -

COUNCIL.....	ZWL\$ 6.22million
CEO.....	ZWL\$ 3.54 million
HUMAN RESOURCES	ZWL\$ 0.65 million
FINANCE.....	ZWL\$3.69million
TECHNICAL SERVICES	ZWL\$ 36.32 million
TOTAL	ZWL\$ <u>50.4 million</u>

Sources of Funding

RCCO.....	ZWL\$ 29.27 million
Loans.....	ZWL\$ 21.16 million

TOTAL.....ZWL\$50.4 million

2.6 Natural Resources, Conservation and Management ZWL\$ 0.77million

The programme has no sub programme and will be wholly funded by revenue contribution to capital outlay.

2020 REVENUE BUDGET

Your Worship, the proposed 2020 revenue budget before you is a responsive budget. The justification for water tariff increase has been necessitated by a drastic increase in cost of inputs namely chemicals, cost of repairs, maintenance, capital charges on borrowed funds for capital works and electricity costs. Projected cost of producing one cubic metre of water in 2020 is ZWL\$20.12 up from ZWL\$5.10 in 2019.

The projected consolidated own revenue and utilisation for the year 2020 for the city is as follows:

OWN REVENUE.....ZWL\$ 4 118 778 358

RECURRENT EXPENDITURE..... ZWL\$ 2831 934 781

RCCO.....ZWL\$1 286 843 578

SURPLUS.....ZWL\$ 0

Your Worship, the above own revenue amounting to **ZWL\$ 4 118 778 358** will come from the following income streams:

Source	Amount in ZWL\$
Refuse collection	80.76 million
Parks and Cemetery fees	3.03 million
Endowments & trenching permits	6.7 million
Property tax	1,93 billion
Health fees	39.7 million
Harare Water	1,65 billion
Public safety	19,58 million
Housing & Estates	112.8 million
Bill boards	44.7 million
Quarry	22.5 million
City parking	62.8 million
Welfare and Education	10.07 million
City architect & DOW	59.4 million
Informal Sector	18 million
Other	55,4 million

I NOW TURN TO THE PROJECTED 2020 PERFORMANCE OF THE VARIOUS PROGRAMMES RELATING TO REVENUE GENERATION.

3.1. Water, Sanitation and Hygiene Programme

Your Worship the Water, Sanitation and Hygiene Programme is expected to realise ZWL\$1.733billion (or 42% of total revenue) in 2020 from operational sources. Respective expenditure to be met by revenue will total ZWL\$3.2 billion with the shortfall being absorbed by property tax.

The proposed water tariff is cost recovery with no profit margin. The tariff structure is stepped as a way of encouraging efficient water usage and conservation.

The following is the proposed water tariff structure:

	Existing	Proposed 01/01/20
	ZWL\$	ZWL\$
High Density Areas : 0>-5 cubic meters	5.10	20
:5>-10 cubic meters	6.00	24

:10>-20 cubic meters	7.00	27
: 20> cubic meters	9.00	35
Low Density Areas: 0>-5 cubic meters	6.10	25
:5>-10 cubic meters	7.00	29
:10>-20 cubic meters	8.00	33
: 20> cubic meters	10.00	41
Bulk water supply	6.00	20
Industrial/ Commercial: 0>-50 cubic meters	4.10	20
: above 50 cubic meters	5.00	20
Sewer charges per fitment: High Density Areas	16.76	41
: Low Density Areas	33.06	91
: Commercial	26.99	18

To promote industry, wet industry will enjoy an incentive to be determined from time to time if they settle their bill within ten days of dispatch of bills.

Meanwhile, residential refuse collection fees will be increased marginally while for commercial and industrial the existing tariff will be maintained.

Once a week Collection (Area)	Existing	Proposed 01/01/20
	ZWL\$	ZWL\$
Residential: H.D.A.	24	28
Residential: L.D.A	36	42
Commercial/Industrial	72	72

Commercial and Industrial

Frequency per week of Collection	Existing	Proposed 01/01/20
1	72	72
2	100	100
3	140	140

4	180	180
5	215	215
6	240	240
7	265	265

3.2 ROADS PROGRAMME

Your Worship, the Roads programme is expected to realise ZWL\$149.6 million in order to support the roads maintenance programme. Harare quarry and City Parking Private Limited have been merged into the main city Roads programme to promote transparency and good corporate governance. The revenue for this programme will be drawn from billboards ZWL\$ 44 .7 million parking fees ZWL\$62,8 million, quarry ZWL\$22.5 million endowment fees ZWL\$3.0million, Road permit fees ZWL\$3.5 million and other fees ZWL\$13.1 million.

3.3 SOCIAL SERVICES PROGRAMME

Your Worship, the social service programme is expected is to realise own revenue of ZWL\$ 180.9million from City Health fees ZWL\$ 39.7 million Housing and Estates ZWL\$ 112.8 million, Social service and Education ZWL\$10.40 million and Informal sector ZWL\$18.0 million. The shortfall from the programme is offset by property tax.

	Existing ZWL\$	Proposed 01/01/20 ZWL\$
Clinic Fees		
Adult	25	25
Child	10	10
Hospital Fees		
Adult	50	50
Child	25	25
Caesarean	525	1 837.5
Maternity Fee	120	120

Hospital and clinic fees will remain as per 2019 rate to promote access to health by all except for caesarean section fees, which have been increased to ensure effective service delivery in this particular area. 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.

AREA	Revised ZWL\$2019	Proposed ZWL\$ 2020

Glen Norah (semi-detached)	120	240
Dzivarasekwa(terraced full unit)	100	200
Kuwadzana Four roomed DH8	250	500

3.4. PUBLIC SAFETY AND SECURITY

Your Worship, Public safety and security is expected to generate own revenue of ZWL\$ 43.6 million. The programme with a projected expenditure of ZWL\$154.3 million is subsidised by property tax to the tune of ZWL\$103.3 million after taking into consideration funding from loans and other.

Ambulance fees are as follows:

Service	Existing	Proposed ZWL\$ 01/01/20
Ambulance fees	50	100
Inter Hospital-non ventilated	150	200

Ventilated	175	250
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3.5 GOVERNANCE AND ADMINISTRATION

The programme is expected to generate projected own funds amounting to ZWL\$ 2.019 billion. The revenue will come mainly from property tax ZWL\$1,933 billion, technical services comprising city architect and DOW Administration ZWL\$ 59.04 million and ZWL\$26,6 million. This is the programme where property tax resides and is responsible for offsetting shortfalls incurred by other programmes.

3.6 NATURAL RESOURCES AND CONSERVATION

The programme is expected to generate own revenue amounting to ZWL\$ 900 000 with shortfall being offset by property tax

4.CROSS SECTION OF MONTHLY BILL

Your Worship, with 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)	LOW DENSITY (Avondale)
Water (5 cubic metres)	100.00	125.00
Sewage	41.00	91.00
Refuse	28.00	42.00
Property Tax	56.67	429.36
TOTAL	225.67	687.36

RECOMMENDATIONS

1. Analysis of recurrent expenditure shows that chemicals constitute 52%, of the general expenses of the programme which is an unsustainable position. Recommendations are that Council:
 - i. procures direct from the manufacturer
 - ii. finds alternative chemicals for water purification
 - iii. combines with other local authorities and centrally procure common chemicals so that we benefit from economies of scale
2. Revenue collection: That Council establishes a Revenue Collection Agency which is responsible for all revenue streams in Council:

- 2.1. Linked to the above, Council must have a fundraiser in the Revenue Collection Agency who is responsible for raising funds from diplomatic missions and other international organisations. Your Worship this has been lacking in Council, we have opportunities to benefit from our engagements with the international community.
- 2.2. **Refuse trucks:** Inadequate spares for refuse trucks affect turnaround time. The spares should be adequately provided for by having the spares in stock. Concerted efforts should also be made to facilitate delivery of 15 outstanding trucks to enhance fleet availability.
3. **Billboard fees:** Billboards are a key potential revenue stream, which 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. An annual potential income of ZWL\$ 8,620 million can be realized from bill board application fees and a further of ZWL\$ 36,17 million can be realized from billboard rentals across the city. Furthermore, contracts with companies should be water tight to avoid monetary loss in instances of severing ties. Council will not accept payment in advance by billboard companies who leverage on their financial muscle and take advantage of Councils' constrained cash flow and manage to negotiate a sub-economic unsustainable tariff
4. **Debt assumption:** Given the economic environment we are operating under, disposal of assets is not prudent, Council is recommended to assume all debt by Rufaro Marketing of ZWL\$4.83 million. This can be funded by ring-fenced revenues collected from lease of the beer halls and debt recovered from government.

5. Debt recovery strategies: Council is implored to execute effective debt recovery strategies:

- The first port of call is for all Councillors to engage in door-to-door debt follow up and encourage debtors to pay up in order to get service delivery.
- **Lease management process:** Council to recover what is due and payable through cancellation of leases and engagement of defaulters through stakeholder engagement programmes.
- **Data collection:** Council must embark on an intensive data collection exercise in order to update the customer's database with information such as emails, cell numbers. This will be utilised for e-billing, sending reminders and general notices. Door to door visitations to obtain information in both residential and commercial properties must be implemented.
- **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.**

6. General valuation roll: Given that the existing GVR is outdated, council should have a GVR in place by December 2021 to capture the true value of properties commensurate with each property.

7. Council Business entities: Council business entities City Parking and Harare Quarry have been incorporated in the city's main budget as required by the law.

8. Contracts: Due diligence need to be executed on drawing up of contracts as these previously had loopholes, which made them unenforceable with a resultant monetary liability to council.

9. Tariffs: For the 2020 budget estimates tariffs are cost recovery in exception of health where there is need to promote access to health for all.

12. Water charges: The city will promote industrial growth by charging water tariffs at a discounted value as the City takes heed to open up for business. Identified wet industries will be incentivized to pay for water consumption by getting a set discount if they pay within ten days of receiving the bill

13. Health grant: There is need to pursue government in view of disbursement of a health grant in line with provisions of Public Health Act.

11. Statutory Instrument 135 of 2019 Public Finance Management Regulations of 2019: There should be awareness across Council of this legislation as its provisions are cross cutting to the shop floor

5. CONCLUSION

Before I close Your Worship, the Mayor, Fellow Councillors, allow me to acknowledge the following: -

- The various stakeholders including the residents of Harare who through meetings have given Council precious 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 to extend our gratitude as council to all the corporates who worked with us in 2019 let us work together in building the smart City that we want.

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. There is political will from all of us to ensure that residents, business, industry, commerce and government must pay. So 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 expectation.

FINALLY

Your Worship, the budget that is before you is justifiable. Residents were consulted and we listened. Council took heed and responded with a budget that aims to deliver that which residents and stakeholders of Harare have demanded. The budget gives hope. 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.

I NOW HAVE THE PLEASURE, YOUR WORSHIP, FELLOW COUNCILLORS, IN ASKING COUNCIL TO APPROVE THE 2020 CAPITAL AND REVENUE ESTIMATES, AND THE 2021 TO 2023 THREE-YEAR DEVELOPMENT PLAN BEFORE YOU.

CITY OF HARARE 2020 BUDGET: NEW HOPE: TOWARDS A SMART CITY. I THANK YOU!