



Highlights of City of Harare 2020 Proposed Budget - New Hope towards a Smart City

Date: 27 November 2019

- 1. Introduction and Background:** The City of Harare tabled its proposed 2020 Budget on Tuesday 26 November 2019 at the Town House Chambers in the presence of all Councillors and management. Presenting the Capital and Revenue Estimates at a Special Full Council Meeting at Town House, Councillor Luckson Mukunguma (Ward 25, Highfield), the Finance and Development Committee Chairperson, said the budget was crafted recognising the message delivered by the Mayor, Councillor Herbert Gomba (Ward 27, Glen Norah B) during the State of the City Address of a new hope towards a Smart City presented on 29 October 2019. Despite the challenges the City faced in 2019, the City is hopeful to turn around the fortunes of the City by improving water delivery, waste management, road network infrastructure and a sustainable financial management, despite the hyperinflationary operating environment.
 - 1.1.** The plan is also designed to fulfil Council's 2019 to 2025 Strategic Plan Goals. One of the goals is to ensure that there is 75% customer satisfaction by availing water to residents, avoid environment pollution, managing waste effectively, repair, maintain and construct trafficable roads. The Budget is also program based, meaning that it is anchored on Performance Improvements Plans and Gender Responsive in nature and in line with the Ministerial Circular referenced CX/53 of 09 October 2019. It also factors in the objectives of the Transitional Stabilisation Programme (TSP) that is to achieve an upper middle class economy by 2030.
 - 1.2.** The Operating Environment was also characterised by policy shifts that threatened to derail the operations of Council due to the introduction of Statutory Instrument- SI 142 of 2019 that recognised the Zimbabwe Dollar as the sole legal tender of the country. The other currencies of the basket could now not be used in settling obligations and dues.
- 2. Budget Performance- 2019:** The first ten months (10) of 2019 saw council using an unapproved budget. The plan was produced using the multi-currency regime when the United States Dollars was still trading at par with the Zimbabwean dollar. The supplementary budget was approved on 21 October 2019, meaning that now council was operating with an approved budget.
 - 2.1.** The economic downturn did not spare the residents either as they defaulted in paying their rates bills. This resulted in the low debtors' collection efficiency.
 - 2.2.** The billing system was hampered by the absence of an accounting package to capture and bill ratepayers- Enterprise Resource Platform (ERP) was suspended in March 2019. Revenue collection

was very much compromised. Now the City is operating on a new ERP platform- Sage Evolution and have managed to remedy the challenges but is still to be fully integrated.

3. Successes Claimed by the City of Harare: Despite the uncertain economic conditions, the City of Harare claims that it continued to offer services to residents and did the following;

3.1. Central Business District (CD) roads rehabilitation- High Glen/Glen Eagles traffic circles

3.2. City beautification – along Samora Machel Avenue and Julius Nyerere islands

3.3. Commissioning of Tariro Clinic and Youth Centre in Hopley, Kuwadzana Library and renovations at Matapi Flats.

3.4. Water and waste water rehabilitation projects funded by \$5.99 million intergovernmental fiscal transfers and the \$37, 4 million financial bailout.

4. Revenue Collection: The City managed to collect \$203 million from operations as at 30 September 2019.

4.1. ZINARA Funds: Zimbabwe National Road Administration (ZINARA) disbursed ZWL\$12.9 million. Prior to ZINARA being the mandate to collect vehicle licenses, the City could collect about \$9 million annually. Unverified reports claim that Harare has a population of over 450 000 units that could enable the City to effectively carry out the much needed major road maintenance works. In order to finance some the works needed to refurbish the City's roads, Council is proposing a 20% infrastructural development levy on all new developments that needs to be undertaken in Harare effective 01 January 2020.

5. Key Highlights of the 2020 Budget Presentation: In conformity with Government requirements, the budget has been presented as programme-based as follows:

5.1. Governance and Administration

5.2. Water, Sanitation and Hygiene

5.3. Social Services

5.4. Roads

5.5. Public Safety and Security

5.6. Natural Resources, Conversation and Management

6. The total budget is made up as follows:

Capital Budget	ZWL\$1 689 070 238
Revenue Budget	ZWL\$2 904 699 481
TOTAL BUDGET	ZWL\$4 593 769 719

7. Water, Sanitation and Hygiene (WASH): This is the core of service delivery programmes. The following provisions were made:-

Solid Waste	ZWL\$63.98 million
Water Services	ZWL\$872.4 million
<u>Waste Water</u>	<u>ZWL\$548.4 million</u>
<u>TOTAL WASH</u>	<u>ZWL\$1 485 billion</u>

7.1. The huge amount allocated to WASH will be channelled towards the optimisation of the sewer treatments plants- Firlle and Crowborough Sewage Works. Rehabilitation of the City will also be high on the agenda.

7.2. The Programme will be funded as follows:

Inter-Governmental Fiscal Transfer	ZWL\$109.85 million
Conditional Grant	ZWL\$140.0 million
Revenue Contribution to Capital	ZWL\$1 215 billion
<u>International Capital Grant</u>	<u>ZWL\$19.87 million</u>
<u>TOTAL</u>	<u>ZWL\$1 485 billion</u>

8. ROADS PROGRAMME: ZWL\$108.1m

8.1. The roads are in a deplorable state. The City managed to do only 10km of the targeted 545 km and in terms of preventive maintenance, only 18 km of the targeted 585 km were done due to the late disbursement of funds by ZINARA and price variations caused by distortions in the market. The City intends to ring-fence revenue from City Parking Private Limited and use it as a leverage to borrow loans to fund other roads programmes. It is hoped that through the above, at least 120km of roads can be done.

8.2. The Roads programme provisions are as follows:

Roads Infrastructure	ZWL\$ 101.4m
Traffic Management	ZWL\$ 4.87m
<u>Traffic Enforcement</u>	<u>ZWL\$1.86m</u>
<u>TOTAL</u>	<u>ZWL\$108.1m</u>

8.3. Sources of Funding

Loans- Other	ZWL\$ 14.8m
RCCO	ZWL\$ 12.1m
<u>ZINARA</u>	<u>ZWL\$ 81.2m</u>
<u>TOTAL</u>	<u>ZWL\$108.1m</u>

9. Public Safety and Security Services: RTGS 17 883.6m

9.1. Sub-programs

Emergency Services	ZWL\$ 2.9m
Municipal Police	ZWL\$ 1.4m
<u>Public Lighting</u>	<u>ZWL\$13,5m</u>
<u>TOTAL</u>	<u>ZWL\$ 17.8m</u>

9.2. Sources of Funding-Sub-programs

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

9.3. Social Services: ZWL\$26.76m

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

9.4. Sources of Funding

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

9.5. Governance and Administration Programme: ZWL\$50.5m: The Governance and Administration Programme are the following Council departments that provide governance and administrative support:

9.5.1. Finance Department

9.5.2. Human Capital Department

9.5.3. Chamber Secretary's Department, and

9.5.4. Town Clerks' Office.

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

Council	ZWL\$ 6.22m
CEO	ZWL\$ 3.54m
Human Resources	ZWL\$ 0.65m
Finance	ZWL\$ 3.69m
<u>Technical Services</u>	<u>ZWL\$36.32m</u>
<u>TOTAL</u>	<u>ZWL\$ 50.4m</u>

9.6.1. Sources of Funding

RCCO	ZWL\$ 29.27m
<u>Loans</u>	<u>ZWL\$ 21.16m</u>
<u>TOTAL</u>	<u>ZWL\$ 50.4m</u>

9.7. Natural Resources, Conservation and Management- ZWL\$ 0.77m: The programme has no sub programme and will be wholly funded by revenue contribution to capital outlay.

10. 2020 Revenue Budget: The proposed 2020 revenue budget is termed a responsive budget. The justification for water tariff increase is that sharp increases in the costs of inputs namely chemicals, cost of repairs, maintenance, capital charges on borrowed funds for capital works and electricity costs have been experienced. Projected cost of producing one cubic metre of water in 2020 is ZWL\$20.12 up from ZWL\$5.10 in 2019.

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

<u>Own Revenue</u>	<u>ZWL\$4 118 778 358</u>
Recurrent Expenditure	ZWL\$2 831 934 781
<u>RCCO</u>	<u>ZWL\$1 286 843 578</u>
<u>TOTAL REVENUE BUDGET</u>	<u>ZWL\$4 118 778 358</u>

10.2. Sources of Funds: Amounts in ZWL\$

Refuse collection	80.76 million
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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

11. Tariff Reviews- Water (High Density Areas)

0 >-5 cubic metres- Current- ZWL\$5.10	Proposed (01 January 2020) - ZWL\$20.00
5>-10 cubic metres- Current- ZWL\$6.00	Proposed (01 January 2020) – ZWL\$24.00
10 >-20 cubic metres- Current- ZWL\$7.00	Proposed (01 January 2020) - ZWL\$27.00
20> cubic metres- Current- ZWL\$9.00	Proposed (01 January 2020) – ZWL\$35.00

12. Clinic Fees

12.1. Adult- Current- ZWL\$25.00	Proposed (01 January 2020) – ZWL\$25.00
12.2. Child- Current- ZWL\$10.00	Proposed (01 January 2020) – ZWL\$10.00

13. Hospital Fees

13.1. Adult- Current- ZWL\$50.00	Proposed (01 January 2020) – ZWL\$50.00
13.2. Child- Current- ZWL\$25.00	Proposed (01 January 2020) – ZWL\$25.00
13.3. Caesarean- Current- ZWL\$525.00	Proposed (01 January 2020) – ZWL\$1 837.00
13.4. Maternity- Current- ZWL\$120.00	Proposed (01 January 2020) – ZWL\$120.00

14. Rented Accommodation

14.1. Glen Norah (Semi - detached- Current- ZWL\$120.00, Proposed (01 January 2020) – ZWL\$240.00
14.2. Dzivarasekwa (terraced full unit) - Current- ZWL\$100.00, Proposed (01 January 2020) – ZWL\$200.00

14.3. Kuwadzana 4 roomed DH8- Current- ZWL\$250.00, Proposed (01 January 2020) – ZWL\$500.00

15. Ambulance Fees

15.1. Normal fees- Current- ZWL\$50.00, Proposed (01 January 2020) – ZWL\$100.00

15.2. Inter Hospital- Non ventilated- Current- ZWL\$150.00, Proposed (01 January 2020) – ZWL\$200.00

15.3. Inter Hospital- Ventilated- Current- ZWL\$175.00, Proposed (01 January 2020) – ZWL\$250.00

16. Refuse Collection

16.1. Residential- High Density- Current- ZWL\$24.00 Proposed (01 January 2020) – ZWL\$28.00

16.2. Residential- Low Density - Current- ZWL\$36.00 Proposed (01 January 2020) – ZWL\$42.00

16.3. Commercial/Industrial- Current- ZWL\$72.00 Proposed (01 January 2020) – ZWL\$72.00

17. Composite Bill- High Density- Mbare

17.1. Water (5 cubic metres) - Proposed (01 January 2020) – ZWL\$100.00

17.2. Sewage- Proposed (01 January 2020) – ZWL\$ 41.00

17.3. Refuse- Proposed (01 January 2020) – ZWL\$ 28.00

17.4. Property Tax- Proposed (01 January 2020) – ZWL\$ 56.67

TOTAL **ZWL\$225.67**

18. Composite Bill- Low Density- Avondale

18.1. Water (5 cubic metre) - Proposed (01 January 2020) – ZWL\$125.00

18.2. Sewage- Proposed (01 January 2020) – ZWL\$ 91.00

18.3. Refuse- Proposed (01 January 2020) – ZWL\$ 42.00

18.4. Property Tax- Proposed (01 January 2020) – ZWL\$429.36

TOTAL **ZWL\$687.36**

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