2013 budget speech and proposals
City of Harare
October 25, 2012

Speech presented by the Chairperson, Finance and Development Committee (Councillor F. Muleya) to the Harare City Council on 25 October 2012 in submitting for approval the Capital and Revenue Estimates (Budget) for 2013 and the Capital Development Plan for 2014 to 2016.

Your Worship, Honourable Councillors, invited guests, good afternoon.

1.0. Your Worship, as the Chairperson of the Finance and Developmen Committee, I have great pleasure, honour and privilege to present, for your approval, The Capital and Revenue Estimates for 2013 and the Capital Development Plan for year 2014 to 2016.

1.1. *Introduction and Background*

Your Worship, the presentation of these estimates is consistent with section 288 of the Urban Councils Act (Chapter 29.15), which requires that before the expiry of any financial year, the Finance Committee shall draw up and present for the approval of Council, estimates in such detail as the Council may require of the income and expenditure on revenue and capital accounts of the Council for the next succeeding financial year.

Your Worship, section 1C (1) of Part five (V) of Councils Standing Resolutions: Financial Regulations reads: “In October of each year, the Finance Committee shall submit to Council:

- A summary of the draft revenue estimates as amended in terms of paragraph (6) of Regulation 1B;
- A summary of the draft capital estimates as amended or otherwise in terms of paragraph (7) of Regulation (1), together with such detail thereof as will be published in the printed estimate book after approval by Council;
- A summary of the draft capital development plan and
- Its recommendations necessary for the approval and implementation of the annual estimates and the plan”.

The presentation of the estimates is also in accordance with LOCAL GOVERNMENT CIRCULAR NUMBER 3 OF 2012, dated 8 June 2012, to all Town Clerks, Secretaries and Chief Executive Officers. The Circular urges Local Authorities to;

- Consult residents and other stakeholders;
- Comply with the Ministerial guideline of 30:70 employment cost to total recurrent budget ratio;
- Include a schedule of vital statistics;
- Integrate gender issues in the 2013 budget;
- Base the budget on the existing macro-economic fundamentals and
- Ensure that the budgets reach the Ministry by 30 November 2012.

Your Worship, Ordinarily, Councils’ budgets are prepared and presented after finalization of the National Macro- Economic and Budget Framework from which they draw key guidelines. Oddly, the tradition is now the other way round. Councils’ budgets are being presented before the National Budget.

Economic Review and Outlook

Your Worship, on Thursday 24 November 2011, the Minister of Finance, presented to Parliament, the 2012 Macro-Economic and Budget Framework. The Minister unveiled a four billion budget together with a number of measures and facilities targeted at leveraging the capacity of the country’s productive sectors.

The 2012 National Budget sought to achieve the following objectives, among others:

- To consolidate macro-economic stability;
- To promote inclusive growth with jobs;
- To facilitate capital formation through both domestic and external investment;
- To promote the stability and role of the financial sector; and
- To increase investment in the social sectors of health and education.

The 2012 National Budget Framework further projected a 9.4% growth in Gross Domestic Product (GDP) while targeting year-on-year inflation at 5% by 31 December 2012.

The Minister of Finance, again, on 18 July 2012, presented to Parliament his 2012 Mid-Year Fiscal Policy Review whose thrust was about; **"TURNING THE LONG WINTER OF DESPAIR INTO THE SUMMER OF GROWTH".** He emphasized the need to eat what we kill, and live within our means.

In the Mid-Year Fiscal Policy Review, the growth projection in the GDP was reduced from 9.4% to 5.6% and annual budget was reviewed downwards from $4 billion to $3.6 billion. Inflation was re-affirmed at 5% by 31 December, 2012..

The economy is however, projected to grow by 8.9% next year on the back of improved macro-economic conditions.

Your Worship, Your Local Authority, as an arm of government, is not immune to the effects of the above challenges and developments.

Your Worship, I will now proceed to highlight the performance of the current budget and projections to 31 December 2012 thereof.

1.3 <u>Budget Performance Projected to December 2012</u>

Your Worship, despite macro-economic challenges highlighted by the Minister of Finance in his Mid-Year Fiscal Policy Review as outlined in passing above, which in many ways have a bearing on Council's operations, your 2012 budget has, so far, fared relatively well and this performance is expected up to the end of this year.

You will recall that on 10 October 2011 your Council approved the 2012 budget amounting to US$418 million divided into US$272 million revenue, and US$146 million capital. The US$146 million capital budget was to be funded to the tune of US$116.9 million from loans, US$13 million from Revenue Contribution to Capital Outlay (RCCO), US$10 million from Public Sector Investment Programme (PSIP) and the balance from other sources.

The strategic thrust of the 2012 budget was the revamping of health delivery system, the decongestion of the Central Business District, the re-construction of failed and stressed roads such as the Arcturus Road and Mukonde Road in Mufakose among others. The 2012 budget also sought to effect some land improvements at Gazaland Commercial Centre among other places, and to attend to traffic signals and street lights.

As I have already said, the non-availability of long-term debt finance in the economy continues to frustrate efforts to raise funds by way of loans in order to finance capital projects. To date, Council has borrowed US$ 15 million to fund the purchase of twenty seven (27) additional compactors and four (4) skip trucks in order to give full effect to the ZERO LITTERING programme, and to capacitate the roads maintenance section. However, negotiations with a number of local and foreign financial institutions for long to medium-term financing of the City's water and sewerage projects are on-going, and progress thereof is encouraging.

Your Worship, US$178 million is set to be collected by 31 December 2012. The country is experiencing low capacity utilization, a high rate of unemployment and liquidity challenges whose impact is the manifestation of an increasing debtor position in the books of Council. Our debtors stood at US$250 million as at 30 September 2012 against a creditor position of US$120 million. The debtor position is cause for concern. Of the amount outstanding to creditors $65 million relate to employment costs. There is, therefore a need for a concerted effort towards reducing the amount outstanding in debtors and the payment of unnecessary employment cost.

The 2012 revenue budget is projected to perform as summarized in the table below:

Table 1: 2012 Approximate Actual results to 31 December 2012

	2012 BUDGET	PROJECTED COLLECTIONS TO DECEMBER 2012
	USD	***USD***
TOTAL INCOME:	272 million	178 million
NET EXPENDITURE	271 million	178 million
SURPLUS/(DEFICIT	1 million	0 million

Your Worship, of the US$178 million anticipated as at 31 December 2012, about fifty five percent will go towards employment costs while forty five percent will fund other projects. This position has been occasioned by the payment of arbitral awards to some members of staff arising from labour disputes. The position is set to improve in the coming year and should see more resources being channelled towards the provision of services.

Your Council continues to strive to achieve the instructive ratios set by the Minister of Local Government, Rural and Urban Development of 30:70 between employment cost to service delivery.

Your Worship, Council and other local authorities are, more or less, in the same predicament. Employment costs have notoriously defied the 30:70 prescription due, in the main, to the current economic landscape which is more suited to the utilization of human labour because of the non-availability of investment funds.

While Council continue to strive towards the achievement of the mandatory 30:70 split, it should be noted that employment costs continue to exhibit a downward trend as follows;

	2009	**2010**	**2011**	**2012**
Employment costs	96%	73%	65%	55%
Service delivery costs	4%	27%	35%	45%

Your Worship, the 45% of the US$178 million I have alluded to above has/is funding the following projects, in line with the focus of service provision:-

Health

- Completion of Kuwadzana Extension Clinic: Work commenced in July 2012 and is expected to be complete by year end.
- Completion of Budiriro Clinic: Materials have been purchased and work started in October 2012.
- Beatrice Road Infectious Disease Hospital: A new laboratory wing is under construction and will be completed before the end of the year.
- Renovation of Clinics: Renovations have so far been made to Edith Opperman, Kuwadzana Clinic, Mufakose Clinic and Rejeko Clinic while

refurbishment of Beatrice Road Hospital, Rutsanana and Mabvuku Polyclinics are in progress.

- Extension of Highlands Clinic: Construction commenced in October 2012.
- AIDS/HIV programmes: The City has taken the lead in all AIDS/HIV programmes in the country and decentralization of Anti Retroviral Therapy to all twelve (12) Polyclinics is under way.

Planning, Roads, Public Lighting and Traffic Signals

- Decongestion of the Central Business District: The City is building a commuter holding bay along Coventry Road while conversions into one way were done to South Avenue, Inez Terrace, Robert Mugabe and Robson Manyika. Other streets to be converted in 2012 include Chinhoyi Street and Leopald Takawira.
- Major road works and land improvements are taking place at Gazaland Commercial Centre while a road linking Mufakose to Crowborough Sewage Treatment Works is under construction.
- Also under reconstruction is Arcturus Road in Greendale and Mukonde Road in Mufakose while road patching throughout the City is on-going.
- To date, 80% of high mast towers are working, 40% of street lights are functional and there is 90% traffic signal availability rate in the Central Business District.

Harare Water

- Due to the age of our pipe network and failure of pressure reducing valves, the level of pipe bursts remains high. An average of 800 pipe bursts were reported and repaired during the year. Also several kilometers of pipes were replaced during the year under review.
- Construction of Dzivaresekwa pumpstation is in progress and the project will be commissioned soon.
- Replacement of non-functional water meters is in progress in all areas. So far a total of forty thousand (40 000) meters were procured and 8000 have already been installed.

- In the Waste Water section the following works were done:-

  - Chadcombe sewer upgrading and diversion in progress.
  - Chisipite pumping main construction is in progress.
  - Highlands sewer upgrade was done and completed.
  - Crowborough outflow sewer line which had collapsed was repaired.
  - Rehabilitation of Firle and Crowborough treatment works continued throughout the year. Firle is now treating 90 megalitgres per day. The design capacity of the plant is 144 megalitres per day.

Your Worship, in order to maintain and sustain what has been achieved by the 2012 budget, it is imperative that the 2013 budget reflects a service delivery thrust that is guided by the City's 2025 Vision buttressed by the Results Based Management philosophy, the Millennium Development goals and the Gender Mainstreaming initiatives.

2. AS THE CHAIRPERSON OF THE FINANCE AND DEVELOPMENT COMMITTEE, YOUR WORSHIP, IT IS MY SINGULAR HONOUR AND PRIVILEGE TO NOW PRESENT, FOR YOUR APPROVAL, THE REVENUE AND CAPITAL ESTIMATES FOR 2013

Your Worship, on 18 June 2012, you launched the Council's VISION 2025. The Council's 2013 budget will be a step in attaining this Vision. The Results Based Budgeting, which underpinned the preparation of this budget, and Gender Sensitive initiatives incorporated in the Budget are some of the instruments to be used in the attainment of the Vision 2025.

In line with the central government's programmes, the 2013 budget will also embrace **MILLENNIUM DEVELOPMENT GOALS** number one, three and six which essentially aim to;

- Eradicate extreme poverty and hunger;
- Promote gender equality and empower women and to
- Combat HIV/AIDS, Malaria and other diseases.

Consistent with the Local Government Circular No. 3 of 2012 and the need to foster a sense of ownership of the budget by ratepayers and other stakeholders, Council embarked, from 4 September 2012 to 24 September 2012, on pre 2013 budget consultative meetings with residents and other stakeholders including the media, residents' representatives and the business community.

Your Worship, I am pleased to advise that representations and contributions thereof, where fairly constructive and, in most cases, fitted well with Council's 2025 vision, the gender mainstreaming initiatives, the millennium development goals, as well as the Results Based Budgeting objectives, and to the extent possible, the concerns of the residents have been accommodated in the 2013 budget.

2.1 **Results Based Budgeting**

Your Worship, Results Based Management is a contemporary management philosophy and approach that emphasizes development results in planning, implementation, monitoring and evaluation. Results Based Management is about improved performance that can be described and measured and incorporates lessons learnt while making necessary adjustments during implementation. RBM aims to clarify the purpose of a programme, project or any work early on and therefore the expected results (outputs, outcomes and impacts)

Results Based Budgeting, as a component of Results Based Management, moves away from traditional line item budgeting to programmes or projects budgeting. Results Based Budgeting starts with results valued by citizens (outcomes) and minimizes efforts and the deployment of resources that does not produce meaningful outcomes and impacts.

Your Worship, in preparation for the adoption and implementation of the Results Based Budgeting Model, officials from the Office of the President and Cabinet conducted two high profile workshops, in Kariba and Kadoma where Council's top management teams were taught the concepts of Results Based Management . Proceedings at the two meetings inculcated, in management, a fair sense of appreciation of the benefits associated with the application of the Results Based Management Systems and training of other members of staff on the dynamics of the Results Based Management Concepts is expected to take place before year end. The officials from the President's Office and Cabinet have also held a workshop in Nyanga with Councillors and Heads of Departments where the Results Based Management doctrine was further expounded.

Your Worship, with Results Based Budgeting, we are planning for results, budgeting for results, implementing for results, monitoring for results and evaluating results.

2.2 **Gender Mainstreaming**

Your Worship, Zimbabwe is party to a number of conventions and declarations on gender. The Protocols include the SADC Protocol on Gender and Development, The SADC Protocol on Culture, Information and Sport,(Article 9), The Beijing Declaration and Platform for the Action of the Fourth World Conference, The Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), and the AU Protocol on Gender amongst others.

The protocols enjoin Zimbabwe to commit to the achievement of gender equality and to empower women.

Admittedly, the City has a lot to do in order to address the current gender imbalances.

Notably, out of a full complement of fifty seven (57) councillors, only four (4) are women and none of them is a chair-person of a committee. One female director out of ten directors shows how far behind the City is in meeting the SADC deadline. There is, a need to gradually address the imbalances that exist.

In an attempt towards this gradual process, Council recently put in place a gender management structure comprising gender focal persons representing departments and an overall gender focal person for the City. In addition, following a workshop on Gender mainstreaming held in Kadoma from 23 July to 24 July 2012, Council moved with speed and approved the its Gender Policy and the gesture to appoint women as tipper operators is a step in the right direction by the City.

Significantly, and to complement the above measures, the City runs women empowerment programmes at its forty (40) community centres throughout Harare. Activities such as sewing, dress-making, catering, interior décor and market-gardening are core activities at these centres. Leading community centres in the empowerment of women are Kuwadzana Holland Farm House, Extension D: Mabvuku, Area A: Mufakose, Dzivaresekwa 3 Community Centre and Tafara Community Centre.

2.3 Vision 2025: City of Harare

Your Worship, you will recall that on Monday 18 June 2012 you led the workforce of the City to the City Sports Centre where you launched the landmark vision of the City, ***THE VISION 2025***. It is indeed a strategic plan that seeks to propel the City towards the re-discovery of the lost sunshine status and is underpinned by:

- Human capital reforms as the key pillars for transformation;
- Results Based Management doctrine as highlighted earlier on in my speech;
- Information technology/ ICT transformation as a change management tool;
- Single minded focus on service delivery with the provision of affordable and decent social housing and facilities, adequate health facilities, clean water available everywhere in greater Harare, zero litter, well maintained road network and a beautiful environment;
- Re-branding of the City through key stakeholder participation and aggressive communication as well as a
- Corporate approach in the administration Council operations by all concerned.

Your Worship, the achievement of the envisioned future is essentially in four phases.

Phase 1: (2012 to 2013). It's time for creating a shared vision. It's also time for putting in place a flat and responsive organisation to drive the vision. It's time to implement best practices to work towards the envisioned future, and it's time to introduce Results Based Management.

Phase 2: (2014 to 2015). It's time to create an integrated communication system to communicate with all our stakeholders. It's time to fully capacitate a service delivery organization. It's time to have zero litter and a responsive brandy.

Phase 3: (2016 to 2019). It's time to delight customers/stakeholders with high quality service delivery. It's time to have a sustainable, livable, environmentally friendly city. It's time to have a well-run and well governed city.

Phase 4: (2020 to 2025) It's the new dawn when Harare becomes a World Class City.

Your Worship, it is possible if we all believe, and remain upbeat that we can do it. YES WE CAN!!

3. 2013 REVENUE BUDGET

Your Worship, on 23 October 2012, the Finance Committee considered and approved the 2013 Draft Revenue Estimates and resolved to recommend the same to Council for further consideration, approval and adoption.

In summary, Income and Expenditure for the year 2013 Revenue Budget is as follows:

INCOME	***US$291.0 million***
EXPENDITURE	***US$287.0 million***
SURPLUS	***US$4.0 million***

Your Worship, the above projected total income of **US$291.0** million will come from;

Source	**Amount**
Property Tax(domestic/industrial/commercial	107.0 million
Refuse collection	23.0 million
Welfare	0.7 million
Zinara and Billboards	5.0 million
City Architect	3.8 million
Clamping and Towing	5.5 million
Health Fees	10.0 million
Housing: Rentals, Leases and Markets	11.3 million
Harare Water	117.0 million
Parks and Cemetaries	0.8 million
Metropolitan Police	2.0 million
Education	1.3 million
Estates	2.0 million
Other	2.0 million
TOTAL	**291 MILLION**

Your Worship, the expenditure I have alluded to above amounting to US$288 million is made up of salaries and allowances (39.91%), administration charges (13.07%), general expenditure (31.23%), repairs and maintenance (8%), capital charges (2.37%) and finally revenue contribution to capital outlay (5.42%).

Your Worship, it is Council's intention to raise the projected amount of US$289 million required to finance the envisaged 2013 annual expenditure totaling US$288 million without increasing tariffs, charges and fees for the third year running.

In other words, your Council is proposing that the 2013 budget be a standstill budget once more. It is Council's intention to continue to widen the current revenue base by including all rateable properties not yet on the valuation roll and ensuring that the bulk of treated water reaches the intended consumers. Council is in the process of putting up plans to intensify pipe and meter replacement programmes in order to contain the current water leakages and illegal water consumptions. Pressure reducing values are currently being installed to minimise incidences of burst pipes as a result of unregulated pressure.

The following incorporated areas which are or will soon enjoy municipal services will be billed in the new year after the necessary data is received from Central Government:

Sally Mugabe Heights	Stoneridge Park
Southly Park	Zambezi Flats
Whitecliffe	Willowvale Flats
Ushewokunze	Hopley

I now turn to the projected 2013 performance of the various sectors to which the Revenue Budget is divided into:

3.2.1. Amenities Account

Your Worship, the procurement, in 2010, of twenty refuse compactors, six (6) tippers, two (2) front-end loaders amongst a host of other refuse collection equipment served as a springboard from which the City launched its zero litter project. In order to give full effect to the programme, Council is in the process of acquiring twenty seven (27) additional refuse compactors and four skip trucks. The target is to fully service industry and commerce and to have a vehicle dedicated to each of the forty six wards with five or so on standby.

In the outlook period, the sector is envisaged to post a token operating surplus of thirty three thousand dollars (US$33 000) and there are no tariff adjustment proposals in the year under review.

The tariff structure indicated below will obtain in 2013.

Once a week Collection (Area)	**Existing 1/01/12**	**Proposed 1/01/13**
	USD	USD
Residential: H.D.A.	6.5	6.5
Residential: L.D.A	9.5	9.5
Comm/Industrial/medical	16	16

Commercial and Industrial

Frequency per week of Collection	**Existing 1/01/12**	**Proposed 1/01/13**
1	16.00	16.00
2	11.00	11.00
3	10.50	10.50
4	10.00	10.00
5	9.50	9.50
6	9.00	9.00
7	8.50	8.50

3.2.2. *Harare Quarry*

Your Worship, there is a need to recapitalize the Quarry to enable it to operate viably and to that end, US$ 5 million has been provided in the 2013 capital budget. In the event that Council finds a partner to refurbish the quarry, the US$5 million provided in the 2013 budget will not be utilized.

3.3.3 Town Clerks' Central Administration

The Town Clerk's Central administration has a budget deficit of US$1.8 million driven mainly by the civic and administrative functions associated with the office of the Town Clerk. The deficit will be funded from Rates income.

3.3.4. Corporate Services

Your Worship, Corporate Services which is the administrative hub of Council has a budget deficit of US$6 million and the expenditure is driven largely by printing and stationery, foodstuffs, transport, conferences and other sundry materials. The deficit will again, be transferred to Rate Account.

3.3.5. *Harare Metropolitan Police, Emergency Services and Traffic Enforcement*

Your Worship, Harare Metropolitan Police and Emergency Services and Traffic enforcement have a combined projected deficit of US$13 million while fees and charges in 2013 are recommended as follows

Service	Existing	Proposed US$ 1/01/13
Ambulance fees	US$ 20	US$20
Inter Hospital-non ventilated	US$ 30	US$30
ventilated	US$35	US$ 35

The projected deficit of US$13 million will be funded from rate income.

3.3.6 *Supply Chain*

The Supply Chain Division consists of six (6) stores and is responsible for the administration of contracts and the purchase of goods and services, including fuel, for use by other departments. The sector's only source of income is the weighbridge and a bit of scrape sales hence the deficit of US$0.9 million, that will be funded from rates income.

3.3.7 *City Valuation and Estates Management (CVEM)*

Your Worship, the Estate Account operates like a revolving fund and is responsible for the acquisition, administration and disposal of Council land. As you are aware, Council has run out of land and as a result, the sector has, of late, not been as active as it should be. However, Council is grateful to the central government for availing to it , a number of farms surrounding the City for incorporation into the Greater Harare Master Plan. Meanwhile the sector is projected to realize a deficit of US$1.5 million that will be absorbed by the Rate Account.

3.3.8 *Revenue Collection Sector*

The core responsibilities of the Revenue Collection Sector are billing, revenue collection and other activities incidental to billing and collection of City revenue. The deficit for this sector in 2013 is projected at US$6.9 million, and as this sector does not generate its own income, the deficit will be funded from the Rates income.

3.3.9 *Parks and Cemeteries Sector*

Your Worship, Council has plans to develop new burial sites and to refurbish its cremation facilities and to that end, US$ 150 000 and US$80 000 have been set aside for the purpose in the 2013 budget. Cremation and burial fees will remain static in 2013 and are proposed as follows:

Cremation & Burial Charges

	Existing	Proposed 01/01/13
Cremation Charges	200 US$	200 US$
Burial Area 'B'	75 US$	75 US$
Burial Area 'A'	100 US$	100 US$
Burial Area 'A+'	175 US$	175 US$

3.3.10 Harare Workshops

The Harare Workshops sector is essentially tasked with the repairs and maintenance of plant, machinery and vehicles belonging to various departments. The sector is projected to realize a deficit of US$4.1 million which will be charged out to Operations account and ultimately, to rate account.

3.3.11 Property Development Sector

The Property Development Section (formerly Nenyere) is responsible for the general maintenance of all Council buildings and has under its banner the electrical section, the building section, the carpentry section, the plumbing section, the painting section and the construction section. The sector will be adequately capacitated in 2013 in order to enable it to maintain Council property requiring repairs and maintenance. The sector is anticipating a deficit of US$2.9 million that will be charged out to Operations Account.

3.3.12 Roads; Public Lighting Sector

Your Worship, you may want to be reminded that since the transfer of vehicle licensing to ZIMPOST, road maintenance programmes continue to suffer from the negative impact of this development. To date, ZINARA has disbursed a total amount of US$2 million against a conservative, annual expectation of US$10 million in year 2012.

The Roads and Public Lighting sector anticipates a deficit amounting to US$30.7 million which is largely driven by repairs and maintenance of roads, street lights and related equipment. The deficit will be transferred to the Rate account.

3.3.13 Hillside Nursery and Chalets

Your Worship, chalets at Cleveland Dam are now open to the public while Hillside Nursery has reverted to its core business of producing plants. Work at Coronation Park is at an advanced stage and the Park is expected to open soon under a Joint Venture arrangement. The sector is projected to realize a deficit amounting to US$80 000 to be transferred to Rate Account.

3.3.14 Farming Business

Your Worship, farms have now been incorporated into the Harare Water Account and will, going forward, be reported on as part of Harare Water

3.3.15 Engineering Admin, Urban Planning Admin and City Architect

Your Worship, the above central administration sectors formerly known, collectively as the Department of Works, because of the nature of their operations, generate very little revenue. Collectively, they are projected to realize a deficit of US$7.4 million to be transferred to Rate Account.

3.3.16 Harare Water

Your Worship, the need to plug water leakages in the water distribution system cannot be over-emphasized. A huge number of residents are consuming water freely and the rate at which water debtors are growing requires that the City remains committed to the installation of prepaid meters. A sum of US$1.3 million has been set aside for the procurement of water meters in 2013 capital budget.

Furthermore, efforts to stop the discharge of untreated sewer into our main water sources are being made hence an amount of $8.5 million was set aside for the purpose.

However, water tariffs will be maintained at previous year levels as follows:

	Existing	Proposed 1/01/13
	US$	US$
Fixed charge: water-domestic HAD	5	5
: water-domestic LDA	11	11
: water-Industrial/Commercial	80	80
HDA:1-20 cubic meters	.25	.25
:21-30 cubic meters	.50	.50
:31-50 cubic meters	.75	.75
:51-100 cubic meters	1.00	1.00
:more than 100 cubic meters	2.00	2.00
LDA:1-20 cubic meters	.40	.40
:21-30 cubic meters	.80	.80
:31-50 cubic meters	1.00	1.00
:51-100 cubic meters	1.50	1.50
:above 100 cubic meters	2.00	2.00
Industrial/ Commercial: 1-100 cm	.80	.80
: above 100 cm	1.20	1.20
Sewer charges per fitment: HDA	5	5
: LDA	11	11
: Commercial	15	15

In addition to the installation of prepaid water meters, 2013 will see the inception of a programme for the gradual replacement of the network of old pipes which have contributed significantly to non-revenue water through leakages and bursts. 2013 will also see a programme to install pressure reducing valves to minimise the occurrences of bursts.

4. Rate and General Services Account (Central Administration)

4.1. Health Central Administration

Increased expenditure on the City Health Account is mainly attributable to salaries, allowances, and the absence of support from the Government in spite of the 1976 Public Health Agreement whereby the government undertook to fund 50% of the recurrent expenditure on clinics and infectious disease hospitals as well contributing 50% on the capital costs incurred in any financial year.

The City Health account is projected to realize a deficit of US$20.7 million to be funded from rates. This calls on the City Health Department to be conscious of this huge deficit, the non-receipt of Government grants, the need to maintain sustainable employment levels and for all within the Department to give value for money.

Clinic and hospital fees are proposed as follows:

	Existing	Proposed 1/01/13
Clinic Fees		
Adult	US$ 5	US$ 5
Child	US$ 3	US$ 3
Hospital Fees		
Adult	US$10	US$10
Child	US$ 5	US$ 5
Maternity Fee	US$25	US$25

4.2. Housing Head Office, General and Markets

Your Worship, the Housing and Markets Account is projected to realize a deficit amounting to US$ 2 million in the 2013 budget. The deficit is largely accounted for by the sprucing up of our halls, stadia, libraries, swimming pools, play grounds and other social centres which, as I have said earlier, are in need of repairs and maintenance.

The following representative monthly rentals will be extended to December 2013.

Monthly Rents Payable - Cross Section

	Existing US$	Proposed 01/01/13
Glen Norah semi detached	29	29
Dzivaresekwa-Terraced full unit	23	23
Kuwadzana Four Roomed DH8	86	86

4.3. Welfare and Social Services

Your Worship, insignificant income accrues to this sector hence the transfer of a deficit of US$3 million to Rate Account.

.

4.4. Primary Schools, Creches & Libraries

Your Worship, your Council has taken over the running of Council Schools from SDAs and it is now responsible for the payment of salaries for certain staff and running costs of the schools. The sector is projected to realize a deficit of US$ 1 million to be transferred to Rate Account.

4.5. *Property Taxes*

Your Worship, as stated earlier on, the RATE ACCOUNT absorbs deficits generated by all non income generating sectors such as Harare Quarry, Property Development Unit, Town Clerk’s Department and City Health Department to mention but a few. The overall deficit to be absorbed by the rate account amounts to US$ 101 million. Concerted efforts will be made to take on board all new properties that are not currently on the General Valuation Roll and to that end, Council will need to capacitate the City Valuation Division. The above, coupled with the implementation of the 2008 General Valuation Roll and the billing of all incorporated areas, where possible will widen the revenue base.

Below is a cross section of bills in 2013 financial year:-

CROSS Section of Bills (excluding VAT)

AREA	***CHARGE IN US $***
High density	***Property Tax 6.0*** ***Refuse <u>6.5</u>*** ***Total <u>12.5</u>***
Mabelreign	***Property Tax 16.0*** ***Refuse <u>9.5</u>*** ***Total <u>25.5</u>***
Folyjon Crescent	***Property Tax 32.0*** ***Refuse <u>9.5</u>*** ***Total <u>41.5</u>***
Olivine industries	***Property Tax 1 939*** ***Refuse /bin /month 15.0*** ***Railway siding <u>109</u>*** ***Total <u>2 063</u>***
Reserve Bank	***Property Tax 12 018*** ***Refuse /bin /month 630*** ***Total <u>12 648</u>***
Joina Centre	***Property Tax 8 739*** ***Refuse /bin /month 300*** ***Total <u>9 039</u>***

5. <u>2013 CAPITAL ESTIMATES AND CAPITAL DEVELOPMENT PLAN</u>

Your Worship, a tripartite meeting of the Finance Committee, the Education, Health, Housing and Community Services Committee and the Environmental Management Committee considered and approved capital estimates and capital development plans falling within their purview, and recommended that they be incorporated, for subsequent approval by your Council, into the consolidated 2013 Draft Estimates and Capital Development Plan 2014-2016.

The Capital bids for all sectors within the purview of the Finance Committee amounts to **US$8.2 million.**

The Capital bids for all sectors within the purview of the Education, Health, Housing and Community Services Committee amounts to **US$3.2 million**.

The Capital bids for all sectors within the purview of the Environmental Management Committee amounts to **US$67 million**.

The 2013 capital budget amounting to **$US78.4 million** is now before you for your approval and adoption.

6. ***GENERAL CONSIDERATIONS***

Your Worship, allow me to comment on pertinent issues related to this budget.

6.1 **ICT Development**

For some time now, we have been very long on intent but very short on delivery on our ICT programmes. The need to fully computerize the operations of Council can not be over-emphasized and it is indeed my hope, that come next year, around this time, the status of the computerization of the City's operations very different from what it is today.

6.2 **Finalization of Outstanding Financia l Statements**

Significant progress has been made towards the finalization of year-end financial statements in spite of a severe shortage of accounting staff in the Treasury Department. The lack of ICT connectivity has also contributed to the delays so far experienced. Despite these challenges, the 2010 financial statements have been finalised and work on the 2011 has started in earnest.

6.3 **The Business Strategic Unity**

The Business Strategic Unity has been in place for some time now, and its mandate is to come up with viable business propositions that generate additional revenue to supplement property taxes and other income streams. To date, not much has been realized from the operations of the Strategic Business Unity.

7. ***RECOMMENDATIONS***

It is recommended as follows;

- § That Council approves the 2013 budget as recommended by the Committees of Council.
- § That Council further approves rates per unit applicable to the current General Valuation Roll.
- § That discretionary tariffs be reviewed as and when necessary.
- § That all Heads of Department adhere strictly to their budget allocations and make extra effort to achieve economies wherever possible.
- § That in order to continually improve on Council's cash flow management, projects be implemented only when physical funds are available.
- § That overtime be restricted and departments submit monthly returns giving amount paid in overtime to the Finance Committee and Human Resources and General Purpose Committee.
- § That the City Valuer and the Estates Manager (CVEM) must bring all new properties onto the General Valuation Roll.
- § That it be noted that only items in the approved budget will be approved for acquisition and payment.

8. ***CONCLUSION***

I wish to conclude your Worship by acknowledging the following:

- Your Worship, following your appointment, by the United Nations Human Settlement Programme, to the UN-Habitat Advisory Group on Gender Issues (AGGI), allow me, on behalf of the residents of Harare, the Councillors, the Town Clerk and his staff, to congratulate you. It is an honour well deserved. I am aware that the appointment comes on the heels of previous appointments to UN Advisory Committee on Local AUTHORITIES (UNACLA) since January 2010, in addition to your being Co- President, representing Africa on the United Cities and Local Government (UCLG) since November 2010.
- My fellow Councillors for deliberating on this budget and giving guidance in its preparation.

- The Heads of Departments and their staff who were involved in the preparation of this budget.
- My special appreciation to the City Treasurer and his staff, who were involved in the preparation of this budget.

I now have the pleasure, Your Worship, in asking Council to approve the 2013 CAPITAL AND REVENUE ESTIMATES before you.

I THANK YOU: GOD BLESS THE CITY OF HARARE