

# **2014 BUDGET SPEECH** **AND PROPOSALS** **FOR** **CITY OF HARARE**

**BARRED FROM RELEASE TO ALL NEWS MEDIA  
UNTIL 4.30 PM, FRIDAY 8 NOVEMBER 2013.**

**SPEECH PRESENTED BY THE CHAIRPERSON, FINANCE AND  
DEVELOPMENT COMMITTEE (COUNCILLOR A.N. MARKHAM) TO  
THE HARARE CITY COUNCIL ON 8 NOVEMBER 2013 IN  
SUBMITTING FOR APPROVAL THE CAPITAL AND REVENUE  
ESTIMATES (BUDGET) FOR 2014 AND THE CAPITAL  
DEVELOPMENT PLAN FOR 2015 TO 2017**

**YOUR WORSHIP, FELLOW COUNCILLORS, AND INVITED  
GUESTS:..... GOOD AFTERNOON.**

1.0. Your Worship, as the Chairperson of the Finance and Development Committee, I have great pleasure, and privilege to present, for your approval, The Capital and Revenue Estimates for 2014 and the Capital Development Plan for year 2015 to 2017.

### 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 (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 guidelines contained in circular number 3 of 2012 shall perpetually stand for the preparation of all future budgets until Councils are advised otherwise by the Ministry of Local Government,

Public Works and National Housing.

Your Worship, before I present the 2014 Council budget, allow me to apprise you of the performance of the current budget, the 2013 budget.

### **1.2 Budget Performance Projected to December 2013**

On 25 October 2012, the then Chairperson of the Finance and Development Committee, Councilor F. Muleya presented to this august house, a three hundred and seventy million budget (US\$370 000 000.00), comprising seventy nine million (US\$79 000 000.00) capital budget and two hundred and ninety one million (US\$291 000 000.00) revenue budget. The 2013 budget is anchored by the City's vision, of a Results Based Management philosophy, the Gender Mainstreaming Initiatives, and the Millennium Development Goals.

Your Worship, the 2013 budget sought to finance the following broad programmes:

- Zero litter programmes
- Refurbishment of public toilets
- Social infrastructure rehabilitation: playgrounds, halls, swimming pools and libraries
- Completion of polyclinics
- Construction of ramps where required including Town House
- Road maintenance: street lighting, traffic signals, pothole patching, quarry resuscitation and one way street

conversions

- Construction of commuter holding bays
- Water pipe replacement to reduce non-revenue water
- Connectivity: wide area network and local area network
- Purchase of fifteen additional ambulances
- Purchase of generators for District Offices
- Procurement of additional computers and to equip cash collection points
- Decentralization of Anti Retroviral Therapy programmes
- Payment of operating expenditure including salaries and allowances, general expenses such as fuel, water chemicals and electricity, repairs and maintenance and capital charges.

Your Worship, I am pleased to advise that, as envisaged in the 2013 budget, the City has acquired twenty seven additional refuse compactors and four (4) skip trucks, bringing the total number of new refuse compactors to forty seven thus ensuring that there is a refuse compactor for every ward. Every effort will now be made to ensure that the supply of fuel to the refuse collection fleet remains consistent in order to enhance the ZERO LITTERING programme.

Further effort will also be made to ensure that the acquired assets are properly managed.

The state of the public toilets throughout the city has been unacceptable and the 2013 provided for the refurbishment and operating of all public toilets. As at 30 September 2013, 98 out of 115 public toilets were

accessible to the public and efforts to render the remaining 17 public toilets usable by December 2013 are in progress. However, vandalism of public property including public toilets remains high and are a cause for concern.

Maintenance of social infrastructure was given prominence in the 2013 budget and it is pleasing to note that most public halls in the City has so far received some attention. Playgrounds, swimming pools and libraries were also attended to this year but more work still needs to be done.

Your Worship, Kuwadzana Extension clinic is now open and serving the community while the Budiriro clinic is set to open in two weeks' time as planned in the 2013 budget. Construction of ramps at all deserving clinics and other Council public premises including the Town House will commence soon. Designs and bills of quantities for the Town House ramp are now in place.

I am further pleased to advise that the administering of the Anti Retroviral Therapy has now been decentralized to the 12 Polyclinics throughout the City while related drugs are also being dispensed at all Council clinics.

Your Worship, most roads throughout the City remain dark at night including the City centre. Street lighting programmes were confined to the repair and maintenance of the existing street lights during the year under review. However, it is envisaged that fifty (50) vandalised high mast towers will be rehabilitated while another fifty (50) high mass towers will be installed in the high density suburbs next year. Programmed maintenance on all one hundred and eighty six (186)

signalized junctions is ongoing but the 2014 budget provides for the upgrading of all signalized junctions and five million dollars (US\$5 000 000) has been set aside for the purpose, including the installation and commissioning of the Traffic Management System.

In an effort to decongest the Central Business District, the City converted a number of streets and roads into one-way streets while the construction of a holding bay at number 1 Coventry road is now 95% complete.

Your Worship, it is projected that US\$156 million will be collected by 31 December 2013. 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\$212 million as at 30 September 2013 against a creditor position of US\$174 million. Of the US\$174 million owed to creditors, \$100 million relate to employment costs in the form of statutory deductions.

Your Worship, of the US\$156 million anticipated as at 31 December 2013, it is projected that about forty eight percent will go towards employment costs while fifty two percent will fund other projects and programmes.

Your Council continues to strive towards the attainment of the prescribed ratios set by the Minister of Local Government, Public Works and National Housing of 30:70 employment cost to total recurrent budget ratio.

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 affordable investment funds for enhanced mechanization.

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Employment costs</b>	<b>96%</b>	<b>73%</b>	<b>65%</b>	<b>55%</b>	<b>48%</b>

2. ***AS THE CHAIRPERSON OF THE FINANCE AND DEVELOPMENT COMMITTEE, YOUR WORSHIP, IT IS MY SINGULAR HONOUR AND PRIVILEGE TO NOW PRESENT, FOR COUNCIL APPROVAL, THE REVENUE AND CAPITAL ESTIMATES FOR 2014***

Your Worship, the 2014 Budget marks the onset of programmes aimed at addressing the perennial water and sanitation challenges throughout the metropolis. Harare obtains its raw water from Harava, Seke, Chivero and Manyame dam. Morton Jaffray and Prince Edward treatment works have a combined installed capacity of 704 mega litres per day. Some clarifiers and filters at the treatment works are currently not operational and this reduces the water throughput. Out of 14 pumps at Morton Jaffray, only 7 are available at any point in time resulting in reduced pumping capacity.

About 30% of water produced at our treatment works is lost through leakages due to the age of the network. Harare has a water pipe supply network of about 6 000 kilometers in length.

The Harare water again, experiences high commercial losses due, in the main, to illegal connections, faulty metering and general water thefts. Commercial losses are currently estimated at 30% thus bringing non revenue water to 60%.

Furthermore, the City operates 5 sewage treatment works with a total installed capacity of 219 mega litres a day, but are currently treating 72 mega litres per day due to frequent breakdowns.

Your Worship, in order to address the above challenges, your Council has secured a loan amounting to US\$144 000 000 from the Exim bank of

China. The loan will be used to rehabilitate Morton Jaffray and Prince Edward treatment works, Firle and Crowborough sewage treatment works, procurement and installation of clear water pumps at Warren Control, Alexandra Park, Letombo, and the supply of Information Communication Technology (ICT).

The City further targets to substantially reduce non revenue water by revamping both the water and sewer pipe network in tandem with the installation of pressure reducing valves. Zone valves will also be installed in order to enhance water distribution and management.

Your Worship, rehabilitation of sewage treatment works such as Firle and Crowborough is ongoing under the African Development Bank facility and the advent of the loan from the Exim bank of China will see more works being carried out at the treatment works.

Water treatment chemicals cost about \$3 million per month. The Department of Water and Sanitation targets to reduce such monthly cost by 40% and pursuant to this, the possibility of substituting some of the water treatment chemicals is being explored.

A number of cost cutting and revenue enhancing measures will be instituted in the ensuing year including cleaning the database, increasing the customer base, improving metering and equipping the pumps at various water pumping stations with soft starters in order to reduce power consumption which currently stands at US\$1 200 000 per month.

Your Worship, as stated above, the rehabilitation of Morton Jaffray and Prince Edward water works, Firle and Crowborough sewage treatment works alongside the procurement and installation of clear water pumps at

Warren Control, Alexandra Park, Letombo, and the supply of Information Communication Technology (ICT) equipment funded by the Chinese loan, will ultimately increase water production from the current 450 to 650 mega litres per day, and reduce non revenue water to below 35%. Wastewater treatment will be expected to go up from 72 to 219 mega litres per day with corresponding reduction in the cost of water treatment chemicals.

Your Worship, the 2014 budget provides for the total capacitation of the road maintenance sections in the department of Engineering Services by putting into place fully capacitated zonal teams and in that regard, over \$50 million will be required in the budget year. Zimbabwe National Road Authority (ZINARA) will be approached to contribute substantially towards the envisaged programme.

Your Worship, the City has approximately 4 000 kilometers of mostly surfaced roads which are in a very poor state due to lack of timely maintenance. You are most probably aware that vehicle license fees are ordinarily used to fund road maintenance programmes, however, funds coming to the City from ZINARA by way of vehicle license fees have progressively gone down to a point where, in the current year, year 2013, the City is yet to receive the first instalment of its allocation. The City indeed received a pothole patcher from ZINARA worth \$550 000 and other materials valued at approximately \$200 000 but the disbursements remain a far cry from what the City expects from the Authority if the vehicle population in Harare is anything to go by.

Your Worship, the wide and local area networks linking all our district offices, hospitals, clinics and other cash collection points to the main server at Rowan Martin Building will be installed between 2014 and 2015 and US\$2 500 000 million has been set aside for the project.

In order to give full effect to zero littering programmes, the Amenities Department will be adequately resourced in terms of fuel allocation and again, \$2 000 000 million has been set aside towards ensuring the success of the zero litter programme.

You may also want to be advised that your Council will, in the ensuing year, passionately pursue the computerization project and has again allocated two million to the project, in particular, the wide area network and the local area network.

The 2014 budget is therefore anchored on the supply of water, the repair and maintenance of roads, the collection of refuse, systems connectivity and the uncompleted 2013 projects and programmes.

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 21 to 28 October 2013, on pre 2014 budget consultative meetings.

Your Worship, I am pleased to advise that representations and contributions thereof, were fairly constructive, fitted mostly with Council's thrust to deal with challenges associated with the supply of water, refuse collection, road maintenance and systems connectivity.

### 3. **2014 REVENUE BUDGET**

Your Worship, on 5 November 2013, the Finance Committee considered and approved the 2014 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 2014 Revenue Budget is as follows:

<b>INCOME</b>	<b>US\$274.6 million</b>
<b>EXPENDITURE</b>	<b>US\$273.7 million</b>
<b>SURPLUS</b>	<b>US\$0.9 million</b>

Your Worship, the above projected total income amounting **US\$274.6** million will come from the following income streams:

<b>Source</b>	<b>Amount</b>
	Million
Property Tax(domestic/industrial/commercial)	102.0
Refuse collection	23.3
Welfare	0.6
Zinara and Billboards	4.0
City Architect	3.6
Clamping and Towing	5.4
Health Fees	9.9
Housing: Rentals, Leases and Markets	11.0
Harare Water	108.0
Parks and Cemeteries	0.8
Metropolitan Police	1.6
Education	0.8
Estates	2.7
Other	0.8
<b>TOTAL</b>	<b>274.6</b>

Your Worship, the expenditure I have alluded to above amounting to US\$273.7 million is made up of salaries and allowances (48%),

administration charges (8%), general expenditure (28%), repairs and maintenance (9%), capital charges (4%) and finally revenue contribution to capital outlay (3%).

It is Council's intention to raise the projected amount of US\$274.6 million required to finance the envisaged 2014 annual expenditure totaling US\$273.7 million without increasing tariffs, charges and fees for the fourth year running.

In other words, your Council is proposing that the 2014 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.

Furthermore, it is Council's intention to work towards the eradication of any existing operational inefficiencies that could be embedded in our current systems, processes and procedures rather than resort to tariff increases.

Your Worship, it is further proposed in this budget that some tariffs and charges be reviewed downwards as well. Tariff reductions are therefore proposed as follows:

	Existing	Proposed
	US\$	US\$
Fixed charge: Water domestic HDA	5	4
Fixed charge: Water domestic LDA	11	9
Fixed charge: Water-Industrial/Commercial	80	50
Sewer charges per fitment: HDA	5	4

Sewer charges per fitment: LDA	11	9
Sewer charges per fitment: Industrial/Comm.	15	13

Further tariff reductions are proposed for the markets as follows:

	Existing	Proposed
	US\$	US\$
Mupedzanhamo flee market (A)	80	60
Mupedzanhamo flee market (B)	65	45
Mupedzanhamo curios stands	25	15
Mbare wholesale market	35	25
Mbare old wholesale market	30	20
Overnight guarded car parks (per m2)	0.18	0.10
Grinding mills: On Council land	80	60
Grinding mills: On Private land	60	50
Arts & Craft (open space)	20	15
Mukuvisi business units	75	63
Food courts: Mukuvisi	75	50
Home industries (per m2)	0.26	0.10
Glen View factory shells	75	63
Glen View food courts	75	50
Marlborough home industry (per m2)	100	90
Chicken co-ops	25	17

Your Worship, at pre-budget meetings held from 21 to 28 October 2013, residents complained about certain tariffs that were high, hence the reduction of tariffs and charges proposed above. We have taken note of the debilitating “start up” costs faced by our home industries, and for similar considerations we feel we should reduce market fees.

**I now turn to the projected 2014 performance of the various sectors which the Revenue Budget is divided into:**

### 3.2.1. **Amenities Account**

Your Worship, the procurement, in 2010 and 2013, of 47 refuse compactors, 6 tippers, 4 skip trucks, 2 front-end loaders amongst a host of other refuse collection equipment bodes well with our zero littering project. Council now targets to fully service industry and commerce, and to have a vehicle dedicated to each of the 46 wards, with five or so on standby. A total of US\$1 500 000 million has been set aside for the purchase of fuel for refuse collection programmes. However, in the outlook period, the sector is expected to post a moderate operating surplus of US\$443 000 and there are no tariff adjustment proposals in the year under review.

The tariff structure indicated below will obtain in 2014.

<b>Once a week Collection (Area)</b>	<b>Existing</b>	<b>Proposed 1/01/14</b>
	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**

<b>Frequency per week of Collection</b>	<b>Existing</b>	<b>Proposed 1/01/14</b>
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 provide the much needed stone for road maintenance programmes and to this end, the City is in the process of evaluating business proposals from a number of prospective partners.

### **3.3.3 Town Clerks' Central Administration**

The Town Clerk's Central administration has a budget deficit of US\$1.6 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\$5.4 million, down from US\$6 million last year. The expenditure is driven largely by printing and stationery, administration, transport, consumables and other sundry materials. The deficit will again, be transferred to Rate Account.

### **3.3.5. Public Safety**

Harare Metropolitan Police and Emergency Services and Traffic enforcement have a combined projected deficit of US\$6 million dollars while fees and charges in 2014 are recommended at previous year levels as follows:

<b>Service</b>	<b>Existing</b>	<b>Proposed US\$ 1/01/14</b>
Ambulance fees	US\$ 20	US\$20
Inter Hospital-non ventilated	US\$ 30	US\$30

Ventilated	US\$35	US\$ 35
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### **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\$1.4 million, that will be funded from rates income.

### **3.3.6 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 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.

### **3.3.7 Business Development Unit**

The responsibilities of the Business Development Unit are the administering of Joint Ventures and Business Units, billing, revenue collection and related activities. The deficit for this unit in 2014 is projected at US\$6.2 million, and as this sector does not generate its own income, the deficit will be funded from the Rates income.

### 3.3.8 **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\$ 140 000 and US\$110 000 have been set aside for these purposes in the 2014 budget. Cremation and burial fees will remain static in 2014 and are proposed as follows:

#### **Cremation & Burial Charges**

	<b>Existing</b>	<b>Proposed 01/01/14</b>
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 **Distribution Sector**

The Distribution sector comprises the Harare workshops, the quarry and the jobbing sector. The three sections are essentially tasked with the repairs and maintenance of plant, machinery and vehicles belonging to various departments. They also support road maintenance programs. The distribution sector is projected to realize a deficit of US\$461 000 which will also be transferred 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 property and has under its wings the electrical, building, carpentry, plumbing, painting and construction sections. The sector will continue to be capacitated in order to equip it with the tools required for the maintenance of Council property and to this end, a total of US\$185 000 has been provided in the 2014 capital budget.

Meanwhile, the sector anticipates a deficit amounting to US\$3.8 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 assets and materials valued at US\$750 000 against a conservative, annual expectation of US\$15 million in the year under review.

The Roads and Public Lighting sector anticipates a deficit amounting to US\$17.8 million which is largely driven by repairs and maintenance of roads, street lights and the acquisition of the relevant equipment. The deficit will be transferred to the Rate account.

### **3.3.13 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

### **3.3.14 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\$10.4 million to be transferred to Rate Account.

3.3.15 **HARARE WATER**

Your Worship, the rehabilitation, replacement, installation and commissioning of the equipment and materials at Morton Jaffray and Prince Edward Water Treatment Works, Crowborough and Firle Sewerage Water Treatment Works by China Machinery Engineering Corporation, funded from the US\$144 million dollars from the EXIM Bank of China is now under way. When complete, the project is expected to significantly improve the supply of water in the Harare Metropolis.

Meanwhile, water tariffs are proposed at previous year levels save for sewer and water fixed charges that have been reviewed downwards as indicated in the table below:

	Existing	Proposed 1/01/14
	US\$	US\$
Fixed charge: water-domestic HAD	5	4
: water-domestic LDA	11	9
:water-Industrial/Commercial	80	50
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	4
: LDA	11	9
: Commercial	15	13

#### 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\$25.1 million to be funded from rates.

Clinic and hospital fees are proposed as follows:

	Existing	Proposed 1/01/14
<b>Clinic Fees</b>		
Adult	US\$ 5	US\$ 5
Child	US\$ 3	US\$ 3
<b>Hospital Fees</b>		
Adult	US\$10	US\$10
Child	US\$ 5	US\$ 5
<b>Maternity Fee</b>	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\$ 5.8million in the 2014 budget. The deficit is largely accounted for by the on-going repairs of halls, stadia, libraries, swimming pools, play grounds and other social centres which are in need of repair and maintenance.

The following representative monthly rentals will be extended to December 2014.

#### **Monthly Rents Payable - Cross Section**

	<b>Existing US\$</b>	<b>Proposed 01/01/14</b>
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\$3.1 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\$ 2.4 million to be transferred to Rate Account.

#### **4.5. Property Taxes**

Your Worship, 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\$ 93 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)***

<b>AREA</b>	<b>CHARGE IN US \$</b>	
<b>High density</b>	<b>Property Tax</b>	<b>6.0</b>
	<b>Refuse</b>	<b>6.5</b>
	<b>Fixed Charge: Water</b>	<b>4.0</b>
	<b>Sewer</b>	<b><u>4.0</u></b>
	<b>Total</b>	<b><u>20.5</u></b>
<b>Mabelreign</b>	<b>Property Tax</b>	<b>16.0</b>
	<b>Refuse</b>	<b>9.5</b>
	<b>Fixed Charge:Water</b>	<b>9.0</b>
	<b>Sewer</b>	<b><u>9.0</u></b>
	<b>Total</b>	<b><u>43.5</u></b>
<b>Folyjon Crescent</b>	<b>Property Tax</b>	<b>30.0</b>
	<b>Refuse</b>	<b>9.5</b>
	<b>Fixed Charge:Water</b>	<b>9.0</b>
	<b>Sewer</b>	<b><u>9.0</u></b>
	<b>Total</b>	<b><u>57.5</u></b>
<b>Olivine industries</b>	<b>Property Tax</b>	<b>1 939</b>
	<b>Refuse /bin /month</b>	<b>16</b>
	<b>Railway siding</b>	<b><u>109</u></b>
	<b>Total</b>	<b><u>2 064</u></b>
<b>Reserve Bank</b>	<b>Property Tax</b>	<b>12 018</b>
	<b>Refuse /bin /month</b>	<b>630</b>
	<b>Total</b>	<b><u>12 648</u></b>
<b>Joina Centre</b>	<b>Property Tax</b>	<b>8 739</b>
	<b>Refuse/bins/month</b>	<b>300</b>
	<b>Total</b>	<b><u>9 039</u></b>

## **5. 2014 CAPITAL ESTIMATES AND CAPITAL DEVELOPMENT PLAN**

Your Worship, appropriate Council Committees 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 2014 Draft Estimates and Capital Development Plan 2015-2017.

Your Worship, the Finance Committee, the Education, Health, Housing and Community Services Committee and the Environmental Management Committee considered Draft Capital Estimates falling within their purview at their meetings held on Wednesday 30 and 31 October 2013 and recommended that, subject to amendments highlighted in the minutes, the Draft Capital Estimates and the Capital Development Plan be incorporated into the consolidated 2014 Capital Estimates.

The Capital bids for all sectors within the purview of the Finance Committee amounts to **US\$8.9 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\$83.5 million**.

The 2014 capital budget amounting to **\$US95.6million** is now before you for your approval and adoption.

## 6. **RECOMMENDATIONS**

It is recommended as follows:

- That Council approves the 2014 budget as recommended by the Committees of Council.
- That it be noted that only items in the approved budget will be approved for acquisition and payment.
- 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.
- That Departments that are retaining collections from their operations only withhold 30% of such collections which should be banked daily and monthly bank reconciliations be routinely prepared.

## 7. **CONCLUSION**

I wish to conclude your Worship by acknowledging the following:

- The various stakeholders including the residents of Harare who through the consultations have given your Council invaluable

feedback, which was incorporated in the preparation of this budget.

- My fellow Councillors for deliberating on this budget and giving guidance in its preparation.
- The Town Clerk, 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.

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 pay their bills when they fall due. This is the only way your Council will be able to provide services to their expectation.

**I now have the pleasure, Your Worship, in asking Council to approve the 2014 CAPITAL AND REVENUE ESTIMATES before you.**

***I THANK YOU : GOD BLESS THE CITY OF HARARE***