

CITY OF BULAWAYO

BUDGET SPEECH FOR THE YEAR ENDING 31 DECEMBER 2019

HIS WORSHIP THE MAYOR CLR S MGUNI;
DEPUTY MAYOR CLR T KAMBARAMI
ALDERMEN AND COUNCILLORS OF THIS GREAT CITY OF KINGS;
TOWN CLERK MR C. DUBE;
HEADS OF COUNCIL DEPARTMENTS;
LADIES AND GENTLEMEN;
ALL PROTOCOL OBSERVED.

1. INTRODUCTION

A very good afternoon

I wish to start my 2019 City of Bulawayo Budget speech by acknowledging the immense contribution and the support that we received from the residents and the business community during the 2019 Budget consultative meetings.

Your Worship, this year was unique, unlike in previous years where we conduct Budget review in July to August. This year because of the harmonised elections, our 2018 Budget review and the 2019 Budget Consultative meetings were conducted concurrently during the months of September and October 2018.

As a good tradition, mindful of the stakeholders' role as partners in the development of the City in line with our Citizen's Charter functional area to provide quality, affordable, efficient and accessible services with full participation of all stakeholders, our City embarked on a Budget consultative outreach programme during the period September 2018 to October 2018.

Your Worship, the report that we received from the Budget Team leaders is that the attendance to these Budget meetings were encouraging , for example, Iminyela Hall was full to the extent that some of the residents opted to contribute while standing outside.

I want to thank all Councillors, Management and Resident Associations for your efforts in mobilising the residents to attend the consultative meetings, not forgetting the residents in spite of your tight schedules you sacrificed to attend the meetings.

Your Worship, the importance of stakeholder consultations cannot be over emphasized as it allows the Council to solicit for inputs and comments from residents and business community. These are taken into consideration when crafting the Budget. The consultations also provide an opportunity for all stakeholders to interface with council staff on various issues. Such interactions ensure unity of purposes in addressing the socio-economic challenges affecting our great City.

2. KEY FACTORS UNDERPINNING 2019 BUDGET

Your Worship, the 2019 Budget is crafted at a time when the City and the country at large are faced with numerous socio-economic challenges. Cognisant of the fact that Bulawayo is not immune from the harsh macroeconomic environment prevailing in the country, Council has thus considered the following factors amongst others in crafting the 2019 budget:-

- Local Authorities circular reference CX/53
- Transactional Stabilisation Programme Reforms Agenda, October 2018 - December 2020 'Towards a Prosperous & Empowered Upper Middle Income Society by year 2030.'
- The desire of Bulawayo to be a Leader in local governance excellence with a vibrant economy by year 2024
- Expectations for a revival of industry as pledged by the Government from its clarion call that "Zimbabwe is open for Business".
- Continued low industrial capacity utilisation across key sectors of the Bulawayo economy, such as engineering, textile and clothing.
- High expenditure on utilities.
- Lack of liquidity in the economy and the cost of money.
- Limited fiscal space to access lines of credit.
- Increased unemployment and rising poverty levels, which has resulted in failure by residents to meet their rental obligations.
- Increased demand for both housing and industrial stands.
- Recent fuel shortages and general increase in prices of basic commodities which are predominantly consumed by residents.
- Continued need to cater for vulnerable groups in meeting their physiological needs.
- Need for revenue enhancement.
- Need for expenditure reducing measures.

3. BUDGETING FOR IMPROVED SERVICE DELIVERY

Your Worship, This budget has been crafted with effective service delivery in mind. To that end, it has been influenced by the principles of Service Level Benchmarking (SLB) and Programme Based Budgeting (PBB)

3.1 SERVICE LEVEL BENCHMARKING

This is a process that was promoted and sponsored by the World Bank whereby peer local authorities would review how services are delivered to their respective citizens. This would enable local authorities such as ours to learn from others and adopt best practices. Performance improvement plans would be the output of SLB which this Council has used to budget for a better service delivery. Your Worship, Bulawayo is doing well in many areas compared to other local authorities, however there is still room for improvement.

3.2 PROGRAMME BASED BUDGETING

This principle introduced by our Ministry (Ministry of Local Government Public works and National Housing), aims to make Council link their budget to specific programmes that are aimed at improving service delivery. This form of budgeting that allocates specific costs to specific programmes which would enable ease of measuring performance of a particular service.

4. 2019 BUDGET PRIORITY SERVICES

Your Worship, the 2019 City of Bulawayo Budget is being presented against a background of high expectations from the residents who long for a financially sustainable, economically vibrant, healthy, secure, safe, pleasant and attractive city to live and do business in.

Central to the expectations of the residents is to have a Budget that will adequately fund the following key priority services

Table A

Priority	Service
1	Water
2	Health
3	Sewerage
4	Housing
5	Roads
6	Education
7	Public Lighting
8	Social Services
9	Fire & Ambulance

5. 2019 PROPOSED BUDGET:

Your Worship, allow me to now turn to the proposed budget for the year 2019. As alluded earlier, the operating environment is characterized by a number of short comings such as high interest rates, lack of forex, low capacity utilization and high unemployment. The City is faced with serious challenges which might affect the level of service delivery. In particular, a lot of treated water is lost through pipe bursts due to aged infrastructure. Sewerage spillages should also be avoided so as to keep diseases such cholera out of Bulawayo. Although our roads accessibility has improved, more still needs to be done if we are to live up to our vision. As a city we are aware of the efforts government is putting to reposition Bulawayo as the industrial hub. It is our hope that the “Zimbabwe is open for business” mantra will yield positive fruits not only for the Bulawayo but for the whole country.

Your Worship, in view of the foregoing, I propose that the Total Budget for 2019 be pegged at \$212 462 743 broken down as follows;

Table B

Budget type	Amount US\$
Revenue budget	116 599 243
Capital budget	95 863 500
Total	212 462 743

6.0 2019 REVENUE BUDGET BY ACCOUNT

The revenue budget presented by account is as follows;

Table C

ACCOUNT	Expenditure \$	%	Income \$	%
Rate & General Services Account	46,283,578	39.7	49,772,961	42.7
Housing Account	2,886,916	2.5	4,580,993	3.9
Health & Community Services Account	27,444,907	23.5	4,034,910	3.5
Estates Account	343,856	0.3	5,154,643	4.4
Sewerage Account	9,948,475	8.5	12,565,574	10.8
Water Account	22,547,042	19.3	30,659,474	26.3
Solid Waste Services	7,144,469	6.2	9,830,688	8.4
Total	116,599,243	100	116,599,243	100

6.1 RATES AND GENERAL SERVICES ACCOUNT

Total revenue expenditure for the rates and general services account for the year 2019 is proposed at \$46, 28 million and the income budget for the account is \$ 49, 77 million. A surplus of \$3.49 million will be used to fund health and community services. Revenue budget for services under this account is allocated as follows.

- ADMINISTRATION

Revenue expenditure for administration amounts to \$17,57 million and will be financed mainly from property taxes. This expenditure includes general expenses, staff and maintenance costs of the administrative offices throughout the City.

- RECREATION

Under this service a total expenditure of \$2.86 million has been budgeted to ensure recreational facilities are improved and maintained. Our swimming pools that received a major facelift in 2018 will have to be maintained for the benefit of the community. Council does not receive much income from these community centres and the deficit will be financed from property tax.

- PROTECTION

Ambulance services, Fire brigade, Public lighting, security services and Traffic Control constitute protection services have a total revenue expenditure budget of \$8.76 million. This will be funded from income budgeted under this service and any deficit will be funded from property tax income.

- HEALTH GENERAL

Under this service, a budget of \$3,6 million expenditure is proposed. This service is involved in environmental management, pest control and the administration of the department. The service does not generate sufficient funds to cover its expenses. Part of the income will come from property tax.

- WORKS

This service caters for road maintenance, gravelling and related works throughout the city. Maintenance of Council fleet is also funded under this service. Most of our service roads in the suburbs need urgent regravelling. A proposed budget of \$13, 4 million is allocated for the year 2019. This account will be funded from property tax as well.

6.2 HOUSING ACCOUNT

A total amount of \$2.89 million is earmarked for improving Council rented properties which include flats and hostels. The budget on this account is also earmarked for the administration of housing offices, housing registry, and maintenance of housing structures. Funding will come from proposed budgeted rentals. Please note, servicing of stands is provided for in the capital budget.

6.3 HEALTH AND COMMUNITY SERVICES

This service involves running of Council schools, clinics, women's clubs, youth clubs and many other social facilities. The state of these facilities is deplorable to say the least. A planned maintenance programme would see a number of these being rehabilitated. To that end, an expenditure budget of \$27, 44 million is proposed. The proposed budgeted income is estimated at \$ 4.03 million. Part of the deficit will be financed from the Rates and General Services account. Revenue budget for services under this account is indicated below.

- PERSONAL HEALTH

Primary health care which is budgeted for under this service involves management of nineteen (19) clinics, one (1) hospital and a pharmacy. Our clinics require medicines and other essentials to function. A budget allocation of \$13, 63 million is proposed. The

service incurs losses due to the subsidised fees charged at our clinics. The deficit under this service will be met from property tax

- **CEMETERIES**

A proposed budget of \$ 1.07 million has been made for our cemeteries. There is need for fencing some of them and periodic maintenance is also required. There is need therefore to ensure near cost recovery tariff is charged for grave services so that funding for maintenance is available.

- **EDUCATION SERVICES**

An operational expenditure budget of \$4.46 million in this service is for the provision of primary education at the 29 Council primary schools and one secondary school. Expenditure includes the acquisition of text books, other supporting materials, and the general up keep of the schools. Needless to say that levies collected from pupils is invested back to schools.

- **COMMUNITY SERVICES**

Most of our clubs, halls, stadia and youth centres need repairs and maintenance. Our libraries in particular are lagging behind in technology. There is need for internet services in these centres. A proposed budget of \$7, 79 million has been made to cater for the repairs and maintenance as well as internet connectivity.

6.4 ESTATES ACCOUNT

Council operates three main termini and these have to be maintained in order to meet the expectations of transport operators and ensure travellers' safety. An estimated budget allocation of \$0.34 million has been made.

6.5 SEWERAGE ACCOUNT

Council has many treatment work stations that need maintenance from time to time. Currently, Aisleby farm treatment works in undergoing refurbishment. Our pump stations scattered across the city must be functional in order to ensure sewerage is pumped to the treatment plants. Council thus has to ensure that these should be maintained all the time. Sewerage spillages have to be attended to promptly. A budgeted expenditure and income of \$9,95 million and \$12,56 million respectively is therefore proposed. This account is expected to generate a surplus of \$2, 61 million which would be invested into the sewerage system.

6.6 WATER ACCOUNT

The account consists of conservation, administration, delivery, purification and reticulation. Water bursts continue to occur in the city due to aged infrastructure. The bulk of the proposed budget is meant to ensure our pipelines are maintained and any bursts are attended to promptly. Our reservoirs need cleaning in order to continue enjoying quality water. Some of our water meters need replacement and water mains need upgrade. To achieve this, a revenue expenditure budget of \$ 22, 55 million is proposed for the water account. The income budget is \$ 30, 66 million. The surplus income in this account will be applied to rehabilitate water infrastructure and finance other important services such as personal health.

6.7 SOLID WASTE ACCOUNT

The solid waste account is composed of solid waste management, refuse disposal and public conveniences. The total revenue expenditure budget for this service is \$7.14 million. This will be funded from income budgeted under this service and any surplus arising will fund other services.

7. RECOMMENDED TARIFFS

Your Worship, Council last increased tariffs by 4% in year 2015. For the past 3 years, Council did not increase tariffs. For the proposed budget to deliver services to the residents, it has to be financed through tariff increases. Council is aware of the plight of residents thus Council had to balance level of service delivery and tariff affordability. In view of the foregoing, Your Worship, Council is proposing tariff increases in year 2019 in the following manner:

Table D

Tariff	Domestic	current charge	proposed increase	proposed charge
Water fixed charge	Low density	2.23	0.77	3.00
	High Density	1.26	0.74	2.00
Sewerage fixed charge	Low density	1.04	0.96	2.00
	High Density	0.52	0.98	1.50
Grave Charge Standard		37.00	26.00	63.00
<p>All other grave charges to increase pro rata</p> <p>Billed Income is proposed to increase by 5 %</p> <p>Sewerage usage Rent Rates Water Consumption Solid Waste Management Non Domestic: Water fixed and Sewerage fixed charge</p>				

7.1 Water and sewerage fixed charges for domestic consumers

Your Worship, water fixed charges and sewerage fixed charges have been increased in order to invest in infrastructure rehabilitation. Council continues to lose treated water through pipe bursts and the increase would assist in that regard. Sewerage reticulation also requires maintenance hence the income from the increases would assist in rehabilitation efforts. Council is concerned about the level of vandalism on Council infrastructure such as manholes or pipes by the community as this exacerbates sewer spillages. Residents are therefore urged to desist from such practises.

7.2 Grave Charges

The increase in grave charges would assist Council in maintenance of cemeteries. Council carries the responsibility of maintaining cemeteries in perpetuity and this increase will go a long in ensuring their proper maintenance. Going forward cremation will be encouraged and fees for the same revised downwards.

7.3 Increase of billed income by 5%

Your worship, the marginal increase proposals of 5% has been influenced by inflation figures. Only billed income is proposed to increase by 5%. These include, water consumption, sewerage usage, rentals, solid waste management and rates. Non domestic consumers water and sewerage fixed charges are also proposed to increase by 5%. It is my hope that the economy would stabilise at affordable levels, otherwise Council may be forced to come up with a supplementary budget.

8. PROPOSED CAPITAL BUDGET

Your Worship Sir, our capital budget financing for the fiscal year 2019 is pegged at **US\$95, 863, 500**, of which the bulk of the finance will come from African Development Bank grant, stands Presale Scheme and New Borrowing Powers. The breakdown is shown in the table below:-

Table E

Details	2019 Budget US\$
AfDB grant	24 500 000
Presale Scheme	29 763 500
New Borrowing Powers	26 000 000
Existing Borrowing Powers	5 600 000
Pipeline Levy	2 000 000
Revenue Contribution	4 800 000
Ward Retention	3 200 000
Total	US\$95, 863, 500

Your Worship, the capital budget is biased towards water and sanitation works which are funded from the grant advanced by the African Development Bank. The fund will see sewer reticulation works being undertaken in Cowdray Park and Nkulumane. Water works infrastructure will also be improved under the same grant. The grant will go a long way in improving our water and sanitation infrastructure.

The existing borrowing powers will be used to complete the sewerage works at Aisebly sewerage treatment works, while new borrowing powers will finance other major activities budgeted for by various departments to improve services. Construction of Cowdray Park clinic, replacement of lifts at Tower Block, road construction and acquisition of plant and vehicles are some of the projects budgeted for under the new borrowing powers.

The fund collected through presale of stands will be invested in the servicing of those new residential, commercial and industrial areas with water, sewerage and roads infrastructure.

This mode of financing has seen Council deliver residential stands every year and is set to continue in the coming year.

The pipe line levy will continue to be used at Nyamandlovu water argumentation project.

The Ward Retention Fund will also be used to finance capital projects chosen by the wards and Council would use revenue funds to acquire furniture and equipment for use during operations.

9. **CONCLUSION**

Your Worship, the successful implementation of policy measures proposed in this Budget will no doubt require full participation of our partners, rate payers and all our stakeholders. Our City has good records of astute stewardship in the utilisation of limited resources; we need to uphold that good name.

It is important therefore that, as we interrogate this Budget we don't lose focus where we want to go as a city. The Budget activities and our priority list should motivate all of us to walk this painful journey to glory.

Without much ado, I wish to end by thanking the loyal rate payers who in spite of the harsh economic environment have continued to meet their obligations to the Council.

Your Worship, I commend this 2019 Budget before this House for consideration.

I thank you!

Councillor S CHIGORA
**CHAIRMAN OF THE FINANCE AND
DEVELOPMENT COMMITTEE**