



FINANCE CHAIRPERSON 2023 BUDGET SPEECH

"Accelerating Economic Transformation"

Presented to the Full Council Bindura Rural District Council

on the 24th of November 2022

By

Councillor Ben Tafirenyika

Finance Committee Chairperson

1. The Motion

Council Chairperson, Alderman G Jonga, fellow Councillors and Bindura Residents, I move that leave be granted to present estimates of income and expenditure for the financial year 2023 in compliance with the Constitution of Zimbabwe Amendment (No 20) section 276(2) (b), section 121 of the Rural District Councils Act (29:13) and section 47 of the Public Finance Management Act (22:19)

i) Introduction

Special thanks go to the Chairperson of this Council, Alderman Gilbert Jonga, whose leadership and guidance has brought about this budget, a person who is exemplary and has shown that through massive consultation a meaningful budget can be crafted, the District Development Coordinator, the Chief Executive Officer and entire Council Management for their guidance towards formulation of 2023 budget.

I acknowledge the contribution and participation of Bindura Residents, without whom, this budget could not have been crafted.

This budget answers to various issues raised by stakeholders through the consultation process. Key among the issues raised include the need for prioritisation of potable water, road infrastructure development and social services delivery such as housing, education, social amenities and primary health care (clinics) in line with 14 thematic areas of National Development Strategy 1(NDS 1), an economic blueprint running from 2021 to 2025. We have also included \$12.424 million for gender issues in the 2023 budget.

ii) Recognition of stakeholders

Council values stakeholder engagement and it is our hope that we continuously engage so as to develop our local authority leaving no one and no place behind. Planning is one of the most crucial issues in local governance. Citizen engagement and feedback being the most critical issues in budget performance.

iii) Budget Theme

The current budget theme which is "Accelerating Economic Transformation" resonates well with the National vision "Upper middle-income economy by 2030" The 2023 Council Budget will thus assist in attaining policy objectives, National Vision of being an upper middle-income economy by the year 2030, therefore the Council's Vision of attaining a socially and economically empowered communities by 2025 dovetails well into the National vision. The proposed 2023 Council Budget is crafted in order to promote and contribute to the District's Gross Domestic Product (GDP).

iv) Overall Outlook

According to IMF World Economic outlook Oct 2022, the global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces: the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China.

Projected global growth is expected to remain unchanged in 2022 at 3.2 percent and to slow to 2.7 percent in 2023 which is —0.2 percentage points lower than the July forecast—with a 25 percent probability that it could fall below 2 percent. With the continuous invasion of Ukraine by Russia, 2023 seems to be gloomy as the invasions of Ukraine continues to powerfully destabilize the global economy.

Our economy has not been spared by the Covid-19 pandemic and the effects were also felt at the local tiers of Government as it disrupted operations. The effects of the Russian invasion and illegal sanctions have not spared our local authority, these have pushed up prices for fuels, maintenance costs and basic goods.

v) National Economic Outlook

The economy is now projected to grow by 4.6% during 2022, a downward review from the original 5.5% projection, and follows an estimated 7.8% positive growth trajectory for 2021. This positive 2022 growth projection was supported by increased activity in all the productive sectors except agriculture that was weighed down by the unfavourable 2021/22 rainfall pattern and high input costs.

In 2023 the economy is expected to grow by 5% according to IMF, growth is expected to benefit from the favourable international commodity prices, stable macroeconomic environment and improved production in all sectors of the economy. The advent of the willing buyer willing seller basis assisted in lowering the exchange rate as the black-market rate almost converge with the interbank rate.

Sub Saharan Africa

Growth is expected to accelerate to 4% in 2023. The global tensions such as the war in Ukraine are expected to impact the region's growth prospects through price increase in food, fuel and agricultural inputs such as fertiliser. The effects of Covid-19 and Ukraine war continue will have a knock-on effect on the region's growth patterns.

Southern Region

South Africa who is a major economy is expected to grow by 1.4% in 2023 and Angola is expected to accelerate to 3% in 2022 and is expected to reach 4% in 2023.

vi) Local Government Sector issues

The impact of Covid -19 to communities cannot be ignored. This coupled with the effects of war in Ukraine which have also affected prices of fertilizer on a global scale has left ratepayers with reduced disposable income to pay council bills as Bindura RDC is agro-based. Our parent Ministry has put in place favorable conditions not only for crafting the budget but to enable smooth revenue collection. This was done through holding several workshops on crafting of by-laws. Our Council was able to craft 22 by-laws which were sent to the Ministry for onward transmission to the Attorney General for Approval.

Challenges

- Limited Funding to carry out developmental projects.
- increased maintenance costs on ageing road equipment.
- low collection rates due to ratepayer apathy.
- low awareness level of taxpayers.

Improving revenue collection

- Improved Enforcement through door to door collection, bulk sms and telephone calls.
- Public education through awareness campaigns.
- Uptake of LADS for debt management.
- Increased disbursement of Central Government Grants.
- Improving local governance (crafting of by-laws and enforcement).
- Engagement of high value debtors.
- Continuous review of our expenditure pattern with the view of plugging unnecessary leakages
- Cost rationalisation.

vii) Local Economic and Operational Environment

Factor	Positive factors	Negative factors
Political	<ul style="list-style-type: none"> • Stable Political Environment • Government Engagement and re-engagement efforts • Supportive government policies e.g. NDS1 and devolution policy 	<ul style="list-style-type: none"> • Political interference in administrative issues • Illegal economic sanctions
Economical	<ul style="list-style-type: none"> • Stable exchange rate • Favourable economic policies • Ease of doing business thrust • Price stability for goods and services 	<ul style="list-style-type: none"> • High inflationary pressures • High start-up costs • Beauracatic processes • Poor debt rating • Exorbitant fees charged by Environmental Management Agency • Impact of Russia – Ukraine invasion which cut out fuel and wheat supplies • Delayed and unfulfilled grants
Sociological	<ul style="list-style-type: none"> • Social cohesion • promotion of Gender mainstreaming • High literacy rate • Peaceful environment 	<ul style="list-style-type: none"> • Unemployment rate • Pandemics- Covid-19, Polio and trachoma • Drug and substance abuse • Brain drain
Technological	<ul style="list-style-type: none"> • Technological advancements 	<ul style="list-style-type: none"> • Technological lag
Legal	<ul style="list-style-type: none"> • Enabling Legal framework. • Enabling Council bylaws • Enabling Council policies • Decentralisation of Courts • New approaches to by-law preparation by the Ministry of Local Government. 	<ul style="list-style-type: none"> • Slow harmonisation of statutes to the constitution. • Policy inconsistency • Policy shift

Ecological	<ul style="list-style-type: none"> • Good farming soils • Abundance of natural resources • Favourable rainfall pattern and availability of small and large dams • Abundant flora and fauna 	<ul style="list-style-type: none"> • Negative Climate change effects e.g. floods • Environmental degradation • Veld fires
Governance	<ul style="list-style-type: none"> • Constitutionalism • Clear public administration structures • Expediency in formulation of by- laws and approval • Favourable government policies (e.g. Devolution, • Capacity building in governance issues 	<ul style="list-style-type: none"> • High corruption levels • Unexploited human resource base

viii) Key Economic indicators at local level

The economy is now projected to grow by 4.6% during 2022, a downward review from the original 5.5% 2022 projection. The year 2022 witnessed positive growth due to increased activity in all sectors of production except Agriculture which was affected by high input costs and unfavourable climatic conditions.

Inflation

Domestic headline inflation steadily accelerated from 60.7% in January to 191% in June 2022, partly due to external factors which impacted negatively on import prices of raw materials, food, fertilizers and liquid.

Exchange Rate

The introduction of an inter-bank exchange rate, through the willing buyer-willing seller concept, has added impetus towards price discovery in the foreign exchange market. As such, the inter-bank and auction rate have largely converged, at ZW\$344/USD and ZW\$338/ USD, respectively, as of the auction of 14 June 2022.

- ix) **Local Finance Sector Development partners,**
- a) Ministry of Finance and Economic Development
 - b) Ministry of Local Government & Public Works
 - c) Development Partners e.g. Silveira House, Commonwealth Local Government Forum
 - d) Zinara

x) **Investment opportunities in the District**

There are several investment opportunities in the district in the following areas: -

✓ **Mining**

The District is endowed with Gold, Nickel and tantalite. Council can enter into Private Public Partnerships as it has unexploited gold mining claims. The District is also the proud home of the largest gold mine in the country (Freda Rebecca Gold mine) and the largest nickel mine in Southern Africa (Trojan Nick Mine)

✓ **Value Addition**

Value addition through establishment of agro-processing plant

✓ **Tourism & Hospitality**

The District is also endowed with a variety of wildlife and scenic view places that are largely unexploited, High value of cultural, wildlife and landscape assets.

✓ **Agriculture**

The District is gifted with fertile soils and abundant rainfall and perennial rivers ideal for water harvesting for irrigation eg Mazowe and Pote. Areas of investment also include Irrigation development, Mechanization of production, Dam construction, Replacement of old infrastructure. The current Government Project (Bindura Dam) is going to improve agriculture in the District.

xi) **Tariff setting**

The tariff setting was informed by the prior year movements in inflation and the stakeholder consultations conducted following needs assessment.

xii) **Valuation Roll**

The local authority has operated without a valuation roll. We look forward to come up with valuation rolls for our controlled centres in the coming year.

2. REVIEW OF PREVIOUS YEAR BUDGET

a) General statement of the budget up to 30 September 2022

The local authority has not fared well in terms of the budget performance with a 24% performance for the period January to September 2022.

b) Achievements

Despite the harsh economic conditions that prevailed during the period, there are however marked strides on capitalisation as the local authority has managed to purchase two tipper trucks one funded wholly by council at a cost of \$88,000.00 USD and the other funded by devolution \$12,000,000.00 ZWL and a top up of \$27,500.00 USD from council sources, a front-end loader funded by devolution at a cost of \$25,791,710.19, a tractor from council sources at a cost of \$31,500.00 USD, a hatchback light vehicle for light duties at USD 7,687.00, two single cab Toyota vehicles valued at USD 84,512.00.

The following projects were done using devolution funds: -



Figure 1 MAKAYA CLINIC funded by devolution

Makaya clinic nearing completion. We acknowledge His Excellences the President of the republic of Zimbabwe's effort through devolution.

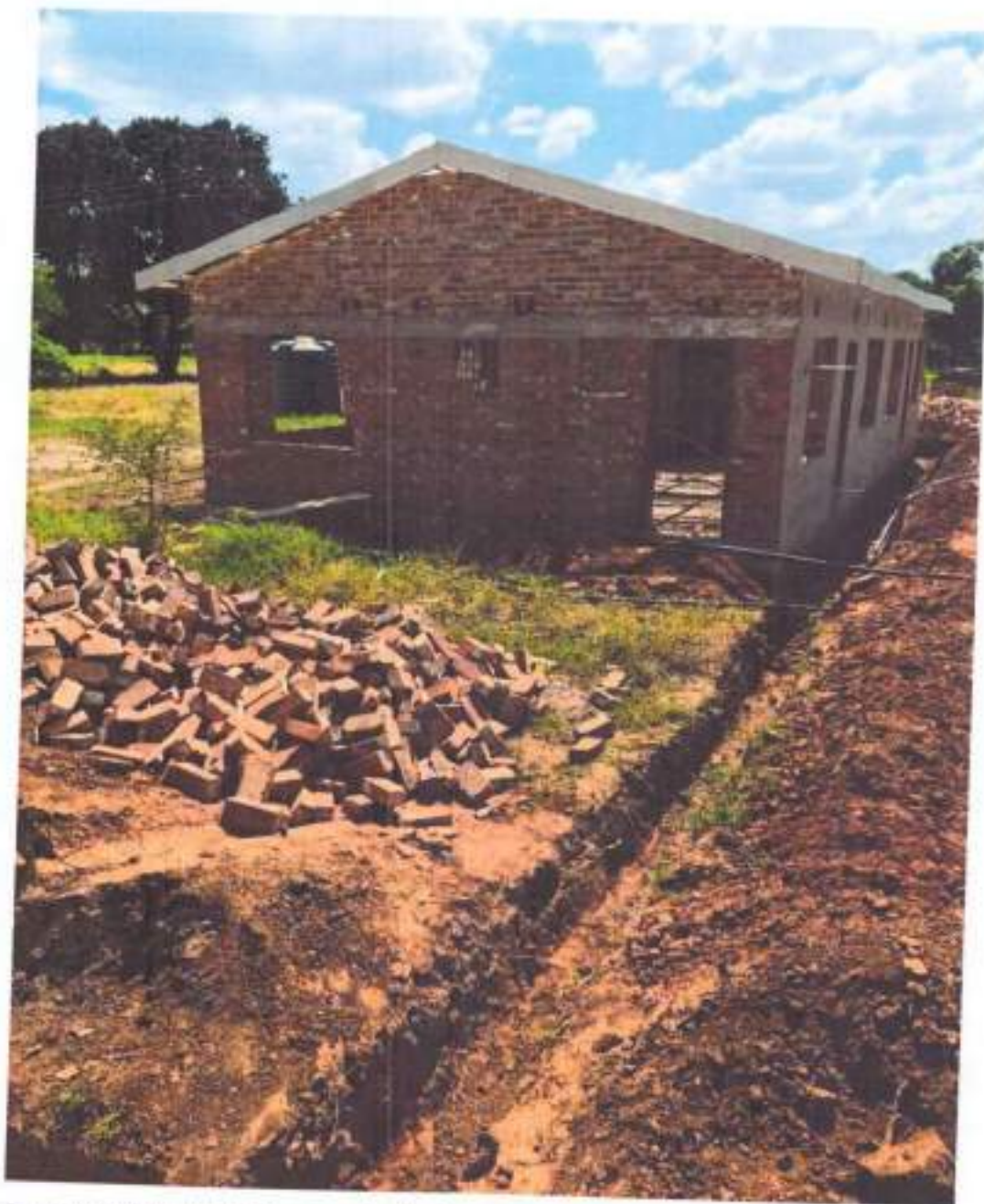


Figure 2 Makaya staff house funded by Devolution

We are currently constructing two houses at Makaya clinic using devolution funds



Figure 3 Tarrington Clinic funded by Devolution

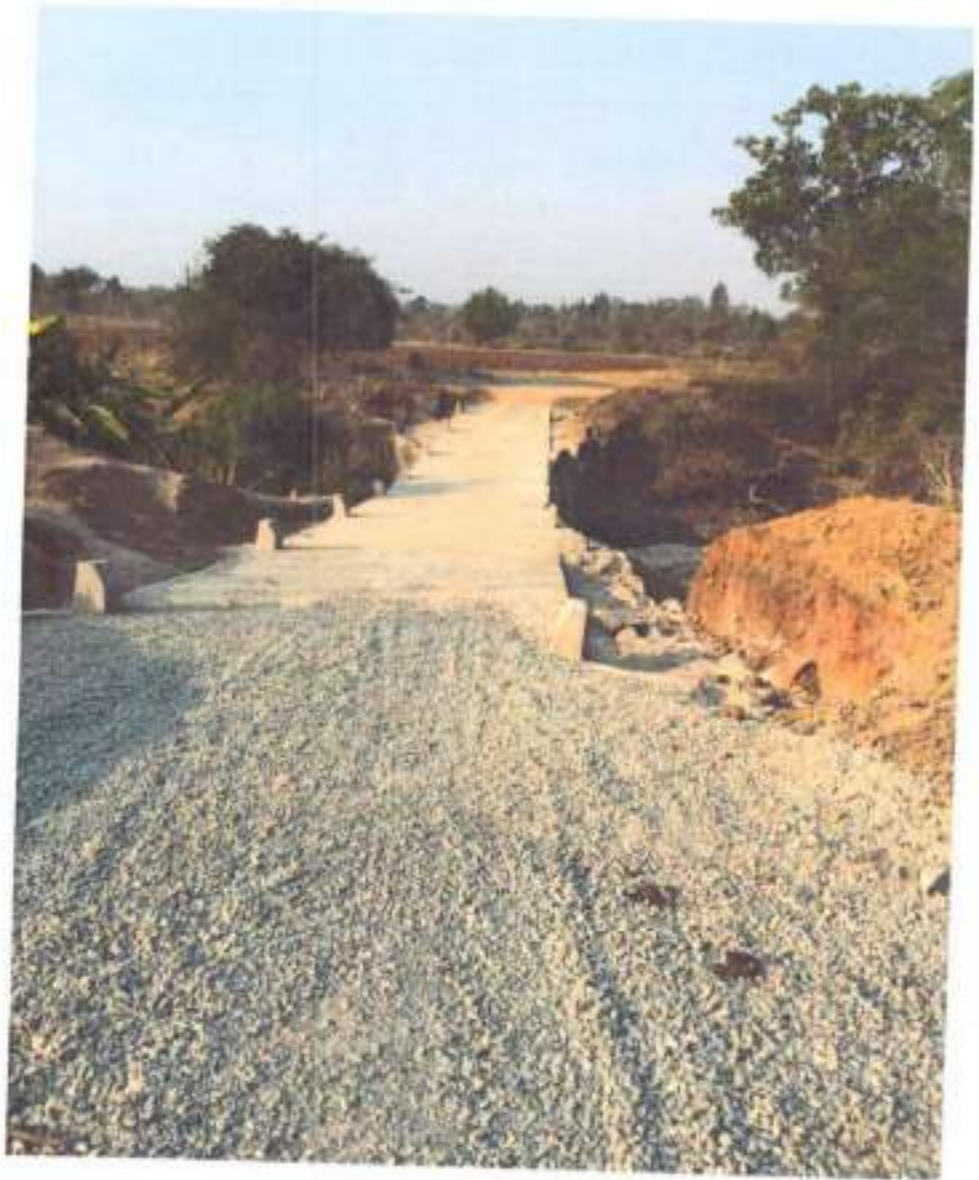


Figure 4 Muponda Bridge funded ZINARA and DEVOLUTION



Figure 5 TIPPER TRUCK FUNDED BY DEVOLUTION AND OWN REVENUE.



Figure 6 Front End Loader funded by Devolution



Figure 7 TRACTOR FUNDED FROM OWN REVENUE



Figure 8 SECOND TIPPER FUNDED BY OWN REVENUE



Figure 9 TOYOTA GD6 SINGLE CAB FUNDED FROM OWN REVENUE



Figure 10 Toyota Single cab purchased from own funds



Figure 11 Light vehicle purchased from own funds

The purchase of various pieces of equipment has improved our service delivery potential. I therefore appeal to the Honourable Minister to increase the disbursement.

b) Corporate governance

- 22 By-laws have been crafted and submitted to the parent Ministry for onward transmission to the Attorney General for approval.
- Citizens of Bindura have been engaged during the budget formulation process as evidenced by the consultation registers attached to the budget.

c) External Audits

- We have been audited for 2021 accounts and are still awaiting the final audit report. We could not meet the statutory deadline due to a systems failure. Evolution was being given short renewal periods due to due diligence being done by the software provider.

d) Revenue

Council collected \$363,063,383.65 in revenue and financed all its activities to the tune of \$209,187,806.57. The overall performance including grants and loans was 14%. This was due to the following factors:

Firstly, Council had budgeted for a loan of \$900,000,000.00, this was not yet accessed due to the fact that borrowing powers have not been approved and a grant from wash of \$143,975,000.00 only \$8,320, 599.34 was received.

Secondly, council was allocated \$438,213,700.00 as devolution and only \$58 500 000.00 was received during the reporting period.

The performance excluding grants and loans was 24% as at 30 September 2022.

The budget performance in terms of Billing and collection efficiency is shown in **Annexure 1.**

Revenue Source	Budget estimate 2022	Billing	Receipts 2022	Collection Efficiency (%)
Licences	11,843,000.00	10,658,700.00	10,667,609.09	100%
Levies	351,894,290.00	-	209,203,963.86	
Rentals	17,154,000.00	12,865,500.00	2,623,198.04	20%
Fees	29,296,850.00	21,972,637.50	35,346,201.60	161%
Sale of land	699,810,000.00	-	336,844.45	
Penalties	5,672,750.00	5,105,475.00	111,825.00	2%
Grants appropriated by parliament	470,674,000.00	353,005,500.00	66,820,599.34	19%
Grants from International orgs	143,975,000.00	107,981,250.00	-	0%
Zinara	37,500,000.00	18,750,000.00	20,927,587.63	112%
Sand extraction charges	14,940,000.00	11,205,000.00	17,025,554.65	152%
Loans	900,000,000.00	675,000,000.00	-	0%
TOTAL	2,682,759,890.00	1,216,544,062.50	363,063,383.65	30%

The performance of Council is anchored on several revenues sources. **Annexure 2.**

The revenue heads as guided by statutes gave impetus to the collection of some income due and payable to council by clients. The parent Ministry is commended for advising local authorities on relevant statutes in support of revenue collection. The applicable statutes are shown below:

Tariff	Supporting legislation
Rates Residential, Commercial, Industrial and institutional	Section 99(2) of the RDC Act
Funds appropriated by Parliament Loans, Grants and PSIP	Section 301(1) of the Constitution of Zimbabwe Section 124 of RDC Act on Loans
Service Charges Water charges, Refuse Collection and Waste water management charges, Sewerage and Effluent	Section 76(1)(a) of the RDC Act
Drainage charges	Section 86(c) of the RDC Act
Estate Account Sale of land, Rent-lease of Council property and leases	Section 86(c) of the RDC Act
Licences Shop, bottle stores, hawkers and other Businesses	Section 13 of the Shop licences Act
Fees Parking, dog, clamping, inspection, flea market, bus terminus, cemetery, vending	Section 88-94 of the RDC Act on By-Laws
Fines and penalties Offences in respect of contravention of by-laws	Section 16 of Communal Lands Act
Special Rates Educational levy	Section 97 (1) of the RDC Act
Housing Account Rentals-lease of Council properties, administrative fees	Section 130 of the RDC Act
Interest Interest on unpaid charges, loans in estate account and investments	Section 108 of the RDC Act

Annexure 3.

Expenditure

Below is the expenditure incurred as of 30 September 2022

Expenditure			
Employee costs	251,044,200.00	35,935,897.88	14%
General expenses	2,117,075,103.31	84,980,284.27	4%
Capex	249,994,300.00	118,260,398.59	47%
Repairs	59,930,000.00	12,222,645.23	20%
Total expenditure	2,678,043,603.31	251,399,225.97	9%

- The focus in the long-run will be on continued recapitalisation that is replacing or reinvigorating our ageing road equipment such as graders and dozer. There may also be a need to purchase an excavator for the purposes of stock-piling.

This will capacitate the local authority to stockpile gravel for our roads and sand for sand sales.

2022 Grant utilisation as at 30 September 2022

Bindara Rural District Council

Manhenga Business Centre Bindara

Grant Utilization Detailed Report

BUDGET YEAR: 2022

Programme	Sub Programme	Project	Amount Used	Notes/Narration
DEVOLUTION GRANT			Amount Allocated: 438,213,700.00	
			Amount Disbursed: 54,500,000.00	12.66%
GOVERNANCE & ADMINISTRATION	Technical Support Services	Council General	2,395,400.00	ORCT Upgrading
GOVERNANCE & ADMINISTRATION	Council	Council General	15,791,710.19	Purchase of Front End Loader
GOVERNANCE & ADMINISTRATION	Council	Purchase of tipper truck	12,000,000.00	Purchased from previous year balances
GOVERNANCE & ADMINISTRATION	Finance	Council General	1,844,251.50	Page Renewal
GOVERNANCE & ADMINISTRATION	Council	Council General	1,450,880.34	Maintenance project vehicle
GOVERNANCE & ADMINISTRATION	Council	Council General	766,145.00	Maintenance of champion grader
WATER SANITATION & HYGIENE	Solid Waste Management	Sanitation Services	91,435.50	Materials
SOCIAL SERVICES	Health	Simons Clinic	104,900.00	
SOCIAL SERVICES	Health	Talington Clinic	2,093,416.67	Perforcing (in and supply)
SOCIAL SERVICES	Health	Makaya Clinic	11,869,134.29	Purchase of building equipment
SOCIAL SERVICES	Education	Direka ECD	471,375.00	
SOCIAL SERVICES	Education	Dengu ECD	4,541,872.25	
SOCIAL SERVICES	Education	Dontsweni	431,551.60	Glazing materials and labour
SOCIAL SERVICES	Social Amenities & Welfare	Council General	31,836.00	Paradise pool-resort maintenance
ROADS	Road Infrastructure	Muponda Bridge	1,881,831.11	Materials and labour
ROADS	Road Infrastructure	Council General	1,560,000.00	Fuel road maintenance and project supervision
ROADS	Road Infrastructure	Berberens Bridge	5,962,180.79	Purchase of materials for bridge construction
ROADS	Road Infrastructure	Manhenga Dengu Road	1,346,679.63	Materials and labour
Total amount used under: DEVOLUTION GRANT			74,545,689.92	17.24%

3. Current Budget

The 2023 budget was crafted leaving no one and no place behind as evidenced by the presence of consultation registers. The budget moved from \$2,682,759,890.00 for the year 2022 to \$4,996,412,284.00. The budget movement is mostly due to inflationary shocks.

The comparative figures are shown below:

	2022	2023
Operational grant	176,435,300.00	227,849,300.00
Capital grant	475,713,700.00	1,294,673,304.00
Property Taxes	351,894,290.00	1,191,320,400.00
Estate funds	699,810,000.00	1,177,936,000.00
Fees	14,940,000.00	520,252,480.00
Communal land	-	640,000.00
Natural resources	-	48,000,000.00
Other income	-	76,003,200.00
Licences	41,139,850.00	200,848,000.00
permits	17,154,000.00	16,128,000.00
Fines, penalties & forfeits	5,672,750.00	25,899,200.00
Other financing	900,000,000.00	216,862,400.00
Total	2,682,759,890.00	4,996,412,284.00

a) Revenue Heads

The revenue heads for 2023 Budget are made up of grants, property taxes, estate funds, fees, communal land, natural resources, other general income and other financing as shown below:

Consolidated income (distribution)

Bindura Rural District Cou

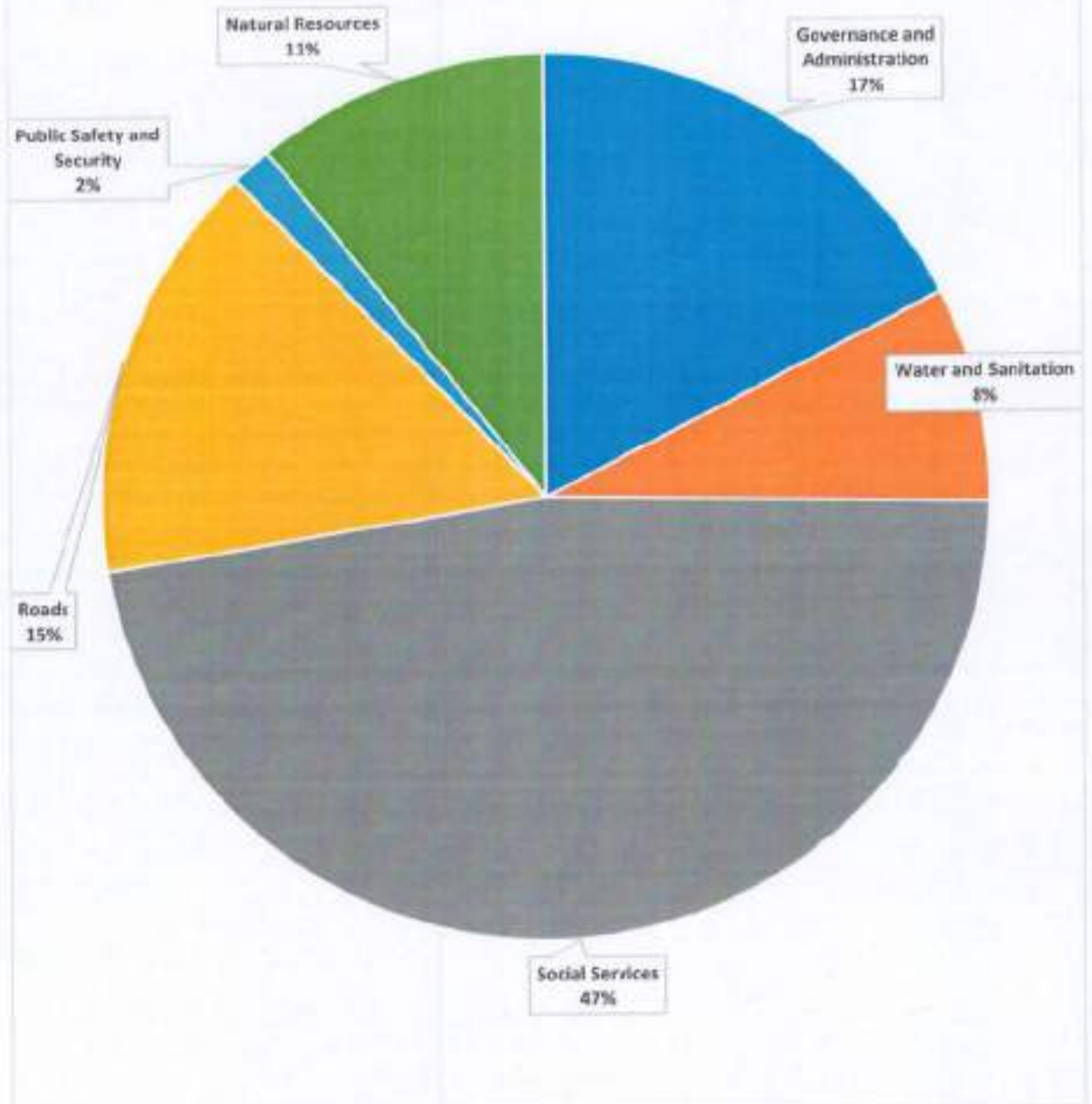
Marhege Business Centre Bt

Revenue Estimates Summary Report

BUDGET YEAR: 2023

Revenue Source	Proposed Budget Amount	%Sage Contribution
Current/Operational Grants	227,849,300.00	4.56%
Capital Grants	1,294,673,304.00	25.91%
Property Taxes	1,191,320,400.00	23.84%
Estate Funds	1,177,916,000.00	23.58%
User/Service Charges	0.00	0.00%
Fees	520,252,480.00	10.41%
Interest on monies invested by council	0.00	0.00%
Income Generating Projects	0.00	0.00%
Parks & Wildlife	0.00	0.00%
Communal Land	610,000.00	0.01%
Natural Resources	48,000,000.00	0.96%
Other General Income	76,003,200.00	1.52%
Other Financing	236,862,400.00	4.74%
Licences	200,848,000.00	4.02%
Permits	16,129,000.00	0.32%
Fines, Penalties & Forfeitures	25,899,200.00	0.52%
Grand Total :	4,996,412,284.00	

CONSOLIDATED INCOME DISTRIBUTION BY PROGRAME



b) 2023 Devolution

In line with Section 301 of the Constitution of Zimbabwe, this local authority was allocated ZWL 1,438,525,900.00. Informed by the consultation done, Council further apportioned it as follows:

ALLOCATION	IDENTIFIED PROJECT	PROJECT COST	PROGRAMME
1,438,825,900.00	ICT	\$ 16,000,000.00	Governance & Administration
	Main Office solar	\$ 8,000,000.00	Governance & Administration
	Acquisition Equipment-Room loading	\$ 32,000,000.00	Social Services
	Construction of latrine block-Makori primary	\$ 4,000,000.00	Social Services
	Construction of latrine block Jingo Primary	\$ 4,000,000.00	Social Services
	Construction of sporting facilities	\$ 48,000,000.00	Social Services
	Construction-Dombawira Clinic	\$ 80,000,000.00	Social Services
	Construction-Retreat Clinic	\$ 80,000,000.00	Social Services
	Construction-Frinton Clinic	\$ 48,000,000.00	Social Services
	Construction of clinic -Gutwa	\$ 48,000,000.00	Social Services
	Construction of clinic -Chreka	\$ 48,000,000.00	Social Services
	Construction-flea markets	\$ 120,000,000.00	Social Services
	Construction of Diptank side tanks	\$ 16,000,000.00	Social Services
	Construction-Simmona Clinic	\$ 80,000,000.00	Social Services
	Construction-Bus Terminus	\$ 64,000,000.00	Social Services
	Establishment of recreational parks	\$ 24,000,000.00	Social Services
	Construction of Tamuka Primary	\$ 72,000,000.00	Social Services
	Construction of Mataya Clinic Staff house	\$ 16,000,000.00	Social Services
	Construction -Manhenga Primary 2 classroom blocks, caretaker house, playground, toilet	\$ 104,000,000.00	Social Services
	Construction of clinic -Chely	\$ 80,000,000.00	Social Services
	Construction of Hall-Manhenga	\$ 48,000,000.00	Social Services
	Construction -SMEs structures	\$ 80,000,000.00	Social Services
	Construction of weir-Nyakudya Mazarura weir	\$ 120,000,000.00	Water Sanitation & Hygiene
	Establishment of a landfill	\$ 32,000,000.00	Water Sanitation & Hygiene
	Manhenga water reticulation	\$ 110,825,900.00	Water Sanitation & Hygiene
	Public latrine construction	\$ 56,000,000.00	Water Sanitation & Hygiene
		\$1,438,825,900.00	

c) 2023 Expenditure Summary

No.	Expenditure Head	Budgeted Amount (ZWL)
1	Compensation of employees	628,687,200.00
2	General expenses	961,894,056.47
3	Repairs	174,474,461.52
4	Maintenance	48,551,384.80
5	Other expenses	640,471,470.80
6	CAPEX	2,539,660,500.00
Total expenditure		4,993,739,073.59

Flagship projects

Our council intend to accomplish the following flagship projects in 2023:

- a) Road rehabilitation
- b) Water reticulation
- c) Education provision
- d) Health

Accomplishment of these projects would dovetail with National Budget theme "Accelerating Economic Transformation".

Exchange rate fluctuations

The budget will be implemented in line with the bank ZWL-USD exchange rate. Should there be an increase in the exchange rate; the local currency will be adjusted in line with the exchange rate.

4. Conclusion

Consultative meetings were held and these assisted in shaping this budget. The Budget advert closed on the 28th of October 2022 and no objections were received.

In light of all these considerations, I therefore implore you, fellow councillors to adopt the 2023 budget estimates.



A handwritten signature in blue ink, which appears to read "Ben Tafirenyika". The signature is written over a dotted line.

Councillor Ben Tafirenyika

Finance Chairperson