

PARLIAMENT OF ZIMBABWE

Tuesday, 16th January, 2018

The National Assembly met at a Quarter-past Two o'clock p. m.

PRAYERS

(THE HON. SPEAKER *in the Chair*)

ANNOUNCEMENT BY THE HON. SPEAKER

REGISTRATION OF HON. MEMBERS TO EXISTING COMMITTEES

THE HON. SPEAKER: I have to inform the House that Hon. Members whose Portfolio Committees were dissolved are required to register to existing Committees by Thursday, 18th January, 2018, obviously in consultation with the Whips.

Hon. A. Mnangagwa having stood up.

THE HON. SPEAKER: How do I address you now? –

[Laughter.] –

THE HON. SPEAKER: Hon. Pedzisai, please take your seat.

MOTION

BUSINESS OF THE HOUSE

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I stand to move, with the leave of the House, that items on the *Order Paper*, Number 1 to 9 be stood over until item Number 10 has been disposed of.

Motion put and agreed to.

MOTION

LEAVE TO MOVE SUSPENSION OF PROVISIONS OF STANDING

ORDERS NUMBER 51, 62 (2) AND 64 (5)

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I again seek leave of the House to move that the provisions of Standing Orders Number 51, 62 (2) and 64 (5) regarding the automatic adjournment of the House at Five Minutes to Seven o'clock p.m. and at Twenty-five Minutes past One o'clock p.m. on a Friday; private Member's motions taking precedence on Wednesdays after Question Time and that Question Time shall be on Wednesdays respectively be suspended with effect from today and for the next series of sittings in respect of the

Finance and Appropriation 2018 Bills. Mr. Speaker Sir. I accordingly move.

Motion put and agreed to.

MOTION

SUSPENSION OF PROVISIONS OF STANDING ORDERS

NUMBER 51, 62 (2) AND 64 (5)

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I now move that the provisions of Standing Orders Numbers 51, 62 (2) and 64 (5) regarding the automatic adjournment of the House at Five Minutes to Seven o'clock p.m. and at Twenty-five Minutes past One o'clock p.m. on a Friday; private Member's motions taking precedence on Wednesdays after Question Time and that Question Time shall be on Wednesdays respectively be suspended with effect from today and for the next series of sittings in respect of the Finance and Appropriation Bills for 2018.

Motion put and agreed to.

MOTION

LEAVE TO MOVE SUSPENSION OF STANDING ORDERS NO. 32

(5) AND 139

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I again rise to seek leave of the House to move that provisions of Standing Orders Number 32 (5) and 139 relating to the reporting period of the Parliamentary Legal Committee and Stages of Bills respectively, be suspended in respect of the Budget Debate, Finance Bill and Appropriation Bills.

Motion put and agreed to.

MOTION

SUSPENSION OF STANDING ORDERS NO. 32 (5) AND 139

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I am grateful to the Hon. Members. I now rise to move that provisions of Standing Orders Number 32 (5) and 139 relating to the reporting period of the Parliamentary Legal Committee and Stages of Bills respectively, be

suspended in respect of the Budget Debate: Finance; Appropriation Bills of 2018.

Motion put and agreed to.

HON. MISHAIRABWI-MUSHONGA: Thank you Mr. Speaker Sir. I rise on a point of privilege. Last week we had a motion in this House on sanitary wear and unfortunately, I do not know how the perception was created that in that debate ...

An Hon. Member having crossed between the Chair and the Member speaking.

THE HON. SPEAKER: Order Hon. Shumba, you cannot pass in front of a debating member. Please go backwards.

HON. MISHAIRABWI-MUSHONGA: Unfortunately, I am not sure where that understanding came from that in that presentation of that debate, that I had said the Minister of Finance had not provided support to the production company. I just thought it is important to take this opportunity to clarify that in fact, the Minister of Finance has provided support. Initially, it was \$136 000 and last week a further \$100

000 and therefore the Minister has supported to the tune of \$236 000 to Farai and that Farai is not on the verge of closure. In fact, they have been able to resume the work that they are supposed to do just before schools close. I just thought that it was important to clarify that matter particularly given the fact that the Minister of Finance had come to the table and had been supportive – [HON. MEMBERS: *Hear, hear.*]

MOTION

FINANCE BILL: BUDGET DEBATE

Tenth Order read: Adjourned debate on motion on leave to bring in a Finance Bill.

Question again proposed.

HON. CROSS: It is an honour to stand here today and start to debate in the House on this year's budget. Your Committee of Finance has in fact consulted extensively inside the country on this issue. We held public consultations some months ago and then more recently, we met with all the key stakeholders in the economy.

The budget proposes measures to try and grow the economy of Zimbabwe. I think this is the key priority for the budget this year because there is no doubt about it that at the present levels of economic production in Zimbabwe, our budget is unable to meet our essential needs. Many allocations in the budget reflect that. The Minister's efforts in this regard are welcome. The Committee expresses praise for the measures which he is proposing to take.

We also recognised that the Minister is trying to move away from business as usual and that this budget is an effort to try and start looking at our fiscal affairs in a new light and trying to engineer a situation which will put the country on a stable trajectory for growth and we welcome that. But, we must not underestimate the magnitude of our problems. The 2018 Budget remains highly consumption oriented. Seventy five percent (75%) of the revenue envisaged for 2018 will go to salaries. This is simply too much.

In addition to that Mr. Speaker, the budget deficit envisaged by the budget figures and the Committee is actually at variance with the

Minister to some extent because we believe that the true budget deficit forecast is 1.9 billion dollars and not 700 million. The reason for that is that the figures that we have from the *Blue Book* do not tally in some respects with the figures he gave us in his Budget Statement. This is something that needs clarity. But I point out to the House that in 2016, the technical budget deficit of the country was 1.4 billion dollars. It can be reduced slightly to one billion dollars, we remove certain components in the budget deficit, but from a technical or fiscal stand point, the budget deficit in 2016 was US\$1.4 billion. We believe that the budget deficit in 2017 will be closer to 2.2 billion than US\$1.7. This constitutes a very substantial proportion of the GDP and it explains why we have a cash shortage. It is the key problem which confronts the Minister at this moment and time.

He has to get the monster of the budget deficit under control. He has to reduce it to a regionally acceptable level of about 3%. In his official budget statement, he makes that commitment to maintain budget deficit of US\$700 million dollars but the Committee felt that this was

not realistic. In fact, we expect that the budget deficit this year will be substantially greater than the forecast of the Minister if nothing is done about the issue of revenue.

In addition to this, we are concerned that the Ministry of Finance is in violation of the Constitution in many areas of fiscal management and we point out the following:-

- Non observance of debt restrictions and requirements in disclosure to the Parliament; we are in fact in violation of the maximum overdraft that the Government can hold at the Reserve Bank. This should have been reported to the House and the condonation of the House should have been sought.
- The question of providing resources for the implementation of the devolution exercise provided for in the Constitution Section 264 has not been made.
- Provision of 5% of gross revenue for local authorities, Section under 301 has not been met. This is the fourth year in which this

violation has occurred. In addition to that, the Minister has an obligation under the Constitution to introduce a Bill to the National Assembly seeking condonation of unauthorised expenditure without delay and in any event, no later than 60 days after the extent of the unauthorised expenditure has been established and that is under Section 307.

- Furthermore, he has failed to introduce supplementary Appropriation Bill in the House providing for the issuance of the necessary funds from the Consolidated Revenue Fund and to close the gap caused by insufficient Appropriation Funds, Section 305 of the Constitution and Section 19 of the Public Finance Management Act.

Finally, Mr. Speaker Sir, we are concerned that we are in violation of the principle in the Constitution, that all revenues of the State should be paid into the Consolidated Revenue Fund and only where a specific Act of Parliament requires or permits them to be paid into some other funds established for a specific purpose, that is Section 302 (b) of the

Constitution. We feel that these violations of the Constitution require his urgent attention. Mr. Speaker Sir, I do not think that the House should condone these kinds of poor performance against established legislation, especially the Constitution.

Our recommendations Mr. Speaker Sir; I have mentioned the fact that we believe that the budget deficit in the *Blue Book* reflects a projected budget deficit of \$1.9 billion as against \$700 million and that is based on total expenditure approaching \$7 billion and revenues of \$5.1 billion. The revenue figures Mr. Speaker Sir, we feel are in fact quite realistic. He is forecasting total revenues from tax of \$4.3 billion and the other revenues bring it up to \$5.1 billion target. The Estimates of Expenditure at \$7 billion, I think he is going to have difficulty holding it at that level.

Therefore, we once again face a situation where the projected budget deficit in the country is going to be over 10% of the GDP and this is simply unsustainable. We have to look at some way in which we can raise additional revenue. I personally have discussed the possibility

of putting a small tax on electronic transactions and I have personally raised this with the Hon. Minister and not had any response. However, I consulted the Bankers' Association and tax experts and I believe this is feasible.

Mr. Speaker Sir, the figures are extraordinary. The Hon. Minister estimates that our Gross Domestic Product (GDP) is \$19 billion in 2018 but the total value of swipe transactions in 2017 was \$76 billion and the total value of RTGs transactions, about \$50 billion and if you add that, the total value of transactions through systems like ecocash, which constitutes another \$1 billion a week; Mr. Speaker, we are looking at the total value of electronic transfers in 2017 of \$180 billion. To me as an economist, that reflects the fact that our actual economy is much bigger, probably more than double the size of the figure estimated by the Minister. His figure only reflects the value of the formal sector, but if you add the informal sector trading into our national economy, we probably have an economy in excess of \$40 billion.

Mr. Speaker, several months ago when you raised the idea that we could have a \$10 billion budget, I was very skeptical, but the reality is; if our real GDP is \$40 billion, then 25% of our GDP is \$10 billion. Mr. Speaker Sir, I believe that we can cover the shortfall in our revenues. We can provide more money for our health sector; we can fund the Parliament of Zimbabwe properly if we put a small tax on electronic transfers. If we put 5%, five cents in a dollar on that, it is \$9 billion of new revenue.

Mr. Speaker, I have spoken to our Committee and it is skeptical and has urged me to make sure that this matter is raised in the Committee in the next month or so. However, I think this is an urgent matter because we must resolve this question of our deficit and the only way to resolve it is to tax the people in the informal sector. If you put a tax on electronic transfers, it is easy and cheap to collect and everybody pays. If you step into an emergency transport taxi and you pay your fare using ecocash, you pay five cents to the Minister of Finance, it would solve our problems overnight. It will reduce expenditure on labour and

salaries to 35% of our budget; it would eliminate our deficit immediately and give us resources to settle our bill with the multinational agencies. I think that we have to look at this.

I do not believe for one minute that Zimbabwe has an economy which is only \$19 billion. Just look around you. I went to dinner the other night at a restaurant in town; it was packed to capacity. This is not a poor country, this is a country which is rich and I believe that our people would not object to raising funds in this way from our existing population and I urge the Minister to consider this. On expenditure and rationalisation, Mr. Speaker, it is very difficult to reduce expenditure and it is one of the toughest jobs in the financial game. Reducing expenditure on salaries is very difficult because you are dealing with people's lives – [HON. MEMBERS: *Inaudible interjections.*] -

THE HON. SPEAKER: Order, order.

HON. CROSS: I do not believe that in fact our focus in this budget debate should be on reducing expenditure but it should be on

increasing the cake, increasing the amount of money which the Treasury has to spend. I think that should be the real focus of the 2018 debate.

On the question of employment costs, 75% of the present budget – I will just point out to Hon. Members here, that is the highest rate of expenditure on employment costs for a Government in the whole of Africa. In Tanzania, it is only 22% of the Budget.

Mr. Speaker Sir, on the question of parastatal reforms, the Committee welcomes the Minister's tough stance. He has made it quite clear that he is not going to allow parastatals to continue to lose money and not contribute to the fiscus; that if they want to remain in business, they must turn a profit and no debate. The Committee also welcomes the list of parastatals to be privatised, it is long overdue. At the beginning of the Government of National Unity (GNU), we decided that we would privatise 10 parastatals, the Minister's list is much more substantial and I think the House should support him in every way.

Then is the Minister's forecast on growth in 2018 of 4.5%. I hope this is modest Mr. Speaker. I think that with the measures being taken

by the Government since the changes in November, I can see the private sector responding strongly with new investments. In fact, my contacts in the private sector are abuzz with new investors coming into the country and wanting to do things which they have been holding onto for many months or even years. I have seen for myself the new attitude, the new culture of work inside the Government where Ministers are coming to work early in the morning. The President, I understand comes to work at 7:30 a.m. I understand the President demands that people should be on time. Mr. Speaker, if that is the name of the game, I want to tell you that we could well exceed the growth forecast for this year. I think that will provide us with a real basis for moving forward in the future – [AN HON. MEMBER: *Hear, hear.*] –

On the question of social services allocations Mr. Speaker, our principle concern as a Committee – and remember we are not responsible for any one of the individual ministries, this is purely and simply from a macroeconomic point of view. Our principle concern Hon. Minister, was the allocation to health. Allocation to health is barely

5.8% of the budget this year, which is simply and totally inadequate. If we can resolve the revenue problems of the Government, I think the health budget must be the first priority – [HON. MEMBERS: *Hear, hear*] - we need to double the health budget and we should not shy away from that. We cannot run our hospitals with the kind of budget we have got here and we cannot expect our health professionals to work in this kind of environment. As a country, we simply have to make health a bigger priority.

The other question which we examined at length Mr. Speaker and which we are concerned about is the question of ECD. When the Government announced that they were going to extend compulsory primary school education by two years to include the ECD children, what they were doing is they were bringing something like 600 000 to 700 000 children into the school system. We needed 16 000 new classrooms. We needed goodness knows how many more teachers, 20 to 25 000.

When you make a policy decision like this, Mr. Speaker, to extend the education system for primary schools downwards by two years, you must provide for the changes financially, and to expect parents to pick up the tab for teachers, classrooms, school books and everything else makes a complete mockery of our commitment of free primary school education. This is a matter which must be addressed. If the Minister of Education is going to be required to provide two years of ECD education to all the primary school children in this country, we must provide the teachers and we must provide the necessary supporting infrastructure - no question.

On the question of the amendments to the Indigenisation Act, Mr. Speaker, the Finance Bill this year is a very substantial document. It is nearly 50 pages and this is usual. It is an American practice to use legislation as an omnibus vehicle for changing Acts, and that is what the Minister is doing here. Clearly, he is in a hurry to do so. Your Committee, Mr. Speaker Sir, expressed concern that a fundamental piece of legislation like the Indigenisation Act should not be amended in the

Finance Act, it should be a result of the formal amendment of the Act itself, and that there should be a debate on this issue in the House before the changes are instituted. This is a vital piece of legislation and that was the main criticism of the Finance Act itself.

On the question of addressing the cash shortage, Mr. Speaker, all of us should have seen the massive queues at Christmas time as people went to their banks and tried to draw money to go home and they were unsuccessful. I know personally from my own bank, I was unable to draw cash for a month. No cash whatsoever. Mr. Speaker, we simply cannot carry on like this. We have to find a solution and I think the Minister and the Governor of the Reserve Bank have got to give real attention to this. This is not a peripheral issue. You cannot ask rural peasant families to use swipe cards. The unbanked community in Zimbabwe must be 70% of the population. They need cash. They do not need some kind of promise of money by and by.

How much time are our people wasting standing in queues unproductively? How many factories do we have that are short of staff

during the day because they go and try and collect their salaries from the banks? I think there is a solution to this. Your Committee has considered this and in fact, made recommendations some months ago, but I think this needs to be addressed as a matter of urgency. The core issue is the budget deficit because that is absorbing all the liquidity that we have.

On the question of the inflation forecast, the Committee was rather critical of the Minister's estimate. The Minister's estimate is 3% for 2017 and 3% for 2018. Minister, we know that is a fiction. I spoke to one of the largest retail chains in the country a few weeks ago and the Managing Director told me his average inflation in the supermarket was 30%. Now, does the Minister think that the current increase in VAT returns is based on real turn over? It is not, it is inflation. I do not believe for one minute that we can expect inflation to be held down to 3% in 2018. It is more likely to be 15% or 20% and the reason is the informal market for foreign exchange. People are paying a 60%

premium today for United States dollars to import goods and that is the thing that is driving inflation.

The other thing that is driving inflation is the shortage of goods in the economy. If you create a shortage of goods here, businessmen will take advantage of it. There will be people taking advantage and increasing prices. If you increase the cost of buying foreign exchange to import goods from South Africa or from anywhere else by 60%, you will see inflation. If you bring in regulations which require licences for imports and you bring in exchange control at the Reserve Bank, you will get rent seeking. One of the biggest importers in this country has told me recently he has to buy his import permits from intermediaries. In those circumstances, Mr. Speaker, it is perfectly understandable that we are going to have rapid inflation, and I think that finding a solution to that is not a question of just putting it in the hands of a committee appointed by the ZANU PF Politburo. It is an issue which requires all of our attention.

On the question of completing public sector projects...

THE HON. SPEAKER: Order. Please wind up. Your time is almost up.

HON. CROSS: On the question of Public Sector Projects, Mr. Speaker, when a Public Sector Project is not completed on time.

HON. D. SIBANDA: On a point of order, Mr. Speaker Sir. I propose that we extend the time for the Hon. Member since it is a budget report from the Committee.

HON. MANGAMI: I second.

HON. CROSS: Thank you Mr. Speaker. On the question of public sector projects, when Parliamentarians visit public sector projects around the country, they observe many public sector projects which are being delayed by the failure of Government to provide adequate resources. I think the new police accommodation along Enterprise road is a typical example which remains uncompleted in two years. There are many other examples around the city, but I bring Hon. Member's attention particularly to the Tokwe-Mukorsi dam which was started in

1998 and only completed last year at a cost of \$250 million when the original cost was \$57 million. That is the price we pay for delays.

On the question of the national debt, Mr. Speaker, because of the big fiscal deficit we have been running, the national debt on the domestic front has been growing very rapidly and currently stands at about \$14 billion overall. This is a continuing problem for Zimbabwe at a time when we can ill afford to incur additional debt, we are building up domestic debts in many different forms very rapidly.

THE HON. SPEAKER: Order. Hon. Majome, please take a seat.

HON. CROSS: We were very pleased to see the uncompromising stance which the new Government has taken towards this problem. We just would like to point out to Hon. Members that if you have holes in your bucket and you try and fill it from the top, all you do is put water on the ground. What we are doing right, now because we are not sealing, all the holes that were leaking, we are not making most effective use of our limited resources.

In the mining sector, Mr. Speaker, it is my personal view that the new Minister of Mines and Mining Development is probably one of the best Ministers we have ever had in this country and we are looking forward to receiving the first reports from him, but on the fiscal side we have a lot of work to do because from the fiscal perspective, Mr. Speaker Sir, we lumber the mining industry with a great deal of charges and burdens that they should not be carrying, \$50 a mega litre of water, for example, when the general cost is \$6 is just an example and it goes on.

I understand that a new economic blueprint is being developed and the Committee simply said that what we would like to see is a development plan based on both medium and long term plans for the Government. The last point I want to raise – [HON. MUSHOHWE: *Inaudible interjections*]-

THE HON. SPEAKER: Hon. Mushohwe.

HON. CROSS: Is the question of the parliamentary budget. I think in terms of the Committees of the House, the parliamentary budget

is specifically our Committees' responsibility. We have examined the parliamentary budgets in many other countries with a similar GDP to ours, countries with a similar size of parliament, Uganda for example. In Uganda the budget for parliament is US\$120m a year. Our budget this year of US\$57.2m is totally inadequate to make this Parliament work properly - [HON. MEMBERS: *Hear, hear.*] - I want to emphasize here Mr. Speaker, we are not talking about Members of Parliament welfare, we are not talking about putting more money in the pockets of Members of Parliament. We are talking about giving Members of Parliament tools with which to do the job for which they are charged with in terms of the Constitution - [HON. MEMBERS: *Hear, hear.*] –

Mr. Speaker, we believe that the Minister should agree with Parliament's request for a budget of US\$98m and not a cent less - [HON. MEMBERS: *Hear, hear.*] – Mr. Speaker, the budget is the key instrument for policy under the present dispensation in Zimbabwe. It is the central part of Government's efforts to make Zimbabwe work. I believe Mr. Speaker that the Minister knows exactly what to do. I

believe he has done a great job in his draft budget. I would like to see this Budget applied for the next three months but I would like to ask him to come back to this House in April and do something about the revenue and something dramatic. I thank you Mr. Speaker.

HON. DR. MUKANDURI: Thank you Mr. Speaker Sir. In seconding the report that has been given by Hon. Cross, I want to zero in on three issues. The first one is on the allocation to Parliament. Mr. Speaker Sir, we all know that the State is composed of three arms and that is the Executive,

HON. GONESE: On a point of order Mr. Speaker Sir.

THE HON. SPEAKER: What is your point of order?

HON. GONESE: Thank you Mr. Speaker Sir, as a matter of procedure, we are debating the motion by Hon. Minister of Finance and Economic Development to seek leave to bring in a Finance Bill. The contributions from Chairpersons of Portfolio Committees and the Budget Committee are actually part of the debate. In that respect Mr. Speaker Sir, we do not second those reports, but the various

Chairpersons can present their reports. I believe that Hon. Dr. Mukanduri in purporting to second the report is actually out of order Mr. Speaker - [*Laughter.*] - I believe that in terms of our usually practice Mr. Speaker, we allow Chairpersons of Committees, then other members can debate. We cannot purport to second a report because actually the main debate is on the motion by the Hon. Minister for leave to bring in a Finance Bill. So, in that respect I think he is out of order - [HON. MEMBERS: *Inaudible interjections.*] -

THE HON. SPEAKER: Thank you. Order, Hon. Dr. Mukanduri, are you representing a Chairperson – [AN HON MEMBER: *He is representing self.*] –

HON. DR. MUKANDURI: I am from the same Committee and ...

THE HON. SPEAKER: No, no later on. I want Chairpersons.

HON. CHITINDI: Thank you Mr. Speaker Sir. I rise to table a report of the Transport and Infrastructural Development Portfolio Committee. Budget allocation of 2018, Vote 11, was US\$87 501 000.00.

Introduction.

As Government gears itself for the much needed economic turnaround, the critical role played by the transport sector cannot be over emphasized. Given the unpleasant state of road, rail and air transport infrastructure across the country, it is imperative that efforts be made towards recapitalising and retooling the state enterprise mandated to preside over this very important sector. While it is clear that public resources are a far cry from requirements alternative financing arrangements such as loans, strategic partnerships, triple PPPs and privatization of parastatals...

HON. MARIDADI: On a point of order Mr. Speaker Sir.

THE HON. SPEAKER: What is your point of order?

HON. MARIDADI: Mr. Speaker seeing as we have many Portfolio Committees in Parliament, I humbly suggest that instead of having Chairpersons of Portfolio Committee go through the entire report with introductions and who was in the Committee can we not go to the meat of the matter where there are recommendations. We look at

recommendations because I think those are the issues that the Minister would want to grapple with. I thank you. It needs - [HON. MEMBERS: *Inaudible interjections.*] –

THE HON. SPEAKER: I thank you. Can you speak to your recommendations please?

HON. CHITINDI: Thank you Mr. Speaker for your guidance - [AN HON. MEMBER: *Inaudible interjection.*] – Your Committee's recommendations Mr. Speaker Sir are as follows: -

5.1. Capacity building be undertaken for road authorities to ensure that they improve on their draw down of funds from ZINARA and improve road infrastructure. In addition, ZINARA engineers should be involved in the monitoring of road works undertaken by road authorities using disbursed funds. Moreover, capacity building by the Zimbabwe Institution of Engineers and the Engineers Council of Zimbabwe in the form of refresher courses and orientation is recommended for road authority engineers to improve their workmanship.

5.2. The restricting of Air Zimbabwe, along the lines of privatization needs to be expedited. Meanwhile, Treasury support is sought with regards to the IATA Clearing House and the IOSA audit which both require about US\$13m. The IATA Clearing House debt, in particular, has since shot up from US\$2.6m to the current US\$4.6m from, and the figure keeps on ballooning. Without the engagement and repayment of IATA fees, Air Zimbabwe remains technically insolvent.

5.3. The US\$400m NRZ-DIDG-Transnet deal needs to be expedited. Meanwhile, the US\$10m allocated for emergency works should be disbursed for works to commence.

5.4. A Statutory Instrument that limits the transportation of coal by road and mandates mine houses and other companies to move at least 10% of their cargo by rail should be promulgated. This will complement the recapitalization of the NRZ.

5.5. Road Motor Services should be put under NRZ. Furthermore, urgency is need on Phase II of the Zimbabwe Dry Port Facility at Walvis Bay which is four months behind schedule. This is a very profitable

venture. During high seas at Beira, we are forced to use Maputo and Durban, hence the Walvis Dry Port would be a handy alternative.

5.6. Efforts be made to ensure successful negotiations for the US\$153m facility for the urgent and critical rehabilitation and expansion works at the R. G. Mugabe International Airport. Your Committee recommends the involvement of local engineers under the Zimbabwe Institution of Engineers and Engineering Council of Zimbabwe in the implementation of the projects. Furthermore, local procurement is recommended with local suppliers being embedded in the National Projects Status so that they are tax exempt, thus making them more competitive. Seeing that this loan facility includes radar systems which are conspicuous by their absence thereby compromising aviation safety and income flows, expedience is called for.

5.7. We recommend that the Ministry implements the directive to half price of number plates so that there is compliance in the registration and re-registration of motor vehicles. This will also positively impact on revenue inflows.

5.8 Your Committee also recommends an upwards review of the retention funds by the Ministry from the current 5% to 10% to cater for road safety programmes.

In conclusion, the transport and logistics sector lies at the heart of the economy revival efforts of the Government, especially the cost and ease of doing business reforms. The resuscitation of this very economic enabler will greatly complement efforts in other sectors of the economy. In this light, the timeous and consistent disbursement of allocated funds and consummation of strategic partnership and loan negotiations will provide the much needed impetus for the revival of this sector and the economy at large. Nevertheless, due diligence is needed in the various negotiations to ensure a win-win situation. Furthermore, given the 1,5 million vehicles currently on the roads, it is imperative that we computerise transport management systems to reduce road carnage, ensure road worthy vehicles and spike in both revenue generation and collection for the Ministry of Transport and the Government of Zimbabwe. I thank you.

HON. DHEWA: I wish to present the final report of the post-budget analysis by the Parliamentary Portfolio Committee on Media, Information Communication Technology, Postal and Cyber Security. I will start off with Vote 20, the Ministry of Media, Information and Broadcasting Services. From the allocation for 2018, there was an increase in terms of the budget of 708% ...

Hon. Musanhi having passed between the Chair and the Hon. Member on the floor

THE TEMPORARY SPEAKER: Order Hon. Musanhi, you cannot cross between the Chair and the Hon. Member speaking.

HON. DHEWA: In terms of the recommendations, in view of the above observations, the Committee recommends that:

1. The \$125 million that the Ministry had asked for should be made available so that the Ministry can complete the digitalisation project and migrate from analogue to digital transmission.

2. The implementation of this programme is behind schedule and should be completed by 30th June this year.

3. The Ministry should fully utilise the film training school and generate some revenues from it through hiring and renting to other players in the media sector.

4. Also, the board for the Broadcasting Authority of Zimbabwe should be appointed as a matter of urgency for good corporate governance.

5. The Zimbabwe Commission Board should also be constituted.

6. The Ministry should have a Minister for policy direction. Completed digital transmitters should be switched on because you are also aware that some of the transmitters have already been completed and are digital compliant but have not been switched on. Funds allocated to the Ministry should be disbursed timeously so that the Ministry can effectively execute its mandate.

7. The ZBC/TV should come up with content that attracts viewership and therefore advertisers for revenue generation.

8. They should also utilise available local skills base.

The Ministry of Information, Media and Broadcasting Services plays a critical role in the dissemination of information, promotion of public communication and builds the image of the country. For the Ministry to achieve these objectives and targets, there is need for adequate provision of funding from Treasury. The Committee noted with concern that the funding provided by Treasury is inadequate for the Ministry to achieve its set objectives for the fiscal year, especially the digitilisation project.

I will now move on to the Ministry of Information, Communication Technology, Postal and Courier Services and Cyber Security which also in the allocation proposed by the Minister of Finance has got an increase of 65% compared to what they got last year.

The Committee recommends that:

1. The use of ICT be expanded to include rural areas.
2. The national fiber optic backbone should be expanded to all areas of the country. Critical works on the Zimbabwe Digital Broadcasting Migration Project should be completed within the current financial year.
3. The digitilisation of the television sites, construction of transmission towers should be completed and operationalised by end of June this year.
4. Digital services from the completed transmitter sites that have been completed have to be made available to those willing to utilise them.
5. Works on the National Data Centre have to be completed.
6. The Ministry should come up with one provider for internet services.
7. The Broadcasting Authority is a regulator and therefore Transmedia has to deal with issues of infrastructure.

8. The Ministry should be accommodated in Government premises to cut on unnecessary expenditure from the payment of rentals.

The Ministry of Information, Communication Technology, Postal and Courier Services and Cyber Security plays a critical role in developing a knowledge based society with connectivity by exploiting the potential of ICT for sustainable socio-economic development. This is critical for the economic development of the country and the Ease of Doing Business. For the Ministry to achieve its objectives and targets, there is need for adequate provision of funding from Treasury. The Committee notes with appreciation the increase in terms of the allocation on maintenance and so on but there is still need to actually ensure that the demands from the Ministry are actually met.

This, however, does not cover the outstanding bills in excess of \$5,3 million as at 31 December, 2017 of which \$4,6 million is for TelOne which provides the public finance management systems data lines. The Committee therefore notes with concern that the funding

provided by Treasury is inadequate for the Ministry to achieve its set objectives for the financial year under review. I thank you.

HON. P. D. SIBANDA: I am standing in for the Chairperson of the Health and Child Care Committee and therefore I am presenting the report, but before I do that, allow me to speak to two issues about the budget. Firstly Hon. Speaker, I believe that as Parliament, in terms of Section 119 of the Constitution, we are mandated to protect the Constitution and also democratic practices that are observed by the Constitution.

Hon. Speaker, I take note that in terms of the Constitution Treasury is supposed to provide resources to Provincial Councils and also local authorities. The Hon. Minister in his presentation of the 2018 budget he did not touch on those issues except to state that the Constitution has created monsters that are guzzling money from the fiscus. It is agreed that our Constitution has created a number of institutions that need funding. However, I believe that it is not entirely up to the Minister to

decide not to allocate resources to institutions that have been created by the Constitution.

The moment the Hon. Minister does that, he approaches Parliament with dirty hands. I strongly believe that the Hon. Minister is supposed to do the allocations and come to Parliament and plead with Parliament to say that those institutions maybe should not be allocated resources rather than for him to decide on his own that he is not going to allocate resources. I believe that this is a serious violation, which this House should not allow to sustain.

Secondly, the vote on Parliament, Hon. Speaker, we agreed at the Pre-Budget Seminar that there are two votes that we were not going to allow to be reduced. Unless and until the Hon. Minister gives those two votes the required amounts of money, then the budget is not going to pass. One of them was the vote for Parliament. Let me just try to show you why it is important that Parliament should get the \$98 million that it requires. Since 2013, I have been in this House. Towards the end of last year, I saw newspapers trying to assess the performance of Hon.

Members in Parliament. Some Hon. Members were regarded as non-performers but I believe in that analysis, there was a gap that was left out.

Hon. Speaker, one of the methods in which a Member of Parliament can be regarded to be a performer in Parliament is to be able to speak. Now, not every Member of Parliament is able to speak in Shona, Ndebele or English. Some Members of Parliament only speak Xhosa, Tonga or Nambya. Now, because Parliament does not have interpreters in those languages, some Members of Parliament have been deprived of the right to participate and debate in this Parliament. Why Parliament does not have interpreters is because of lack of funding.

If the Hon. Minister is saying he is going to give Parliament \$57 million instead of \$98 million, what the Hon. Minister of Finance and Economic Planning is saying is that all Members who do not speak English, Ndebele or Shona should not participate in the debate of Parliament. He is promoting tribal hegemony in this country. I believe that Parliament should not accede to those tendencies that are coming

from the Hon. Minister. I am Tonga, I also enjoy to speak in my mother language when I am debating in Parliament. So as Vendas, when Members who are Vendas want to speak in this House, they should be able to speak in their languages. The only way they can do that is when the Hon. Minister funds Parliament to the tune of \$98 million that Parliament requires so that we cannot continue to be forced to speak in Shona, Ndebele, or English – [HON. MEMBERS: *Hear, hear.*] –

The Constitution recognises 16 languages. Therefore, Hon. Members should be aided to debate in the languages of their choice. Let us not violate Section 63 of the Constitution. As a result, I call upon this House not to pass this budget unless Parliament is accorded the \$98 million that it requires for it to be able to function properly.

Coming to the Health Report, this is one of the votes where we agreed as Parliament at our Pre-Budget and Post-Budget Seminars that this budget should not pass until and unless the Ministry of Health and Child Care is given sufficient resources.

When we are talking of health, I am not talking about health of the Minister or Hon. Members of Parliament. I am talking about health of the common man, who is found in Siabuwa, Murambinda; in those rural areas. The common person who does not have any source of income, that is the health that we want to take care of. The Hon. Minister can go to Geneva and seek for health services. He can afford that but what about the old men and women who are out there in the rural areas, where do they get money to access health care, unless health care is adequately funded by Treasury.

These are our recommendations as a Committee:

1. We recommend that the budget for the Ministry of Health and Child Care must be compliant with the Abuja Declaration. That is, it should comprise of at least 15% of the total budget. Currently it is standing at 5.8%, if we add the \$30 or so million from the Health....

An Hon. Member having crossed between the Speaker and the Member on the floor.

THE TEMPORARY SPEAKER (HON. DZIVA): Order, order Hon. Member, you cannot cross in front of a Member on the floor.

HON. P. D. SIBANDA: If we consider the \$30 or so million from the health levy, the budget does not go beyond 6.2%, that is what the Hon. Minister has allocated. This is actually a reduction from what the Ministry of Health and Child Care was allocated in the previous year. So, we recommend that at least 15% threshold should be achieved.

Hon. Speaker, in a scenario where the Minister says he does not have fiscal space to reach the 15% threshold, we recommend that in order for us to maintain our health delivery services at the level that they were last year – because the current budget of \$408 million that has been allocated is actually reducing the level of health care that we were giving last year to below what we were giving last year, which means that we want health care to deteriorate beyond the levels that it was last year.

For us to maintain at the level that it was last year, your Committee recommends that Treasury should release an extra \$345 million towards the Ministry of Health and Child Care, then the gap that will be founded

by development partners will assist us to at least leave the health care at the same level that it was last year.

Our third recommendation is that last year or last year but one where....

THE TEMPORARY SPEAKER: Order, order, I have an announcement to make. Vehicle AD 18920 Ford Ranger is closing the entrance. Can you please go and remove your car.

HON. P. D. SIBANDA: Thank you Madam Speaker. We proposed a Health Levy Fund in this House, I think it is last year or last year but one of 10% that is deducted from airtime. Unfortunately Hon. Speaker, from that 10% health fund is only receiving 5% and the other 5% is going somewhere else. It is my belief that when that levy fund was proposed at 10%, the intent was to ensure that we fund our health. So, as a result, there is no need for Treasury to retain the other 5%.

Hon. Speaker, we recommend that the whole of the 10% that is being deducted from airtime should all go towards the funding of our health sector.

The other recommendation is that National Pharmaceutical Company (NatPharm) should be recapitalised to enable it to purchase drugs in bulk. Bulk buying of drugs will help to ensure a stable supply of drugs to public hospitals. Pharmacies also stand to benefit through buying drugs from NatPharm at lower prices. We are aware Hon. Speaker that sometime in October, 2017, the cost of buying drugs had gone up by almost 70%, such that cost of drugs was no longer reachable to an ordinary person. As a result, we recommend the capacitation of NatPharm so that it can be able to supply drugs at a lower cost to public hospitals.

Also to boost the supply of drugs, another recommendation that we are making is that Government should consider giving incentives to drug producing companies. We believe that, that way we might be able to save a lot of foreign currency if drugs are actually produced from within the country. For us to be able to do that, I believe that some kind of a package should be developed in order to capacitate our local drug manufacturing companies so that it becomes easy for us to buy drugs

from within the country rather than importing them from outside the country which is something that is actually taking a lot of foreign currency from the market.

We also recommended that in the meantime whilst we are still trying to capacitate our local drug manufacturing companies, may the Reserve Bank improve on the disbursement of foreign currency meant for purchasing of drugs by pharmacies and the National Aids Council.

We are aware that the Reserve Bank says that the first priority for foreign currency is for the purchase of drugs but Hon. Speaker, the money is not actually getting to those institutions that are meant to purchase the drugs. So, we recommend that the Reserve Bank should improve its disbursement of foreign currency to those companies.

We also recommend Hon. Speaker that the staff establishment in the health sector which was last revised in 1982 when the population was only 7 million must be revised. The staff establishment of the health sector should be revised so that it matches with the disease burden and also matches the size of the population that we have. From the time

that it was revised up to now, the population has increased by over 100%. Therefore Hon. Speaker, we recommend that the staff establishment of the health sector be revised.

That being the case Hon. Speaker, we also recommend that the employment freeze that has been applied by Government should not be blanketly applied but it should make some exceptions. It should exempt such sectors as the health sector. There is no need for us to freeze employment in the health sector when the health service provider and patient ratio in this country stands at 0.07%. Therefore Hon. Speaker, we believe that the freezing of employment in the health sector should be lifted or it should be exempted.

Then finally Hon. Speaker, we propose as a Committee that some more sin-taxes should be introduced in order for us to fund the health sector. We have two examples namely; sin-tax on alcohol and tobacco, we propose that there should be a sin-tax that is introduced to fund specifically the health sector. We also propose that there be a tax which should be levied on all sugary food stuffs – drinks and food stuffs and

get that levy to fund the treatment of non-communicable diseases. We believe that Hon. Speaker, sugar is a serious contributor towards non-communicable diseases that we have in this country. As a result, in order to promote a healthy eating habit in our population, but also to fund our health sector; we should introduce a levy on all sugary food stuffs and drinks. Thank you Hon. Speaker.

HON. SIMBANEGAVI: Thank you Madam Speaker. I am going to present the report on the Portfolio Committee on Environment, Water then Tourism and Hospitality Industry. My report is going to be in two parts - first on the Ministry of Environment, Water and Climate and then on the Tourism and Hospitality Industry.

For 2018, the Ministry was allocated \$85 818 000. In comparison to 2017 revised budget actual disbursements, the allocation increased by 10.6%. If the total amount is disbursed, the implication is that the fiscal achievements will slightly improve in 2018 compared to 2017 but if a proportion is disbursed as the norm from previous years, fiscal problems faced in 2017 will persist in 2018.

I will move on to the observations that the Committee has made in order for the recommendations that I will read later to make sense. The Committee observed the following in the 2018 budget. The Ministry is accruing recurrent expenditure debts amounting to \$2.1 million. This is for service providers. The operational budget will only settle 19.1% of this amount leaving no funds for operations in 2018. The Ministry has also an aging fleet of 45 vehicles which require a maintenance of \$100 000 and only \$56 000 was allocated. The Ministry was last allocated an amount for procuring vehicles in 2010. This cripples the Ministry in executing its mandate and hinders its supervisory capacity. The budget prioritised capital expenditure as expected.

Seventy-seven million dollars was allocated for water projects and ongoing projects will continue and commencing of one new project. Therefore, the budget is developmental although the funds remain in adequate. The budget also proposed to continue with the funding of dam construction, water supply and sanitation programmes that were started in 2017. However, there is underfunding of the dams that were planned

to be completed in 2018. The amount allocated is less than the required funding for project completion. There is a finance gap of \$25 million required to complete Causeway, Gwayi/Shangani and Marovanyati dams. Work will continue on water supply projects that were not completed last year in particular, Binga rural water supply and the project is likely not to be completed as the amount allocated is 33% of the total bid. There is no allocation for works at Dande dam as suggested in the previous year in order to avoid high future costs. Dande dam is a critical dam that services Guruve and Mbire districts.

The Committee observed that the Ministry had outstanding certificates for work already done on Tokwe-Mukorsi dam, which is \$58million. Continued funding of the borehole drilling exercise continues and the amount that was allocated for four boreholes and four weirs per constituency is \$2 million. If this funding rapporteur continues, it would enable the country to achieve one borehole per ward policy over time.

Increase in allocation on climate change programmes which is cloud-seeding – although the amount is less than the required amount, for cloud-seeding, an allocation of \$500 000 has been noted. However, the allocation for the Ministry did not cater for national mitigation and adaption projects. The recommendations for these observations Madam Speaker, are that the budget is allocated a marginal increment in the operational budget for 2018 as a way of reducing the accumulation of arrears on recurrent expenditures. Retention revenue is expected to complement the consolidated revenue. However, the performance of revenue from the retention fund is not known. The Committee recommends additional funding for operational budget in order to clear arrears accumulated since 2016. The Ministry must be allocated funds to purchase new vehicles.

THE TEMPORARY SPEAKER: Order Hon. Member. Vehicle ADI 8920, the owner of the vehicles, may you please go and remove your vehicle; otherwise you will find it clamped. Hon. Simbanegavi, you may continue.

HON. SIMBANEGAVI: Thank you Madam Speaker. The Committee strongly recommends that the Forestry Commission should be capacitated through Government grants in order to motivate key personnel. The Committee also advocates for the Executive to clear the confusion on the management of the Aforestation Fund which is a subject of debate between TIMB and the Forestry Commission. The Ministry of Finance and Economic Planning should support the capitalisation of parastatals on a rotational basis in order to capacitate them. The Committee further recommends that dam construction of Causeway-Gwayi-Shangani and Marovanyati should be allocated more funds in order to complete them. This will help to reduce costs associated with price changes. The Ministry of Environment, Water and Climate should be encouraged to diversify the financing options for water projects in order to avoid delays in completion of projects.

The Committee also recommends that priority should be accorded to climate change issues related to national adaptation and mitigation projects that are currently underway. The Committee further

recommends that Kunzvi dam be allocated money to commence its construction since it will be a vital water source for Harare residents.

Madam Speaker, I now move on to the recommendations of the Tourism and Hospitality Industry. In terms of budgetary allocation priority, the Ministry of Tourism and Hospitality Industry is again the least prioritised this year in spite of the sector being a high impact economic activity contributing 3.5% of GDP in 2017. Definitely, the sector has the potential to contribute up to 10% of the country's GDP if meaningful financial support is availed. Gross under-funding of co-activities such as destination marketing and key tourism programmes may adversely affect tourism receipts and the achievements of key objectives.

Zimbabwe has several heritage sites and the country should boost its economy by developing the tourism sector. Tourism is a low hanging fruit which when funded adequately will bring significant socio-economic benefits downstream of the economic value chain. Sectors that are driving the economy must be allocated more resources. If

tourism is to develop, a marked commitment in the funding of the Ministry and its implementing arm should be sustained. Key priority programmes for the Ministry should be funded timeously including domestic tourism. Community based tourism enterprises already started should be funded consistently to open up the tourism sector and to remove unnecessary illicit activities.

The Ministry must be allocated funds for the hosting of Southern Africa Women in Tourism Conference because the failure to host the conference would affect the image of the country. The Ministry must also broaden its funding options by attracting development partners and the private sector in view of resource mobilisation constraints which have persisted since 2009. The allocation of destination marketing of \$1,080,000 is inadequate given the huge economic gains realised in 2017. The Committee recommends additional funding for Sanganai-Hlanganani Tourism Expo and the Harare International Carnival. ZTA should be allocated funding for National Convention Bureau programmes such as the Meeting Incentives Conference and Exhibition

(MICE) tourism in Zimbabwe. Hosting such big conferences bring in a lot of foreign currency to the country.

In conclusion Madam Speaker, the Ministry of Finance and Economic Planning should allocate funds for all the must attend travel shows and fares within the first quarter of the year. I thank you Madam Speaker.

HON. MUDYIWA: I will report on the Portfolio Committee on Labour and Social Welfare. This analysis will cover the Ministry of Labour and Social Welfare, the Public Service Commission, ZCTU and the APEX Council. These are the departments that made some submissions to the Committee.

As a Committee, we made the following observations from the 2018 Budget:

1. There is an issue on rationalisation which was raised by the Minister of Finance and Economic Planning. It is quite a noble idea but as a Committee, we thought it does not have to be done haphazardly because this might lead to confrontation with labour

and other stakeholders. Proper mechanisms for undertaking the rationalisation exercise and safeguarding the rights of workers should be pronounced. On that note, we are recommending that the budget has to provide clear timelines and modalities for rationalisation of the Civil Service. In addition, social dialogue is required on retrenchments.

2. There was mention of the 3000 youth officers who were said not to have been catered for in the budget. Following that announcement, submissions were made that the youth officers received three months salaries in December, indicating maybe that they were on their way out but they were later advised to continue reporting for work. This makes it very unclear the status of these youth officers. Our recommendation on that is for Government to come up with a clear position on the 3000 youth officers and issue formal communication to that effect so as to avoid unnecessary anxiety on the part of the youth officers.
3. The budget is also not clear on the school teachers' vacation leave. You might be very aware that at the moment, all teachers' vacation

leave is suspended on the basis of reduced fiscal space but accumulated leave remains an obligation to be fulfilled by the State at a future date. So, some of us might not understand that when the schools close it is holiday on the part of the school children and not the teachers because they are called to be on duty at times and sometimes deployed to do other duties during school holidays. So, it means the teachers are always on duty, thus we are recommending as a Committee that the teachers' vacation leave should be reinstated and provided for in the budget.

4. There is currently a four tier pricing system in the market which is causing havoc on workers' salaries and purchasing power for all citizens and this is also compounded by cash shortages. As a Committee, our recommendation is that there is urgent need to address the four tier pricing system, the cash and foreign currency shortage in the economy. Given the limited fiscal space, non-monetary benefits to incentivise...

THE TEMPORARY SPEAKER: Order Hon. Members, Vehicle Prado ABL-4898 is blocking other vehicles. May the owner please go and remove the vehicle.

HON. MUDYIWA: I was saying that given the limited fiscal space, non-monetary benefits to incentivise civil servants should also be negotiated with workers' representatives.

5. There is Statutory Instrument 125 which was enacted by the Ministry of Labour and Social Welfare in 2013 to provide for non Public Service social workers to practice as probation officers but this is yet to be operationalised. The 2018 Budget presented was silent on this issue. We are concerned that this negatively impacts on the protection of children's rights in cases before the courts. The Committee was informed that the Ministry is awaiting approval from the Treasury. We are thus recommending that expeditious approval and allocation of resources to facilitate the speedy operationalisation of Statutory Instrument 125 of 2013 be done. It is recommended that it be operationalised.

6. We have a model employment office which was allocated \$34 thousand against a bid of \$150 000. This remains too low. This amount is supposed to cover creation of a database particularly purchasing computers, software installation, maintenance cost and training of provincial officers. Thus, we are recommending as a Committee that adequate financial resources be made available towards creation of a database of job seekers at the model employment office.

7. Shortage of equipment and vehicles. We noted that this is negatively impacting on service delivery in the Ministry. Such important activities as labour inspections and investigations are woefully inadequate as some offices have no chairs, desks and essential basic office equipment. The current system of hiring vehicles from CMED is proving to be very expensive and unsustainable. Thus saying, despite the reduced fiscal space, adequate financial resources for the procurement of vehicles, furniture and office equipment for the Ministry of Labour and Social Welfare should be prioritised in order to facilitate efficient delivery of service.

8. The department of Social Welfare in the Ministry of Labour and Social Welfare has incurred significant arrears for goods and services across all its programmes. These include rentals, utilities, allowances and communication expenses. The Ministry currently faces a risk from being taken to court and possible cancellation of leases and eviction of arrears for these services if services and rentals arrears are not cleared. Thus, we are recommending that financial resources be made available to settle arrears for goods and services.

9. The Public Service Commission continues to face high office rental costs amounting to US\$2 million for the year 2018. The Commission has purchased land and now require funds to construct their own offices. We are also recommending that financial resources be allocated towards construction of offices for the Public Service Commission which is cost-effective in the long run.

10. The concept of social dialogue is failing to attract external financing despite its importance, more so in the new dispensation as outlined by His Excellency. The current allocation of US\$110 000

towards social dialogue through the Budget is too low. It covers only 22 percent of their expectations to sustain the operations of the Tripartite Negotiating Forum, hence the need for extra budgetary resources to supplement the current allocation.

11. Critical child welfare programmes are seriously underfunded. Although US\$20 million was allocated to the Basic Education Assistance Module (BEAM). It was however, 100 percent increase from the allocation of the previous year 2017. This amount however, falls short of the \$120 310 828 required to sustain the programme. Cumulative arrears incurred under this programme over the years 2015 to 2017 now stand at US\$87 million. In addition, we have children in difficult circumstances programme that was allocated \$500 000 against a required budget of \$1.5 million. Furthermore, only US\$50 000 compared to a requirement US\$100 000 has been allocated for children on the streets. This will adversely affect that social programme. We are therefore, recommending that the budget allocates adequate financial resources towards the support programmes for our vulnerable children.

12. The Health Assistance Fund had bided for US\$12 million but was allocated mere US\$2.5 million in the Budget. Cumulative arrears incurred over the years have amounted to US\$7 496 874. If arrears are not cleared, the vulnerable sick may end up not accessing medical services. There is therefore, urgent need for upward review of the allocation towards the health assistance fund.

13. The Elder Persons Assistance was allocated US\$550 000 out of a requirement of US\$880 220, leaving a shortfall of \$330 000. Arrears incurred stand at US\$211 680. This also needs to be reviewed upwards. I thank you Madam Speaker.

HON. DR. MATARUSE: Thank you Madam Speaker for giving me time to present a Report of the Portfolio Committee of Higher Education, Science and Technology Development. Allow me to go straight to the recommendations.

1. There should be timeous disbursement of funds allocation to all budget items. Budget items towards operations and capital expenses

have traditionally been accorded less priority when it comes to disbursements.

2 The STEM programme should focus on training students from universities and tertiary education. This means that after paying fees for 5 136 high school students who are already in the stream, the programme should be restricted to skills training and development of students from universities and tertiary institutions. This has potential to harness benefits quickly for economic development. The Committee noted that a sub programme on cattle breeding which falls under STEM received no funding in 2018. However, the Committee recommends that ZIMDEF in collaboration with Chinhoyi University should spearhead the completion of this project.

The Committee also discovered that cattle breeding can be viewed as a private investment project that can attract private players rather than funding – [HON. MEMBERS: *Inaudible interjections.*] –

THE TEMPORARY SPEAKER: Order Hon. Members. Can Hon. Dr. Mataruse be heard in silence? Hon. Minister of Finance, I want you to be listening to the Reports by the Chairpersons.

HON. DR. MATARUSE: 4. The high performance computer programme remains key to modernisation and economic development. This budget item received no funding in 2018. The Committee recommended that the high performance computer be given US\$6 million for space expansion so that the Chinese Government owns up to the US\$5 million grant for equipment they promised. In addition, the high performance computer programme should collaborate with other service providers of related services to avoid duplication of efforts.

The Cadetship programme owes \$35 million to training institutions. The Ministry requested for \$10 million to clear the outstanding debt. The Committee recommends Treasury to clear the debt as it affects the running of the institutions. The Committee also noted that although scholarships are now under the responsibility of a newly created Ministry for scholarships, the Ministry of Higher and Tertiary

Education, Science and Technology Development still needs to clear outstanding scholarship issues, including ensuring that all outstanding stipends and agreements are honoured.

In addition, the Committee recommended future awards of scholarships to target local universities and colleges unless capacity to train the specific fields is not locally available. This will help the Reserve Bank of Zimbabwe in reducing pressure on foreign currency allocations. The Committee also suggests that upgrading of some local universities to international standards will help so that parents send their children at local universities. This will also reduce pressure on foreign currency resources. The Committee also recommended efficient control and financial accountability systems to the Ministry's statutory bodies such as colleges, universities, ZimDef and other specialised projects to limit leakage of resources. Thank you very much.

HON. MUSANHI: Thank you Mr. Speaker Sir. I am going to present a report from the Ministry of Education, Sports and Recreation. The Ministry of Primary and Secondary Education is directly

responsible for one third of the population's education in Zimbabwe, yet the budget does not seem to show that responsibility. If you look at the budget that was allocated to the Ministry of Primary and Secondary Education, you find that 93% of the budget is going towards the employment payments, leaving 7% of the budget for capital expenditure.

The teacher to pupil ratio is always going high. Funding burden is given to NGOs and parents. So, this must be looked at on the budget so that it could be revised towards looking at how important the Ministry is. Glen View Primary School is a shining example of how a school is supposed to be running. We observed that if all schools are run in that way, the Ministry will not spend a lot of money in terms of allocating funds to schools etc. The Committee recommends that the Ministry of Primary and Secondary occupies Government space and to eradicate the cost of rentals because they are in arrears right now and they want to pay rentals. So, because of that, we recommend that they occupy Government space buildings.

Budget allocation must exclude employment costs. We recommended that in future, I think the employment costs must be put direct to the Ministry of Public Service so that the budget will reflect the actual capital expenditure that is going to be used by the Ministry of Education. More teachers should be recruited in light of the growing learner population. Six hundred teachers are to be recruited and priority to ECD teachers should be given. The burden of employment costs for ECD teachers should be given to the Government and not parents and donors.

On Ministry of Sports, Arts and Recreation - Accumulated rentals in light of unutilised space of Government buildings. We have observed this on all Ministries. It looks like they are accumulating rentals from rented space and yet there are a lot of free Government space buildings which they are supposed to use and stop utilising the scarce resources that are needed for something else. The Minister's car rental which is bleeding the Ministry must be paid by the Office of the President and Cabinet than to bleed the Ministry's scarce resources that was allocated.

As we have said, there is a lot of free space in Government buildings, we recommend that rented space must be occupied in Government buildings. A Statutory Instrument to increase lottery entitlement from 5% to 15% must be in place. The Ministry of Home Affairs and Culture must honour the release of these funds to the Ministry of Sports and Culture. I thank you.

HON. CHASI: Thank you very much Mr. Speaker. My report which is the Committee on Justice, Legal and Parliamentary Affairs, covers the following entities. The Ministry of Justice, Legal and Parliamentary Affairs and the following Independent Commissions, the Zimbabwe Electoral Commission, the Zimbabwe Human Rights Commission, the Judicial Services Commission, the National Peace and Reconciliation Commission and finally the Prosecuting Authority.

I turn to the Ministry of Justice - there has generally been a positive trend regarding the budget for this Ministry which has increased by 586% in 2015, when it stood at 18,4 million and now stands at 126,5

million. So, we wish to acknowledge the assistance that the Minister has been giving to this particular Ministry.

Observations

The Ministry heavily relies on donor funds and I want to repeat the comments that have been made by previous Chairpersons regarding their own entities to say the primary responsibility for funding Ministries must fall on the Government. In this respect, I want to specifically refer to the issue of the constitutional alignment. Mr. Speaker, this is a very important programme which is way behind and which the Government needs to give very serious attention to. In this respect, the Committee acknowledged the assistance by the European Union, in particular to the tune of 1,500 Euros towards this programme. The Committee is hopeful that when the funds are released, they will be released in the same amount and that the release will be timeous in order to ensure that this very important constitutional programme is addressed.

Your Committee Mr. Speaker Sir, was concerned by a number of subscriptions that Government has to pay through the Ministry. For

example, the Government has to pay subscription to the International Criminal Tribunal for the former Yugoslavia as well as a similar tribunal for Rwanda. The recommendation was that Government must look into the relevance of some of these entities before agreements or treaties are signed so that Government does not assume huge payments for which there is very little to see. The Committee recommended that the Ministry must go and look at each and every one of the entities to which they subscribe and demonstrate to this Committee the value that this country is getting from those subscriptions.

The Zimbabwe Prisons and Correctional Services; is a very important body Mr. Speaker, that falls under this Ministry but which is perennially in very difficult financial situation. The department looks after people who are not free to get food for themselves or to clothes themselves. It has made efforts to engage in farming and significant amounts of money are required to re-tool their farming activities. The recommendation that the Committee has made is that consideration must be given by Government to allow this department to engage, maybe in

contract farming where people who have their own resources can come and use their farms and then the profits could be shared.

The department of Deeds is very important Mr. Speaker. The Committee was aware that over a very long time there has been debate... - [HON. MEMBERS: *Inaudible interjections.*] - Mr. Speaker, I would like the Minister, particularly to hear this one.

THE TEMPORARY SPEAKER: Order, order! Hon. Minister, he is requesting you to learnt your ears to this particular one.

HON. CHASI: I am sure the Minister is familiar with this problem. The Deeds office is a cash cow for the Ministry and the Government. Treasury allows them to retain 5% of the money that they make. That department is making efforts to computerize so that it is able to scan documents, deeds and other intellectual property related registration documents, that is where the money comes from.

The Committee highly recommends that the Minister considers either increasing the retention level or giving that department more money to enable it to make more money for Government. That

discussion is a perennial one and we have asked and recommended that there must be a discussion which is based on a demonstration by the Ministry to Treasury as to how much they can make on the basis of the money that the Minister or Treasury can give to them.

I want to emphasise Mr. Speaker, that intellectual property rights are a very important aspect of our ease of doing business. People that will come and invest would want to know they are able to register their property rights and that they will be protected. So, this is a very critical element which Government needs to give huge priority.

Mr. Speaker, Zimbabwe houses the African Regional Intellectual Property Organisation in which we invested as early as 1983. We should, as a country, be able to capitalise on that investment in order to make sure that we get help in terms of improving our economic situation as a country.

Allow me Mr. Speaker Sir, to now turn to the Judicial Services Commission. This Commission has done very well. The work that the Commission has done throughout the country is visible for everyone to

see. Many courts have been built throughout the country and the quality of those courts is also very good. Our concern with this particular Commission is the fact that magistrates have not received sufficient attention to their welfare. The distinction between the conditions of service or the welfare of magistrates generally and those at the superior courts is so glaring but apart from that, the problem is that the freeze on promotions and so forth has meant that magistrates remain junior and yet in terms of the law, they can only pass a certain sentence if they are at a certain level. So, the recommendation is that the Minister could look at that aspect in order to allow upward movement of magistrates so that we have more senior, regional magistrates and so forth, who are able to apply stiffer sentences when certain cases demand that position.

Zimbabwe Human Rights Commission

Another very important Commission which necessarily must be all over the country. The Commission has serious workload but is unable to be visible throughout the country as a result of budgetary constraints. The fuller details of that budget are very clear in the report. There has

been an increase of 53% which came to an allocation of \$3 341 000. The Minister must be thanked for that given the limits on the fiscal space.

The Committee implores Treasury to unfreeze approved posts so that the Commission can fill up critical posts for effective delivery. This is very important in light of the forthcoming elections. The Zimbabwe Human Rights Commission will be a very important actor in those elections.

The Committee also recommends Treasury to consider increasing its allocation towards subscriptions and general elections. The same recommendation that we have given to the Ministry to say that it must look at all subscriptions and be able to demonstrate to this House and to the country generally that the money that is being spent is necessary and that we are getting value. The Committee also wishes finally on this particular Commission to implore Treasury to timeously resource it given that the elections are very close by and a lot of preparatory work will need to be done.

National Peace and Reconciliation Commission

An extremely important commission for this country to go forward without conflict.

HON. MUNENGAMI: On a point of order. I think you can just have a look at Hon. Mlambo. Maybe he looks tired seeing that he is a former minister – I do not know. There is that need for a stress clinic or counselling clinic which we have been agitating for. Now we see the reason why it is important. We really appreciate the debate which we are doing and we appreciate all the other Hon. Members just to pay attention instead of us taking a nap. I thank you.

THE TEMPORARY SPEAKER: Thank you very much Hon. Member.

HON. CHASI: I was saying Mr. Speaker, that I will now talk about the National Peace and Reconciliation Commission, the latest kid on the block with regards to the commissions. A very important Commission which already has lost three years of work as it is time bound in terms of the Constitution. The work that it was expected to do within the 10 years is still expected to be done now in the remaining

time. I cannot over emphasise the need for Treasury to particularly give specific attention to this Commission and ensure that the funds are released immediately to allow them to begin to do their work. They have been given a budget of \$1 399 000. This is hardly anywhere near what is necessary although it represents an increase of 22%. For the past years, the commissioners in this commission have been working from their houses.

HON. MLISWA: On a point of order. I was due to give a report but my point of order is on the allegations that I made on Hon. Shumba. I would like to withdraw them. I thank you.

HON. CHASI: I am sure the Hon. Member's withdrawal is in line with the work of the National Peace and Reconciliation Commission – the avoidance of conflict. I was saying a very important point that the commissioners are working from home, this is completely undesirable. Government must make funds available to ensure that this independent commission is able to function from proper accommodation which is accessible to the public. The public cannot be going to the houses of

commissioners to go and make their reports or complaints and so forth.

This is a very critical matter which I will also discuss in connection with the National Prosecuting Authority.

Recommendations of the Committee, we need more money to be put into this Commission. It has a lot of backlog which needs to be dealt with. It is very important going into the future that all forms of conflict that have occurred in this country are resolved and also that going forward, we avoid conflict and this is the fundamental work of the Commission.

Office space and condition of service benefits which were spelt out in contracts for the commissioners have not been met. We need committed people in this commission, people who are happy to be working in the environment. Whatever the commissioners were promised must be accorded. There is also a need that we as a country look at the life of this commission

[Time limit].

We look at the three years that has been lost and that as a country we make a decision as to how we want this to be structured.

I will not dwell too much on the Electoral Commission. I think it is one of those commissions that are discussed on a daily basis except to say that there is need for Treasury to ensure that all the funds that are necessary to complete registration and all the other preparatory works towards elections and for the elections themselves are made available well in time so that the commission can prepare for the elections. The Minister must be congratulated and thanked for ensuring that there is a separate Vote for ZEC as opposed to what transpired in the past.

National Prosecuting Authority

This is the last part of my report. This is a new kid on the block. Any business that starts with front loading of costs, the NPA is currently housed and it has to be housed outside Government buildings because it is an independent body that would like to maintain its independence. It is at Corner House – very expensive accommodation. Government needs to look at the pros and cons of either buying a building for this entity or

consider getting on to a programme to build offices for these commissions.

In light of the high rental expenses, the Committee recommends the purchasing of building or office space. The independence of the NPA should be asserted by ensuring that they have adequate financial resources. There is current talk under the current administration, there is a very clear thrust to deal with corruption and from the delivery by the Chief Justice yesterday, it was clear that there is a plan to have special corruption courts and all those will need to be resourced by law officers who are adequately compensated.

THE TEMPORARY SPEAKER (HON. MUTOMBA): Order, order Hon. Member, your time is up.

HON. CHASI: I am sorry Mr. Speaker, you will realise that I had so many independent departments but my last point is that there is a very clear discrepancy of treatment between magistrates and prosecutors. If one goes out, say to Masvingo, you will find a provincial magistrate and a chief law officer there. The magistrate may have a vehicle and the

chief law officer will not have a vehicle. With regards to judges as well Mr. Speaker, their conditions need to be relooked at to ensure that those judges do not hike.

HON. T. DUBE: Hon. Speaker Sir, I am presenting my 2018 post budget analysis for Zimbabwe Parliamentary Portfolio Committee on Defence, Home Affairs and Security Services.

The Committee on Defence, Home Affairs and Security Services has an oversight role over the Ministries of Defence, Security and War Veterans; Home Affairs and Culture and the Zimbabwe Anti-Corruption Commission (ZACC). During 2018 post budget review, your Committee analysed the budget allocation for the Ministries of Defence, Security, War Veterans; Home Affairs and Culture and ZACC and received oral submissions from the Ministry officials and Commission representatives.

Several observations were made from the budget allocation about the ministries and the Commission's funding, needs and gaps and the performance implications of the budget allocations. These observations

culminated into key recommendations which if implemented, will improve the operational efficiency of these ministries and the Commission. Below is the economic analysis of the allocation to each Ministry and ZACC.

The Ministry is made up of civil service personnel, Zimbabwe Defence Forces and a combination of the Army, Air Force services and the Zimbabwe National War Veterans Affairs. It managed to achieve its set targets in 2017 despite the funding challenges which affected it. The Ministry is determined to achieve its constitutional and statutory obligations in 2018 financial year and has a set of priorities that have to be fulfilled. In 2018, the Ministry was allocated a total of \$420.4 million of which \$322.1 million over employment needs leaving only \$98.3 million for operations and capital projects. This allocation of \$98.3 million is only 30% of ideal requirements of \$325.9 million which was bided to cater for prioritised expenditure instead of the Ministry's excluding employment costs and outstanding debt.

The Ministry has an outstanding cumulative debt amounting to \$69.4 million which if paid from \$98.3

THE TEMPORARY SPEAKER: Order, order, Hon. Member, can you stick to the recommendations of the Committee?

HON. T. DUBE: Alright, I will go to the recommendations. After an analysis of the Ministry's budget, your Committee made the following recommendations:-

3.1 Treasury should take over the Ministry's outstanding debt and pay the Ministry's service providers their dues including war veterans school fees, arrears dating back to the third term of 2015 so that operations earmarked for 2018 are fully funded.

3.2 Treasury should prioritise adequately funding critical expenditure items such as institutional provisions which include uniforms, rations, medical services, accommodation, training and development expenses.

3.3 Expenditure items that result in increased internal capacities and efficiency of the Ministry must be fully funded. These are:-

- i. Training of the Defence Forces,
- ii. Provision of training needs that include training material, facilities and equipment. In that same vein, procurement and regular maintenance of state of the art technical military equipment and facilities should be prioritized and adequately funded to improve internal capacity and efficiency and lengthen the military equipment's life span,
- iii. Servicing the Defence Force's vehicles and other mobile equipment,
- iv. Maintenance and servicing of the force's aircraft (including complete engine overhaul for aircrafts),

3.4 The Ministry of Defence should be exempted from the recruitment freeze and be allowed to recruit and train new staff to prevent skills and human resource gap.

3.5 Treasury should target fully funding the completion of housing and other PSIP projects which have high impact on the Ministry's long run. These projects are :-

- Dzivarasekwa Housing Project;
- Solomon Mujuru Cadet Accommodation in Gweru, and –

[HON. MEMBERS: *Inaudible interjections.*] –

THE TEMPORARY SPEAKER: Order, order, less noise in the House Hon. Members.

HON. T. DUBE: Similarly, other high impact activities at Manyame Airbase, Jason Ziyaphapha Moyo Airbase and Josiah Tungamirai Airbase should be fully funded.

Conclusion

The Ministry of Defence, Security and War Veterans is very important since its mandate ensures the necessary conditions for all other ministries to function well. Therefore, its operations should be fully funded to the tune of \$400 million (excluding employment costs).

This will guarantee the nation peace and a business environment which is investor friendly. Failure to adequately fund this Ministry results in serious operational challenges and have multiple negative effects to all other ministries in Zimbabwe.

The ZACC has a very important mandate of combating corruption, theft and abuse of power and other improprieties in Zimbabwe through investigation, public education, prevention and cause prosecution after thorough investigations. It achieved a lot in 2017 with limited financial support from Treasury and is set to achieve more targets set for 2018, hence requires adequate funding.

The Commission was restricted by Treasury to an expenditure target of \$2.469 million during the 2018 budget consultations. This allocation disregarded the Commission's huge but achievable expenditure targets earmarked for 2018 which are critical in the whole country.

The final allocation of the Commission for its 2018 budget was \$3 351 million including employment costs. This allocation is 0.07% of the

total National Budget and is far below the international best practices of allocating at least 5% of the National Budget to the Anti-Corruption agencies to cater for recurrent and capital expenditures. The Commission bided for \$17.4 million excluding employment costs.

We recommend that ZACC should be allocated adequate funds so that it fills in all the 141 vacancies so that effective structures and systems are set up and operationalised as soon as possible. Sub offices in Midlands, Bulawayo, Masvingo and Manicaland will be set up, manned and operationalised.

The Commission's Budget should be increased up to the amount that was bided. This means that Treasury should allocate ZACC its required \$17.4 million to cater for all its operational costs for 2018.

Allocation for employment costs should be urgently reviewed upwards so that ZACC staff is paid in line with salaries and other conditions of service of other Anti-Corruption Commissions in the SADC region.

The Commission is able to attract, retain and effectively utilize specialist staff skills with ideal qualifications to investigate corruption cases that are complex in nature.

Temptation to accept bribes from corrupt criminals by the Commission's officers is reduced and rather the Commission's officers will be motivated to discharge their duties.

In conclusion, it should be noted that the ZACC is the lead institution in fighting corruption in Zimbabwe in this new dispensation. Therefore, the Commission should be fully funded so that it sets all the necessary structures and systems required and effectively deliver on its mandate to curb Zimbabwe's number one enemy – corruption. I thank you.

HON. PARADZA: I rise to present a report for two ministries of Foreign Affairs and Industry. I am going to marry the two in terms of my preamble because their operations are sort of intertwined.

From our observation, Zimbabwe right now has a broken brand and needs some rebranding. These budgets were done before these

ministries were configured and therefore, my Committee urges the Minister to have a re-look at the whole budget to make sure that he factors in the rebranding and also the new mandates. For example, in the Ministry of Foreign Affairs; there is now a new responsibility to do with international trade but the budget does not cater for that. We are happy though that you allocated \$49 million to the Ministry from last year's \$35 million.

However, as I have said before, you did not take into account a lot of work which is going to be done in terms of rebranding Zimbabwe and re-engagement with the international community. The President was very clear when he said that Zimbabwe is now 17 years behind. Therefore, we need to catch up. In order to catch up, we need to hire some consultancy to make sure that we rebrand Zimbabwe.

My Committee also observes that there is confusion within the two ministries because they did not have clear mandates. The Office of the President (OPC) did not give them clear mandates when they came to present the budget to us. There is still some kind of nostalgia about the

old regime. They do not appear to fit into this new dimension where the President is now talking about a new dispensation. That needs to be done as soon as possible. We are happy that the Executive saw it fit to remove the Department of International Trade from Industry and put it to Foreign Affairs. Foreign Affairs already has the structures. We have missions across the globe and we can use these missions to make sure that we re-engage, rebrand and assist in attracting FDIs and also to mobilise our diasporans to make sure that they come and invest home. We are saying that as soon as possible, OPC must make sure that this department is removed from the Ministry of Industry.

In terms of our recommendations, the Ministry of Industry, Commerce and Enterprise Development, because it has some added responsibilities has been given the mandate to run the Indigenisation Department and also the Enterprise Department which used to be the SMEs. This work is what is needed right now if we are to improve this economy within the 100 day period.

We recommend that the Ministry comes up with programmes for domestic resource mobilisation with clear investment strategies. For example, we can have Zimbabweans who are locally based pulling their resources together and buying into the available companies. We have an example of what happened with NRZ – these are Zimbabweans who have invested in the NRZ and also the Government and the Ministry must put into practical use the new Indigenisation Policy and look for serious investors to resuscitate strategic industries such as ZISCO, NRZ, Hwange Colliery, David Whitehead, CSC and others. The Government must also come up with a clear Diaspora Policy with incentives. In other words, we need to incentivise our Zimbabweans who are either working or staying abroad so that it is attractive for them to come and reinvest here in Zimbabwe.

As it is now, the money which is coming in; these are just remittances which are for domestic use, we now need money for our industrial development. For that, we need the Government to come out

with clear incentives which are the same as those given to foreign investors through FDIs. We need that for our own Zimbabweans.

The department of Enterprise Development, as I said, these are for SMEs and should come up with programmes which will help the informal sector and make sure that this sector graduates from being small enterprises to become big industries and businesses. This should be our focus now in the next 100 days. The Government, through the Ministry of Industry, Commerce and Enterprise Development should also identify priority areas as the pillars and engines of growth and provide the necessary support.

Mr. Speaker, there is another issue of IDC, which has sort of lost its mandate. The Minister was saying we must assist in liquidating IDC debts and has allocated \$7 million towards a bottomless pit. We are saying no, instead of giving that money to IDC to liquidate part of its debt, that \$7million, Hon. Minister must be given to – (*Hon. Gonese having been speaking to the Hon. Minister of Finance and Economic Planning*) – please do not disturb the Minister, we want him to listen.

That money, the \$7 million must be given to the Special Economic Zones to make sure that they work.

The Zimbabwe Investment Authority Act must be aligned to fit the new dispensation. Right now we are told that so many companies have come and projects have been approved but we do not know how many were rejected and for what reason. So, it must be clear. This Act is now going to be under the Ministry of Industry, Commerce and Enterprise Development. So, the Ministry has been given a huge mandate; that is why we were saying that the Department of International Trade must be taken away from them so that they concentrate on making sure that our domestic economy is resuscitated.

We have the issue to do with the One Stop Shop; this was introduced during the GNU and the former President opened this during Hon. Mashakada's time but nothing has happened. So, we are saying that this is high time within these 100 days to make sure that this is resuscitated so that investors come to a single desk and ensure that they get the licensing within five days. You know the Dangote issue, where

is he now? He has gone because of these issues where there is a lot of bureaucracy. This is no longer needed in this new trajectory. The National Competitive Commission's role must be redefined to make sure that it suits into this new thinking.

In terms of Foreign Affairs, as I said, we are happy that the Department of International Trade is now part of them and the new thrust must be – this has been said by His Excellency that we must now shift from political diplomacy to economic diplomacy. This must be intensified, that is why I was calling on the Minister to increase that budget so that we retrain our ambassadors, men and women who are manning our missions there so that they understand the mood we have here in order to improve our economy.

We are happy that the Minister talked about rationalisation of our embassies and this is going to save a lot. However, we must also think of opening up new frontiers. We are talking of businesses which can come from countries like Dubai and so on, to open up a consulate in Dubai. We have countries like Turkey, which are eager to invest in

Africa and Zimbabwe is a proper destination because, as I said, our policies as enunciated by His Excellency are now clear. He talked about having free elections, the rule of law and zero tolerance to corruption. These alone are incentives, which we can now use as we look for Foreign Direct Investments.

Mr. Speaker, my Committee also recommends that the Ministry and other relevant Government Departments must draft a manual that captures this rebranding and reengagement of Zimbabwe. We must have a manual where even all the Hon. Members, if asked, will be able to say yes, here is the situation in Zimbabwe. In other words, it is what we call the elevator kind of approach...

Hon. Mukwangwariwa having left his seat to sit on the front bench was asked to go back to his seat by the Temporary Speaker.

HON. PARADZA: Mr. Speaker, as we discuss about our observation and recommendation as your Committee, Ministry Officials attend some meetings in foreign lands; these are good summits but within these 100 day period, we must have a conference on Zimbabwe to

make sure that we attract investment where we are going to invite potential investors to come here. We can have that conference here or elsewhere in Europe or Asia.

Mr. Speaker, the Government should allow the Ministry of Foreign Affairs and International Co-operation to engage the services of brand trade and investment experts. I was talking to Hon. Minister Chinamasa about rebranding and reengagement but we need experts to do this. As Zimbabweans we cannot do it, so we need experts and money to fund that so that we can hire consultants to help us in this.

In line with the new trajectory Mr. Speaker, the Government should redefine its foreign and trade policies in order to establish the country's global trade priorities and pursue a robust, reciprocal, bilateral and multilateral trade, taxation and investment relations through regional and international trade agreements.

Mr. Speaker, in conclusion, your Committee is of the view that the time is now for us as Zimbabweans to make sure that we come together and improve our economy. The world is continuously changing and

does not wait for Zimbabwe. Therefore, what is needed is to do all these things with speed. To this end Mr. Speaker, your Committee welcomes the stance taken by His Excellency to work with all countries which are interested in doing business with Zimbabwe. It is no longer the Look East Policy now. We must now look everywhere for those countries which have the capacity to work with us here in order for us to improve our economy.

As a Committee, as I said, we want to thank Hon. Minister Chinamasa for increasing this year's budget and we are grateful for that. I want to conclude with this quote from Warren Buffet who is a United States of America investment tycoon. He says, 'Someone is sitting in the shade today because someone planted a tree a long time ago'. That is what we should do Minister. I thank you.

HON. MUNENGAMI: Thank you Hon. Speaker. I rise here to report on the Portfolio Committee on Mines and Energy, a report which Hon. Mliswa just gave me 20 minutes ago. Like you said earlier on, I

will go straight to the recommendations. I will start with the Ministry of Mines and Mining Development.

The Committee on Mines and Energy is of the view that the 2018 national budget should have fully incorporated inputs from the Portfolio Committee on Mines and Energy and other stakeholders in the mining sector. The Committee is also of the view that there were some outstanding areas which, if addressed, will unlock the full potential of the industry, deepen the inclusivity and maximise its contribution to the social economic development of the country. Some of the outstanding measures which the Committee strongly thinks will raise revenue in the sector and contribute to the economy growth include the following:-

Beneficiation penalty tax framework

The Committee welcomes the deferment of the export tax on unbeneficiated platinum to 1 January, 2019. The new penalty tax framework which takes effect on 1st January 2019 only considers precious metal processing as a sufficient condition for any producer to be excluded from the penalty tax. Thus, it implies that for any mining

company to avoid the penalty tax. it must simultaneously invest in mining development, set up smelter facilities, install base metal refineries as well as installing the precious metal refinery before commencing all extraction. This appears not only as punitive but also impossible as investors need time to recover their capital before reinvesting it to the next stage of the value chain.

The practicality of the beneficiation tax framework must be improved by granting investors some tax break or tax holidays between each stage of the beneficiation value chain to allow them time to recover committed capital so that they can reinvest into the next stage of the beneficiation value chain.

As a Committee we propose the following period breaks for the beneficiation tax framework.

Mine Development - 7 to 10 years, depending on the nature of the project. The time frame must be sufficient enough for the company to develop mine and build sufficient feed stock for beneficiation.

Smelter facility - 7 to 10 years, depending on the nature of the project. This period covers construction of the smelter of at least two years and five to seven years to recoup invested capital

Base metal refinery – 7 to 10 years also. The time frame covers a minimum of two years for construction of the BMR and five to seven years to recoup invested capital. It is further proposed that individual company's unique circumstances such as the life of the mine and size of the assets must be carefully weighed into the time line considerations. We are also imploring the Government and platinum producers to agree on a precious metal tour treatment facility for Zimbabwe as in the case of Fidelity Printers and Refineries Gold Processing. This would reduce burdened platinum producers and ensure huge capital savings that can be deployed in developing new mines and create more jobs.

Deductibility of royalty for taxation

Current Government policy in Zimbabwe does not allow royalty as a tax expense, thus significantly increasing the effective tax, undermining the competitiveness of Zimbabwe as a destination of

investment. Traditionally, as in the case in all countries, royalties which are levied on gross revenue are considered a direct cost and qualify as a cost for tax purposes.

The Chamber of Mines have also raised the matter with the Minister of Finance and Economic Development and have submitted findings of their survey on the same which shows that the majority of mine jurisdictions, including renowned mining countries such as Australia, Canada, China and others allow royalties as a tax expense.

THE TEMPORARY SPEAKER: Hon. Member, could you highlight your recommendations from your Committee.

HON. MUNENGAMI: These are the recommendations. Unfortunately, I think they are a bit long. Like I said, I have been given this report just now, so I am just going through the recommendations as they are. I will try to shorten maybe some of them.

Royalty on diamonds

Royalty on diamonds was retained at 15%. We appeal to Government to reduce the royalty rate for diamonds to 10% with a view to restore viability in the diamond sector and also in line with best practices.

Review of the mining fees

Ground rental fees for diamonds were reduced from \$3000 per hectare per year to \$225. We appeal to Government to consider a comprehensive review of the existing fee structures in line with proposals from stakeholders in the mining industry in order to restore viability of the industry.

Restoring viability in large scale gold sectors – that is another recommendation.

Foreign payment challenges

This must be adequately addressed. The mining industry continues to experience foreign exchange challenges which must be adequately addressed. The mining industry continues to experience foreign

exchange challenges which have manifested in delays in foreign payments for importation of critical raw materials for production and we appeal as a Committee for Treasury to ensure that the Reserve Bank of Zimbabwe increases mining company retention threshold for platinum, gold and chrome to around 40% to ensure they import adequate raw materials on time. I think these were the recommendations for the Ministry of Mines and Mining Development.

Now lastly, I will go to the Ministry of Energy and Power Development. The recommendations are as follows:-

Priority to the importation of fuel in the allocation of foreign currency

The Committee noted with concern the foreign payment challenges which have been faced by fuel importers in the country and the Committee recommends that the Government prioritises the importation of fuel in view of its importance in the production value chain process.

Ensure timeous disbursement of allocated funds

The late release of funds has a negative effect on the Ministry's budget as prices might rise before the Ministry makes payments.

Therefore, it is critical for the Minister, in the 2018 projects such as the planned purchase of the ZIMRE centre building and the development of **cadastre** system, to be disbursed timeously.

Ensure the speedy implementation of the Gwanda solar energy project

This project had actually attracted a lot of majority, especially people in the country including, MPs. The situation was worsened by the media houses which provided conflicting statements regarding the project starters. Some of the reports have sited irregularities in the manner in which the tender was awarded and the payment of the initial \$5 million paid to the contractor that is Inter Track. The Committee is concerned to know that the work that has been done and the amount paid to the contractor does not tally. To win back the people's confidence, it is recommended that the implementation of the project moves with speed so that tangible results are seen instead of continued reports that

the project is still at the preparation stage of the project cycle. The Committee further recommends that the Procurement Regulatory Authority Board should move with speed in coming up with a framework that will ensure that in future controversies that surround the Gwanda solar project do not occur again, such as the payment made in the absence of a performance bond.

In conclusion Hon. Speaker, while the Committee on Mines welcomes the budget allocation to the two ministries, the Committee strongly feels that the potential of the mining and the energy sector to optimize their contribution to the socio economic development of the country can be fully unlocked if Treasury plays its part. This can be done through the timeously releasing of funds and resolving a number of outstanding issues which the Committee has been raising during the past 3 years. Treasury should seriously consider the concerns raised by the Committee since most of them were emanating from its interactions with various stakeholders in both the mining and energy sector. This is the end of the report Hon. Speaker.

HON. MADANHA: Thank you Mr. Speaker Sir. I rise to present a report of the Portfolio Committee on Local Government, Rural and Urban Development on the Ministry of Local Government, Public Works and National Housing. Mr. Speaker Sir, the Ministry's function priorities are in the area of policy and administration, partial planning, local governance, construction, maintenance and management, national housing delivery and disaster risk management. I want to start by thanking the Hon. Minister of Finance for having increased this year's budget as compared to 2017 budget which was US\$95.9 million. This year's budget is US\$132 781 000.

As a Committee, we are certain that the Ministry will meet its requirements and certainly improve on service delivery. Our observations as a Committee are as follows: -

- The Committee observed that there is urgent need to restructure the Ministry's top management. Now that the two Ministries were merged into one, there is need to restructure the top management.

- The other observation is that for the fifth year running, Treasury continues to be in breach of the Constitution by not providing the constitutional 5% allocations to provinces and local authorities in line with Section 301 (3) of the Constitution and this is affecting service delivery of the local authorities.
- The Committee also observed that there is still centralization of power within the Ministry which is against the requirements of chapter 14 of the Constitution which calls for devolution of power to local authority and provincial councils.

On this note, the Committee has also noted the duplication on liquor licensing by the Ministry and local authorities.

- The Committee also observed that Government is the biggest debtor to local authorities and urged the Ministry to address this issue. Government's nonpayment of these debts is depriving local authorities of much needed revenue thereby negatively affecting service delivery.

- The Committee raised great concern over ZUPCO as a parastatal. ZUPCO has now become a liability and owes a lot of money to many local authorities across the country in rentals. The Ministry must privatise ZUPCO according to the pronouncement of the budget statement on disposal of non-performing parastatals.
- The Committee also observed that the Ministry should maximize its revenue collection on the intrinsic value of land. The Committee noted with concern the fact that the condition of roads has greatly deteriorated over the years. The disbursements made by ZINARA were said to be inadequate to address the challenges in road maintenance and rehabilitation.
- The Committee felt that ZINARA disbursements to Councils should be fully utilised for the intended purposes without any misappropriations. The Ministry should also look outside the box and embrace the Public Private Partnerships (PPPs) and also the Built-Operate and Transfer (BOT) initiatives.

- The Committee question the constitutionality of the role of the Ministry in regards to the operations and functioning of traditional chiefs as Section 305 (3) of the Constitution stipulates that separate revenue and expenditure must be given to the Council of Chiefs, hence Treasury should provide for the Chief's Council, Vote for it to carry its mandate independently.
- The Committee noted the inadequacy of funds allocated by Treasury for the acquisition of vehicles for all chiefs with only US\$2 000 070 allocated out of a bid of US\$9m.
- The Committee commends the importance of the spatial planning kit which will allow computerization of information that will help to define all characteristics of land which is part of E-Governance. Full operation of the spatial kit will reduce field trips thereby saving resources.
- The Committee also noted with concern that the prepared water meter system might be unaffordable to the generality of the public and some form of subsidy should be unlocked by the Government

that will enhance delivery by the local authorities and access by citizens of quality and enough quantity of water and cities.

- The Committee advised the Ministry to seek investors in such a vital area which will ensure provision of clean, affordable and adequate water supply.

Mr. Speaker Sir, the Committee's recommendations are as follows:

- There must serious and practical measures taken to deal with the scourge of land barons that are becoming a menace to local authorities and are impeding on proper housing delivery.
- The structure of the Ministry should be reviewed to match the new Ministry which is a product of two matched ministries that of Local Government and Rural Development.
- The Civil Protection Unit should be well funded to deal with natural disasters which are ever increasing due to climate change.

- As guided by Chapter 14 of the Constitution, the Ministry should allow local authorities to operate independently from Central Government and should expedite the alignment of Local Government legislation to the Constitution especially establishment of the administrative framework.
- The privatisation and joint ventures of non-performing parastatals as in the case of ZUPCO is also recommended. The Ministry should look for alternative sources of funding in order to carry out key operations like water provision, road maintenance and waste management. Also local authorities need to be capacitated in their activities or duties.
- Treasury should allocate a separate Vote for the Council of Chiefs in terms of Section 305 (3) to make sure that the secretariat for Council of Chiefs is set up. This would bring independence of the Chief's Council; hence the Chief Council's Vote should be a standalone according to the Constitution.

- The Ministry should hand over liquor licence operations to local authorities. While they move towards E-Government through online liquor licence application is welcome, the rest of the process is still centralised in Harare.
- The Committee recommends that the whole process be decentralised to enhance convenience and efficient thus avoiding duplication of duties. The Ministry of Finance should comply with the Constitution and allocate 5% of the national budget to provinces and local authorities in accordance with Section 301 (3). It is very clear from the Constitution that the provision does not need an Act of Parliament for it to be effected.
- The Committee recommends the set up of urban public mass transport systems to solve the current problem of commuter-omnibus and unregistered taxis. This calls for serious considerations and effort towards embracing PPPs and BOTs. The Ministry should continue monitoring the local authorities to

ensure that they adhere to the 30/70% principle. That is, 30% must go towards salaries and 70% towards service delivery for all revenue generated.

- The Ministry should also advocate for the payment and disbursement to local authorities of their dues in terms of the Public Health Act and ZINARA allocations.
- Treasury must make sure Government departments pay dues to local authorities' service delivery in order for the local authorities to function properly.
- Treasury should also allocate money for the partial planning kit.
- Finally, the Committee recommends that for full and expedient alignment of laws with the Constitution, more funds should be availed as the allocation of \$15 000.00 is insufficient for any meaningful stakeholder engagement.

In conclusion Mr. Speaker Sir, the Committee remains seized with the continued non-adherence to the Constitution by Treasury with

regards to the constitutional provisions relating to Section 301(3) on the 5% of the national budget allocation to provinces and local authorities and Section 301 (1) for the capital grants. This severely constrains the service delivery by local authorities. The Committee continues to categorically make it clear that Section 301 (1) is self explanatory and should be implemented. Further, the alignment of local government laws to the Constitution need to be expedited. The Ministry needs to come up with innovative ways in resource mobilisation. I thank you Mr. Speaker Sir.

THE MINISTER OF FINANCE AND ECONOMIC

PLANNING (HON. CHINAMASA): Mr. Speaker Sir, I understand there is still one Chairperson yet to report. So accordingly, I move that the debate do not adjourn. I have been promised and am optimistic that we will conclude the debate tomorrow; that is the submissions of the Chairperson, debate on the budget as well as concluding the matter tomorrow. Then on Thursday, we can then have Committee of Supply. I move that the debate do now adjourn.

Motion put and agreed to.

Debate to resume: Wednesday, 17th January, 2018.

On the motion of **THE MINISTER OF FINANCE AND
ECONOMIC PLANNING (HON. CHINAMASA)**, *the House
adjourned at Twenty-Nine Minutes past Five o'clock p.m.*