

Zimbabwe 2018 Budget Statement Highlights

- The theme for the budget is “Towards a New Economic Order”
- The economy projected to grow by 3.7 percent.
- Inflation is expected to average 3 percent in 2017/2018.
- The budget deficit for 2017, is expected to be \$1,7 billion. This is much higher than the original amount of \$400 million.
- Gross Domestic Product (GDP) growth is projected at 4,5 percent in 2018.

- Total expenditure for 2018 projected to reach \$5.74 billion while revenue seen at \$5,07 billion.
- 2018 budget deficit projected at \$675,8 million.
- Employment costs at \$3,27 billion and capital expenditure at \$1,16 billion translating to 5,51 percent GDP.
- Tax revenue collections are estimated to account for \$4,3 billion of inflows while Non-tax revenue for 2018 is estimated at \$237 million.

- Collections from Retention Funds across all ministries are estimated at \$434 million.
- The government wants to review charges for mobile money and electronic transactions in order to increase plastic and mobile money transactions and to enforce acceptance of those forms of money by traders.
- Zimbabwe is facing a mismatch between bank balances and actual cash in the Zimbabwean economy
- There is need to solve the cash crisis, and to deal with corruption.
- Zimbabwe to pursue international engagement, and ensure that the 2018 elections are credible for investor confidence.
- 86% of the exports in Zimbabwe are from mining and tobacco.
- The government will retire all employees above 65 in order to rationalize the civil service.

- Power generation projects exempt from Corporate Income Tax for the first 5 years, and a Corporate Income Tax rate of 15 percent thereafter.
- Electricity generation expected to register growth of about 14,6 percent.
- More than 3,000 posts of youth officers abolished.
- Recruitment freeze maintained across the board, save for critical posts, as determined by treasury in conjunction with service commissions.

- Government to retire staff above the age of 65.
- To reduce size of delegations and close down some embassies.

- Government to pay civil servants 2017 bonuses (\$176 million) on a staggered basis.

- \$132,2 million set aside to support the 2018 general elections.
- Extension of duty facility on capital equipment imported by approved medical institutions and practitioners, with effect from 1 January 2018.
- To levy bookmakers 5 percent of gross takings with effect from 1 January 2018.
- Ring-fencing of \$5 million from presumptive taxes for the formalisation of traders and vendors and on-lending to small and medium enterprises.
- Suspension of duty on raw milk facility for a period of 24 months, in order to augment domestic production.
- Goat and sheep meat exempted from VAT, with effect from 1 January 2018.
- Customs duty on cotton fabric increased from 10 percent, to 30 percent plus \$2,50 per kilogram, with effect from 1 January 2018.
- \$182,4 million to support housing development.
- Technically insolvent parastatals which are not strategic will be closed down. Others will be commercialised while others will become part of joint ventures.
- The government will set up toll-free lines to the Office of the President to allow citizens to report corruption.
- The local authorities will be required to allocate 70% of revenue to service delivery and 30% to wages.
- The government will engage the USA, UK and EU at the highest level of debt clearance and support, as well as international financial institutions like the IMF, World Bank.
- Indigenisation law will be amended to limit 51:49 local ownership requirement to diamond and platinum mining **only**. All the other sectors are open to investment from all nationalities
- Government employment costs stand at \$3,2 billion.
- Expected budget deficit of \$672 million, will be 3.5% of GDP
- The government will set up vocational training schools in every district to cater for 180 000 “O” level graduates thrown in the streets each year.
- A target of 200 ha of land should be put under irrigation per district annually for the next 10 years.

Budget Allocations

- US\$905 million – Primary & Secondary Education
- US\$497 million – Lands and Agriculture
- US\$420 million – Defence and war veterans
- US\$433 million – Home Affairs
- US\$408 million – Health
- US\$316 million – Higher Education
- US\$ 57 million – Parliament