



CZI
CONFEDERATION OF
ZIMBABWE INDUSTRIES
Enterprise Leadership Service

BUSINESS REGULATORY ENVIRONMENT UPDATE

Covering 1 to 30 October 2020

BRIEFING NOTE TO CZI MEMBERS

1 November 2020



MONTHLY BUSINESS REGULATORY ENVIRONMENT UPDATE

The Regulatory Environment Update informs members of new regulations, SIs, procedures, and government requirements including Municipal by-laws and the Cabinet decisions that have a bearing on companies' operations.

- Bill Watch (Bills and SIs being promulgated, passed or currently being implemented)
- Local Authorities or Municipal By-Laws
- Cabinet decision Matrix

BILL WATCH

BILLS AND STATUTORY INSTRUMENTS (SIs) BEING PROMULGATED, PASSED OR CURRENTLY BEING IMPLEMENTED

BILL	DESCRIPTION	STATUS	IMPLICATIONS FOR BUSINESS
Cyber Security and Data Protection Bill	The purpose of this Bill is to consolidate cyber related offences and provide for data protection with due regard to the Declaration of Rights under the Constitution and the public and national interest, to establish a Cyber Security Centre and a Data Protection Authority, to provide for their functions, provide for investigation and collection of evidence of cyber-crime and unauthorised data collection and breaches, and to provide for admissibility of electronic evidence for such offences. It will create a technology driven business environment and encourage technological development and the lawful use of technology. The bill also seeks to amend sections 162 to 166 of the Criminal Code (Codification and Reform) Act [Chapter 9:23] to provide for investigation and collection of evidence of cyber crime and unauthorized data collection and breaches, and to provide for admissibility of electronic evidence for such offences.	The Bill was gazetted on 15 th May 2020 and now awaits Presidential assent to become law. Delayed by covid-19 pandemic.	The Bill is meant create a technology driven business environment and encourage technological development and the lawful use of technology. It will provide firms with recourse to cyber crimes, especially on access to unauthorised data collections and breaches

Forest Amendment Bill	This Bill will amend the Forest Act [Chapter 19:05], principally: - To enhance the protection of forests from veld fires through the introduction of mandatory and hence deterrent sentences; - To specifically recognise aggravating consequences of veld fires, such as death and damage to property and make provision for their prosecution in terms of the Criminal Law (Codification and Reform) Act [Chapter 9:23]; - To introduce a multi-sectoral and decentralised approach to fire management that includes local authorities, AREX officials, the transport sector, gender structure and traditional leaders, among others; - To enhance the regulatory responsibilities of the Forestry Commission.	The bill awaits start of second stage reading.	Members, especially those in the timber and furniture sub-sector, should engage in the second stage of the reading of the bill, and raise concerns if any, about the amendment.
Pensions and Provident Funds Bill	The purpose of the bill is to replace the existing Pension and Provident Funds Act with a new Act providing for the registration, regulation and dissolution of pension and provident funds, and in so doing to provide for additional functions for the Insurance and Pensions Commission [IPEC]. Clause 3 states the objects of the Bill as being to ensure protection of the interests of members and beneficiaries of pension funds and provident funds; to ensure the security of pension funds and provident funds; and to ensure the sustainability of the pension sector as a whole.	This major Bill was gazetted on 21st February 2020.	

STATUTORY INSTRUMENTS (SIs)

STATUTORY INSTRUMENT (SI)	DESCRIPTION	IMPLICATIONS FOR BUSINESS
SI 51 of 2020 – Zimbabwe National Water Authority (Water Levy) (Amendment) Notice, 2020 (No. 5)	The SI notes in sub-section (2) that the levy payable - - In respect of direct abstraction of water by a permit holder or an agreement holder, shall be ZWL16.00 per megalitre of water permitted to be abstracted under the permit or water allocated to the agreement holder per quarter. - In respect of storage water in any water storage works for the construction of which a permit is or would have been required in terms of section 32(4) of the Water Act (Chapter 20:24), shall be the amount specified in the third row of the following table, as obtained by applying a factor of 16 to the yield.	Cost of water for business use to go up. While the rates are going up, water availability remains a challenge for industry in most cities CZI is engaging the municipalities in the various chambers with a view to work on lasting solutions for this long standing problem. Some of our members have taken initiative to provide stop gap solutions in collaboration with municipalities Progress on this engagement will be carried in the monthly Energy and Water Situation Update starting end of November 2020
SI 187 of 2020 – Pig Industry (Levy & Returns) Amendment Regulations, 2020 (No. 1)	The SI amend the Pig Industry (Levy & Returns) Regulations, 2008, to include the following: 7.(1) subject to the provisions of this Act the producer shall pay to the abattoir the levy of twenty five Zimbabwean dollars (ZWL25) for every pig slaughtered.	Levy to increase the cost of pork meat and other related products from pigs such as polony, ham, etc.
SI 194 of 2020 – Customs and Excise (Suspension) (Amendment) Regulations, 2020 (No. 237)	SI notes that the Customs and Excise (Suspension) Regulations, 2003, published in SI 257 of 2003 (hereinafter called 'the principal regulations'), are amended in section 9T by the repeal of the schedule and substitution of the following 'schedule': Quantity of Fertiliser Eligible for Suspension of Duty – Summer Crop 2020/21 Season	Suspension of duty on certain of fertilizers likely to lead to reduction of prices of the commodities.



LOCAL AUTHORITIES OR MUNICIPAL BY-LAWS

HARARE FUEL STORAGE REGULATIONS

The regulations regarding fuel storage in Harare is governed by [Statutory Instrument 119 of 2019. Harare \(Fire\) \(Amendment\) By-laws, 2019 \(No. 8\)](#). Part of the SI notes the following.

Fuel storage, fuel depots and service station

21. (1) Any person with fuel storage facilities or fuel depots shall comply with the requirements of the Standards Association of Zimbabwe and shall pay an annual licence fee as prescribed by council from time to time.

(2) All storage tanks in service stations and premises close to residential and places of assembly or highly populated facilities should be underground. Any person operating a service station shall pay an annual licence fee for the pumps as prescribed by council from time to time.”

The Standard Association of Zimbabwe (SAZ) carries out Non-Destructive Testing (NDT) application of integrity tests on Welds, Castings, Forgings and extruded, drawn or rolled products and during metallurgical testing and failure investigation of industrial products. The condition for monitoring includes fuel storage tanks. Annual fees differs depending on inspection works to be carried out.

RATE INCREASE BY CITY OF HARARE

The City of Harare has increased the following rates backdated to January 2020.

1. Property rates (300%),
2. water charges (between 292% and 310% for high density areas and low density areas respectively),
3. Bulk water charges (233%) and sewer charges (154%).

Major rates were increased as follows;

1. Non Residential Property- current ZWL\$3.66 to ZWL\$14.67,
2. Water- current ZWL\$5.10 to ZWL\$20.00, (High Density areas) and ZWL\$6.10 to ZWL\$25 (Low Density areas) for the first five mega-Liters of water,
3. Bulk water- ZWL\$6.00 to ZWL\$20.00 and sewerage ZWL\$16.76 to current ZWL\$41 (High Density areas).

Water charges for industrial and commercial users have risen almost seven times to \$112 a cubic metre up from \$15.

Shop Licence Fees

1. Hardware or Service Station without Convenient Shop – ZWL39 240.00
2. Shop Licence (food purveyors) grocery – ZWL55 273.00
3. Shop Licence (food purveyors and butchery) – ZWL71 306.00
4. Surgery – 24 475.00
5. Grinding Mill Licence – 10 351.00
6. Bar, Night Club, Bottle Store, and Club Liquor – ZWL30 157.00
7. Hawkers Licence – ZWL10 351.00
8. Health Report for Surgeries and Liquor – ZWL10 351.00
9. For shop licence submission fee – ZWL5 730.00



Implications for Business

The charges will result in the increase cost of doing business in and have inflationary impact. This is mainly due to the fact that the municipalities lag behind in setting market based rates and end up needing to play catch up resulting in high percentage jumps in their rates at once.

These rates increases do not necessarily translate to improved service delivery or availability of water and this is an area of urgent engagement for us as CZI

CABINET DECISION MATRIX

DATE	CABINET DECISION(S)	IMPLICATIONS FOR BUSINESS/KEY CONSIDERATIONS
27 Oct 20	Support to Local Industry - Sable Chemicals has accessed US\$1,4million in foreign currency through the auction floor system which is sufficient to import Ammonia to produce 5 500 metric tones of AN fertiliser. The company has produced 2 700 metric tonnes of AN valued at US\$1,35 million. The fertiliser will be supplied to CBZ Agro-yield, ZFC and Omnia. - ZimChem has diversified its product range to the production of dishwashers and sanitisers at affordable prices in response to covid-19 demand. ZimChem has so far produced 15 000 litres of sanitisers. ZimChem to employ 80 more workers when it completes its plant refurbishment. - Chemplex Corporation, has made significant progress in the production of pesticides for the control of tsetse flies, mosquitoes and other pests. The company is modifying its manufacturing plant, and will soon increase its work force from 42 to 57. Electricity Sector Hwange Thermal Power Station 7 and 8 Expansion Project has reached 49 percent completion. <u>A total of 34 transformers were manufactured, and efforts to procure the materials required for the rest of the project are being pursued.</u> Agriculture - The National Agriculture Policy has been validated and now awaits finalization. The Ministry of Agriculture has started the process of distributing <u>163 tractors, 52 planters, 19 combine harvesters and 4 lowbed trucks acquired under the Belarus facility. Arrangements are being made to acquire more equipment under the third phase of the Belarus facility.</u> Curfew hours extended - Border posts operating hours are being fixed between 0600 and 1800 hours, and curfew hours are being extended beyond the current 2000 hours to 2200 hours. - Borders will open first to private passenger vehicles and pedestrian traffic as from December 1, 2020, while further assessment is being undertaken with regard to preparations for handling public passenger transport. - Border posts that fall into the first phase are Beitbridge, Plumtree, Victoria Falls, Chirundu, Nyamapanda and Forbes.	- Concessionary funding should be provided to the local industry, especially those that have an impact in supporting the summer cropping season, so that they fully supply agriculture requirements for the summer season. - Resources that are often used to import agriculture inputs during cropping seasons should be used for this concessionary funding. - Innovation incentives should be put in place to support local firms that introduces new products into the market. - Procurement of most of the products required for the expansion project should be done locally to support local industry. - Implementation of the policy should be in support of local production of agriculture components and inputs. - Extension of curfew hours is important for business, as companies are now able to extend their operating and working hours. - However, border posts operating hours are restricted from 0600 to 1800 hours. - The gradual opening up of border posts should be done in tandem with putting up strong measures that guard against smuggling of goods into the country.

20 Oct 20

- **Update report on the country's response to the Covid-19 outbreak.**

- » Covid-19 materials production - Government to procure locally the production of Covid-19 materials due to the increase in demand for disposable masks and sanitisers following the recent re-opening of schools for examination classes.

- **Phase 2 of the Belarus farm mechanisation programme**

- » Cabinet considered and approved Phase II of the Belarus Farm Mechanisation Facility, which was presented by the Minister of Lands, Agriculture, Water and Rural Resettlement.
- » Under Phase II, the Republic of Belarus will supply an additional US\$51 940 149 worth of farm mechanisation equipment, following the successful launch of the first US\$51 million facility on September 30, 2020. 1 337 tractors, five disc harrows and 16 combine harvesters to be supplied under Phase II.
- » Cabinet decided that the implements for the tractors will be acquired locally since Government has already started the process of capacitating local industry to manufacture tractor-drawn implements. Through this approach the country will get more tractor units, save on foreign currency and capacitate the local industry.

- **Proposed toll manufacturing of dipping chemicals for the national dipping programme**

- » Cabinet adopted the decision on of dipping chemicals for the national dipping programme, through supporting local chemical industry.
- » Under the programme, the Department of Veterinary Services will procure imported raw materials while Chemplex locally produces materials required for the manufacture of the dipping chemicals.

- **Update on the medicinal cannabis production programme**

- Government passed measures and regulations guiding investment into cannabis production. A competitive regime of incentives has been put in place to attract the needed investment. Details in that regard can be obtained through the Zimbabwe Investment and Development Agency (ZIDA).

- Private sector should take advantage of the move to procure covid-19 materials locally and ensure that they adequately supply the domestic market with quality and affordable products.

- The cabinet decision will also help in the promotion of locally content strategy and aid in implementation of industrialisation strategy (import substitution).

- Local industry should take advantage of being prioritised in the sourcing of implements for the tractors under the deal.

- Chemicals industry should take this opportunity and ensure that all future government procurement of chemicals is done locally.

- The pharmaceuticals industry should come up with new cannabis related products and take advantage of the incentives that have been put in place to attract investment into the area.

13 Oct 20	• Establishment of one-stop permit processing at head office aimed at improving the ease of doing business in the sector and to promote competitiveness. • One-stop permit processing office brings together regulatory agencies which include Seed Services, the Agricultural Marketing Authority, and Plant Quarantine Services. The Veterinary Services Department and the National Biosafety Authority are expected to join the office soon. • Electronic system for issuance of permits to soon become operational, thereby facilitating virtual applications for imports and export permits • Reforms to cut costs and reduce processes which clients pass through when obtaining regulatory documents with the compliance certificate now costing \$25 from US\$100.	• The one-stop-shop will aid in reducing time taken to apply and processing of permits, which was a cost to doing business. • The reduction in the cost of the compliance certificate from US\$100 to \$25 should result in the lowering of the cost of doing business and improve local industry competitiveness.
06 Oct 20	• Horticulture recovery plan • Cabinet approved the horticulture recovery plan, presented by the Minister of Lands, Agriculture, Water and Rural Resettlement. • The horticulture recovery and growth plan is an implementation mechanism for the Agriculture and Food Systems Transformation Strategy (2020-2025). The plans are all aimed at transforming agriculture from a US\$5,2 billion to US\$8,2 billion sector, contributing 20 percent of GDP by 2025 in line with the vision of making Zimbabwe an upper middle-income country by 2030. • The horticulture recovery and growth plan focuses on two broad and mutually reinforcing areas, namely: <i>a private sector-driven recovery of the conventional horticulture sub-sector</i>; and a robust, inclusive and sustainable and transformative rural horticulture sub-sector. • The implementation of the plan will be championed through the Horticulture Development Council (HDC), while the Presidential Horticulture Scheme will be co-ordinated by an inter-ministerial Task Force.	• Private sector encouraged to take lead in the implementation of the horticulture recovery plan and development of associated value chains

11

**For more information
OR assistance please contact**

Clever Mucheneka
Trade & Investment Economist
cmucheneka@czi.co.zw
OR
membership@czi.co.zw