



POVERTY REDUCTION FORUM TRUST



Dialogue Meeting Report

The impacts/implications of Bill write-offs by municipalities

Waterfalls community Hall - Harare

11th October 2013



Background

In the herald of 22 July, the Minister of Local Government gave a directive to all local councils to write off water bills which accumulated since 2009. After the harmonised elections, the bill write-off was extended to electricity. While the bill write-offs in both electricity and water has brought some reprieve to the ordinary Zimbabweans, the celebrations were short-lived as service delivery continued to worsen. The month of August begun with massive load shedding and unavailability of water in most suburbs and this has come in the wake of the recent directive by the government to write off all household bills before July 2013. Bill write-offs if not accompanied by sustained revenue generation can bring more harm than good to the councils' operations. The policy can be unsustainable if councils have no alternative sources of income to meet the gap created by the write off. The goal of Poverty Reduction Forum Trust (PRFT) is to influence the formulation of pro-poor policies through carrying out research on poverty issues, engaging with policy makers, promoting broad-based consultative dialogue and processes, as well as advocating for sustainable human development in Zimbabwe.

It is against this background that PRFT in collaboration with Harare Residents Trust (HRT) organised a public dialogue meeting on the 11th of October. The public dialogue was held at Waterfalls Community Hall in Harare with the objective of unraveling the impacts of the recent bill write-offs. The organisation of the dialogue meeting was meant to deepen and widen debates on policy, guide future policy interventions in Zimbabwe and strengthen PRFT's work on advocacy. During this dialogue meeting, representatives from the Harare Residents Trust (HRT) and City of Harare – Treasury and Finance committee presented their views on the bills write off and their impacts. The dialogue meeting provided an opportunity for residents invited from different suburbs in Harare to meet with the city council representatives, share their experiences on the bill write offs and proffer their recommendations to city council on how service delivery can be improved.

Introductions

The Dialogue meeting was opened with a word of prayer from Mrs S. Bhasikolo (Mabvuku resident). Thereafter, the HRT's Cases Officer, Ms Regina Bakuri introduced distinguished guests to the participants. Among the guests introduced include two representatives from City of Harare- Treasury and Finance committee department (Mr Ndemera and Mr Kwembere), Poverty Reduction Forum Trust Executive Director (Mrs Judith Kaulem), Harare Residents Trust Director (Mr Precious Shumba), and District Administrator and Harare Residents Trust (HRT) committee members from all Harare suburbs. The introductions were followed by opening remarks from Mrs. Judith Kaulem.

Opening Remarks and Overview of PRFT's work

In her opening remarks, PRFT Executive Director, Mrs. Judith Kaulem welcomed all participants to the dialogue meeting. The PRFT Executive Director went further to give a brief overview and background of the Poverty Reduction Forum Trust (PRFT)'s work.

The PRFT is guided by the Poverty Watch Flagship, which encompasses research, dialogue and influencing formulation of pro-poor policies. The organization's current work is premised on its experience in producing the Zimbabwe Human Development Reports (1996-2007), and most of PRFT's work is currently focusing on urban poverty which is an emerging reality. The PRFT's goal is to influence the formulation of pro-poor policies through carrying out research on poverty-related issues, engaging with policy makers, promoting broad-based consultative dialogue and processes as well as advocating for sustainable human development in Zimbabwe. Among its initiatives, PRFT conducts regular Basic Needs Basket (BNB) Surveys, a tool that measures the basic cost of living for an average family of five. The BNB provides evidence for lobbying local and national government for affordable and accessible services; housing, water & sanitation, energy and food hence, it is a pro-poor policy advocacy instrument. It can also be used by employers as a challenge to promote the common good of all employees by narrowing the gap in income between the lowest and highest paid workers in any enterprise. The BNB presents a factual representation of the living conditions faced by an organization's employees at home. At household level, the BNB acts as a guide to household budgeting and tool for understanding how different policies such as a minimum wage can affect a family's basic needs. The tool can also be used by policy makers for linking local, national and policy to the household needs of Zimbabweans.

According to Mrs. Judith Kaulem, research is very important as it offers evidence based policy advocacy. The Director reiterated that although PRFT as an organisation may have its own views on policy interventions, those views have to be rooted and supported by the lived experiences of all concerned and affected by government policy interventions. The formation and implementation of long term and sustainable policies should be made based on wide consultations to make the policies people driven hence residents are key stakeholders in policy dialogues. She commented on the role of residents associations such as Harare Residents Trust (HRT) in strengthening PRFT's work because of its interaction with residents on daily basis.

The Executive director highlighted that the theme of the dialogue meeting was on the impacts of the bill write-offs that were effected by all city councils as a directive from the Minister of Local Government, Public Works and National Housing during the July harmonized elections. The objective of the dialogue meeting was therefore to collectively reflect on the impact of the debt

cancellation both in the short and long term, with the view of coming up with recommendations to the city council that bring about sustainable development.

Background presentation on Bill write- offs - Harare Residents Trust (HRT)

Mr. Precious Shumba, the Director of Harare Residents Trust presented a brief background on the events until the Bill write off in July. In his presentation, Mr Precious Shumba indicated that since February 2009, the City of Harare was charging 51% interest on all overdue accounts. Following the formation of the new inclusive government and the formal introduction of US dollar in the economy between 11th and 13th of February 2013, the city of Harare did not review the 51% in line with people's access to the new currency. Since that period, there was no refuse collection and water especially in the case of the Eastern suburbs like Mabvuku, Tafara and Northern suburbs. Up to date, these suburbs have no water. The residents from these suburbs have been paying fixed water charges for the piping they have in their homes and water consumption charges beside them not having water on their taps. According to Mr Precious Shumba, bills accumulated after February 2009 since most households could not afford to pay such exorbitant rates as a result of high levels of unemployment, hence they defaulted. Prior to the new structure where the water bill is now a combined bill, residents were receiving two separate bills namely the bill for water consumption (which include the fixed charge) and the one for City of Harare rates for houses. Furthermore, residents were paying a fixed charge of US\$6.50 for sewage refuse collection and the collection was supposed to be done twice per week.

The results of the research carried by of the Harare Residents Trust reflected that the bills mounted largely due to the crushing of the billing system. Most of the water meters were not functional which led to the calculation of households' bills being based on estimates of previous consumption rather than on the actual meter reading. Following the accumulation of bills, the Harare Residents Trust recommended a bill write offs. In September 2012, a resolution was passed during a Full Residents Council meeting in Mt Pleasant and a petition was signed by residents from areas like Glen Norah, Tafara and Mabvuku. However, nothing was done until July when all the councils received a directive from the minister of local government to write off all the bills which accumulated before July 2013.

From the Harare Residents Trust's view, the bills write off does not affect revenue generation by city of Harare. However, the major issues of great concern regarding bills and poor service delivery by city of Harare include;

1. Corruption and misuse of ratepayers' money within the city council. For example, Mr Precious Shumba mentioned that there are two departments headed by two directors each, The City Treasury has Mr. Cosmas Zvikaramba and Misheck Mubvumbi while the City

Health Department has Mr Mungofa and Mr Chonzi. Each director is given a hefty salary of US\$ 12500 per month plus a benefit of a loan which can amount up to US\$35000. This has compromised service delivery as revenue that is supposed to be used for water is directed towards these unjustifiable perks.

2. Lack of transparency and accountability on the part of City of Harare- For example, by October 2013, the City of Harare has not yet produced audited financial statements which show both sources of funds and the uses of these funds.
3. Improper Billing system. Bills are based on estimation and there are no proper meter readings. A case was raised in which the City of Harare has hired foreigners (South Africans) to come up with inflated bills on water consumption thereby reaping ratepayers. Mr. Shumba reiterated that if nothing is done about the billing system, bills will start to accumulate and soon there will be need for another bill write off.
4. Lack of proper monitoring. Mr. Shumba mentioned that the city does not regularly monitor its water to make sure it is not being polluted. In the water cleaning process, only three chemicals are needed if water is regularly monitored. However due to corruption it is becoming too costly for the city council to purify water as the polluted water requires nine chemicals for it to be clean.

Presentation by the City of Harare -Treasury and Finance Committee

In his presentation, Mr S. Ndemera, one of the two representatives from the City of Harare's Treasury, Finance and Development committee gave a background to Zimbabwe water crisis and bill- write offs. According to the City of Harare, the issue of poor water service delivery dates back to the 2008, the year when the country experienced the worst macroeconomic instability. As a result of high levels of inflation which led to the loss in value of the Zimbabwean dollar and its abandonment, the city of Harare experienced financial challenges making it difficult to buy chemicals for purification of water and sewage refuse compacters. This led to erratic clean water supply and poor refuse collection. In the effort to meet its operational costs, the city of Harare started to charge 51% on all overdue accounts. Mr Ndemera highlighted that one of the justifications for charging high interest rates was because of the cut in cheap loans which the City of Harare used to get from foreign companies. Consequently, they are resorting to borrowing from the local market at higher interest rates. According to the City council, water is becoming increasingly unavailable due to its increase in demand while its supply is still constrained. The dams supplying water are failing to sustain the increasing Harare population.

The City of Harare holds the view that there are no impacts of the recent bill write-offs because the bills were no longer recoverable (residents were not going to pay the bills in any way). The City of Harare expects an increase in the number of rate payers now that the burden has been removed after the bill write offs. Mr. Ndemera indicated that the city of Harare is putting up

billing structures which will not lead to the accumulation of bills again. The city of Harare alluded to the irregularities in the billing system which led to the accumulation of debts which households could not pay.

Plenary Session

Before the dialogue was opened up, the moderator, PRFT executive director, Mrs. Judith Kaulem probed the City of Harare representatives to shed more light on the news that the city of Harare is considering to introduce prepaid water meters. In his response, Mr. Ndemera said that the issue of prepaid water meters was a policy issue which was still under discussion by various stakeholders. However, he indicated that in the case of its implementation, a pilot study using the flats in town will be conducted.

The moderator invited the residents to share any changes (both negative and negative) that they have experienced since the debt cancellation. The discussion was guided by the following questions:

- Chikwereti chokubhadhara mvura chakatanga kukuremerai riini? Zvii zvakakonzera kurema uku? (When did you start having a burden of paying your water bills? What caused this burden?)
- Pamusoro pemaparates nemabills amunobhadhara zvii zvimwe zvinofanirwa kuitwa ne Kanzuru kuti iwane mari? (Besides getting money from bills and rates that you pay, what do you think the city of Harare should do to get income?)
- Kubvira kugurwa kwechikwereti nekanzuru, ndeipi shanduko yakaitika kwamuri/ Kukanzuru? (Since the bill write-offs, what changes have you noticed? What about to the city council?)
- Ko ndeapi matambudziko amunosangana nawo takakatarisana ne billing structures dzekanzuru? (What problems are you encountering regarding the city council's billing structures?)
- Nyaya yema prepaid mita emvura munoiwona sei? (What is your view on the issue of prepaid water meters?)

The following were some of voices of the residents captured during the discussion;

1. “Ini shanduko ndakaiona kubva pakuchekwa kwezvikereti. Bill rangu rakadzika kubva kuma \$200 iyezvino raakuuya riri \$75” (I saw some improvements after the bill write offs. My bill used to be \$200 now I am paying roughly \$75 per month). “It is better because I can now pay the bill.”

2. “Kugurwa kwezvikereti hakusi kutibatsira nekuti tatove kubhadhara mari yakawanda” (The bill write offs did not help at all because before scapping we were paying \$31 but now we are paying around \$36).
3. “Shanduko hatina kuiona nekuty hatisi kuwana mvura” (we didn’t see any improvement because we are not getting water).” It’s now three years without water in our suburbs but we always receive a bill worth \$65 every month.”
4. “Ma bills akagurwa hongu tikafara asi hatina kuona kubatsira kwazvo nekuda kwekuti its now three months vashandi veku Kanzuru vasiri kubhadharwa”. (Yes, the bills were written off and we were happy but we did not see the benefit because it is now three months since city council workers have not been receiving their salaries).
5. “Ini sekuona kwangu hapana shanduko. Mabills emvura anokwira nekuda kwema supplementary charges anenge akanyorwa pa bepa. Ndipo patinobirwa ipapo” (From the way I see things, there is no improvement because bills are being inflated due to supplementary charges found on our bill papers).
6. “Nyaya yemvura haina kuchinja. Mari yemadiamonds haikwanisi kubatsira here to improve service delivery” (The water situation did not change. Is it possible to use diamond revenue to improve service delivery?)

Some of the issues raised by the residents which they needed clarity from the city of Harare representatives included;

1. The failure of the city of Harare to collect and account for revenue from rank marshals and people operating their businesses at bus terminuses, who are claiming to be paying \$50 every month
2. The failure of city council to run bear halls to get more income
3. Corruption in the case of council workers demanding a bribe of \$10 to stop disconnecting water in the case of default payment
4. The current interest rate of 10% on overdue accounts which residents are considering too high
5. Slow billing process where households are always receiving bills late causing them to pay the penalties
6. The issue of illegal structures
7. Hefty salaries and other luxuries given to the city of Harare’s top management compromising service delivery
8. High housing rentals, for example in the case for Tafara suburb

9. Unfairness in the billing system
10. Sewer blockages
11. The use of bus terminals as business sites without proper supervision regarding the availability of health facilities which have environmental impacts such as water pollution.

Conclusion and Recommendations

Following the issues raised during the discussion, the City of Harare representatives responded to some of the questions. The city of Harare representatives acknowledged some of the residents' concerns such as unfair billing systems, delay in the payment of the city council's workers due to temporal cash flow problems, illegal structures, late delivery of water bills and corruption by their workers among others. In their responses, they promised the residents that City of Harare is implementing some measures to address residents' concerns. The table below shows some of the key recommendations that were generated from the dialogue meeting;

Issues of Concern	Key Policy Recommendations
Bills and Billing system	<ul style="list-style-type: none"> • The city of Harare should revise its billing system as a matter of urgency and meters should be operational so as to avoid estimations and inevitable accumulation of bills. • There is need to adopt an online system where once a payment is done at a local municipality it should be automatically reflected in the system at head office level to avoid charging of interest on overdue accounts. • There is need to review the interest rates charged on overdue accounts.
Income Generation	<ul style="list-style-type: none"> • Harness all sources of revenue. The city should put in place measures to collect revenue from illegal structures, rank marshals and rentals from government buildings without corruption.
Inadequate transparency and public accountability	<ul style="list-style-type: none"> • There is need for more transparency in the city of Harare especially when it comes to the use of ratepayers' money.
Corruption	<ul style="list-style-type: none"> • Proper governance structures should be put in place in the city of Harare. The issue of two directors occupying the same post and getting

Poor monitoring systems	<p>hefty salaries at the expense of service delivery should be dealt with. There is need to trim the organizational structure. Revenue from water bills should not be diverted to other uses.</p> <ul style="list-style-type: none"> • The city of Harare should strengthen its monitoring process so as to make sure that water is not polluted. Tight supervision should be done to places that are being given to people to see if they have good health facilities.
Policy formulation	<ul style="list-style-type: none"> • There is need to incorporate residents in the formulation of policies. Consultative meetings with residents are pivotal in making policy intervention people driven.

Closing Remarks

The dialogue meeting ended up by closing remarks from the Harare Residents Trust Director, Mr Precious Shumba and the District Administrator (DA). In his closing remarks, Mr Precious Shumba said that the deliberations from the dialogue meeting were going to shape the strategic plan of the City of Harare as new councilors have already assumed offices. The District Administrator urged all participants to be responsible citizens and he emphasized that a good relationship between the residents and the City of Harare should continue for good service delivery. Mr. Shumba thanked all the participants for coming in their numbers to air out their voices. The District Administrator urged all participants to be responsible citizens and he emphasized that a good relationship between the residents and the City of Harare should continue for good service delivery. The closing prayer was given by Mr L. Bindura.





Dialogue meeting participants

Name	Organization/Ward	Designation	Contact details
J. Nyagwande	City of Harare	Community hall caretaker	
P. Jongwe	HRT	Member	0774716105
C. Rwambiwa	HRT	Member	0733772254
A.Magwenzi	HRT	Member	0712578451
W.M. Chikoda	HRT	Member	0774002349
B. Makoni	HRT	Member	0773293641
B. Mafarawanda	HRT	Member	0733363284
M. Mukanganise	HRT	Member	0773690 639
G. Masamba	HRT	Member	0713015865
Y. Maringe	HRT	Member	0733603939
E. Kaingwe	HRT	Member	0775065033
T. Kaseke	HRT	Member	0772941822
S. Basikolo	Mabvuku	Resident	0777887518
B. Kwaloza	Rugare	Resident	0733224879
S. Ndemera	City of Harare	City of Harare - Treasury	0772292050
R. Makwembere	City of Harare	City of Harare- Treasury	0712860748
B. Padzarondora	Hatfield	Resident	0772333558
K. Zirima	Chitungwiza	Resident	0771425853
B. Moyo	Budiriro	Resident	0775788971
M. Nesongano	Budiriro	Resident	0773420687
F. Gakaka	Kuwadzana	Resident	0772264804

M. Tsvangirevi	Kuwadzana	Resident	0734116055
B. Gatsi	Sunningdale	Resident	0778656093
E. Matizanhau	Sunningdale	Resident	0734350409
F. A. Chirara	Rugare	Resident	0733198968
C. Rupiya	HRT	Member	0773427811
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V. Mapfumo	HRT	Member	0733598000
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Thabani Dube	The Zimbabwean	Journalist	0775657498
B. Mkumbe	Budiriro 1	Resident	0777108276
E. Tigere	Budiriro	Resident	0773227964
L.Tuwacha	Glen- Norah	Resident	0773614060
M. Zengeni	HRT	Member	0733503537
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M.Mavenyengwa	HRT	Member	0772384462
O. Chigogo	HRT	Member	0772103279
L. Wadawareva	Dzivarasekwa 2	Resident	0733452075
R. Morris	Highfield	Resident	0735088150
L. Jaka	Highfield	Resident	0773095731
J. Kaulem	PRFT	PRFT Executive Director	0773068875
R. Pasipanodya	Journalist	Journalist	0779554280

S. Muchemwa	HRT	Member	0774123198
N. Chongo	HRT	Member	0735776434
G. Simango Gotoru	HRT, DZ	Member	0733789360
J. Masiyambiri	HRT	Member	0773013584
P. Chabuda	HRT	Communities officer	0772278307
P. Shumba	HRT	HRT Director	0772869294
R. Bakuri	HRT		0775625100
E. Matimbiri	City of Harare		0773275469
S. Razemba	City of Harare		0773851200
K. Million	City Of Harare		0773245925
N. Tutani	St. Marys	Resident	0772438065
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W. Mativenga	HRT	Member	0777374212
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