

Mutare Dialogue Meeting Report

The impacts/implications of Bill write-offs by municipalities

Mutare Diocesan Training Centre

21st November 2013



Background of the Mutare Dialogue Meeting

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. On the 11th of October, PRFT in collaboration with Harare Residents Trust (HRT) conducted a public dialogue meeting on the impacts (implications) of the recent bill writes- offs by municipalities in Harare. The meeting was organised to fulfill the PRFT's mission which is to inform and influence policy towards poverty reduction and sustainable human development through research, advocacy and public dialogue. In order to come up with an in depth analysis so as to guide future pro poor policy interventions in Zimbabwe, PRFT has conducted another public dialogue meeting in Mutare on the 21st of November 2013 with the objective of getting more views on the impacts of the recent bill write-offs. The public dialogue was held in collaboration with Mutare Residents and Ratepayers Association (MRRA) at Mutare Diocesan Training Centre. The dialogue meeting provided an opportunity for the residents invited from different suburbs in Mutare to share their experiences on the bill write - offs and proffer their recommendations to Mutare city council on how service delivery can be improved. This report presents the deliberations and conclusions from the Mutare dialogue meeting.

Introductions

The dialogue meeting was opened with a song and a word of prayer from Mrs Bennita Goneso (Zimbabwe Chamber of Informal Economy Association member). Thereafter, the MRRA's Co-ordinator, Mr David Mutambirwa, who was chairing the meeting, led the introduction process. Among the distinguished participants who were present include;

- Combined Mutare Residents and Ratepayers Trust (CMRRT) member,
- Zimbabwe Chamber of Informal Economy Association (ZCIEA) member,
- A Consumer Council of Zimbabwe (CCZ) worker,
- Ward 18 Councilor, Mr K. Chisango,
- Former ward 21 councilor, Mr T. Gopito,
- A worker from Ministry of Justice.
- Three (3) members of the Concerned Youth Mutare

Unfortunately, the representatives from the City of Mutare treasury who were supposed to be part of the dialogue meeting failed to make it as they were engaged in budget consultative meetings which were going concurrently with the dialogue meeting in ward 12. The MRRA coordinator, Mr D. Mutambirwa acknowledged that he received an apology from the city of Mutare- treasury the day before the dialogue meeting. The introductions were followed by

opening remarks and a brief background presentation on PRFT's work from the Programs Officer, Mr T. Chiremba.

Opening Remarks and Background of PRFT's work

In his opening remarks, PRFT Programs Officer, Mr T. Chiremba welcomed all participants to the dialogue meeting. Mr T. Chiremba 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.

In his background presentation, Mr T. Chiremba highlighted that PRFT is an information generating organisation which aims to challenge policy makers using evidence based policy advocacy. According to the Programs Officer, the organisation of the public dialogue was meant to enrich and support the views of PRFT on government's policy interventions through the interaction with concerned residents who are affected by these policy interventions. The Programs Officer reiterated that the formulation 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. According to the Programs officer, PRFT pushes for sustainable policy interventions which can improve the livelihoods of people not only in the short term but in the long run.

After a brief background of PRFT's work, the Programs Officer proceeded to enlighten the participants on the theme and objective of the dialogue meeting. The theme of the dialogue meeting was on the impacts of the bill write-offs which were effected by all city councils as a directive from the Minister of Local Government, Public Works and National Housing prior to the harmonized elections held in July 2013. The objective of the dialogue meeting was therefore to collectively reflect on the impacts of the debt cancellation in Mutare both in the short and long term, with the view of coming up with recommendations that bring about sustainable development.

Background presentation - Mutare Residents and Ratepayers Association (MRRA)

The MRRA's Co-ordinator, Mr D. Mutambirwa presented a brief background and the view of the MRRA concerning the impacts of the bill write-offs. In his presentation, Mr David Mutambirwa highlighted that the Minister of Local Government, Public works and National Housing used section 133 of the Rural District Council Act chapter 29.13 as read with Section 303 of the Urban Council Act Chapter 29:15 to give all urban councils nationwide a directive to write off all accumulated water bills, unit tax, rentals fees and levies outstanding from 2009 to June 2013.

According to the Mr Mutambirwa, the bills write- off has affected the Mutare City Council's ability to generate income to run its operations. The Co-ordinator indicated that the cancelation of the bills has led to the failure of the city council to meet its wage bill. Mr Mutambirwa said the city council is behind by seven (7) months in terms of payment of workers' salaries. Furthermore, Mr Mutambirwa indicated that the city council is facing challenges to pay bonuses for 2013 as it still owes its workers 2007 bonuses. To reflect on how the financial position of the city of Mutare was affected by the bill write - offs, the Co-ordinator cited a case were an expecting council employee took a couple of months to get a loan she had applied for to do her future preparations, yet normally the loan could be approved within the month of applying. Mr Mutambirwa reiterated that the bills write – off has compromised the borrowing powers of the city council because its revenue base has dwindled. To meet its cash obligations, the Co-ordinator indicated that city council is resorting to borrowing money from banks yet the interest rates are very high making the servicing of these loans such a mammoth task for the city council. The banking sector has been also affected following the bill write – offs since they can no longer advance the city council some loans given that their revenue base has dwindled and the capacity to pay back is no longer there.

What emerged was that the bills write – off has worsened the provision of quality services in Mutare since the delivery of clean water and refuse collection started to deteriorate after the write- off. According to Mr Mutambirwa, the bills write- off has affected the supply of clean

water in most suburbs as the council is failing to buy chemicals to purify water. There is no water supply in locations such as Dangamvura and Dreamhouse suburbs.

Mr. Mutambirwa also raised the deterioration of the health care delivery in council clinics as a result of the lack of morale among council workers (nurses) who have gone for months without getting their salaries. According to the Co-ordinator, there was an expectation that the government would avail funds to city councils to finance the deficits created as a result of the bill write –offs. In his presentation, Mr Mutambirwa reflected that the bills write –off has created a syndrome of default payment by ratepayers as they are anticipating another bills write off in the future. In summing up, Mr Mutambirwa highlighted that one of the weaknesses of the Urban Council Act is that it gives excessive powers to the minister of local government and less powers to municipalities to make their own decisions. He indicated that most decisions are made from the top without prior consultations and support from the municipalities. According to Mr Mutambirwa, Section 133 of the Urban Council Act sets the conditions for bill write-offs and he indicated that the directive violated the constitution.

Group work

Before the dialogue was opened up, participants were divided into groups. Five groups of five participants each were formed. Each group was given a question to discuss briefly before presenting it in the plenary. Below are the questions which were assigned to each group.

Group 1

1. Chikwereti chokubhadhara mvura nemarates chakatanga kukuremerai riini? Zvii zvakakonzera kurema uku? (When did you start having a burden of paying your water bills? What caused this burden?)

Group 2

2. 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?)

Group 3

3. Ko ndeapi matambudziko amunosangana nawo takatarisana ne billing structures dzekanzuru? (What problems are you encountering regarding the city council’s billing structures?)

Group 4

4. Nyaya yema prepaid mita emvura munoiwona sei? Inoshanda here? (What is your view on the issue of prepaid water meters? Does it work?)

Group 5

5. Pamusoro pamarates 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 Mutare should do to generate income?)

Plenary

Guided by the questions above, below is a summary of issues raised by the group participants during plenary presentations and discussions;

Group 1

According to the participants, bills started to accumulate soon after 2009 when the country adopted the US dollar as the official currency. Following the formation of the new inclusive government and the formal introduction of US dollar in the economy in February 2009, all the amounts due were converted into US dollars. The converted figures were so high and hence the residents started to default. One participant indicated that some residents were discouraged by a political party not to pay the exorbitant bills until the bills were revised. This further caused the accumulation of debts as the interest charges kept on accumulating. Residents also said that although they paid bribes in order not to be disconnected, the interest charges continued to accrue.

According to the participants, high interest rates which were maintained by the City Council on overdue accounts soon after the adoption of the US dollar also contributed to the accumulation of bills and default payment. One of the participant highlighted that the change of the due date for the payment of monthly bills from 7th of every month to the 24th has led to many residents receiving inflated bills due to interest charges.

Furthermore, the residents indicated that their failure to pay the debts was largely accelerated by the socio economic challenges which they were facing as a result of the underperforming Zimbabwean economy. Zimbabwe has witnessed closure of many industries and high levels of unemployment over the past decade. According to residents, formal employment was one of their main sources of income. However, due to the collapse of the industry and increasing cost of living (poverty), the residents indicated that many Zimbabweans were facing challenges to access other basic necessities such as food and accommodation and as a result, they ended up prioritizing what they thought were urgent needs and failed to pay their bills. In Mutare, some of the companies which have closed include PG Safety Glass, Mutare Boards and Papers, Carina textiles, Quest motors, Cains, Olivine and Lever Brothers. According to residents, these companies were also a source of revenue for the City Council since they used city council's services such as water. However, besides the closure of companies, residents highlighted other

issues of concern in the city council that have compromised the generation of revenue. Some of the issues raised include;

- ❖ Corruption. According to residents council workers (meter readers) were receiving bribes so as to stop disconnecting water in case of default payment and this has compromised revenue to the city council. The council officials were no longer invoicing payments from ratepayers but rather pocketed the money. One example cited was money collected from fruit stalls.
- ❖ Lack of adequate accountability of money collected from the sale of council properties.
- ❖ Mismanagement- the city council has failed to harness revenue from bars and halls for example Belt Hall. According to the residents, the Lunar Park which had a potential to contribute much to the city treasury has been sold. This has affected the city council's revenue base.
- ❖ The failure of the city council to charge market value rentals for its flats. According to the residents, the council is getting below-market value rentals from the flats.
- ❖ Lack of efficiency in collection of revenue. According to residents, council workers always delay in serving customers which compromises revenue collection.
- ❖ Misuse of Donor's funds. For example, participants cited a case where a donation from SIDA was misused.

However, participants also indicated that the failure by the city council to have adequate resources for service delivery was also as result of lack of assistance from the central government in terms of grants.

After all this, residents argued that they were the only source of City Council's revenue.

Group 2

The participants acknowledged that the bills write – off has brought some reprieve. According to one resident from Chikanga suburb, most residents were happy after the announcement of this policy intervention considering high levels of poverty in the country which led to the accumulation of the debts. The participants acknowledged that the bill write –offs was a benefit especially to the old, unemployed and the vulnerable who were failing to pay the bills because of poverty. However the participants also indicated that they were short changed as events which followed the bills write - off were uncalled for. Below are some of the voices of the participants captured concerning the impacts of bill- write offs in Mutare.

1. *“Kukanzurwa kwe ma bills kwakabatsira vaya vasingashandi, shirikadzi ne nherera vakanga vasingachakwanisi kubhadhara ma bills”* (The bills write –off has benefited the unemployed, widows and orphans who could not pay the bills) - Chikanga resident.

2. *“Zvakanga zvakana asi vave kutora mari yavo nerweseri nekukwidza ma bills ave kubhadhara vanhu.”* (The cancelation of bills was a good idea. However, the city council is inflating the current bills indirectly to recover its money) – Sakubva Resident
3. *“Takabvisirwa hongu asi tinoti chikwereti hachina kumbobviswa ba nekuti bill rangu rakauya riine chikwereti che mwedzi mitatu”* (There was a bills write- off but it was not a real write off because I received a new bill already with three months debt)- Dangamvura resident
4. *“Kanzuru haichakwanisi kubhadhara ma salaries evashandi uye iri kumisa vanhu mabasa nekuda kwekushaya mari”* (The council is no longer able to pay salaries for its workers and it is also retrenching workers because there is no money)
5. *“Zvakaita kuti kanzuru isave nekukama hwakanaka nema banks kana mamwe masangano anoda kubatsira nemari nekuti vari kutadza kubhadhara mari nenguva”* (The bills write - off has compromised the relationship of the city council with banks and other institutions with financial resources because it is failing to repay the loans within the stipulated time)

The residents indicated that the bills write- off was not fair as it benefited those few individuals who had huge debts. According to the participants, there was no a win- win situation in the process. The cancelation of the debts according to the residents failed to give incentive to those who were up to date with their bill payments hence it promoted a culture of default payment.

As part of the impacts, the residents reiterated that the bills write – off has compromised the city council’s ability to perform its duties such as provision of water, timely collection of refuse, maintenance of public toilets, monitoring sewer blockages, spraying of mosquitoes in Nyamaruru river and water leakages among others. According to residents, the lack of access to clean water has exposed residents to health diseases such as typhoid, cholera and malaria. The participants indicated that a lot of water is wasted in Sakubva suburb due to the leaking water pipes yet there is no water in other locations such as Dangamvura and Hobhouse. A Dreamhouse resident complained about water from Zimta houses which is being contaminated by flowing sewage. According to residents, the problem has gone for some months without being attended to. The participants indicated that there was a cut in supply of water in other locations which used to have regular water supply following the bill write- offs. According to residents, erratic water supply in homes has compromised the usual family bond. This is what one resident had to say;

“Mvura inoswera isiriko masikati ose, inozouya pakati pousiku apo baba ndipo pavenege vasvika kubva kubhawa vavakuda bonde ini ndavatomuka kuenda kochema mvura... zvinenya izvi” (There is no water the whole day, it only comes at mid-night. This is also the time that our husbands come home from the beer hall and want to be intimate but I have to work up to go and fetch water. It is really a challenge).

However, participants raised other problems which are compromising the regeneration of income and service delivery besides the bills- write-off. According to one of the participants, the city council is using recent bills write- off as a justification for not paying its employees yet there is rampant corruption and misuse of rate payer's money in the city council. What came out clear from the deliberations is that the city council is prioritising the top management's salaries at the expense of service delivery. For example, what emerged from the residents is that in 2012, the city council had projected to mobilize 15 million United States dollars. From this budget, the city had planned to use about 12 million dollars (80% of the budget) to pay salaries and wages. However, the budgeted wage bill surpassed the 11. 4 million dollars revenue collected during the year. To finance the deficit, the city council had to borrow extra funds from banks at a high interest rate. From the deliberations, it was noted that the city council is currently servicing very expensive loans borrowed from banks to finance unsustainable wage bills. The residents reiterated that while the general city council workers have gone for some months without salaries, the top management is getting hefty salaries every month. On top of hefty salaries, participants indicated that the top management is receiving loans of at least US\$12000 depending on one's salary while it is difficult for a general city council worker to get a US \$1000 loan. As result of not being paid, city council workers are involved in corruption to earn a living. For example, the residents cited that city workers are receiving bribes of US\$10 to stop clamping motor vehicles. In other cases of corruption, city council workers are accepting bribes to attend to residents' concerns such as water leakages.

According to residents, the city council is generating a lot money from its properties but the money is going directly to the pockets of the top management. From the residents, the city council lacks transparency and accountability in the way they collect and use the rate payers' money.

Group 3

According to the participants, the billing system of the city council is a major challenge. The bills are being exaggerated as billing is done using estimations rather than actual meter readings. The participants highlighted that water meters in most locations are very old and they are no longer functional. From the residents, the estimation of water bills has disadvantaged households in locations without water supply who are paying for the service which is not available. According to the participants, the bills always come inflated with some charges that are not explained. The residents raised some incidences where an ability to pay approach is being used by council workers (meter readers) to selectively determine the residents' bills regardless of the rate of water consumption. Furthermore, participants indicated that the late delivery of bill statements is a serious issue which is causing residents to pay interest charges as they are receiving their bills after the payment deadlines.

Group 4

In their response to the plan by city councils to adopt prepaid meter system in water, residents expressed some issues of concern over this system. Although some residents argued that the system would be a good idea to avoid the estimation of bills, the residents' message was clear that the system can be subject to manipulation by the city council as what they have already witnessed in the current prepaid electricity meter system. Currently, residents indicated that they are being cheated in prepaid electricity system, where ZESA is changing its charges without the knowledge of the consumers. Accordingly, residents reiterated that there is nothing that can stop the city council to cheat consumers in the same way if the prepaid water meter system is adopted.

During the deliberations, the participants also questioned the fairness of the system as it can be applied selectively to residents like what has been observed in the prepaid electricity meter system. According to the participants, the prepaid systems are targeting high density suburbs, a situation which is unfair considering that most poor households live in these suburbs. The residents also indicated that the system can have serious impacts on certain groups of people such as the disabled, unemployed, orphans and those living with HIV and AIDS in the event that they fail to pay the cash up front. According to residents, water is a human right and its unavailability has negative impacts on people's health status. One of the participants argued that the use of prepaid meter system does not help as long as water in other locations is not available. The residents are of the view that the city council should rectify water unavailability in locations such as Dreamhouse and Dangamvura before they think of introducing the prepaid meter system. The residents reflected that the city council should stop trying to attack the symptoms of the water shortages in the City of Mutare.

Policy recommendations

During the discussions, participants also raised policy recommendation issues which they want the city council to consider. Below is a summary of some of the key recommendations that were generated from the Mutare dialogue meeting;

1. Monitoring of the billing system. There is need for the city council to do regular monitoring of its billing systems so that residents are not overcharged.
2. Curbing corruption. According to the residents, the city council should formulate and implement strategies to stop corruption from the top management to the general workers. The council should be prioritizing service delivery and more money should be channeled towards improving service provision. There is need to strengthen public relations department within the city council which should act as a platform for residents to air out their grievances such as corruption.

3. There is an urgent need for city council to pay its workers to improve service delivery.
4. Transparency and accountability. There is need for more transparency in the city of Mutare when it comes to the use of its funds. To improve transparency and accountability, residents are advocating for independent commission or a body that should be responsible for making follow ups to see if funds are not abused at the expense of service delivery. According to residents, the city council's top management should be apolitical when dealing with donors in order to improve relationships.
5. There is need for city council to engage the residents to clarify issues. The city council should allow dialogues with residents on policy issues.
6. At a national level, the residents are advocating for the review of the Urban Council Act which gives more powers to the Minister of Local government.
7. To improve income generation, the residents came up with the following ways to improve resource mobilisation.
 - ❖ Formulation of strategies to formalize vending to generate more income
 - ❖ Effective utilization of council land e.g. through implementation of income generating projects such as farming, poultry and piggery. There is need for youths to participate in these projects.
 - ❖ Resuscitation of projects such as Kaarezi Zesa Project
 - ❖ Construction of more residential flats and affordable leisure centers
 - ❖ Maintenance of recreational centers e.g swimming pools and parks to generate more income

Closing Remarks

The Ward 18 councilor gave the closing remarks. According to the councilor, the Mutare city council lost about US\$14 million as a result of the bill write - offs. In his closing remarks, the councilor also bemoaned the weakness of the Urban Council Act which gives more power to the Minister of Local government to make directives to the municipalities. The councilor acknowledged the malfunctioning of the water meters and he indicated that the residents should report any irregularities in the billing system to the city council. He also said that the residents should report other cases of water leakages, sewage pipe bursts and corruption by the city workers so that follow ups can be done. He challenged the residents to opt for a payment plan rather than giving the council workers bribes as this can lead to accumulation of bills. The councilor also encouraged the residents to take part in the City Council's budget consultative meetings which were going on so that their views are considered in the budget process.

In his closing remarks, Mr Mutambirwa thanked all the participants for the time they had devoted for the dialogue meeting. He urged all participants to take part in improving service delivery by paying bills. The Co-ordinator challenged the participants to shun all forms of corruption. The Co-ordinator also appreciated the collaboration between MRRA and PRFT that

had provided a platform for residents to share their views on government policy interventions. The dialogue meeting was officially closed with a song and prayer from Mrs B. Goneso.

Conclusions and the voice of Poverty Reduction Forum Trust (PRFT)

From the deliberations of the dialogue meetings held, PRFT is of the view that the policy intervention was not sustainable. While the bill write- offs brought some reprieve to the ordinary Zimbabweans, the celebration was short-lived because the city councils had no alternative sources of income to meet the gap created by this move. Besides having its own irregularities, the policy intervention has led deterioration in the provision of services by the city councils as witnessed by the worsening of the water shortages and the failure of councils to pay salaries for its workers. More- so the bills write- off has affected the circulation of money in the banking sector which is already struggling due to liquidity challenges.

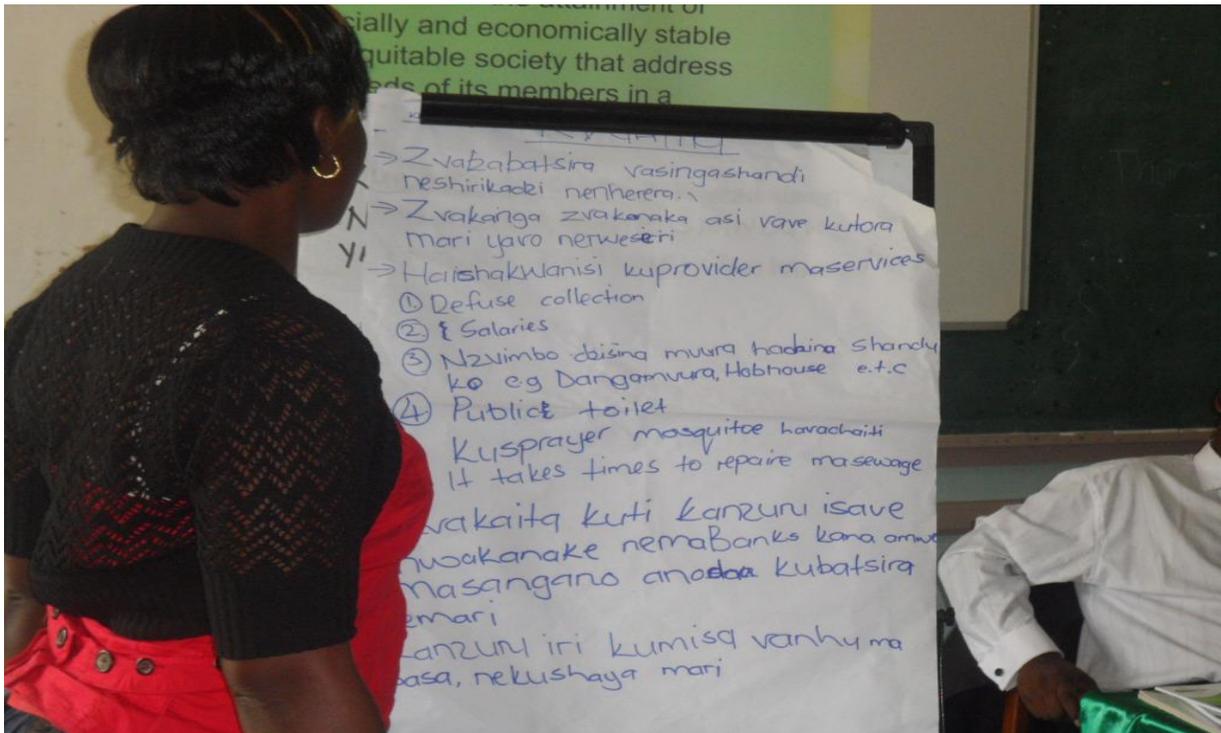
While the policy intervention was a noble idea especially considering the poverty levels in the country which brought the burden to pay, PRFT is of the view that the government should have come up with measures to finance the deficits which came as a result of the bill write- offs for the policy to be sustainable. In future pro poor policy interventions, PRFT strongly recommends that the government should consider long term and sustainable policies that should be made based on wide consultations to make the policies people driven. In our view, policy formulation should be done using bottom up approach, were the most important stakeholders such as the ordinary residents and the municipalities are taken aboard in the crafting of such policies. At policy level, the government should consider implementing measures to resuscitate the industry and create employment opportunities to improve the socio economic status of the ordinary Zimbabweans who are struggling to make ends meet.

At local authority level, PRFT urges all city councils to put people and service delivery at the centre during its budgeting process so that the budgets are pro poor. What has been observed is a situation were budgets are being used as an inequality tool to enrich few individuals and this has widened the gap between the rich and the poor.

Mutare Dialogue Meeting in Pictures







Dialogue meeting participants

Name	Organization /suburb	Designation	Contact details
B. Goneso	ZCIEA	Member	0733363662
T. Manzengerere	ZCIEA	Member	0777122517
A. Muponda	CMRRT	Member	0773092238
B. Masamvu	CCZ	Worker	0712 785866
W. Manela	MRRA	Member	0773 850682
L. Muyambo	MRRA / Hobhouse	Member	0775799008
L. Mutero	MRRA / Hobhouse	Member	0775 045 922
M. Kapesi	MRRA	Member	0772 430 658
C. Nyakatsapa	MRRA	Member	0712 536833
R. Zimuto	MRRA	Member	0774 710237
K. Chisango	MRRA	Member	0772 955 234
C. Maguruwada	MRRA	Member	0774 411955
S. Mukwena	MRRA	Member	0738169657
A Sibanda	MRRA	Member	0739729878
T. Gopito	MRRA	Member	0712597162
T. Katuruza	MRRA	Member	0739969175
S. Chirauso	MRRA	Member	0775091684
M. Gapara	MRRA	Member	0774 090487

T. Nyakatsapa	MARRA	Member	0776832670
H. Munyakwe	MARRA / Chikanga	Member	0773 816128
V. Mubaiwa	C. Y.M	Member	0773 044 069
C. Mandirahwe	C. Y. M	Member	0739 726 208
D. Mutambirwa	MARRA	Co-ordinator	0772 273176
P. Muusha	PRFT	Enumerator	0776 476601
M. Tandire	MARRA	Member	0773 047975
M. Muzanechita	MARRA	Member	0773 768 242
G. Doziva	C. Y. M	Member	0715 889 519
T. Nyamutumbu	PRFT	Finance & Admin Officer	307472 / 3
T. Chiremba	PRFT	Programs Officer	307472 / 3