



ZIMBABWE - June 2017

ZANU PF RATES REPRIEVE HITS COUNCIL REVENUES 1

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THE Bulawayo City Council will explore the option of selling residents' properties to offset debts accumulated by households that are failing to settle their bills as the local authority continues to grapple with accumulating debts and low revenue inflows.

The council has embarked on a massive water disconnection exercise to force residents to settle their bills but even this drastic measure has failed to improve cash inflows. The fear, in council corridors, is that some residents were now deliberately ignoring settling their bills in anticipation of a Government reprieve next year. In 2013, towards elections, the Government ordered local authorities to cancel bills that residents had owed between February 2009 to June 2013.

Speaking at a consultative meeting with the media on Friday, acting finance director Mr Cyprian Dabengwa said in an effort to recover what was owed to them they were exploring a number of avenues which would eventually lead to possible auctioning of properties belonging to their debtors.

"We are intensifying debt collection through a number of strategies which include calling customers to discuss their debts, communication with consumers through the social networks, sending warning letters, water disconnections, final demand letters, issuing of summons and even denial of services.

However, if all this fails we will soon be taking the route of attaching property and auctioning it so as to recover what is owed to us. I believe on the other hand, consumers must consider the effect of not paying their rates which include; failure to deliver and if delivered it will be poor quality water, degradation of roads and the uncollected refuse leading to the outbreak of diseases. Among other effects," said Mr Dabengwa.

He encouraged residents to approach the local authority to draw payment plans as this would ensure that they do not get their water disconnected or their properties attached by the local authority. The council has been lamenting poor revenue inflows over the past years. He said council was collecting an average of \$6,1 million a month while an ideal collection must be \$7,5 million to meet this year's budget of \$153 566 466.

"In the year 2014 we managed to collect \$69,9 million at an average of \$5,83 million a month, in 2015 we collected \$72,3 million at a monthly average of \$6,03 while last year, 2016, we managed to collect; \$67,9 million at a monthly average of \$5,6 million, which was a decline from the 2015 figure.

"This year as at May 2017 we had managed to collect \$30,8 million at an average of \$6,1 million a month but we hope residents will continue paying what they have to the local authority so that we get to the ideal monthly collection average of \$7,5 million," said Mr Dabengwa.

He said the council last collected the average \$7,5 million in January 2011. In terms of debt recovery, Mr Dabengwa revealed that as at May 2017 the local authority was owed a total of \$157 647 164 of which industry and commerce owed \$60 523 721, the Government \$6 236 480 and the domestic users \$90 696 963. In terms of creditors the local authority owes a total of \$162 545 061.

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Speaking at the same briefing, the council chamber secretary, Mrs Sikhangele Zhou said the local authority was of late faced with the problem of companies that were closed down due to the problem of deindustrialisation.

She said the companies were in two categories, those that were still billing because of some activity taking place and those that were under judiciary management or liquidation.

“For those that are under judiciary management or liquidation, we have no choice but to participate in meetings being called by the liquidators and present what is owed to us, it is unfortunate that we are not regarded as preferred creditors hence we just have to stand in line,” said Mrs Zhou.

It was recently reported that 35 closed companies share 78 accounts among them which owe a combined figure of \$ 3 407 727. These companies include; National Blankets, Zimbabwe Sugar Refineries, Security Mills, PG Industries, Bulawayo Tyre Services and Zimbabwe Saints Football Club, to mention but a few.

Meanwhile, the Affirmative Action Group has written to the local authority questioning their continued use of generators at the Large City Hall, Revenue Hall and Tower block, claiming the local authority had since 2011 spent more than \$1 million on diesel to power the generators. The pressure group noted that the local authority could instead use that money to offset what it owes to Zesa.

“You have spent in excess of \$1 million on fuel which is used to power the generators which are powering the Tower Block, the City Hall and the Revenue Hall 24 hours a day. In our view, this wasteful expenditure is unwarranted as it is an abuse of the Public Finance Act and is only meant to benefit your cronies and acolytes who are part of the systematic pillage of public resources at the expense of service delivery and has criminal implications on the culprits involved.

“As an empowerment body and in the interests of our members, we call for the immediate halt of abuse of public funds and a solution to this impasse which is being abused to further milk public funds from the city. The amount paid for 300 litres of fuel you use daily to power your generators can be used to off-set your arrears to Zesa. In fact, Zesa would be economic saboteurs not to accept such a payment plan from yourselves,” reads part of the letter from AAG.

The power utility first cut off the local authority’s electricity at its Large City Hall, Revenue Hall and Tower Block, in January 2011 over a debt of US\$7 million. The debt has since ballooned to over US\$43 million.

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