

CHAPTER 7: Prospects for Property Taxation and Rating System in Epworth

This chapter provides information on the findings regarding the potential for an enhanced functional property tax and rating system. Epworth Local Board administrative staff, ZIMRA Tax Compliance and Advisory officers and 32% of partially knowledgeable residents who responded to questionnaires and interviews that was done by the researcher.

20% of respondents revealed that the Epworth Local Board identified the primary income sources that are included on their monthly bills as being the following water, waste disposal, sewerage fees, roads and street lights, fire levy, supplemental fees, and assessment rates. These responses were from ward 3 where there is functional sewer system which was upgraded by the Local Board. They also highlighted other sources of revenue that the Local Board can boots that is, equipment rental, burial costs, plan approval costs, inspection costs, development permits, cession costs, waiting list costs, clinic costs, sewer connection costs, water connection costs, flea market costs, liquor sales costs, and other fines totalled 45% of the total.

According to the local government's enabling legislation, the process of property rating and taxation involves competent appraisers or valuers assessing landed properties with the goal of invoicing and collecting rates from the occupiers or owners of such evaluated properties. Property rating, sometimes referred to as tenement rating, is the fee or tax imposed on the owners or occupants of rateable properties or tenements. It is a type of tax or rate that is imposed on privately owned real estate with the aim of covering local government expenses and maintaining the essential services currently provided within the affected local government region.

ZIMRA Tax Compliance officers revealed that, there is need to do campaigns to raise public awareness are required to promote citizen participation in paying property tax. Also the administrative staff from the Local Board claimed that political leadership of the council is anticipated to play a key role

in conducting public awareness. The common problem that was raised by respondents in Epworth is lack of cooperation from residents in payment of rates and property taxes. Hence, residents are informed by the publicity regarding the Epworth Local Board goals, the next steps, and most importantly, the basis for their tax obligations, and their rights and responsibilities to the council and other residents. A consistent and repeated message is needed to emphasise the connection between taxes and the advantages of development. For example, Overspill residents have been educated by the Local Board to make use of the vending market that was recently constructed at the shopping centre and also the uptake of the vending tables within the market was observed by the researcher. The Local Board proposed to implement several range of publicity strategies that including radio programming, public ward meetings on the weekends in neighbourhood schools and other locations, street theatre featuring youth groups, street banners, newspaper articles, announcements at nearby mosques and churches, and even the use of a town crier. A campaign is required at each and every ward, although the intensity might increase during the collecting phase of levies from the residents also they should work on settlement upgrade. Therefore, increased engagement will result from a special informational gathering with this invited group to introduce them to the Council and solicit their support. Organisations from the civil society will actively participate in the awareness campaign and contribute. They might be urged to exert pressure on the Council to carry out public works and to increase transparency.

Epworth Local Board respondents expressed that there is fall in rate collection in the area and they have to utilise tax collectors to enforce residents to pay property taxes, rates, licences. This approach tends to concentrate on the weak, marginalized, and underprivileged, who frequently have a mistrust of authority. This strategy can impede growth and create chances for corruption. Residents can feel more secure knowing that money is being handled transparently thanks to this system that also ensures more accurate payment recording. The payment is made at the local board locations where the tellers have received training to identify key information and number of the property, the street address, and the name of the owner. There

is need of a daily reconciliation with council records since the Local Board respondents explained that there are poor land records within the data base of the council to complete all necessary form of property taxation discussed in the literature.

Besides that, responses and the local authority's records, no one has ever paid for services provided by the local authority. According to Epworth Local Board figures, just 100% of its debtors that have been recorded in the debtor's book since February 2015 have not been settled. Residents of wards 1, 2, 6 and 7 are the main offenders. However, ten respondents said they occasionally pay their bills, while twenty-six said they always pay for the services the local authority provides to them and sixty-one they highlighted that they have never paid anything to the local board since 2015. The frequency of residents' payments is shown in Table 8.

Table 8: Frequency of payment of bills by residents (Fieldwork, 2022)

Frequency of payment	No of Respondents	% Response rate
Always	10	10
Sometimes	26	26
Never	61	64

The justification for paying rates and taxes to the local board, out of 97 participants only 10 respondents said they paid their bills because they understood that doing so would enable the municipality to offer the residents better services, and 26 respondents said they do pay sometimes because they felt it is the proper thing to do. The remaining 61 respondents stated that they do not pay for their services out of concern for the Local Board repercussions.

Further investigation found that some of the Epworth Local Board's properties are owned by low-income individuals, but that this fact is not taken into account when creating yearly budgets. Property owners' payment of rates is significantly influenced by the income levels of the ratepayers. The interviewees also mentioned how important politics were to local governments' ability to effectively collect taxes.

Four interviewees stated that poor transportation is a barrier to improving tax collection. The Finance/Treasury department that is in charge of tax collection, lacks a means of carrying out its duties because of inadequate use of ICT. The department is forced to rely on stand sales where they are parcelling out residential and commercial stands so that they finance and pay salaries to the Local Board Staff. They mentioned the understaffing of the Credit Control team within the Board so that they improve their debt control activities. They also showed that the administration of the tax collection system requires a significant reinforcement of staff since Epworth Local Board lack appropriate manpower for collection. Additionally, 21 respondents said that lowering labour turnover and employing qualified workers would improve the problem. Twenty-four respondents said developing good communication and resident awareness initiatives would improve the issue, while thirty respondents thought maintaining proper controls in the tax collecting process would raise income inflows.

To calculate the amounts that each taxpayer will be required to pay based on the relative property value to other taxpayers, property tax valuation is required. This suggests that the main goal of property valuation should be to promote tax equality, i.e., that properties of similar worth should pay taxes at rates that are consistent with their values, rather than to establish the exact level of tax liabilities. A policy decision based on property tax rates should determine the exact amount of income to be collected through property taxes. Instead of depending on an adjustment to the absolute or relative property prices, the government could raise tax rates if it requires more tax income in a given year. The research findings revealed that there is no valuation roll has been done by the Epworth Local Board because of poor land information system, lack of property data, high informal settlements, poor housing standards which complicate the valuation for taxation process. All these challenges have been supported by available literature hence it's high time for Epworth Local Board to implement some models proposed by the study and recommendations to improve their revenue collections from its residents.

This study focused on improving efficiency so that revenue collection staff could use a geographic information system to pinpoint the locations of

compliant taxpayers and those who are in default, boosting taxpayer confidence that receipts generated directly are genuine and their money is captured in the system without forgery. Since all data is kept within the system, there is no need for negotiations between taxpayers and personnel at this facility that supports recovery efforts by the council. This is supported by immovable property tax theory which provides the room and allowance to do valuation for taxation for immovable properties and also it is supported by the findings provided by the Urban Councils Act Chapter 29:15 part XVIII which give a detailed outline of valuation for both commercial and residential properties for taxation purposes.

The improvement of income inflows may be aided by the reduction of corruption among municipal employees by the provision of higher compensation. According to statistics, the majority of people believe that once they pay for something, their money will end up in the wrong hands and that paying for services amounts to supporting misappropriation of public funds. This claim is supported by media reports that there is informal parcelling out of residential stands in Epworth by Councillors and this was the political move to gain voter support and this was done towards 2018 elections. The other real-world instance that occurred in these councils is when the minister dismissed seven senior members of the Chipinge Town Council on September 6, 2012 due to allegations of corruption and theft of public monies. According to the same publication, the Gokwe Town Secretary was sacked after being found guilty on four charges of corruption.

An effective communication strategy, the provision of metered services, precise invoicing, and debt and credit management are crucial elements of revenue improvement sustainability, according to secondary data. In this case USAID developed the following revenue enhancement model to go into more detail about these components that Epworth Local Board can implement in order to maximise their revenue generation that is recommended by the study to be implemented by Epworth Local Board to improve their revenue collections which is shown by figure 10.

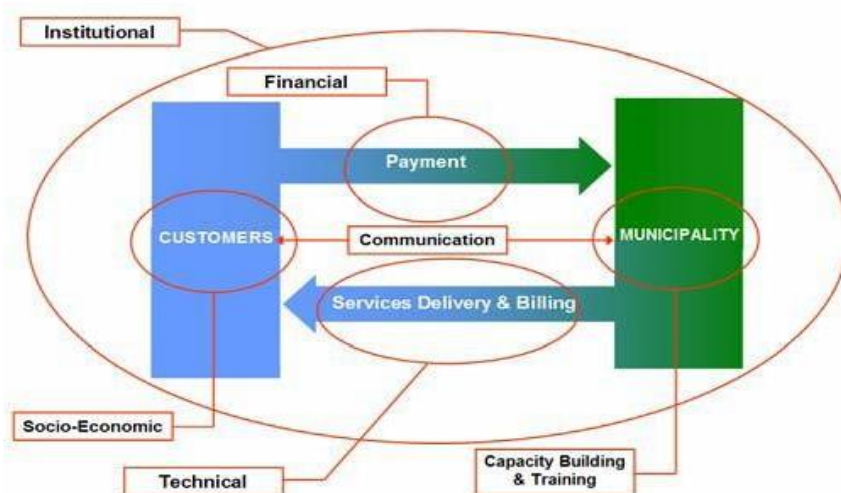


Figure 9: Revenue enhancement model; (USAID, 2006)

The concept emphasises increasing revenue collection, minimising waste and expenses, and decreasing uncollectible debt. Building long-term sustainability for local authorities requires a strong communication strategy. The argument is on the reluctance of Epworth Local Board to implement this model to improve their property tax cash flows but the administrative staff revealed that they have no financial muscle to implement such model hence they need assistance from the Ministry of Local Government. The exchange of information should make it easier for customers' expectations and municipal aims to be aligned. If local governments are to gain from the adoption of the revenue enhancement model, capacity building and training are crucial. Technically, local governments should be well-equipped to offer high-quality services and precise billing.

Additionally, to correctly estimate income collections, budgets must take into account the socio-economic context of the population. For instance, separate taxes might be applied to residential areas with high, medium, and low densities. It is essential to have a comprehensive strategy as the Local Board to use sustainability measures to ensure that all of the aforementioned important factors are concurrently addressed. Each of the performance

categories that were mentioned above will help with the execution of a successful revenue enhancement strategy. If one of the aforementioned elements is skipped, the success of a Revenue Enhancement Project's implementation will suffer. Comparing Epworth Local Board's revenue sources to those found in earlier literature, there aren't many differences. The previous studies by Chirisa (2013) listed additional revenue sources that Epworth Local Board does not benefit from includes tourism, water harvesting, the sale of plants and bus terminus fees.

In conclusion, this chapter has presented opportunities of property taxation and rating system in low-income neighbourhoods. Research findings revealed that there is room to grow revenue for Epworth Local board and also they can implement the revenue enhancement model so that they can follow up their rates and taxes from both residents and commercial property owners in Epworth. Available theories and literature discussed in Chapter they have a strong link with the research findings as discussed in this chapter hence the following chapter discusses on legislative strategies that can be implemented to improve revenue generation of the Epworth Local Board.