



Association of Rural District Councils of Zimbabwe

Report On Proposed Levies 2020

16 October 2020

ARDCZ Offices- Harare

Introduction

In preparation of the 2021 budgeting process for Rural District Councils, the Association facilitated meetings with key economic players in RDCs Jurisdictions. In this year's round of negotiations, the RDCs had not reflected a need to review the rates since they felt the status quo was palatable to all stakeholders. However, most of the stakeholders had written to the Association citing that due to the harsh macro-economic environment prevailing, there was warrant for a downward review of the existing rates and levies.

The purpose of the meetings was to:

- a) Standardize taxes due and payable to the Rural District Councils for 2021 Financial year
- b) Regularize the terminology that is used by RDCs in charging.

The following economic sectors whose businesses have nation-wide impact were invited for discourse with the Rural District Councils:

- a. The Chamber of Mines of Zimbabwe
- b. Livestock and Meat Advisory Council
- c. TIMB and Tobacco Trade Association
- d. The Mobile Cell Phone Providers (Econet, Telecel, Netone, Tel One)
- e. The Cotton Ginners Association
- g. Dimension Stone Miners Association

ARDCZ Representatives

| | |
|-----------|----------------------------|
| Savere S. | Executive Officer Programs |
| Mbukwa K. | Executive Officer Finance |

Rural District Council representatives

| | | |
|--------------|----------------|-----------------------------|
| Kutumba M. | Chiredzi RDC | Finance Director (In chair) |
| Paricha E. | Sanyati RDC | Finance Director |
| Chipfunde B. | Zvimba RDC | Finance Director |
| Sitera R. | Mwenezi RDC | Finance Director |
| Nkomo C. | Umguza RDC | Finance Director |
| Dube N. | Insiza RDC | Finance Director |
| Maramba E. | Manyame RDC | Finance Director |
| Magasi O. | Mazowe RDC | Finance Director |
| Muriro J. | Makoni RDC | Finance Director |
| Disira H. | Chirumanzu RDC | Finance Director |

Economic Players in RDCs Jurisdictions

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|----------------|----------------------------|---------------------------|
| Takavarasha W. | Zimbabwe Miners Federation | Chief Executive Officer |
| Chitsungo T. | Zimbabwe Miners Federation | Finance and Admin Manager |

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|----------------|----------------------------|--------------------|
| Nyoni T. | Econet | SAQ Officer |
| Duke P. | Econet | SAQ Officer |
| Wenga E. | Netone | Manager Properties |
| Phiri J. | Netone | SITE Acquisition |
| Chitasa I. | Telone | Properties Manager |
| Nyamapfene V. | Telecel | SAQ Specialist |
| Chapoterera P. | Alliance | Head of Operations |
| Chindanya J. | Cotton Ginners Association | Chairman |
| Chirwa V. | TIMB | Arbitrator |

Zimbabwe Miners Federation

The first meeting was held with Zimbabwe Miners Federation. They categorized miners into four classes namely class A, B, C and D. It was agreed to separate millers and miners because in Zimbabwe there was an Association for millers only. ZMF reflected that Local Authorities should work closely with the Ministry of Local Government for the confusion on tariffs to be resolved. Representatives from RDCs advised ZMF that because of devolution, projects for development were being done by Local Authorities and they should work with Councils not the Ministry. ZMF was told that levies were to be charged depending on the development of the RDC as they are the Local Government. ZMF cited that they are not against paying anything but suggested that RDCs should charge miners according to their classes on what they get per annum.

ZMF proposed its baseline as follows %

- (i) Class A USD\$2 000 per unit (custom miller) and USD\$1 000 per unit (milling and mining).
- (ii) Class B, C and D were to be levied depending on their outputs.

Chamber of Mines

Chamber of Mines expressed that a huge number of miners are in arrears because tariffs which are high and RDCs should engage other Ministries such as Ministry of Finance, Ministry of Mines and Ministry of Local Government when coming up with their tariffs. RDCs representatives reminded Chamber of mines to encourage its members to clear their outstanding arrears because of unfinished projects that benefit miners such as roads rehabilitation, water among others.

Chamber of Mines representative underscored that there was need to come up with a reasonable figure so that their members will continue working and paying tariffs on time. RDCs representatives agreed on USD\$8000 as minimum for Miners and Millers whilst Chamber of Mines suggested that at least a minimum of USD\$1000 will be affordable for them. All the attendees agreed that the meeting should not continue because of many pending issues that were arising. They all agreed that ARDCZ will organise other provincial meetings with Chamber of Mines. Chamber of Mines was also reminded to consult the ARDCZ if they have any complains on Local Authorities.

Mobile Services Providers

Mobile Service Providers were also reminded that the meeting was to come up with a baseline not a standard levy because they wanted to avoid abnormal variances in RDCs budget proposals. RDCs Representatives added that it was not supposed to be a legal instrument but it was a guide for budgets preparations. Mobile Services Providers highlighted that their levies should be reduced because of financial problems that they were face especially on the use of local currency. They also added that some of their properties were stationed in mountains where they service everything, including roads for themselves. They also expressed concern that some of the land areas had tenure system issues which overlaps from Ministry of Lands to Local Authorities. They were also reminded that Local Authority is the Local Government therefore they had to work with their RDCs rather than Ministries

a) Econet

Econet mentioned economic fundamentals that are at the market. It was cited that Telecoms has been hardly disrupted by the introduction of local currency and it had affected them on how they pay their tariffs. Econet appealed for the tariffs to be placed below USD\$3000.

b) Netone

Netone also raised the similar sentiments with Econet highlighting that they are affected because many rural boosters were using generators for power.

Agreed Baseline

The Meeting agreed on a baseline of US\$850.00 for 2021.

c) Telecel

It was also highlighted Telecel was financially incapacitated to pay outstanding arrears to Local Authorities. They cited that their base stations were off and subscribers had changed to other providers. It was proposed that ZWL 1, 3 million should drop to ZWL 5 000.

d) Telone

Telone indicated that vandalism and unfavourable economic environment in the RDCs affected their operations. They also cited that most of their properties were in urban areas so their tariffs should not be increased. Telone also mentioned that their services are not for profit making therefore their tariffs should be reduced. RDCs representatives suggested that Telone should pay at least USD\$500 or equivalent rate whilst Telone suggested USD60. After deliberations, the house agreed to peg the baseline at USD400.

Cotton Ginners Association of Zimbabwe

Cotton Ginners complained that the invitation to the meeting came very late therefore they had failed to sit down with the farmers, to come up with a position paper. They also underscored that what they were paying was much more than the revenue they received. RDCs representatives were presented with position paper from Agricultural Marketing Authority. Cotton Ginners also suggested that Councils should charge their levies in terms of produce of that year. They also agreed to pay more in the event that bumper harvests are experienced. The house also noted that the current levies per kg was 5 cents and USD\$10 per bail. Cotton Ginners expressed concern that levies were too high but rates compared to rates in the lowveld. They also proposed USD\$1 000 per buying point and USD\$2 000 per ginnery. RDCs representatives complained that it is too little.

TIMB

RDCs representatives expressed concern that tariffs were addressed long ago but TIMB was letting them down because of not cooperating. They also encouraged TIMB merchants to work with Local Authorities because they enjoyed their services, and buyers were licensed by Local Authorities. RDCs also expressed concern that buyers' merchants offices were in urban areas so Local authorities were not getting anything when it came to property tariffs. They also agreed that meeting with TIMB should continue as their representatives did not attend the meeting.

Also attached were written submissions from the Livestock Meat Advisory Council and Agricultural Marketing Authority.

