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**FACULTY OF SOCIAL SCIENCES**

**DEPARTMENT OF LOCAL GOVERNANCE STUDIES**

**REVENUE COLLECTION CHALLENGES IN RURAL LOCAL AUTHORITIES, A CASE  
OF KUSILE RURAL DISTRICT COUNCIL**

**BY**

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**Dedications**

I dedicate this piece of paper to the Almighty God who has given me the strength to make this work a success. Also it is dedicated to my parents and family who have given me the strength, support and courage to pull through.

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## **ABSTRACT**

*Local authorities generally are autonomous bodies governed by pieces of legislation and derive their powers from these governing legislations. Rural local authorities in Zimbabwe are governed by the constitution, Rural District Councils Act and the Traditional Leaders act in particular. It is in the Rural District Councils Act where the sources of revenue for these local authorities are provided. The study therefore sought to identify the challenges that rural local authorities face in the collection of revenue as well as counter solutions to those problems. In an attempt to identify the challenges the sources of revenue for Kusile Rural District Council which is the study center were highlighted first as well as their sustainability. The study population was 4250 people while the sample population was 64 participants. Purposive sampling was used for selecting heads of departments and employees to participate in the study. Heads of departments and employees were selected on the basis of the nature of their jobs which revolves around revenue collection and management of council funds. Simple random sampling was used to select councillors to participate in the study while systematic random sampling was used to select households to participate in the study. Strategies of revenue collection used by Kusile Rural District Council were also brought to light so as to identify other strategies that could be employed by Kusile Rural District Council to improve on its revenue collection. Interviews, questionnaires and observations were used to gather data and graphs, charts and narrations were used to present findings from field research. The research found out that only local authority employees were responsible for revenue collection and there was no community involvement when discussing unit charges which is a demotivating factor for rate payers. The researcher recommended the involvement of elected officials of council and traditional leaders in the collection of revenue as well as enforcing measures at these grassroots structures to ensure people pay their rates.*

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## **ABBREVIATIONS**

CEO	Chief Executive Officer
HRA	Human Resource and Administration
RDC	Rural District Council
RDC	Act Rural District Councils Act
RFDP	Rwanda Fiscal Decentralisation Project
KRDC	Kusile Rural District Council
UN-HABITAT	United Nations Habitat

## **CHAPTER I**

### **1.0 Introduction**

The section provides the backdrop of the study on revenue collection challenges in rural local authorities. However specific mention will be made to Kusile Rural District Council. These challenges are various and go as far as poor data systems, lack of proper structures by rural district councils and their value local authority properties such as community halls, social facilities and market places among others. These challenges have been a major drawback in the provision of services and on the development of our rural areas. The chapter comprises of the background of the study which will outline the location of the study area as well as its operations. Research questions and research objectives will also be looked at in this section and these will provide guidance to the study. The chapter will also have the statement of the problem, significance of the study which spells out why it is important for the researcher to carry out this study, limitations and delimitations of the study which show the boundaries of the study.

### **1.1 BACKGROUND OF THE STUDY**

#### **1.1.2 EVOLUTION OF RURAL LOCAL AUTHORITIES IN ZIMBABWE**

Local government in Zimbabwe is a subfield of public administration. Local authorities in particular are expected to be critical instruments of the State in the encouragement and bringing of economic growth and sustainable human development. Local authorities are statutes of parliament and operate within the confinements of set legislation. According to Chakaipa (2010:13) Rural local government existed even during the colonial era and comprised mainly of traditional leaders which are chiefs, headmen, kings and village heads.

Native boards were created in 1920 and these were headed by the white minority and Native councils were created in 1927 which were composed of elected councilors and traditional leaders, Chakaipa (2010:24). By then the African councils Act was the available legislation governing the local government system.

Before independence there were 241 African councils in areas traditionally controlled by chiefs. With the introduction of the District Councils Act of 1980 these 241 African councils were amalgamated into a total of 55 District councils. Even during the colonial era, rural councils established in 1966 got their revenue from property tax, rates and service charges on members and business enterprises situated in small business areas found in the rural areas.

Rural councils and District councils were brought together by the Rural District Councils Act of 1987 which gave a total of 60 rural district councils country wide. Present day rural local authorities are governed by the Rural district councils act, the Provincial councils and administration act and the Traditional leaders act.

The financing of rural local authorities is provided for in Part XIII of the Rural District Councils Act .According to Makumbe (2009:5) the sources of income for rural district councils are levies, property rates, sales and leases of land, user fees and charges for services provided, interests on unpaid charges, land development levies and fines among other sources of revenue. These local authorities today however face challenges of revenue to carry out their operations which have seen a massive decline in the performance of most rural local authorities.

### **1.1.3 KUSILE RURAL DISTRICT COUNCIL**

Kusile Rural District Council is located in Lupane district and sited 171km from Bulawayo in the Matabeleland North Province. It shares its borders with Nkayi RDC on the eastern direction, Hwange to the North West and Tsholotsho to the west. The local authorities existence came through the Rural district councils act and has a total of twenty eight wards with a population of 98 864, according to 2012 census.

Lupane District is rich in natural resources such as timber, coal and methane gas and wild life. Lupane State University is also an opportunity which the local authority is having since it is in the district.

### **1.2 STATEMENT OF THE PROBLEM**

Local authorities in Zimbabwe are autonomous bodies situated closer to the people. They are mandated to provide services but are failing to do largely due to shortage of financial resources.

Local authorities have been blamed for not maximizing their sources of revenue yet in reality they are but are facing challenges in the collection of revenue. This study therefore seeks to bring to light the challenges that are faced by rural local authorities in the collection of revenue, their effects and possible solutions to these problems.

### **1.3 OBJECTIVES**

1. To identify sources of revenue for Kusile Rural District Council (KRDC).
2. To analyze KRDCs revenue collection strategies.
3. To assess measures that KRDC have put in place to overcome revenue collection challenges.
4. To recommend possible solutions to improve revenue collection.



## **1.4 RESEARCH QUESTIONS**

1. What are the sources of revenue for KRDC and how sustainable are these?
2. What strategies are used by KRDC to collect revenue ?
3. What measures have been put in place by KRDC to improve revenue collection challenges?
4. What strategies can be put in place to overcome these challenges?

## **1.5 SIGNIFICANCE OF THE STUDY**

The study is of great importance as it seeks to identify the challenges that are faced by rural local authorities in the collection of revenue because this same revenue is a major input into the development of our local areas. This is to say that without financial resources local authorities cannot develop. The study will also help local government practitioners to come up with plans or rather strategies on how they could overcome the challenges they face in revenue collection thereby maximizing opportunities for development in rural areas.

For KRDC and other local authorities in Matabeleland North province the study will help them to identify their strengths and opportunities in revenue collection and how to best maximize these. These local authorities generally are endowed with natural resources that can generate a lot of revenue which can provide efficient services but instead they are among the worst performing with increasing levels of corruption.

To the researcher the study will be a stepping stone and will mark the beginning of a new era in the academic life of a researcher. The study in other words will boost the researcher's confidence to carry out more studies in the near future and increase the interest of the researcher in finding out more about the local government system of Zimbabwe.

Fellow students will also use it as reference point in their academics and as an eye opener into wider appreciation of the local government system in Zimbabwe. To the university the study will be used for guidance purposes for other studies in this same field. Also the research is a requirement by the Midlands State University to be evidence for completion of an Honours Degree in Local Governance studies.

### **1.6 LIMITATIONS OF THE STUDY**

The study is only carried by a student with no financial support therefore the research will only be confined to one area that is Kusile rural district council. As a result the study will face huge criticism from all areas. Transport, accommodation and many other resources are not available therefore the study is greatly limited in scope. Also in all organizations information to be given to outsiders is sampled therefore it is not everyone that will be willing to disclose all the information that may be relevant to the researcher to make the study a success which means in some cases generalization of the countries local government system will be done.

As a result the researcher assumes that findings from Kusile Rural District Council represent a general overview of the challenges that are faced by rural local authorities in revenue collection nationwide. It should however be noted that some findings will be specific to Kusile Rural District Council only if not to Matabeleland North Province RDCs or areas with a similar revenue base.

### **1.7 DELIMITATIONS OF THE STUDY**

The study will focus on only one rural local authority which Kusile Rural District Council. The main reason is being that local authorities in Matabeleland North are among the worst

performing in the country yet they have a rich natural resource base. Kusile rural district council in particular is endowed with in natural resources such as timber, coal, methane gas and wild life and these contribute to the revenue base of the council.

### **1.7.1 SUMMARY**

The section provides an introduction to the research to be carried out at KRDC. The chapter highlights the background of study as well as a brief background of the center for study which is Kusile Rural District Council. Research objectives, questions, limitations, assumptions and delimitations are also captured in the above section. The next session will provide ideas from different authorities on the subject being studied.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section provides an insight into the subject of study which in this case is the literature to be used in studying the challenges of revenue collection in rural local authorities. Firstly the section will provide an insight into what is referred as a rural local authority in the Zimbabwean context and the enabling statutes of law that led to the creation of these authorities as well as their powers. The section will also look at what revenue is and the sources of revenue for these local authorities, revenue collection and systems of revenue collection for local authorities in general. Lastly the section will look at challenges associated with revenue collection and their solutions.

#### **2.1 RURAL LOCAL AUTHORITIES**

Local authorities are governmental bodies that are in charge of all public service deliveries in their local areas, this is to say that they are located closer to the people where the public needs will be better articulated and bureaucratic structures in this way are shortened in accessing services. Local authorities main mandate is to provide services for the well being of the local residents using financial resources generated through service charge, government grants and other sources (Zimbabwe Institute, 2005). In other words local authorities are mostly self financing. Therefore rural local authorities are those governmental bodies located in districts or rural areas. According to DeVisser (2010) Section 71 of the Rural District Councils act provides for the powers of rural local authorities. These powers generally deal with properly observing conditions of title to any land and establishment of any township within a local area hereby a local authority can do all things necessary to ensure that these conditions are properly observed.

Rural local authorities also known as Rural District Councils are established in the same manner as urban councils by the president as stated in section 8 of the RDC act 29.13. Of importance to note in these rural local authorities is the existence of traditional leaders. Traditional leaders work together with appointed officials in local authorities to govern their areas and provide services. McMillan and Amoako-Tuffou (1991:314) asserts that "... rural municipalities have much smaller populations, lower per capita incomes, a larger tax base per capita but a smaller portion being residential property, greater local expenditures per capita (notably for roads), and a less dense and less urbanized population"

## **2.2 REVENUE**

According to The American Heritage Dictionary of the English language (2000) revenue is income of a government from all sources appropriated for the payment of all public expenses. In this case rural local authorities are mandated to provide services to the public and revenue here refers to charges for services provided.

The Random House Kemmerman Webster's Dictionary (2005) defines revenue as the income of a government from taxation and other sources appropriated for public expenses. Revenue according to the above is also the return or yield from any kind of property, patent i.e. government license to an individual or body granting right for a set period to make, use or sell an invention, service etc.

### **2.2.1 SOURCES OF REVENUE FOR RURAL LOCAL AUTHORITIES**

There are various sources of revenue for local authorities and all are very important in providing council with funds. Manyaka (2014:131), notes that "sources of revenue in a municipality are

just as important as proper financial management and control”. According to Coutino in DeVisser (2010:72), “The RDC Act chapter 29.13 allows rural local authorities to put into practice by laws that allow the local authority to raise revenue through various service charges or any service rendered by council or penalties of breach of bylaws”. Mahabir (2012) postulates that “municipalities are empowered with an array of revenue instruments that equip them to deliver on their mandates. To fund their expenditure, municipalities are largely reliant on their own revenues, which include property tax, user fees, surcharges on services and a wide range of other local taxes. Municipal own revenues are supplemented by intergovernmental transfers, predominantly from national government, in the form of unconditional and conditional grants”. Rural local authorities are empowered by the RDC Act to raise revenue from different sources in their areas of jurisdiction and provide services with revenue sourced from local taxes. They are also entitled to grants from central government.

### **2.2.1(a) Rates on property and land**

These generate almost 20 to 30% of council revenue. DeVisser (2010:73) propounds that “there are inefficiencies that prevent the effective and proper raising of revenue from this source. Most of the issues revolve around poor databases and poor financial accounting systems. In some cases councils are using outdated valuation rolls as a basis for determining rates”. The Local Government Budgets and Expenditure Review of South Africa (2011:208) notes that “In rural areas property taxes present a challenge in many developing countries, given the levels of poverty, and the difficulties of valuing properties and administering the tax”. Administration problems in this case have a negative impact on sourcing revenue from property rates. Issues of corruption and misuse of moneys weaken the strength of this source since taxpayers end up not paying due to varied reasons such as poor service and not getting value for money.

The UN Habitat (2010) notes that where local authorities are able to derive revenues from property taxes and service charges, meaningful tariff increases are sometimes refused or delayed by central governments for fear of eroding political support. In some cases political influence leads to local authorities charging very low rates of which will not be able to sustain council to carry out its mandate, such inefficiencies lead to poor management of rural local authorities. Residents in general resist to pay rates mainly because council is failing to deliver services and this reduces the capacity of council to fulfill its mandate.

### **(b) User charges and fees**

Fees are charged on various users of local authority services including schools, swimming pools, flea markets, bus terminus, street lights, cemeteries and caravan parks among other facilities. According to the Rural District Councils Act chapter 29.13 section 75, “owners and occupiers of land may be charged for services made available”. This provision applies to all areas where council service such as refuse removal or sewer is provided, whether it is being used or not, or there have been improvements on land or not, owners of land are regarded as service users hence they are charged. These services according to Coutinho (2010) have raised up to 4% of total revenue for local authorities such as Masvingo. According to the Rwanda Fiscal Decentralization project (2004:2), “charging the immediate users of services has become an important principle in revenue generation to cover operating and investment costs. Reasonably established fees and user charges can help local authorities achieve financial self sufficiency”.

According to Slack (2009, 7) “ a user fee is a charge per unit output and usually takes at least three forms, namely, service fees (which includes license fees and various small charges levied by local governments for performing specific services such as registering a vehicle or

providing a copy of a marriage license ), public prices (which include the revenues received by local governments from the sale of private goods and services other than the cost of reimbursement) and benefit taxes (that is, service fees). In most countries, there are user fees on water, electricity, health and education”.

Helmsing (1991; 104) asserts that “user charges differ in the degree to which users are made to pay in proportion to their actual benefit”. In addition to this, technical and political considerations may make it difficult to ascertain the echelon of cost revitalization and the degree of under or over charging.

Fjeldstad & Heggstad (2012: 20) argues that “the main economic rationale for user charges is not to produce revenue but to encourage the economic use of resources”. This encourages community participation as residents can identify services that they prefer and are willing to pay for.

### **(c) Penalties and fines**

According to DeVisser (2010), these are related to breach of council bylaws by individuals, groups or institutions. This is not very effective in the Zimbabwean context where our local authorities are saddled by corruption and abuse of power by elected and appointed officials. These penalties may include unapproved developments and illegal parking. There are no strict laws enforced by council to make sure penalties and fines are paid to council. In cases where people pay fines and penalties the monies are not receipted in council financial books they are rather diverted for other personal uses by council staff.

### **(d) License fees**



These usually are shop licenses, hawker's licenses and liquor licenses among others. Helmsing et al (1991; 104) propounds that "the cost of issuing a license is often far below the actual fee charged". Local authorities in Zimbabwe generally get revenue from liquor license fees but they are not responsible for issuing these licenses. According to the RDC Act chapter 29.13 section 76 (1a) "A council may, by resolution passed by a majority of the total membership of the council—fix charges and tariffs of charges payable in respect of certificates, licenses or permits issued, inspections carried out, services rendered or any act, matter or thing done by the council in terms of this act".

#### **(e) Supplementary charges**

These are extra fees charged property owners in high density areas for example shop and bottle store owners. The general assumption being that these facilities because of their nature that is profit making can be used enhance the revenue of local authorities. These properties in residential are charged according to their nature that is commercial or industrial.

According to section 89 (3g) of the RDC Act "a council is responsible for fixing and imposing in respect of immovable property in the area concerned, except such property as may be exempted in regulations made by the Minister, a supplementary charge to cover the expenses incurred by the council in the maintenance and administration of the area concerned".

#### **(f) Plan approval and development fees**

According to section 86 (1) of the RDC act "a council may (a) set out and service any State land or land belonging to the local authority for residential, commercial or industrial purposes; and (b) construct buildings on such land for residential, commercial or industrial purposes; and (c) sell, let or otherwise dispose of such land, buildings or improvements for residential, commercial or

industrial purposes; whether inside or outside the council area”. Councils also generate revenue from approval of plans within their areas of jurisdiction.

Makumbe, (1996:143) notes that “Development levy is a tax imposed by the central government for payment by the local people to enhance local development in the form of roads, bridges, schools, hospital construction among others”. Wekwete in Zhou and Silundika(2013) argues that in Zimbabwe, people who reside in certain localities resist payment of the development levy due to the fact that payment and development on the ground is usually disproportional. This source of funding is therefore not sustainable as it is based on the satisfaction of customers.

#### **(g) Income generating projects**

These are various profit making projects that raise revenue for local authorities for example Mangwe Rural District Council engaged in gardening through the Ingwizi irrigation scheme to generate income for the community. A council may engage into such projects with a written approval from the minister of local government. According to section 80(1) of the RDC Act,” With the written approval of the Minister and subject to such terms and conditions as he may impose, a council may engage in any commercial, industrial, agricultural or other activity for the purpose of raising revenue for the council”.

#### **(h) Lease and sell of land**

Land in this case is either rented to organizations and individuals or rather sold for commercial or residential development to private individuals. DeVisser (2010) notes that though this is a very strong source of revenue for local authorities it is faced with various inefficiencies such as that

“in most cases the lease rentals are sub-economic. Leases are often not reviewed when they are due for review, and there is generally poor debt management”.

**(i) Rentals on council property**

DeVisser (2010) , notes that most local authorities own commercial buildings, houses and flats which are rented out to private individuals. The major challenge is that of maintenance of council owned properties since rents are usually sub economic leading to failure by council to maintain properties.

**(j) Proceeds from natural resources**

This is the most strong revenue base for rural local authorities if it is not compromised because most of these natural resources are found in the countryside. These natural resources are royalties from minerals or hunting concessions from areas under the jurisdiction of a council area. DeVisser (2010:72) states that ‘these natural resources include, minerals, whether precious or base minerals, wildlife, woodlands, sand, etc., and are often exploited by private individuals and corporates, while council imposes royalties or permit fees for their exploitation’.

**(k) Interests on investments**

Interest earned on moneys invested by council in any investment instrument as provided for in the Rural District Councils Act chapter 29.13 in Section 131(1).According to DeVisser (2010:77) “Section 131(1) of the Act requires that where a council has in any account or fund moneys that are not immediately required to meet expenditure payable from that account or fund, the council must hold such moneys as balances on current account with a commercial bank or invest them “in various interest earning instruments with registered financial institutions, in

treasury bills, locally registered securities issued by the state or municipalities or statutory bodies, etc”.

### **(l) Government grants**

These are grants from central government or other government departments. Zhou and Chilunjika notes that Central government can either receive funds from international monetary institutions and then distributes them to local governments. These grants are there to compensate the limited revenue of local authorities. These grants come in two forms, they are either meant for a specific purpose that cannot be changed or secondly, meant for any other purpose that the local authority may find necessary. Grants usually are meant to achieve national objectives and are tailored to meet their objectives since local governments determine the amount of money they need to achieve those objectives.

### **(m) Borrowings**

Local authorities also receive its funding from borrowing from any other sources. The RDC and Urban Councils act provide local authorities with borrowing powers. The minister responsible for Local Government authorizes all borrowings. According to Devisser (2010:82) “a council may also, with the consent of the Minister responsible for finance, issue stock, bonds, debentures, or bills, or borrow from any other source including, registered financial institutions, foreign governments, institutions or individuals”.

Chapman (1953:185) postulates that ‘ local governments may also borrow money from the state or such other source, with the consent of the Minister responsible for Finance. A council may also make bank overdrafts which are usually known as short term borrowings’. Zhou and Chilunjika (2013:237) note that “in some industrialized countries local governments can

sidestep central governments and borrow from concealed sources but this level of autonomy may not be suitable in the developing world because the credit worthiness of the local governments is not well established and central government might want to control or guide allocation of local investment”. According to Musgrave&Musgrave, in Zhou and Chilunjika (2013:238) “there are various issues to be considered when borrowing and these include the grace period, interest rate, grant element as well as the absorptive capacity of the borrowing entity”. When a local authority is borrowing there is the requirement to evaluate the absorptive aptitude of the recipient local entity as well as its fiscal discipline capacity.

Elock (1994) postulates that “there is needed to establish a strong local government borrowing system”. This in the Zimbabwean context is due to the fact that our local authorities especially rural local authorities lack well-developed financial markets and credit worthiness.

The researcher will therefore seek to identify sources of revenue that are exploited by KRDC to maximize its revenue.

## **2.3 REVENUE COLLECTION**

Revenue collection refers to the various processes used by a government entity or organization to gather its dues from its various sources generating income. The financial management training module of 2008 notes that revenue maximization means that a local authority is committed to getting the most it can out of revenue sources that are legally and administratively available. It means a commitment to put in place a wide-ranging series of improvements to its policies, procedures, staffing and organizational structure. The intent is to use each one of its revenue sources to its fullest potential in accordance with local authority goals and priorities.

### **2.3.1 SYSTEMS OF COLLECTING REVENUE IN LOCAL AUTHORITIES**

### **(a) Billing/Invoicing**

According to Kaap (2000) “a bill or invoice is an officially permitted paper given to the customer or client to provide a confirmation of goods or services sold to the customer or client for which payment is due and payable”. Bills act as notices to those owing council dues and represent the actual owed in breakdowns which enables the ratepayer to be content with the invoice or bill. Section 104 of the Rural District Councils Act chapter 29:13 provides for the issuing of notices to pay dues. A council should publish in the newspaper, council office or any other place the notice of liability to pay charges not later than 30 days after assessing a charge. . Kumshe and Bukar (2013:838) assert “that a reminder notice should be sent to tax payers 2-3 weeks before taxes are due for collection. According to the Financial management training module(2008:16) “There should be documented procedures for billing and collections. Written procedures contribute to greater efficiency, consistency and accuracy, as well as improving communications”.

### **(b) Delivery of bills**

This can either be door to door delivery or sending via the post office or rather individuals collect their statements from their revenue halls. This should be done timeously before month end so as to enable rate payers to budget accordingly. It should be noted that delivery of bills or statements is a form of communication between council and ratepayers. In the same context the RDC act states that even if a person fails to receive notice it does not invalidate the imposition of the rate concerned. Section 104 of the RDC Act states that, “at least thirty days before the date on which any levy, rate, special land development levy or special rate becomes due and payable, the council concerned shall send written notification to every owner”.

### **(c) Financial records**

According to the Rural District Councils Accounting Handbook (1990:40), "rural district councils are expected to handle large sums of money to finance continuing expenses; it is important that such dues are correctly accounted for and appropriately recorded in the financial books of the local authority". If these are correctly recorded then it is easy to assess the taxpayers of a local authority for the year and the monies due to council thus maximizing revenue. Having up to date databases reduces revenue loss.

### **(d) Listing of debtors accounts**

According to the RFDP (2008) this shows all customer accounts by invoice period. This helps analyze individual accounts to see whether clients have overdue accounts or not. This makes it easier to calculate how much is due to council and assess whether legal measures to collect outstanding debts should be imposed or not.

### **(e) Collection of charges by installments**

There are cases whereby residents are willing but unable to pay council dues. In such cases local authorities work out a solution with the account holder and come up with a payment plan. To make this more effective council can eliminate or rather reduce interest on delayed payments. According to the RDC act section 111 "A council may—( a) authorize persons to collect charges on its behalf; and( b) accept payment of any charge by installments in such equal or varying amounts as may be determined by the council". The act also has provisions that will not compromise a local authority's revenue collecting process in section 111 of the RDC act which states that the local authority can accept payment by installments provided that the acceptance of such installments shall not affect the right of the council to charge interest on unpaid charges.

This method of paying installments creates mutual understanding between a local authority and its clients thus resistance to pay council dues by ratepayers is greatly reduced. Also clients feel honored through this process which motivates them to pay their installments when they are due. Treating such customers with respect and patience creates a sense of honesty within them.

#### **(f) Charging of interest**

Local authorities are allowed to charge interest by statutes of parliament. Section 108(1) of the RDC act states that “If a charge remains unpaid after a period of thirty days from the fixed date relating to that charge, the council concerned may charge and recover interest upon that charge at such rate as the council may fix”. It should however be noted that there are conditions set when charging of interest.

#### **(g) Outsourcing revenue collection**

According to Stella (1993:217) this refers to a system where “the right to collect tax owed the state is auctioned to the highest bidder”. In Tanzanian local authorities collection is mainly outsourced to market associations and cooperatives operating in the respective markets for example the collection of fish market fees is outsourced to a fish dealers organization. Kumshe and Bukar (2013:838) are in support of this view by postulating that a local authority should “contract out collections to a private collection agency. Contracting revenue collection to private collectors increases revenues from existing sources and also reduces cost”

#### **(h) E-Collection**

This is the use of information systems to collect revenue. According to Kumshe and Bukar (2013:838) E-collection is a situation where the local governments will device a means of



allowing tax payers to pay their taxes online. Here tax payers will be registered and connected using the internet with the revenue office/collector such that tax payers can be reminded or compelled to pay their taxes online as at when due and automatically identify defaulters for further action, this would make the job of revenue collection lot easier and cheaper”. This reduces the burden of paperwork to the local authority and is quicker and efficient for ratepayers as it can be done from anywhere at any time. Revenue collection is also boosted through use of internet but this does not guarantee improved service delivery.

#### **(i) Cost effective method**

Kumshe and Bukar (2013:838) “One major administrative problem today for many local government councils is their inability to cost effectively collect fully the revenues due to them”. According to them a local authority should review its databases, assess their taxpayers and be sure of the number of taxpayers for the year. The use of designated revenue collection points is very important for convenience and reduces pressure on ratepayers. In districts traditional leaders can be used to collect revenue on behalf of council. This reduces costs as well as pressure at revenue halls.

In this study the researcher seeks to identify other methods that can be used by rural local authorities to maximize revenue collection in their designated areas of jurisdiction.

## **2.4 CHALLENGES ASSOCIATED WITH REVENUE COLLECTION**

Manyaka (2014:131) “It is critical to note that without appropriate financial capacity most municipalities will not be able to sustain the provision of services to their various communities”.

#### **(a) Inability and unwillingness to pay rates by taxpayers**

This has been a major challenge faced by local authorities. Fjeldstad et al (2005:17) notes that “taxpayers’ unwillingness to pay taxes and fees are reported as a major obstacle to enhancing local government revenues”. Mahabir (2012) notes that “rural areas are likely to accept lower and less sophisticated levels of services, as the communities’ needs are different, for example their focus is on subsistence farming”. Most people will be finding it not necessary to pay for services they do not need.

Manyaka (2014:135) notes that “the majorities of households in rural municipalities are poor and therefore cannot afford to pay for municipal services” This is supported by the UN HABITAT (2010:9) which notes that “...many tax delinquents simply do not have the capacity to pay”. Fjeldstad (2004:545) however notes that “it is, however, reasonable to assume that there exists a link between ability to pay and willingness to pay. Moreover, given limited administrative resources, it is likely that rate collectors maximize yields by concentrating on the most accessible and better paying ratepayers”

#### **(b) The attitude of revenue collectors towards taxpayers**

This has a great impact on the willingness of taxpayers to pay their dues. Taxpayer’s perception about revenue collectors is not good because they see them as money hunters wanting bribes for late payments and something solid should be done in order to raise the revenue collection of the rural municipalities. ‘The willingness of the people to honor tax obligations is not independent of how taxes are justified and how tax defaulters are treated’ Helmsing, (1997). The manner in which taxes are collected is also vital as it clarifies the taxpayer – tax collector relationship. Sometimes intimidation is used and this demotivates taxpayers.

#### **(c) Administrative problems**

The ability of rural local authorities to generate revenue through taxation is largely limited because of the poor nature of these communities. Periodic reassessments to update property values should be carried out since the tax bases do not grow automatically with real income growth or inflation. UN-HABITAT (1986) notes that “local governments fall behind in carrying out reassessments owing to lack of suitably qualified staff. Thus, old property values remain on the tax rolls, and revenue losses are substantial”. (Bahl et al, 1984:221) notes that “structural administrative difficulties in terms of power relations and lack of coordination among departments at the institutional level of local governments are constraints to revenue mobilization efforts”.

**(d) Lack of strict penalties for non payments**

Though most local authorities have penalties for non payments and unduly payments, these are not strictly enforced leading to ratepayers relaxing when it comes to paying council dues. According to the UN HABITAT (2010:9) “...the most important being the deficiency of effectively imposed penalty measures for non-payment or unduly delayed payment”. In this case it should also be noted that records of local government on the performance of revenue collection are not reliable therefore it becomes difficult to bring out issues affecting them in revenue collection.

**(e) Staff inadequacy and a weak tax base**

The UN HABITAT (2010:9) notes that “wide variations in the equity of property tax assessments (i.e. in the ratio of the assessed value to the market value) are a typical obstacle in this respect”. Rural municipalities are given grants but still failing to put up standard use of those grants and are instruments causing relaxation of staff in collecting revenue. The South African

local government budgets and expenditure review (2011:207) notes the misuse of these monies by asserting that “...given that grants are seen as ‘easy money’ which effectively reduces the incentive for municipalities to collect own revenues. This undermines the accountability and responsiveness of municipalities to their own communities, and given the extent of investment needs in these areas also reduces the ability of the municipality to address these needs.

#### **(f) Corruption and Politics**

Perception of corruption in the use of taxes increases the desire for tax evasion. The public holds local government accountable for the way local revenues are used and how they actually contribute to local service delivery. Magala and Rubagumya, (2007:8) note that “unwillingness to honour tax obligation is a form of political protest to deteriorating local services. This could also be a protest against unfairness and not taking into account the ability to pay, corruption and other administrative difficulties. Roy (2000:40-42) notes that “Tax collection is largely influenced by the use of incentives, sanctions, penalties and political will. This is linked to the tax collection ratio which measures the collection efficiency on current liability and tax arrears”. Boko (2007) supported this by identifying active political leadership as a factor that contributes to tax collection. Smoke (2001) notes that “local politicians and government appointees who influence policy direction at the local level are in most cases reluctant to enforce tax laws and also initiate new taxes due to political expediency”.

Leading politicians notably have a tendency of voting in opposition to policies aimed at taxing properties that are largely own by them and their associates. In most situations councilors people vote for are popular people with properties in their communities hence they do not advocate for the raising of revenue since it will have a direct impact on them.

### **(g) Lack of Logistics**

The Oracle Revenue Management for Local Governments (2011:1) notes that “Revenue departments need the data and the tools to effectively analyze taxpayer behaviors and to develop and implement compliance risk models. Detailed taxpayer registration and account data maintained through the solution is the primary data source for business intelligence and analytics functions used in segmenting taxpayer information and searching, scoring and analyzing risk profiles to identify taxpayers with revenue at risk. This capability enhances the selection of enforcement case and potentially improves productivity of enforcement resources”. The polygamous nature of the rural areas makes it difficult for rural municipalities to identify owners of properties for billing after the demise of the first owner. Lack of logistics also demotivates tax collectors. The facilities like motor vehicle and motorcycle needed to carry out municipal obligations efficiently are insufficient. An assessment of local authorities assets show that they require basic facilities to carry out their obligations. The municipal offices are not sufficiently equipped to the extent that files and other important records are speckled recklessly; documents are not given satisfactory security.

### **(h) Capacity constraints**

Schoeman (2006:111) succinctly argues that “in many instances, municipalities lack capacity both in terms of skills and finances”. It has been noted that most municipalities are displaying a pitiable capacity to correctly plan and spend their budgets. Kahn et al (2011) articulates the problem by arguing that “there seem to be a problem of urban bias which is manifested in the fact that local governments tend to be more successful in and around major urban centers while most rural municipalities remain largely underfunded and lacking in requisite skills and expertise required to carry out most of the developmental duties”. According to the Italian National

Research Council (2010:41) “The low revenue collection capacity renders local authority weak in the face of committing to local development and designing and delivering basic services. This leads to a widespread lack of trust towards the municipality....”

**(i) Poor planning**

The Local Government Budgets and Expenditure Review (2011) notes that “Poor planning leads to poor service delivery. This is understood from the benefit received principle of revenue collection. The principle stresses that expenditure of municipal levies and other taxes be directly linked to the reimbursement that community members receive from the services provided. This is understandable because customers need to have the sense that they are getting ‘value for money’ for the taxes and charges they pay”

**(j) Lack of Accountability**

The desires and needs of the people are not provided by rural municipalities but rather they impose services not necessary for the rural populace. What taxes are used for is not known to the majority of the people. Bahl (1999) notes that “the people therefore do not feel a sense of duty in paying taxes and only see these municipalities as a manipulative bureau.

The study seeks to bring to light hidden challenges associated with the collection of revenue in rural municipalities and how these challenges come to surface.

**2.5 SOLUTIONS TO CHALLENGES ASSOCIATED WITH REVENUE COLLECTION**

**2.5.1** These have to do with improving revenue collection in rural municipalities. Adam Smith, a classical economist (1776) propounded the general principles of taxation that should be observed when levying taxes, and these are; equity, certainty, convenience, productivity,

buoyancy and economy. These canons if followed in tax assessment, collection and administration, improve on the revenue collection and administration.

- **Convenience.** Adam Smith noted that every tax should be levied at the time that it is most likely to be fitting for the taxpayer to pay. He further asserts that both the time and method of payment should be expedient
- **Canon of Equity.** Adam Smith noted that the amount of tax weight on taxpayers should be proportional to their income that is to say that the higher the income one earns the more taxes they pay. This principle is based on compassionate foundation. There are two forms of equity namely horizontal and vertical. Horizontal equity postulates that people in the same income category ought to be taxed similarly while vertical equity postulate that people in unlike income categories ought to be taxed differently.
- **Certainty.** This principle is most necessary in improving on the revenue. The taxpayer should be protected from pointless pestering by revenue officials by advocating for the certainty and non-arbitrariness of the taxes, fees, and charges that each individual should pay.
- **Economy.** The principle stresses that the outlay of collecting and administering taxes, fees and charges must be greatly lesser than the tax profits. The collection costs should not exceed 5% of the tax
- **Diversity.** Local authorities should have diversified sources of revenue so that reduction in one source does not greatly affect the whole income base. Though diversity is encouraged multiple taxes should not be done as it may lead to unnecessary cost of collection thereby violating the economy principle.

### **2.5.2 Outsourcing revenue collection to private firms**

Fjeldstad, (2009) notes that this reduces administrative costs for local government by shifting collection costs to private firms. According to the Financial training module (2008:16) notes that “privatization may be less expensive if the contractor handles multiple clients and prorates its collection costs to each client. However, control may be more difficult to establish, maintain and audit with a contract. Often, bills and collection of payments are carried out by the authority’s staff and delinquent bills are given to a private collection agency for follow-up efforts”.

### **2.5.3 Transparency in financial and fiscal affairs**

Fjeldstad (2009) notes that “councils should disseminate information on financial and fiscal affairs to the public through meetings organized by the councils, including full council meetings, ward and village meetings”. This motivates ratepayers and they feel honored thereby reducing ignorance. The study seeks to bring to light solutions to the problems of revenue collection or rather strategies for enhancing revenue collection in rural municipalities. Fjeldstad (2004:549) notes that the existence of positive benefits measured according to qualitative and quantitative criteria may therefore increase the probability that ratepayers will comply voluntarily without direct coercion. Customer satisfaction which in this case means providing quality services to the people influences the willingness of ratepayers to pay council rates.

### **2.5.4 Legal Proceedings for the Recovery of Rates**

According to Denmark Training Services (2011), “failure to collect from the customer should lead to the company taking legal action”. Legal proceedings include writing off bad debtors, property attachment and Valuing of the Debtors’ Management Systems.



### **2.5.5 Use of incentives**

The Rwanda Fiscal Decentralization project of (2004:11) notes that providing incentives to partners and actors in revenue collection increases their morale in the whole process. Such incentives may come in form of merits or bonuses for those that reach set targets. Rural municipalities may also devise strategies to maintain old taxpayers or clients and attract new ones. Local economic development comes into play here whereby rural local authorities have to attract investment to counter challenges of a weak tax base.

### **2.5.6 Instilling loyalty**

Hardin in Fjeldstad (2004:560) argues that “the professionalism and morality of public office holders can be an important source of political trustworthiness”. Levi in Fjeldstad (2004:560), notes that “... to the extent that citizens and groups recognise that bureaucrats gain reputational benefits from competence and honesty, we may expect that those regulated will expect bureaucrats to be trustworthy and will act accordingly. Therefore, it might be expected that a competent and relatively honest bureaucracy not only reduces the incentives for corruption and inefficient rent-seeking, but also increases the probability of cooperation and compliance”. Loyalty should be instilled in employees, tax payers and all the actors in revenue collection. This helps create a positive attitude between all parties involved in revenue collection towards each other and performance is likely to improve. These parties are likely to feel honoured by the local government and this is a motivating factor that will increase performance off all parties. Of importance is that trust on its own attaches individuals to their institutions.

### **2.5.7 Training and Education**

The Rwanda Fiscal Decentralization Project of (2004:11) asserts that “Local government training and education can build the capacity of the local governments’ staff. As a result, operational and

managerial skills shall improve across the local government functions, including revenue collection”. Jha (2002:2116) propounds that there is hence an urgent need to develop training infrastructure and train technical staff where accounting staff need to be trained in PRI(Indian local government institutions) finance, accounting and budgeting. In this context training and education improves the worthiness of Local Government. Revenue collection is likely to improve as the people’s perception on local government changes and trust is created between ratepayers and local government which motivates rate payers to pay council monies.

#### **2.5.8 Improving Accounting Systems**

The Rwanda Fiscal Decentralization Project (2004:11) propounds that “Sound financial and fiscal management based on proper reporting systems and introduction of a strong accounting system will help to increase local government revenues. An example of this is using an accrual accounting system, which recognizes revenue when it is earned rather than when cash is received, and expenses are recognized when they occur rather than when they are paid for. An accrual accounting system can provide information on all assets and the cost of their use”.

#### **2.5.9 Identification of unregistered properties and businesses**

The Rwanda Fiscal Decentralization project of (2004:11), notes that many unregistered and individual properties do not pay taxes to the local authority yet they are using their services. Taxing such properties will increase the revenue of rural local authorities. Some of these properties are not put into productive use and some are damaged of which rural municipalities can lobby for funding from the private sector to renovate these and make them revenue generators.

## **2.6 Summary**

The chapter provided the basis of the literature to be used in the study. Highlighted were the sources of revenue for rural municipalities, the methods and techniques of revenue collected as well as the challenges and solutions to revenue collection. Sources of revenue for rural municipalities were analyzed in the section to see how sustainable they are in financing council. The literature reviewed showed that the challenges associated with revenue collection are internally driven that is to say they stem mostly from operations and administrations of local government.

## **CHAPTER III METHODOLOGY**

### **3.0 Introduction**

The section examines how the research was conducted. The research design, population sample, the research instruments, data collection methods, presentation and analysis of data will be looked into. Dawson & Catherine (2002) are of the view that "... a research is a process of collecting, analyzing and interpreting data to answer questions..." Ranjit (2005) argues that "research is a structural enquiry that uses up to standard systematic techniques to unravel tribulations and produce innovative knowledge that is normally appropriate. Kopean (2007) postulates that "...methodology brings to light the articulation of a research question, kind of question asked and the style in which they were asked. Research methodology aims at attributing and analyzing methods employed in data collection as a means to stress the limitations, precision on assumptions and their cost. According to Mike and Huber (2000) "methodology shows the simplicity in which the research was carried out and the logic of methods used". This section highlights, chains and brings to light the virtues and demerits of a variety of methods used in this study.

### **3.1 Research Design**

Mugari (2009) asserts that "a research design is a universal term that embraces a number of separate terms but related issues associated with research,.... it includes the objectives of the research, selection of relevant methodology, data collection techniques used to analyze and interpret data". The study used mainly qualitative method to obtain the information. Pre arranged and unstructured interviews were used. Observation methods for obtaining information were

used. The methods proved very valuable and countered the effects of limited time for carrying out this research.

### **3.1.1 Quantitative Research Design**

Peters (2000), states that a quantitative research design is statistical and can make use of graphical approaches to presenting data or any numerical design. The quantitative research design is used for information that can be presented in numbers for instance in percentages. According to Creswell (2004) a quantitative design is a systematic process by which numerical data are utilised to obtain information about a phenomenon under study. The researcher will use the quantitative research design as it is easy to understand by any reader even those who are semi literate in terms of language can well interpret information that is in numerical forms like a pie chart. When using a quantitative research design data can be compressed large amounts of data and presented in a single form like a graph. In this research questionnaires will be used and the number of participants will be presented in a quantitative form.

### **3.1.2 Qualitative Research Design**

Haralambos and Holland (2000:66) state that quantitative data is usually in numerical form whilst qualitative data presented the findings of using statistical representation like graphs, tables and pie charts. Peters (2000) postulates that a qualitative research design involves the interpretive, naturalistic and idealistic stance in that it collects data in the field and on site where the participants experience the topic being studied. The researcher will conduct interviews and observations which are qualitative methods as expressions can be observed. Qualitative methods explain the why and how in decisions made the researcher is able to realise and note the motive behind certain kinds of behaviour which can help find information that is not said but expressed.

### **3.2 Population of the study**

According to Best and Khan (1993) populations is defined as a group of individuals that have one or more characteristics that the researcher is interested in. According to Trochim (2006) a population is the group you wish to generalise to, it is often called the population in your study. The research is in a case study design and the researcher will use the study area of Kusile Rural District Council and the research will be generalised to it. Guba and Lincoln (1995:5) state that when identifying a target population for a study it is important to ensure that it consists of people who have the relevant information sought by the researcher. The researcher therefore will choose a group of people who will provide the relevant information required for the study. In this case the targeted populations were the ordinary villagers in Lupane, employees including top management of KRDC, political players. Lupane according to information obtained from Lupane Statistics office has a population of about 40000 with 28 wards and an estimation of 4200 households.

### **3.3 SAMPLING**

According to Trochim (2006) a population is the process of selecting units (people, organisations) from a population of interest so that by studying the sample you may fairly generalise the results back to the population from which they were chosen. The researcher will sample so as to avoid cost associated with studying a large population, costs incurred when studying a small population will be affordable like the number of questionnaires, the costs to travel to conduct interviews will be reduced when sampling is used. Chambers (2001:26) states that researchers rarely survey the entire population because the cost of a census is too high.

### 3.4 SAMPLE

Cragley (2010) define sample as a representatives or part of the population for the purpose of determining parameters or characteristics of the whole population. A sample is therefore a manageable number that the researcher selects from the population and uses it to generalise information that will represent the whole population. Best and Khan (2003) define the population as the process of selecting participants for the study from the total population so as to save available time and money.

The table below shows the study population and sampling techniques to be used.

<b>Category</b>	<b>Population</b>	<b>Sample population</b>	<b>Sampling technique</b>
Top management	6	4	Purposive sampling
Employees	30	8	Purposive sampling
Councillors	14	10	Simple random sampling
Households	4200	42	Systematic random sampling
Total	4250	64	

Table 1

### 3.5 SAMPLING TECHNIQUES

#### 3.5.1 Purposive Sampling

Williams (2012) asserts that purposive sampling should be employed as a type of non probability sampling where the researcher consciously selects particular elements or subjects for addition in a study so as to make sure that the elements will have certain characteristic pertinent to the study.

The researcher used this technique so as to avoid seeking information from that part of the population which may not be able to give the required information. In this research this

technique was used to selecting heads of departments who participated in the study as they will be in the best position to give the internal challenges that the Rural District Council faces in revenue collection. Basly (2012) states that the use of purposive sampling act as a non-representative subset of some larger population, constructed to serve a very specific need that the researcher passionately looked for. The heads of department of Human resource and administration, Campfire and Treasury will be consulted as well as the CEO if he will be available. These were selected on the basis of the nature of their work for example HRA deals with affairs of the staff, determines and manages wages and salaries, campfire with proceeds from natural resources and other related issues while treasury deals with council funds by managing them and with financial books of council and the CEO is the overseer of all the departments.

Purposive sampling was used to sample employees. In this case the researcher seeks to interact with those employees working in the above mentioned departments. This is due to the fact that employees from the above listed departments are directly linked to issues that have to do with council finances.

### **3.5.2 Simple Random sampling**

According to O'Leavy (2004) simple random sampling is the selection of respondents using a method that will give equal opportunity for everyone to be selected. The researcher used this technique in selecting the councillors to participate in the study by answering questionnaires. The simple random technique was used in selecting councillors to participate through using a blind box, councillors will be asked to select papers written yes or no from the box and those who pick up yes will participate. Westfall (2009) highlights that when using this method, each item in the population has the same probability of being selected as part of the sample as any other items.



The researcher will use this method so as to avoid bias by giving the population selected an equal chance to participate.

### **3.5.3 Systematic Sampling**

The systematic approach as a process done like an arithmetic progression as the researcher has selected a number that is less than the total number of individuals in the population ,the number however corresponds to the first subject that the researcher chosen for the sample ( Wyle and Schellrah:2009). The systematic sampling was used in selecting the households who participated in the study whereby the researcher selected every 100<sup>th</sup> household in a population of 4200 households when distributing the questionnaires. Black (2008), states that the systematic sampling however though consist many characteristics.

## **3.6 Research instruments**

This section discusses the instruments used to collect data, the merits and demerits of the instruments in relation to the study. Various methods were used to collect data and these included the participant observation methods and interviews.

### **3.6.1 Questionnaires**

Kothari (2000:124) describes a questionnaire as consisting of a number of printed questions which form a set of forms and the respondents have to answer the questions on their own. The researcher will come up with questions that will be typed and given to the sample population to fill in and the answers will be analyzed and presented as the research findings. Mc Lean (2006) defined questionnaires as a set of carefully designated questions given in exactly the same form of a group of people in order to collect data on the same topic. Carman (2010) stresses that questionnaire containing both open-ended and close-ended questions formed the major

instrument of probing and exhaust the respondent understands on the topic under study. The researcher will use both open ended and closed questions to suit the information that the researcher seeks to acquire from the respondents. Questionnaires will be given to the residents and the councillors.

### **Advantages of questionnaires**

Questionnaires provide consistency and evenness in the data gathering process.

Respondents are free to answer sensitive questions since identity remains unknown.

Questionnaires are easy to compare and gather information.

### **Disadvantages of Questionnaires**

The researcher is not able to explain items because of limited space.

Not all participants will be able to answer questions asked correctly.

### **3.6.2 Observation**

Kothari (1985) points out that observation is the gathering of primary data by researchers `own direct observation of relevant people actions and situations without asking from respondents.

When using the observation method the researcher can be a participant therefore participant observation is a particularly appropriate method for symbolic integrationists because it allows an understanding of the world from the subjective point of view of the subjects of the research. However critics of observation method argue that the findings emanating from this kind of research lack objectivity, reliability and depend too much upon the interpretations of the observer. The other disadvantage is that it is very time consuming as the researcher has to be always present to observe the proceedings and this has some cost implications as well.

There are also limits on who can be studied using this method for example in this research high level meetings that involved national council meetings or any executive meetings of the political parties could not be observed because these are private meetings. Also individual researchers may lack the skills, knowledge or personality to be accepted by a particular group.

Haralambos & Hilbourn (1999) further points out that such study cannot be replicated so the results cannot be checked and it is therefore difficult to compare the results with the findings of rely upon the particular observational and interpretations of a single individual and is specific to a particular place and time. In mitigating against these setbacks mentioned the researcher resorted to making appointments for personal interviews with key figures he could not access in high level meetings.

### **3.6.3 Interviews**

According to Heyden (2006) Interviews are a form of orally administered survey whose effectiveness is seen in their ability to survey special populations and gaining in-depth information. Ordinary villagers, civil servants, traditional leaders, development workers and women as a specific group were interviewed on various aspects related to the study.

Davison and Catherine (2002), state that interviews can be very flexible and can be used to collect large amounts of information. The researcher was able through interviews to hold respondents attention and also clarify difficult questions. Structured and unstructured interviews were used. According to Haralambos & Hilbourn (1999) in an unstructured interview the conversation develops naturally, unless the respondent fails to cover an area in which the researcher is interested in, eventually the interviewer will direct the conversation back to the

areas he or she wishes to cover. The advantage of using this method is that the researcher was able guide the interview, explore issues and probe as the situation required.

Interviews allow for observation, recording of the reactions and behavior of the interviewee. Further compared to participant observation interviews can utilize larger samples so generalizations are more justified. Haralambos (1999:736) adds that ‘with some coding of responses it is possible to produce statistical data from interviews, and it is easier to replicate the research and check results.’”

Interviews in this research were used because of their sheer practicality and they allowed access to so many different groups of people and different types of information. Ackroyd & Hughes (1981) explains that using as data what the respondent says about himself or herself potentially offers the social researcher access to vast storehouses of information.

Interviews in this research provided flexibility than other research methods used. They made it easy to extract simple and complex factual information from the respondents. In addition through interviews people were asked about their behavior their past, present or future behavior, feelings and emotions which cannot be deduced from mere observation and this was quite relevant for this research.

However interviews also have some demerits as Haralambos& Hilbourn (1999) note that the problem with interviews is that they can provide information that can neither be valid nor reliable and the interviews may have many of the drawbacks such as responses not accurately

given and may not reflect the real behavior, respondents may lie, forget and even lack the relevant information required. The other disadvantage of interviews is that the interviewer can direct the interviewee towards giving certain types of responses and the effect is that the respondents may consciously or unconsciously give answers they believe that the interviewer wants to hear rather than saying what they believe.

### **3.6.4 Secondary Data**

According to Bhattacharyya (2003) secondary data involves sources regarding information originally elsewhere. Secondary data involves the use of already existing records. In this research the researcher will use information from the newsletters, newspapers, books, journals, speeches, Rural Districts Council records and desk reviews. Secondary data is used to analyse what has already been written concerning the topic under study. The use of secondary data has the following advantages and disadvantages:

#### Advantages

- It is cheaper; one can access it via the internet.
- It is time saving
- It helps to understand existing knowledge
- Allows for comparisons on the data gathered data from other sources.

#### Disadvantages

- Information may be outdated.
- Information may be subjected to bias.
- accuracy cannot be guaranteed

### **3.7 Pre test**

The researcher will carry out a pretest to assess the validity of the research instruments the pretest is carried out so as to determine the effectiveness of the data collection instruments to be used. The researcher will carry out a pretest on a group of students which will be assessed by a lecturer.

#### **Reasons for carrying out pretest**

- To see if the questionnaires are understandable
- To see whether the questionnaires correctly presented.
- To check whether the questions bring the required information.
- To check whether the questions to be used will be well interpreted'

### **3.8 Ethical Considerations**

Research ethics is an important factor that the researcher needs to observe when carrying out a research, the researcher will therefore observe research ethics. Confidentiality of information is greatly respected therefore the sensitive areas of the study will not be discussed to avoid misunderstandings and emotions. The findings from this study will be used for academic purposes alone and no violation of information rights to privacy will be allowed.

### **3.9 Data Presentation**

Tables and other graphical means will be used to present the findings of the study. Diagrammatic and written data presentation will be adopted. Triangulation will also be adopted, Cohen and Manion (1994:233) define triangulation “as the use of two or more methods of data collection in the study of human behavior. It involves cross-checking of evidence; obtaining data from more than one source, comparing and contrasting one account with the other”.

#### **3.9.1 Summary**

This section has to do with the research techniques in particular the instruments used and why them. Techniques were selected according to cost effectiveness and whether they are easy to understand and apply. The next chapter presents the findings of the study where the information gathered will be presented and analyzed. In the next chapter one is able to see the reliability of the above mentioned data collection techniques when the findings are being presented. It should however noted that though the researcher finds the above techniques most reliable there are still shortcomings to the use of these methods.

## CHAPTER IV

### DATA PRESENTATION AND ANALYSIS

#### 4.0 Introduction

This chapter presents the findings of the study. The data gathered through the use of questionnaires, interviews and observation will be interpreted and analyzed in this section. It should however be noted that the findings of the study to be presented in this chapter will be drawn from questions directly linked to the study objectives. Of importance to note in the used data collection instruments is that there were some questions asked by the researcher which were not directly linked to the study objectives but were necessary for the study as they will help suggest recommendations for KRDC. The following were the research questions of the study:-

1. What are the sources of revenue for KRDC and how sustainable are these?
2. What strategies are used by KRDC to collect revenue ?
3. What measures have been put in place by KRDC to improve revenue collection challenges?
4. What strategies can be put in place to overcome these challenges?

#### 4.1 Data collection process and response rate

Questionnaires and interviews were administered at KRDC offices. For households each individual coming to get service from council was generalized to represent one household because of limited time. Interviews were conducted with 4 out of 4 heads of departments. The response rate for heads of departments was 100%. Questionnaires were issued to 42 individuals representing 42 households and were all answered. The response rate was also 100%.

Questionnaires issued to employees were 8 and all were answered thus the response rate was also



100%. Out of 10 questionnaires issued to councilors only 7 were answered thus response rate was 70%. Overall the response rate was impressive from all respondent categories. Below is a table summarizing response rates for all respondents :

#### 4.1.1 Questionnaires response rate

Category	Questionnaires administered	Questionnaires returned	Response rate%
Employees	8	8	100
Councilors	10	7	70
Households	42	42	100

Table 2

Source: research data 2014

#### 4.1.2 Interviews response rate for heads of departments

Interviews targeted	Responded	Response rate
4	4	100%

Table 3

Source: research data 2014

#### 4.2 DEMOGRAPHIC CHART FOR ALL PARTICIPANTS

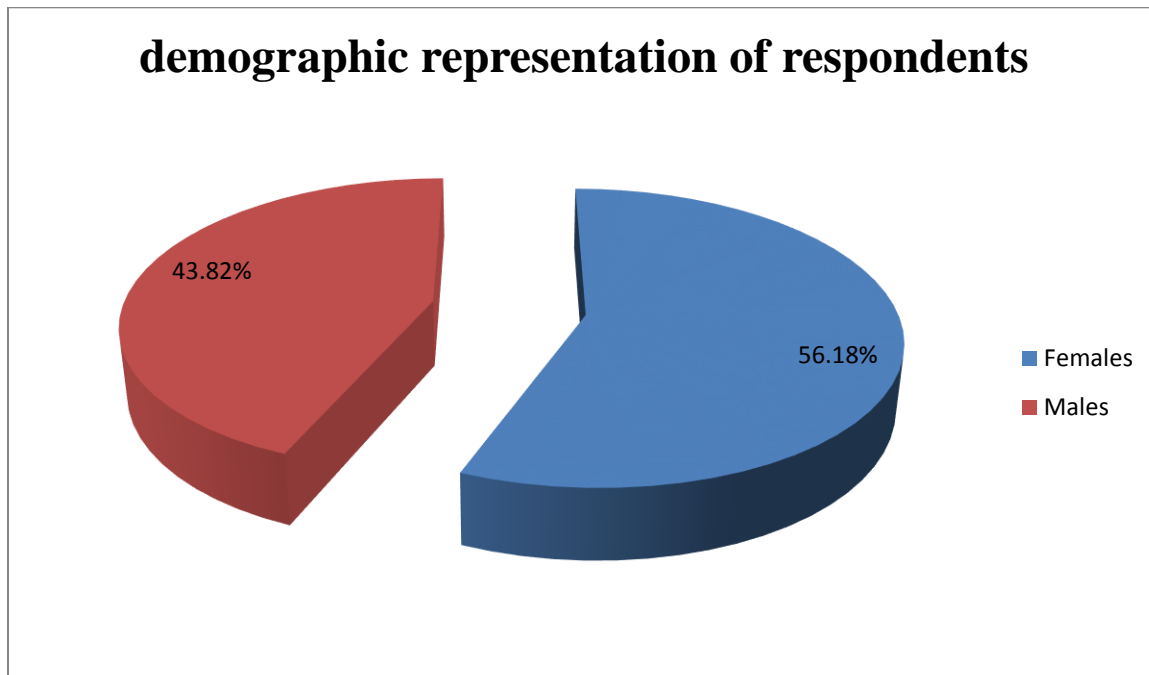


Figure 1

Source: research data 2014

From the above illustration more females participated in the study. A total of 56.18% represented female participants in the study. Males were the least participants with a representation of 43.82%. The participation of both sexes in the study was quite impressive. The researcher observed that the people under the jurisdiction of KRDC were very active when it comes to issues that concern the wellbeing of their communities because they were very eager to understand the purpose of the research. Women had the highest representation leading the male counterparts by 12.36%. This shows that women under KRDC are now empowered and are taking part in the governance of their communities. The researcher therefore advises KRDC to involve women more in activities where their participation is needed.

### 4.3 What are the sources of revenue for KRDC and how sustainable are these?

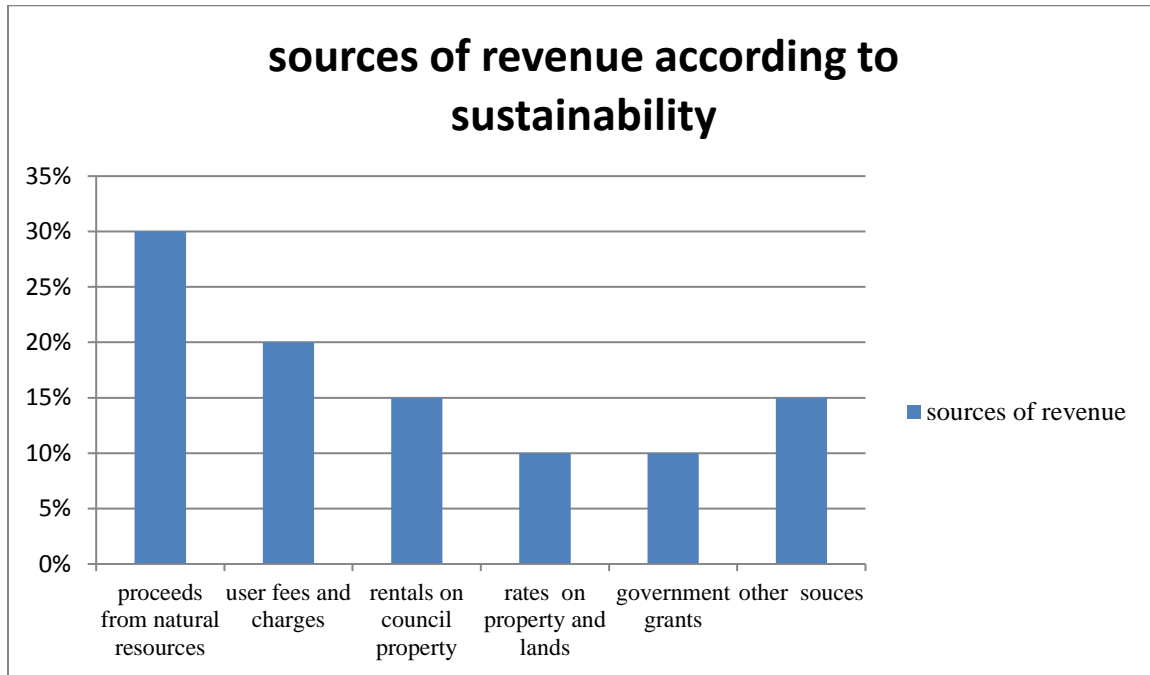


Figure 2

Source: research data 2014

The above graph shows the sources of revenue available for KRDC according to the sustainability of the sources. From the data gathered the response show that proceeds from natural resources were most paying with a percentage of 30, followed by user fees and charges with 20% ,rentals on council property with 15% rates on property and land with 10%, government grants with 10% and other sources combine up to 15%. DeVisser (2010:72) states that ‘these natural resources include, minerals, whether precious or base minerals, wildlife, woodlands, sand, etc., and are often exploited by private individuals and corporates, while council imposes royalties or permit fees for their exploitation’ therefore this is the most strong revenue base for rural local authorities if it is not compromised because most of these natural resources are found in the countryside.

#### 4.4 What challenges are faced by KRDC in revenue collection?

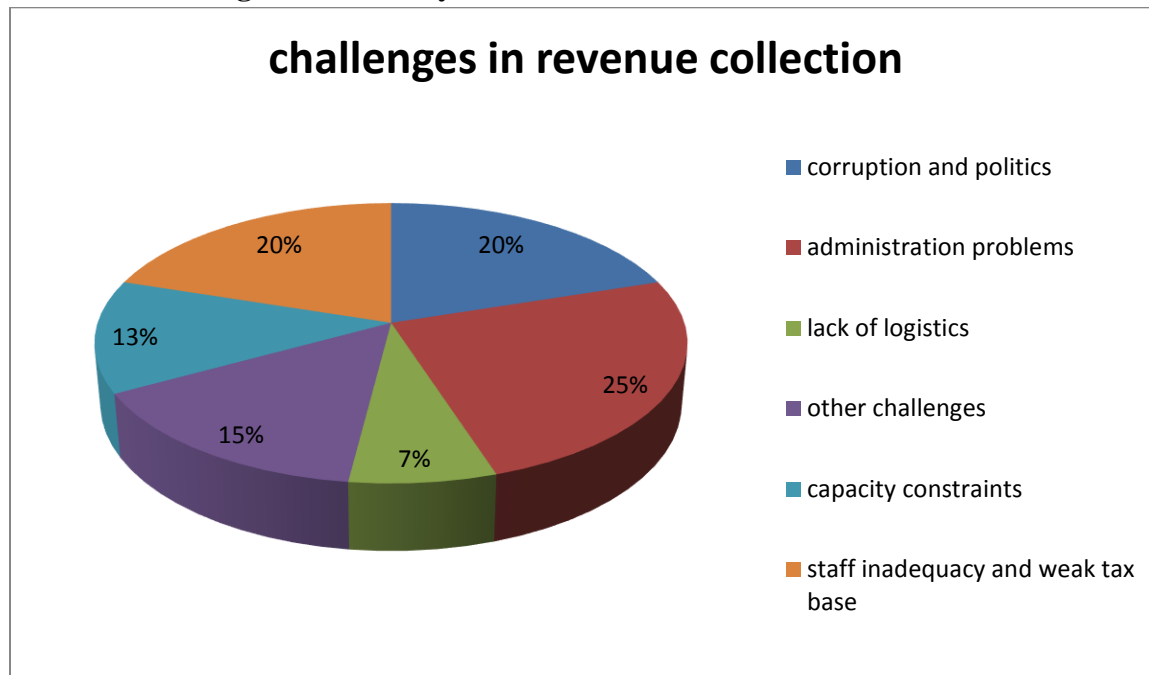


Figure 3

Source: Research data 2014

From the above pie chart the data obtained from KRDC shows that administration problems are the main challenge faced by KRDC in revenue collection with a percentage of 25% which is a cause for concern in the local authority. Staff inadequacy and weak tax base as well as corruption and politics are the second ranking of the challenges with 20%. Capacity constraints have a percentage of 13% while lack of logistics have 7%. A combination of other challenges faced by KRDC in revenue collection add up to 15%.

The above results imply that administration problems in KRDC are rampant and if they remain unaddressed will greatly cost the local authority. From an argument by one of the respondents the researcher noted that Lupane district in general is tribalistic in nature as a result there were poor internal relations in council.

UN-HABITAT (1986) notes that “local governments fall behind in carrying out reassessments owing to lack of suitably qualified staff. Thus, old property values remain on the tax rolls, and revenue losses are substantial”. (Bahl et al, 1984:221) notes that “structural administrative difficulties in terms of power relations and lack of coordination among departments at the institutional level of local governments are constraints to revenue mobilization efforts”. There are no clear descriptions of the day there are squabbles on duties. Relations between council and politicians is very poor yet these are the people who run council therefore if they remain unpolished they continue to have a negative impact on the collection of revenue by council.

KRDC does not have adequate resources to carry out its duties without compromising other duties. Vehicles for example are not adequate and are old therefore it is difficult for them to reach deepest communities and carry out their tasks. Computers are insufficient and very old some are no longer in use therefore there is a lot of paperwork at KRDC which is time consuming. The Oracle Revenue Management for Local Governments (2011:1) notes that “Revenue departments need the data and the tools to effectively analyze taxpayer behaviors and to develop and implement compliance risk models...” .Data bases for the local authority as a result are not up to date and they do not know the correct number of their taxpayers which is a loss to the local authority.

KRDC is faced with capacity constraints. They lack the skills and finances to advance their standards of operation. Schoeman (2006:111) succinctly argues that “in many instances, municipalities lack capacity both in terms of skills and finances”. Council rates are usually based on estimates and they do not have a true record of their tax payers which makes their budgeting process automatically biased. According to the Italian National Research Council

(2010:41) “The low revenue collection capacity renders local authority weak in the face of committing to local development and designing and delivering basic services...”

#### 4.5 What strategies/ systems of revenue collection are employed by KRDC?

The graph below represents the systems of revenue collection used by KRDC according to their frequency in the administration of council.

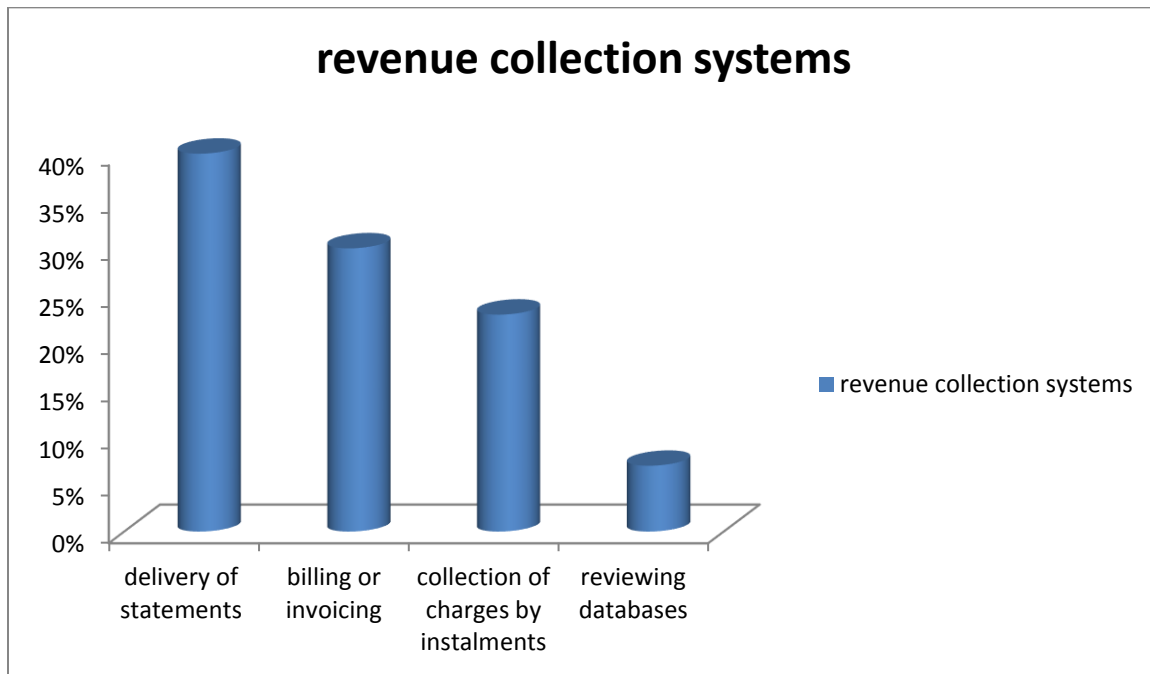


Figure 4

The findings show that delivery of statements is the most used system of revenue collection with 40% followed by billing/invoicing with 30% followed by collection of charges by installments with 23% and the least used being reviewing of databases and taxpayer assessments with 7%.

From observing the above graph the researcher noted that the approach used by KRDC in their systems of revenue collection is to some extent biased. The main reason being databases of taxpayers are not frequently reviewed which in other words imply that KRDC does not have a correct record of its valid taxpayers up to date. From interviews with heads of departments

collection of charges by installments was done mostly for special cases such as for those accounts owing lots of money and have opted for payment plans.

#### **4.6 What strategies can be employed by KRDC to improve on its revenue collection?**

6 out of 7 councilors pointed out that they were not involved in revenue collection and the only part they were included was when council imposes what they wanted to do or what they were doing in the collection of revenue. The findings state that KRDC also has a contribution to its poor revenue collection which is mostly attributed to administration problems and the tax base of the local authority had no need for maximization but rather council had to address the challenges faced in revenue collection and central government intervention was necessary.

However some respondents argued that travel and subsistence allowances alongside with many other unnecessary allowances demanded by employees for carrying out certain tasks were sucking a lot of council money which leads to council failing to effectively fulfill its mandate. For some reason the relations between council and ratepayers was poor because the people complain of poor customer care at council and that they were not seeing where the money they pay was going to.

Councilors pointed out that as representatives of people if they were included in revenue collection they were likely to bring a positive outcome and politics did not have much to do with revenue collection but rather the implementation of policies to do with the wellbeing of society. Respondents further stated that there was need for council to meet and devise strategies to counter challenges faced in revenue collection. Conduction of workshops with other organizations and lobbying for resources from NGOs and other private sector actors to make the workshops a success were some of the proposed strategies.

The researcher therefore advises KRDC to involve councilors and traditional leaders in the collection of revenue as these authorities have a strong influence on the behavior of their communities. Also measures may be enforced at these low level grassroots' structures to ensure that people pay rates to council frequently. The diagram below shows the 4 main strategies suggested by councilors that can employed by KRDC to improve on its revenue collection.

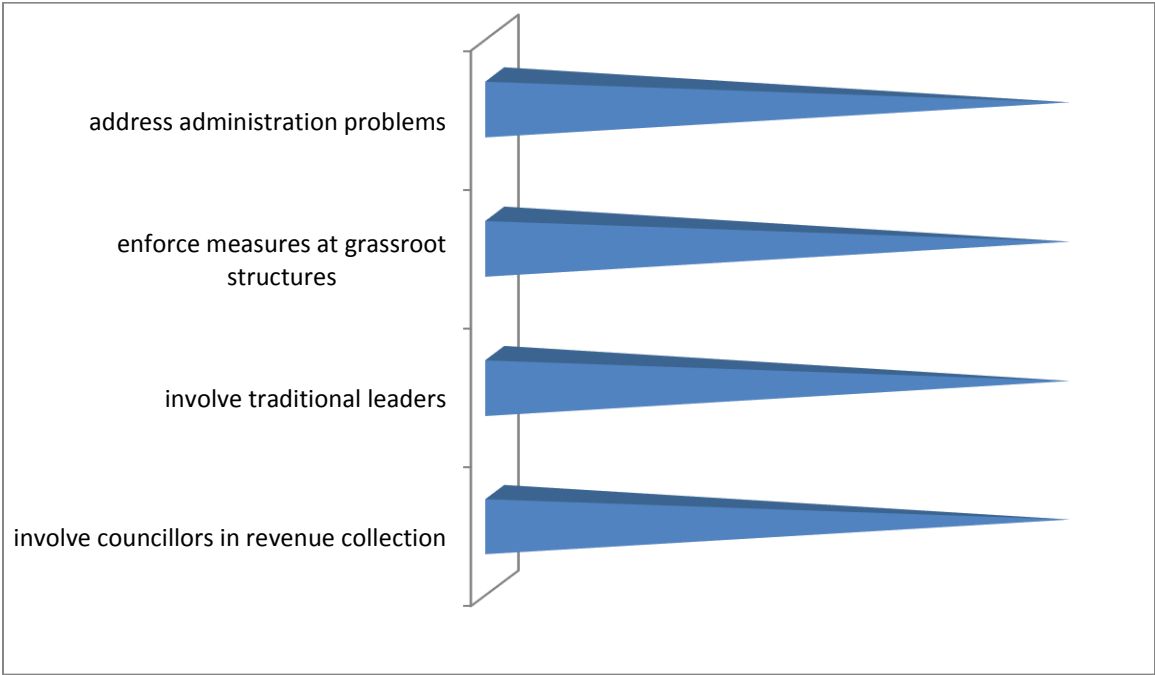


Figure 5

Source : research data 2014

The diagram above has been used to illustrate that from the data gathered the proposed strategies are equally important for the local authority.



#### **4.7 Does the local authority have a contribution to the challenges faced in revenue collection?**

Findings from all employees who participated in the study state that statements containing a breakdown of the due amount for all accounts are sent out monthly to their respective account holders. It was pointed out that these were sent out every third week of each month. The respondents further stated that though statements are sent out to their respective account holders only a few shows up to pay and most accounts are now delinquent that is they are failing to pay their rates.

Resistance of taxpayers to pay council dues was greatly affecting the day to day running of KRDC. Respondents further pointed out that ratepayers believed that the poor service delivery was mainly attributed to the fact that appointed staff squandered the money they pay on their personal businesses which is a factor that is creating tension between ratepayers and tax collectors.

Employees noted that the tax base for KRDC was weak and needed to be maximized. The main reason being that, most rural dwellers /communities were failing to pay tax to council. One of the factors noted here was that most households in rural communities were headed by the dependant age groups with no source of income. Respondents also noted that the local authority lacked the capacity such as transport and fuel to reach out to communities located away from the business center.

This is a pressing factor because some people will be willing to pay council dues by will be lacking the means to reach council buildings. One of the challenges noted in revenue collection is the strong influence of politics on the behavior of ratepayers. It was noted that there were complaints from ratepayers that council was demanding too much money of which they cannot

afford as taxpayers. Most of the challenges mentioned were the same for KRDC yearly and some of the respondents argued that central government intervention through increased and constant supply of grants was necessary.

Therefore from the above findings the researcher advises KRDC to lobby for assistance from the private sector so that they are able to reach out to the deepest parts of the district to collect taxes. Also the community should be made aware of the local authority's financial status visa-vis its operations.

#### **4.8 Does the local authority engage its taxpayers in the collection of revenue?**

Out of 42 households, 8 were comfortable with rates that council was charging. 25 of them were not happy about the rates and 9 were not sure if they were comfortable by paying rates or not.

From the results it can be noted that households are overall not happy with paying their money to councils. One of the respondents argued that they were not seeing any improvements in the services provided by councilors.

12 households highlighted that the council does not meet with residents and ratepayers to discuss the charges for services provided. 30 were not sure if the council meet with the ratepayers. No household agreed that they had had any meeting with the council concerning payment of rates.

15 households were not sure if the council offers statements for the payment of rates. 15 households said that the council does not offer statements of rates payment. 12 agreed that they receive the statements from the council only after asking for them.

Out of 42 households, 30 highlighted that they do not pay rates to the council monthly mainly due to the liquidity crunch in the economy. However 12 households were faithful in paying the rates every month. All households agreed that the statements contain breakdown of information

about bills and arrears. However some respondents argued that the charges were too high and were based on assumptions rather than actual meter readings.

23 of households are content with the quality of services that they are paying for. 9 are not sure if the money they pay is equivalent to the services provided by the council and 10 households are not content with the rates they are charged by councils. 26 households highlighted that the customer care at the councils is very poor. 7 households are content with the way they are treated at councils while 9 were not sure if customer care was satisfactory.

The researcher therefore notes that KRDC should involve residents in the collection of revenue through making them aware of the structure of their unit charges because some households believe that rates charged by council were based mostly on estimates rather than actual meter readings.

Table illustrating the views of households

Category	Yes	No	Not sure
Households comfortable with council charges	8	25	9
Household meeting with council to discuss rates	0	12	30
Households receiving monthly statements	12	15	15
Households paying their rates monthly	12	30	0
Households content with quality of service delivered	23	10	9
Households happy with council customer care	7	26	9

Table 4

**Source: Research data 2014**

#### **4.9 Are there other means that can be employed by KRDC to enhance its revenue?**

The researcher observed that some council buildings were not up to standard. The presence of dilapidated halls belonging to council was an eye catching sight for the researcher. Such buildings can be of important use to council for example they can be renovated and rented out to churches or ceremonies such as weddings thereby increasing revenue for council.

From the facial expressions of some respondents the researcher observed that there was a lot of information that respondents were not willing to unveil to the researcher. Responsible authorities were not willing to show financial records of council as they argued that the decision involved too many people therefore because of limited time the researcher did not get an opportunity to go through the financial records of KRDC. The study was conducted on a month end which is the time most people usually come to pay rates but only a few people came to pay which is very pathetic.

KRDC is involved in agricultural activities such as growing vegetables which is quite impressive but these activities are poorly managed which is very saddening. Such activities if properly managed can enhance the revenue of the local authority. The researcher therefore suggests that the local authority should take such activities seriously as they can generate revenue for the local authority.

#### **SUMMARY**

The chapter presented and analyzed the data gathered through interviews, questionnaires and observation. Graphs and pie charts were the most used data presentation methods. Tables and narration were also used in the presentation of data gathered. The findings from his chapter will be used to suggest recommendations that KRDC can make use of to counter the challenges of

revenue collection affecting them. The next chapter is the précis of the study, wrapping up and recommendations for KRDC.

## **CHAPTER V**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Summary**

This chapter focuses on the summing up of the whole study and to suggest recommendations for KRDC. Some of the recommendations will be suggested basing on the responses got from interviews, questionnaires and observation.

The section provides an introduction to the research to be carried out at KRDC. The chapter highlighted the background of study as well as a brief background of the center for study which is Kusile Rural District Council. Research objectives, questions, limitations, assumptions and delimitations were also captured in the section. The statement of the problem was also pointed out in the first chapter.

The second chapter provided the basis of the literature to be used in the study. Highlighted were the sources of revenue for rural municipalities, the methods and techniques of revenue collected as well as the challenges and solutions to revenue collection. Sources of revenue for rural municipalities were analyzed in the section to see how sustainable they are in financing council. The literature reviewed showed that the challenges associated with revenue collection are mostly internally driven than externally that is to say they stem mostly from operations and administrations of local government.

The third section had to do with the research techniques in particular the instruments used and why they were selected for purposes of data gathering in the study. Techniques were selected according to cost effectiveness and whether they are easy to understand and apply. Qualitative and quantitative means of data gathering were applied in the data gathering process. The merits

and demerits of selected techniques were also discussed in the third chapter. Several sampling techniques to be used in the study were also discussed in the chapter.

The fourth chapter presented and analyzed the data gathered through interviews, questionnaires and observation. Graphs and pie charts were mostly used to present findings of the study. Tables and narrations were also used in the presentation of data gathered. The findings presented in the chapter were drawn from research instruments and were also used to suggest recommendations that KRDC can make use of to counter the challenges of revenue collection affecting them.

The findings proved that most challenges faced by KRDC in the collection of revenue were internally driven and these needed to be addressed urgently so as to improve on the local authority's revenue collection ways. The chapter also highlighted opportunities of such as presence of dilapidated buildings that KRDC can renovate and enhance its revenue.

## **5.1 Conclusion**

The study outlined a brief history of rural local authorities in which sources of revenue for these local authorities were listed as provided for by the RDC act. The sustainability of the sources was looked into as well as the systems of revenue collection used by KRDC whereby their weaknesses were identified. Challenges faced in the collection of revenue were highlighted as well as the strategies to counter these challenges. Qualitative and quantitative data gathering techniques were used as a means to draw findings for the study.

## **5.2 Recommendations**

The researcher seeks to address the challenges faced by KRDC in the collection of revenue. The following are the suggestions that KRDC could employ:-

- KRDC should continue rewarding its natural resource exploiting tenders to the most paying companies.
- Renovation of dilapidated buildings and renting them out can increase council revenue also I believe there are chances of maximizing the other sources of revenue and getting money also from the agriculture projects belonging to the council.
- KRDC needs to polish its internal relations so as to address the other challenges that the local authority is facing in the collection of revenue. This could be done through anti-tribalism campaigns in the district.
- KRDC should do periodic reviews of databases and assessments of taxpayers so as to maintain a true up to date record of the actual people paying taxes to council.
- KRDC must involve councilors and traditional leaders in the collection of revenue as these authorities have a strong influence on the behavior of their communities. Measures may be enforced at these low level grassroots' structures to ensure that people pay rates to council frequently
- KRDC should lobby for assistance from the private sector so that they are able to reach out to the deepest parts of the district to collect taxes. Financial institutions and NGOs among other actors can be made use of.
- Also the community should be made aware of the local authority's financial status vis-a-vis its operations. Community engagement here is very important as it creates mutual understanding between them and council in the payment of rates.
- There should be review programs after every financial year between council and its tax payers. This will help in ensuring that tax payers are getting value for money.



- KRDC should conduct training sessions with NGOs and other local authorities to help them improve on their revenue collection through sharing experiences with them and drawing lessons from others' experiences.
- Legal measures of collecting council monies from delinquent accounts should be employed especially for those who are not making an effort to pay anything.
- Collection of charges in installments should be allowed for everyone because of economic challenges faced in the country. They are also a motivating factor for those account holders who cannot afford to pay all their dues in one go.
- Use of information communication technologies will help the local authority reduce its burden of paper work leading to efficiency

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[www.paralegaladvice.org.za/docs/chap03/04](http://www.paralegaladvice.org.za/docs/chap03/04)

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[www.salga.org.za](http://www.salga.org.za)





**APPENDIX I**

Kusile RDC interview guide for Heads of Departments

My name is Grace T Kucherera and currently doing my fourth year at Midlands State University. I am studying a BSC Honors Degree in Local Governance Studies. I am carrying out a research on REVENUE COLLECTION CHALLENGES IN RURAL LOCAL AUTHORITIES.A CASE OF KUSILE RDC. Please assist by answering the questions below and the information you will provide will be used for academic purposes alone. The information will be treated confidentially for the purposes of furthering this study.

NB: For purposes of maintaining confidentiality of information please do not write your name or any other personal information on the questionnaire.

**SECTION A**

- 1. Position of respondent.....
- 2. Date of interview.....

**SECTION B**

- 1. What are the main sources of revenue for your local authority?

2. Amongst them which are the most sustainable?
3. Do you have any functioning income generating projects?
4. What do you understand by revenue collection?
5. How do you handle the process of revenue collection?
6. Who is involved in revenue collection and why?
7. Why is revenue collection important for your local authority?
8. What means do you employ in the collection of revenue?
9. Does politics have an influence in the collection of revenue?
10. Looking at your tax base do you think it needs to be widened?
11. Do you do regular assessments of debtors' accounts?
12. Are council financial records and data bases up to date?
13. What measures have you put in place to improve the revenue collection system of your local authority?
14. Are there any solutions you would recommend to council as a means to deal with challenges of revenue collection at the same time maximizing its revenue?
15. Are your revenue collectors trained?

*THANK YOU*



## APPENDIX II

Kusile RDC questionnaire Councillors

My name is Grace T Kucherera and currently doing my fourth year at Midlands State University. I am studying a BSC Honors Degree in Local Governance Studies. I am carrying out a research on REVENUE COLLECTION CHALLENGES IN RURAL LOCAL AUTHORITIES.A CASE OF KUSILE RDC. Please assist by answering the questions below and the information you will provide will be used for academic purposes alone. The information will be treated confidentially for the purposes of furthering this study.

NB: For purposes of maintaining confidentiality of information please do not write your name or any other personal information on the questionnaire.

### SECTION A

(NB: Tick where applicable)

#### Demographic Information

1. Sex:

Male  Female

2. Age group:

- a. Below 18 years     b. 18 – 25 years     c. 26 – 35 years     d. 36 – 50 years   
 e. 51+ years

3. Level of education

- a. No schooling     b. Primary level     c. Secondary level     Tertiary level

SECTION B

1. Which sources of revenue do you think can sustain the council? Tick at least 6 or less

SOURCE OF REVENUE	Tick
Rates on property and land	
User charges and fees	
Penalties and fines	
Licence fees	
Supplementary charges	
Development fees	
Income generating projects	
Lease and sell of land	
Rentals on council property	
Proceeds from natural resources	
Interests on investments	
Grants from central government	

Any other

.....  
 .....  
 .....

2. Of the following challenges noted in revenue collection are there any that apply to your local authority? Tick at least 4 which you think are most serious.

CHALLENGE	Tick
Inability and unwillingness of taxpayers to pay	
Attitude of revenue collectors towards people vis-a-vis	
Administration problems	
Lack of strict penalties for non payments	
Staff inadequacy and weak tax base	
Corruption and politics	
Lack of logistics	
Capacity constraints	
Poor planning	
Lack of accountability	

Additions.....  
 .....  
 .....

3. Which of the following systems of revenue collection are used by your local authority.

SYSTEMS OF REVENUE COLLECTION	Tick
Billing/invoicing	
Delivery of statements	
Regular updating of databases	
Collection of charges by instalments	
Charging of interests	
Reviewing databases and assessment of taxpayers	

Additions.....  
.....  
.....

4. Are you involved in the collection of revenue by council?  
.....  
.....

5. Do you think council has a contribution to the poor revenue collection system.  
.....  
.....  
.....

6.As councillors do you think the tax base is needs to be maximized?  
.....  
.....

7. In your opinion, is there a positive relationship between council and ratepayers?  
.....  
.....

8.Is council doing anything to counter the above challenges of revenue collection?  
.....  
.....

9.Is central government intervention necessary to counter revenue collection challenges?  
.....  
.....

10. Does politics have a strong influence on the challenges faced by council in revenue collection?

.....  
.....

11. Are there any strategies that you think council should employ to counter the challenges being faced in revenue collection?

.....  
.....

*THANK YOU*

### APPENDIX III

Kusile RDC questionnaire for Employees

My name is Grace T Kucherera and currently doing my fourth year at Midlands State University. I am studying a BSC Honors Degree in Local Governance Studies. I am carrying out a research on REVENUE COLLECTION CHALLENGES IN RURAL LOCAL AUTHORITIES.A CASE OF KUSILE RDC. Please assist by answering the questions below and the information you will provide will be used for academic purposes alone. The information will be treated confidentially for the purposes of furthering this study.

NB: For purposes of maintaining confidentiality of information please do not write your name or any other personal information on the questionnaire.

#### SECTION A

(NB: Tick where applicable)

##### Demographic Information

1. Sex:

Male  Female

2. Age group:

a. Below 18 years  b. 18 – 25 years  c.26 – 35 years  d.36 – 50 years   
e. 51+ years

3. Level of education

a. No schooling  b. Primary level  c. Secondary level  Tertiary level



**SECTION B**

1. Amongst your sources of revenue, which ones are the most sustainable?

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.....  
.....

2. Do you send out statements or notices of payments to rate payers and how often?

.....  
.....  
.....

3. Do the statements have a breakdown of the due amount?

.....  
.....

4. Are there any challenges you encounter in the collection of revenue?

.....  
.....  
.....

5. Are the challenges the same every year?

.....  
.....  
.....

6. As council do you think you have a contribution to the poor revenue collection systems?

.....  
.....  
.....

7. Do you include your clients in the process of revenue collection?

.....  
.....  
.....

8. Is there any action taken to counter the challenges of revenue collection?

.....  
.....  
.....

9. Is improvement in terms of revenue collection necessary?

.....  
.....  
.....

10 .Does politics have a negative or positive influence in revenue collection?

.....  
.....  
.....

11. Are council databases and financial records to do wit taxpayers and ratepayers up to date?

.....  
.....  
.....

12. Are there regular assessments of debtors' accounts?

.....  
.....  
.....

13. Is central government intervention necessary to counter the challenges of revenue collection?

.....  
.....  
14. What strategies do you think should be employed to counter the challenges of revenue collection?

.....  
.....

*THANK YOU*

## APPENDIX IV

Kusile RDC questionnaire for Households

My name is Grace T Kucherera and currently doing my fourth year at Midlands State University. I am studying a BSC Honors Degree in Local Governance Studies. I am carrying out a research on REVENUE COLLECTION CHALLENGES IN RURAL LOCAL AUTHORITIES.A CASE OF KUSILE RDC. Please assist by answering the questions below and the information you will provide will be used for academic purposes alone. The information will be treated confidentially for the purposes of furthering this study.

NB: For purposes of maintaining confidentiality of information please do not write your name or any other personal information on the questionnaire.

### SECTION A

[tick where applicable]

#### Demographic Information

1 Sex:

- a. Male       b. Female

2 Age group:

- a. 18-25years     b. 25-35 years.     c. 35 – 45years     d. 55+ years.

3. Level of education

- a. Non       b. Primary       c. Secondary       d. Tertiary

**SECTION B**

1. Are you happy with the moneys that you pay to council?

YES  NO  NOT SURE

2. Does the council meet with residents and ratepayers to discuss the charges for services provided?

YES  NO  NOT SURE

3. Do you receive statements for the payment of rates from council and how often?

YES  NO  NOT SURE

4. Do you pay rates to council every month?

YES  NO  NOT SURE

5. Do the statements contain correct breakdown of information about your bill or arrears?

YES  NO  NOT SURE

6. Are you content with the quality of services that you are paying for?

YES  NO  NOT SURE

7. Are you happy with the way you are treated at council?

YES  NO  NOT SURE

*THANK YOU*