



BLANTYRE CITY COUNCIL

P/Bag 67, Blantyre Email: bcachief@bccmw.com

25th August 2024

POLICY STATEMENT

on

LAND-BASED REVENUE MODERNIZATION

Land-based revenue modernization is a strategic enabler that will help Blantyre City Council achieve her mandate of providing municipal services as provided for in the Local Government Act 1998. The Local Government Act 1998 and the National Decentralization Policy 1998 outlines the following functions for the Council:

- i. Make policies and decisions on local governance and development for Blantyre City;
- ii. Consolidate and promote local democratic institutions and democratic participation;
- iii. Promote infrastructure and economic development through the formulation, approval, and execution of the City development plans;
- iv. Mobilize resources within the City for governance and development;
- v. Maintain peace and security in the City in conjunction with the Malawi Police Service;
- vi. Make by-laws for the good governance of the City.

Vision and Mission Statement

The vision for the Blantyre City Council reads;

“To be a City of choice in the SADC Region with a very conducive environment where people shall take ownership, live, do business and prosper”

And the mission statement is:

“To provide environmentally friendly, high quality, efficient and effective demand-driven municipal services in partnership with the individual and corporate residents to attain better quality lives for all residents in the City.”

Compliance and Performance

Currently, Blantyre City Council mobilizes low levels of land-based revenues, and improvements to revenue policy, regulations, procedures, and systems represent a significant opportunity to boost revenues and, in turn, use the increased revenue on expenditures to improve the provision of public services, including land administration services. Due diligence demonstrates that in Blantyre City, only **40 percent** of property owners pay their property taxes. The reasons for the low level of compliance are complex, but they can be attributed mainly to:

- (i) Lack of information systems for managing, billing and collection;
- (ii) Lack of policies, bylaws, and regulations to enforce payment compliance; and

- (iii) Property owners/taxpayers are reluctant to pay without a corresponding improvement in public infrastructure and provision of public services. Thus, the arrears of property taxes at Blantyre City Council are also significant, totaling MK5.7 billion (US\$3,327,413.27) at the end of 30 June 2024.

As a consequence of this underperformance in property tax management, Blantyre City Council does not have sufficient financial resources to fund the government land-related services necessary to support the efficient and transparent functioning of land markets, plan and enforce physical development controls, effectively manage the property tax system to incentivize the most productive use of land and lack revenues to provide essential public services.

Council Resolution and Intentions

Therefore, on **24 February 2023**, the Full Council of the City of Blantyre met and approved a Council Resolution to embark on a comprehensive program to modernize the system of land-based revenue. The program;

- (i). **Shall** develop and implement reforms in the Bylaws, rules, procedures, and processes regulating the operation of an equitable and publicly accepted property tax (City Rates) system;
- (ii). **Shall** update the City's property information by digitally mapping all taxable properties within the city boundaries, completing mass-appraisal of property values of these properties, automating all existing property records, and deploying a computerized property information management system to manage the billing and collection of City Rates and arrears on these properties;

- (iii). **Shall** implement public awareness and communication, informational campaigns, and engagement activities with and between City Council personnel and City Ratepayers to understand the linkage between paying of City Rates and the provision of public services and expenditures, to foster institutional and individual social behavior change and put in place mechanisms to ensure transparency in the use of public revenue; and
- (iv). **Shall** put in place public expenditure management practices that focus on aggregate fiscal discipline, operational performance, and allocation of resources to conform with City Council policy objectives and satisfy the public need.
- (v). **Shall** allocate an average of **12.5%** of all revenue collected for the next five years commencing Fiscal Year 2025/26 towards establishing a Public Service Fund to provide essential public services in each Ward as approved by the Full Council on 19 July 2024.

Grant Funding

To support the implementation of this program, The United States of America has agreed to provide grant funding of US\$24 million (to be accessed by all four City Councils) under the recently signed Millennium Challenge Compact entered into by the Republic of Malawi and the United States of America on 28 September 2022, to finance the City Council Land-Based Revenue Modernization Activity in the four cities of Malawi, including the City of Blantyre.

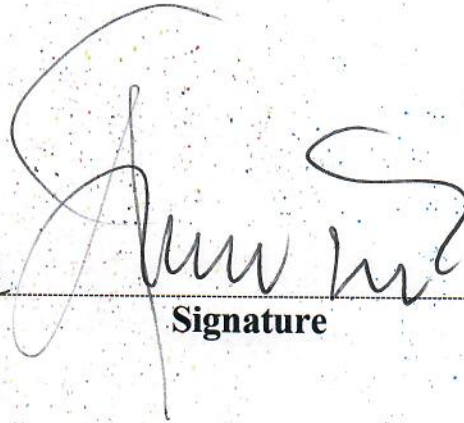
The Council of the City of Blantyre would like to inform the Residents that with the land-based revenue modernization project, she intends to strengthen the social contract espoused in the Service Charter between the City Council and the

residents to improve accountability, efficiency, and effectiveness of service delivery.

The Council is therefore appealing to all residents to support this land-based revenue modernization policy and make the implementation of the Blantyre City Land-Based Revenue Modernization successful. Thus, make Blantyre City Livable, Safe, and Vibrant.

JOSEPH MAKWINJA

His Worship, the Mayor



Signature

04-10-24

Date

Dennis Chinsu

Chief Executive Officer



Signature

2/10/24

Date