



REPORT

ON THE

FAMILIARISATION TOUR TO SIX OF ZIMBABWE'S

BORDER POSTS

BY THE

PORTIFOLIO COMMITTEE

ON

BUDGET, FINANCE AND ECONOMIC DEVELOPMENT

03-06 JUNE 2019

7-11 JULY 2019

1. Introduction

- 1.1** The Portfolio Committee on Budget, Finance and Economic Development undertook to visit six (6) of the country's border posts to familiarise with the operations of the Zimbabwe Revenue Authority (ZIMRA). The familiarisation tours were undertaken in 2 phases which follows; Kariba, Chirundu and Forbes from 3-6 June 2019 and Beitbridge, Plumtree and Kazungula from 7-11 July 2019.
- 1.2** ZIMRA Board Chairperson, Mr. Callisto Jokonya and the Commissioner General, Ms Faith Mazani and other officials accompanied the Committee throughout the tours.
- 1.3** The Committee also interacted with various border agencies, station managers and the border users, in order to get a clearer picture of the operations at border posts and this forms part of this report.

2. Objectives of the Familiarisation Tour

- 2.1** To appreciate the revenue mobilization/collection measures and efforts by ZIMRA;
- 2.2** To acquaint Members of Parliament with initiatives put in place to facilitate trade and travel;
- 2.3** To appreciate initiatives put in place to clog leakages at all the ports of entry;
- 2.4** To monitor compliance with policies, procedures and legislation guiding the operation of ZIMRA;
- 2.5** To inspect the general infrastructure and facilities at border posts.

3. Mandate of ZIMRA

- 3.1** ZIMRA was established in 2001 as a successor to the then Department of Customs and Excise. ZIMRA derives its mandate from the Revenue Authority Act [Chapter 23:11] and other subsidiary legislation. It is the sole institution responsible for collecting revenue on behalf of the Government through the Ministry of Finance and Economic Development. In addition to that, ZIMRA is responsible for the facilitation of trade and travel between Zimbabwe and the outside world, advise Government on fiscal and economic matters and protect civil society from the importation and exportation of restricted and prohibited goods, such as pornography, subversive material, dangerous weapons and hazardous substances.

3.2 ZIMRA's mission is to mobilise revenue and facilitate sustainable compliance with fiscal and customs laws for the economic development of Zimbabwe. In order to achieve this, ZIMRA has decentralized and has tax collection points established around the country with the aim to increase revenue inflows, as offices become more accessible to taxpayers. Decentralization of ZIMRA placed it in better position to effectively monitor tax revenue collection points. This is also in line with the principle of convenience, where tax collection should be to the convenience of both the tax payer and tax authorities.

4. Revenue Performance

4.1 Since its establishment in 2001, ZIMRA has established an unbroken record of '*surpassing revenue targets*' (Budget Statements, 2010, 2011 and 2012).

4.2 Revenue collections in 2018 surpassed target with the Authority collecting a gross of US\$5.36 billion or 21.80% of GDP, which was 24.71% above the target of US\$4.30 billion. Revenue performance for the first quarter of 2019 surpassed the set target with gross collections amounting to \$2.059 billion, which was 41.50% above the set target of \$1.455 billion. Gross collections grew by 85.13% from \$1.112 billion collected in first quarter. The 2019 budget tasked the Authority to collect USD\$9 billion in 2019.

4.3 However, this revenue performance record may not reflect the whole story, given that the Zimbabwe borders are known to be porous as witnessed by the numerous allegations of revenue leakages through acts of smuggling, bribery, under-invoicing, under-declarations at its border posts.

5. Committee Observations and Key Findings

5.1 Staff Accommodation

The Committee observed an acute shortage of accommodation at all the border posts visited, with Beitbridge and Kazungula being the most affected. This has resulted in ZIMRA failing to recruit more staff at most of the borders and consequently, leading to the available personnel being forced to endure long working hours. For example, Beitbridge officials operate with 3 shift instead of 4 shifts per day since it operates 24 hours, while officers at Kazungula endure 12 to 14hours of work a day.

The Committee was told that, to ameliorate the accommodation challenges, ZIMRA was renting additional space from private individuals and hotels in the vicinity, leading to an annual housing budget of \$1.9m, which is not sustainable. ZIMRA officials noted that about 36 officers were currently accommodated in hotels at Beitbridge and the situation worsens during the festive season when relief staff is required to assist, due to increased volumes at the border.

The worst accommodation arrangement was observed at the Blue residents in Beitbridge where three families were sharing a 2 bedroomed flat, which was not ideal. In cases like that, the Committee noted with concern that employees may become vulnerable to corruption especially those renting from residential areas.

5.2 Scanners (Mobile and Relocatable)

The Committee observed a significant shortage of scanners at most of the border post, in particular, Beitbridge, which experiences a high volume of traffic. The shortages of scanners often result in restricted and prohibited goods finding their way into the country, since it would be difficult to conduct 100% searches to all travelers and commercial trucks. The Committee observed that the absence of scanners at some of the ports of entry results in smuggling of high value but small items that can be concealed inside pockets, such as gold and cocaine. It was established that most of the scanners had gone beyond their lifespan resulting in high maintenance costs, for example, the mobile scanner at Plumtree. However, despite these challenges the available scanners have been able to assist in detecting contraband and or undeclared goods

5.3 Bill of Entry

The Committee observed that most of the bill of entries are processed at inland processing centers (Bulawayo, Masvingo and Harare) as ways to eliminate human interaction. It was established that those who use the pre-clearance facilities wait for shorter periods up to a maximum of three hours before they are cleared as compared to those who do not use the facility and thus, spend more than two days at the ports of entry. This has resulted in the reduction of the turnaround time spent by travelers and truckers clearing their goods at the ports of entry.

5.4 Border Infrastructure

The Committee observed that the available infrastructure at most of the borders was constructed some years ago and is no longer able to match the volume of traffic experienced on a daily basis. It was noted that a Border Upgrade Plan was approved for Beitbridge but was progressing at a snail pace. It was also noted that Cabinet had endorsed an upgrade of the Kazungula Border Post in line with the proposed One Stop Border posts between and among the 4 countries. It was established that the upgrade must be completed within 12 months for Zimbabwe to be integrated into the quadripartite arrangement. It was further observed that Kariba Border Post was constrained in terms of expansion which was causing congestion and collusion, which is bad for the country's image. Therefore, failure to upgrade most of the border infrastructure may result in most travelers and truckers shunning Zimbabwe borders in favor of other borders with better infrastructure.

The Committee observed that all border posts lacked support services such as banks, bureau de change, duty free shops, restaurants or service centers. Other facilities such as ablutions were inadequate and not properly maintained except for Plumtree. Staff canteens were non-existent hence exposing officers and stakeholders to food processed in questionable environments, thus posing a health hazard especially at Beitbridge Border Post. The Committee also observed that lack of separate terminals for commercial and passenger traffic was leading to unnecessary delays to travelers and truckers.

5.5 Border Line Security and Physical Barriers

The Committee noted with concern that all border posts visited lacked the adequate security at the border itself and along the borderlines, for example, Beitbridge, Chirundu, Plumtree and Forbes. It established that there was no perimeter fences and where it exists available, the perimeter fence is now old and some sections of the fence has dilapidated and now compromising the security situation at the border. At the border, there were no physical barriers such as boom gates to control movement of traffic and people. The Committee was told that smugglers were causing havoc at the borders as they were in the habit of vandalizing restrictive barriers and nothing was being done to hold offenders accountable. Where the border post is situated in national parks, such as

Kazungula, barriers were constantly being destroyed by elephants. Thus, the Committee was worried by the loss of revenue due to porousness of the border and the compromise in security for officials and stakeholders manning the border.

5.6 Electronic Systems and Cameras

The Committee noted the lack of adequate and appropriate information technology equipment at the border posts, for instance, computers, detecting machines and surveillance cameras. It was established that most of the computers at most of the border posts have outlived their life span due to overuse, especially at Beitbridge which operates 24hours. Due to resource limitations, there were no back up computers, which is a security risk. The Committee also noted with concern cases of under-invoicing by importers, criminal activities due to lack of surveillance cameras and rampant corruption as a result of human interference. It was also noted that ZIMRA and other border agents (e.g. ZINARA) systems were not integrated leading to unnecessary delays. It was established that the single window concept was yet to be fully rolled out, which will reduce border delays experienced on a daily basis.

5.7 Canine Unit

The Committee noted that the services of a canine unit were not at all ports of entry due to inadequate funding. It was established that only Beitbridge had a canine unit, while all the other borders had none.

5.8 Border Warehousing

The Committee observed an acute shortage of warehousing for both imported and confiscated goods. Where warehouses were available, it was noted that quite a significant number did not have shelves to ensure safe storage of goods pending their release. The slow progress on warehouse partitioning worsened due to lack of foreign currency to purchase the necessary equipment. Thus, the Committee was greatly concerned by inadequate warehousing and poor partitioning as it would result in some goods being misplacement or being mixed with unpalatable or flammable goods. This was against the background of numerous reports of fire outbreaks at most borders due to the use of one warehouse as storage of all kinds of goods.

5.9 Office Spaces

The Committee observed that in terms of office space at most border posts, ZIMRA and Immigration staff had better offices as compared to other stakeholders such as security agents and port health officers who are usually housed in small cubicles or temporary structures. The temporary office space available was not partitioned and lacked confidentiality as travelers are subjected to examination and interrogation. It was pointed out in particular, at Forbes Border Posts that delays were mainly due to shuttling of agents between Mutare and the Border. Trucks were cleared in-land and clearing agents will be shuttling up and down from the border post to the holding bay in-land due to inadequate office space.

5.10 Station Vehicles

The Committee noted that most borders were operating with very few vehicles or none at all thereby impacting negatively on the performance of the Authority and its stakeholders. It was observed that the lack of or inadequate vehicles was impacting heavily on the smooth running of the stations, in particular, strengthening border patrols. It was established that smugglers were freely using undesignated routes to enter and exit the country hence exposing the citizens to harmful and prohibited goods. This also was resulting in revenue losses due to undeclared goods.

5.11 Limited Parking Space and Search Area

The Committee observed that parking space for travelers and truckers as well as other border agents was inadequate especially at Forbes and Kazungula border posts. It was noted that parking space and search area for haulage trucks was limited, causing chaos and confusion at the borders and in turn creating room for collusion between officials, stakeholders and customers, as they seek to speed up the clearance process. The Committee observed that the overcrowded parking lots created an uncondusive environment and unpleasant sight for the image of the country.

6. Other General Committee Observation

6.1 The Committee noted the urgent need for the Government to make a business and economic decision to urgently dualise Beitbridge-Chirundu highway given that

Zimbabwe has a competitive advantage in the region as countries from the north would prefer to use Zimbabwe which is a shorter route as compared to South Africa via Botswana and Zambia.

- 6.2** Chirundu Border Post is one of the region's gateway to both Southern and Northern parts of Africa via Beitbridge Border Post hence the need to synchronise opening hours. It was observed that the Border closes at 2200hours despite being a busy border servicing traffic released from Beitbridge which operates 24hours.
- 6.3** Forbes and Machipanda Border Posts are the region's gateway to the Mozambican Sea Port of Beira and has been receiving an increased volume of commercial trucks compared to Durban since the route is shorter. However, the Border Posts are characterized with heavy congestion and shortage of staff thereby impacting significantly of border efficiency. Smuggling is rampant at Forbes Border Post as smugglers follow animal tracks in the landmine fields, which has also compromised security at Forbes Border Post.
- 6.4** That border coordination was lacking at most ports of entry leading to delays in clearing traffic and travellers. It was noted that the police and ZNA at some border posts were duplicating efforts by repeating searches that could be undertaken together under one roof and enhance border efficiency. The Committee welcomed the Plumtree model whereby the border agencies work closely together thereby smoothening the movement of goods and services. This has been witnessed by the collaboration between the security and customs that are operating under one roof to do their checks and clearance which has reduced connivance among officials and truckers/travelers and enhanced efficiency within the border.
- 6.5** The Committee noted with concern that the plan for upgrading the Beitbridge Border Post by ZimBorders was approved by Government in 2009 and ground breaking ceremony done in February 2019, but progress has stalled due to issues pertaining to financial closure between the government and the contractor. It was also noted that ZIMRA was not part of the negotiating team, which complicated issues since they are not in a position to represent their interests.
- 6.6** The Committee observed the urgent need to address and increase ZIMRA's staff establishment as part of measures to increase compliance levels at all the ports of entry. One of the most affected border post is Beitbridge which is operating with about 300 officers instead of a full complement of about 500 officers. The Committee noted with

concern that the Compliance Section at Beitbridge which clears between 80 to 100 buses and cars per day is only manned by 5 officers per shift while Vehicle Valuation Section at Manica is manned by 12 officers and clears over 90 vehicles per day. The Committee noted with concern that the current staff in post is 2 733, while the vacant posts are 240. In its 2019 – 2023 Strategic Plan, ZIMRA seeks to increase its staff from the current approved posts of 2 973 to 3 226.

- 6.7** The Committee also noted the need for all Border Posts to have solar and/or generator power back up services to enable the border posts to provide services during load shedding. Where solar units have been installed, for example, Plumtree, there were challenges of batteries that have outlived their life span and new ones were required. The challenge of foreign currency was the biggest constrain affecting the purchase of batteries and as a result leaving the Borders with no alternative source of power.
- 6.8** The Committee observed that Kazungula Border Post was strategic as it facilitates trade between Zimbabwe and the outside world, in particular, Zambia, Botswana and Namibia and the region and was targeted for a One Stop Border Post supporting the three countries, hence the urgent need for its upgrade within the next 12 months. It was noted that most goods being imported into Zimbabwe are from the UK via Walvis Bay. It was established that Botswana and Zambia were at an advanced stage since the Kasane bridge would be completed by mid-year 2020. This would impact significantly on the country's revenues. The Committee noted that there was urgent need for the Government to move swiftly to develop the port of entry so that it matches the development already being undertaken by Botswana and Zambia.
- 6.9** The Committee noted with concern that ZIMRA is basically, under-resourced and virtually incapacitated making it difficult to perform its mandate.

7. Committee Recommendations

- 7.1** There is urgent need to construct staff accommodation at critical border post, in particular, Beitbridge and Kazungula to reduce costs on hotel bills and other private renting arrangements by December 2020.
- 7.2** As measures to enhance operational efficiency by ZIMRA and other stakeholders at the borders, it is imperative that they be adequately equipped with the proper tools of trade

(such as computers, scanners, drones, surveillance cameras and vehicles) by December 2020.

- 7.3 Border infrastructure development, in particular, Beitbridge, Chirundu and Kazungula be prioritised during the year 2020.
- 7.4 There is urgent need for the Government to engage Zambia to synchronise opening hours at Chirundu Border Post, which receives traffic from Beitbridge Border Post operating 24 hours.
- 7.5 Resource allocation towards the Kazungula project to ensure that Zimbabwe becomes part of the new one stop border arrangement and benefit from the Kasane Bridge which is almost complete should be done immediately.
- 7.6 Going forward, ZIMRA as a key stakeholder and end user of the infrastructure must be involved in the contract negotiation process for all border infrastructure development.
- 7.7 There is need for ZIMRA to reorganize some of its operations beginning 2020 in order to improve efficiency and effectiveness, drawing lessons from the model port of entry implemented at Plumtree Border Post.
- 7.8 ZIMRA must be allowed to retain a certain percentage of the revenue for its operations beginning 2020.
- 7.9 Government must speed up the rehabilitation of the Beitbridge-Harare-Chirundu highway by 2022 as measures to enhance trade facilitation.

8.0 Conclusion

The Committee strongly believes that ZIMRA as the sole government agent mandated to collect revenue on behalf of Government must be adequately funded. Zimbabwe as a country, is losing a lot of revenue due to challenges that can be easily addressed if there is political will and commitment. The Committee believes that it is better to invest more in ZIMRA and in turn harvest more returns than to let the status quo remain or even deteriorate thereby losing revenue through illicit means. Thus, the Committee tables this report with the hope that the 2020 budget will address the major concerns raised therein.