

Funding the Financing of Local Authorities with Public-Private Partnership Projects in Zimbabwe: A case study of Parking Management in the City of Bulawayo

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Abstract

This paper highlights the City of Bulawayo's engagement in a private partnership to raise funds through providing effective parking services in the city. City councils need to have sufficient funds to provide adequate community services. The bulk of the finances needed by city councils are raised through charges for the services the cities offer to their stakeholders. Parking management services are among the key available services for residents. Citizens pay for parking in one way or the other. It is never free. When it is free, traffic congestion, pollution and crime abound; when it is paid for, the city coffers grow, and city services improve. However, stakeholders need to be involved in the implementation of all projects including those with private partners. This develops and maintains good relationships. Communication with stakeholders allays suspicions. At times, cities may not have adequate financial resources to develop infrastructure for service delivery, hence they tend to engage public-private partnerships to undertake such developments. There is need, however, for organisations to always exhaust the usefulness of their available resources before they engage Public-Private Partners. For this study, various stakeholders were surveyed through a semi-structured interview on the efficacy of the system of partnering with the private partner, Tendy Three Investments (TTI) Parking Solutions by the City Council of Bulawayo. This followed recommendations that could help in the raising of funds for the provision of effective service delivery were made. These recommendations could be replicated in other cities nationally and elsewhere in other countries that have socio-economic statuses similar to that of the host country for the study.

Keywords: Public-Private Partnerships; financing local authorities; parking solutions; City Council of Bulawayo

Introduction

It is common practice that cities everywhere in the world generate revenues to be able to provide the necessary services for their citizens. The services needed by urban dwellers range from garbage collection, supply of energy – electricity, the supply of water, transport services, provision of educational establishments, centres of recreation for their citizens to the management of parking services. In turn citizens pay for these services provided them by the cities. Members of the public often demand high standards for the services they receive; they require value for their money. Anything short of the standards expected usually results in apathy or even conflict.

There are various stakeholders in the cities. These are citizens themselves, industries in the city, employees of the cities, government departments and all who live or operate within the city or even outside the cities. Stakeholders sustain the city in various ways. They can serve as suppliers of goods and services or buyers of the products and services provided by the cities. Car parking management services are one of the most important services offered by cities. In urban settings generally, cars drive only about one hour per day, and for the remaining 23 hours, they are parked somewhere (Donald Shoup, UCLA, 2005). This phenomenon is testimony of the importance of parking management services in urban areas.

Purpose of the Research

The purpose of this project was to determine the sources of funding for the city of Bulawayo through the city's partnering with a private partner, Tendy Three Investments (TTI) Parking Solutions in managing parking. Key to the purpose were the effects on stakeholders such as the business community, motorists, residents, vendors, and the major partners themselves, the City of Bulawayo, and its private partner in the venture. In any partnership and stakeholder relationship, there is likely to be some conflict and differences of perceptions. This study, therefore, also assessed the effects of relationships among different stakeholders on the incumbent project. The survey came up with conclusions and relevant practical recommendations for an effective way forward in the achieving of intended goals. We live at an age of information boom; information is flowing all around us such that we get well informed and get aware of our rights and of those in our communities. Under such circumstances, therefore, any entity venturing into any form of project needs to interact with all its stakeholders and involve them in one way or the other. This survey, therefore, considered this matter of funding for the city council and the maintenance of relationships reasonably well and makes suggested solutions that are inclusive.

Objectives of the Research

The main objective of this research was:

- (i) To assess the effect of raising funds for the city of Bulawayo through the public-private partnership of BCC with ITT Parking Solutions.

The sub-objectives are:

- (ii) To discover the economic effects of the public-private partnership on business and the city.
- (iii) To investigate the relationships among stakeholders as a result of the public-private partnership.
- (iv) To inform policy for development.

Importance of the Survey

This study could benefit the City of Bulawayo's revenue generation and the community at large through assessing and critiquing the present parking management approach of the city. Highlights of positive aspects of the project combined with recommendations made by the study could be of great value not only to the city but also to all the stakeholders. Even though the project focuses on the city of Bulawayo, it is replicable to other cities of this nation. All the cities of Zimbabwe operate in the same external environments, the economic and the political environments. Further, the recommendations in the project could be applied to other developing countries in the Sub-Saharan Africa where many an environment are similar

including climatic conditions. It is also reasonable to suggest that all developing countries that have a socio-economic situation similar to that of Zimbabwe, could benefit from this research.

Literature Review

In a city where traffic increases, the demand for parking also increases. When motorists cannot find parking space nearby, they tend to complain because they spend much time searching for a space and sometimes park inconsiderately or illegally. That parking should be plenty, close to the destination for business, be of high quality and preferably free of charge, is often the desire of motorists, business, and visitors. When businesses and retailers are faced with the introduction of controlled parking and paid parking, they fear the loss of business and income (Cox, 2016).

Parking controls and pricing are usually perceived as rip-off measures, causing resistance to and distrust of the organising authorities. It has caused many political and public controversies. It is for this reason that parking management has often remained a domain untouched by decision makers unless parking problems have spiralled out of control and or the city wants to gain financial control. This has quite often led to a merely reactive and operational way of dealing with parking (Wilson, 2013).

From an observational point of view, there is never free parking. Motorists pay directly or indirectly for parking facilities. Under-pricing or free parking increases the amount of parking needed and tends to increase problems such as traffic congestion and pollution. Charging users directly for parking generates revenues that can finance new services or reduce taxes, rents and other benefits included. Charges for parking should, however, be reasonable (Litman, 2021).

In the management of parking, some urban areas engage public-private partnerships with the hope of getting expertise and the sharing of the responsibility of managing parking facilities. Studies by some researchers, however, show that public-private partnerships (PPPs) are by far the most expensive to fund projects. Costs are likely to be higher than when public institutions do the projects directly themselves. When getting a loan, for example, the interest rate paid by the private partner is higher and as for profit, the private provider demands higher rates of profit. There are usually high transaction costs incurred by the private sector, for example, legal fees. Finally, there are often weak procurement decisions by the private sector (The independent Evaluation Group of the World Bank: Undated) World Bank Group Support to Public-Private Partnerships: lessons from Experience in Developing Countries fy02 – 1202 – 12).

Communicating with stakeholders to manage relationships is very important. Effective stakeholder management is an essential requirement for any successful organisation. Stakeholders are people or organisations that may affect or be affected by the operation of the project (Freedman and Reed, 1983: in Kirti Rajhans, 2018). Different researchers have suggested different approaches to manage stakeholders. Jones (1995) advocates contracts with stakeholders based on mutual trust and collaboration. Wicks *et al* (1994) support a collaborative approach to dealing with stakeholders. Van de Van and Adrew (1980) aver that stakeholder management increases commitment, shared values and provides a wider range of information and improved decision making.

Effective relationship with an organisation's entire network of stakeholders are essential for the long-term survival of the organisation itself and the success of the project organisations operating within it (Post et al, 2002). Relationships are enhanced by the communication amongst stakeholders including the project team. This should be an ongoing activity that needs to be monitored throughout the entire lifecycle of the project. Naqvi et al (2011) conclude that project managers should define and implement a formal communication framework to involve all stakeholders of the project. Stakeholder involvement and consultation in project implementation, therefore, can never be over emphasised.

Methodology and Data

The researcher surveyed stakeholders and collected data through semi-structured interviews. Purposive sampling was used to select participants who included motorists, representatives of Bulawayo Residents Association, the Bulawayo City Council, TTI – the Private Partner with the BCC, the Zimbabwe Chamber of Commerce, the Vendors Association Executive Director, and Business Owners. The respondents interviewed were representatives of organisations. They were, therefore, mouth pieces of their organisations – spokespersons. Their responses represented the views of all the members of their organisations. In addition to interviews, the researcher used some general observations related to parking management relationships. The researcher took notes as he got responses from the participants.

Survey Procedure

Ethical considerations were observed in this survey. Respondents were politely asked to participate in the interview. A research assistant in the researcher's office was asked by the researcher to inform in advance the respondents intended to be surveyed. The purpose and general idea of the survey was communicated in advance to the targeted respondents by the research assistant. The research assistant contacted them again telephonically requesting them to arrange for the interviews at times convenient for them at least three days before the actual interviews took place for participants.

Analysis of Data

This having been qualitative data from the interviews, all data were analysed through content analysis. A theme was used as the unit of analysis. The researcher went through all the responses of the respondents, read them over and over. Themes were identified by checking for similar ideas from the responses. People would respond to the same questions stating the same thing even though using different words. That's how themes were identified.

Results and Discussion

The key themes identified from the responses were:

1. Matters of consultation.
2. unaffordability of the parking fee by motorists in general.
3. loss of business in the city as a result of parking fees.
4. Alleged lack of communication by the city of Bulawayo; the fear of increase of crime resulting from motorists leaving their cars unattended far away outside the CBD at the outskirts of the town to avoid paying for the parking.
5. Scepticism about the PPP.
6. Suggested different parking methods.

The researcher's observation was that the management of the parking system is labour intensive. Parking attendants collecting the money have to be there physically to process the payment from the parking motorists. Motorists who manage to go away before the attendant comes to process the payment do so with much ease. The parking system, however, has a way of counter-acting such kind of behaviour from motorists. Each parking bay records the car that parks on it and calculates the charges for the parking period. If a motorist does not pay for the parking the charges accumulate. At some point the accumulation of the charges culminates into the car being clamped down and the penalty for having the car clamped has to be paid together with the accrued parking charges. The Benefit of the labour intensity of the parking system is the creation of employment. According to the private partner, TTI, there will be a total of 7 000 parking bays in the city resulting in the employment of 550 young people from the local community.

The other observation by the researcher was that even though there are complaints by various stakeholders about the newly introduced parking management system in the city, there is evidence of reduced trafficking and congestion in the CBD. Fewer cars are observed in front of big stores and the streets are clean and clear of many cars. Accidents are a rare phenomenon. It then becomes a question of weighing advantages against disadvantages to get the overall economic effect.

As a result of high unemployment in the country, Zimbabwe has been turned into an informal business orientated nation. Many want to earn a living through trading. Vendors have occupied the cities. Some sell on street pavements and others do trading inside their parked cars and from the boots of their cars. Whilst it is true that there is need for people to put food on the table, the result of selling anywhere and anything on the city streets makes congestion and pollution inevitable.

Controlling congestion through the parking management system, therefore, affects even big business as they no longer get walk-in clients. Even their loyal customers do not come into the shops as frequently as they used to do. The streets on which they are located are no longer heavily beaten paths. A solution could be found that satisfies the needs of all stakeholders; the need for business to thrive and the city incapacitated to collect revenues to function effectively. Solutions should not be mutually exclusive but inclusive of all stakeholders.

According to the Deputy Mayor in his response, the problems encountered by stakeholders – business in particular, as a result of the newly implemented parking management system, are teething problems. The system is designed to bring order into the city. The City Council of Bulawayo is a listening council. Complaints of the stakeholders about the alleged high fee for parking should be perceived in the context of the national environment not in isolation. All the cities in the country that have implemented parking management are charging the same fees of \$1/hour. Be that as it may, the city council is, nevertheless, looking into the issue of charges. It regards, the complaints by stakeholders as feedback. Plans are underway to introduce categorised parking services. This would include, *inter alia*, privileged parking for senior citizens.

The previous system of meters managing parking was discontinued because there was a lot of vandalism. People used to break the meters and take the money. For that matter, the system cannot be used now because the currency in use uses paper bank notes only. Times are changing and systems must change with the times.

On one of the days when this survey was going on, some businessmen made a peaceful demonstration and presented their petition to the mayor's office demanding that the parking management system be reviewed by the city council. Reasons advanced by the protesters were that they are losing business because of the new parking system. For that matter, the private partner is a foreign company from South Africa, they alleged. When checking with the private partner, the researcher however, discovered that the allegation about origins of the company that it was South African was not correct. The Director and founder of the company is a Zimbabwean national.

The other respondent stakeholders besides the key partner, the city council and TTI Parking Solutions, bemoaned a lack of consultation by the city council. They stated that they were not consulted when the parking system was introduced. The city council responded, however, that an announcement was made to all stakeholders through print media. The advert for all stakeholders' meeting was published in two newspapers. The meeting held with stakeholders included, journalists, the police and members of the community who attended. The meeting went on peacefully. Questions were asked by those present, and they were answered to their satisfaction. Consultations and communication with stakeholders are important at all stages of the project (Jones, 1995).

It is possible that many stakeholders did not see the advert for the meeting because they did not read the newspapers. The process of consultation was done.

The representatives of residents and vendors in particular considered the allocation of the ratio of 7:3 for parking revenues between TTI Parking Solutions and the City Council unfair stating that the private partner was taking too much, a lion's share of the revenue. They further demanded that the city council should communicate to them what the city council does with the 30% it receives from the parking revenues. The clarity provided to the researcher by TTI Parking Solutions was that TTI Parking Solutions was a rare and probably the only private partner that apportioned recurring income to the public partner whilst the private partner is still developing the project. The developed project is ceded to the public partner after the project. Under normal circumstances, the public partner only gets taxes. The development of the national road, R2 from Plumtree to Mutare was cited as an example. The government of Zimbabwe does not share in the day-to-day toll-gate proceeds from toll gate fees. It only gets taxes.

The allocation of 30% of the parking proceeds to the city of Bulawayo is an act of goodwill by TTI Parking Solutions. The City Council of Bulawayo ploughs back the received proceeds into developing infrastructure. It uses the money to develop parking bays. The private partner is paying all costs for the workforce and at the same time develops infrastructure for the city. Cameras are being installed on all the streets such that at the end of the project, the city of Bulawayo will be a safe and clean city. With streets cameras in all the streets, it will be easy to identify criminals and bring them to book. That is the kind of development that will be ceded to the city by the private partner.

Pertaining the fee of \$1/hour of parking in the city, respondents stated that it is unaffordable by many. The fee charged does not consider the economic environment of the residents of the city. Most people get their income in the local currency, the RTGS or bond. The respondents' view was that they are mindful of the fact that the city council has to get revenues to service the city, but the amount charged for parking was too high for them to afford. Some respondents,

the residents espoused that the council should make good use of facilities to generate incomes. The council should not hope to get maximum revenues from parking when it manages some of its facilities irresponsibly. An example was given by residents of beer gardens in the townships that are leased out to individuals who make a lot of money out of the residents. Such beer gardens, they claim could be used by the city council to generate income for the city. Other examples given by respondents were that the City Council has residential flats in the city that the council leases out to individuals who in turn rent them out for large amounts of money in US dollars. All such facilities, they say could be used responsibly by council to get revenue for the city.

The above allegations by the residents' association were denied by city council. There was need for some explanation to clear the misconception. The city council like all public entities had to focus on its core business such as service delivery. Therefore, there are some facilities such as beer gardens that need a lot of monitoring for the pricing of their product on the market. The city council, therefore, would have problems continuously chasing the market which has become very volatile. Such a practice would be detrimental to service delivery. The City council, therefore, leases out the beer gardens to corporates that are specialists in the field, Delta Beverages, and Breweries. Those entities, therefore, pay the city council periodically for the leases.

The allegation of residential flats leased out to individuals was denied by the council.

An account such as the one above of allegations made by stakeholder, is a clear case of lack of communication. City council could have good intentions to communicate with the city's stakeholders and use the media it prefers and that it can afford to use only to find out later that the method used is not in tandem with the public. Many are not keen to read newspapers, but they focus on electronic media such as cell phone WhatsApp messages. It is important, therefore, that the city council understands the situation and preferences of its stakeholders. Most misconceptions of the stakeholders could be born of lack of information - information that has not been disseminated to the stakeholders in time or not at all.

According to some previous researchers, partnering with a private company is usually costly. A private company wants to maximise profits as much as it can, whereas a public utility would want to break-even. The high costs initiated by the private company are passed on to the consumers – the citizens, hence the high charges for parking. The type of complaint by the respondents is confirmed by the World Bank Study (The independent Evaluation Group of the World Bank: Undated) World Bank Group Support to Public-Private Partnerships: lessons from Experience in Developing Countries fy02 – 12ouc02 – 12).

The city council has had to engage the private partner because it could not afford some major infrastructural developments requiring huge sums of money. It receives allocations from the central government. There was a time in the past when it could generate its revenues from city services it provided locally, such as vehicle registrations and other services and kept such revenues. Now, such revenues have to be sent to the national local government authority. The council can only get back the funds through allocations from the national and local government.

In the recent past, because of a lack of adequate financing, the city council has been using meagre revenues from water and electricity services to develop infrastructure. Now that the private partner is developing the infrastructure for the city, through this parking management system, there is some relief to the financial burden the city has had.

It is true that at the moment businesses in the CBD are losing customers and some buildings that are rented by clients as business offices are now vacant. Tenants have sought offices on the outskirts of the city. This means that the landlord companies in the CBD are losing income from rentals. This could lead to restructuring or layoffs of workers by the businesses renting out offices.

When asked what recommendations they could make to improve the system of parking, business industry respondents, in particular, suggested that there should be parking charges that are proportionate to the time that one parks in an hour, and not a flat \$1/hour. Some further suggested that there could be some vouchers for motorists who park for many hours in town doing business. Such should be given big discounts because they do business in the city and park daily for many hours.

Conclusion and Recommendations

The public-private partnership to do Parking Management Services for the city of Bulawayo is a project that is well intended by the City Council to raise revenues for the city. There was an outcry however, from respondents that consultations with stakeholders could have been made widely. There has been a loss of business in the city since the introduction of the parking system. It was evident that the city council needed funds to execute its mandate of delivering services in the city. Many services that were taken for granted in the city many years ago are no longer available. There could have been mounting pressure, therefore, for the city to find a solution through engaging a private partner. The private partner, TTI Parking Solutions is an experienced company in the business of parking management, having done similar projects elsewhere outside the country.

There was a view from some stakeholders that the city council could have made an alternative cheaper arrangement, such as the reintroduction of the olden days parking system of meters. A private partner was not needed; they mentioned. The return to the use of the municipal police to manage the collection of fees was also suggested.

However, it was not all criticism by the surveyed stakeholders. The researcher asked for recommendations from respondents, requesting them to make suggestions for improvement of the parking management system or other activities that could benefit the city raise finances better and reduce congestion. The participants made some valuable suggestions for improvement some of which the researcher considered in crafting the following recommendations:

Some of the recommendations made here are long-term solutions. They require infrastructural development and improvements.

Firstly, the involvement of public-private partnerships requires broad consultations with stakeholders. Consultations may take a long time but they result in long term relationships. It is projects that require a huge capital outlay from the onset that need public-private partnerships. Returns to the partners should be allotted in proportion of the inputs of the partners.

Secondly, local authorities need to exploit to the full potential the facilities that they already have before they engage in public-private partnerships.

Thirdly, the city council ought to take advantage of some relevant national policies. In the case of Zimbabwe, there is a policy for devolution enacted in 2013. Implementing this policy in the city could reduce trafficking into the CBD. Devolution means the localisation of decisions and activities to minimise and even eliminate centralisation. For example, there is plenty of land for development in the city of Bulawayo and in the suburban areas. Such land could be developed not only for residential accommodation but for other infrastructure such as shopping malls, medical surgeries, pharmacies, clinics and banks to reduce the trafficking of people into the CBD to get the services provided by the facilities listed above. Many motorists flock to town to buy some commodity or service that could be provided at their places of residence had such places have such commodities or services. There is need for bridging the economic divide between the CBD and the suburban areas. If residential areas could be more developed than they are now, there could be a huge reduction of the influx into the city business district. The city council could charge rates and taxes for facilities developed in the residential areas to raise funding.

Fourthly, the city council needs to improve road infrastructure. There are cycle tracks that now have rampant potholes and have grown grass. If such cycle tracks could be renovated and improved, many able-bodied people could use them to cycle from their residential areas to the city business district to do business. Many would use cycles instead of cars. Carbon pollution would reduce.

Fifthly, government departments could also follow suit to implement devolution in the rural areas such that services such as passport applications and identification documents are accessed in the local districts.

Finally, the city council could develop a reliable transport system that passes through the CBD. Such a transport system would need to be so developed and efficient that even professional people would be attracted to use it. It could have internet facilities, and other gadgets modern people are prone to use. All such projects would need the involvement of public-private partners. People are always prepared to pay for a good service. Funds would be raised through charging for such services.

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