

THE SALE OF GOVERNMENT RESIDENTIAL HOUSES AND ITS EFFECTS ON PUBLIC SERVANTS: A CASE OF TBA - SHINYANGA REGION

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Abstract

This paper aimed to assess the process of selling the government residential houses implemented by the government to its employees on loan basis and its effects to public servants. The study was carried out at Tanzania Building Agency in Shinyanga Region. The study attempted to address; the main factors/reasons that lead to the selling decision, social, and economical effects faced by public servants and recommend alternatives to curb accommodation problems to government employees. Data were collected from a total of 68 respondents through questionnaires, unstructured interviews, observation and documentary review. It was revealed that the selling process did neither provide an equal opportunity for Tanzanians (the buyers) nor did it reflect the products' market value. As a result, the government employees are being faced by economical and social accommodation difficulties. It is recommended that the government could use alternative strategies to avoid the higher maintenance costs, employees' motivation and incentives. The government could introduce house maintenance/repair allowances to public servants, make closer supervision, improve employees' remuneration, non financial incentives and provide loans accommodation to her employees.

1.0 Introduction

The relational paradigm that governs the sales function works in case customers' interest is accorded higher priority in comparison with the product domain. Traditional sales models often emphasize on the sale of products in the short term, contemporary perspectives focus on a process of effecting the transfer with the value to both sellers and buyers of goods or services. According to (Shumaker, 1934; Nolan, 1969; Dalrymple *et al*, 2001), selling is one of the oldest professions in the world which involves: pre-interaction (*actions that are initiated prior to interaction with key decision makers*), interaction (*actions initiated while interacting with decision makers*) and post-interaction (*after sales transactions*). In a similar vein, the historical contexts of government residential houses in Tanzania can be traced back to colonial era where few houses were built for the purpose of accommodating top officials and few public servants. Some of those buildings still exist and are being used by the government.

Historically, from 1962 the government built residential houses for top officials and political leaders for better habitable accommodation, easy communication, readily availability at work places for public servants. By 1996, the government owned a total of 6,800 residential houses all over the country (TBA Strategic Plans, 2005). On the other hand, the growth in population and expansion of government system necessitated the initiation of several changes in the public sector. Through Structure Adjustment Programmes (SAP), the government decided to reduce its expenditures associated with major changes in various public sectors in the country (Michael and Bannister, 1996). As a strategy, it was decided that some of the residential buildings used by public servants and government employees were to be sold to the occupants/dwellers on loan basis.

The sale of government residential houses as a process was brought by the government in 2001/2002 being initiated by the cabinet meeting in 2001 (Cabinet paper No. 7 of 2001) which was later cemented by Circulars No. 7,53,54,60 and the Circular by the president of the United Republic of Tanzania which directed the regional and district police commanders and security officers to be allowed to buy the government houses they were occupying (Kawambwa, 2008). From November 2001 up to 2005 about 6,200 houses were sold to different people. Few remained unsold houses were kept under TBA supervision (MLHAP, 2007/2008). Although several reasons have been given by the government to support the selling decision, there had been a public outcry to oppose the resolution. Several reports indicate that the sales decision contributed to shortage of proper and conducive accommodation to majority of the public servants.

The fact that working conditions, rules and standing orders which gives free housing benefits to government employees remained the same, unequal treatment of experts aroused from accommodation difficulties. While the amount of houses sold were around 6000, annual demand for accommodation from government employee and public servants was estimated to be about 100,000 pieces annually in the country (Sichalwe, 2007; Kawambwa, 2008). Implicitly, in the absence of government intervention low income employees would consume inadequate amount of housing because the market would deliver too little than was sufficiently affordable (Osen, 2001).

The sale of residential buildings aimed to release the government from activities which can be carried out by the private sector. However, there was no room for newly recruited employees to choose regions of their convenience, types of houses to purchase, areas of location and their prices contradicted especially to those who bought houses at remote areas with low market values

(PSRC, 2001/20002). In the U.S for example, the government usually spends part of income in subsidizing housing and spend a considerable sum on housing program in its budget on annualized basis (Quigley, 2000).

Furthermore, the sales process was criticized as carried out basing on individual rather than the public interest (Mbowe, 2000). Despite the offer of low selling prices, other houses located at close proximity to police posts, army compounds or possessed by local government authorities but sold by mistake (Sichalwe, 2007). The sales scheme was improperly organized and some houses were sold to private people and politicians not employed by the government contrary to the cabinet paper which restricted to be sold only to government employees. Debates in the media, parliamentary discussions and public opinions emerged with a feeling that the sale process aimed to benefit few in power with their allies. As a result, in the end of April, 2008 parliamentary session, the government declared that houses sold by mistake should be retained (Kawambwa2008).

The emerging challenge is on the costs that will be incurred by the government on attempting to retain back the houses and the contract and damages from the breach as purchasers were allowed to rehabilitate the buildings within their plots (TBA Strategic Plans, 2007/2008). In addition, there was no specific clause that restricts the transfer of ownership and the fact that some of the purchasers already resigned, fired, died or transferred from former employment.

Factors leading to the sales decision include; high cost of maintenance, low employees income bracket, incentive to public servants with assured accommodation at retiring and that most of the houses were at the end of their life span (Government Orders, 1999). The acceptance of the government to retained back because they were sold by mistake and no further development are

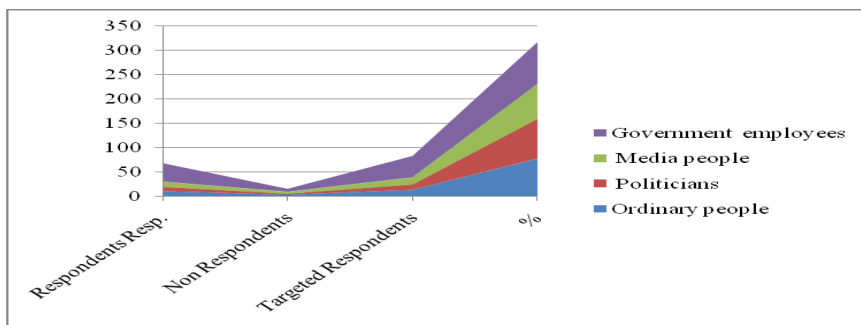
allowed indicated the existence of the problem pertaining to the process of sale (Magufuli, July, 2009). In some regions, most of government employees were highly demoralized as a result of accommodation difficulties. The fact that same the buildings that were supposed to be used by present employees had been sold to others left unanswered questions with little if any empirical evidence. This study aimed to explore in this area.

2.0 Methodology

Both probability and non-probability sampling methods were used. Purposeful sampling was employed in order to avoid unreliable responses from the population. Judgmental sampling was used to enable targeted respondents who are capable to provide to provide relevant information. Similarly, simple random sampling was employed in low cadre employees and other respondents who had equal chance of being selected and snowball technique was used by beginning with fewer known respondents who in turn identified others until when there is no more responses from respondents. The researcher inquired some documents and clarifications from other institutions e.g. the headquarters of Tanzania buildings Agency (TBA) and Ministry of land and Human Settlement in Dar es Salaam since they were also involved in the whole process of selling government houses. Tanzania Building Agency (TBA) is a government's executive agency under the Ministry of Infrastructures dealing with buildings consultancy, real estate and management services for government and public servants. Its functions include: construction of new government building, maintenance of government buildings, allocation and sake of government on building works and leasing of government houses on commercial basis.

The study sample included 68 respondents out of 83 targeted respondents as shown in Figure 1 below.

Figure 1: Respondents' Distribution Category.



Source: Field Data, 2010.

3.0 Discussion

Table 1 indicates the exact scenario of the information/ data gathering in the course of undertaking the study from 68 respondents, 82% of respondents were able to respond to the questionnaire. As far as the study is concerned, the response rayed is acceptable and warrant further analysis. The responses were expected to provide positive and varied information with respect to the objective of the study and the addressed research questions. The method used to get information from respondents entailed asking the questions related to the reasons given by the government when executing the sales exercise on its residential buildings to its employees and other public; servants on loan basis. This is because the reasons that were given by the government were known, but claimed to be insufficient to justify the selling of the houses to few employees. The respondents were given the chance to freely give their opinions on the same issue after evaluating the claimed reasons by the government.

The evaluative response category is summarized in Table 2. below.

Table 1: Evaluative Information

SN	Claimed Reasons for Selling Government houses	Strongly Disagree	Disagree	Agree	Strongly-Agree	<i>Total Responses</i>
1	Were sold to avoid high maintenance costs	27	22	14	-	63
2	The houses were too old to be retained	31	19	12	-	62
3	The houses were too few compared to eligible/ entitled employment	25	20	5	13	63
4	To enable the employee to own houses at working and after retirement.	30	18	13	3	64
5	<i>Government remain with few but new houses for easier maintenance</i>	37	11	7	5	60
6	<i>Sold to employees in low prices as motivation</i>	48	10	8	-	66
7	<i>Took into account the low salaries of many employees.</i>	22	17	11	6	56
TATOL		220	117	70	27	434
<i>%Responses</i>		51	27	16	6	100

Source: Research Findings, 2010.

Tables 1 above indicated that 51% of the responses were strongly disagree, 27% disagree, and only 6% strongly agreed with the reasons given by the government. The evaluative information on the factors claimed by the government that contributed to be sale/disposal of government residential to its employees on loans basis was denied by the majority of respondents. During the interview, most respondents commented that the government to sell all tax payers in the county; therefore it was a big mistake for the government to sell them to few employees. They added that those houses could be sold in an open market at market value and give opportunity to all Tanzanians to purchase.

Analysis based on the purpose of houses

The number of applicants, successful and cumulative success is summarized in table 2 below. The findings indicated that, in Shinyanga region about 70% of the entitled applicants and 43% of the eligible were successful to purchase the house. This indicates that most successful applicants were those of higher ranks than lower cadres with small income.

Table 2: Government Housing Purchase Application 2002 to 2008 in Shinyanga Region

YEAR	ENTITLED APPLICANT	SUCCESSFUL ENTITLED APPLICANTS	SUCCESSFUL ENTITLED APPLICANTS (%)	ELIGIBLE APPLICANTS	SUCCESSFUL ELIGIBLE APPLICANTS	SUCCESSFUL ELIGIBLE APPLICANTS (%)
2002	0	0	0	4	4	100
2003	2	1	50	22	9	41
2004	3	1	33	19	10	53
2005	0	0	0	25	12	48
2006	1	1	100	20	15	25
2007	2	0	0	18	8	44
2008	2	1	50	6	2	25
TOTAL	10	7	70	116	50	43

Source: Research Findings, 2010.

Number of house Sold and Constructed in Shinyanga Region

Through documentary review, it was noted that, up to June, 2008, a total of 7,159 houses were sold throughout the country. With expected earnings of Tsh. 57.077 billion out of which 38.6 billion had been paid by the material time, the remaining 18.3billions debts payable in the next five years. Total number of houses sold up to 2006 in Shinyanga region was 103.

Table 3: Houses Sold and Constructed in Shinyanga Region

Year	No. of House Sold	Price Range	No. of house Constructed	Construction Costs
2001	-	-	-	-
2002	73	453,740 9,800,000	-	-
2003	-	-	-	-
2004	30	1,537,900 10,850,000	2 Grade A Houses	50,000,000-70,000,000
2005	-	-	-	-
2006	-	-	12 Low Cost Houses	16,000,000-20,000,000
TOTAL	103	-	14	-

Source: Field Data, 2010.

Table 3 indicate that the total number of houses sold in Shinyanga region from 2001 up to 2006 were 103 while the newly constructed ones in the same period was only 14. The table also had shown a greater variation in prices between the sold and constructed houses, meaning that the notion of selling the old ones so as to build the new houses is immaterial unless there is another source of funds for government residential buildings construction.

Houses Sold by Mistake

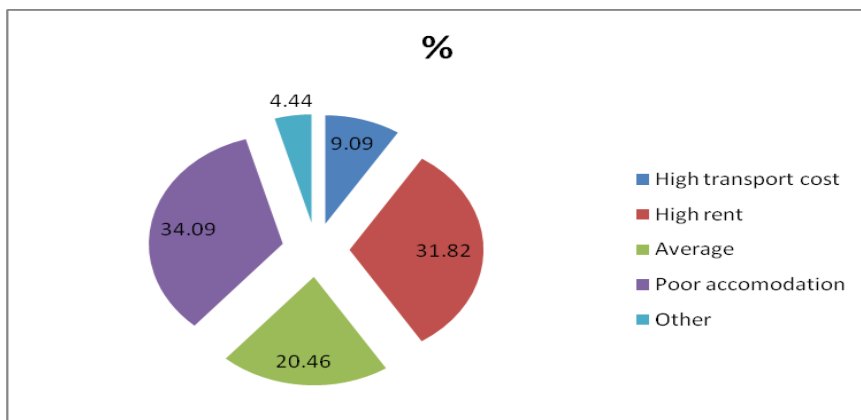
Through documentary review and some responses from interviewed respondents, some houses were sold by mistake (*“but may be intentional for personal benefits”*). Houses sold to non government employees(countrywide) were 4, while 126 were sold by mistake (owned by local government that were not allowed to be sold to employees as per government instruction),

27 improperly sold (belonged to corporations), 35 houses were located in sensitive areas whose occupants occupy sensitive government posts (politicians). Those in military camps were 56, 8 in police camps, and 10 in prison camps, 7 at arm any (TPDF) Compounds 34 in hospital compounds, 6 families and 4 government employees bought more than one house. Some respondents added that these detected houses as sold by mistake are just a small percentage because others may be owned by official duties in the some places and that they could not disclose by fearing to be confiscated by the government. All mistaken sales agreement (house sold by mistake) has been revoked, and that the government has since reposed 3 houses. Five (5) families have returned one house each and remained with one instead of 2 previously purchased, However, 4 public servants who acquired more than 1 house have been given up to September 15 to return one house and remain with only one as per procedure. In contrast, I buyer has appealed against a high court decision, ordering him to surrender the house.

Economic Effects

The response categories on economic effects faced by government employees as well as other public servants as a result of selling government residential buildings based on 68 respondents is summarized in Figure 2.

Fig 2: Economic Effects



Source: Field Data 2010.

Fig. 2 indicates that 9.09% of the responses indicate the post effect of selling government houses resulted to high transportation costs from where they are residing to their working place, 31.82% showed that the effect is mainly the high renting costs from the private sector, 20.46% are indifferent about the economic effects, 34.09 said that they facing a very poor accommodation facilities while 4.445 gave other economic effects.

Many respondents commented that so long the standing orders, policies and laws that give right to some employees regardless of the selling exercise, the government will continue to pay houses allowance for those who were not successful to purchase the houses. The successful ones suffered from the higher renting rates from the market in case transferred to other working place. Other respondents claimed that they living very far away from their respective working places and that either they walk longer distance or incur higher transport costs (*especially hiring taxis*).other respondents said that although they were successful to

rent house near their working places but those houses area in very poor conditions to the extent of threaten their health.

The reviewed documents from; TBA headquarter, ministry of land and human settlement and ministry of infrastructure in Dar es Salaam indicated that the government expected to sell 7,156 houses, but up to June 2007 the government built only 645 houses at a cost of Tshs. 29,144,422,455.00. Other 265 houses are expected to be built by year 2088/09 to be constructed at the cost Tshs, 8,735,040,941.00. From this scenario, taking into consideration a big variation between the selling prices and the cost of construction, the government will be able to construct few houses than those sold so the employees, thus it must find out more funds for more construction of residential buildings had to look another budget to construct more houses to fill the huge accommodation demand gap. Through non participant observation, it is observed that the accommodation problem for public servants is fuelled by the fact that some of the residential houses sold have been turned into commercial and rented to well to do people especially foreigners and propel the accommodation difficulties to the low income earners in the public sector. Other respondents said that financial institutions in Tanzania are not willing and capable of offering loan to employees for constructing their own houses, forcing some employees to use government resource (using corruption practices) to rehabilitate their purchased houses.

Social Effects

Many factors had been pointed out by the respondents on the issue of social impacts to government employee as well as other public servants resulting from the selling of government residential buildings/ houses. The factor given by respondent are summarized in table 4.4 below

TABLE 4: Responses Categories on Social Effects

SOCIAL EFFECTS	NO. OF RESPONSES	%
Employees Motivation	9	15
Encourage Corruption	7	12
Erode ethics	14	24
Increased antagonistic relation among employees	11	19
Created family problems	4	7
Affected Children’s behavior	3	5
Discourage employees performance	5	8
Other Factors	6	10
TOTAL	59	100

Source: Field Data, 2010.

Table 4 indicates that numerous effects have been experienced by the public servants following the selling/ disposal of government house to some employees on loan basis.24% responded that the whole exercise contributed to the erosion of ethics and other codes of conduct. Ethical issues within the working environment had been difficult to maintain, they said that the exercise in some places lacked transparency, that no one exactly knows that makes others to be successful while others failed to acquire despite the fact that they are working in the same organization 19% of the responses commented that the whole process of selling the houses created antagonistic relations among employees working within the same organization. This is due to the fact that different people may have similar qualifications with similar working experience but treated differently as far as the exercise is connected. During the interview one respondent was quoted saying that;

“Somebody in my organization is too junior than me by far, but succeeded to purchase the better house by far compared to mine

within the same price range, this is not fair at all”.

The study indicated that 15% of the responses indicate that the selling of the government residential buildings to some extent motivated the employees especially those who were successful on the sale. They added saying that it is a sort of motivation, temporarily it solved the accommodation problems although when transferred, they faced difficulties, but motivated in the sense that they acquired accommodation during retired age. However, 8% responses sees the issues of motivation as double barreled because those who were not successful were demoralized, de- motivated and frustrated to the extent of affecting their performance adversely.

12% expressed their feelings as that the whole exercise encouraged corruption. Most of them expressed their sincere feeling saying that, by failing to secure the disposed government house encourage them to accept bribe and do any other illegal acts so as to get money to construct their own house. 7% of the responses indicated that the whole process created family problems. When the employee transferred or getting too small or poor houses affected the behavior of the children including the schooling progress and other neighborhood acquired behavior. 10% of responses indicated that other factors that contributed to the selling of government residential buildings include; lack of trust among political leaders.

Those employees who purchased big houses at town and city centers where accommodation fetches high prices and value (lucrative business) but a “ far cry” to those who failed to acquire the houses. Other respondents indicated that problems Facing the government included; running the housing business, heavy capital Investment in employee’s accommodation, political influences on government decision making, complex bureaucracy were the

major weaknesses. The fact that government intended to help employees to obtain accommodation during employment and at retiring, those who purchased the houses had no choice since they purchased them where they were working at that point of sale and is not their own choices.

Through documentary review, it was observed that in order for the government to justify the decision as genuine, in 2006/2007 financial year, government constructed 12 low cost houses in each region in the country. The number of houses constructed was very few when compared with high housing demand although if the program is to be continued or sustained, it will reduce the accommodation problems to government employees especially those of lower incomes in Tanzania who are the majority. Most respondents commented that the program was simply to transfer resources to families that had houses already. The number of government employees and other public servants was estimated to be over 300,000 while the total number of houses sold was less than 7500 (about 0.02%- insignificant figure) through out the country. The houses were sold to the employees most of the top ranks who by virtual of their position can build their own houses.

4.0 Conclusion and Recommendation

4.1 Conclusion

Factors which led to the sale of government residential houses to its employees was not a proper decision to sell them to few employees rather than in an open market at market value with an equal opportunity to all Tanzanians. It was found that most of successful applicants were senior government officials and politicians and the selling process favored those with higher incomes who could in-turn build their personal houses which is contrary to the reasons given. Houses sold to non government employees and those owned by local governments' authorities and

corporations, located military compounds, police stations, prison camps, hospital compounds were found to be sold by mistakes.

Economic effects emanated from the process include high transportation costs from and to work places, higher renting costs in the market, poor accommodation facilities and higher housing allowances for newly appointed employees. Although the number of houses sold was high, few houses were built at higher costs and most of the houses sold were converted into commercial purposes which in turn added accommodation difficulties. Socially, the selling process included corruption practices; lacked transparency and created mistrust among employees with similar qualifications. While those who were successful were highly motivated, unsuccessful were psychologically frustrated with feelings that the sale decision was to legalize personal interest of owning houses in prime areas and city centres.

4.2 Recommendations

Apart from opting to sell her houses, the government could use other methods to avoid costs and expenses from maintenance and rehabilitation. The government could introduce house maintenance allowances, make close supervision, introduce both financial and non-financial motivations, provide soft loans for accommodation purposes to her employees. Consideration should be focused to future generation government continuity by taking into consideration the market value for its houses and land ownership. The government could sell few old houses that were beyond repair and not situated at the prime areas or city/town centers. Location analysis and the tradeoff between value and public service sensitivity were necessary before the sales' decision.

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