

Ministry Paper...7/03

Local Government Reform Policy

Background

In February 1993 the Government initiated the Local Government Reform Programme with the tabling in Parliament of Ministry Paper 8/93.

This Ministry Paper envisioned the attainment of a strong and vibrant Local Government as being essential to the attainment of a society in which all citizens enjoy real opportunities to fully and directly participate in and contribute to the management and development of local communities. Further, it considered Local Government and Community Development as complementary processes to achieve the objective of empowering citizens to exercise greater self-management.

The process of reform since then has led to detailed analyses of the development environment in the country and resulted in a better understanding of the complexity of the issues to be resolved in this fundamental process of governance reform.

The present development landscape reflects the existence of 745 communities. These can be grouped into approximately 72 distinct clusters of communities based on mutual dependency and linkage

that we refer to as Development Areas. These features are present across the 14 parishes and summarized in the following table.

Description	Municipal Management Areas	Development Areas	Communities
Kingston & St Andrew	1	13	82
St Thomas	3	3	51
Manchester	3	9	82
Clarendon	3	3	73
St Elizabeth	3	6	58
Westmoreland	3	5	69
Hanover	-	3	41
St James	1	3	85
Trelawny	-	3	38
St Ann	-	9	48
St Mary	-	5	30
Portland	3	6	40
St Catherine	1	4	48
Totals		72	745

The discussions taking place in the Local Authorities have focused on how these 72 Development Areas could be better managed.

Many Parish Councils have begun to address these issues and have come up with preliminary thinking on options to provide resolutions.

The issue is how can we reform the existing structures to be able to respond to this reality. How do we produce a system of municipal management in keeping with the underlying development fundamentals while incorporating the rights of the citizens to participate in the process in keeping with the Vision?

ACHIEVEMENTS OF THE REFORM PROCESS TO DATE

Financial Autonomy

Following the establishment of the Parochial Revenue Fund, the measures directed at achieving financial autonomy have been two-fold. These are:

- Improving the revenue flows to the Parochial Revenue Fund (PRF)
- Maximizing the revenues controlled by the Councils i.e. General Revenues and Commercial Services

Improvement of Revenue Flows - PRF

The emphasis for revenue increases for the Parochial Revenue Fund has been concentrated on Property Taxes. With the agreement of the Inland Revenue Department, the Ministry of Local Government and the Local Authorities have been integrally involved in the printing and distribution of the Assessment Notices, updating and maintenance of the accounting records and improvement in compliance measures. This has consequently led to the Property Tax collections moving from \$475.9 M in 1998/99 to a record of \$645.0 M in 2001/2002 on the tax base, an increase of over \$170.0 M in three years.

Maximizing Own Source Revenues

The Local Authorities have direct responsibility for their General Revenues (user fees and charges) as well as those derived from their Commercial Services. In order to meaningfully improve these revenues, the user fees and charges were examined and adjustments made in the rates charged. The revenues moved from approximately \$80.0 M in 1997/1998 to \$131.7 M in 2002/2002. Additionally, professionals were contracted by the Local Authorities to manage their commercial portfolios (Commercial Services Managers). This has led to revenues increasing from \$10.5 M in 1998/1999 to over \$124.0 M in 2001/2002.

Although over the period 1998 - 2002 there were significant increases in revenues, they are still not sufficient to provide the services for which they are required. Other initiatives currently being explored include a Revenue Survey to objectively determine the existing revenue base for each Local Authority, as well as the contracting of an international Consultant to advise on municipal taxation and other sustainable financing measures for the Parish Councils and the KSAC.

Parish Infrastructure Development Programme (PIDP)

As part of the strategy of advancing the Reform Agenda, the Government of Jamaica (GOJ) in collaboration with the Inter-American Development Bank (IDB) is implementing a five (5) year

Parish Infrastructure Development Programme (PIDP) at a cost of US \$50.0M.

This Programme is intended to finance inter-alia, rehabilitation of parish infrastructure (parochial roads, markets, administrative buildings, minor water supplies) as well as institutional strengthening and capacity building of the Local Authorities.

The following is a summary of the PIDP's achievements:

- 195 km of parochial roads throughout the Island are scheduled for rehabilitation under the Project at a cost of US\$1.0 M. To date 91 km have been repaired in various parishes island-wide. 40 km are currently in progress.
- 19 markets are scheduled for refurbishing. The Browns Town Market is partially completed. Designs have been undertaken for Spanish Town and Ocho Rios.
- All 13 Parish Council administrative buildings are scheduled for refurbishing. So far 3 buildings have been refurbished (KSAC, Hanover and St. James) with Manchester now underway.
- 13 Pickups have been provided for parish infrastructure maintenance.
- 400 computers were installed in Local Authorities island-wide.

- 405 staff members from the Local Authorities and the Ministry have been provided with computer training.
- A contract for a Local Area Network for the Local Authorities has been awarded. Installation begins this month, February 2003.
- Funding of Property Revaluation Project was completed by the National Land Agency.

A Task Force to expedite implementation of the Organizational Strengthening component of the Programme is currently being established and is anticipated to complete its work within the next two (2) years.

Legislative Improvement

The process seeks to effect a comprehensive revision of all outdated legislation that presently constitute a major constraint to the effective performance of Councils. The Local Government system has in excess of 100 statutes and regulations. Of this number, 29 have been identified for immediate amendment. Work on legislative amendments has started on 21 of the 29 pieces of legislation.

Establishment of a Participatory Mechanism

Parish Development Committees (PDCs) have been established in all parishes with the aim of promoting local development through

partnership of the Local Authorities with other state agencies (e.g. PIOJ and NEPA), the private sector, civil society, national utility service providers and community based organizations.

The aim of this initiative is the promotion of participatory local governance. PDCs will encourage, among other things, the preparation of long-term strategic plans for their respective parishes, enhancement of business competitiveness, and economic development for job creation. An example of this is the ***KSA/PDC Cities Alliance Project***. Here the KSAC, in collaboration with the Kingston & St. Andrew PDC obtained a grant of US\$256,000 from the World Bank to prepare a sustainable development plan for the parishes of Kingston & St. Andrew. This plan is to set the framework for the implementation of sustainable development programmes that promote orderly development, economic growth and environmental management.

Establishment of City Councils

The St. Catherine and St. James Parish Councils were instrumental in the establishment of the Portmore and Montego Bay City Councils respectively. These have been established as Standing Committees of the respective Councils. The Portmore City Council is the more advanced of the two, in so far as it has been able to put forward concrete proposals for the granting of municipal status to that area.

There has also been the formation of Town Councils and Area Committees as Standing Committees of the Parish Council to manage the three (3) Development Areas in St. Thomas.

Improvement in Land Development Application Processing System

In fulfilling the Government's commitment to improve the land development application processing system and in particular to achieve a 90-day turn around processing time for all applications, the following measures have been put in place.

1. **Computerized Applications Tracking System** to ensure that applications can be tracked wherever they are within the processing cycle.
2. **Universal Numbering System** to be used by all agencies involved in the application processing system.
3. **Database Management System** to ensure that applications are processed on a timely basis and in accordance with established benchmarks, to ensure the proper recording and easy retrieval of all application information. Tests have been conducted on the system throughout 2002. Full implementation began on January 1, 2003 and the system is expected to be fully operational by June 2003.

This work, extensive discussions and significant achievements since Ministry Paper # 8/93 have provided the bases on which these current proposals and action programme are formulated.

Current Local Government Reform Proposals 2003

The Vision

The Vision is the creation and establishment of a new framework of governance for the management of the modern Jamaican society, with the following features:

- **Participatory:** it will create the space for our citizens to become involved in the affairs of their communities as a right, thereby establishing a firm and transparent basis upon which our societal arrangements may be made to flourish.
- **Autonomy:** there would be a clear defining line between the roles of Central Government and Local Government.
- **Accountability:** the citizens themselves would constitute a monitoring mechanism to ensure efficiency in the use of financial and other resources that are available to address the economic and social development of specific localities.
- **Developmental:** it will facilitate a process of development that makes for the creation of wealth and the reduction of poverty.
- **Empowerment:** it will empower citizens and communities to take responsibility for the management of their economic, health, educational, cultural and recreational needs.

The Policy Objective

The objective of the policy is the implementation of mechanisms to ensure the effective delivery of service to the citizens of the communities on a financially sustainable basis with the active

involvement and participation of the citizens in keeping with the Vision.

The Policy Provisions

This Ministry Paper proposes five (5) policy provisions:

1. Requires the Local Authority to create municipal management mechanisms to provide more effective management for discrete urban and rural areas (Development Areas) that have emerged over time within parishes across the country. These mechanisms would reflect, but not be limited to, one of the following forms and would be established based on the approval of the respective Local Authority.

1.1. Municipal Status

1.1.1. Municipality conferred by way of amendment to the Parish Councils Act to give the Minister authority to approve the establishment of a municipal corporation for a specifically designated area, subject to affirmative resolution in Parliament.

1.1.2. The Minister would act on a petition from the citizens of the area that has been endorsed by the Local Authority.

1.1.3. The instrument effecting the establishment would be a Municipal Charter, which would contain the rights, powers, duties and rules regarding the composition and operations of the municipality.

1.1.4. The Municipality would be governed by a Municipal Council which shall be composed of the following:

1.1.4.1. A Mayor, who shall be directly elected from the eligible voters who appear on the list of registered voters of all polling divisions, which fall within the approved boundaries of the Municipality. The Mayor shall not represent any individual electoral division

1.1.4.2. A Deputy Mayor, who shall be elected from among and by the Councillors who comprise the Municipal Council

1.1.4.3. The Mayor and Councillors shall be registered voters who are eligible to vote in the Municipality

1.2. **Town and Area Councils**

1.2.1. Establishment of Standing Committees of the Councils by way of resolution [As Per City Council Procedure]

1.3. **Business Improvement Districts**

1.3.1. Establishment of structures to manage Business Improvement Districts and designated Special Improvement Districts (SIDs)

2. Specific definition and rationalization of the roles and functions of Central Government and Local Government. This includes the establishment of clear rules of engagement and coordination between the two.
3. The establishment of dedicated financial resources to support the work of the Local Authorities. This will include the specific commitment of Central Government and the conditions that would trigger that support

3.1. Dedicated Resource Base

- 3.1.1. Property Taxes
- 3.1.2. Motor Vehicle Licence Fees
- 3.1.3. Local Rates
- 3.1.4. Trade and Spirit Licence Fees
- 3.1.5. Building and Sub Division Approval Fees
- 3.1.6. Fees from other regulatory functions
- 3.1.7. Municipal Bonds

- 3.2. **Central Government grant mechanisms-** Example: Capital Grant for Public Cleansing, Fire Brigade, Welfare related grants etc.

4. All the management mechanisms must create space for the participation and representation of Civil Society on all Local Government structures
 - 4.1. Parish Development Committees
 - 4.2. Community Development Committees
5. To initiate national discussions in order to determine whether the existing thirteen (13) Local Authorities should be rationalized or consolidated in response to the proposed new municipal structures and also in order to achieve economies of scale and greater efficiency.

Operational Plan

1. Within twelve (12) months, all Local Authorities will be required to develop a Reform Plan in accordance with the new policy guidelines. If this Plan is not forthcoming from the Local Authority, at the expiration of the agreed time period, the Ministry of Local Government, Community Development & Sport reserves the right to intervene to establish such a Plan.
2. Implement a pilot project of the municipality in Portmore in 2003
3. Establish appropriate Civil Society mechanisms, inclusive of Parish Development Committees, Community Development Committees in the financial year 2003/4
4. Restructure the Ministry of Local Government, Community Development & Sport, within the financial year 2003/4, to:
 - a. Coordinate the Local Government Reform Process island-wide
 - i. Reconstitution of the Local Government Reform Unit within the Ministry
 - ii. Re-establishment of a National Advisory Council on Local Government Reform

- b. Facilitate island-wide consultations on the reforms, specifically the number of Local Government jurisdictions and their roles and functions.
 - c. Facilitate the definition of the roles and functions to be carried out within the sphere of Local Government.
 - d. Facilitate the Capacity Development of Local Authorities
 - i. Refocus the Parish Infrastructure Development Programme [PIDP] to ensure that the infrastructure projects help to support the capacity development of Local Authorities and the Civil Society processes.
 - e. Facilitate the process to establish agreement with the Ministry of Finance on the Financial framework to support the Local Government System
5. The Ministry of Local Government, Community Development & Sport, will evaluate this programme annually and the policy reviewed at the end of three (3) years.

Portia Simpson Miller, MP

Minister of Local Government, Community Development & Sport

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