



Study of Municipal Finance

The case of local government in
Trinidad and Tobago

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INTRODUCTION

In pursuit of its policy objective of supporting member countries in promoting the democratization of sub-national governments, the Inter-American Development Bank has commissioned studies on municipal finances in five Latin American and Caribbean countries. This Knowledge Creation Project [KCP] is aimed at small countries with unitary governmental structures that include local authorities responsible for delegated functions. The five countries included in the exercise are Costa Rica, Dominican Republic, El Salvador, Panama, and Trinidad and Tobago, which is the subject of this study.

Trinidad and Tobago is a twin island republic on the Southeastern end of the West Indian archipelago. The islands cover a landmass of 5,600 Km² with a population of 1.3 million. The islands became politically independent in 1962. The country is configured into fifteen sub-national entities namely: a Tobago Island Council officially titled the Tobago House of Assembly, and fourteen municipalities in Trinidad comprised of two cities, three boroughs and nine regional corporations.

Trinidad and Tobago has a long history of sub-national governments with fluctuating degrees of autonomy and authority over the past two centuries. The municipalities were strongest in the earliest period commencing in 1776, and experienced varying degrees of autonomy since then. Tobago lost its Legislative independence when it was ceded to Trinidad in 1889, but acquired some measure of devolution by Act #37 of 1980 which was further strengthened by The Tobago House of Assembly Acts Nos. 39 and 40 of 1996.

The authority of the Municipal Corporations has been diluted from the wide-ranging powers which the first Cabildo enjoyed in 1776. The subsequent legislations, such as the Municipal Corporations Act 1853 that established the Borough Council of Port of Spain, substantially reduced the power and authority of the local government entity. Port of Spain was elevated to city status in 1914. While San Fernando was also granted borough status in 1843, it only achieved city status in 1989. The basis on which city or borough status is achieved is not clearly established by any known set of criteria. However, factors such as administrative, commercial, political and economic importance influence the decision to elevate particular communities to such status.

Queen Victoria of England granted the royal charter which elevated Arima to the status of a borough in 1888. However, while Port of Spain and San Fernando have progressed to city status Arima has remained unchanged. Point Fortin in 1980 and Chaguanas in 1990 have joined Arima to bring the number of boroughs to three out of the fourteen municipalities. The main difference between cities, boroughs and corporations is the combination of factors which contribute to making the cities and boroughs more urbanized. The corporations are generally more rural with scattered, smaller communities, but which in aggregate constitute larger populations than the cities and boroughs.

In Trinidad the 1990 Municipal Corporations Act established the Regional Corporations which replaced the county councils. There are nine regional corporations, three boroughs and two cities, each representing a specified region. The 1990 Legislation is currently being reformed ostensibly to bestow greater decentralization of Public Service administration upon the corporations.

METHODOLOGY

The Main Objectives of the Study are:

- a. Evaluation of revenue-earning capacity of the municipalities.
- b. Identification of the simplest sources of revenue that can be efficiently and effectively collected.
- c. Determination of the status of cadastres and the improvement of record keeping.
- d. Evaluation of expenditure planning and execution process.

Primary and Secondary Research

Information is gathered from the major stakeholders, central and local government, in particular. Secondary sources of information include the gamut of related studies conducted by myriad agencies such as:

- financial and statistical reports generated by government agencies including the Ministry of Finance, Ministry of Local Government, Central Statistical Office,
- non - governmental organizations with stakeholders' interest in local government,

- reports of consultants commissioned by government, regional corporations, and international agencies.
- reports of consultations, conferences and other fora of local and international nature on sub-national governance.

Statutory Provisions of the Sub-National Entities:

1. Tobago

The annexation of Tobago to Trinidad commenced in 1889 and the union was completed in 1899. Tobago had given up its independent legislative authority that was entrenched in its House of Assembly to become a WARD¹ in the colony of Trinidad and Tobago. In 1980, the Tobago House Assembly was restored, dissolving the county council system and making the Assembly responsible for all Government activities on the island.

The political arrangement for the island of Tobago fits more closely with the definition of devolution of authority as distinct from decentralization. This distinction is evident in section 25 which deals with the functions of the Assembly *“the Assembly shall in relation to Tobago, be responsible for the formulation and implementation of policy in respect of the matters set out in the fifth Schedule”*

Furthermore section (2) states **“for the better performance of its functions, the Assembly is hereby empowered to do all such acts and take all such steps as may be necessary for, or incidental to the exercise of its powers or for the discharge of its duties”**. The area for which the Assembly has jurisdiction extends to six nautical miles from the terrestrial baseline of Tobago. The Assembly is responsible for virtually all functions which normally reside with central government. The functions not included in the Assembly’s portfolio are National Security, Foreign Affairs, Civil Aviation, and The Judiciary.

The authority to formulate and implement policy backed up by the empowerment to take appropriate steps to perform its functions underlies that political devolution. However, in Tobago the fiscal devolution is not commensurate with the political delegation of authority. Although the first function enumerated in the Fifth Schedule is Finance, all it allows the Assembly to do is collect government’s revenue and offset it against the parliamentary allocation. The Assembly

¹ . Tobago became a Ward of the Colony of Trinidad and Tobago, not a Ward of Trinidad as is still commonly recorded.

has no authority to levy or raise taxes. It may, however, fix and charge fees for the facilities under its control. Consequently, virtually all its funding is provided by the Central Government. Although the THA Act 1996 allows it to obtain grants and technical assistance from international donors it has not exploited that provision to any significant degree. It can also obtain short-term loan funds on its own but can only source long-term funds with the approval of the government.

The Assembly's enabling legislation provides for a *Dispute Resolution Commission* primarily "*to resolve disputes between the Assembly and the Government on budgetary allocations to the Assembly and matters in connection therewith.*" This provision was invoked by the Assembly in 2000. The Commission ruled that the government should allocate between 4 to 7.6% of the Parliamentary allocation to the Assembly in each budget period. It also stipulated that the Board of Inland Revenue and the Assembly should devise mechanisms to compute the amount of revenue generated by transactions conducted in Trinidad by residents of Tobago.

2. The Corporations in Trinidad

Statutory Provisions of the City and Borough Corporations

General Provisions

The Municipal Corporations Act was assented to and became the legislative empowerment of the Municipalities on September 13, 1990. The purpose of the Act was to provide for the continuation of the City and Borough Corporations and for the Consolidation and Reform of Laws affecting Local Government. The Act established the structure and function of the Corporations including a delineation of their revenue-earning capabilities. Corporations were classified into two categories and listed in the first and second schedules of the Act. The first schedule authorized the two City Corporations, Port of Spain and the San Fernando and the three Boroughs Corporations, Arima, Chaguanas and Point Fortin, to levy, raise and collect an annual rate of tax not exceeding 10% of the annual rateable value of every rateable hereditament within the Municipality

The law prescribes the manner in which the assessment of the annual rateable value of any hereditament is conducted. A rateable hereditament means any dwelling house, warehouse, store, shop, office, manufactory, factory, workshop, electric sub- station, stable, shed, garage, racetrack, stadium, underground cable or any other building installation, structure or property

within a Municipality and the lands under or upon which any of the foregoing are built, erected, standing, key or maintained together with any lands appurtenance or occupied with any of the same and includes every vacant parcel of land within a Municipality.

Fees and Dues

All Corporations including the ones not entitled to property taxes may make byelaws to collect from every person occupying or using a stall, table, shed or place in a public market, the fees determined by the Corporation. The Corporations may also grant licenses for the sale of meat or fish. Fees are also due for the establishment of cold storage and the sale of goods from the cold storage facility. The Corporation shall designate the place on the waterfront or seashore where fish should be landed and fees are payable for the permission to land. Slaughtering of animals and the sale of meat are also under the control of the Corporations and attract licenses and fees.

Peddlers, Hawkers and Hucksters

The law provides for the Corporations to issue licenses at a fee to persons who follow the trade or business of a peddler, hawker or travelling huckster. Licenses are granted on a yearly basis expiring on December 31 of the particular year. The Corporation may, by resolution increase, reduce or otherwise alter all or any of the license fees payable under the Thirteenth Schedule.

3. Functions of the Corporation

In addition to the main functions that relate to Public Health, Physical Infrastructure, Physical Planning, Municipal Police, Recreational Grounds and Sporting Facilities, Cemeteries and Crematoria, The following more specific functions are exercisable by a Corporation in a municipality

- a) Distribution of truck- borne water.
- b) Provision, maintenance and control of all Corporation buildings.
- c) The maintenance and control of child care centres established by the Corporation.
- d) Maintenance and control of homes for the aged.
- e) Construction and maintenance of drains and water-courses except, along main roads and highways.

- f) Provision, maintenance and controls of parks, recreation grounds, beaches and other public spaces as the President may from time to time prescribe.
- g) Promotion and development of the Municipality in accordance with plans approved by the Minister with responsibility for physical planning;
- h) Maintenance for state property including –
 - Police stations,
 - Health centers,
 - Post offices and other government buildings.
- i) Disposal of garbage from public and private property, development and maintenance of sanitary landfills, insect vector control, dissemination of information on public health care.
- j) Coordination of local and regional trade fairs, authentic events and cultural displays and entertainment.
- k) Collection and distribution of forms used by Departments of Government,
- l) The maintenance of burial grounds and crematoria.
- m) Provision, maintenance and control of public pasture and recreation grounds.

4. Organizational Structure

Structure of the Municipality to Perform its Functions

The organizational structure of the Corporation is based primarily on the functions that have been delegated to them. Consequently the main areas of functional activity revolve around:

- General Administration
- Treasurer's Department
- Assessor's Department
- Police
- Public Health
- Markets, Abattoirs
- Transport and Cleaning
- Engineer's Department
- Cemeteries and Crematoria

1. General Administration

This Corporate Department coordinates and manages the activities of the Corporation. The Chief Executive Officer, who is not an elected officer, is the Administrative head of the organization and in terms of the overall public service is ranked just beneath the top managers.

The General Administration is the pivotal point within the organization linking with the Council of the Corporation. The CEO sits on the Council as an ex-officio member and advises and guides them with regard to procedural, administrative and financial issues. The CEO implements the decisions of the Council and manages the functional departments within the Corporation. The CEO also liaises with the Ministry of Local Government and transmits decisions of the Ministry to the Council and vice versa. Some directives from the Ministry are implementable without necessary ratification of the Council.

2. Treasurer's Department

The Treasurer's Department performs the financial and accounting duties in support of the other functions of the Corporation. It interfaces with the Ministry of Local Government and the Ministry of Finance in terms of subventions and release of funds from the Central Government. It also works closely with the Assessor's Department in the Collection of Revenue generated from the property taxes. It is also responsible for the expenditure of funds to service all the functional areas inclusive of the payment of emoluments to staff.

The Treasurer's Department is also responsible for the collection of Fees and Licenses from the other revenue-generating areas. Consequently, it must design and implement the processes and procedures necessary to perform this function.

It is also responsible for all expenditure that the corporation incurs including salaries and other payroll activities and the payment of services providers such as contractors, suppliers of equipment, suppliers of materials and goods.

3. Assessor's Department

The Assessor's Department is concerned primarily with the property taxes. It has the responsibility of preparing the cadastral listing of all properties assessing the rates to be paid, ensuring, in conjunction with the CEO, that property owners are aware of their obligations. This department is critical to the success of the revenue earning effort, and provides the Council and the Treasury Department with information for collection.

4. Police Department

The Police enforce the laws made by the Corporation that regulate the conduct of the affairs under its control. While the major duties relate to the maintenance of law and order, its activities also support the revenue earning capacity of the entity. In ensuring that the peddlers, hawkers and hucksters obtain the appropriate licenses and pay the relevant fees, that the market byelaws are observed and fees collected, that support is given to the assessor's efforts and the management and control of the abattoirs the police would be doing an effective job.

5. The Public Health Department

The principal objective of this Department is the prevention of disease by eradicating and preempting the causes. This includes elimination of the vectors that spread the ailments by their presence, ensuring that the food eaten by the populace is uncontaminated and healthy (*abattoirs*), and places which prepare and sell food to the public (*restaurants*) do so under sanitary conditions. There is also a revenue-generating and collection aspect to their work, where fees and charges are applicable for the services they provide.

6. Markets and Abattoirs Department

The Corporation provides the facility for citizens to exchange goods and services thereby fostering economic activity while providing vital food sustenance. It also ensures that food products are prepared in sanitary conditions that promote healthy lifestyles. The interaction with other departments such as public health, treasury departments and general administration are critical factors in the functional capacity of this department. Its activities also produce income for the Corporation.

7. Transport and Cleaning

This department deals with keeping the environment clean and devoid of the adverse conditions that would encourage diseases. There is a systemic relationship with public health and abattoirs in particular. It is also responsible for water distribution. This department also has the capacity to generate income for the corporation.

8. Engineer's Department

The Engineer's Department is responsible for maintaining the roads, pathways and drainage. It is also responsible for maintenance of public buildings, police stations, health centres, post offices,

burial grounds and crematoria and recreational grounds.

The department is also involved in the inspections of buildings under construction to ensure conformance with the regulatory provisions.

This department also has the opportunity to earn income from the services it provides to the consumers.

9. Cemeteries and Crematoria

Maintenance of these facilities completes the life cycle of provisions of services for the sustenance, health and comfort of citizens. This terminal service also has implications for health and disease control. Again income generation is a possibility that can be exploited.

ANALYSIS

1. Political Authority

The concept and practice of Local Government has a long history in Trinidad and Tobago. The Royal Cabildo, which was established by the Spanish colonists in 1789, imbued the municipality with wide ranging executive authority. The scope of operations such as control of the jail, levying of duties and taxes, appointment of judges and admission of physicians and surgeons, are central government functions usually outside of the purview of local government. These powers far exceed those currently delegated to the municipal corporations.

Tobago at the same time exercised a form of Internal Self-Government, which also exceeded the powers devolved to the renamed Tobago House of Assembly that currently exists. Prior to it being ceded to Trinidad in 1889, the Assembly in Tobago controlled all aspects of internal government including imposition of duties and taxes, judiciary, policing and some aspects of external defense.

Central Government became stronger at the expense of the local authorities. The last major change prior to the achievement of Independent status in 1962 was the County Council Ordinance of 1952. This restored some executive authority by allowing the Councils to give financial and other assistance in promoting community development. Responsibilities also included matters such as local roads, cemeteries, recreation grounds and markets.

Subsequently, The Exchequer and Audit Ordinance of 1959² denuded the powers of the municipalities by reducing their control over staff, the raising of revenue and their budgets in general. In the period of reorganization of the administrative infrastructure immediately after Independence further inroads were made into areas formerly controlled by the municipalities.

Central Government's focus on development on a macro and holistic basis drove the process that resulted in declining role of Local Government in matters hitherto considered to be within their purview. Certain legislative provisions such as the Water and Sewerage Act 1965, Statutory Authorities Act 1966, and the Civil Service Act 1966, were approaches to improve operational effectiveness, standardization and improvement of public service delivery and increase in the accessibility to essential services, but substantially reduced the authority of the municipalities.

The 1990 Legislation which ushered in the new dispensation for municipalities appeared to be a revolutionary attempt to restore some meaningful authority to local government. This is the Legislative framework which governs the current operations of the Local Government scenario in Trinidad and Tobago.

The analysis examines the historical development of local government financial administration systems which appears to have weakened over its lifetime. Apparent attempts of strengthening some of the corporations in 1990 did not bear fruit primarily because the structures did not support the intent of the Legislation which allowed for the generation of revenue from own-sources.

It was also found that the corporations did not make a significant effort on revenue – generation, perhaps as a result of the funding which was provided by the central government. Over the just concluded nine fiscal years, the central government provided 82.5% of the funding expended by the corporations. The percentage of property tax raised by the corporation amounted to 14.4% of the total and fees just 3.1%.

The Regional Corporations that were also authorized to generate income solely from fees depended on Central Government for 98% of their funding.

² Review of the Public Finance Management System in Trinidad and Tobago - Consortium POHL Consulting and Associates, June 2006.

2. Organizational Deficiencies and Inefficiencies

The quality and level of staff is a key drawback to the Corporations' successfully undertaking their mandates. The Assessor's Department is case in point. Where the legislation provides for an Assessor, it does not specify the level and 'skill-set' necessary to perform the function. The organizational structure limits the Assessor to a Range 59, which would not attract the best candidates to fill the position. It is a promotional post and will permit staff, not specifically skilled, to become the Assessor, consequently the incumbents generally lack professional training and skills to perform the job. In an attempt to correct this anomaly a training programme has been embarked upon to train persons appropriately for providing the service. This programme was undertaken by the Central Government in preparation for the takeover of the property tax regime from the cities and boroughs. This dearth of quality staff partially explains the fact that the assessment of the ratepayers was not conducted by the corporations, except for Point Fortin, in recent times.

The Treasury Department that is responsible for financial and accounting functions is similarly handicapped. Its staff is not equipped to perform the functions at a sufficiently professional level that would allow it to devise and recommend the policies necessary to ensure that the taxes, fees and other collectibles due to the corporations are collected.

It is argued that the provision of the majority of funds by the central government acts as a disincentive on the part of the Cities and Boroughs to collect a greater quantum of property taxes. This situation obtains despite the fact that the law empowers them to impose taxes within 10% of the annual rateable value of the property.

The same applies to the imposition of fees and charges for the services delivered in relation to Markets and Abattoirs, Cemeteries and Crematoria. All the corporations have the authority to prescribe byelaws within which fees and charges can be levied for local public goods and services. Attempts at cost recovery and the utilization of user fees are virtually non-existent from the standpoint of the potential for initiating and generating revenue from activities for which such charges are applicable. Moreover, the fees imposed are so negligible as to make their effect inconsequential. The process of enacting bye-laws requires the President's approval. In practical terms, this means the Executive arm of the Government, indicates to the President its concurrence with the bye-laws thereupon, the President issues his approval.

Statements by the Minister of Finance in a recent debate in the Parliament suggest that government is actively considering a review and imposition of fees for activities which fall within the purview of the corporations, but over which the corporations have not exercised their authority.

The Government in Trinidad and Tobago is in the process of reforming both the local government system and the property tax regime. The reform of the municipalities would result in the reduction of the number of Regional Corporations while retaining the same number of cities and boroughs. The overarching philosophy guiding the re-structuring is that of the corporation as **Implementer** of government policy, as gleaned from the Local Government Policy Agenda for the vision 2020. This philosophy is consistent with the definition of Decentralization wherein the authority is delegated to local government to carry out functions on behalf of the central government. This is distinct from devolution of authority, where the local body can formulate policy on its own. There is therefore a dichotomy between the municipalities and the Tobago House of Assembly, in that the THA legislation distinctly provides for the formulation and implementation of policy by the Assembly.

PRESCRIPTIONS

The Central Government has introduced legislation such as the Trinidad and Tobago Revenue Authority Bill, the Tax Reform Bill and The Local Government Bill 2009 that will remove the levying and collection of property taxes from the corporations which hitherto had that authority.³ Consequently, the only sources of revenue that the municipalities will have direct control over would be those that are produced through the use of facilities and services provided by the corporations.

However, if the corporations are organized more efficiently, it is possible for them to effectively collect significant levels of income from services they provide namely:

1. Public Health Services

The new legislation indicates that the purpose of the Department of Public Health and

³ Subsequent to the preparation of this report, a general election was held in the country and the government that introduced these provisions has been removed from office. The current Central Government has during the election campaign and after ascension to office indicated that it would rescind the decisions of the previous government. A local government election has also been held under the legislation of 1990.

Environment is *“to ensure a healthy, safe and sanitary environment thereby promoting community sustainability and well being while enhancing the quality of life.”* In undertaking this responsibility the corporation is required to provide services directly to individuals, households, businesses and other entities such as collection and disposal of refuse, provisions of truck borne water, maintenance of burial grounds, crematoria and crematorium sites. It is considered a feasible and viable revenue generating option to apply fees to these activities.

2. Collection and Disposal of Refuse

In many international jurisdictions, refuse collection is an item for which residents are required to pay fees similar to the application of charges for power and water usage. This fee is not imposed in Trinidad and Tobago. The issue of whether the property tax and other taxes cover disposal of refuse would be of political significance in the determination of its applicability. Other jurisdictions do not consider the property tax to cover garbage collection and disposal. Assuming that garbage collection and disposal is considered a separate fee to be charged it can significantly defray the cost of providing the service if a cost recovery fee is applied.

A simple per capita analysis indicates that a user fee can significantly recover the cost of providing a service such as garbage collection that is susceptible to individual charges. The key issue would be policy decision on the desirability of such a measure. Many variants of the mechanism for determining the fee applicable to households, commercial, industrial, and institutional premises are available, and can be successfully implemented if the decision is made.

3. Cemeteries and Crematoria

Crematoria are a fairly recent but an increasingly popular method of disposal of the deceased citizens, although, more rudimentary crematorium sites have been in existence for over the last one hundred and fifty years. Regulations and licensing of these facilities with a fee attached would suffice to increase the revenue stream.

The charge for use of cemeteries is either negligible or non-existent. This is perhaps reflected in the generally unsatisfactory maintenance of these sites. A reasonable and affordable fee for burial and another for erection of headstones would facilitate the maintenance of the cemeteries in a decent, orderly and dignified manner that will assist in preserving the serenity and aesthetics of the environment.

4. Markets and Abattoirs

The fees applicable to the use of the facilities at markets and abattoirs are generally outmoded and have not been reviewed and updated in recent times. A review of these fees can assist in defraying the cost of maintaining the facilities to ensure that the vendors and the consumers receive better service and the health of the community is preserved.

5. Maintenance of Buildings, Grounds and Pastures

Funding for these activities can be a combination of inter government transfers and user-fee arrangements with a propensity towards transfers. The existing laws provides for government agencies to pay a user fee to the corporations for buildings they occupy within the relevant jurisdictions.

However, in presenting the case to the Central Government, appropriate professional estimates of the costs for the proposed works must be prepared, preferably broken out into a Work Breakdown Structure and the relevant Bills of Quantities.

User fees can be attached to the use of the grounds for recreational and other purposes especially those that are commercial in nature.

6. Maintenance of State Traces/ Minor Roads

The regional corporations in particular expend a substantial proportion of their income on State Traces.⁴ While it is technically possible to establish a user fee for the maintenance of roads, this may not be a politically feasible option, given the road tax that is already applied to the purchase of fuel for vehicles. Since this tax is collected by the Central Government, the corporations may devise a formula to share this tax or to present a budget for the repair and maintenance of these minor roads on a unit cost basis. A detailed breakdown of the work required to undertake the maintenance, repair and upgrade of the roads should be the basis on which resources are obtained from central government.

7. Planning Approvals

The Planning approval process is another area of activity for which fees are either negligible or nonexistent. Payment of processing fees for planning approvals is an accepted cost recovery mechanism in other countries, particularly since this cost is generally infinitesimal compared to

⁴ 36% over the past ten years

the overall cost of the proposed project being contemplated.

8. Other Fees

Most fees charged by corporations are inconsequential and may even be considered inefficient nuisances that cost more than the effort to collect them. A review of all the fees from which revenue accrues needs to be undertaken and reasonable charges be applied. The fees associated with licenses for vending in public places, for sale of food, fish and meat, for cold storage facilities emerge as key areas to be addressed.

9. Property Taxes

Based on the provisions of the Fifth Schedule of the Local Government Bill it is also possible for the corporations to work closely with the Trinidad and Tobago Revenue Authority in ensuring the efficient and effective management of the revenue generating process and for collections to be deposited directly into the coffers of the Corporations. The arrangement by which the Tobago House of Assembly collects revenue on behalf of the central government is a feasible approach that can be applied.

Given that the Government has initiated the process for institutional strengthening of the structures for assessment and collection of the taxes it can ultimately transfer these processes to all the Corporations including those not currently empowered to collect. This approach will take cognizance of the inadequacies of the institutional capacity of the corporations, especially in the assessment of properties, and allow for the assessors that are being trained by the Government to be deployed to the respective Corporations.

The full amount of property taxes collected can be remitted directly to the Fund Accounts of the Corporations similar to the direct collection and remittance to the Tobago House of Assembly Fund. The processes and procedures to allow this to occur can be worked out between the Revenue Authority, the Ministry of Local Government and the Corporations. District Revenue offices exist in each of the Municipalities, consequently some physical and institutional infrastructure already exists, and can be utilized in a co-ordinated and collaborative fashion. This approach can serve to foster the relationship between the property owners and their Corporations, given that the Corporations will be responsible for ensuring the proper maintenance of property and open spaces that requires it to have cadastral information on its residents.

The provisions that allow the corporations to monitor the state enterprises, statutory corporations and public sector agencies can be used to work collaboratively and creatively with the Trinidad and Tobago Revenue Authority (TTRA) to ensure the collection of all taxes, and property-taxes in particular. The corporations would have some institutional capacity that would produce synergy if combined with the activities of the TTRA.

RECOMMENDATIONS

The recommendations which follow are premised on the concept of decentralization which embodies both political and fiscal delegation of authority. It is the view of this concept that finance is a critical element for the achievement of efficiency and effectiveness in the discharge of the function delegated to local government. Moreover, self-generated sources of revenue are considered the ideal way to finance the work of the sub-national governments.

The appropriate steps must be taken to upgrade and improve the management structures and the capacity and skill of employees to efficiently and effectively apply and collect the revenue attributable to them. Government can deploy the recently trained assessors to the various corporations to strengthen their capability develop their cadastres, rather than the proposed centralized system. The Corporations on their part can broaden and modernize the collection process to multiple points to include payments through private sector agencies such as banks.

1. Property Tax – sharing of responsibilities

Notwithstanding the passage of Legislation whereby Central Government accepts responsibility for the assessment and collection of this tax, the Government can decide to treat the collections generated from property taxes as local government revenue and arrange for all the collected revenue to be paid directly into the Corporation Fund of the respective corporation.

The ultimate objective should be to strengthen the capacity and capability of the corporations in the administrative, planning and technical spheres of management to undertake the decentralized functions and allow them to raise as much revenue of the own devices.

2. Refuse Disposal Fee

Refuse collection and disposal is a major expense centre for all municipalities and in particular the regional corporations. It is one of the services that can be directly associated with individual premises including households and businesses. Some fees can reasonably be applied to the

provision of this service that can help to defray the cost, if not totally recover the cost.

3. Business Operating Fee

It is not unusual for businesses to be required to pay an annual fee to operate in the local jurisdiction, in other countries. The fee need not be excessive or be a disincentive to investment. Business categories such as Bars, Restaurants, Bakery/ Ice Cream, Auto Paint/ Body Shop, Pawnbroker, Auto Repair, Pest Control, Rental of Vehicles, Travel Agencies, Specialty Contractor, Convenience Store, Store on Wheels, Telemarketing, Vending Machines, Health Club, Lottery agencies, Bingos, Movie Theaters, etc., can be identified for application of such a fee.

4. Planning Approvals

One of the functions of the corporation is the issuing of approvals for planning permission for certain types of development. Currently no fees are attached to the processing of these applications, whereas significant administrative costs are associated with each application. In keeping with the practice in other countries a processing fee should be applicable to each application for planning approval.

5. Other Fees and Charges

A comprehensive review of the other fees and charges that corporations are entitled to levy and collect but are either not currently collected, should be undertaken. This would result in some recovery for the provision of services and facilities, such as markets, recreation grounds, cemeteries and crematoria, food badges, peddler and vendors licenses etc.

CONCLUSION

The recommended measures are simple and ought not to present major challenges to administrate. In addition they will partially satisfy the requirement for own source revenue generation for the municipalities. The sources can generate a significant stream of income that will allow the local governments to attend to the needs of their citizens with the level of efficiency and effectiveness demanded of them. They would assist in the achievement of meaningful decentralization of government functions to local government bodies.

The structures of the new Local Government legislation that create two additional layers of bureaucracy above the corporations would better serve to improve the delivery of service to the residents of these regions if they are embedded in the corporations themselves. Some of the corporations have demonstrated the willingness to assume the planning functions by undertaking studies on their own and developing strategic plans without the intervention of central government. This augurs well for the future and should be encouraged rather than placing the planning departments in the Ministry of Local Government.

National elections to elect a new central government were called three years before they were constitutionally due and a different political organization has been installed. Although it is very early in their tenure of office, from all indications it appears that the approaches the previous government applied in relation to the Property Tax, the Trinidad and Tobago Revenue Authority and the Local Government Reform are likely to be reversed. Consequently, it appears that the probability that measures in congruence with those recommended herein can feasibly be attained.