

BILL No. 20 of 2012

Thursday 9th August, 2012

PARLIAMENT OFFICE
Public Buildings,
Georgetown,
Guyana.

9th August, 2012.

The following Bill which will be introduced in the National Assembly is published for general information.

S.E. Isaacs,
Clerk of the National Assembly.



BILL No. 20 of 2012

FISCAL TRANSFERS BILL 2012

ARRANGEMENT OF SECTIONS

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ABJLL
Intituled

AN ACT to provide for the objective criteria for the allocation of resources to
local authorities and for matters connected therewith.

AQ_21_12

Enacted by the Parliament of Guyana:-

Short title and
commencement.

I. This Act may be cited as the Fiscal Transfers Act 2012 and shall come into operation on the date the Minister may by order appoint.

Interpretation.

2. In this Act -

"garnering" means measures designed to collect and boost the revenue of local authorities;

"local authority" means a municipal council, a neighbourhood democratic council, a district council, a village council, a community council, a country authority, and any other similar organ;

"set of conditions" means the criteria used to determine the sum of money appropriated by Parliament annually to local authorities and of which fifty percent is allocated equally among those local authorities with the remaining fifty

percent being allocated to the local authorities in accordance to variables, such as population size, geographical area or stipulated performance indicators, which may be changed by the Minister by regulations;

"stipulated performance indicators" means the rate of collection of taxes by each local authority.

Garnering of
resources.

3. (1) Each local authority may, in addition to the authorised imposition of rates on immovable property within its boundaries, increase its revenues by garnering of resources by measures, including those mentioned in subsection (2).

(2) A local authority may -

- (a) with the prior written approval of the Minister, such approval not to be unreasonably withheld and such approval or disapproval to be given within thirty-five days, approach donor agencies for financial and other resources in the form of grants which may be used to fund capital projects or employment costs;
- (b) negotiate with central government for specific revenue sharing contracts;
- (c) establish vehicular meters to charge for parking;
- (d) establish and charge for vehicle parking facilities;
- (e) embark on revenue earning economic projects; or
- (f) undertake any other measure agreed to by the Minister.

(3) The additional revenues shall, except where the Minister directs otherwise, be paid into the general revenue account of the local authority, from which account disbursements may be made in keeping with financial regulations governing such funds.

Conditions for
transfers.

4. In order to be eligible for fiscal transfers, local authorities shall satisfy the following conditions -

- (a) the budget estimates of a local authority for the following year shall be submitted to the given council by November 15 of the current year;
- (b) the budget as submitted, shall include expenditure and revenue data relating to the last year for which actual expenditure and revenue data are available, along with the previous year's budget estimates, in the form specified in the Schedule;
- (c) the budget as submitted, shall include notes indicating the basis for all revenue forecasts, including with specific regards to property rates, the percentage of billable rates collected or are to be collected; with the notes also providing explanations for any differences in expected and actual collection of property taxes for all actual, budget and supplementary information required to be contained in that budget;

- (d) final financial statements comparing actual and budget expenditure shall be prepared and submitted to the Minister by March 31st of the following year, together with an audited report required by other laws relating to local government;
- (e) the budget shall disclose information in the form or manner that costs of all projects and activities involving capital expenditure can be identified, for measuring performance for the improvement in financial management;
- (f) disclose performance indicators *viz a viz* percentage of actual collection rate and other revenue collections initiated by the local authority such as parking, market rates etc.;
- (g) disclose population profile and new investments, expansion of businesses, new housing and agricultural schemes;
- (h) any other condition the Minister may by regulations prescribe.

Grants.

5. The Minister may establish grants to any local authority.

**Formula for
Fiscal transfers.**

6. (1) The annual subvention or fiscal transfers, from central government to local authorities, or from one local authority to another local authority, shall be based primarily on a set of conditions and stipulated performance indicators so as to form an aggregate sum arrived at, based on the prescribed formulae defined to in sections 7, 8 and 9.

(2) The formulae for fiscal transfers referred to in subsection (1) shall be used to allocate financial resources to a local authority from the aggregate sum appropriated in the annual budget to local authorities.

(3) All grants or disbursements under this Act shall be aimed at improving the overall performance of the local authority.

(4) The formulae for fiscal transfers shall be governed by sections 7, 8 and 9.

Tre, Imnl or
Georgetown
City Council.

7. As the capital city, Georgetown City Council will be treated similarly in terms of the set of conditions required to be fulfilled by each local authority but differently and separately in terms of the actual financial allocation, as follows -

- (a) it will receive 50% of its allocation automatically based on the available sums allocated by Parliament;
- (b) Georgetown City Council formula for the balance of its allocation will be based on a defined set of criteria as follows -
 - (i) target of 60% minimum rate of collection of revenue;
 - (ii) stipulated allocation of 30% for population size; and
 - (iii) 10% for geographic location.

Fiscal transfer
formulo for
municipalities.

8 (1) A sum equal to fifty percent of the sum appropriated by Parliament annually to municipalities shall be allocated equally among the municipalities.

(2) The remaining fifty percent of the sum appropriated by Parliament annually to municipalities shall be allocated to the municipalities in accordance with their population size, geographic area and rate of collection.

Fiscal transfer
formula for
neighbourhood
democratic
councils.

9. (1) A sum equal to fifty percent of the sum appropriated by Parliament annually to neighbourhood democratic councils shall be allocated equally among the neighbourhood democratic councils.

(2) The remaining fifty percent of the sum appropriated by Parliament annually to neighbourhood democratic councils shall be allocated to the neighbourhood democratic councils in accordance with their population size, geographic area and rate of collection.

Regulations.

10. The Minister may make regulations, subject to affirmative resolution of the National Assembly, for the more effective implementation of the provisions of this Act.

SCHEDULE**(s.4)**

Expenditure and revenue data relating to the last year for which actual expenditure and revenue data are available.

Previous year's budget estimates.

EXPLANATORY MEMORANDUM

This Bill seeks to give effect to article 77 (A) of the Constitution. The ultimate aim of the Bill is to make a local authority as autonomous as possible including its ability to sustain itself financially.

Under the present financial dispensation, the revenue sustaining the local authorities comes from rates and taxes that are collected, Central Government and other sources.

Under the present fiscal arrangements as set out in this Bill there is emphasis on more revenue collection in clause J. There is provision in clause 4 for the eligibility for the fiscal transfers to a local authority governed by a set of conditions each of which has to be complied with in order to benefit from a fiscal transfer.

The formulae under which fiscal transfers are based are provided in clauses 7, 8 and 9; and all grants and disbursements shall be aimed at improving the overall performance of local authorities.

