

## JAMAICA

UNITARY COUNTRY

## BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: UPPER MIDDLE INCOME

LOCAL CURRENCY: JAMAICAN DOLLAR (JMD)

## POPULATION AND GEOGRAPHY

**Area:** 10 990 km<sup>2</sup>  
**Population:** 2.890 million inhabitants (2017), an increase of 0.4% per year (2010-2015)  
**Density:** 263 inhabitants / km<sup>2</sup>  
**Urban population:** 55.4% of national population (2017 vs 2016)  
**Urban population growth:** 0.8% (2017 vs 2016)  
**Capital city:** Kingston (20.3% of national population)

## ECONOMIC DATA

**GDP:** 26.0 billion (current PPP international dollars), i.e. 8 995 dollars per inhabitant (2017)  
**Real GDP growth:** 0.5% (2017 vs 2016)  
**Unemployment rate:** 12.5% (2017)  
**Foreign direct investment, net inflows (FDI):** 888 (BoP, current USD millions, 2017)  
**Gross Fixed Capital Formation (GFCF):** 22% of GDP (2017)  
**HDI:** 0.732 (high), rank 97 (2017)

## MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

As a member of the Commonwealth realm, Jamaica is a parliamentary democracy and a unitary constitutional monarchy, whose official head of state, Queen Elizabeth II, is represented at the national level by the Governor General. The Governor General is appointed by the Queen, for no fixed term, on the advice of the Jamaican Prime Minister. Jamaica has a bicameral parliamentary system in place, made up of the Senate and the House of Representatives. The House of Representatives is composed of 63 members, elected via universal suffrage to five-year terms in single-seat constituencies. The incumbent Governor General appoints both the leader of the majority, who becomes Prime Minister, and the leader of the opposition. The 21 senators are appointed by the Governor General for five years as well. 13 of them are appointed on the recommendation of the Prime Minister and the remaining eight on the recommendation of the leader of the opposition. The Prime Minister, as the head of government, also appoints her cabinet, composed of at least 11 members from both houses (no more than four Ministers can be appointed from the Senate). The executive powers are vested in the Prime Minister and the cabinet.

The local government democratic system is acknowledged in the Constitutional Amendment on Local Government of 2015. The 2016 Local Governance Act, on the other hand, is the key regulation of local governments. It is one of the "three strategic laws" heralded by the Ministry of Local Government and Community Development Local, alongside the Local Government Financing and Financial Management Bill and the Local Government Unified Service and Employment Bill. The legislative reform repeals, moreover, the 1887 Parish Councils Act and the 1923 Kingston and St. Andrew Corporation Act, which were still in force. Indeed, the first formal system of local government in Jamaica was established as early as 1663, mirroring the system in place then in England. This system was abolished, over 200 years later, and replaced by parochial boards ('parish councils' since the 1887 Parish Council Act).

The 2016 legislation establishes the new governance framework based on the principles of participatory local governance and local self-management. The 2016 Local Governance Act also repealed the 2003 Municipalities Act, incorporating its contents. Consequently, there have been several significant legislative changes and reforms vis-à-vis municipal corporations and parishes. According to the Local Governance Act, a Parish development committees (PDC) is established in each municipal jurisdiction as a mechanism for community involvement in the preparation and implementation of parish development plans. A Committee is composed of representatives of civil society, community-based organizations, local private sector, local government and deconcentrated central government agencies. It oversees reforms and compliance to the regulations that govern the organization, structure, powers, administration and financing of local governments.

## TERRITORIAL ORGANISATION

2018	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	12 parishes 1 Municipal Council 1 Municipal Corporation			
	Average municipal size: 206 450 inhabitants			
	14			14

**OVERALL DESCRIPTION.** Jamaica has a single level of sub-national government formed by 14 local governments. The main form of local government is the parish. There are 12 parishes and two municipalities, including the 1 second tier municipal council (the Portmore Municipal Council) within the parish of St. Catherine, and a Municipal Corporation of Kingston and St. Andrew Corporation (KASC). The country is further divided into three historic counties, Cornwall, Middlesex, and Surrey, with no administrative relevance.

**PARISHES.** All parishes have both political and administrative bodies. The political branch includes councilors, elected for four-year mandates and led by an indirectly elected mayor. At their request, large districts within the largest parishes can be acknowledged by the local government and establish a Council sub-committee, comprising Councilors from Electoral Divisions, under the authority of the mayor. The administrative branch is headed by a manager, advising and implementing the policies of the Council.

**MUNICIPAL CORPORATION AND MUNICIPAL COUNCIL.** The parishes of Kingston, the capital city, and St. Andrew were merged into a single Municipal Corporation, the Kingston and St. Andrew Corporation. This is the country's largest local government, with 40 elected councilors. As with Parishes, the Corporation's mayor is too indirectly elected.

The Municipal Act of 2003, established the second-tier status of municipal council. The Portmore Municipal Council, was then created. The municipal population, by law, must be of at least 50 000 inhabitants and its establishment cannot have any adverse effect on the neighboring parishes. Since recent reforms and the entry into force of the 2016 legislation, the Municipal Council is made up of 13 elected representatives, including a mayor directly elected via universal suffrage.

## SUBNATIONAL GOVERNMENT RESPONSIBILITIES

Recent reforms have renewed the scope, structure, functions and autonomy of local governments in Jamaica. In particular, competences and scope of action were expanded to include sustainable development plans. The establishment of sectoral committees within the local government has allowed for clearer definition of competences and distribution of tasks within the administration (Part III of the Local Governance Act 2016). The law requires, specifically, the existence of permanent committees to support poorer population, and provisions to increase the accountability and transparency of local finance. Additional extraordinary committees can also be created.

The adoption of the 2016 Local Government (Unified Service and Employment) Act entails the creation of a unified management system for all local government employees. The Services Commission within local administration is in charge of human resources oversight. On the other hand, several competences are still controlled by the central government via five agencies of the Ministry of Local Government and Community Development: the Fire Brigade; the National Solid Waste Management Authority; the Board of Supervision; the Office for Disaster Preparedness and Emergency Management; and the Social Development Commission. Due to increased vulnerability to climate change and disaster risk, a National Building Code and a new Building Act are being debated in the parliament, and the role of municipal corporations will be defined accordingly.

### MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

MUNICIPAL LEVEL	
1. General public services	Internal administration; Parish public bodies; Civil status register
2. Public order and safety	Civil protection; Civic order
3. Economic affairs/transport	Parochial roads; Markets; Parking; Issuing of trade licenses
4. Environmental protection	Waste management
5. Housing and community amenities	Urban and land-use planning; Public lightning; Traffic; Settlement location; Supply of drinking water
6. Health	Primary healthcare (infirmaries); Municipal enforcement and regulation of health-related issues
7. Recreation, culture & religion	Promotion, management of municipal libraries and other cultural institutions; Monument protection; Promotion of sports
8. Education	Pre-primary and primary education; Kindergartens; Elementary education
9. Social protection	Social services including family benefits (since 2004) through municipal social assistance centers

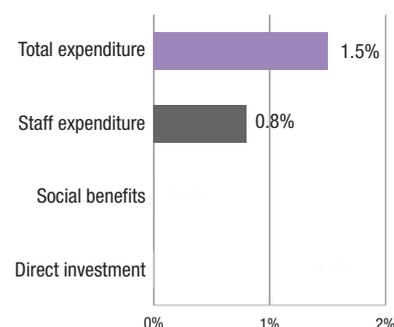
## SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: parishes, Municipal Council and Municipal Corporation.	SNA 1993	Availability of fiscal data: <b>Low</b>	Quality/reliability of fiscal data : <b>Low</b>
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**GENERAL INTRODUCTION.** The Local Government Finance and Financial Management Act of 2016 repeals various previous regulations (including the Parochial Rates and Finance Act) and establishes funding and financial management of local governments. This reform led to a formalization of the budget process and all the procurement procedures. Local authorities are now responsible for the elaboration of operational budgets, which are submitted to the Prime Minister for approval every April; and for the elaboration of a strategic plan and budget, submitted for approval every four years. The 2016 Act calls for local governments to promote citizen participation in budgetary drafts. It also improves the existing accounting and financial management standards by adopting the International Public Sector Accounting Standards. To foster accountability and transparency, all local governments adopted the Local Public Accounts Committees (LPACs) and homogeneous Financial Management System.

### SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2016	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
<b>Total expenditure</b>	<b>38</b>	<b>0.43%</b>	<b>100%</b>	
<b>Incl. current expenditure</b>				
Staff expenditure	7	0.08%	18.1%	
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
<b>Incl. capital expenditure</b>				
Capital transfers				
Direct investment (or GFCF)				



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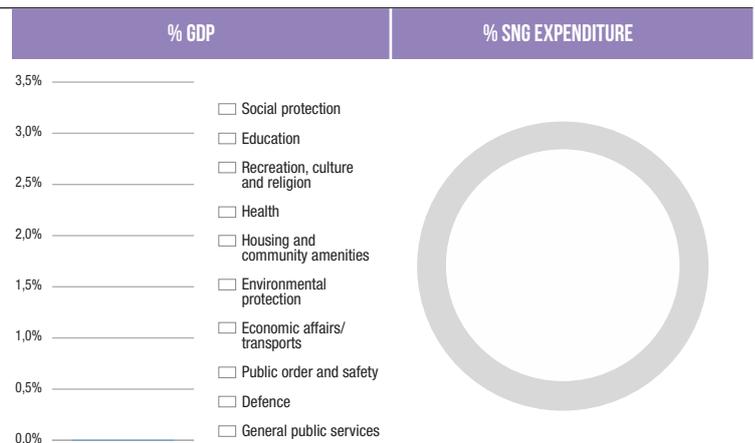
UNITARY COUNTRY

**EXPENDITURE.** Local governments spend most of their revenue in “programmes” for service provision (72% of total SNG expenditure). The remaining resources are devoted to staff wages and other administrative costs (18.1% and 9.9%, respectively). The Local Government (Unified Service and Employment) Bill of 2016 provides a renewed framework for local human resource management. It repeals the corresponding articles of the Parish Councils (Unified Services) Act, and both the Municipal Service Commission Act, and the Poor Relief Officers (Unified Service) Act of 1964. Since the reform, local budgets must be aligned to central government’s and are required to adopt a full cost-recovery approach to current and capital budgets. As per the “Special Discretionary Relief”, local governments also make recommendations to the Ministry of Finance on granting this tax exemption.

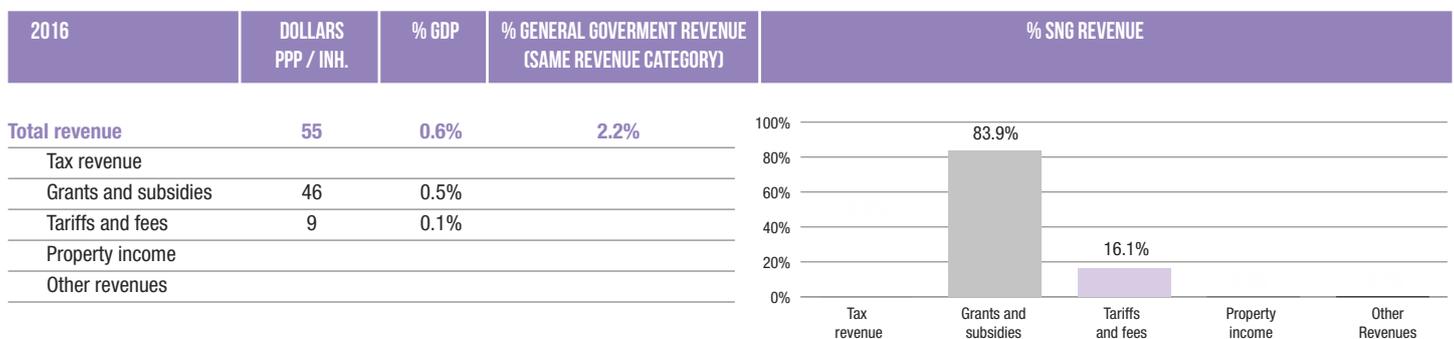
**DIRECT INVESTMENT.** Since 2016, local councils have had to present their budgeted annual capital expenditures. The cost of improvement projects, approved by local councils in accordance with the 1914 Local Improvement Act, must be recovered through temporary fees. In addition, formally, the funds collected within the Parochial Revenue Fund or Equalization Fund (see below) can be mobilized for specific projects approved by both the local council and the line ministry.

#### SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

The larger share of expenditure (72%) is allocated to service provision, including parish’s road management (40.5%), water (6.1%) and other services (25.5%), such as maintenance and expansion of street lighting, collection and disposal of solid waste, community infrastructure and civil improvements and repairs to fire stations.



#### SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



**OVERALL DESCRIPTION.** In Jamaica, local governments generally still lack the required revenues to provide basic services to their citizens, although tax collection mechanisms are improving. In 2016, local governments spent 55 dollars PPP per capita (0.6% of GDP). The Local Government Finance and Financial Management Act of 2016 is the result of the reform on local government finance, establishing new rules for revenue mobilization. Intergovernmental transfers based on the shared taxes and earmarked transfer for devolved duties are still the primary source of revenue (83.9%). Local governments are also the ultimate receivers of property taxes collected centrally. This tax is transferred to local governments as part of a tax-sharing scheme: amounts are therefore not included as tax revenue but are treated as grants. Revenue from the property taxes represents the largest source of funding for local governments (64.5% of SNG revenue). Since 2016, parishes and the municipal corporation gained additional leeway in the collection of tariffs and fees, the remaining part of their revenue. Local governments receive grants for welfare-related expenses from the General Assistance and Specific Grant, on a non-conditional basis.

**TAX REVENUE.** In Jamaica, the Local Government Finance and Financial Management Act of 2016 replaces all previous legislation relating to property tax. The new legal framework maintains the tax-sharing scheme in which the total amount of property taxes is funneled into the Parochial Revenue Fund (PRF), managed by a public officer designated, in turn, by the Ministry of Finance. Within this scheme, the property tax remains the main source of revenue of local government (64.5%). The 2016 act also maintains the three types of financial aid, namely the Statutory Relief, the Agricultural De-Rating, and the Special Discretionary Relief. The property tax is gauged on the unimproved value of the land. Due to a change of land valuation in 2017, the tax rates were reduced accordingly (from 1.5%-2.0% down to 0.8%-1.3% rates).

These funds are allocated by the Ministry of Local Government and Community Development directly to the parish in which the property is located. Facing a rather low level of compliance from taxpayers (51% in 2012), local governments, in partnership with the national government, have been tried (successfully, so far) to improve tax collection (up by 48% in 2013) with the implementation of mobile tax collection units and civic campaigns. Local governments have no other tax revenue. While accounting for 100% of local tax revenue, the property tax amounted to 64.5% of local revenue and 0.4% of GDP.

**GRANTS AND SUBSIDIES.** The PRF receives two-thirds of its funds from property taxes, and the rest from the motor vehicle license duty, on behalf of local governments. Funds are managed by a public officer designated for that purpose by the Minister. According to a 2016 PEFA Assessment, the Tax authority charges an administration fee of 2.5% of the collected property taxes. Out of the remaining revenue, 90% is divided among parish councils, based on the original locality the tax was collected. The last 10% feeds the Equalization Fund, which is available to any Parish in accordance with specific, urgent necessities. Since 2012, access to the Equalization Fund – which has to be granted formally by the Ministry of Finance – has increased. General Assistance Grants cover salaries, technical services and administration costs of the parishes. These grants are defined according to historical series adjusted for inflation annually across the board. Specific grants are meant to cover the cost of service provision for welfare-related expenses. According to the 2016 PEFA, the funds from the Equalization Fund are still fully accountable through a transparent set of rules (even though this type of funding specifically does not reach 10% of total transfers).

**OTHER REVENUES.** Due to increased room for manoeuvre of local governments on tariffs and fees, they have identified other viable sources of revenue. In 2016, before the legislative reforms, tariffs and fees accounted for 16% of SNG revenue. The reform establishes that other revenues should include fees on economic activities such as shop fees and licenses, vending fees/license, market fees, leases, building and subdivision fees, transportation center leases, parking fees and fines, cemeteries, barbers and hairdressers, trade license, slaughterhouses and butcher's license; but also on services such as water rate, burial inspection, public amenities, place of amusement.

In accordance with the Local Government Act of 2016, local governments have the power to collect fees on services performed on behalf of any line ministry or government agency. Temporary fees can be collected on public works and improvements projects approved by the local council, and currently being implemented in the parish jurisdiction for the benefit of the local inhabitants.

Moreover, according to the Road Traffic Act, 25% of the motor vehicle license, collected on behalf of local governments, is directly transferred to the respective parish. The remaining 75% of license duties is redistributed between each parish, according to the share of parochial roads under the parish's responsibility.

#### ■ SUBNATIONAL GOVERNMENT FISCAL RULES AND DEBT

	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
<b>Total outstanding debt</b>				
Financial debt*				

\* Currency and deposits, loans and bonds

**FISCAL RULES.** Since 2016, local governments' accounts have followed an accrual system on the basis of the International Public Sector Accounting Standards. Jamaica has since been a regional advocate, in the Caribbean, for the adoption of such Standards. In 2018, the auditor general's department annual report included a chapter on Municipal corporations.

According to the current legal framework, local governments must submit to the Ministry of Finance a budgeted financial statement, estimates of budget operations, and a capital budget for the following year. In addition, legislation requires a financial plan for the following four years. Budget rules include a full cost-recovery approach, implying no public services can cause deficit, and public consultation on the budgets. Local governments must establish and maintain a general fund to receive all allocated funds.

**DEBT.** In Jamaica, the authority to raise loans is a sole prerogative of the Ministries. Local governments may, nonetheless, request the Ministry's approval to contract debt. This power has never been used so far. According to current regulation, bonds are guaranteed by the Ministry of Finance, and debt obligations must be in accordance to the conditions formerly established in the Financial Administration and Audit Act, the Public Bodies Management and Accountability Act, and the Public Debt Management Act of 2012. Loans raised during the financial year cannot (1) exceed either the main repayment due that financial year or (b) the amount of the fiscal deficit, or (c) any of the pre-funding amounts.



Lead responsible: UCLG  
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**Socio-economic indicators:** World Ban // UNDP // UN Desa // ILO.

**Fiscal data:** Ministry of Finance and the Public Service, Estimates of Revenue and Expenditure for the year ending March 2017 // Statistical Institute of Jamaica, National Accounts // World Bank statistics database

**Other sources of information:** Commonwealth Local Government Forum (2018), Commonwealth Local Government Handbook. Country Profile 2017-18 // Ministry of Local Government & Community Development, Local Government (Financing and Financial Management) Bill 2015 // Ministry of Local Government & Community Development, Local Government (Unified Service and Employment) Bill 2015 // Ministry of Local Government & Community Development, Local Governance Bill 2015 // Ministry of Industry, Investment and Commerce, National Investment Policy Statement // National Development Plan "Vision 2030 Jamaica; UNACTD, World Investment Report 2018 on Investment and New Industrial Policies // Lincoln Institute (2016) Towards Property Tax Compliance: A Case Study of Attitudes Toward Paying Property Taxes in Jamaica Working Paper WP16TB1.