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POTENTIAL AND HURDLES IN PROPERTY RATING IN GHANA: EVIDENCE FROM THE WA MUNICIPALITY

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Abstract

The growth of Africa's towns and cities has outpaced local authority capacity in terms of management, infrastructure and financing. Many African towns and cities are now facing a governance crisis. Accordingly, the capability and capacity of urban local government to provide basic services to a growing population have entered the core of the development debate. In particular, fiscal decentralization has become a main theme of urban governance in recent years. This paper presents an overview of how property rating can be harnessed to create the bulk of revenue needed for local level development within identified challenges. Several challenges were identified to be militating against efficient and effective implementation of property rates in the Wa Municipality. These included poor property data system, political interferences, non-enforcement of the law on rate defaulters, low budget deficit in financing revaluation, insufficient staffing and low level technical capacity of the few staff available at the Municipal Land Valuation Division and Rating Unit of the Assembly. Field data revealed that, even within these numerous constraints to property rating identified generally in Ghana and especially in the Wa Municipality, property rating can generate up to 30% of the current budget of the Wa Municipality Assembly (WMA). This is possible, provided the current challenges are streamlined, much investment made in the rating and valuation units and management attention drawn towards improving property rating.

Keywords

Property Rates, Local Government, Decentralization, and Wa Municipality

1.0 Introduction

Sound revenue system for local governments is an essential pre-condition for the success of fiscal decentralization (Olowu & Wunsch, 2003). Property tax, as an annual tax on the ownership or occupation of immovable property (i.e., land and/or buildings), is an important source of local government revenue. However, before dealing with property taxes (or *property 'rates'*, as it is known in most countries), it should be mentioned that the income from use, acquisition and/or alienation of immovable property is/are generally also taxed by means of other property-related taxes (Franzsen, 2002). There is a spreading sense that local governments throughout the world are growing up (Bahl,

1999), that they no longer require central government guidance and control for them to make a positive contribution to the provision and delivery of government services, that they can and should assume more responsibility for financing these services, and that bringing decisions closer to the people, the voters, will improve government efficiency, effectiveness and responsiveness (Jibao, 2009). Increasing urbanization in most developing parts of the world has further compounded the responsibilities of local governments to provide physical infrastructure and social amenities to meet urban population needs.

However, in meeting these responsibilities, Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana require a strong and reliable financial resource base with which they can address their annual budgetary constraints. Currently, the government of Ghana is repeatedly incapacitated in addressing all the financial

needs of the MMDAs. This study examines the challenges confronting property rating in Ghana, using the experience of Wa Municipal Assembly. The public's perception about property rating in the Municipality was also investigated. Finally, the extent to which property rates contribute to public finance in the Wa Municipality was also assessed.

1.1 The Issue

Absolute dependence on Central Government Subvention for development of local areas is dangerous because of recurrent national budget constraints in Ghana. Over the years, grants from central government form the bulk of the finances of Local Government Authorities in Ghana. District Assemblies Common Fund (DACF) grants from Central Government, which is just 7.5% of the total annual national revenue, is shared among all the 170 District Assemblies (DAs) in Ghana. However, this is, obviously, inadequate to meet their ever-expanding financial requirements. It is, therefore, prudent for the District Assemblies to identify more sources of generating local revenues and adopting pragmatic measures to ensure its collection to supplement what is received from central government. The Local Government Act, 1993 (Act 462) empowers the Metropolitan, Municipal and District Assemblies (MMDA) in Ghana to raise revenue from sources, such as, market tolls, licenses, fees and property rates to support local development projects. Among all these avenues of Internally-Generated Funds (IGF), property rates are principally the surest source of revenue to the assemblies and these rates per the requirement of the Local Government Act, are to be a balancing factor to the District Assemblies' budgets. But this 'goldmine' for MMDAs in Ghana has been underutilised, while they struggle for central government's support to finance their development aspirations. As observed by Asiamah (2006), District Assemblies in Ghana have greatly failed to make property rates a major revenue source and a balancing factor to local government budgets. Again, inefficiencies and

ineffectiveness of the tax administration system have also downplayed the relevance and potential of property rates in Ghana. Further to this, most Ghanaians have particularly lost the enthusiasm to pay property rates, because Local Governments have, over the years, not been able to justify reasons for property rate mobilisation, however small this might be, in the form of social services and physical infrastructure.

1.2 Financial Resources of Local Governments in Ghana

Financial resources are of prime importance, if local authorities are to effectively provide the services that are legally required of them and to execute their annual budgets. A lot of committees have, in the past, been constituted to study and analyse the system of local government in Ghana and how they could be suitably financed. Such committees included the Coussey Committee, the Watson Commission, Philipson Committee, and the Sireboe Committee. These committees made recommendations, including the need for an economically-viable local government unit, the abolition of basic rates and the introduction of district taxes. However, some of these recommendations have not been implemented and this might be because they have not been seen to be the best ways to finance local governance in a developing country like Ghana (Asare, 1986).

To be able to perform the functions under Section 10 of Act 462, local authorities have three sources of revenue: the District Assemblies' Common Fund (DACF), ceded revenue and own revenue raised through local taxation. The DACF is the main source, providing a constitutionally-guaranteed minimum share of government revenue (7% increased to 7.5% in 2008, but not less than 5%). Ceded revenue refers to revenue received from a number of lesser tax fields that the central government has ceded to DAs. Such ceded revenues are collected by the Ghana Internal Revenue Service (IRS) and transferred to DAs, via the Ministry of Local Government, e.g., entertainment tax, casino revenue, betting tax, gambling tax and daily

transport tax, among others. Finally, there is the collection of own revenue through property rates, basic rates, fees, fines, licences, rents from Assembly properties and ground rents emanating from stool land, timber and mineral revenue. This study will, however, concentrate on property rates and assess its potentials in generating considerable revenue for local governments, especially with evidence from the Wa Municipality.

2.0 Evolution of Property Rating in Ghana

Prior to independence in 1957, rating in the then Gold Coast was known as “Ntokura tow” (*literally meaning, window tax*). This form of rating was based on the assumption that the bigger the building, the higher the number of windows; hence, the greater the levy due. Assessment officers simply counted the number of windows to a house and multiplied that by a basic figure to determine the levy to be paid. However, different schools of thought raised concerns about this method of tax assessment. Some of the arguments raised were that, the basis involved was not subjected to any empirical analysis. Others were of the opinion that one could build a small house and yet have numerous windows or one can decide to have a large building with very few windows, depending on the outlook and the discernment of the owner. These agitations led to the introduction of the Municipal Council Ordinance of 1951 upon the recommendation of the Coussey Commission and following the abolition of indirect rule through *Native Authorities* (Chiefs).¹ This period marked the beginning of a solid background to the present rating system in Ghana. Four (4) Municipalities, namely, Accra, Kumasi, Cape Coast and Sekondi-Takoradi, were empowered to impose a rate on buildings, provided the said building had an annual rental value greater than six pounds (£6), as stated in section 87(4) of the Ordinance under reference. In 1954, a different Ordinance, namely, Local Government Ordinance, was passed to supplement the Municipal Council Ordinance 1953 so as to empower urban and

local councils with similar functions like the main Municipalities. The basis for assessment was still the Annual Rental Value² (ARV).

The Local Government (Immovable Property Rate) Regulations 1954 prescribed the method of assessing immovable property and defined rateable premises as any house, hut structure, shed or roofed enclosure, whether used for the purpose of human habitation or otherwise. The rateable value or assessed value was 10% of the Replacement Cost (RC) of any premises. Replacement Cost is the reasonable cost which will be incurred in building similar premises at the date of the preparation of the Valuation List (VL).

2.1 Post-Independence Era

After independence, however, Ghana embarked on a unique development path by seeking assistance from the United Nations on a uniform and workable system for Immovable Property rating and valuation. This request was responded to in the affirmative by the United Nations. Dr. J.F.M. Murray, an Aussie, was appointed by the United Nations to undertake an overall survey of the system of real estate valuation for rating purposes and make recommendations as to how uniformity in Valuation of property for the purposes of local level taxation could be achieved, having due regard to the conditions in the country and to recommend a suitable basis for the tax.

After conducting an intensive study of all rating legislations in the country and making a careful

¹ ‘Chiefs’ in Ghana refer to the traditional politico-administrative authorities in the traditional area. In colonial times, it was through the Chiefs that the British advanced their indirect rule over the then Gold Coast. The institution is, however, older than colonialism itself in Ghana. Currently, they perform numerous roles as agents for peace, tranquility and development in their respective traditional areas.

² The Annual Rental Value is defined to mean the rent at which the premises can reasonably be expected to be let in the open market in an average year, considering all essential outgoings, such as, repairs, insurance and other expenses necessary to maintain the premises in order to command such a rent.

examination of all land tenures in the country and their effects on real estate values and on possible system of rating, Murray, in his report, denounced the Annual Value Method and recommended the Replacement Cost Method as being simple and with general applicability in both cities and villages. He also added that land *per se* should not be rated, because it will amount to double taxing.

3.0 Study Methodology

A case study approach was used with a combination of both quantitative and qualitative research methods. Primary data for this study was obtained from property owners (*both owner-occupied and rented premises*), officials from the Lands Commission, Rate Collectors and Officials of the Municipal Assembly. The purposive and stratified sampling methods were used in selecting the respondents for the study. Tools employed in gathering primary data included semi-structured interviews, observation and questionnaires.

Primary data was obtained from questionnaires administered to 96 property owners and 8 rate collectors. Interviews were also held with 13 officials drawn from the Wa Municipal Assembly, Land Valuation, Public and Vested Land and the Survey and Mapping Divisions of the Lands Commission. Field observation and photographs were also undertaken to aid visual impressions of some existing realities on the ground. Secondary data were obtained from policy papers, historical accounts, reports and legislations relating to property rating, decentralisation and good governance in Ghana.

4.0 Challenges to Effective Rate Revenue Mobilisation in Ghana

Through interactions with rating and valuation officials, questionnaires responded to by the owners of rateable hereditaments and members of the general public in the Wa Municipality, the following were identified as the main hurdles

confronting property rating: poor cadastre and property registry system, property value assessment and methodologies, difficulties with property rate collection, lack of community participation in tax revenue utilisation and confusing institutional arrangement and tax administration.

4.1 Poor Cadastre and Property Registry System

A typical fiscal cadastre, according to Whittall and Barry (2004),

is an official inventory of land parcels that provides the necessary information to be able to determine the value of property (land and/or improvements) for the purposes of taxation.

This implies that the fiscal cadastre forms the information base for property taxation in every country, whether it is electronic, digitised maps or paper-based.

One of the major problems that has affected the efficiency and effectiveness of property tax governance in most developing countries is poor record-keeping. This problem is also peculiar to Ghana as well. Most cities and towns in Ghana are not fully covered by any comprehensive cadastres. Even the few areas with cadastres are not regularly updated. This lapse in building an up-to-date fiscal cadastre that speedily incorporates new properties, and reconciling it with the valuation lists at the local level could be one reason why many taxpayers have successfully evaded property taxes. In the Wa Municipality, the most current master, divisional and block plans dates as far back as 1997, and in Accra, the most recent plans date at 1995. These are too old to represent the current data capture of rateable properties in the Municipality. In many instances too, taxable properties are not adequately described in the fiscal cadastres and property owners may be difficult to identify.

As expressed by Kitchen (2003):

The assessment roll should include the address of the property, its owner, building and lot size in square metres or hectares, the age of the building and information on renovations or improvements.

4.2 Property Value Assessment and Methodologies

The methodology used in determining rateable values of properties varies all over the world. Among others, the market value, rental value, site value or the depreciated replacement cost method are used. Generally, valuation is a subjective notion, though from an informed position of the valuer.

Depending on what method is being used or the professional and technical capacities of the valuers undertaking the property valuation, taxable property values may differ gravely. It is most significant to note that the choice of the valuation method that a particular country or municipality adopts may pose its unique difficulties. The ability to surmount these problems relating to property valuation will be a bold step towards ensuring equity and fairness in property taxes.

Unfortunately, these issues relating to the methods of property valuation have persisted in most developing countries, including Ghana. The Wa Municipality, for example, lacks the requisite human and logistical resource base to undertake regular revaluations. There is also continuous budget deficit to finance revaluation. Consequently, this system fails to reflect a wide variation in property values annually and does not promote raising substantial revenues through property tax (Adem and Kwateng, 2007). According to the Wa Municipal Valuer (qualitative interview, 2010), the current staff strength of the MVD is three. The office also lacks adequate space, basic office equipment, transportation and attractive remuneration. They have also often worked amidst tough and unyielding property owners and with minimal support from the WMA.

4.3 Difficulties with Property Rate Collection

The problem of property rate mobilisation relates to property tax billing and collection. In Ghana, rate demand notes are issued and distributed by the Assembly to property owners in their local area of jurisdiction. The method used either postage or self-delivery, depending on the preference and resource base of the Municipality concerned. In the Wa Municipality, the tax bill is hand-delivered by the authorised local revenue collectors, and rate payers either decide to pay directly to them or at the Municipal revenue unit before a scheduled date. Though the Ghanaian decentralisation structure seems to be appreciated broadly, local authorities continue to have difficulties when it comes to local revenue mobilisation, especially property rates. Generally, property rate mobilisation is poor due to poor fiscal information infrastructure. There are also growing concerns about the non-enforcement of rate non-compliance penalties due to creeping 'politicization' of the system, and in the Wa Municipality, apathy from indigenous groups. This is corroborated in the views of Adem and Kwateng (2007) that:

penalty for non-payment is often a much politicized issue, which few tax administrators are willing to implement. Also, legal cases arising from non-payment can drag on for prolonged periods of time.

For most parts of the Wa Municipality, especially in areas where the indigenous Waala reside, mobilising property rates is very problematic. Properties are mostly in a cluster without any clear boundaries and property ownership is in the entire family. This makes valuation extremely difficult. Ownership and occupation are intricate to ascertain and, therefore, complex to tax. In some cases, family members also resist rate payment by any single family member since it can be construed as evidence for property ownership. There is also this erroneous belief that indigenes do not pay rates. High level poverty among the local people and the low level of housing quality often pose a big threat to revenue mobilisation as well.

4.4 Lack of Community Participation in Tax Revenue Utilization

According to Adedokun (2006),

local government system as the third-tier of government deserves adequate finances to enable it cope with the numerous developmental activities within its jurisdiction.

It is generally believed that local governments are more capable in identifying and tackling societal problems with local significance. They can, however, do this through local revenue mobilisation and with some budgetary support from Central Government.

In the Wa Municipality, there is always difficulty in reconciling property taxes collected and the provision of social services at the community level. This is one reason why most citizens have lost interest in honouring their rating obligations. In most developing countries, housing acquisition processes are too cumbersome and expensive. Property owners, after surmounting all these difficulties, find it unjustifiable to pay taxes. This is often because, developments carried out by the Municipality may not be those urgently desired by local citizens at that point in time. The relevance of community participation is usually underscored. While the Municipality may be fast to show street lighting and drainage systems constructed, local people may desire potable water, security and sanitary facilities. At the end of the day, prime investments are left unappreciated.

4.5 Confusing Institutional Arrangement and Tax Administration

According to Oldman (1992), evidence abound to suggest that urban property tax revenues in developing countries have not kept pace with the growth of the base, largely because of the way the tax is administered in most developing countries. In most developing countries, Local Government Agencies continue to be responsible for providing local infrastructure and social services on behalf of the Central Government.

In Ghana, this responsibility lies on the MMDAs. In the earlier stages of property rating in Ghana, the LVD was directly under the Ministry for Local Government. Currently, it is under the Ministry of Lands and Natural Resources. Yet, it remains the sole valuation unit for property rating. This current arrangement detaches the valuation unit from the mainstream activities of the WMA. It also makes it difficult for the Unit to access budgetary allocations for rating valuation. According to the Municipal Valuer, every year, they submit annual estimates to cover valuation expenditures, but these budgets are often not met and, since they are also locally constraint in terms of funding and other logistics, they are unable to deliver on their mandates. In this regard, there is the need to ascertain and improve the current structure of institutions tasked to localise local property tax revenue.

5.0 The Potential of Property Rates as a Source of Municipal Finance

Property rates form a significant source of public finance to the Wa Municipal Assembly. In Figure 1, a comparison is made of total revenue accruing to WMA from property rates, *viz-a-viz* the annual cumulative revenue derived from all the other available sources of revenue. In 2006, the WMA realised Gh¢24,755.20, representing 18% of the total Gh¢136,674.50 from all other sources of LG revenue.³ This figure, however, dropped to 13% in 2007 and further downwards to 10% in 2008. However, in 2009, the Assembly realised a massive increase in rate revenue following huge claims made from MTN (a local telecommunication giant) in respect of their telecommunication masts and other properties in the Municipality. Following this success, it can be seen that, property rating can generate up to 30% of the current budget of the WMA, provided the current challenges are streamlined, much investment made in the rating unit and management attention drawn towards improving property rating in

³ Refer to section 86 (3) of the Local Government Act 1993, Act 462.

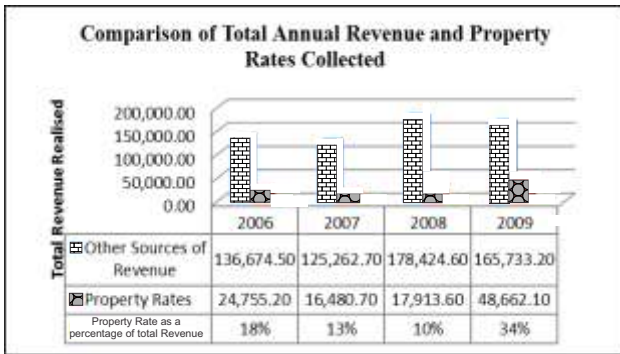


Fig 1: Comparison of Total Annual Revenue vis-a-vis Property Rates Collected in Gh¢ for WMA
 Source: Municipal Budgeting Unit, 2010

the Municipality.

The above observed trend is, however, contrasting with similar studies in the Accra Metropolis. As reported by Adem and Kwateng (2007) in 2003, the Accra Metropolitan Assembly (AMA) generated Gh¢1,247,647.00 from property rate, representing 12% of the total revenue Gh¢10,183,751.00. In 2004 and 2005, the revenue from property rate constituted 11% and 8%, respectively. This was mainly because AMA was not collecting as much as it was supposed to collect. This resulted from the AMA's inability to sponsor revaluation exercises so that it can cover newly-built properties. The last and major work was indexation of values in 1995. These shows that the values on which the AMA applied its rates were not reflecting the actual value of the properties. Besides this, the AMA did not take strict measures against property owners who refused to pay property rate. This was because the procedures involved were cumbersome and tedious. It made it difficult for the AMA to adequately enforce the payment of property rate. In addition to these, the property rate did not cover all the properties adequately.

Per the 2011 National Budget, it was revealed that property rating accounted for 15% in Tema (Tema Metropolis) of total internally-generated revenue, 9% in Sekondi-Takoradi (Sekondi-Takoradi Metropolis), 8.3% in Accra (Accra Metropolis), and 6.3% in Kumasi (Kumasi Metropolis). Details of AMA is summarised below in Figure 2:

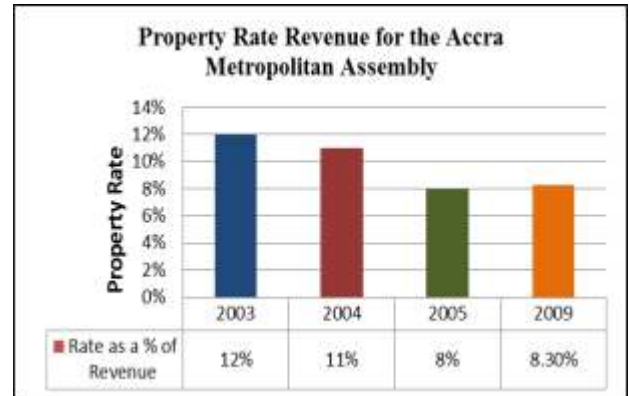


Figure 2. Property Rate as a Percentage of Total Annual Revenue for the AMA

Source: Author, 2010 (Compiled from Adem and Kwateng, 2007 and 2011 Budget of Ghana)

Estimated and actual revenue collected from rates in the Wa Municipality have differed mostly negatively. Between 2006 and 2008, property rate differences have been negative with a reducing trend. In 2009, however, rate difference realised a positive boost due to the success of the Municipality to retrieve outstanding rates due from MTN. Following this, the Wa Municipal Rating Unit has decided to shift concentration from private property owners to corporate organisations and commercial properties. This is illustrated in Figure 3:

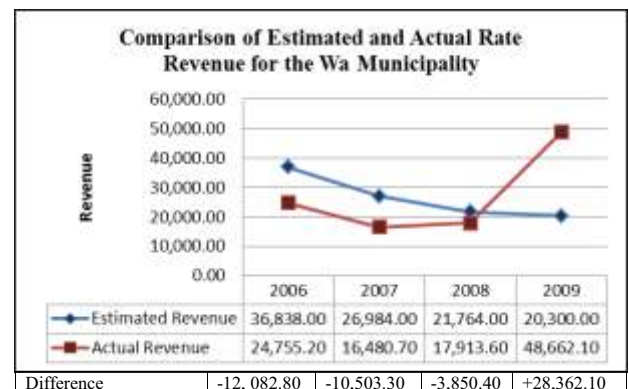


Figure 3. Property Rate collected for the period 2006-2009.

Source: Municipal Budgeting Unit, 2010

6.0 Property Rate Collection Approach

The collection of property rates is the sole responsibility of the Wa Municipal Assembly. When the Valuation List is deposited at the Municipal Assembly and comes into effect, the property rates payable are ascertained. Thereafter, the Assembly, in seeing to the collection of the rates, authorises rate collectors (per Section 111 (2) of Act 462) to collect these rates. Property rates are collected first by serving demand notices on persons liable to pay property rates, specifying how much they have to pay, the place, date and time for payment. District Assemblies are empowered to administer sanctions to rate defaulters, unauthorised rate collectors, as well as authorised rate collectors who fail in their mandates, as spelt out in the Local Government Act 1993 (Act 462). In the Wa Municipality, property rate collectors are temporary workers, mostly high school students or graduates who are engaged to distribute rate demand notices on behalf of the Municipality. This arrangement, according to the Municipal Rating Officer (field interview, 2010), is attributed to general staff constraint at the property rating unit. This practice, however, presents some advantages and disadvantages. In the first place, most rate collectors are temporary workers and are merely paid commissions, while the permanent staff serve as supervisors and training officers. On the contrary, most rate collectors lack basic map-reading skills to enable them locate rateable properties on the field.

Over the years, the distribution of demand notices has not been effective in bringing in expected revenue since most property owners fail to follow up to pay taxes. Some only come to pay as proof of ownership. Most property owners declared they are willing to pay, but the mode of collection discourages them. It is statutory to serve demand notices and allow people three months' grace period to pay. It was also revealed that rates are not supposed to be collected at the point of issuing the demand notice. Rate collectors cannot entirely be trusted. Past experience has shown that some rate collectors have pock-

eted rates in some Municipalities of Ghana where direct collection was allowed. Some have also been accused of issuing fake receipts and collecting bribes from property owners in order not to serve demand notices to them. However, all 8 rate collectors interviewed for this study have refuted these claims in the Wa Municipality.

7.0 Public Perception towards Property Rating

It was also realised that a greater number of respondents, representing 74% of the 96 property owners have ever paid property rate. Payments were made after demand notices were brought to them by rate collectors. 15% of the respondents have not paid before and 11% did not respond to the above (see Figure 4). Some of the reasons given for the non-payment of property rates were that they have never been approached or given any rate demand notices. Some said they did not see the need. After explaining the concept to some respondents, they were of the opinion that rating should be on rented premises and not owner-occupied properties since they did not receive income from their houses. After meeting some respondents from Kpaguri, it came up that, properties they occupied belonged to families and had no single identifiable owner. This also applied to most indigenous settler-communities in the Wa Township.

Following an interview with the Municipal Rating Officer (MRO), it was revealed that rate demand notices, distributed to indigenous sections of Wa, were vehemently opposed. It was contended that most properties were not of a very high quality to attract rates. Generally, property owners also classified themselves as poor and unable to meet their tax liabilities. This issue, according to according to the MRO, always generates a lot of misunderstanding with indigenes and some of them always threaten to also in turn ask for all lands currently being occupied by the WMA and for most of which compensation was never paid. Data collected is displayed in Figure 4.

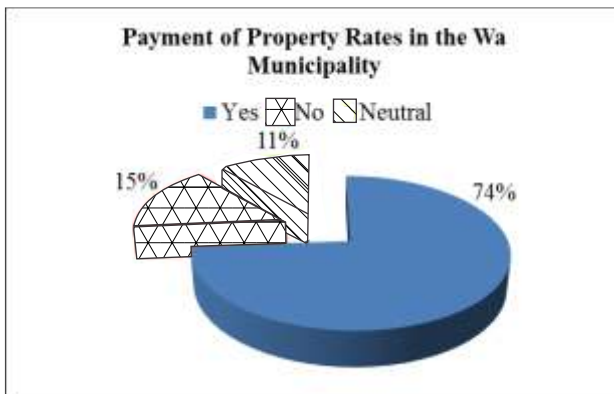


Fig. 4. Payment of Property Rate in the Wa Municipality

Source: Field Survey, 2010

8.0 Knowledge about Penalties⁴ for Non-Payment of Property Rates

This question was posed to respondents to ascertain whether they were aware of the penalties that came with the non-payment of property rate in Ghana as stated in Section 108 of the Local Government Act 1993 (Act 462). Seventy-one (71) out of the 96 respondents stated that they were aware of the penalties associated with non-payment. This meant all the property owners, who have paid rates before and some of those who had to be summoned before the court, were aware of the penalties for rate default. Eighteen (18) respondents did not have any knowledge about property rating and seven (7) did not respond to the question posed (see Figure 5).

From the responses obtained from individual property owners, majority stated their knowledge of penalties for non-payment of property rate. Following interactions with officers of the WMA, it was revealed that property owners were cautioned about the penalty for non-payment of property rates.

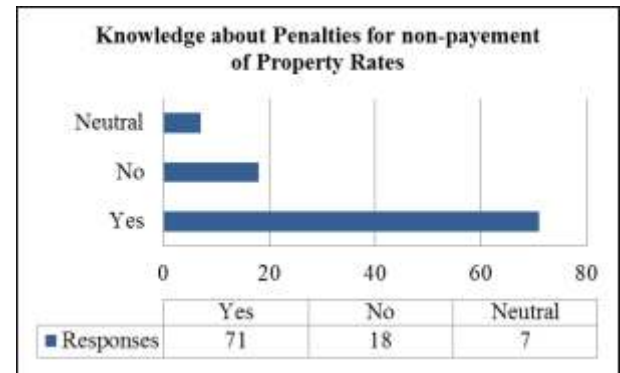


Fig. 5. Knowledge about Penalties for non-payment of Property Rates

Source: Field Survey, 2010

9.0 Recommendations

The problems hindering property rating as a major source of revenue for the MMDAs have been examined in this study. However, the experience from the Wa Municipal Assembly shows that much can be generated from property rating. In view of the identified problems, the following recommendations are made.

9.1 Elimination of Political Interference in Property Rating

Property rating is generally politically sensitive. Furthering taxation agenda is a pinch on politicians since the taxpaying electorate tends to threaten back with a lot of votes against existing regimes. Over the years, politicians have in turn been very careful in reviewing taxes, so as not to incur the wrath of their people. In Ghana's case, it is even worse where MMD Chief Executives are nominated by the government in power to spearhead the course of the central government at the local level, while concentrating on local problems. Some MMDCs have, however, often interfered with local taxation system, protecting loyal party folks from paying legitimate taxes, in return for political favours.

It is recommendable that property taxation be completely protected from political interference. The Municipal property rating unit should be made semi-autonomous to undertake its functions. It should also be acknowledged that

⁴ Refer to Section 108 for penalties for refusal to pay rates and willful misrepresentation, Section 109 penalty for inciting a person not to pay rates, Section 110 penalty for unauthorised collection of rates and Section 112 penalty in respect of offences by rate collectors. See also Section 118.

though all local taxes are politically determined, they require widespread public acceptance for easy administration. The openness and transparency of property tax will mean that it is impossible to introduce the tax by secrecy, but political interferences will often mar the significance of the tax as a major source of local level revenue.

9.2 Introduction of Information Communication Technology (ICT) in Property Rating

The significance of ICT has penetrated all sectors of society with inestimable visible positive results. Adopting computer-based rate administration will do the sector a lot of good, while still maintaining a high level of quality paper-based back-up system for use in times of power outages. ICT will allow for easy data capture, storage, update and sharing. ICT will facilitate quick re-valuations and valuation list updates. Though ICT may come with high initial installation cost and huge logistical requirement, the subsequent benefits are enormous. In using Computer-assisted mass appraisal techniques, much of the work can be carried out by people with basic IT and statistical skills and valuation technicians. This will reduce the labour requirements, yet increase tax administration efficiency, accountability and transparency. As reiterated by FAO (2002:35), it is worth noting that ICT alone does not assure data quality, produce a substitute for valuation skills and produce organisational skills. These need to be put in place and made functional by making local budgetary allocation to provide computers, networks, storage devices and staff training. The careful and well-planned use of ICT may well reduce costs, increase accuracy and consistency of the data, save time and allow for data interoperability. Since the valuation list is a very large database, ICT will allow for data therein to be reproduced in several different formats. ICT can also check corruption.

9.3 Adopting Community Oriented Revenue Mobilisation

Most property owners, who confirmed having paid rate at one point or the other, admitted that

payment to the rate collectors was risky or payment at the Municipal Revenue Office was not conducive. They insisted proximity to payment points will facilitate payments as they are not able to pay instantly to rate collectors upon delivery of demand notice. It is believed that decentralized rate-collection will bring the payment points closer to the taxpayers. This could be followed up by frequent radio or mobile van reminders. This will help minimise the level of delinquency and revenue realised eventually. Neighbourhood Teams could be involved in such programmes. Citizens are more encouraged to pay money out to persons they trust will not embezzle it. Community leaders could spearhead this. Initiatives to encourage self-reporting, if put in place, would facilitate the extent to which the revenue collected is earmarked to improve public services and equipment in the neighbourhoods in which the property tax was collected.

9.4 Mass Public Education

Taxation is not humanly desirable. Apparently, no one wants to pay tax without compulsion or persuasion. Following this, rate-payers have not been able to reconcile taxes paid to the benefits received. This, according to respondents, has often been a disincentive to payment. As was revealed in the study for developments undertaken at the WMA, unfortunately, not all these were usually priorities for some communities they serve and, by this, the desired eventual impact was minimal. It is recommended that Assemblies demonstrate to taxpayers the public benefits related to the collection of the property tax. This can be done if they promote educational programmes explaining projects, taking in local inputs and educating people on how they can contribute to this course. The public is increasingly demanding an understanding to all professional practices so it is important to keep the public well informed about processes and practices throughout and for the terms used to be clearly explained. There is the increasing need to bridge the information gap between the citizenry and those in authority. This will demystify public offices and make them approachable by ordinary

people. This could be undertaken by the WMA or the National Commission on Civic Education (NCCE) and the Information Services Department (IFD).

9.5 Adjust the Tax Burden on the Poor, Especially in Indigenous Areas

According to FAO (2002),

An analysis of most valuation list prepared on an *ad valorem* basis typically reveals that 40% or more of the total assessed value derives from less than 10% of the most valuable properties. On the other hand, about half the population live in less valuable properties that account for less than 10% of the total value.

This situation is even worst in the Wa Municipality where 8 out of every 10 people are poor. In this respect, it is appropriate to adjust the tax burden according to the ability-to-pay. Extremely poor people and deplorable housing could be excluded and the rate of tax could then be adjusted, depending on a person's ability to pay. This will save the Assembly the cost of issuing demand notices to this group of people and expenditure in the court processes to recover outstanding rates, when, objectively, such people cannot afford such taxes. Institutions, departments, boards and agencies could then be taxed more. This can be seen as apportioning liability between the different layers of government, and this is particularly important for local governments with relatively large number of central government properties. It is also generally the case that the public sector is not a careful user of public infrastructure (FAO, 2002). Municipalities can leverage against the cost of maintaining these infrastructures by taxing such users.

9.6 Increasing the Number of Valuers and the Capacity of Field Technicians

The shortage of professionally-qualified valuers will remain a challenge for most transitional economies for the time being and the public sector will find it difficult to secure and retain these scarce skills. In Ghana, this scenario is

attributable to higher demand for their services by other private institutions and individuals who are ready to pay them well. In line with this, most MMDAs in Ghana have been unable to engage and maintain private valuers for rating valuation at a time that staffing strength of the mandated valuation unit is inadequate. Strategies for combatting this difficulty will include MMDAs contributing resources for development of university capacity in training more human resources and intensive research into this field. They could particularly sponsor young graduates for further training in rating valuation. In-house training of technicians on emerging methods of valuation will help expand their horizons and build their competencies. With the provisions of Section 111 (2) of Act 462, MMDAs could engage the services of the private sector that will assess property values, levy rates and collect same for them and be allowed to retain an agreed percentage. Special training should be offered to top hierarchy of the Municipality on organisation of tax offices or the planning and execution of revaluation since it is a fact that training and education for valuers and assessors generally do not include these.

10.0 Conclusion

In consideration of the findings from the field data analysis, the basic challenges on property rating in the Wa Municipality include: non-enforcement of the law on rate defaulters, low budget deficit in financing revaluation, insufficient staffing of the Metropolitan Land Valuation Division and Rating Unit of the Assembly, and low level technical capacity of the few staff available. Some practices of property rating which are generally acceptable and result-oriented include the following: the identification and mapping of all taxable properties; the classification and valuation of each property in accordance with agreed procedures by technically qualified and upright staff; the identification of the taxpayer without biases; the preparation of a reliable and comprehensive valuation list; the advance notification of the individual property taxpayer of tax payable; the convenient

collection of the appropriate taxes; fair and if possible free appeal procedures for tax payers who dispute their assessment, and the regular publication of statement of accounts and auditing of local government accounts. The valuation division needs to work closely with the cadastre and land register through data interoperability. It is only under these systems that property rating will go a long way to generate the bulk of public finance needed at the local level to enhance local development and democracy.

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