

Rethink the proposed hike in fees for land services

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Proposal to hike fees

The recent gazette notice by the Lands Cabinet Secretary Alice Wahome proposing to increase fees for various services offered by the Ministry has provoked public discussion. There are times such an increment could be a boon to the provision of land services. Nevertheless, there are times this can be a bane to the target consumers. It all depends on the underlying justification, the prevailing circumstances, and the magnitude of the increment. The timing, the involvement and communication of the information to industry matter too.

Fee hikes need justification and buy-in

In Karnataka State of India for instance, there was a dramatic increase in the land revenue collected by the state following the digitization of land records, and the decentralization of land information service points to the villages. Landowners could for instance obtain print outs of their official searches and property maps by simply walking to the village land service kiosks. The costs applicable were mundane and affordable. In this case, the boost in revenue collected was informed by the reduced costs of travel to access the service points, and keeping the costs of the service affordable.

In other jurisdictions, land revenues have been increased by the preparation of valuation rolls and the subsequent levying of land rates. However, for this result, the authorities have had to accompany such rates by a demonstrable increase in the access and quality of services such as roads, water and sewerage, power and cleaning. In jurisdictions where such increment in rates aren't accompanied by improved services, compliance is often low, and the proportionate costs of collecting the revenue has undermined the intended gains. There are also countries that have established comprehensive quasi-state land agencies with authority to recycle revenues collected from land services. These agencies have been able to maintain high quality services for which consumers pay without gripe.

No commensurate improvement in services

The proposed fees increment by the Lands Ministry hasn't been justified through improved services, involvement and collaboration with the consumer industry. It also comes at a time when service seekers have been struggling with a local taxation regime with rates of several services on the ascent. The proposed hike also comes in the backdrop of hard lessons from the recent tripling of capital gains tax from 5% to 15%. This increment was met by a depreciation in the revenue collected. The Ministry's statistics may reveal that land searches are for instance the most sought after service.

The cost of the service is proposed to rise to Ksh1500 from Ksh500. This is a fundamental service, often sought by landowners and institutions during property purchase, compensation of compulsorily acquired land, succession proceedings and processing of bond instruments by courts. It incentivizes land transactions. Enhancing the fee when it should be reduced given the ongoing transition to digital services is ill advised, and may dampen the market. Even as the Ministry proposes a major hike in other services, let it beware that it serves poor rural communities, which will be hard-pressed to afford.

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