

## Independent Online

### eThekwini considers new fire levy to help fill city's empty coffers

By Chris Ndaliso 27 July 2020

Durban - eThekwini Municipality is contemplating the introduction of a "fire levy" for property owners as a means of raising extra revenue.

This is included among various proposals for municipalities to raise extra revenue contained in a March report by the Financial and Fiscal Commission.

The proposed revenue generation means are development charges, tourism levies, land value capture mechanisms, fire levies and amusement taxes. According to a technical report published in March, the commission, an independent body that advises the Treasury on finances, listed these measures as potential revenue sources for local governments.

The proposed amusement tax could be added to casinos and parks' entry fees; land value capture tax would be payable by those with property values that increased due to investment in public infrastructure (e.g. improved roads); tourism levies would be paid by hotel bills; an advertising levy would be charged for use of billboards; the development charge would be levied on property developers for new and existing buildings; and the fire levy could be added to property rates.

"The fundamental problem confronting most municipalities is the widening gap between the available financial resources and the delivery of service needs. Based on the survey results of 23 municipalities, and content analysis of both modern public finance theory and empirical studies, a list of potential revenue sources for local government was identified and include: the development charges, tourism and fire levies, and amusement and advertisement taxes. These revenue sources rank highly in terms of the five important criteria for a 'good' tax handle, i.e. efficiency, accountability, transparency, fairness, and ease of administration," reads the report.

The commission recommended that Finance Minister Tito Mboweni take steps (including piloting) and consider adding these supplementary revenue sources to the allowable taxes for municipalities.

"Fire service levies, in particular, should be considered for the municipalities that are to be authorised for this function.

The auditor-general's (AG) report recently painted a grim picture of eThekwini's finances, indicating that a lack of consequence management had resulted in irregular expenditure of R2.34 billion in the past financial year ending June 2019, compared with R733 million in the 2017/18 financial year.

City spokesperson Msawakhe Mayisela was quoted in a Sunday paper saying the city welcomed the fire tax and that it could be ring-fenced and only spent on providing more effective fire services.

Tony Clothier, of the Outer West Ratepayers' Association, said it was "madness" for the City to even consider introducing more taxes to already struggling ratepayers.

<https://www.iol.co.za/dailynews/news/ethekwini-considers-new-fire-levy-to-help-fill-citys-empty-coffers-9dc5fec1-e7ac-486c-bcb0-7e7a0e33cfb0>