

Cape Argus

Billboard, parking lot tax among proposals to help increase municipal revenues

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Cape Town - Parking lots, billboards and hotel beds could be taxed if proposals to help increase municipal revenues, contained in a report by the Financial and Fiscal Commission, are eventually adopted.

The commission, which advises Parliament, provincial legislatures, and organised local government on spending and income, recently released a technical report in which it proposed new ways for local governments to raise their own income.

The suggestions come as data from a March 2020 survey by Statistics South Africa (Stats SA) showed that local government increased spending by 12.2% over the past year, driven largely by increased spending on employee costs.

According to Statistician General Risenga Maluleke: "On the revenue side, municipalities received or generated R114.9billion in the quarter that ended in March 2020. This represents a rise of R19.8billion (or 20.8%) from the R95.1billion recorded in the quarter ended March 2019.

"South Africa's 257 municipalities spent R96.8billion in the quarter that ended in March 2020 on operational costs, up from R86.3billion in the quarter ended March 2019. This excludes capital spending."

The latest Quarterly financial statistics of municipalities report shows that the biggest contributors to the R10.6billion rise were employee costs (up R4.6billion), "other" expenditure (up R2.6billion) and general expenses (up R1.7billion).

Breaking it down by type of municipality, the survey showed: "Metropolitan councils were the biggest contributors to employee costs, accounting for 59.1% of the R30.3billion. The 205 local municipalities contributed just over a third (33.5%) and the 44 district councils contributed 7.4% to total employee costs.

"Electricity purchases was the second biggest expenditure item for local government, contributing 18.7% of total spending. Municipalities buy electricity in bulk and then resell the power to homes and businesses.

"Contracted services was the third biggest item (8.5%), followed by general expenses (7.6%) and depreciation (6.2%)," the survey showed.

On the issue of smarter spending by municipalities, Consulting Engineers South Africa (CESA) chief executive Chris Campbell said: “CESA assists and advises municipalities on sound and effective project procurement, planning and implementation processes.”

Campbell added: “In one case, CESA assisted the City of Cape Town by providing objective advice in terms of the Engineering Council of South Africa (ECSA) fee guidelines, that resulted in the amicable settlement of a fee dispute.

“The issue had arisen between the City and a member firm of consulting engineers, where the fees charged appeared excessive for a relatively minor project within the Gugulethu Cemetery,” said Campbell.

“If we can advise more municipalities on such issues, it would go a long way in improving the management of public finances.”

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<https://www.iol.co.za/capeargus/news/billboard-parking-lot-tax-among-proposals-to-help-increase-municipal-revenues-a018f1ae-1ab0-4b6f-aec1-ac6a66120d4d>