

# **COSATU Presentation on the 2018/19 Budget**

## **Standing Committee on Appropriations: Dialogue**



# A New Dawn – SONA

- Focus on Jobs and Investment:
  - Summits;
  - Sectoral Plans; and
  - Absorb millions of unemployed.
- Corruption and State Owned Enterprises;
- Presidential election; and
- Cabinet changes.

# 2018 Budget – Key Issues

- Increased taxes upon working and middle classes:
  - VAT;
  - Below inflation tax bracket adjustments;
  - 52 cent fuel hike; and
  - 3% reduced public service employment.
- Lack of plan to reduce wasteful expenditure and recover stolen assets; &
- Lack of comprehensive jobs plan.

# Revenue

- Raft of tax increases on the poor in 2018 budget.
- Are we not in danger of over taxing the poor?
- Government should focus on sorting out the leadership and collection crises in SARS.

# Revenue – COSATU Proposals: Workers

- Cancel VAT hike;
- Reduce fuel levy hikes; and
- Adjust 3 lower income brackets for inflation.

# Revenue – COSATU Proposals: Wealthy

- 2-4% company tax hike;
- Estate duty and inheritance taxes;
- Above R1 million income tax hike;
- Capital gains tax;
- Imports and luxury goods; and
- Investment incentives.

# Budget Sustainability

- Sustainable revenue collection;
- Getting the right balance between revenue collection, expenditure, economic stimulus, service delivery and debt levels;
- Avoiding the debt trap of Africa; and
- Avoiding an IMF/ World Bank intervention.

# Corruption

- R64 billion wasteful expenditure;
- R50 billion in stolen assets;
- Overhaul law enforcement agencies;
- Lack of government plans; and
- Lack of guilty being held accountable, charged, tried and convicted or stolen assets recovered.

# Corruption – COSATU Proposals

- Public representatives' state business prohibition;
- Public representatives and Public Service and SOE executives:
  - Life style audits and tax declarations.
- Parliament pass Auditor General Amendment Bill; and
- Parliament pass Public Investment Corporation Amendment Bill.

# Expenditure

- Reduce wasteful expenditure:
  - E.g. cut national, provincial and mayoral cabinets by half.
  - Cars, adverts, travel & bodyguards; and
  - General bling expenditure across government and the SOEs.
- Stop roll over of unspent budgets; and
- Hold politicians and management accountable.

# State Owned Enterprises

- Positive first steps but an absence of turn around plans;
- Need for comprehensive forensic audits, asset seizures & arrests.
- Overhaul boards and execs;
- Prasa, Eskom and Telkom retrenchments; and
- Risks of privatisation.

# Austerity

- Impact of expenditure cuts:
  - Service delivery.
  - Infrastructure backlog.
  - Freeze of critical public service posts e.g. police, correctional services, nurses, doctors etc.
  - Reduction of government expenditure in economy.

# Public Service Wage Bill

- Government needed to reduce the apartheid wage gap;
- Workers, including public servants, deserve a living wage;
- Workers support on average 7 dependents, including the unemployed;
- Growth in management posts; and
- Cuts in service delivery posts.

# Departments

- Mineral Resources:
  - Jobs plans;
  - Beneficiation; and
  - Health and safety plans.
- Labour:
  - Shortage of inspectors and inspections

# Departments

- Health (acute shortages)
  - NHI funding;
  - Infrastructure;
  - Staffing;
  - Community health workers;
  - Universities and colleges; and
  - Non-communicable diseases crises.

# Departments

- Education:

- Free tertiary education:

- Missing middle

- School infrastructure (mud schools etc);

- Overcrowding; and

- Sanitary pads.

- Social Development:

- SASSA chaos.

# Departments

- Agriculture and Land Reform:
  - Insufficient funding;
  - Support for new farmers;
  - Protection for sector;
  - Land reform for farm workers;
  - Parliament pass ESTA Bill; and
  - Provide sanitary pads for farm workers.

# Departments

- Water

- Collapse of department.
- Conservation, recycling & desalination.

- Energy

- Eskom and renewable energy;
  - Reskilling and jobs plan;
  - Tariff Hikes; and
  - Nuclear.

# Departments

- Transport crises:
  - Metro rail;
  - E Tolls; and
  - Public transport.

# Departments

- Crime cluster:
  - SAPS 3000 reduction;
  - Prisons over crowding and training and 866 head count cuts;
  - Labour court back logs;
  - Border Management Authority location and customs; and
  - SSA budget corruption and lack of accountability.

# Presidential Jobs & Investment Summits

Jobs and sectoral plans:

- Key sectors (agriculture, tourism, energy, water, transport, electronics);
- State & private sector investment & incentives;
- Infrastructure drive;
- Reskilling and absorbing workers;

# Presidential Jobs & Investment Summits

- Import tariffs, buy local & state procurement;
- Export support; and
- DTI consolidation and funding.