



Women on Farms Project (WFP)

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Mr. Allen Wicomb, Ms. Teboho Sepanya and Mr Nkululeko Mangweni
3rd Floor
90 Plein Street
Cape Town
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Dear Members of the Standing Finance Committee, Select Finance Committees and Committee Secretaries

Women on Farms Project (WFP) submits this submission, calling for the introduction of a **Wealth Tax** on the richest 1% of South Africans, on behalf of women farm workers and dwellers. A **Wealth Tax** will redress South Africa's historical injustices, address South Africa's growing inequalities and generate additional revenue to improve the quality of life for poor South Africans, including farm workers and dwellers.

Established in 1996, and working with women farm workers and dwellers in the Western Cape and Northern Cape, Women on Farms Project is a feminist non-governmental organisation that believes in feminist solutions for dignified lives for farmwomen. Our vision is of an "engendered society that treats women who live and work on farms with dignity and respect in accordance with the constitutional rights guaranteed to all South African citizens."

On 17 February 2022, WFP submitted a "Budget Tip" to National Treasury through their platform: <https://bit.ly/3ruszsj>. In our submission, we called for a **Wealth Tax** to be imposed on the richest 1% of South Africans. In addition, WFP supported the picket of women farm workers and dwellers at Parliament on National Budget Day, 23 February 2022, where we repeated our demand for the introduction of a **Wealth Tax**.

We were disappointed that Honourable Minister of Finance, Mr. Enoch Godongwana, did not address himself to the issue of a **Wealth Tax** in his inaugural National Budget Speech on 23 February. We believe that Minister Godongwana can still honour the resilience of millions of poor South Africans who face unprecedented economic hardship by introducing a **Wealth Tax**, or at the very least, initiate

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a national dialogue on the viability of a **Wealth Tax**. We hereby repeat our call that National Treasury, together with the South African Revenue Services, impose a **Wealth Tax** on the richest 1% of South Africans.

Our arguments for the imposition of a Wealth Tax in South Africa are two-fold:

1. **A Wealth Tax will redress structural wealth inequalities:** South Africa is the most unequal country in the world, with 1% of the population (approximately 356,000 people) owning 55% of the country's wealth.ⁱ Women farm workers and dwellers, however, remain landless, experience evictions, and earn low wages for the increasingly precarious seasonal work they do on farms. With poor health outcomes arising from generations of inadequate nutrition, exposure to pesticides, gender-based violence, and the legacy of the *dop system*, farmwomen also have low levels of formal education and literacy. A **Wealth Tax** would be progressive and redistributive, and thereby, reduce South Africa's growing inequalities. The richest South Africans are currently under-taxed.
2. **A Wealth Tax will generate significant additional revenue:** The World Inequality Lab, affiliated to the University of the Witwatersrand, found that a **Wealth Tax** of 3% to 7% on the richest 1% of South Africans could raise about R70 to R160 billion per annumⁱⁱ. We believe that such revenue must be ring-fenced to finance redistributive spending such as land redistribution, a Basic Income Grant, universal, quality healthcare and free quality education, especially at tertiary level, for poor South Africans, including farm workers and dwellers. A **Wealth Tax** could both contribute to the financing of the R44 billion required to extend the Social Relief of Distress Grant for the next 12-month period, as well as pave the way to a permanent Basic Income Grant.

In his Budget Speech, Minister Godongwana reminded the country that the tax relief offered (e.g. maintaining existing VAT and fuel levy tax rates) and the social development and income support (e.g. the 12-month extension of the R350 Social Relief of Distress grant) are conditional on a stable or decreasing fiscal deficit. We agree with Minister Godongwana that permanent increases in spending cannot be made on the back of fluctuating commodity prices. We argue that such social spending should instead be underpinned by a permanent, progressive **Wealth Tax** on the richest 1% of South Africans.

We welcome the Minister's frank discussion on how corruption weakens the state's ability to respond to the socioeconomic needs of its people. In support of the Minister's call to address corruption, WFP recommends that a **Wealth Tax** be accompanied by open, accessible, accountable and transparent consultative, monitoring and implementing processes.

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In conclusion, then, we state that a progressive solidarity **Wealth Tax** on the richest 1% of South Africans is an untapped tax revenue source that can be used to address South Africa's South Africa's wealth inequality, finance redistributive social spending, and reduce our large budget deficit.

Given that Minister Godongwana did not address the issues raised in our submission, we hereby request to make an oral presentation to the Standing and Select Committee on Finance on Wednesday, 2 March 2022. Women farm workers and dwellers will explain why they are calling for the introduction of a **Wealth Tax** by National Treasury, South African Revenue Service and Parliament.

We trust that our submission will be well received. [REDACTED]

Regards,

Dr Kara Mackay and Dr Colette Solomon, on behalf of Women on Farms Project

ⁱ *A wealth tax for South Africa*, Aroop Chatterjee, Leo Czajka and Amory Gethin for University of Witwatersrand, January 2021.

ⁱⁱ Ibid, p. 9. The range accommodates different rates of tax evasion.

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