# NUMSA SUBMISSION ON THE 2015 BUDGET TO THE STANDING AND SELECT COMMITTEE ON FINANCE

## 04 MARCH 2015

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**Introduction**

The National Union of Metalworkers of South Africa (NUMSA) welcomes the opportunity to engage with government on the 2015 Budget presented to parliament on the 25 February 2015.The annual budget is important for a number of reasons, most of all it outlines the manner in which the government intends to address the harsh realities and conditions of poverty, unemployment and inequality that the majority of South Africans confront on a daily basis.

On the 25 February 2015 the nation took stock of the budget. For NUMSA the 2015/16 'radical phase' budget does not represent a major or significant shift from the conservative outlook of previous budgets and remains grounded in the neoliberal policies of Minister Nene's predecessors.

Two weeks ago President Jacob Zuma addressed the nation and sent out a message to the people of this country that all is well thanks to a caring people's government. Ironically, the Budget speech does little to reinforce the 'good story to tell' line of the President and with the all too familiar language of "budget constraints", "fiscal consolidation", "slower growth and rising debts" the current budget falls short from addressing the basic needs of local communities and their constitutional rights to Free Basic Services such as water, sanitation and electricity.
Businesses, banks, multinational corporations and a range of international finance institutions want guarantees that South Africa is still a good country to invest in and the Minister, like his predecessors has played the fiddle according to their tune. Fiscal discipline and liberalized markets will remain the bedrock of government economic policy and will not be compromised in favour of a developmental trajectory that seeks to redistribute wealth and restore the resources of our country through common or public ownership. For some the material benefits after apartheid have just got better but for the vast majority of South Africans income levels have widened followed by rising levels of unemployment, poverty and socio-economic exclusion.

The Budget Speech has been a spectacular disappointment to the working masses and the poor of our country for the following reasons:

(1) The government is cutting expenditure that will make the situation of the poor and working people even worse. The government should be held responsible for destroying jobs in the public service and critical positions in education (teachers) and health (nurses and other health-care workers) have been done away with or frozen.
(2) Government alleges that it has no choice to cut spending and present a GEAR budget because of rising debt levels. Yet billions of rands are leaving our shores through illicit capital outflows, transfer pricing and the like.
(3) Despite the growing concerns on rising debts levels, government wants to spend trillions of rands on building nuclear energy plants. This amounts to nothing more than a massive corruption pool and has the potential to dwarf the much publicized arms deal – an issue that continues to defame our new democracy amidst claims of slander and unethical behavior.

In the Medium Term Budget Policy Statement the Minister called for the sale of non-strategic government assets – a warning that government is prepared to sell-off what's left of the family silver irrespective of the consequences this might have on

service delivery and the promise to build a better future for the people of this country. NUMSA vows that it will use all the resources at its disposal to strengthen the forces of the working class and its allies to oppose such capitulation to monopoly capital and the narrow interests of the bourgeoisie that it seeks to promote and protect.

**Background**

The Budget Review 2015 document, like many of its predecessors, is repeating the same mistakes of the past and continues with the same optimistic projections. While the economy of South Africa has been growing on average by 2.6% in the last ten years, the National Treasury is expecting the growth to reach 3% by 2017. At the same time the National Treasury still uses the same old policies and money allocation principles that have led us to the current growth situation. Growth cannot happen without changing patterns of spending.

The Budget Review 2015 document suggests that slow growth is the reason for the need to increase taxes on people and is the reason for low financing growth. Rather than correcting for slow growth with significant investments in social spending, creating free basic services, improving and building new infrastructure, the government refuses to improve its services, makes only 4% below inflation increases to grants and subsidies, and under finances industrial trade and development, and economic infrastructure functions.

A number of key economic functions such as defense and state security, economic affairs, and general public services will lose money in real terms over the three year reviewed period. Local and provincial government will jointly be allocated R23 billion less than previously estimated over the next years. Energy, water and sanitation public infrastructure projects will not keep up with inflation and thus would get less money than needed. The tax proposals would hurt ordinary South Africans, and will decrease their purchasing power. The currently proposed expenditure structure would not help with service delivery, uplifting people from poverty, or creating engines for future growth.

**The NDP**

In July 2014 the South African Reserve Bank raised interest rates (repo = 5,750%) to prevent the further weakening of our currency. However, relaxation of exchange controls, deregulation of the markets and the banks preoccupation with international credit rating agencies confirm that the country is well on its way to implementing the National Development Plan.

The Budget makes it abundantly clear that the NDP is being firmly entrenched as the bedrock of the country's fiscal policy framework. This is in spite of the fact that the NDP seeks to perpetuate the failed neo-liberal macroeconomic policies which have been pursued since the inception of GEAR. The adoption and bulldozing of the NDP as the bedrock of the country's development strategy will guarantee the further de-industrialisation of the South African economy which is extremely disappointing. After 20 years of democracy we have witnessed the liberalisation of our economy and the imposition of several macro-economic policies that have continuously called for wage restraint, the deregulation of the market, labour flexibility, use of labour brokers and the erosion of collective bargaining gains.

Further, the Minister has called for 'prudent management of the public sector wage bill', while funding of new posts must come from existing allocations and natural attrition (MTBPS, 2014). Such a call for wage restraints are not new and have already been made by the International Monetary Fund (IMF) in its country Article IV report (2013) and appears to be well supported by Treasury.

Unlike the IMF report, the Trade and Development Report 2013 released by the United Nations Conference on Trade and Development (UNCTAD) presents a more balanced analysis of the global economic crisis and its impact on both developed countries as well as on developing and transition economies. In outlining the pitfalls of export led growth, the UNCTAD report argues that 'development strategies that give a greater role than in the past to domestic demand for growth can be pursued by all countries simultaneously without beggar-thy-neighbour effects, and without counterproductive wage and tax competition'. The report is critical of some of the short term measures such as 'compression of labour costs and fiscal austerity' that have been adopted by many of the world's leading economies and argues against proposals for 'more flexible labour markets, lower social security coverage and a smaller economic role for the State'.

In its 2014 report UNCTAD argues that liberalised markets have failed dismally:

> *Yet, almost everywhere in recent years, the spread of market liberalism has coincided with highly unequal patterns of income and wealth distribution. A world where its 85 wealthiest citizens own more than its bottom three and a half billion was not the one envisaged 50 years ago.*

According to the 2014 report a balanced-growth scenario should have the following elements (UNCTAD 2014: v-vi)

- *incomes policies to support growth of demand on a sustainable basis*
- *growth-enhancing fiscal policies*
- *industrial policies to promote investment and structural transformation*
- *regulation of systemically important financial institutions and capital controls to stabilize global financial markets*
- *development-oriented trade agreements.*

NUMSA believes that it is important to have a sense of the different approaches to development policy given that the policy choices of our government have yet to yield positive results.

## 1. On Budget Growth

### 1. 1 Over-optimism in terms of final year predictions

The Budget projections are only as good as the projections of the GDP growth and revenue collections. Unfortunately, the National Treasury keeps downgrading its GDP growth estimates every year and prognoses are usually quite far from the truth. For instance, the Table 1 shows the downgrades in GDP growth and household consumption during the four months from the moment MTBPS 2014 and the Budget Review of 2015.

**Table 1 MTBPS vs. Budget Review GDP growth, CPI inflation, and Household Consumption**

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| MTBPS: GDP growth | 1.4 | 2.5 | 2.8 | 3.0 |
| Budget: GDP growth | 1.4 | 2.0 | 2.4 | 3.0 |
| MTBPS: CPI Inflation | 6.3 | 5.9 | 5.6 | 5.4 |
| Budget: CPI Inflation | 6.1 | 4.3 | 5.9 | 5.7 |
| MTBPS: Household consumption | 1.9 | 2.3 | 2.8 | 3.0 |
| Budget: Household consumption | 1.2 | 2.0 | 2.6 | 3.0 |

*Source: MTBPS 2014, Budget Review 2015*

First of all, it is really unfortunate to see significant changes to GDP growth trajectory and household consumption within just four months. Secondly, one can notice a similar pattern: a more or less realistic number for the next year and the overly optimistic number for the final year in the forecast period. This tendency repeats itself year after year, decade after decade. Yet, the final year, 2017 for the given budget, usually tends to be far from the truth. NUMSA Research has estimated that with respect to real GDP growth three year predictions are on average 30-40% higher than the final result.

With this caveat in mind, NUMSA would like to caution the government against relying on the so-called “Three year average growth” or “Three year average allocation”. As a principle, these numbers tend to be revised significantly, and given such an inexplicable optimism for the end of the planning period, the final year ends up looking a lot different from the projection.

### 1.2 Over-optimism over household consumption and new growth sectors

South Africa is a demand-driven economy. That means that the larger part of GDP growth in South Africa comes from consumption: over 68.4% of GDP comes from services, compared with 29% coming from industry and only 2.6% coming from agriculture (*CIA World Factbook*).

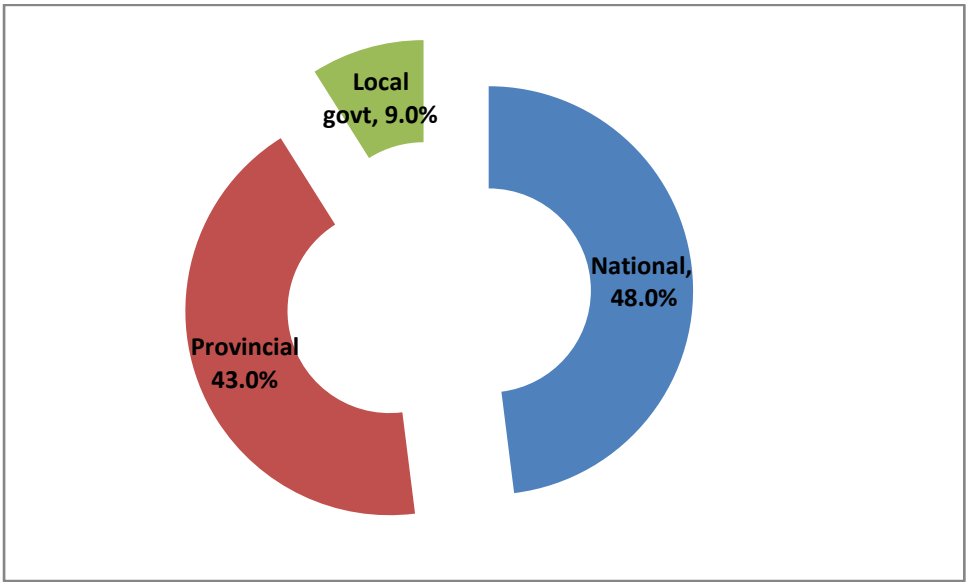
It seems highly unlikely that consumption growth would be that high given tax burden placed on South Africans this financial year. Apart from energy generation levy all the tax proposals are affecting the purchasing power of people and are placed on South Africans rather than companies. In 2015/16 financial year, South Africans will be bound to pay 1% more in taxes, from 15 cents to 3.77 rand more on alcohol, and at least 80 more cents for every liter of petrol. The fuel levy and Road fund levy increases will affect not only those travelling by car or taxi. These levy increases will affect the cost structure of transport and logistical companies that are delivering food, clothes, appliances and other goods. Hence, these items might also experience a spike in prices, and subsequently, South African consumers will be overpaying. Moreover, Eskom tariffs are bound to be increased during the year, which will put additional pressure on the purchasing power of the people.

Given the rising costs from all sides: taxes, goods, levies, transport, electricity and other tariffs, it is hard to understand why does the National Treasury puts so much faith in the household consumption increases and in the GDP real growth.

## 2. On Government Spending

Government is happy to announce the decline of the main budget expenditure ceiling. However, it is not so happy to announce the specific programs and expenditure lines that will allow such a saving. Based on the Budget Review analysis, savings are mostly coming from the cuts in provincial and local government spending. This in turn means that the R25 billion savings over two years claimed by the National Treasury will be directly affecting basic service delivery and will impact negatively on the people's lives.
Compared to the previous year budget review, in 2015 provincial governments will receive R21.4 billion less than planned, and local governments will receive R1.6 billion less. The current allocation of funds looks the following way: 48% goes to the National government, 43% to provincial governments, and only 9% to the local government (see graph 1).

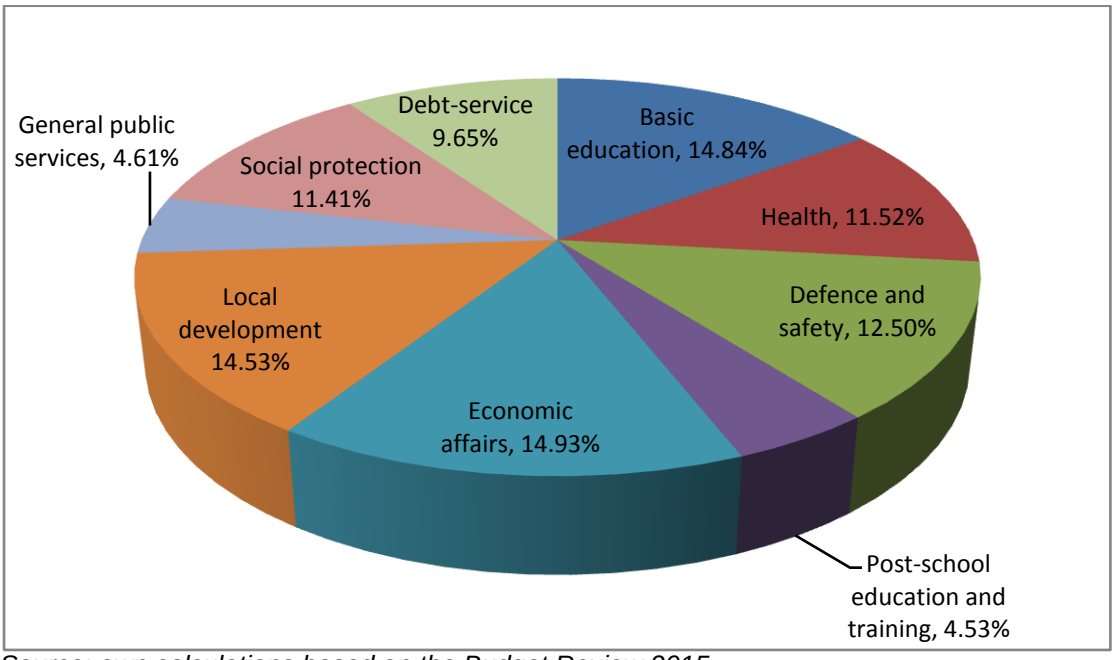
**Graph 1 Average Percentage Share allocation**




*Source: own calculations based on the Budget Review 2015*

Yet, it is the local government that sees service delivery protests and it is the local government that should be held most accountable for the delivery of services like water, sanitation, housing, electricity, etc. The centralization of South African budget money is unlikely to fix the current problems on the ground and might be the source of additional corruption.
At the same time while the R25 billion is boasted to be saved, the debt-service costs are rising disproportionally. If one looks at the government allocation of money in terms of percentage, it seems like servicing debt is the government's number one priority and it comes ahead of delivering basic services or improving lives of ordinary South African citizens. The graph below shows the allocation each expenditure function has in the total budget (including interest-payment).

**Graph 2 Expenditure allocations by functions, 2015-2017**




*Source: own calculations based on the Budget Review 2015*

The debt-service payments are taking about 9.65% of all the government spending over the three year period. That is, the government spends twice the amount of money to service the debt compared to money spending on promoting post-school education and training, empowering young South Africans with necessary skills. The debt-service payments are also rising out of control and are the fastest growing function in real terms

**Table 2 Debt-service costs payments and annual growth rates**

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---|---|---|---|
| Debt-service costs, R | 115,016 | 126,440 | 140,971 | 153,376 |
| Debt-service costs annual growth rate, % | | 9.9% | 11.5% | 8.8% |

*Source: Budget Review 2015*

While all other functions are experiencing an average of 5.3% growth, i.e. the growth rate that would only cover inflation, the debt-service costs are far exceeding the inflation rate and are growing to be out of proportions.
With respect to money allocation growth rate, while the government generally claims inflation + 1% growth, not all functions are enjoying such increases. Table 2 presents annual three year growth of economic expenditures by functions compared with annual inflation rate. Based on the Budget Review 2015 projection numbers, the annual GDP inflation over the reviewed period will constitute 5.6%, and the CPI inflation is expected to be 5.3% on average. The real average growth rate over the three year period is estimated as the difference between the average annual MTEF growth and the average GDP expected inflation.

In outlining proposals for the fiscal policy framework (MTBPS 2014) the Minister has called for the need to narrow the deficit in order to stabilise public debt. Although the

budget deficit is expected to decline from 3.9 per cent in the current year to 2.5 per cent in 2016/17 we need to ensure that such a decrease does not compromise our huge developmental needs which are yet to be met. Such a policy pronouncement is inappropriate in the prevailing challenging economic environment that the country finds itself in. During an ongoing crisis of the sort we remain within, deficit spending should rise to make up for a stagnant private sector by all accounts and in order to ensure the country delivers on its socio-economic mandate to eradicate poverty, inequality and unemployment.

**Table 3 Annual growth of economic expenditures by function**

| R million | Average annual MTEF growth | Real average MTEF growth |
|---|---|---|
| **Basic education** | **6.3%** | **0.7%** |
| **Health** | **7.1%** | **1.5%** |
| **Defence, public order and safety** | **5.7%** | **0.1%** |
| **Defence and state security** | **5.3%** | **-0.3%** |
| Police services | 6.0% | 0.4% |
| Law courts and prisons | 5.7% | 0.1% |
| **Post-school education and training** | **7.1%** | **1.5%** |
| **Economic affairs** | **6.0%** | **0.4%** |
| **Industrial development, trade and innovation** | **5.0%** | **-0.6%** |
| Employment, labour affairs and social security funds | 8.9% | 3.3% |
| **Economic infrastructure and network regulation** | **4.4%** | **-1.2%** |
| **Local development and social infrastructure** | **8.2%** | **2.6%** |
| Housing development and social infrastructure | 8.5% | 2.9% |
| Rural development and land reform | 5.6% | 0.0% |
| **Arts, sport, recreation and culture** | **5.3%** | **-0.3%** |
| **General public services** | **2.6%** | **-3.0%** |
| **Executive and legislative organs** | **3.0%** | **-2.6%** |
| **General public administration and fiscal affairs** | **3.5%** | **-2.1%** |
| **Home affairs** | **-2.2%** | **-7.8%** |
| **External affairs and foreign aid** | **1.7%** | **-3.9%** |
| **Social protection** | **7.0%** | **1.4%** |

| | | |
|---|---|---|
| **Allocated by function** | **6.5%** | **0.9%** |
| Debt-service costs | 10.1% | 4.5% |
| **Consolidated expenditure** | **7.9%** | **2.3%** |

*Source: Own calculations based on the Budget Review 2015*

Such critical items as defense and state security, industrial development, trade and innovation, economic infrastructure, rural development, and home affairs will remain heavily underfinanced. This is happening at the same time as the South African Police Service has claimed in its report that the level of crime is on the rise and has been higher than in the previous year. The government is not investing enough money in economic infrastructure and industrial trade and development, yet at the same time it is expecting the economy and GDP to grow.

However, only knowing the functions that are going to be underfinanced is not enough. NUMSA analyzed the particular programs in each of the underfinanced category that will not receive substantial money. The table below presents the programmes which will lose in real monetary increases over the reviewed three year term.

**Table 4 Underfinanced programmes, 2015-2017**

| | **Average annual MTEF growth** | **Real financing loss over the MTEF period** |
|---|---|---|
| **Economic infrastructure and network regulation** | | |
| *Road infrastructure* | *4.2%* | *-1.4%* |
| *Environmental programmes* | *4.4%* | *-1.2%* |
| *Research and development, including research institutions* | *4.1%* | *-1.5%* |
| *Agriculture and farmer support programmes* | *3.5%* | *-2.1%* |
| *Economic development and incentive programmes* | *3.8%* | *-1.8%* |
| **Local development and social infrastructure expenditure** | | |
| *Arts, sport, recreation and culture* | *5.3%* | *-0.3%* |
| *Municipal infrastructure grant* | *4.4%* | *-1.2%* |
| *Agricultural land holding account* | *-1.1%* | *-6.7%* |
| **Basic education** | | |

| | | |
|---|---|---|
| *Goods and services* | *1.4%* | *-4.2%* |
| *Workbooks* | *5.0%* | *-0.6%* |
| *National school nutrition programme* | *4.9%* | *-0.7%* |
| *Learner and teacher support materials (LTSM)1* | *2.8%* | *-2.8%* |
| *School infrastructure backlogs grant* | *1.0%* | *-4.6%* |
| **Health expenditure** | | |
| *Central hospital services* | *5.1%* | *-0.5%* |
| *Health science and training* | *3.9%* | *-1.7%* |
| *Transfers and subsidies* | *-0.2%* | *-5.8%* |
| **Defence, public order and safety expenditure** | | |
| Defence and state security | *5.3%* | *-0.3%* |

A closer look into the underfinanced programmes is disturbing: the government is not willing to spend enough money on infrastructure related projects and it is not spending enough money on purchases of goods and capital transfers.
The public-sector infrastructure estimates show that on average in the three year period there would be less money allocated to issues of energy, water and sanitation, health, education, social services, and provincial and local departments.

**Table 4 Public-sector infrastructure expenditures, average nominal and real growth**

| | **2015/16 vs 2014/15** | **2016/17 vs 2015/16** | **2017/18 vs 2016/17** | **Average three year nominal growth, %** | **Real three year growth, %** |
|---|---|---|---|---|---|
| **Energy** | 2.7% | -21.3% | -30.0% | -16.2% | **-21.8%** |
| **Water and sanitation** | 7.2% | 6.8% | 1.1% | 5.0% | **-0.6%** |
| Transport and logistics | 11.3% | 8.8% | 6.9% | 9.0% | 3.4% |
| **Other economic services** | -12.1% | 0.4% | -4.8% | -5.5% | **-11.1%** |
| **Health** | -3.9% | 5.8% | 4.0% | 2.0% | **-3.6%** |
| **Education** | 7.5% | 0.0% | 2.0% | 3.2% | **-2.4%** |
| **Other social services** | -7.9% | 6.3% | 3.3% | 0.6% | **-5.0%** |

| | | | | | |
|---|---|---|---|---|---|
| Justice and protection services | 16.9% | 14.3% | 5.0% | 12.1% | 6.5% |
| **Central government, administration services and financial services** | -19.6% | 11.7% | 6.5% | -0.5% | **-6.1%** |
| **Total** | 4.4% | -0.3% | -2.7% | 0.5% | **-5.1%** |
| National departments | 23.2% | 15.8% | -3.5% | 11.9% | 6.3% |
| **Provincial departments** | 2.2% | 6.0% | -0.8% | 2.5% | **-3.1%** |
| **Local government** | -4.0% | 5.5% | 5.0% | 2.2% | **-3.4%** |
| **Public entities[1]** | -5.0% | -0.7% | 3.5% | -0.7% | **-6.3%** |
| **Public private partnerships** | -3.7% | 11.5% | 4.8% | 4.2% | **-1.4%** |
| **State-owned companies[1]** | 10.0% | -6.8% | -8.7% | -1.8% | **-7.4%** |
| **Total** | 4.4% | -0.3% | -2.7% | 0.5% | **-5.1%** |

*Source: Own calculation based on Budget Review 2015*

With the exception of transport and logistics, national departments, and justice and protection services, all other infrastructure related projects would have a significant cut of spending.
While the government refuses to spend enough money on energy, 14.6% of South African population, i.e. over seven and a half million of people, remain out of the electricity grid. While the government refuses to increase its spending on water and sanitation, over 26% of South Africans don't have access to piped water, and over 37% of South Africans don't have a flush toilet (*StatSA, Provinces at a glance,2011*). While there are schools with bucket water and no flush toilets, the government refuses to spend enough for new education facilities projects.

**The Provision of Free Basic Services (FBS) in South Africa**
Free Basic Services is a constitutional imperative and includes the provision of the following services:

- Water
- Sanitation
- Waste removal
- Electricity (including the provision of free basic alternative energy)

S27(1)b of the Constitution of the RSA, 1996 says that *everyone has the right to have access to ... sufficient water.* According to S152(1)b of the Constitution *the object of local government is to ensure the provision of services to communities in a sustainable manner.* To reinforce these provisions the Local Government Municipal Systems Act No. 32 of 2002 places a huge premium on municipal authorities to

***ensure universal access to essential service.*** S73. (1) of the Local Government Municipal Act says that a municipality must give effect to the provisions of the Constitution and —

(a) give priority to the basic needs of the local community;
*(b)* promote the development of the local community; and
(c) ensure that all members of the local community have access to at least the minimum level of basic municipal services.

The *Act* also says that municipal services must be *equitable and accessible* and *regularly reviewed with a view to upgrading, extension and improvement.*

The nine strategic priorities for the year include encouragement of private investment and unlocking the potential of small enterprises. There is hardly any reference to the provision of Free Basic Services (water, sanitation, refuse collection and electricity) for local communities. Neither do they include the provision of quality public service delivery nor increases to curb gender based violence. Since the dawn of our new democracy the interests of big corporations have taken preference over the rights of working people and the poor.

**Electricity Pricing**

The discrepancies in electricity pricing between Eskom and municipalities require urgent attention. For many municipalities the situation has become untenable, e.g. Ratanda/Heidelberg, KwatsaDuza (Kwatema, Tsakani, Duduza), Greater Germiston and Mpumalanga (Gert Sibande Municipal District). NUMSA believes that government has to implement measures to:

- Harmonise tariffs
- Ensure that electricity is affordable
- Increase the amount of free basic electricity 50kwh - 100 kwh

With reference to the energy crisis the Minister has emphasized the importance of having a non-stop flow of electricity for manufacturing and mining. Not once did he mention the effects of load shedding on local communities or the exorbitant price of electricity that has been passed on to the consumers by Eskom through the Multi-Year Price Determination (MYPD) and the Regulatory Clearing Account (RCA) mechanism that permits ESKOM to recover additional costs through increased consumer tariffs.

According to an article by Terrence Creamer (Polity, 05 Feb 2015) the National Energy Regulator of South Africa (NERSA) ‘agreed that Eskom had under recovered R7.82-billion between 2010 and 2013 and announced that 2015/16 power tariffs would increase by 12.7% on April 1, instead of the 8% originally sanctioned in MYPD3.
Moreover, in times where half of working South Africans are earning less than R3033 a month new electricity tariffs, fuel levies and excise duties would be implemented to offset a shortfall in government revenue.

**Taxes and Levies**

The personal income tax would be increased by 1%, the fuel levy will go up by 30.5 cents, the Road fund levy by 50 cents, and excise taxes will increase from 15 cents

to R3.77 on certain goods. In addition Eskom's MYPD3 RCA related application will exacerbate the current situation leading to more disconnections amongst poorer communities.

**Health**

A *Factsheet on the Non-Negotiable Budget Items in the Provision of Public Health and HIV/AIDS Services in South Africa* (Shezi, et al. 2014 ) says that the National Health Council (NHC) introduced the so-called 'Non-negotiables' (NNs) in health sector spending to ensure that priority interventions are adequately funded and implemented. However, according to the researchers (citing Day and Daviaud, 2014) spending on health goods and services grew by only 4% whilst spending on personnel grew by 12%.

This is totally inadequate given the pressing problems of HIV/AIDS, tuberculosis, etc.

**Job Creation and Youth Tax Incentive**

On Tuesday 23 September 2014 representatives from Treasury briefed the Public Finance Monetary Policy Chamber / Labour Market Chamber in NEDLAC on the ETIA. Treasury reported a figure of 211,000 jobs. It became clear however that this was, by its own admission, "an estimate". They apparently took tax information and divided the retained tax by the number of applications. They then reported and this came from a monthly form that employers complete and they believed they would get more information from the bi-annual tax return.

We were then informed that, it would still be soft information since tax details are confidential. They are clearly not going to do any proper independent research.

They also, of course have no method of determining deadweight jobs. These are jobs that would have been created without the subsidy. However if you take their initial document and the ratio of jobs created to net gain it was approximately two deadweight jobs to one new job.

If you then accept (which we do not) their figure of 211,000 jobs, only about 75000 of them were new jobs.

Government was also unable to explain why the unemployment rate amongst this age group was rising each quarter.

The press report on the uptake by labour brokers was also raised sharply with them. The response was very telling. They said that it was of course against the "spirit of the Act", but not unlawful! Why they think that capitalism will somehow act in a moral manner when a hand-out, that costs nothing is given to them, says much about their understanding of the labour market and capitalism.

R1.2billion has been spent up until end of August, that is money that no longer goes to the fiscus but to the pockets of capitalism, and they can give no information on the following: sectors, number employed, number of new jobs; type of job; geographical area; number of workers displaced; to name but a few.

Even though Statistics SA does not measure employment of people from 18 to 29 years old, it captures employment data of those aged between 15-24 and 24-34. If the youth tax incentive was favourable either one or both of the categories of employment would have increased. However, compared to the last quarter of 2013 there are less people employed between the ages of 15 to 34 and the unemployment rate increased by an average of 2.75%. NUMSA reaffirms its opposition to the ETIA and calls on government to scrap this false solution as a matter of urgency.

## Conclusion

NUMSA has consistently called on government to implement policies that are in line with our demands in the Freedom Charter and we will continue to organise the working class and social formations to join us in this struggle for social and economic justice.

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