

#UNITE BEHIND

FOR A JUST AND EQUAL SOUTH AFRICA

• 601, 6th Floor, Constitution House Cape Town • (T) +27 21 424 5660 • info@unitebehind.org.za

Submission to the Standing Committee and Select Committee on Finance with respect to the proposed 2018 National Budget

For attention Hons. Yunnis Carrim (ycarrim@parliament.gov.za) and Charel De Beer (cdebeer@parliament.gov.za),

CC:

Mr Allen Wicomb - awicomb@parliament.gov.za

Ms Teboho Sepanya - tsepanya@parliament.gov.za

Mr Zolani Rento - zrento@parliament.gov.za

- 1 We present this submission on behalf of #UniteBehind, a voluntary association of people's movements, legal, policy and support organisations advocating for justice and equality. The 20+ organisations which constitute #UniteBehind include, among others, the Alternative Information and Development Centre, the Centre for Environmental Rights, Women's Legal Centre, Social Justice Coalition, Ndifuna Ukwazi, Equal Education, Women and Democracy Initiative (Dullah Omar Institute), Right2Know (Western Cape) and UDF Veterans Network. These organisations are supported by communities of faith such as the Western Cape Religious Leaders Forum and the South African Council of Churches and the Muslim Judicial Council. #UniteBehind is predominantly Western Cape-based but many of our constituent organisations operate across the country.
- 2 #UniteBehind emerged out of the Cape Town Ahmed Kathrada Memorial, held on 6 April 2017. This event brought together thousands of people from across Cape Town, equally motivated to honour the memory of Comrade Kathy and to protest the assault on the democratic state which at that time had just been epitomised by the cabinet reshuffle that saw the removal of Pravin Gordhan and Mcebisi Jonas from the Ministry of Finance. Gordhan addressed the memorial along with

Alternative Information and Development Centre, Centre for Environmental Rights, District 6 Working Committee, Equal Education, Environmental Monitoring Group, Financial Sector Campaign Coalition, Ndifuna Ukwazi, People's Health Movement, PHA Food & Farming Campaign, Right 2 Know, SAFCEI, SA First Forum, Save SA, Section 27, the Social Justice Coalition, Sonke Gender Justice, the Treatment Action Campaign, Trust for Community Outreach and Education, the UDF Veterans, the Wellington Association Against the Incinerator, the Western Cape Religious Leader's Forum, the Women and Democracy Initiative, and the Women's Legal Centre.

activist leaders from Black African and Coloured communities from across the Cape Flats.

- 3 Our key mission in #UniteBehind is to build a just and equal society where all people share in the country's wealth, participate in the decisions that affect their lives, and where the environment is sustainably protected for future generations. In achieving this broad objective, #UniteBehind's interim manifesto more specifically calls for among other things:
 - 3.1 Taxes on super-wealth and international financial transactions increase the state's income to reduce its debt and create wealth;
 - 3.2 Criminal and corrupt transfers of money from South Africa by companies or individuals are punished;
 - 3.3 Racial and class domination is eradicated through a just redistribution of wealth.
- 4 We acknowledge that this submission is late. However, we want to object to the very limited timeframe for this process. It did not allow us to properly engage in the detail, or to understand the complexity of, the public finance decision-making processes. The short timeframe also undermines the potential for us to undertake educational and consultative processes within our affiliate organisations. This is extremely important in the context of a coalition of over 20 organisations. In light of this we hope you will still consider our brief submission.
- 5 We welcome the announcement of a Commission of Inquiry into governance at the South African Revenue Service (SARS). Addressing the integrity and functioning of SARS is the most important preliminary step. The current revenue shortfall is an urgent crisis in the loss of monies meant for services for the most vulnerable in our society. We urgently request further details starting with the date for such a commission.
- 6 We also urgently want to see a strategic plan around how Treasury, SARS and our law enforcement agencies intend to recover billions of stolen monies. State Capture at Eskom, PRASA, and Transnet among others has resulted in outright looting and often it is international corporates that have received the largest amounts. Recovering the stolen monies is critical, especially for agencies like PRASA which require urgent capital investment.
- 7 #UniteBehind strongly objects to what is clearly an anti-poor budget. At the centre of our objection is

a VAT increase of 7%, that when combined with a fuel levy increase of 11%, will almost certainly offset the 6.6% increase in the social grant. When this is taken into consideration with the fact that:

- 7.1 effective personal income tax (PIT) rates were only increased by very modest below-inflation adjustments to tax brackets;
- 7.2 there was no increase in the corporate income tax (CIT) rate;
- 7.3 and very limited increases on property taxes;

it is clear that the poor is bearing the cost of an austerity budget (R85 billion has been cut) whilst it is largely business as usual for the (super)wealthy of our society.

- 8 #UniteBehind also wishes to know whether the livelihoods of the poor and working-class of our country were properly studied by treasury before proposing such a budget? The fuel levy increase is an example that suggest no such studies were done or utilised. A travel survey in 2013 found 68% of travel by public transport was by minibus taxi, which is not subsidised, zero rated nor exempt. Couple this statistic with the fact that two-thirds of households in the lowest income quintile spent 20% of their monthly household income on public transport and it is clear the poor will suffer massive costs they can't afford under such a proposed budget.
- 9 Instead of the proposed regressive tax regime, Treasury should instead be considering increases in the tax rates to those that can afford them; increasing revenue from corporates by increasing the tax rate and clamping down on tax evasion; and the introduction of more progressive taxes such as wealth or land taxes. There are various progressive tax experts who've made submissions to the Davis Tax Commission on how these latter measures could be introduced.
- 10 In summary, the regressive tax regime and spending cuts make it clear this budget can only deepen inequality in our society. Furthermore, we are of the opinion that this budget has very little scope for addressing a lack of growth in our economy. The measures described in the budget would only damage our already weak aggregate demand and so we fail to see how this budget would increase investment in our economy where the majority of people cannot buy goods beyond their basic needs if they can even afford those. We must build consumer confidence if we are to stimulate genuine growth that improves the lives of the many.

- 11 We hope the members of this committee will do all in their power to push for a budget that allows the poor and working-class on this country to begin to take control of their lives and that accelerates redistribution of wealth to build a just and equal society for all. You can count on #UniteBehind to build public and widespread support for such a budget to the best of its ability.