

Written submission to the Standing Committee on Appropriations and the Select Committee on Appropriations on the 2020 Budget Speech.

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Date of Submission: 13 March 2020

Honourable, SN Buthelezi, MP, Chairperson: Standing Committee on Appropriations.
Honourable, DG Mahlangu, MP, Chairperson: Select Committee on Appropriations.

13 March 2020

Greetings and thank you for considering our submission

The 2020 budget is proof of Treasury's complete disdain for the elderly. Minister Moboweni has once again given ooGogo an increase of only R80 when they have been asking for an increase for over 2 years now. Perhaps the issue here is the perception that there is no money to fund what ooGogo have been demanding. Perhaps we need to be the ones to do the work of showing the Minister where he could be getting the money from. We are calling on the Minister to implement a Wealth Tax and to increase the Corporate Income Tax so that he can increase grants. We cannot as a nation be cutting down on social spending and then calling it "efficiency saving".

On 18 February 2020, the Pietermaritzburg Pensioners Forum led a sit-in and campaign delivery outside the National Treasury offices in Tshwane. The pensioners wanted to meet with the Minister ahead of the budget speech in order to offer him tips about where he could be getting the money to fund their demands. The PMB Pensioners Forum was accompanied and supported by eight other Gauteng based pensioners groups and other unaffiliated pensioners. They handed over 51 000 campaign signatures and a memorandum which were received by DDG Mngomezulu who promised to make sure that they reach the Minister and the relevant senior Treasury officials. The Gogos sent a clear message, tax the rich to give old-age grant pensioners R2500 a month and a 13th cheque in December. Since then there has been no word from the Minister or anyone else in the ministry for that matter. Apart from tweeting an article about the sit-in, the Minister has completely ignored aboGogo.

Pensioners who depend on the government old age grant are struggling to make ends meet, most of them are drowning in terrible debt. Pensioners are standing in long queues to collect their R1780 grant, and straight after that, they are forced to stand in even longer lines to borrow from omashonisa (loan-sharks) who unashamedly exploit them, simply because the old age grant is just not enough. The old-age grant is so low and the things it needs to pay for, like monthly groceries and prepaid electricity, cost so much that in a matter of hours it is all gone.

In many households across South Africa, the old age grant is the only source of income. It functions as wages and without this money, many families would starve and there would be very little economic activity in many parts of the country, more especially in

small towns and rural areas. Our Gogos and Mkhulu's are carrying the burden of all the countries dysfunctionality on less than R2000 a month.

The 2019 AfrAsia Bank South Africa Wealth Report tells us that in 2018, there were 39,200 South African Dollar millionaires whose combined wealth totalled \$275bn, or 42% of all personal wealth in South Africa [1]. Levels of wealth in South Africa go unchecked and wealth is not being redistributed as it should be. In their Inequality trends report, Stats SA and the South African Labour and Development Research Unit, report that we have the top 10% earners taking home 65% of the country's income while the rest of us scramble for the remaining 35% [2]. Those who are wealthy are not paying their fair share of taxes, our government would much rather raise the VAT than tax the rich fairly to grow the fiscus. Our Corporate Income Tax has been decreasing, from 34.55% in 2010 it now sits at a low 28% this is unacceptable considering our ever-shrinking fiscus [3].

In the Southern Africa – Towards Inclusive Economic Development (SA-TIED) research study, National Treasury and its partners report that we are losing an estimated R7 billion a year due to profit shifting by multinational corporations. This loss amounts to about 4% of the money that should have been made from the current corporate income tax [4]. So on top of paying low unfair taxes, corporates are avoiding taxes and SARS does not seem to be making an effort to collect this revenue or stop illicit financial outflows of the country's wealth.

Increasing the Corporate Income Tax would mean we are serious about redistributing the wealth of this country. It would mean we have more money to fund adequate social grants, to fund education, health care, public transport and other forms of social spending that have become casualties of the austerity in the 2020 budget cuts. The cost of these "savings" will negatively affect the very same Gogos who are already shouldering the burden of dysfunctional social services.

Similarly, implementing a Wealth Tax would help mitigate our extreme levels of wealth inequality. South African wealth inequality is also clearly racial. African households own less than 4% of what is owned by the average White household, this is a direct result of structural inequities that were created by apartheid [5]. So if our government is serious about bettering the lives of those who were disproportionately affected by apartheid, why are you not giving aboGogo what they want?

We must always remember that aboGogo naboMkhulu are of the age group that when they worked, they were paid the lowest wages, they suffered the worst racial oppression

and exploitation in the workplace and did the most horrible types of jobs. They were domestic workers, factory workers, farm workers and supermarket workers. They did not earn enough when they worked to support their families and to save for retirement. When they retired their only option was to apply for the state old-age grant. It should not be a difficult thing for our government to take from those who unduly benefited from apartheid to give to those it oppressed and exploited. Adequate social grants and quality social services are exactly how we should be addressing the racialized inequality apartheid created and a Wealth Tax can pay for that.

Last year the Auditor-General told us that fruitless and wasteful expenditure is continuing to rise, with 223 of the national and provincial departments and entities that were audited having lost R849 million in 2019. Over the past five years, more than R4 billion of government spending was fruitless and wasteful [6]. When this happens our government departments become dysfunctional and instead of rooting out the fruitless and wasteful expenditure that is causing so much dysfunction, our government is resorting to the cutting of social spending in order to make up for the loss. Ultimately it is the very same Gogos who depend on the old-age grant who must shoulder the additional expenses that result from all the dysfunction.

When the ANC government failed to roll out life-saving ARVs in time to prevent thousands from dying, it was pensioners who became primary caregivers to grandchildren who are orphaned. According to Stats SA by 2011, 2.01 million children were orphaned as a result of AIDS-related deaths [7]. When the ANC government fails to create jobs for the youth, most of whom are graduates, it is these same pensioners that have to provide. When those unemployed youth need money for job hunting purposes, Gogos are the ones footing the bill. When our clinics and hospitals suffer treatment shortages and poor service, Gogos are forced once again to use their grant money to visit private doctors and buy medication from expensive pharmacies. When our government fails to provide scholar transport to get children to school and back, safely, Gogos are forced to pay oomalume who run private scholar transport.

Minister Mboweni and our government are missing the crucial opportunity to use grants as a tool to reduce social and economic inequality. Adequate grants could play an important role in driving increased productivity, job creation and overall economic growth. We should not give grants for the sake of giving them, we must give adequate grants that are enough to meet the needs of those who benefit from them comprehensively.

Our government should be focusing on equalising the old age grant with the National Minimum Wage. Keeping the grant at the poverty level that it is currently in removes the economic value that old age grants can hold in society. As things stand pensioners are spending for consumption only, but if the grant was higher they would be able to spend beyond consumption. This would allow pensioners to demand goods and services which, in turn, would encourage the starting of new small businesses, higher demand from those that already exist and job creation in their communities. The message is simple: tax the wealthy to grow the fiscus so that you can give to the poor. Give aboGogo R2500 a month and a 13th cheque every December. If you cannot survive on R1860 why do you think Ogogo and their families can?

Yours sincerely, Thina Ogogo

The Pietermaritzburg Pensioners Forum

Bophelong Fitness Club

Siphesihle Home

Tshwarang Lere Maqheku

Thandulwazi Pensioners

Batswadi Ba Rona

Tsomoma Service Centre

Mfelandawonye Pensioners, and

Other unaffiliated pensioners from Vosloorus, Daveyton, Thembisa, Vaal Sebokeng, Katlehong, Khabalatsang and Soshanguve.

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Email and telephonic correspondence can also be done through Noxolo Mfocwa on noxolo@amandla.mobi and 076 272 3782. Noxolo will ensure that the communication is passed onto the Pensioners.

References

[1] *South Africa has lost a shocking number of millionaires – here's how many are left*, Staff Writer for BusinessTech June 27 2019

[2] *Why South Africa is the world's most unequal society*, Dennis Webster for The Mail and Guardian November 19 2019

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[5] *Makwetu reveals govt's irregular expenditure balloons to R62BN* Gaye Davis for EyeWitness News November 20 2019

[6] *HIV/AIDS orphans in South Africa: NGO interventions supporting transitions to alternative care*, Tiffany Ann Breckenridge, Christine Black-Hughes, John Rautenbach, Michelle McKinley for Sage Journals September 21, 2017