Submission on the Rates and Revenue Amendment Bills – COSATU

Matthew Parks | 14 September 2022

Federation says there are some key aspects of the bill that they welcome but fundamental flaws must be addressed

COSATU makes its submission on the Rates and Revenue Amendment Bills to Parliament

14 September 2022

The Congress of South African Trade Unions (COSATU) presented its submissions on the Draft Rates and Monetary Amounts and Revenue Laws Amendment Bill as well as the Revenue Laws Amendment Bill to Parliament’s Standing Committee: Finance’s virtual hearings on Tuesday, 13 September 2022.

Key issues provided for in the Rates Bill include the postponement of the increase in the Health Promotion Levy (the sugar sweetened beverages tax) as well as the fuel price relief given to commuters and the economy between April and August 2022. The Revenue Laws Amendment Bill responds to COSATU’s call for financially distressed workers to be allowed access to limited portions of their pension funds without having to resign from their jobs.

COSATU welcomed the one year delay in increasing the Health Promotion Levy (Sugar Sweetened Beverages Tax). This is in line with the time frames set out and agreed to by government, business and labour in the sugar master plan. It will provide badly needed relief for the sugar industry and its 72 000 plus workers who have battled cheap subsidised imports, an economic recession and a need to shift consumers to healthier diets.

COSATU welcomed the R1.50 temporary relief per litre of fuel given by Treasury to help cushion workers, commuters and the economy from the record levels of fuel. However, more needs to be done as the fuel price is simply unaffordable and a millstone around the neck of the economy and a drain on workers’ meagre wages. Government made commitments in September 2018 and April 2022 to submit proposals on how the 32% of the fuel price that goes to taxes and the levy can be reduced. It needs to honour these commitments. This needs to include retabling the RAF and RABS Bills at Parliament by December 2022 to set the Road Accident Fund on a sustainable path and lessen its need for endless bailouts from the fuel levy. It currently has liabilities of R400 billion.

Additional interventions need to include reopening all Metro Rail and Transnet Rail lines as they help transport 10 million commuters, as well as agricultural, manufacturing and mining products to their destinations safely, on time and to shield them from the effects of fuel hikes. More needs to be done to expand public transport, including taxis and busses, and reduce the number of cars on the roads. The SANDF and SAPS must be deployed to secure the railway network and the private sector enlisted to help in this national calamity.

COSATU welcomes the Revenue Laws Amendment Bill in response to the Federation’s call for financially distressed workers to be allowed limited access to their pension funds. The Bill provides a positive two pot framework to achieve this where in future workers would be able to once a year access their savings pot where a third of their pensions will be placed. This will enable workers to access a limited portion of their pension funds when in need without having to resign and cash out their entire pension funds. This will keep workers employed, avoid depleting their pension funds and incentivise them to save more.

Whilst welcoming the Bill as a positive step forward, COSATU has called upon Parliament and Treasury to address three fundamental weaknesses in the Bill. The Bill needs to be amended to:

1. Allow workers to transfer existing savings when the Bill comes into effect in March 2023 to the new savings and preservation pots. This will provide workers immediate relief. Workers cannot afford to wait to accumulate further savings when they are drowning in debt now.

2. Guarantee workers continued access to their full pensions minus tax when they are retrenched, dismissed or forced to resign. If this is not addressed, workers who lose their jobs will not be able to provide for their families or pay their home loans. This will result in workers losing their homes and other prized possessions.

3. Ensure workers will not be denied access to their savings pot by pension fund boards.

These fundamental flaws must and can easily be addressed. Parliament must promulgate the necessary amendments. This will provide massive relief to embattled workers, protect their families and help boost savings. Parliament needs to move with speed to pass these important Bills into law. Workers are literally depending upon them.

Issued by Matthew Parks, Parliamentary Coordinator, 14 September 2022