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| **COSATU Submission:****Draft Rates and Monetary Amounts and Amendments of Revenue Laws Bill** **13 September 2022** |
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**Submitted to:****Standing Committee: Finance****National Assembly****Parliament****Republic of South Africa** |

1. **Introduction**

The Congress of South African Trade Unions (COSATU) welcomes the tabling at the National Assembly of the Draft Rates and Monetary Amounts and Amendments of Revenue Laws Bill.

The Federation welcomes the provisions to delay the increase in the Health Promotion Levy for one year to provide relief for the sugar industry and its value chain.

COSATU welcomed the relief provided for in fuel taxes as well to give breathing space to workers, commuters and the economy with regards to record fuel price increases in 2022.

However, whilst welcoming this relief, COSATU believes that government needs to go further and extend such relief beyond the limited period of April to August 2022.

1. **Health Promotion Levy**

COSATU welcomes the delay for one year in the implementation of the promulgated increase in the Health Promotion Levy.

This was critical to providing space for the sugar industry and value chain that has been struggling along with most industries in the economy, but also in particular to a flood of cheap subsidised imports and a correct shift in dietary patterns by consumers.

The delayed implementation of the increase in the HPL is in line with the Sugar Master Plan signed by government, business and labour. It was concerning that the three-period agreed to for this tax increase had seemingly been forgotten by government.

The delay for one year, addresses this concern and will play an important role in providing space for the industry to adjust and avoid job losses.

1. **Fuel Tax Relief**

COSATU appreciated the R1.50 per litre reduction in the fuel price by government provided for the periods of April until July and then reduced for August and then phased out.

This provided badly needed relief to workers, commuters and the economy struggling to cope with painful increases in the fuel price and the subsequent rise in transport, food, and consumer goods’ costs.

The Federation is disappointed that this did not go far enough to shield commuters from a R2.43 increase per litre increase in 93ULP and LRP fuel, R2.33 increase in 95 ULP and LRP, R1.10 in diesel, R1.56 in paraffin and 51 cents increase in gas on the 1st of June.

These have spurred inflation to the highest levels in years, provoking 150 basis points hike in the repo rate by the South African Reserve Bank and massively eroded workers’ meagre salaries, bled businesses, dampened the economy and further frustrated efforts to create jobs and reduce unemployment.

The Federation is dismayed by the absence of medium- and long-term proposals by government on a more sustainable long-term fuel price regime and how to protect workers and the economy from international oil price volatility.

It should be remembered that then Minister for Energy, Jeff Radebe had promised such a review in September 2018 and that an announcement of a reviewed and reduced fuel price regime would be made in January 2019. Four years later no such announcement has been made.

South Africa will continue to be hostage to international crises and oil and fuel price hikes unless bold measures are undertaken by government and business. These must include:

* A comprehensive review to the fuel price regime to reduce costs because currently 32% of the fuel price goes to fuel taxes and the fuel levy.
* Retable the Road Accident Fund and Road Accident Benefits Scheme Bills at Parliament by August 2022.
	+ These are key to overhauling the RAF, addressing its ballooning R400 billion liabilities, and placing it on a sustainable path where its funds go to road accident victims not money hungry lawyers.

Additional short-, medium- and long-term interventions are needed to ensure all Metro Rail lines are reopened. This will help take 10 million rail commuters off our roads. Key interventions needed include:

* Immediate steps need to include deploying the SANDF.
* Reestablishment of a dedicated SAPS Railway Unit to secure our railway network.
* A temporary ban on scrap copper and steel exports.
* Regulation, monitoring and cracking down on scrap dealers involved in cable theft.
* Massive investments in public transport to reduce the number of commuters travelling in private cars.
* Converting our motor manufacturing industry from fossil fuel to electric and hydro vehicles.

The Ministers for Finance, Mineral Resources and Energy made a commitment in April to undertake such medium- and long-term interventions to provide relief for workers, commuters and the economy.

The government needs to table its promised proposals at Nedlac and Parliament as a matter of urgency so that a common and comprehensive set of interventions can be developed with Organised Labour and Business.

Lukewarm proposals and perpetual delays or hope that sanity will prevail in international conflicts will not address one of the largest millstones around the economy.

A more affordable fuel price regime and a reduced dependence on fuel will protect workers’ wages and enable them to spend more on their families and in the economy. It will help companies reduce their losses and invest in employment creation.

1. **Conclusion**

COSATU welcomes the Rates Bill and the relief provided for on the Health Promotion Levy and the Fuel Price Regime.

COSATU is worried that the continuous promises of government to move towards a more affordable fuel price regime, overhaul the RAF and replace it with a RABS, and move commuters towards an efficient and accessible public transport system are not materialising.

Urgent action by government is needed if we are to cushion workers, commuters and the economy from the ever-volatile international oil price. Parliament should hold government to account for this.

Thank you.

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| cid:image005.jpg@01CC26CB.2C4815C0 | Matthew ParksParliamentary CoordinatorCell: 082 785 0687Email: matthew@cosatu.org.za6th Floor, Constitution House,124 Adderley Street Cape Town 8000, South Africa |