

COSATU Submission:

Draft Rates and Monetary Amounts and
Amendments of Revenue Laws Bill

Select Committee:
Finance

National Council of Provinces

15/11/2022



Introduction

- COSATU welcomes the tabling at the National Council of Provinces of the Draft Rates & Monetary Amounts & 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 & its value chain.

Introduction

- COSATU welcomed the relief provided for in fuel taxes as well to give breathing space to workers, commuters & the economy with regards to record fuel price increases in 2022.
- However, whilst welcoming this relief, COSATU believes that government needs to go further & extend such relief beyond the limited period of April to August 2022.

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 & value chain that has been struggling along with most industries in the economy, but also in particular to a flood of cheap subsidised imports & a correct shift in dietary patterns by consumers.

Health Promotion Levy

- The delayed implementation of the increase in the HPL is in line with the Sugar Master Plan signed by government, business & 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 & avoid job losses.

Fuel Tax Relief

- COSATU appreciated R1.50 per litre reduction in the fuel price provided by government for April to July, reduced for August & then phased out.
- This provided badly needed relief for workers, commuters & economy struggling to cope with painful increases in the fuel price, subsequent rise in transport, food, & consumer goods' costs.
- COSATU is disappointed it did not go far enough to shield commuters from R2.43 increase per litre for fuel, R1.10 for diesel, R1.56 for paraffin & 51 cents increase for gas in June & subsequent increases, including November & December.

Fuel Tax Relief

- CPI at its highest levels in years, provoking 225 basis points hike in repo rate by SARB & massively eroded workers' meagre salaries, bled businesses, depressed economy & efforts to reduce unemployment.
- COSATU is dismayed by absence of government proposals on more sustainable fuel price regime & how to protect workers & economy from international oil price volatility.
- In September 2018 Energy Minister J. Radebe promised a review & a January 2019 announcement of a reduced fuel price regime.⁷

Fuel Tax Relief

- Four years later no such announcement made.
- South Africa will continue to be hostage to international crises and oil & fuel price hikes unless bold measures are undertaken by government & business, including:
 - A comprehensive review to the fuel price regime to reduce costs as currently 32% of fuel price goes to fuel taxes & fuel levy.
 - Retable Road Accident Fund & Road Accident Benefits Scheme Bills at Parliament by February 2023.
 - These are key to overhauling RAF, addressing its ballooning R400 billion liabilities, & placing it on a sustainable path where funds go to road accident victims not lawyers.

Fuel Tax Relief

- Additional interventions needed to ensure all Metro Rail lines are reopened as this will take 10 million rail commuters off our roads, including:
 - Immediate deployment of SANDF to secure rail lines.
 - Reestablishment of dedicated SAPS Railway Unit to secure our railway network.
 - Temporary ban on scrap copper & steel exports.
 - Regulation of & cracking down on scrap dealers involved in cable theft.
 - Massive investments in public transport to reduce number of commuters travelling in private cars.
 - Converting motor manufacturing industry from fossil fuel to electric and hydro vehicles.

Fuel Tax Relief

- Ministers for Treasury & DMRE made a commitment in April to draft interventions to provide relief for workers & economy.
- Government needs to urgently table its promised proposals at Nedlac & Parliament so a comprehensive set of interventions can be developed with Organised Labour & Business.
- Tepid proposals & perpetual delays won't resolve one of the key obstacles to economic growth.
- More affordable fuel price regime & reduced dependence on fuel will protect workers' wages, spur the economy & reduce unemployment.

Conclusion

- COSATU welcomes Rates Bill & the relief provided for the Health Promotion Levy & the Fuel Price Regime.
- COSATU is worried the continuous promises of government to move towards a more affordable fuel price regime, overhaul RAF, replace it with RABS, & move commuters towards an efficient & accessible public transport aren't materialising.
- Urgent action is needed to cushion workers, commuters & economy from oil price volatility.
- Parliament should hold government to account for this.