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| **COSATU Submission:**  **Second Adjustments Appropriation Bill**  **(2022/ 23 Budget)**  **14 March 2023** |
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1. **Introduction**

The Congress of South African Trade Unions (COSATU) is deeply concerned by the lukewarm Budget and the accompanying Second Adjustments Appropriation Bills tabled by the Finance Minister, Enoch Godongwana in Parliament.

Considering that the South African economy has been stagnant for over a decade and the country is experiencing many challenges and crises and thus feeding a sense of desperation and hopelessness; this budget and the Bill were not bold enough.

COSATU was hoping for a bold Budget and a Second Adjustments Appropriation Bills that would protect workers from inflation, rebuild the state, decisively tackle corruption, provide relief to the unemployed and put measures to stimulate the economy.

We acknowledge that there are positive interventions in the Budget and Bill but on a macro level, this statement still fails to address the biggest challenge of economic stagnation.

1. **Second Adjustments Appropriation Bill**

**2.1 Parliament**

COSATU welcomes the R37 million allocation for Parliament. We are however deeply concerned with the delays in rebuilding Parliament, a national key point and heritage site and the seat of the legislature. Its rebuilding should be prioritised.

* 1. **Cooperative Governance and Traditional Affairs**

COSATE notes the R12 million allocated to COGTA. It is worrying that there is not a greater intervention or sense of urgency by COGTA given the rapid deterioration in local government where now 90% of municipalities are in financial distress and 20 routinely fail to pay their staff.

* 1. **Home Affairs**

The allocation of R92 million to invest in Home Affairs civic services is welcome. More investments are needed to this key public service around and end the interminable queues members of the public are subjected to.

The allocation of R300 million to support political parties under the Political Party Fund is welcome. However, it is not enough. It needs to be increased substantially to R1 billion if we are to wean political parties off an unhealthy dependency on private donors with dubious motivations.

Political parties as part of the constitutional dispensation will be required to undertake expensive election campaigns over the next year. R300 million will not be sufficient for them to do so, and at the same time is not taken advantage of by corrupt tenderpreneurs seeking to buy favour.

**2.4 Treasury: Land Bank**

The R5 billion allocation to the Land Bank is welcomed. It needs to be accompanied by the necessary management interventions to ensure that the Land Bank is well run and can play the role the economy needs it to in the agricultural sectors.

**2.5 Public Enterprises: South African Airways**

Welcome the allocation of R1 billion to settle outstanding SAA debts. The beginning of SAA’s turnaround in a very difficult sector is welcome. As SAA rebuilds, it needs to prioritise the employment of its former employees where possible.

**2.6 Higher Education and Training**

Allocation of R156 million for TVET Colleges is welcome and a boost for young people looking for opportunities. More must be done to support artisan programmes for such students and workers.

* 1. **Health**

R6 million for the appointment of National Health Insurance planners is a welcome boost to lay the foundations for the NHI. Parliament needs to expedite the passage of the NHI Bill.

**2.8 Presidential Employment Initiative**

The PEI has done well to help hundreds of thousands of young people enter the labour market, gain experience, learn skills and earn a salary. It was disappointing that in spite of an unemployment rate of well over 40% and a youth unemployment in the range of 60%, that the allocation to the PEI was not increased to accommodate at least 1 million participants.

**2.9 Social Development**

We are pleased that the government has agreed to the Federation’s demand for the extension of the SRD Grant that has provided relief to about 8 million people.

The SRD Grant needs to be retained beyond 2024 and increased to the food poverty line of R624 and at the very least it needs to be adjusted for the significant inflationary erosion it has experience since 2020.

We are worried though that the National Treasury failed to pay attention to the SRD’s administrative challenges including the underspending. This is important if this programme is to be used as a foundation for a Basic Income Grant.

Its recipients need to be paid their funds electronically and no longer made to stand in endless queues. They need to be included where possible in skills training and employment placement programmes.

The cuts of R3.7 billion for the SRD Grant and R81 million for SASSA administrative support is deeply disturbing and misguided.

**2.10 Security Cluster**

The following additional appropriations to help rebuild and reinforce the key security institutions are welcome but more is needed.

* Correctional Services:
  + R426 million.
* South African National Defence Force:
  + R802 million for Mozambique & KwaZulu-Natal deployments.
* South African Police Service:
  + R1.9 billion helping to employ an additional 10 000 police officers.
  + However, it is worrying that R257 million is allocated for protection and security services versus R126 million for an overwhelmed Detective Services and R10 million for Crime Intelligence speaks to misguided priorities.
* Justice and Constitutional Development:
  + R225 million for courts and R60 million for superior courts.
  + R46 million for the National Prosecuting Authority.
  1. **Agriculture, Rural Development and Land Reform**

The allocation of an additional R104 million to support this agricultural investments and land reform is a welcome boost.

* 1. **Digital Communications and Technology**

The R2.4 billion for the South African Post Office is welcome for an entity fighting for its life. But it needs to be accompanied by a turn around plan that is not based upon retrenching 4000 employees and slashing the wages of the remaining 9000 workers.

It needs to include support to repivot the Post Office to expand the services it offers, catch up with a rapidly evolving sector and becoming a service site for government services in rural and disadvantaged communities. This needs to include a full-fledged Post Bank. The South African Post Office and Postbank Amendment Bills need to be expedited by government and Parliament.

* 1. **Employment and Labour: CCMA**

It is disappointing that in spite of the flood of workers losing their jobs and wages, being denied their deducted contributions, abused and forced to work in unhealthy conditions, that no additional appropriations were allocated to the CCMA which has battled to cope with drastic cuts over the MTEF.

* 1. **Mineral Resources and Energy**

The allocation of R129 million to boost the DMRE’s capacity is welcome. It is hoped that it will slash the mining rights backlogs that can unlock billions of investments and create thousands of badly needed jobs.

It is equally critical that some of the appropriations go to boosting the Mine Health Safety Inspectorate’s capacity and reduce the weekly lives lost to mining accidents.

DMRE needs to revive its RDP Housing Solar Panel programme that is intended to cover 150 000 households annually.

* 1. **Trade, Industry and Competition**

The allocation of R34 million to boost industrialisation, manufacturing, exports and investment programmes is welcome. More allocations are needed if we are to grow key economic sectors and slash unemployment.

**2.16 Sports, Arts and Culture**

COSATU welcomes no mention of R22 million for the bizarre R22 million national flag pole project. We assume that this unnecessary distraction is closed.

* 1. **Tourism**

The silence on the recklessly insensitive proposal to donate R1 billion to an English soccer team is confirmation that this silly idea has been abandoned.

1. **Conclusion**

COSATU welcomes the positive aspects in the Second Adjustments Appropriation Bill in particular to reinforce the law enforcement institutions, to rebuild key frontline services and stimulate the economy, including relief for the Post Office.

The Federation is aggrieved by key worrying aspects of the Second Adjustments Appropriation Bill in particular the massive cuts of R3.7 billion to the SRD Grants and the failure to increase the allocations to the Presidential Employment Initiative.

The 2023 Medium Term Budget Policy Statement needs to be bold, progressive and stimulate economy if things are to improve. The Federation implores government to return to Parliament in October with a bold, decisive, and sweeping budget that will deal with this unfolding capitalist system’s multiple crises.

Thank you.

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