

COSATU Submission:

**2020/21 Revised Fiscal Framework and
Revenue Proposals
(Special Adjustment Budget)**

01 July 2020



COSATU

Submitted to:

Standing and Select Committees: Finance

Parliament

Republic of South Africa

1. Introduction

The Congress of South African Trade Unions is extremely disheartened and disillusioned by the uninspiring and timid Supplementary Budget presented by Minister Mboweni and his technocrats.

The Federation does not believe that this is a budget fit for a country that is in deep recession with an expanded unemployment rate of 40%, with more millions of workers facing retrenchments.

We were hoping for an imaginative budget aligned to the needs of the country and our developmental objectives, but we received a budget that will only act to entrench the current economic stagnation.

The Minister rehashed the economic relief measures announced by the President a month ago. Despite the President repeatedly calling for a bold R1 trillion stimulus plan to grow the economy and smash unemployment; there was no such plan tabled in the Supplementary Budget.

Many economic relief measures presented today, are already happening, and were meant to keep the workers afloat and survive the lockdown. They are not a stimulus plan that will grow the economy.

COSATU had expected government to rise to the occasion, to:

- Table a bold economic stimulus plan and reforms that would tackle the recession and unemployment;
- Announce measures to ensure that social relief measures do reach the poor;
- Report on interventions to decisively tackle corruption and wasteful expenditure;
- Provide clear road maps to restore SOEs to a sustainable and profitable trajectory;
- Honour the agreed 2020 public servants' wage agreement;
- Measures to hold departments accountable for their delivery targets;
- Provide a clear path to avoid a debt trap in a manner that does not undermine badly needed economic growth; and
- Announce further measures to reinforce SARS and address tax evasion.

Despite the massive crises facing the economy and millions of workers, government did not provide clear reports on what has been done nor what will be done on these critical challenges. This will cost millions of workers dearly.

2. Economic Stimulus Versus Relief

2.1 Stimulus

South Africa was in an economic recession before the lockdown with 40% of workers unemployed and 1000s more facing retrenchments, key SOEs facing collapse and revenue plummeting. Yet despite these obvious challenges, government did not present any new interventions, plans or clear road map on how they will be decisively and urgently addressed. This is the fundamental failure of the supplementary budget.

The only measures that government tabled appear to be to slash public servants' salaries, retrench SOE workers and cut expenditure. COSATU remains fundamentally opposed to this approach. We fear that instead of stimulating an already battered economy on its knees, Treasury's approach of cutting off funding will in fact plunge the economy and workers into a deeper recession, if not depression.

COSATU does not believe that printing money or simply spending money is a solution. The federation is fearful of entering a debt trap, but we believe that Treasury's approach of reducing expenditure before stimulating the economy is back to front and will cost the economy dearly.

The President of the Republic, cde. Cyril Ramaphosa, has repeatedly stated that anything less than a R1 trillion stimulus plan will simply not cut it. He has called for a bold and audacious Marshall Plan that will slash unemployment. COSATU wholeheartedly supports the President. But where is this stimulus plan? It was not tabled in the Supplementary Budget. If anything the Supplementary Budget is diametrically opposed to such progressive and decisive calls.

Key COSATU Proposals:

- Urgent development of a bold R1 trillion stimulus plan.

2.2 Other Key Economic Interventions

COSATU had hoped, like most other economic role-players to hear the Minister announce other key economic interventions that will seek to remove various impediments to economic growth, many of which are inexplicably long overdue.

These include in particular but are not limited to:

Key COSATU Proposals:

- Rolling out digital spectrum and fast tracking the digital economy;
- Ensuring access to reliable and affordable electricity from Eskom;

- Addressing the collapse of Metro Rail and ensuring it came come back online in a safe manner;
- Addressing capacity challenges at the ports;
- Addressing capacity challenges in freight rail at Transnet;
- Addressing the delays in granting water licenses;
- Fast tracking a public and private buy local programme;
- Measures to make credit more affordable and accessible and the cracking down on illegal lenders;
- Cracking down on the flood of illicit goods into the economy; and
- Ensuring the state pays suppliers within the long agreed 30 days.

2.3 Economic Relief Measures

COSATU has consistently supported government's measures to combat Covid-19. Government acted correctly to impose a national lockdown to try to flatten the pandemic's curve and buy time for the nation to prepare to fight the pandemic and prepare for the new normal.

The Federation equally supported measures to reopen the economy as both lives and livelihoods must be saved. An unemployed person cannot be healthy, and an ill person cannot remain economically productive.

COSATU was involved in engagements on the various economic relief measures announced by the President in April and restated in the Supplementary Budget. Whilst not perfect, they were largely bold and in many instances have provided badly needed relief.

2.3.1 South African Reserve Bank (SARB)

COSATU acknowledges and welcomes what the SA Reserve Bank has done. These are the exact interventions that the Federation has been calling upon the SARB to implement for years.

Whilst the SARB must continue to protect the value of the Rand and manage inflation, it equally needs to show bold leadership when it comes to protecting the economy and jobs. With inflation decreasing from 5.5% to 3.8% and likely to plummet lower to between 2.8% and 3%, further space exists for additional rates cuts. The SARB needs to be aggressive and do so to further ease access to credit and provide badly needed relief for consumers and businesses.

Equally it needs to continue to provide support for government bonds and measures to provide support for the financial sector. The days of the SARB sitting on the fence and solely focusing on inflation must come to an end.

Key COSATU Proposals:

- Further repo rate cuts by the SARB.
- Engagement with SARB on further measures it can undertake to help grow the economy and create jobs.

2.3.2 Sectoral and Economic Support

Workers across the nation responded overwhelmingly when government announced a lockdown at great expense to themselves and their families.

COSATU and its affiliate unions however deeply distressed about the lack of decisive economic support provided by both government and the private sector to the economy during the lockdown and as we seek to rebuild the economy.

2.3.2.1 Sectoral and Business Support

Very little sectoral support has been provided to key fragile sectors of the economy that have been badly decimated by Covid-19 and the lockdown, that remain under various restrictions, and that are likely to take much longer to recover. Such sectors include restaurants, hospitality, tourism, entertainment, retail, manufacturing, transport and travel.

The Minister quoted relief provided by the Departments of Small Business Development and Tourism to their sectors. However when engaging these very silent departments, they conceded to Nedlac that in fact the relief that they had in fact dispersed to their sectors to date was in average less than R200 million. This is a drop in the ocean when compared to the billions these sectors have and will lose, the size of the GDP contraction and the millions of jobs that may be lost in these sectors.

Key COSATU Proposals:

- Urgent interventions in the Departments of Small Business Development and Tourism to unblock the delays impeding the release of their relief funds.

2.3.2.2 R200 Billion Bank Loans

The R200 billion provided through banks is critical but the fact that only 3.5% of it has been dispersed by the indifferent and callous banks is a scandal. Government must immediately intervene to unlock these badly needed funds.

This R200 billion is in essence is the closest thing to a stimulus provided by government yet it is allowing the banks to allow businesses to die rather than to take a minimal risk and grant this badly needed relief and save these companies. Who will

pay the price whilst banks play God and government fears confronting them? Workers in their hundreds of thousands if not millions as they are retrenched.

Whilst COSATU supports all the relief measures that government has offered to the economy, we are concerned that they are unconditional. We cannot afford to bail out employers who are then free to retrench workers. Any relief funding provided to businesses must be conditional upon them retaining their workers. They must be incentivised to create new jobs by having their loans converted to grants or reduced etc. Job creation has to be at the heart of all our economic interventions.

Key COSATU Proposals:

- Urgent interventions to ensure that blockages to releasing the R200 billion into the economy are removed.
- Ensuring that these and other stimulus funding and economic relief are conditional upon job retention and incentivise for job creation.

2.4 Job Creation

COSATU notes the R100 billion committed for job creation over several years. It is not clear over how many years, nor how many jobs will be created. But given likely GDP contraction estimated to be about R500 billion and potentially millions of unemployed added to the existing 10 million unemployed, it is unlikely to make much of a dent.

Clarity is needed on how exactly it will be different than the low key Employment Tax Incentive and Youth Employment Scheme that have not been the jolt we need to urgently create new jobs and skills for the unemployed.

Key COSATU Proposals:

- Overhauling all government programmes to set each organ of state clear job creation targets, interventions and timeframes with the necessary resourcing.

2.5 Infrastructure Programme

COSATU welcomes the announcement by the President of a mass infrastructure programme. This is key to growing the economy. This must include impact investments from the banks and investment funds. Government alone cannot drive this.

However clarity and detail is needed with regards to it. Conflicting messages are emerging as to the amount allocated. Is it the R1.6 trillion funded by the fiscus and private sector as alluded to by the Presidency over the near future? Or is it the R100 billion over 10 years as indicated in the Supplementary Budget?

The difference between the two is huge. R1.6 trillion of public and private funding in the near future can be the push we need to ensure we emerge from a recession, R100 billion over a decade will have us become residents of an economic depression.

Further information and engagements are needed as to which infrastructure will be prioritised. In particular investments in ports, rail, energy, water, health, and education.

Key COSATU Proposals:

- Clarification from government as to its exact infrastructure programme.
- Ensuring the fast tracking and centrality of the infrastructure programme in government activities.
- Engagements with the private sector on how it can be further upscaled.

2.6 Local Procurement

COSATU is extremely worried by the work of the Solidarity Fund. Whilst its intentions are noble, workers are angry that it is importing more than 90% of the masks, PPEs, sanitisers, medical textiles, rubber gloves, plastic screens and medical kits instead of sourcing them locally.

The Solidarity Fund has spent billions of public funds procuring imports. This money should have gone to local suppliers. It could have helped saved 1000s of local jobs and businesses.

This is a reminder that government does not have a plan to support manufacturing where there is real value creation. Many politicians, departments and businesses are simply not interested in addressing the neo-colonial structure of the economy. A mass buy local campaign is critical to saving the economy.

This has to be matter of the highest priority for government and business. It must target public, private and local procurement.

Key COSATU Proposals:

- Urgent development of local procurement for public and private procurement.
- Development of buy local consumer campaign.

3. Consumer and Social Relief

3.1 UIF and Social Grants

Government did well to assist social grant recipients with additional funds. However, SASSA is failing to roll out the R350 grant to millions of unemployed South Africans more than 2 months later.

Government cannot continue to take credit for the UIF Covid-19 Temporary Employment Relief Scheme. That money belongs to the workers and government has no business claiming it as part of its efforts to help workers.

By today almost R30 billion from the UIF has been dispersed to more than 4 million workers. This is more than what the banks and private sector have provided. It is more than what has been paid out in Rands and Cents than any other organ of state.

It is both a matter of pride and more so a matter of shame, that the greatest and fastest amount of relief and stimulus provided during this national crisis, has been provided for workers and through one small organ of state, the UIF. What exactly is the rest of government and the private sector doing to assist? The burdens of the nation cannot be born by the UIF alone, neither can an economic recovery.

The UIF will easily exceed the initial R40 billion commitment. It is more likely to pay R53 billion for this 3 month period. Further relief must be provided for by the UIF to help those workers e.g. over 60s and with co-morbidities as well as those from businesses that cannot resume operations under the disaster management restrictions.

More UIF funds will be needed to help workers who will face a flood of retrenchments or who may still not resume work. The least government could be doing is to audit the disbursement of these funds and send the SIU and the Asset Forfeiture Unit to investigate allegations of corruption.

Key COSATU Proposals:

- Further capacitation of UIF and SASSA to rapidly disperse funds.
- Mass registration campaign to ensure all 16 million working South Africans are contributors to the UIF and not just the existing 11 million UIF contributors.
- Target key non-compliant sectors for UIF registration e.g. public service, taxis, restaurants, hospitality, entertainment, public works, domestic and farm workers.
- Urgent interventions to address SASSA relief payment delays.
- Extension of UIF Covid-19 relief funds for those workers and sectors still not able to resume work.
- Extension of SASSA relief for the long term unemployed.

3.2 COSATU Pension Fund Withdrawal Proposal

COSATU wrote to the Minister 2 months ago requesting that workers who have lost income during the lockdown be allowed to withdraw an equivalent amount from the pension funds to survive. We are disappointed that government has not moved on this proposal.

This is workers' hard earned deferred wages. Millions of workers have lost wages. This proposal is simply to allow those workers to replace lost income with a limited 6 month income replacement withdrawal from the pension funds. This should not be subject to tax.

It will save workers and their families from dire poverty and back breaking debt. It will inject stimulus into the economy at no cost to government. It will in fact generate revenue to government through VAT and other consumer taxes.

It will also avoid desperate workers from resigning in large numbers to cash out their pensions in full. A situation which is happening and which will only worsen unemployment, productivity and savings.

Key COSATU Proposals:

- Provide for 6 month tax free income replacement withdrawals for pension fund members who have suffered income losses.

3.3 Financial Loans

The R30 billion consumer relief banks have provided was for the 3 months lockdown. The banks can do much more, but no one is willing to ensure that they act. Whilst the 5 major banks provided such relief to consumers, the 4 biggest banks charged interest for such relief. Now is not the time to profiteer off of consumers' distress.

Many workers, especially blue collar workers, have loans from short term and pay day lenders. Yet despite numerous engagements with organised business, these lenders refused to provide any meaningful relief to consumers.

Key COSATU Proposals:

- Extension of bank and other financial lenders' relief to consumers in need interest free for between 3 and 6 months as relevant.

3.4 Insurance Industry

The Minister claims that the insurance industry has provided relief to consumers. This is news to millions of workers and businesses. In fact, the insurance industry is being taken to court for failing to help desperate businesses on the verge of collapse. The insurance industry had in fact informed Nedlac that it actually only provided relief in the realm of R150 million.

This is despite insurance claims for motor vehicle accidents and home burglaries plummeting during the lockdown. In fact some insurance companies have been

increasing consumers' premiums during this period as they undertake their annual reviews! The silence of organised business on this fleecing of consumers is deafening.

Key COSATU Proposals:

- Insurance holidays and premium relief for consumers in need.

4. Corruption and Wasteful Expenditure

The silence of government on how to reduce wasteful expenditure and corruption is outrageous and shameful. We lose 10% of our budget to corruption and wasteful expenditure according to the Auditor-General.

The Auditor-General consistently raises the alarm bells, increasing numbers of departments, entities, municipalities and SOEs don't even bother to work towards clean audits, in fact some don't even bother to submit annual and financial reports. Others the AG just simply cannot make heads or tails of what they submit. 4 commissions of enquiry have shone light onto what happened during the era of state capture.

Yet there is nothing in the budget that speaks to what exactly is government doing to halt this slide? When will those offending managers and their political heads be held accountable? When will the National Prosecuting Authority and the Police Service rumble from their long silence and arrest and try those who have looted the state to the brink of collapse?

The 5th Parliament amended the Auditing Act. Government is now empowered to penalise and hold personally and financially liable the offending politicians and officials. Yet not one person has been dealt with under these new and progressive powers afforded to the state.

Government can tinker all it wants with the wage bill, but the state and economy will not recover until it learns to manage public funds and plug the gaping holes of our industrial levels of looting and pillaging.

Key COSATU Proposals:

- Clear plans and interventions by government to reduce corruption and wasteful expenditure across the state.
- Regular reports to Parliament on measures undertaken.

5. Public Service Wage Bill

If anything has been shown clearly by Covid-19 it has been the need for a well resourced, fully functional and capacitated state. The myth of a bloated state has been shattered.

Covid-19 has shown that the attacks on public servants were misguided, so we need government to honour the 2018 public sector wage agreement. Calling public servants' essential workers while treating them like glorified slaves is disingenuous.

The fat must be cut from the wages of politicians and senior managers and not among struggling workers.

COSATU had expected that government would have shown good faith and announced bold and decisive cuts to the exorbitant perks of politicians and management across the state, inclusive of SOEs.

COSATU, its affiliates, their almost 2 million members and their 15 million dependents are deeply angered by government's continuous attacks on public servants. Little recognition is given to the conditions facing public servants, that the public service is badly overstretched and most public servants earn very little.

Equally it is important to recognise that public servants support on average 7 unemployed relatives. The wage bill has been stable for the past 10 years at 35% of the budget.

Government has now recognised that the head count is not bloated. In fact the head count has been declining in the past few years as posts have been frozen. These freezing of critical service delivery posts has resulted in 1 nurse performing the work of 6 nurses, doctors working 48 hour shifts, increasing teacher learner ratios and declining numbers of police officers.

COSATU is ready to engage government on measures to stabilise the public fiscus. We have made proposals to government in this regard. This includes reducing bloated executive and management posts and perks, placing public sector entities and enterprises under a single public service and sector collective bargaining process, eradicating ghost posts, consolidating state entities and municipalities and filling of critical front line service delivery posts and possible reskilling and redeployment of staff as needed.

Whilst appreciating the President's freeze of salaries for Ministers etc, COSATU believes this is too little. It is the politicians and management who have led us into this crisis. They must be made to pay the price with a slashing of their exorbitant salaries and perks.

The tabling of a unilateral and provocative 5 minutes to midnight proposal yesterday by government to withdraw from this year's public sector wage agreement is reckless and dangerous. COSATU condemns it in the strongest possible terms. It is

tantamount to putting a gun to the head of nurses and teachers. It seeks to mobilise the public against police officers and prison wardens. It blames cleaners and security guards for the collapse of the SOEs and state. It is unhelpful and will greatly undermine the collective bargaining process under way.

COSATU had tabled bold and historic offers to government and the ANC in November on concrete and decisive measures to halt the collapse of the state and grow the economy. These included measures with regards to the public service wage bill that would address fiscal pressures and protect workers' right to a living wage and inflationary linked increases. Yet government and the ANC failed to show leadership and engage with COSATU.

Key COSATU Proposals:

- Honouring 2020 wage agreement.
- Immediate drastic cuts in executive and managements packages and posts.
- Filling critical public service vacancies.
- Engagement on next 3 or even 5 year wage agreement which must include massive cuts to executive and management packages and posts.
- Single government collective bargaining process and agreement.

6. State Owned Enterprises (SOEs)

COSATU is amazed that the Minister did not allude to a road map to save our key economic SOEs. There is nothing in a form of a concrete plan tabled on how it seeks to rationalise and align the SOEs and the generally huge pay and benefits structures within the SOEs.

The bailouts given to these SOEs that are now taking place on a regular basis tend to incorporate these huge executive remuneration structures and exorbitant board fees. Once again, the question of performance or productivity is never raised in this regard, despite the fact that these SOEs have been failing at a huge cost to the fiscus. The fact that there seems to be no analysis and proposals on the part of the Treasury and government to address this is deeply alarming.

It is alarming that it does not appear that government has clear and concrete plans to stabilise, save and revive our key SOEs.

The most painful part is that the Minister and government are silent on the fate of thousands of workers who are now facing retrenchments at the hands of the state in various SOEs.

Eskom, the Transnet Group, SAA Group, SABC, Denel, Post Office, SAFCOL and the RAF are collapsing, have collapsed or are haemorrhaging.

The initial steps taken by the new CEO of Eskom to begin cleaning up the mess are positive. The initial green shoots in Denel are noted.

However comprehensive plans are needed as a matter of the highest urgency. We simply do not have time to kick the can down the road anymore.

SOEs need to be drive their economic sectors and be a boon for the state, not a burden to the state and a hindrance to the economy.

Key COSATU Proposals:

- Clear turn around plans and sustainable financial and business models for all SOEs, including the appointment of competent management;
- Consolidation of duplicate SOEs; and
- Halt to retrenchments and creation of alternative options and just transition plans for affected workers.

7. Expenditure

The budget offered no meaningful support to key economic departments and sectors battered by Covid-19. This will make the task of growing the economy, saving and creating jobs and key economic sectors that much more difficult.

COSATU welcomes the shifting of R21 billion to health, R12. 6 billion to other key departments in the fight against Covid-19 as well as R9 billion to water and sanitation and transport.

Whatever relief given to the taxi industry must be dependent on them registering their workers for the UIF and Compensation of Injury on Duty Fund.

Whilst the ability to rapidly shift R150 billion from non-critical expenditure to reinforce the fight against Covid-19 is welcome, it is hoped that it does not come at the expense of undermining building a capacitated developmental state nor growing the economy and jobs.

Many of the expenditure cuts appear to be for travel, catering, advertising and other luxury items. Government should seek to make such cuts permanent and to transition government travel in future to virtual platforms. The days of Ministers and officials galivanting around the world to collect exorbitant travel allowances must not return. The savings equal the entire wage bill savings that government is seeking to fleece for public servants.

Whilst welcoming the departmental allocations, the usual suspects remain unaccountable. These include amongst others:

- Basic Education and its perpetual failure to provide decent sanitation and safe infrastructure to 1000s of schools;
- Human Settlements, Water and Sanitation and its never ending inability to upgrade informal areas;
- Transport and its inability to address the lawless behaviour of the taxi sector nor to ensure it becomes a properly supported formal sector of the economy;
- SAPS and its continued failure to shift the two thirds of its personnel who perform office duties to visible and community policing and specialised units where they are most needed;
- Local government where the collapse of more than 2 dozen municipalities has seen them no longer able to pay workers on time, provide functioning municipal services nor pay Eskom what is due.

Key COSATU Proposals:

- Parliament holding political leadership and management to account for their failure to meet departmental targets.
- Dismissal of Ministers and management who fail to do so.

8. Revenue, Debt and Expenditure

Two key challenges facing the state and economy are our declining levels of revenue and rising levels of debt and deficits.

8.1 Debt and Deficit Levels

COSATU agrees with government that we cannot simply print our way out of this crisis. Whilst our debt to GDP ratios are not extraordinarily high, our rising debt and deficit levels are concerning. But more worrying is their rapid increase in the past few years and their projected spiralling in the next few years. The federation is fearful of entering a debt trap. The first to suffer in such a situation will be workers who will see their wages slashed, jobs cut en masse, SOEs privatised and public services scrapped.

However the Federation is worried about a largely invisible plan from government to reduce our debt levels. The little we can see is that Treasury seeks to do this on the backs of lowly paid workers by scrapping their small inflationary increases and implementing austerity cuts across the state. This will only serve to choke fragile economic growth and reduce the buying power of workers. A more sustainable, humane and logical approach is to stimulate the economy, increase domestic investments and demand and make public expenditure more efficient.

Many of our peer countries rather than choking their economies with austerity measures, have implemented policies that support economic growth as the most sustainable way of reducing the budget deficit and drawing down the public debt;

hence their better economic growth performance compared to South Africa. South Africa can improve its debt-GDP ratio and budget-deficit through policies that support economic growth.

Key COSATU Proposals:

- Credible debt reduction plan from government that will sustain and not choke economic growth.

8.2 Revenue

In the face of devastating twin crises of Covid-19 and an unemployment bloodbath and economic recession, COSATU believes that every possible source of revenue and financing must be sought.

Key COSATU Proposals:

8.2.1 Reprioritisation of Public Expenditure

Further reprioritisation of public expenditure from non-critical and luxury expenditure to that which will reinforce the departments and organs of state on the frontline against the pandemic and recession.

The shift in R150 billion in a very short space time attests to the possibility to do so.

8.2.2 Additional SARS and Tax Interventions

- Further capacitation of SARS;
- Removing tax loopholes;
- Cracking down on tax evasion for both the wealthy and illicit goods, in particular tobacco;
- Increasing customs inspections from 5% of import containers to 100%; and
- Increasing taxes on the wealthy through income tax increases for those earning above R1.5 million per annum as well as on luxury imports, inheritance and estate duties

8.2.3 International Financial Institutions

COSATU extensively engaged with the President on government's application for financial support from the International Monetary Fund, African Development Bank and the BRICS Bank.

COSATU is historically wary of tapping into financial support from the IMF given its toxic history in the continent and elsewhere. However we have been assured that the

conditions are favourable to South Africa e.g. at 1% interest and that no conditions that will undermine our state and national sovereignty have been included.

However whilst supporting tapping into international financial assistance, this must be a once off occasion in response to our current crisis. We cannot afford to have unmanageable foreign debt levels for the above mentioned reasons and the volatility of the Rand Dollar exchange rate.

8.2.4 Public and Private Financial Investment Institutions and Funds

The state will never have sufficient funds to invest in the amount of economic infrastructure that is required for this economy. The backlog on road maintenance alone is approximately R600 billion. We are approaching our tax ceiling and the additional revenue we can generate from tax interventions will not be sufficient for a stimulus plan or infrastructure programme.

The Developmental Financial Institutions e.g. the Development Bank of Southern Africa, the Industrial Development Corporation, the Public Investment Corporation etc. need to be engaged to see how their investment strategy can be further geared towards investments that can stimulate the economy, create jobs and build infrastructure badly needed for economic growth.

Similar engagements are needed with banks and investment funds on what is needed to unlock impact investments as provided for under Regulation 28. Regulation 28 provides for up to 10% of alternative investments. COSATU supports the Minister's call for these regulations to be adjusted to allow for investments in infrastructure. This should happen as a matter of the highest urgency. The 6 month period to do so announced by Treasury appears to lack the urgency the matter requires.

The modalities to upscale impact investments needs to be unpacked further with the private sector. This may need to take the form of investing in government bonds as well as directly. The key is to unlock its potential.

Measures will need to be put in place to address the concerns of investors in particular with regards to corruption, financial integrity, investment mandates and due diligence. As most private sector investment funds are workers' monies, this matter must be taken seriously by government. Workers have been scarred by endless instances of corruption in both the public and private sector and need to be assured that their money is safe and will benefit them.

These investment funds need to prioritise the needs of workers e.g. to invest in manners that create jobs and sustainable development on the one hand and directly too e.g. the PIC needs to assist struggling public servants with competitive and affordable home loans and tertiary education funds for their children.

8.2.5 Corruption and Wasteful Expenditure

As indicated repeatedly by the AG, the state loses on average R150 billion per annum to corruption and wasteful expenditure. That is the greatest source of funding available to the state to stimulate the economy, pay down the debt etc.

Government needs to simply reduce this ballooning hole in the fiscus.

9. Conclusion

This supplementary budget did not fully match the needs of workers and the economy. We are now in danger of entering an economic depression and the scariest thing is that government does not have appear to have a plan to avert this.

This budget only served to remind us that as workers, we are on our own, that government will not show the boldness or creativity to address the crises nor put in place the plans needed to save the economy.

Nor will the private sector come to the party of its own volition.

The solutions are there. It just requires bold and decisive leadership. But time is not on our side. The patience of workers, voters and the public is not infinite.

We have a choice. We can continue to dither and hope for miracles. Or we can bite the bullet and do what must be done.