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BUDGET: CALL TO ADDRESS RICH, POOR IMBALANCE

> 'The money must come from increased taxation on incomes of above R750 000.'

Brian Sokutu

A leading economist has backed proposed measures – including increased taxation of SA's high-income earners – in what could skew Finance Minister Enoch Godongwana budget today towards redressing the imbalance between the rich and poor.

Civil society groups Budget Justice Coalition, Section 27, Rural Health Advocacy Project, Equal Education, Black Sash and Healthy Living Alliance, called on Godongwana to table his medium-term budget policy statement (MTBPS), putting human rights at the centre – a sentiment endorsed by Dick Forslund, senior economist at Alternative Information and Development Centre (AIDC).

The MTBPS gives an update on government's programme of action, with the February budget showing how it will be funded.

On where the money to fund special grants for the poor and unemployed would come from, Forslund was unequivocal: "The money must come from increased taxation on incomes of above R750 000 – shifting back taxation on high incomes to what it was before the tax cut revolution, introduced from 2000 to 2008."

"The grossly overfunded state pension fund must provide concessionary lending to both Eskom and the government, so that a massive public works programme can start – repairing worn out infrastructure that government has for years abandoned."

Forslund said the SA Revenue Service (Sars) should be "given resources to combat illegal profit shifting out of South Africa".

"Sars is today mainly picking low hanging fruits, like tobacco smuggling.

"To service the whole population and stop what is becoming a hunger crisis, the economic side of the negotiated settlement of 1994, has to be scrapped."

The AIDC continued to challenge "government's austerity agenda, which has negatively impacted South Africans".

> Sars is today picking low hanging fruits

"These include, but are not limited to the overall size of the revenue, which was estimated at just over R1.7 trillion in the previous 2021 MTBPS – the tax: GDP [gross domestic product] ratio, debt: GDP ratio and the division of revenue, which will also be carefully scrutinised.

"Looking at previous years, we have always been concerned about government's priority areas, including the allocation of Section 27 rights, such as education, health and remuneration of public servants," he said.

"Moreover, as a remedy to the huge gaps in social security allocations, the unconditional universal basic income grant is one that should have been introduced long ago as a safety net for the poor, who are grappling with the unemployment crisis.

"This has been a demand of civil society and trade unions for more than two decades.

"There has unfortunately been no movement in this regard," Forslund said.

Addressing the MTBPS webinar ahead of its tabling, Section 27 economist Daniel McClaren said: "No matter who you are or what hat you are wearing, there are issues that affect us all – the first being Eskom.

"If we don't have a clear management plan for Eskom, presented in the MTBPS, there is really not much help in ending load shedding, to put our economy on a sustainable energy footing.

"We can have a new board and a turnaround plan for the organisation but if we are unable to invest in our infrastructure through repair and maintenance, we will have load shedding, which is holding back the economy."

Given the high unemployment rate, Black Sash advocacy manager Hoodah Abrahams-Fayker, said: "The high unemployment rate and high cost of living, certainly need a lifeline – like the provision of assistance to the poor.

"The challenge, since Covid, is that a vast number of people can't access these grants through administrative glitches."

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