



# Proposals for cost saving measures for SA Government

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Proposal to the Economic Cluster, for review of fuel prices as instructed by the President on 5 July 2018.

SUBMITTED: JULY 13

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## South Africa under economic constraints

The South African (SA) economy is at one of its lowest points since the 2008 recession and the effects of state capture, corruption, maladministration and general mismanagement of public funds is making it harder for citizens to balance the costs of day to day living in SA. As a result of this constant increase in costs, with what appears to be no relief in high unemployment numbers and no significant increases in wages, the number of people living below the poverty line in SA increased to nearly 14 million in 2017<sup>1</sup>.

Adding further burden to the SA economy, the beginning of July 2018 saw record high fuel prices in South Africa. This follows a number of major price increases, particularly over the past year. These include, but are not limited to:

- The increase of VAT from 14% to 15%, affecting everything from the price of food to the cost of municipal services and insurance.
- The cost of a nutritional basket of food has increased by a total of 9% (including the effects of VAT increases) between September 2017 and April 2018 <sup>2</sup>.
- Cost of electricity is continuously on the rise. The last 10 years has seen a 350% increase in the cost of electricity<sup>3</sup>.
- The rising cost of municipal taxes, services and water levies due to mismanagement in the municipalities.
- Continuous increases in provisional and income tax contributions.

The ministers in the Economic Cluster have cited global geopolitical developments such as the US “trade war” as the reason behind the weakening rand and therefore the increasing fuel price. Whilst this may be true of the reasoning for current adjustments, we feel that government needs to critically analyse and address the excessive increases that have occurred on taxes and levies over the last 10 years not just on the fuel price, but on a number of other services and expenditure points.

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<sup>1</sup> STATSSA 2017 report

<sup>2</sup> <https://businesstech.co.za/news/lifestyle/246125/how-the-vat-hike-has-hit-food-prices-in-south-africa/>

<sup>3</sup> <http://www.poweroptimal.com/350-increase-decade-expensive-electricity-south-africa-compared-countries/>

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OUTA believes that many of the price adjustments have been made to cover shortfalls due to mismanagement, corrupt practices and under collection of taxes. We, the public, have paid the price of corruption for too long.

The purpose of this document is not to attack the government for the actions of the past, but rather to provide pro-active recommendations on areas where costs can be critically reviewed to alleviate the current economic burden on citizens.

*“...to provide pro-active recommendations on areas where costs can be critically reviewed to alleviate the burden on citizens”*

The document will illustrate immediate interventions (and a few suggestions for future attention) to assist the economic cluster in making critical recommendations to the Presidency to act in the best interest of the South African citizens. OUTA staff are committed and available for further consultations and queries if and when the need arises.

**This report was compiled through a joint effort by 45 passionate civil activists working at the Organisation Undoing Tax Abuse (OUTA), dreaming and working for a better South Africa.**

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*“Scrap E-tolls as soon as possible. Compliance is low and the system is clearly failing. The current cost of administration of the system far exceeds the projected value of any business case.”*

It is time to scrap the Gauteng e-toll system that was launched in Gauteng in 2013<sup>4</sup>. The scheme was opposed from day one by the public and to date there is a compliance rate of less than 30% in settlement of accounts. This despite the announcement in 2015 that Government would decrease tariffs. As many of the accounts being settled are freight and logistics companies, it is not unreasonable to assume that individual compliance is actually much lower than the reported 30%. In fact, overall compliance and payments seem to be decreasing year on year<sup>5</sup> with latest figures for March 2018 showing a collection of R57 million, down from R66 million in March 2017.

### ***Rising expenditure due to legal action***

In 2016 SANRAL started to take legal action against defaulters by issuing summonses for outstanding e-toll fees. To date, OUTA’s appointed lawyers are defending almost 1000 cases in court. According to Parliamentary responses given in the National Assembly in 2016<sup>6</sup>, as well as media reports, SANRAL issued about 8,000 summonses from March 2016. Considering that there are currently about 1,5million e-toll defaulters, this is only the beginning of a monumental task that will ultimately cost the government and therefore tax payer an exorbitant amount in legal fees for a system the public was not consulted<sup>7</sup> on and made clear they did not want once it was forced on them.

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<sup>4</sup> E-toll system covers 201km of the so-called GFIP (Gauteng Freeway Improvement Project) network.

<sup>5</sup> See Annexure TOLL01

<sup>6</sup> Question Number: 1364, Adv A de W Alberts (FF Plus) to ask the Minister of Transport

<sup>7</sup><http://www.engineeringnews.co.za/article/public-not-properly-consulted-on-e-tolls-says-toll-collection-firm-2018-07-10>

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What also must be considered is that every day thousands of claims prescribe because of a lack of legal action against defaulters, resulting in a loss of around R6million a day for SANRAL. To address this backlog will be an impossible task with no prospects of success and the continuous wastage of critical funds on legal action.

According to the latest SANRAL financial statements as well as parliamentary submission, the majority of e-toll collections go towards payment for the toll operator and almost no revenue ends up with SANRAL. Income for the last financial year was R725 million, with R643 million of that paid towards administration of the system. Coupled with the rising legal costs, the e-toll system is currently costing the country millions. It will therefore be to the advantage of motorists and the Government if the regulation declaring the Gauteng Freeways as toll roads, is revoked. The scrapping of e-tolls will result in immediate relief for motorists and will take away the uncertainty that goes along with using the GFIP freeways.

OUTA has compiled a report on the current situation on e-tolls that will provide more detail on the matter. Please see the e-toll report attached hereto for more information.

## **2. Concessionaire Toll Fees**

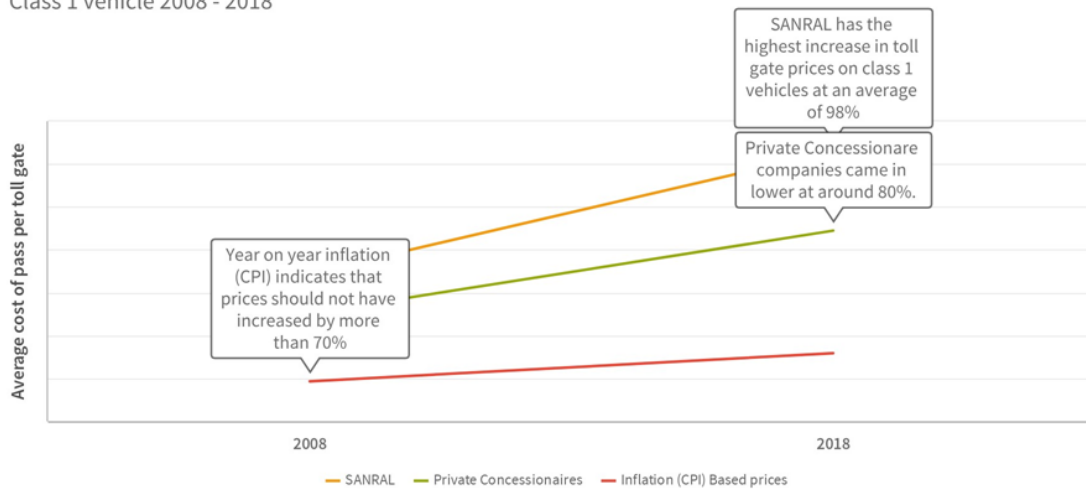
*“Concessionaire controlled toll fees have increased by between 80% and 110% in the last 10 years. Limit private concessionaires’ ability to increase toll fees that overburden road users in order to make more profit.”*

Apart from e-tolls in Gauteng, there are four entities that manage general concessionary tolls around South Africa. These entities are SANRAL, Bakwena, TRAC and N3TC. There is a concern about the terms of agreement between SANRAL and the other three private concessionaires in terms of the price adjustments allowed to the tolls. It seems that overall, all concessionaires, including SANRAL, have increased the toll prices above inflation levels over

the last ten (10) years<sup>8</sup>. If adjusted according to inflation, prices should not have increased by more than 70%, conservatively, over the last 10 years. However, in some cases, with SANRAL in particular, motorists have seen as much as a 104% increase in toll fees. In fact, in some instances, such as on the N2 Tsitsikama Garden Route, toll fees increased by over 300%.

## Concessionaire Price increases (Average)

Class 1 vehicle 2008 - 2018



Concessionaire	% Increase between 2008 and 2018			
	Class 1 (%)	Class 2 (%)	Class 3 (%)	Class 4 (%)
SANRAL	97	104	102	103
Bakwena	78	77	78	78
TRAC	79	78	78	79
N3TC	83	81	80	81

Contrary to the average increases however was Swartruggens Toll Plaza, managed by Bakwena, which has only seen a 37% increase over the last 10 years. This was due to civil action by citizens and unions in the area<sup>9</sup>. Bakwena listened, and kept the toll fee increases

<sup>8</sup> Please see annexure TOLL02

<sup>9</sup> <https://www.news24.com/SouthAfrica/News/Swartruggens-toll-protest-to-go-ahead-20130124>

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within reasonable margins. The question that OUTA has, is why this was not done for all other toll gates?

A strong suggestion therefore is that toll gate fees are reduced by **at least 20%** to reduce the burden not only on individual motorists, but also on freight and logistics companies who ultimately push the cost onto an overburdened consumer.

### 3. Remove VAT on Toll Fees

*“To alleviate the burden on transport costs of companies and individuals, scrap VAT associated with toll fees. This will immediately lower the existing fees by 15%.”*

Motorists using toll roads is charged a fee that includes Value Added Tax (VAT). These drivers were already taxed with a General Fuel Levy and a RAF Levy when they fill their vehicles with fuel. To have the motorist pay VAT on the toll fee is an unnecessary **additional burden**. It comes down as a double tax just because he/she uses a toll road. By declaring toll fees as a zero-rated VAT service, it will have an immediate impact on the public. Not only on the driver of the vehicle, but also on the public who will benefit from lower transport costs of goods, products and general transport which will alleviate the burden on the consumer.

### 4. Discounts for local users of toll roads

*“Reinstate discount for local and frequent users at their local toll plazas.”*

When concessionaire managed toll roads were initially introduced, frequent and local users (residents) living in the area and concessionaires negotiated discounts to lessen the burden of having to pay the full toll fees every day. The negotiated discounts are now systematically being removed. These full discounts must be reinstated immediately and concessionaires (both private and public) should not be allowed to remove these discounts for any reason, at the cost of local residents.

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Examples of this action include:

- The Middleburg plaza where frequent users enjoyed a 75% discount on the TRAC toll road since 1998;
- Diamond Hill plaza where residents also have enjoyed discounts; and
- Grasmere plaza, where Ennerdale residents have enjoyed discounts due to frequent usage.

In many cases, discounts have been revoked because motorists are refusing to purchase a SANRAL e-tag, originally designed for the GFIP e-toll system, and are now having to pay normal toll rates. This move seems like a tactic by SANRAL to forcefully create compliance for the e-toll (GFIP) system and looks like a politically motivated bullying tactic.

## 5. Decrease the General Fuel Levy

*“Our fuel levy has increased way beyond inflation and is putting unnecessary strain on our citizens.”*

The general fuel levy increased by 165% over the last 10 years. This increase was not in line with the increase of any other form of tax. Nor was the increase in the general fuel levy in line with the inflation rate. In the last 10 years, the accumulative inflation increase was under 70%.

A general indirect tax, like the fuel levy should not be used as a substitution for poor tax collections. Neither should it be introduced to the detriment of the poor. Government have demonstrated a lack of understanding and have an uncompassionate attitude towards this “easy tax” by continuously using it to place unnecessary burdens on the public and using it as a quick revenue collection mechanism. This lack of understanding is further illustrated in the press statement of the Economic Cluster dated 6 July 2018 where it is stated: “...*all economies of our size that do not produce oil, levy a tax on fuel as one of the most efficient instruments of raising revenue for governments worldwide – including South Africa*”. What the statement lacks is a comparison of fuel levies in other countries in relation to their fuel prices, their direct taxes as well as poverty rate, inequality levels and their status as a developing economy.



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It is interesting to note that other SADC nations such as Angola, Botswana, Namibia, Mozambique and Lesotho, a mix of both oil and non-oil producing countries, charge less for fuel than South Africa. How is it that countries within the SADC region, with lower demand, can charge less for fuel? These are serious questions that need to be addressed.

Furthermore, it is illogical to levy a tax on fuel but selectively provide rebates as the Government does. In 2016/17, SARS collected R65,007 billion from the General Fuel Levy, but only R62,779 billion of this reached the fiscus for adding to the Budget. This was despite the addition by SARS of R2,808 billion as “RAF recoupment” from the RAF collections. The reduction was due to rebates, particularly diesel rebates for Eskom, farming and fisheries. The Eskom rebates in particular need reassessment.

## **6. Decrease Road Accident Fund Levy**

*“Decrease the levy associated with the RAF by R0,30 taking it from R1,90 to R1,60. This will result in a decreased fuel price.”*

The primary source of income for the Road Accident Fund (RAF) compensation scheme is a levy raised on fuel. In the last 10 years the RAF levy increased by 330%. As stated above, inflation was under 70% for the same period.

The RAF is responsible for providing appropriate cover to all road users within the borders of South Africa. The RAF, as established by the RAF Act, does not have share capital. It is owned by the South African public. It is listed as a national public entity in accordance with schedule 3A of the PFMA.

SARS reported collecting R36,038 billion on the RAF levy during 2016/17, but only R33,230 billion was handed over to the RAF. The remaining R2,808 billion was added to the General Fuel Levy, apparently either to be refunded to certain customers as direct rebates or possibly to offset the cost of the diesel rebates.

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The RAF annually requests an increase in the RAF fuel levy from National Treasury based on a financial funding model and a calculation of its costs during the coming year. However, it is common knowledge that the RAF is mismanaged and steeped in corruption. In 2012, RAF declared a deficit of R16,4 billion. Five years later RAF declared a deficit of R34,7 billion. It is evident that the organisation is in deep distress and not managed properly.

We are aware of the pending change to the Road Accident Benefit Scheme and can only hope that the current issues facing the organisation will be addressed during this transition. We also call on government to put more stringent regulatory measures in place to ensure that the same corruption and mismanagement that has been seen in the RAF is not repeated.

## **7. Revise AARTO Amendment Bill**

*“Without proper enforcement, programs like AARTO are simply wasteful expenditure and have no positive effect on citizens.”*

The RAF exists primarily to compensate those who have been injured in road accidents. The more recklessness we see on our roads, the greater the impact on RAF and on our national budget will be. Road safety is therefore of the utmost importance in our country and any legislation and/or programmes promoting, enforcing and enhancing the safety of motor vehicle drivers, passengers and pedestrians must be supported. To make an impact and decrease the number of RAF claims, South Africa needs strict traffic legislation that will make our roads safer for motorists and pedestrians. The AARTO Act and the proposed AARTO Amendment Bill fall short of improving road safety.

The AARTO Act was implemented as a pilot programme or system test<sup>10</sup> in the City of Tshwane on 1 July 2008 and in the City of Johannesburg Metropolitan Municipality on 1 November 2008 respectively. These two cities serve the largest areas of the Gauteng Province with the highest

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<sup>10</sup> This ‘pilot’ was in actual fact a system test, which was not successful.

concentration of vehicles, so it seemed appropriate to test the AARTO system in these metros. Statistics compiled by the Road Traffic Management Corporation (RTMC) show that Gauteng has the highest percentage of fatal motor vehicle accidents in the country. In the last decade that AARTO was implemented in Gauteng as a pilot project, it is evident that the AARTO legislation did not enhance road safety or bring down fatalities on the roads.

The following figures were obtained from an answer to a Parliamentary question to the Minister of Transport. The fatality rate was consistent for a six-year period in Johannesburg and Tshwane where the pilot project was running. This showed that AARTO had no impact on road safety.

**City of Johannesburg**

YEAR	Registered Vehicles	Unregistered Vehicles	Total Vehicles	Total Fatalities	% Vehicles vs Fatalities
"2012	1464681	56882	1521563	649	0,04%
"2013	1541954	60756	1602710	785	0,05%
"2014"	1592357	70815	1663172	579	0,03%
"2015	1639285	78964	1718249	754	0,04%
"2016	1695855	79775	1775630	802	0,05%

**City of Tshwane - AARTO Area**

YEAR	Registered Vehicles	Unregistered Vehicles	Total Vehicles	Total Fatalities	% Vehicles vs Fatalities
"2012	1048787	34832	1083619	612	0,06%
"2013	1082763	36450	1119213	697	0,06%
"2014"	1124165	47577	1171742	558	0,05%
"2015	1161437	46359	1207796	610	0,05%
"2016	1168985	46215	1215200	696	0,06%

YEAR	Registered Vehicles	Unregistered Vehicles	Total Vehicles	Total Fatalities	% Vehicles vs Fatalities
"2012	2513468	91714	2605182	1261	0,05%
"2013	2624717	97206	2721923	1482	0,05%
"2014"	2716522	118392	2834914	1137	0,04%
"2015	2800722	125323	2926045	1364	0,05%
"2016	2864840	125990	2990830	1498	0,05%

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In South Africa there is a very low compliance amongst motorists when it comes to paying fines for traffic violations<sup>11</sup> and without strict enforcement of traffic regulations, a new program or new legislation like AARTO has little to no effect, other than costing the country a great deal of money in AARTO administration, much like the e-tolls. This should be considered wasteful expenditure at this point.

In order to reduce RAF claims to lessen the financial burden of society, government must commit to implementing systems that effectively reduce motor vehicle accidents. This must include measures to enforce effective traffic management, strict legislation and harsher penalties for those who ignore traffic regulations and in so doing, place other motorists and pedestrians at risk. If South Africa wants to reduce spending, there needs to be a greater understanding of the direct link between effective traffic laws and enforcement, RAF claims and the need for fuel levies.

## **8. Fuel rebates for various entities**

*“Scrap all rebates on fuel purchases by state departments and SOEs.”*

Refunds on fuel purchases, especially on diesel was introduced way back in the 1980's. The purpose was to assist South African manufacturers and the agriculture industry to be more competitive with prices of imported goods and produce. Organisations such as Eskom receive these rebates, as well as state departments such as the Presidency.

Over the last decade, Eskom increased its utilisation of the rebate with yearly increases on diesel purchases. Currently Eskom receives an average of 60% of the total refunds on diesel. Note that Eskom receive a 100% refund on the general fuel levy as well as 100% refund on the RAF levy.

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<sup>11</sup> <https://www.iol.co.za/motoring/industry-news/90-of-kzn-traffic-fines-never-paid-1561893>

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The use of diesel by Eskom was originally for emergencies only when they struggled to generate enough electricity to satisfy the demand. However, OUTA has received information that Eskom bought more diesel than was required for operations just to claim back the refunds to create a positive cash flow situation. Eskom buys millions of litres of diesel, resulting in billions of rand in refunds. The National Treasury cut Eskom's rebates on the general fuel levy by 50% from 1 April 2016 but retained the full rebate on the RAF levy; however, this does not appear to have been enforced by SARS, which has recorded the rate of refund after that date as still 100% for both levies. In 2016/2017, R5.037 billion was refunded in diesel rebates and Eskom is believed to have received approximately R3 billion of this.

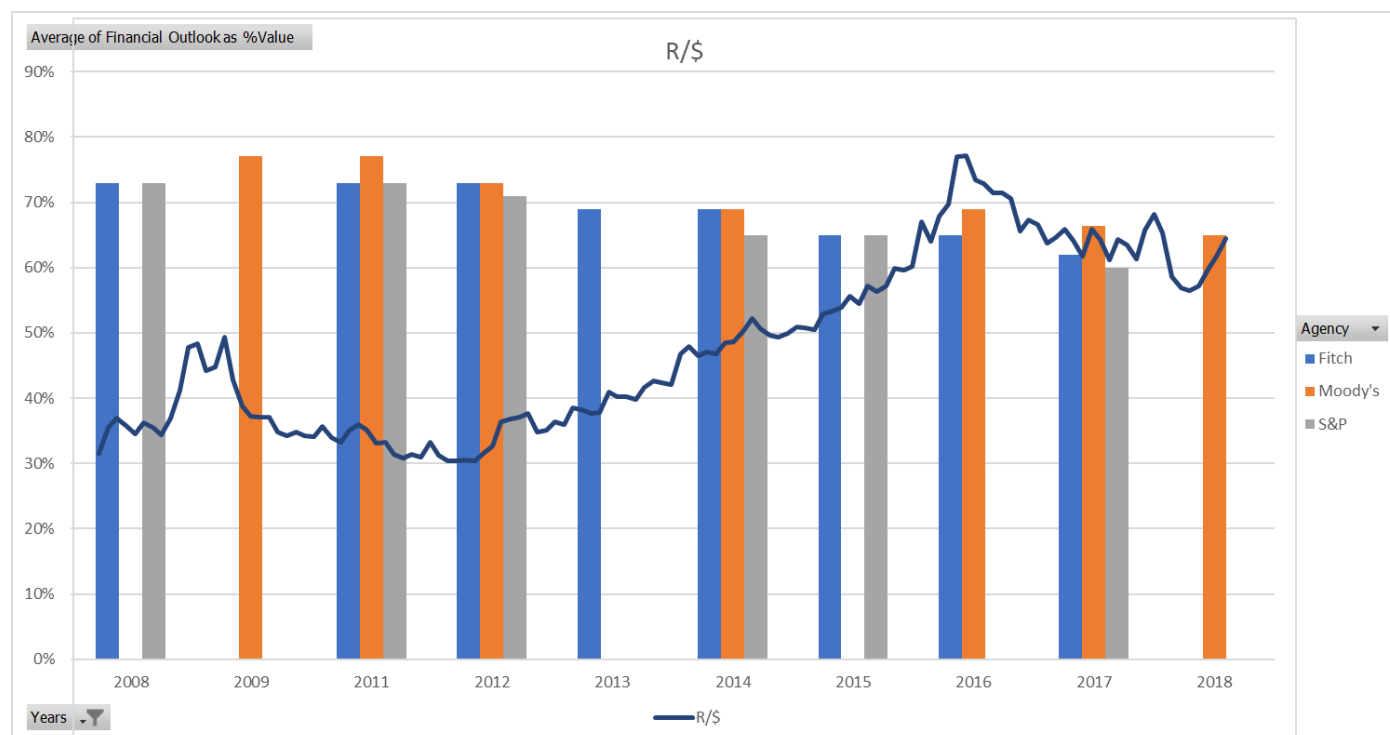
The Presidency also receives full rebates on excise duties on fuel, alcohol and tobacco purchases, and on all imported goods. The Presidency also receives a refund of 8.9c/litre of petrol, 6.7c/litre of diesel and biodiesel on the fuel levies. It is not clear why the Presidency is entitled to these refunds while the rest of Government and the public at large must suffer prejudice in this regard. It is suggested that all rebates for the Presidency on fuel, alcohol, tobacco and imported goods be revoked immediately and either the levy be reduced to compensate, or the money be reallocated towards fiscal spending in order to place less pressure on the general taxpayer.

## 9. Rand/ Dollar Exchange Rate

*"The weakness of the Rand cannot be solely blamed on the US 'trade war'. We were in trouble long before that. We need to root out corruption and build investor confidence to strengthen the Rand"*

The exchange rate has a major influence not only on the fuel price, but also on clothing, food and many other consumables. In the press statement by the Economic Cluster, the ministers conveniently blame trade spats between the United States and its trading partners as one of the main reasons for the decline in the value of the Rand. In 2008 the rand/dollar exchange rate was just under R7,00 to the US Dollar (\$). The value of the rand declined the last 10 years, reaching a low in February 2016 of around R16,00 to the US Dollar (\$). The role of State

Capture cannot be ignored when it comes to the value of the South African currency. During the last decade rating agencies have downgraded South Africa to junk status due to the blatant corruption and irrational decision making that was clear with the frequent cabinet reshuffles. The looting of major SOE's played a major role in the downgrades and corruption throughout the public sector did not help strengthen our gradings. Downgrading, as seen in the graph below, have a significant impact on the strength of the Rand.



Government must take swift and decisive action against corruption and speed up the process of bringing those responsible for the downfall of the SOE's and Government departments to book. Good governance, less fruitless, wasteful and irregular spending will have a positive effect on the country's ratings and the value of the rand. It is therefore not correct to blame the USA and its trade partners for the low rand value, but rather to focus on building up political will to intervene and root out corruption. The value of the rand is in the hands of the Government who historically choose to shift the blame.

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## 10. Railway Management

In light of what has been stated regarding AARTO and the RAF, government must investigate development and use of railways to reduce the load on the roads, keeping roads in better condition and possibly reducing the number of motor vehicle fatalities. Road-to-Rail programmes must be fast tracked to decrease road use by commuters and freight.

However, South Africa's SOEs that manage railway services are in disarray. Attention must be given to both Transnet and PRASA and the Presidency must focus on the revision of infrastructure based contracts that have been enacted by corrupt former officials and cost the state billions that could still potentially be recovered.

### *Transnet Locomotive contracts*

It is common knowledge that the 1064 locomotive deal with Transnet is corrupt. This was confirmed by two independent reports released by Werksmans and MNS Attorneys. An estimated R25 billion could be recovered from the 1064 locomotive deal with Transnet, facilitated by the Guptas and related companies. A large amount of money was wasted due to the R15 billion price increase, the split in manufacturing between Pretoria and Durban, the amalgamation between China South Rail and China North Rail and behind schedule deliveries, to name a few.

OUTA has received information that shows that the Durban manufacturing plants are standing idle. An investigation must be conducted on the possibility of shutting these manufacturing sites down and cancelling certain contracts based on non-delivery. Whilst we are aware that money has already been lost in the terms of the 1064 deal, some kind of action must be taken **immediately** on these contracts to ensure that no more money is wasted due to inaction of the Presidency. Monies saved and/or recouped on this project should be utilised for infrastructure development to enhance the road-to-rail programme. We believe that this is a relatively easy and quick victory.

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## ***PRASA Locomotive contracts***

The Board of Directors of PRASA successfully sued Swifambo for R2.6 billion after courts found that the deal was corrupt and set it aside<sup>12</sup>. However, they have not been able to recover this money. There needs to be assistance offered to PRASA to facilitate the recouping of the funds. This is another chunk of money that will alleviate pressures on national fiscus and should therefore be urgently followed up on<sup>13</sup>.

Investigations initiated by National Treasury showed that more than 200 PRASA contracts were irregularly awarded or did not follow correct procurement procedures. To date, very little action has been taken on these irregularities. The lack of action is resulting in a delay of delivery of new, safer trains and commuters are at risk of serious injury or death because of an unsafe commuting environment. In addition, the shortage of trains to serve commuter demand is resulting in overloading of existing aging infrastructure and therefore further safety risks. This situation is getting out of hand in the Western Cape and contributes to increasing costs in transportation as commuters try to find alternative, safer (but more expensive) modes of transport. As more members of the public are forced to use expensive road transport to get to work and back, the increase of commuters on the road creates greater opportunity for motor vehicle accidents and as a result, more RAF claims as set out above.

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<sup>12</sup> <http://ewn.co.za/2017/07/04/swifambo-rail-leasing-ordered-to-pay-back-r2-6bn-to-prasa>

<sup>13</sup> OUTA and PRASA have also been successful in a court application to force the HAWKS to perform their duties and investigate the corruption in this deal.



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## GOVERNMENT SPENDING

These issues may not have a direct impact on the fuel price or related transport issues, but the overall benefit to reducing government spending will be seen when there are zero increases in income taxes, vat, levies and other sources of revenue like the fuel levy. This general relief for consumers will be felt countrywide.

### 11. Deal decisively with suspended employees

*“Act swiftly on investigations and disciplinary procedures of suspended public servants”*

The amount of money that is spent on employees that have been suspended with pay is unacceptable<sup>14</sup>. In a parliamentary reply in 2016, the Department of Transport was said to be spending R62 million on suspended employees<sup>15</sup>. The Public Service Commission (PSC)<sup>16</sup> released a report in 2017 showing a staggering R76 million spent on suspended officials in Gauteng Provincial Government<sup>17</sup>, with employees being on suspension for periods ranging from 3 months to 7 years. There is a double penalty in that the person is on suspension therefore the post cannot be permanently filled. Therefore, while money is lost to a person not at work, the position can also not be filled, placing additional pressure on staff at lower levels. The impact is not only on financial stability, but also policy, discipline, productivity and delivery suffers.

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<sup>14</sup> <https://mg.co.za/article/2015-07-30-suspended-officials-are-bleeding-sa-dry>

<sup>15</sup> <https://www.iol.co.za/news/politics/r62m-on-suspended-employees-a-mockery-2015980>

<sup>16</sup> Annexure SUSP01 and SUSP02

<sup>17</sup> <https://www.iol.co.za/news/south-africa/gauteng/r76m-pay-to-stay-at-home-12176153>

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## 12. Cabinet reconfiguration

*“Drop the number of departments. We do not need so many officials.”*

The South African Cabinet, as intimated by President Cyril Ramaphosa, is bloated, unwieldy and impractical and as a result, we strongly recommend that the President analyse and review the contributions of the current departments and reconfigure the ministries to align and meet Constitutional obligations.

There are currently 35 cabinet ministers whose remuneration, perks and housing needs are funded by taxpayers. Cabinet ministers earn more than R2-million a year and their deputies earn about R1.9-million. The President, in a National Assembly question and answer session, confirmed that a process to review the size and shape of the National Executive is underway and will be implemented in the sixth administration. This process needs to speed up and implemented as soon as possible. We cannot wait for the sixth administration to reduce Government spending on an oversized and seriously underperforming Government. The State should become leaner, smarter and more capable of delivering on its mandate.

The size of cabinet also has a direct influence on VIP protection and security expenses. The presidency alone employs 1382 personnel in its Presidential Protection Unit with a total spending of R693 million in the 2017/18 financial year<sup>18</sup>. The Treasury reported that the 2016-2017 budget for the police protection and security services programme was R2.6-billion for 6445 personnel, which include protection and security for ministers. With a smaller cabinet, this expense will decrease drastically. This money currently allocated to the bloated government, if freed up, can be allocated more responsibly to sorely neglected areas in education, health, safety and social security, or even the development of small business.

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<sup>18</sup> <https://www.timeslive.co.za/politics/2018-07-12-ramaphosa-and-other-vips-have-81-bodyguards-on-average-each/>

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### 13. Benefits for MP's and Cabinet Members (travel and spending on vehicles)

*“President Ramaphosa set the example by traveling with a low-cost airline”*

It is time for government officials at all levels to remember why they are appointed: to serve the people who elected them, with the people's best interests at heart. When the country is in a dire situation, it is the leadership that must set the tone from the top and make much needed adjustments. Government must remember that they are the curators of public money, coming from both rich and poor and they have a responsibility to their people to be responsible with that money. This includes trimming the budget for travel and vehicles, as well as housing. Some examples of this could be:

- The President needs to enforce a culture of cost cutting. This starts with him.
- Officials can drive more economical cars rather than purchasing expensive luxury vehicles in each city, which come with higher maintenance and insurance costs.
- Officials do not need to stay in 5-star hotels, but can stay in more affordable quality hotels.

Furthermore, cabinet and government officials should start flying economy class. As a rule, Cabinet and senior government officials travel in business class when they make use of air travel. The President recently travelled with a low-cost airline on more than one occasion. This should be the norm for ministers, MP's and senior government officials to travel in economy class, both domestically and internationally. If Government is serious about cost containing measures, then it needs to seriously assess its expenses and make the necessary adjustments. Travel and class of travel is among the many expense items that need review. Further, with regards to international travel, Government needs to impose strict limits on the number of personnel who may travel for Government business and should use economy class.

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It is time that officials do not see their position as a means to enrich themselves nor treat these material items as status symbols. Responsible government spending encourages responsible spending at all other levels.

## **14. Lodge an independent internal forensic investigation into the Department of Water and Sanitation (DWS)**

*“Lodge full independent forensic investigation into DWS”*

The Auditor General of South Africa presented a report to the joint committee of inquiry into the functioning of the DWS. The report was prepared for the Standing Committee on Public Accounts (SCOPA) and the Parliamentary Portfolio Committee on Water and Sanitation. The letter requested that the AGSA provide information on the challenges confronting the DWS in the following areas: instability in leadership; irregular expenditure use of implementing agents; human resource (HR) challenges; internal controls; financial viability of the DWS; and any other relevant information.

We believe that there is sufficient evidence of the individuals responsible for the mismanagement of the DWS contained in this report which merits a full independent forensic investigation into the DWS to hold them to account and stop wasteful expenditure in one of our key resources.

## **15. Conclusion**

In conclusion, OUTA would like to see the President adopt strategies to alleviate the pressure on consumers. It is imperative to South Africa’s economic recovery and success that we address government spending and reduce the financial burden on society. OUTA is committed to seeing the Economic Cluster succeed in making changes to benefit South Africa and are available to assist.