



PRESS RELEASE

NO EMBARGO

25 October 2022

Press statement Medium Term Budget: What needs to be done

Finance minister Enoch Godongwana will present the Medium-Term Budget Policy Statement (MTBPS) on Wednesday (26 October).

AL JAMA-AH party would like the Minister to respond to the real context of the economic crisis as experienced by millions of South Africans every day. Many households continue to struggle to absorb the escalating living costs.

Up to 53 percent of South Africa's GDP is lost to illicit financial flows. Tax injustice, in South Africa is a reality, poor pay 50 percent more on tax. We have heard the President's response to the Zondo Commission's report, AL JAMA-AH would like to see more money being allocated to whistle blowers, and the strengthening of the investigative and prosecutorial arms of government.

"The problem with illicit financial flows is that millions of people are affected, economies are weakened, and development is halted, while a shady few accumulate wealth and influence. This unscrupulous ways in which money leaves the country reduces the number of resources available for the country to invest in jobs and provide critical social services to citizens and economy," says AL JAMA-AH's leader in Parliament Hon Ganief Hendricks.

According to recent estimates from Global Financial Integrity, South Africa is ranked 13 in the world on Illicit Financial Flows.

The Thabo Mbeki High Level Panel Report on IFFs in 2015 reported that 65 percent of these outflows is from commercial activities including profit shifting, price mis-invoicing, profit shifting, price collusion.

The SA mining industry made R221 billion profits between 2010 and 2019. Undeclared profits are always higher, and they constitute IFFs, especially trade mis-invoicing. For example, for the silver-platinum and iron ore industry, it amounted to R296 billion for the same period of 2010-2019.

"When the Marikana massacre happened, Lonmin repatriated R400 million a year in undeclared profits to Bermuda, a tax haven. Yet Lonmin argued that it couldn't afford to raise the salary of its miners to R12 500 in the 10th anniversary of the Massacre. We call on government to curb IFFs from South Africa to make IFFs and Tax Justice an electioneering promise," say Hendricks.

Hendricks further calls for co-governance of the fiscus by all political parties, "we are happy that the Minister is not averse to co-governance and promised more meaningful engagement before the tabling of next year's budget in February 2023," adds Hendricks.

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