

## **COSATU MEMORANDUM TO GOVERNMENT AND BUSINESS IN SOUTH AFRICA**

### **Introduction:**

The Congress of South African Trade Unions (COSATU) has engaged Government Departments, Business and Social Partners at NEDLAC on State Capture and Corruption that has led to job losses and unemployment in South Africa.

We approached NEDLAC through a section 77(1) (b) notice as part of our commitment to look for an amicable solution but we reached a deadlock on this matter forcing us into a route of confrontation with business and government authorities as well as other employers.

South Africa achieved a democratic breakthrough in 1994; however it mainly benefitted capital at the expense of the workers and the working class. Economically and socially the legacy of Apartheid's racist and exploitative practices endures and our country remains one of the most unequal societies in the world and has high levels of unemployment and poverty.

To address the socio-economic challenges facing South Africa and the plight of the working class and the poor, the state must play a critical role in ensuring economic development to advance radical socio-economic transformation, which on amongst others must prioritise addressing inequality, poverty, unemployment, the redistribution of wealth, control and ownership of the economy by the people as a whole as articulated in the Freedom Charter.

### **Memorandum on State Capture and Corruption:**

1. Economic Development continues to be obstructed, by the systemic capture of the state by well-organised predatory elite with established relations. Members of this

**Parliamentary Office**  
69 Plein Park Street  
10<sup>th</sup> Floor  
Plein Park Building  
Cape Town  
8001  
P O Box 5622  
Cape Town  
8000  
Tel: (021) 461-3835  
Fax: (021) 461-4034  
E-mail:  
[parliament@cosatu.org.za](mailto:parliament@cosatu.org.za)

**Free State**  
7<sup>th</sup> Floor  
Altrium Building  
10 Elizabeth Street  
Bloemfontein  
P O box 985  
Bloemfontein  
9300  
Tel: (051) 447-5499  
Fax: (051) 447-5603  
E-mail:  
[ntsiki@cosatu.org.za](mailto:ntsiki@cosatu.org.za)

**North West**  
2nd Floor  
NBS Building  
Car Church & Boom Street  
Klerksdorp  
P O Box 11909  
Klerksdorp  
2580  
Tel: (018) 462-2406 / 465-3806  
Fax: (018) 462-3993  
E-mail:  
[ruth@cosatu.org.za](mailto:ruth@cosatu.org.za)

**Gauteng**  
5<sup>th</sup> Floor  
COSATU House  
110 Jorissen Street  
Braamfontein  
P O Box 1019  
Johannesburg  
2000  
Tel: (011) 339-4911  
Fax: (011) 339-5080  
E-mail:  
[nomthunzi@cosatu.org.za](mailto:nomthunzi@cosatu.org.za)

**Mpumalanga**  
Office No. 24,  
1<sup>st</sup> Floor  
BF Boshielo House  
Hofmeyer Street  
Witbank  
P O Box 2425  
Witbank  
1035  
Tel: (013) 656-0289  
Fax: (013) 656-0291  
E-mail:  
[phindile@cosatu.org.za](mailto:phindile@cosatu.org.za)

**Limpopo**  
20 Bok Street  
Polokwane  
0700  
Tel: (015) 291-2981/ 2/3  
Fax: (015) 291-3232  
E-mail:  
[toeki@cosatu.org.za](mailto:toeki@cosatu.org.za)

**Northern Cape**  
Office no. 51  
Phakamaile Mabija Street  
P O Box 985  
Kimberley  
8301  
Tel: (053) 832-9090  
Fax: (053) 832-9080  
E-mail:  
[thandi@cosatu.org.za](mailto:thandi@cosatu.org.za)

**KwaZulu / Natal**  
47 Field Street  
Office no. 1902  
19<sup>th</sup> General  
Accident Building  
Durban  
P O Box 4765  
Durban  
4000  
Tel: (031) 304-1690/4009  
Fax: (031) 304-1822  
Email:  
[nokhwezi@cosatu.org.za](mailto:nokhwezi@cosatu.org.za)

**Western Cape**  
2nd Floor  
Community House  
41 Salt River Road  
Salt River  
P O Box 471  
Salt River  
7925  
Tel: (021) 448-0045 / 6  
Fax: (021) 448-0047  
E-mail:  
[elma@cosatu.org.za](mailto:elma@cosatu.org.za)

**Eastern Cape**  
19B Devereux Avenue  
Vincent  
East London  
P O Box 471  
Salt River  
7925  
Tel: (043) 726-4038/45  
Fax: (043) 726-4029  
E-mail:  
[thokozani@cosatu.org.za](mailto:thokozani@cosatu.org.za)

predatory elite have infiltrated government, state institutions, state owned enterprises like Eskom, Transnet and Denel, private businesses, security agencies, family networks and the governing party. Their focus is not on minor looting of the state and its related institutions. Through repeated transactions on an increasing scale their aim is to access and redirect public monies away from their intended recipients, including the poor and marginalised classes, into private hands. They exercise their interventionist influences informally and formally. The effect is that they undermine the constitutional and developmental state that seeks to address the plight of the poor and workers, and the inequities that they face, and undermining the socio-economic rights of workers.

2. State capture has destroyed public trust in the state and its organs. It has, and continues to, amongst other things: (i) eat away at confidence in South Africa's economy; (ii) erode revenue collection; (iii) stifle investment and reinvestment in productive parts of the economy; (iv) Promote a culture of corruption; and, (v) result in the failure to uncover additional corruption in other tiers of government and the private sector.
3. The majority of South Africans bear the brunt of corruption and state capture. If state capture is allowed to continue, it will not be possible to achieve the transformative objectives of the state that serve to improve the socio-economic predicament of the poor and working class.

### **COSATU Demands:**

In order to promote and defend the interests of workers, the working class and the poor, this perilous situation must be addressed forthwith by, amongst other things, the dismantling the network of the predatory elite.

1. The Public Protector's recommendation regarding a Judicial Commission of Inquiry must be implemented immediately.
2. The President of the Republic of South Africa must agree on the date to establish the Judicial Commission of Inquiry.

3. The state and state institutions must refuse to deal with the predatory elite and in particular cancel all commercial dealings with the Gupta family with immediate effect.
4. There must be a process to identify others involved in state capture and, following on the above, for them to be similarly blacklisted.
5. The Asset Forfeiture Unit must seize the assets of the GUPTAS, since it is inconceivable that the enormous resources they have, have been legitimately secured.
6. The state and state institutions that have entered into so-called “commercial relations” with the predatory elite’s network must be terminated and the monies spent in these deals must be recovered.
7. All contracts which have been entered into with the GUPTAS, including mining licences, tenders, subsidies or other exercise of public power such as citizenships should be urgently reviewed by the Auditor General for irregularities in order to develop a financial claim for monies corruptly secured.
8. The monies that are recovered must be re-directed to implement projects addressing the plight of workers, the working class and the poor.
9. Those who have been implicated in the recent spate of Gupta related emails which have surfaced must be suspended and brought to an enquiry immediately.
10. Government Ministers including Ministers who are implicated in alleged state capture activities must be urgently investigated and if no proper public explanation for their actions is acceptable, must be charged.

**Simultaneously, as we protest against State Capture and Corruption, through our Rolling Mass Action, we are also campaigning and demanding;**

**Renewable Energy and Closure of Coal Mines:**

Unfortunately the move to renewable energy has not resulted in a just transition particularly for the working class and the poor. The transition has only resulted in a jobs

blood bath particularly in the mining communities following Eskom's decision to close the five power stations. COSATU rejects the privatisation of renewable energy through the signing of IPP contracts. Renewable energy is expensive for the poor and the workers. Government must stop the privatisation of ESKOM, by halting the signing of IPP contracts.

### ***Our demands on Eskom:***

1. The IPP contracts should be suspended immediately.
2. Eskom must not sign new IPP contracts

### ***Our demands on Government***

1. Must align the policy on the energy mix with SA's needs to address unemployment, poverty and income inequality.
2. Renegotiate all IPP contracts with a view of withdrawing from all existing IPP contracts.
3. Suspend with immediate effect all commitments to purchase renewable energy from IPP's.
4. Stop liberalising the energy market.
5. Stop all plans to further commercialise and privatise Eskom.
6. Conclude through NEDLAC an enforceable social accord between the relevant government departments or all respondents to this notice and labour on the creation of jobs, local production and purchase of renewable energy.
7. Renewable sector should be state owned.
8. In addition the renewable sector should be owned by the working class specifically worker co-operatives. There should be a dedicated state fund to provide grants to worker owned cooperatives in the renewable sector.
9. Where workers are dismissed due to the introduction of IPP's there should be income support in addition to UIF.
10. The government must stop subsidising IPP's with immediate effect.

### ***Our demand on the South African Independent Power Producers Association:***

1. They must manufacture and buy at least 75% of all renewable energy inputs in South Africa.
2. Create decent jobs.
3. Workers must be allowed to join trade unions.
4. Must produce data on the number of jobs that have been created and that may be created in the future.

### ***Our demand on NERSA***

1. Must reject the inclusion of renewable energy tariffs into Eskom tariffs.
2. Reverse all tariffs increases that include renewable tariffs.
3. Ensure that all tariff increases including renewable do not exceed the inflation rate.

### **Economic Crisis:**

In order to arrest the continuing economic crisis we demand the following policy interventions:

1. As a quid pro quo for government's generous tax benefits and other subsidies to private sector companies, companies must be prohibited from retrenching employees for the sake of profits and must be required to create a certain number of jobs per year and this must be monitored by the CCMA.
2. Government through NEDLAC must convene an **Economic and Jobs Summit** within the next three months after submission of this notice.
3. Issues for discussion in the summit must include the following:
  - a) The review of the National Development Plan in particular the Chapters on the Economy and Employment.
  - b) The abandonment of the neo liberal trickle down economic policies.
  - c) Imposition of legally enforceable obligations and targets on the private sector to create jobs, eliminate poverty and income and asset inequality.
  - d) Amendments to existing laws that shall restrict layoffs to insolvent companies. A company must not be allowed to retrench workers simply to make profits. Government must bail out companies that are insolvent by injecting equity capital instead of allowing these companies to fail in the same way government has bailed out insolvent banks.

### **Ban of Labour Brokers**

COSATU maintains the position that Labour Broking is modern day slavery. One of the reasons of having the Department of Labour is precisely to link job seekers with prospective employers without a fee and violation of workers' labour rights. We therefore demand:

1. The total banning of labour broking.
2. The total scrapping of outsourcing.

### **When do we expect the Response?**

We demand that your response must be within Fourteen Days from today. Failure to provide such a response will result to workers engaging on further rolling mass actions.

**Date: 27 September 2017**

Signed on behalf of Government:  
KZN Premier's Office

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Signed on behalf of Business:  
Durban Chamber of Commerce

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Signed on behalf of Department of Labour

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Signed on behalf of Labour  
COSATU

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