

**PRESENTATION BY BERNARD ADJEI, DEPUTY GENERAL
SECRETARY OF PSWU OF TUC (GHANA), TO THE 146TH PSI
EXECUTIVE BOARD MEETING HELD AT UNI HEADOFFICE, NYON,
SWITZERLAND FROM 24TH – 25TH JUNE, 2014**

**TAX JUSTICE: AFFILIATE ACTIONS AND NATIONAL CAMPAIGNS
IN AFRICA**

INTRODUCTION

I feel privileged to have been invited to the 146th EB meeting of the PSI. Interestingly, I had my first exposure to the topic under consideration when I interned at the PSI during my postgraduate studies in Germany. It was on 25 March, 2009 at the House of Commons, London and the theme of the occasion was “Tax Justice not Tax Havens”.

Tax Justice is now a topical issue in Africa and the world. The need to move away from AID and mobilize resources for development has become a concern to African governments in general and Ghana in particular. Development Aid and other facilities, mostly from OECD countries, which are depended upon to fill the financing gap for development had resulted in unsustainable indebtedness and seemingly loss of sovereignty of African countries. However, current evidence shows that Africa is losing more from illicit financial flows and harmful tax incentives and practices (Africa lost about \$854 billion in IFF from 1970 - 2008 and continues to lose between \$50-148 billion annually). That is why affiliates in Africa, with the support of PSI, are stepping up our involvement for tax justice (progressive taxation) to effectively mobilize revenue needed for quality public services and development.

TAX JUSTICE ACTIONS

Against this background, affiliates in Africa participated in a forum organised by ITUC-Africa, working in collaboration with PSI, on “Africa’s Development and Industrialization” in Accra in September 2013. the negative impact of harmful tax practices on Africa’s development and the provision of quality public services was acknowledged. The forum therefore committed to the mobilization workers and organizations (EaTUC, SATUCC, GUFs, etc) in collaboration with the progressive movements (TJN-Africa & Action Aid International) under an advocacy tax justice campaign to fight to defeat and end harmful tax incentives, tax dodging, illicit financial flow, asset theft and tax haven so as to increase the chances of domestic resource mobilization.

Subsequent to this forum, affiliates participated in African Trade Unions Tax Justice Campaign training in Abuja in January 2014. This was collaboration between ITUC-Africa, Tax Justice Network-Africa and the GUFs. PSI facilitated the participation of affiliates in this training, and I would like to mention that I represented Ghana. The outcome of the training was the development of a tax justice campaign action plan for trade unions and a team of trade unionists that would push for tax justice on the continent of Africa. A social media group, African Trade Union Tax Justice Campaign Watch, was also formed and had been active since then. I am pleased to inform the EB that the Ghana NCC of PSI unanimously adopted the action plan in February, 2014 for implementation. The plan as adopted focuses on involving trade union members and building coalitions with citizens and civil society groups on tax justice.

With the support of the PSI Secretariat (Headoffice, Regional & Sub-Regional), there is an upcoming FES-funded tax justice training in Ghana in September. PSI affiliates from other English speaking African countries had been invited to join the training. The ITUC-Africa and the TJN-Africa will also attend.

Other tax justice events in which affiliates action was prominent includes the regional consultation of the High Level Panel on Illicit Financial Flows from Africa, which was held in December 2013 and a Global Fiscal Justice event by Oxfam on the theme 'Make Tax Fair' in February 2014, all in Accra.

Affiliates are participating in the PSI lobby of the African Union at the on-going Summit in Malabo, Equatorial Guinea, by sending letters to National Presidents and Prime Ministers to demand for tax justice.

There are various activities of affiliates during the World Public Service Day, which focused on tax justice. In Ghana, the NCC released a press statement which underscored the importance of an effective tax administration system to raise the necessary revenue for development, quality public service delivery and social protection programmes. The statement also called for the implementation of existing legal regimes intended to fight harmful tax practices, broadening of the tax base, removal of incentives and resourcing the revenue collecting authority.

IMPORTANCE

Affiliates in Africa believe in the vision of tax justice to fund Quality Public Services and fight inequality.

In general, affordability and quality of public services (health, education, water, energy, housing, transportation, and sanitation) are important developmental concerns. So citizens of various African countries are becoming agitated and increasingly clamoring for governments to provide, promote and guarantee their welfare and wellbeing. There is likely to be instability and chaos on the continent if African governments continue to serve the exclusive interests of the market and elites.

Broadly, tax policies in Africa and other developing countries are biased towards collecting taxes easily (including consumption and wage taxes), which impose a higher tax burden on poor households and formal sector employees. Research shows that the tax burden on workers is about 54.5% and 70% in Tanzania and Zambia respectively. That is why our campaign actions are focused on the necessity of tax justice to fund public services and the proven value of these services in addressing inequality. It also highlights the call for social protection benefits and the need to adequately resource fair and democratic tax collection systems.

Tax justice is very vital for national sovereignty and economic self-sufficiency. It makes countries less dependent on foreign aid, foreign direct investments and loans. It is also the only way African governments can find resources to make public services available and accessible to the people as opposed to AID. Therefore, it is important for public service workers to highlight pride in services delivered and connect to the public that it is the taxpayer moneys that are funding public services.

We are not oblivious to the fact that the effective provision of public services requires considerable financial resources. But Africa does not lack these resources. Rather, the internal resource mobilization continues to be serially abused. An Oxfam study shows that 2/3rd of individual wealth from the super rich and developing country elites are hidden offshore in tax havens. An action-aid report on investment incentives in Ghana also found that Ghana is losing about \$1.2billion annually due to tax incentives. In addition, 41% of trade tax and 28% of direct tax and VAT revenues were lost through exemptions in 2012. In its 2014 budget statement, the government conceded to the numerous abuses in the tax incentive system. So affiliates must work to make our governments ensure that corporations pay their fair share of taxes and citizens also receive our fair share of public services.

We have also taken note that governments' inability to raise sufficient revenue is affecting collective bargaining (weakens bargaining power). Therefore, though there are competing priorities, we need to catch the attention of trade union leadership and members on tax justice campaigns and advocacy.

Finally, let me conclude by drawing attention to the fact that our campaign actions need not focus only on mobilization of funds for public services but also concerned with allocation issues. Because African governments misapplication of tax revenues usually goes unpunished. A sustained trade union tax justice campaign with the active involvement of affiliates is therefore necessary to feed into already existing national campaigns for "Progressive Taxation Progressively Spent"

Thank you for your attention.