



### **1% Tax! How does that work?**

The SA Reserve Bank, back in 2011 or earlier, believed the daily volume of money passing through the National Payment System averaged at about R275 Billion, to which must be added 37% for internal settlements within banks. The NPS plus the internal settlement volumes are the sum of all the transactions through the banking system. From that it is easy to work out the annual volumes and the 1% expected to be levied by TEAL.

From this exercise Expected National Income From TEAL to 2018 you can see there is a huge pool of money passing through the banking system on a daily basis, which easily equates to TEAL of R1.3 Trillion, or more, annually, which is a lot more than is collected by conventional tax systems.

1% TEAL probably equals about 20% to 25% of the GDP.

### **75% of Parliament! Isn't that a bit ambitious?**

75% is the parliamentary support needed, with or without a coalition, to achieve our constitutional, tax and parliamentary reforms. It seems ambitious but that is the reality. If the electorate want what we are offering they need to provide that level of support at the ballot box. To suggest otherwise would be misleading.

### **BEE: Do the DDF support Black Economic Empowerment?**

The Direct Democracy Forum believe BEE has been applied for the benefit of the political elite and largely excludes the general population.

The Direct Democracy Forum do not support the economic empowerment of any particular elite at the expense of other communities or individuals.

Do we want the black community to be economically empowered?

Yes. We do! We also want every community and every individual in the land to be economically empowered. Our Policies focus on that empowerment.

### **CHAPTER 9 OF THE CONSTITUTION: Why is that so important to the Senate?**

Chapter 9 of the constitution guarantees institutions established under chapter 9 freedom from interference from anyone or any body.

Such an institution is that of the Public Protector. Anyone who has read the news in South Africa over the past few years regarding the work of the Public Protector will be aware of the importance of that protection.

It is important that the Senate has the protection afforded under Chapter 9 of the constitution. To achieve that the constitution needs to be amended to establish the Senate under Chapter 9 of the constitution.

### **COMMUNISM: Are the DDF thinly disguised Communists?**

No! Not even close!

Economically the Direct Democracy Forum are capitalist, believing in private ownership of capital, private ownership of the means of production, merit and the free market system.

What we do not believe in is that all capital and all means of production should be owned by just a few individuals or corporations, but rather these should be owned by as many persons as possible who are sufficiently interested in such ownership to acquire such ownership.



Politically the DDF are more libertarian than anything else, believing in individual freedom, individual responsibility, individual empowerment, individual merit and the absolute minimum level of government required to support a functioning society.

From a practical perspective, a DDF administration would do all in its power to empower ordinary citizens, which explains the DDF's focus on delivering affordable and quality services encompassing the basic needs of society, including but not limited to full range education, health-care and transport and a functioning economy, from which all will benefit, including but not limited to the capital/labour partnership.

If you want a convenient label to attach to the DDF, we could be called libertarians with a social conscience.

### **CORPORATE SECTOR: How does the DDF view the corporate sector? Is the DDF Business Friendly?**

We base state income collected by TEAL largely on the economic activity generated by the corporate sector. How else can we be anything but business friendly?

But importantly we stand for ethical business practices in all sectors of the market place, so we would be looking for un-ethical business practices and where found, we would want them curbed.

### **COST OF THE SENATE: How much will the senate cost the taxpayer?**

The cost of running the Senate is estimated at present to be in the order of R300 Million rands per year (See Estimated Senate costs).

This would be about R12 per taxpayer per year (based on an estimated 25 million taxpayers under a system of TEAL) or about R6 per head of population per year.

While this may not seem excessive, R6 or R11 per year is still R6 or R11 per year.

The cost of the Senate is justified as a desirable cost of democracy in action.

By comparison, the cheapest form of government would be an autocracy (such as presently exists in effect in Zimbabwe and Syria, for example) where the cost of government may be less (other than the costs of the trappings of a democracy) but the hidden costs to the country probably exceed any costs an effective democracy would generate.

The good news is that hand-in-glove with the Senate would come TEAL. The costs of collecting TEAL would probably be less than 10% of the costs of collecting taxes under the current tax system (reported here by SARS at about R8.697 Billion for 2012/13), a saving of about R7.827 Billion.

Do the arithmetic. Senate Costs R300 Million, SARS Savings R7.827 Billion. Net Savings to the taxpayer, R7.527 Billion per year.

That would represent a saving of about R348 per taxpayer or R174 per head of population, per year.

### **DIRECT DEMOCRACY: What is it?**

Representative Democracy is where you appoint others to decide what is good for you and empower them to represent you and to make and approve laws on your behalf. South Africa's present system is a representative democracy.

Direct Democracy is where you retain the right to decide for yourself.



In practice this can be by referendum, where an issue such as E-Tolling is put to all the voters in the nation for the nation to vote on.

The DDF believe this to be impractical as a norm for present-day South Africa and are proposing a compromise where a nearly random cross-section of your society is canvassed on issues, instead of all of society, as in a referendum.

The DDF compromise is achieved through the use of a process called Deliberative Democracy.

Full scale referendums would then be possible for really big issues, such as but not necessarily limited to changes to the constitution.

### **DIRECT DEMOCRACY: Why?**

R2 Billion spent on upgrading the Nkandla Presidential compound and the surrounding infrastructure approved under the present representative system but probably contrary to popular opinion and almost certainly without popular support.

E-Tolling, legislated under the existing representative system would almost certainly be rejected if put to a referendum or subjected to a process of deliberative democracy. and so on.

### **REPRESENTATIVE AND DELIBERATIVE DEMOCRACY BOTH INVOLVE**

#### **REPRESENTATION: What is the difference?**

Our present representative parliament legislates and approves our laws.

The deliberative democracy process splits the parliamentary process into two separate processes; a legislative process undertaken by the Legislative Assembly and an approval process undertaken by the Senate.

Parliament will be populated by career legislators and party politicians and the Senate will be populated by a randomly selected cross-section of ordinary citizens which changes each year. Remember the Deliberative Democratic process is a compromise between the present representative system and the “ideal” of Direct Democracy.

### **LAND REFORM: How do the Direct Democracy Forum propose to resolve land claims and restitution?**

The Direct Democracy Forum believe it has been in the reach of successive South African governments to resolve the land reform issue but it has been politically expedient not to do so. It suits these governments to leave the matter unresolved to use as a political decoy to draw attention from their failures elsewhere.

The DDF believe it will be in the DDF’s power to resolve all outstanding land issues to the benefit of all the communities involved because the DDF will have both the means and the political will to do so, so we can then focus on S A’s future instead her past.

### **MERITOCRACY: What do the DDF feel about meritocracy?**

The Direct Democracy Forum favour a political and economic system based on merit.

The ANC’s policy of cadre appointments have led them to a situation where they have been unable to meet their promises to their own supporters, which we believe has left them politically vulnerable, as well as having done the country untold harm.



**MERITOCRACY: Does support of a meritocracy mean cadre appointments will be reversed by a DDF administration?**

No, not blindly so. Any appointment which works, where the incumbent is effective and competent, would be retained. Why change something that is working? However, appointments that are ineffective and are not working will have to be changed, but that will not result in a new round of party political (or cadre) appointments, it will result in appointments based on merit.

Where the democratic processes have been bypassed in order to implement cadre appointments, the democratic process will be re-instituted and existing cadre appointments will obviously be tested democratically.

**RELIGION: Given the recognition of religion in populating the proposed Senate, does this mean religion has a role in government?**

Using religion as a category for populating the proposed Senate is intended to ensure that the principle religious groups have equal representation in the Senate and to prevent any religion or religions being discriminated against in favour of another or others.

It also helps to ensure the widest possible representation in the Senate.

It is not an indicator of a religious role in government.

Because of the differing nature of religions the DDF believe that no government can foster any particular religious belief because that would mean government would favour one belief system over another and it cannot rationally favour all belief systems.

For the above reasons the DDF believe that government should be secular and religion should not have a role in government, nor in government institutions, nor should religion be practiced or propagated in any form or manner in any institution funded or supported, in part or in whole, by government.

The above is a simple response to a complex topic. More can be found on the topic here and here and at many other sources.

**SECURITIZATION AND DERIVATIVE TRADING: Where does the DDF stand on these practices?**

We recognise private ownership of capital and other assets and the rights of individuals and collectives to trade in the assets they own, including negotiable instruments. We would however look carefully at what instruments were negotiable and to what extent they were negotiable.

The drawer of a cheque who does not wish it to be negotiable can endorse the cheque 'not negotiable'. We would support moves to extend this to all sorts of instruments of debt.

Perhaps a legal presumption of non-negotiability would work.

We would also look very carefully at what debt collection agencies could do and in whose name they can act and what fees they can charge and to whom they can charge those fees.

We might favour collection fees as part of a creditor's debt management costs rather than the present system where the debtor bears all the costs.

Perhaps risks of predatory lending, that is, lending designed to fail, should be that of the creditor rather than the debtor.



We might consider the reintroduction (or enforcement) of the principle of Quid Pro Quo as applied to the law of contract and the application of a 'do no harm' overriding presumption in the interpretation of law and contract. It is likely that many securitization, derivative trading and debt collection practices would fail these tests.

In short, we would want to protect the consumer from predatory lending and collection practices whilst at the same time protect lenders engaged in legitimate and ethical commercial practices so there exists a healthy, ethical and secure market for both buyers and sellers of credit.

But all this requires some careful thought.

### **THE SENATE UNDERMINES THE DEMOCRATIC ELECTORAL AND REPRESENTATIVE PROCESS : Isn't that bad for democracy?**

First the senate does not undermine the democratic and representative process. Voters will still vote for legislators (our parliamentarians) and the National Executive (our president & etc).

What changes is the role of the Legislative assembly from one of legislator and approver to one only of legislator.

The role of approving legislation and regulation, will be that of the Senate.

As the Senate is the house of the people (as apposed to a house of political parties as the Legislative Assembly is) the DDF believe this enhances and strengthens the democratic process.

### **SPLITTING THE OPPOSITION VOTE: Why split the opposition vote with another opposition party, instead of supporting the official opposition?**

For some years, the TEAL Foundation have been trying to talk to the DA and have them adopt TEAL, as the Direct Democracy Forum have done. The Teal foundation report the DA have been notably disinterested, and have not even entered into a debate on the merits or demerits of TEAL.

The SENATE proposal of the DDF is as challenging to the status quo as is TEAL. We would categorise both as being politically risky. Perhaps the DA are not interested in political risk taking.

For whatever reasons, the DA have their goals and we at the DDF have ours. The DA seem to focus on working within the existing political framework and the DDF are challenging that framework. We have different roles to play in South African politics.

Far from splitting the opposition vote, we believe we will be strengthening it by bringing voters to the polling stations who previously felt alienated by existing choices.

### **TEAL WILL COST JOBS AT SARS: How will the DDF address SARS job losses?**

The DDF expect TEAL to reduce the costs of tax collection by up to 90%. That would imply an employee reduction of perhaps a similar percentage.

The DDF are particularly mindful of the skills-sets SARS employees have and would not wish to lose one SARS employee but rather enhance those skills sets and re-deploy them elsewhere in the civil service, thus strengthening the civil service and service delivery.



With the cost savings of about R8.27 Billion each year (see Cost of Senate (above)), supplemented, if needed, by additional income from TEAL, a DDF administration would re-skill and or re-educate SARS employees, and then re-deploy them elsewhere in the civil service, if they choose that option.

As an alternative to re-deployment, SARS employees could opt for re-skilling and re-educating and then early retirement. They would then be free to use their new-found skills however they wish.

### **WEALTH DISTRIBUTION: How will the DDF deal with unequal wealth distribution.**

The DDF favour a merit system of economic wealth distribution. That is, we believe that wealth should flow to those who earn it.

The DDF vehemently oppose any suggestion of equally distributing wealth by social engineering or any other means.

The DDF are equally apposed to monopolization of wealth, that is, guaranteeing unfettered access to wealth for the few and denying access to wealth for the many, by any means whatsoever.

The DDF strategy for achieving a more equitable degree of wealth distribution is through the economic empowerment of the needy through education, training, skills development and job creation and the overall development of the economy through the application of TEAL and other DDF policies.

A DDF administration will not be an administration of hand-outs so much as an administration of empowerment and economic opportunities.

### **WHAT SORT OF GOVERNMENT DO THE DIRECT DEMOCRACY FORUM FAVOUR?**

The DDF favour a democratic system of collaborative government which merges elements of Representative Democracy and Direct Democracy in a process called Deliberative Democracy, at a national level in the proposed Senate and at a local level in the proposed Municipal Forums.

The system uses direct representation (you vote for your candidates and not your party) for legislators at the national parliamentary elections and local municipal elections. Both national and local constituencies would have recall powers (constituents can fire elected representatives).

The system also appoints by a semi-random process members to the parliamentary Senate and the Municipal Forums, both being the seats of Deliberative Democracy (see policies for Senate and Local Government).

The system also uses direct elections for the President and Vice Presidents at national levels and for Mayors and Deputy Mayors at local levels (elected executives). Both have power of recall (constituents can fire elected executives).

This will make for better government and laws and regulations will be more carefully crafted to find approval in the Senate and the Municipal Forums.

DDF policies contain greater detail. Of special interest will be policies on the Senate, Local Government and Tax and TEAL.