



**OPENING ADDRESS BY THE CHAIRPERSON OF THE  
AFRICAN TAX ADMINISTRATION FORUM (ATAF) MR OUPA MAGASHULA  
AT THE SECOND ATAF GENERAL ASSEMBLY  
DAKAR, SENEGAL  
7 AUGUST 2012**

Mr Amadou Ba, Director General of the Senegalese Tax Administration  
Fellow ATAF council members  
ATAF members  
Commissioners General and heads of tax and revenue authorities  
Colleagues, friends, ladies and gentlemen

It gives me great please to open and welcome you to the second General Assembly meeting of the African Tax Administration Forum.

This Administrative Session serves as an opportunity to review the progress of our fledgling organisation which will celebrate its third year of operation on 19 November. In doing so we must provide a frank assessment of the value proposition ATAF presents to its members and to chart a course for the future which ensures closer alignment of ATAF activities and work plan to the needs of its members.

In order for us to make such an assessment it is necessary to take stock of what is happening around us on our continent and globally.

Our deep gratitude to Mr Amadou Ba and the Senegalese Tax Administration for hosting this event and for the warm hospitality they and the Senegalese people have

shown from the moment we stepped off the plane! You have set a new benchmark for ATAF in hospitality and the royal treatment you have shown us and we are privileged to enjoy this meeting in such spectacular surroundings in your beautiful city.

Ladies and gentlemen,

The recently published United Nations Conference on Trade and Development 2012 Report states that “while developed countries are still struggling to reignite recovery, GDP growth in developing and transition economies is expected to remain relatively high, at around 5 per cent and 4 per cent respectively”, with most developing countries having managed to regain the ground they had lost as a result of the economic crisis.

Though this is indeed positive, the report goes on to state that “the global economy weakened significantly towards the end of 2011 and further downside risks emerged in the first half of 2012. Growth of global gross domestic product (GDP), which had already decelerated in 2011, is expected to experience a further slowdown in 2012, to around 2.5 per cent.”

Colleagues, while economies on our continent have fared better than those in the developed world, we are by no means of the woods yet. Our economies remain closely tied by trade and investment to the developed world and recovery remains highly precarious and volatile.

These are indeed uncertain and challenging times for us all.

In short, global recovery continues to be uneven and fragile at best and is unfortunately doing little to address inequality. Recent global reports show that the poorest have been hardest hit by the global turmoil while the very rich have continued to accumulate wealth.

The July 2012 Millennium Development Goals Report reveals that while significant gains have been made in achieving these goals, there are areas of deterioration rather than improvement including:

- the absolute number of people living in slum conditions has continued to grow from a 1990 baseline of 650 million to an estimated 863 million in 2012 and
- the most recent Food and Agricultural Organisation (FAO) estimates of undernourishment at 850 million, which presents 15.5 per cent of the world population, living in hunger in the world.

Ladies and gentlemen, what is the relevance of this for us as tax administrations?

Let me remind you that in agreeing to the Millennium Development Goals at the International Conference on Financing for Development in Monterrey held in Mexico in March 2002, our government committed themselves – and us - to eradicating poverty and achieving sustainable economic growth and development. We also agreed that every country has primary responsibility for its own economic and social development through national policies and development strategies. Part and parcel of these policies is tax policies to secure domestic resource mobilisation.

The challenge for us lies here; the global political and economic situation in 2012 is vastly different from that of 2000 when the millennium development goals were agreed upon.

So despite the numerous achievements the goal posts kept on changing due to population growth, natural disasters and economic and political crises. Just as 2012 differs from 2000, so will 2060 differ from 2012. Why 2060? The Millennium Project seeks to provide a looking glass into the future. It produces reports based on the contributions of 3000 futurists, scholars, scientists, business planners and policy makers commissioned to estimate the extent of world development by 2060. According to its most recent publication Africa's total population could reach 2.7-billion by 2060, with a middle class of around 1 billion people and its economically active population triple that of current figures. This is of course based on the underlying presumption of consistently high levels of economic growth.

Now some may say these type of predictions serve limited purposes. But then who would have predicted – just a decade ago – the extent of the current sovereign debt crises facing developed countries; the utter decline of overseas development assistance (ODA); the growth of China; or the rebirth of our continent as favoured investment destination?

The conceptualisation of the African Tax Administration Forum was and remains visionary. It was a vision for how, through closer cooperation and collaboration among African tax authorities, we could help realise effective tax administration in support of state building and as a real and sustainable alternative to development assistance.

For ATAF to remain relevant and meaningful we have to both acknowledge and understand the present and then to chart a course of action which will take us to our desired future.

We have to make sure that we make decisions here and now that will equip us to help our governments meet the reasonable demands which the people of our continent have for equality, for improved access to basic human rights, for education, for security, for advancement, In short, for a brighter future.

Herein lies the truth for ATAF - for Africa to sustain and accelerate development, requires resources. And as tax authorities we are responsible for delivering the bulk of these resources.

To do so we need to enhance our capacity, our governance and our policy making.

ATAF presents a unique forum where these important issues can be discussed and where best practices can be identified, shared and implemented by Africans, for Africans.

Ladies and gentlemen, colleagues

To say that taxation is at the heart of the current and future well-being and stability of our nations is no exaggeration.

The critical role of tax compliance in supporting fiscal sustainability and a country's sovereignty has never been more starkly and publicly displayed than by the current sovereign debt crisis which continues to unfold in the Eurozone.

A report by the Greek Central Bank estimated that the gap between what Greek taxpayers owed and what they actually paid was about a third of total tax revenue – or equal to roughly the size of the country's budget deficit.

Tax evasion has been called “a national pastime” in Greece and one tax official was quoted by the New Yorker magazine in July last year as saying: “*The Greek people never learned to pay their taxes. And they never did because no one is punished. [Tax evasion] is a cavalier offence – like a gentlemen not opening the door for a lady.*”

Greece is certainly not alone in battling to increase tax compliance and to build a culture of tax morality within its society. A report by Reuters last month had the following to say about Spain, the latest country to fall prey to the Euro debt crisis:

*The culture of ducking the taxman is deeply ingrained in Spain and is becoming a headache for Prime Minister Mariano Rajoy...*”

It goes on to say:

*“...in a country where undocumented cash transactions with restaurants, garages and builders are the norm ... more than Euro 18bn a year is believed to be lost due to VAT fraud...In Germany, if you saw your neighbour defrauding the tax office, you'd report them. In Spain, they are heroes,” one businessman said, asking to remain anonymous.*

These are very clear examples of how a lack of tax compliance can severely undermine the ability of a country to fund itself leading to quite catastrophic consequences.

Taxation, when transparently and effectively designed and implemented:

- provides an essential financial platform for sustainable development
- reduces the reliance on aid and mineral rents
- improves the environment in which business is carried on
- increases fiscal independence and
- increases government accountability to the people whom they are elected to serve.

Ladies and gentlemen,

Our fledgling organisation has accomplished a great deal in its very short history. In just three years membership has grown to thirty-five member states and the depositing of the 5<sup>th</sup> and final instrument of ratification recently has opened the way for the establishment of ATAF as an independent, legal international institution.

ATAF can already be proud of hosting more than twenty-five capacity development technical events since 2009, during which over 560 African tax officials have been trained. ATAF has also provided a forum for far greater cooperation between tax authorities and has sparked the signing of a large number of memoranda of understanding and cooperation between members and the implementation of a number of exchange of information agreements.

But many challenges remain and ATAF is still very much in its infancy in terms of meeting the vision we have for this organisation and for our own administrations. We look to ATAF as a source of shared information, of knowledge, of expertise, of training and development, of strategic guidance and leadership that we can all rely on and utilise as we seek to meet the individual challenges of our own administrations.

In this regard, it is my vision to see ATAF expanding its focus on technical capacity building – which it is doing with great success - to include more strategic, economic

and policy leadership drawn from regional, continental and international best practice.

Ladies and gentlemen,

This is our organisation and our Administrative Session. This is the opportunity for all of us to review, interrogate, discuss and collectively decide on the future direction for ATAF through its work programme taking into account our existing realities, successes, challenges and needs.

I urge you to participate fully and frankly in the discussions. After all, it is only through discussion and debate that we can ensure that its priorities reflects our needs.

Without further ado, I wish to invite our host, Mr Amadou Ba, to deliver his welcoming remarks.

Thank you