



INFORMATION ALERT:

2009 SOUTH AFRICAN NATIONAL BUDGET: ENVIRONMENTAL FISCAL REFORM

The South African Minister of Finance, Trevor Manuel, delivered his 2009 Budget Speech to Parliament on Wednesday 11 February 2009. The Budget links the environment and the economy by noting that, over the long term, environmental considerations will affect the sustainability of economic growth and, with this in mind, government intends to promote efficient use of energy and water resources by producers and households, along with measures to mitigate the effects of climate change.

The 2009 Budget addresses environmental fiscal reform in various ways, including through the following key measures:

- Introducing incentives for cleaner production (energy efficiency).
- Increasing the levy on plastic bags.
- Introducing taxation of incandescent light bulbs.
- Proposing a tax incentive for carbon credits from Clean Development Mechanism.
- Increasing motor vehicle *ad valorem* excise duties.
- Increasing international air passenger departure tax.
- Increasing fuel levies.
- Providing ZAR 45 million to Working for Energy, a programme which uses biomass to generate electricity.
- Providing ZAR 30 million to support research on climate change mitigation and adaptation strategies to inform the development of a national climate change strategy.
 - Implementing, as from 1 July 2009, the electricity levy announced in the 2008 Budget. The levy, which is intended as the first step towards the introduction of a more comprehensive greenhouse gas emissions-based carbon tax, is a tax of ZAR 0.02c/kWh levied on the sale of electricity generated from non-renewable sources, to be collected at sources by the producers / generators of electricity. The electricity levy acts as a disincentive to fossil-fuel based power generation.
 - Providing ZAR 1 billion to the Department of Water Affairs and Forestry for the installation and rehabilitation of 71 regional bulk water and sanitation schemes.

Most of the environmental interventions proposed in the 2009 Budget will take effect from the beginning of the 2010/2011 fiscal year.



Environmental Impact of the 2009 Budget

The following volumes of carbon dioxide equivalent (CO₂e) and paper were expended in compiling the 2009 Budget:

- Air travel (flights): 26 520 kg/CO₂e (a 3094 kg/CO₂e reduction from the 2008 Budget)
- Motor vehicles: 8 404 kg/CO₂e (a 150 kg/CO₂e reduction from the 2008 Budget)
- Paper (required to produce the Budget documents): 30 000kg or 590 trees (representing 118 trees saved in comparison with the 2008 Budget)

Please see the attachment to this e-mail for more detail on certain of the abovementioned key measures.

Should there be any queries in regard to the above, please contact Warburton Attorneys .



Telephone: +27 11 325 4399 admin@warburtons.co.za | © [Warburton Attorneys](#) 2000-2009