

## **Tax relief offered for voluntary carbon budgets**

*By Linda Ensor of Business Day (04 May 2016)*

COMPANIES that participate voluntarily in the Department of Environmental Affairs' carbon budget plan will qualify for tax relief of 5% under the envisaged carbon-tax regime.

This emerged on Tuesday during a media briefing before Environmental Affairs Minister Edna Molewa's budget vote speech in the National Assembly.

The carbon budget (the permissible level of emission) and emission-reduction plans will be voluntary until 2020 and will be underpinned by legislation and its enforcement penalties, thereafter.

The Paris Agreement on Climate Change adopted last year will come into force in 2020.

The voluntary programme will work alongside the compulsory observance by industry of the Air Quality Act, which regulates greenhouse gas emissions and other forms of pollution.

Ms Molewa said key components of the government's greenhouse-mitigation system would include a carbon budget for each company. Companies would have to submit pollution-prevention plans, indicating how they planned to achieve their carbon budgets.

Judy Beaumont, the deputy director-general for climate change, said the five-year voluntary period would allow the department to get systems in place and gather the right kind of data.

Ms Beaumont said that a number of companies that were not included in the category of high emitters had requested to participate in the voluntary programme because they recognised potential tax benefits. An additional 5% carbon tax threshold would be added for participants.

The carbon-budgeting system would have to be aligned with the proposed carbon tax. Extensive discussions had been held with business and industry about this, she said. Ms Molewa emphasised the importance of business and industry to start planning and implementing carbon-reducing technologies as soon as possible.

She said the ratification by SA of the Paris agreement would get under way next year.

The departments of internal relations and co-operation, and justice, would have to make their inputs before it was submitted to Parliament for approval.

Ms Molewa said there was general compliance with the Air Quality Act, but pockets of noncompliance persisted in areas of the Vaal, Highveld and Waterberg-Bojanala "where red lights are flashing".

The minister highlighted the improvements made by her department in processing environmental impact assessments for strategic investment projects. In the past, delays put the brakes on infrastructure development. She said 35 strategic investment projects had been finalised, with all but one within the legislated period.

Similar strong gains had been made with regard to environmental impact assessments for renewable energy projects.

Ms Molewa also announced that her department would implement three industry waste-management plans for the paper and packaging, electrical and electronic, and lighting industries. The Waste Management Bureau would be fully operational this year to manage and disburse funds for these projects.