

Participation Junction Policy Update

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Environmental Fiscal Reform Policy Paper entitled “A Framework for Considering Market-Based Instruments to Support Environmental Fiscal Reform in South Africa”

Background:

Over the past few years, the National Treasury has undertaken research and stakeholder consultations in the area of Environmental Fiscal Reform.

The Draft Environmental Fiscal Reform Policy Paper entitled, "A Framework for Considering Market-Based Instruments to Support Environmental Fiscal Reform in South Africa" aims to outline the role that market-based tools, specifically environmentally related taxes and charges, could play in supporting sustainable development in the country. It also provides a framework for considering the possible application of these instruments. It is primarily intended to be an assessment tool and provide guidelines to departments and other government instruments to complement and or enhance regulatory requirements.

The National Treasury invited public comment on the Draft Policy Paper from July to August 2006. In September 2007, Treasury updated sections of the policy paper using statistical information.

The National Budget Review discussed a shift towards supporting environmental reform and protection through the introduction of taxes like an emissions tax, electricity production tax and motor vehicles tax.

The proposed reform measures will give direction to achieving sustainable development without altering the principles and criteria of the Environmental Fiscal Policy Document.

Latest Developments:

National Treasury is in the process of developing a policy where levies will be charged on gas emissions, electricity production and motor vehicles. These levies will be implemented in July 2009 to address pollution in the short term.

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