

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1367 [NW1731E]
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1367. Mr T J Brauteseth (DA) to ask the Minister of Finance:

With regard to the plastic bag levy scheme, (a) what is the total quantum of funds which have been collected since the introduction of the scheme in 2003, (b) to which government departments have these funds been allocated, (c) what was the quantum of these individual allocations and (d) in each case, how have these financial allocations been used to create work opportunities in the (i) recycling and/or (ii) environmental protection sector?

NW1731E

REPLY:

- (a) The total quantum of funds which have been collected since the introduction of the scheme in 2003 up to the end of August 2014 is R1.1 billion, as are shown in table 1 below:

Table 1: Plastic bag levy revenue collected and recycling funds allocated

Financial Year	Levy collected (R '000)	Funds allocated to DEA (R '000)
2004/05	41 214	12 000
2005/06	61 385	12 000
2006/07	75 129	-
2007/08	86 315	20 000
2008/09	78 563	20 000
2009/10	110 510	29 385
2010/11	150 315	23 500
2011/12	160 621	16 050
2012/13	152 368	-
2013/14	169 243	40 410
2014/15 (Levy revenue: April -Aug)	42 334	42 835
TOTAL	1 127 563	216 180

Source: SARS revenue data and National Treasury Estimates of National Expenditure

Funds allocated for the recycling initiatives are not necessarily those allocated from the levy

All money received by the national government (including all tax revenues collected) must be deposited into the National Revenue Fund, as required by section 213 (1) of the Constitution. The levy was introduced at a modest 3 cents per bag in 2004, payable by plastic bag manufacturers and importers, increased to 4 cents per bag

from 1 April 2009 and to 6 cents per bag on 1 April 2013. Given that this is a specific tax (cents per bag) it is necessary to increase it from time to time to ensure that inflation does not erode the real value of the tax.

The National Environmental Management: Waste Act (No. 59 of 2008) and the National Waste Management Strategy guide waste management in South Africa. The levy on plastic shopping bags was introduced in 2004 as a mechanism to manage the problem of plastic bags which ended up as wind-blown litter on fences, trees, the open veld or in waste facilities via normal refuse collection systems. Initially, the Department of Environmental Affairs and Tourism (DEAT) intended to ban plastic shopping bags. However, in order to limit job losses in the plastics industry whilst at the same time reducing the impact of plastic bag pollution and to encourage recycling, a memorandum of agreement (MOA) was entered into by the government (through DEAT), organised labour and business.

- (b) Given that the National Revenue Fund is a general fund from which appropriations are made, and there is no earmarking of funds collected, it is not possible to draw a direct link between the amount collected for a specific tax or levy with any specific expenditure. However, more generally, we can confirm that a total of just over R216 million in funds have been appropriated from the National Revenue Fund to the Department of Environmental Affairs (DEA) for recycling initiatives since 2003 (and to Buyisa-e-Bag when it was functional) for the period 2004/05 to 2014/15, as noted in the same Table 1. A non-profit section 21 company, Buyisa-e-Bag was established to promote plastic bag recycling. Buyisa-e-Bag's main objectives were to promote waste minimisation, awareness creation in the plastics industry, expand collector networks and support rural collection through small, and medium sized enterprises, job creation and capacity building. The company was funded through transfers from the fiscus via the DEA on the basis of approved business plans that were submitted to the department.

Overall, the interventions helped to reduce the use of plastic bags (from 10-billion prior to these interventions down to 4-billion plastic shopping bags per year - an estimated reduction of between 45 – 75% plastic bag use) a year after the interventions were introduced. However, a more recent trend is showing increased use (production and imports) of plastic bags.

- (c) Quantum of individual allocations

DEA's total budget allocation has increased from R2.7 billion in 2009/10 to R5.6 billion in 2014/15, the Chemicals and Waste Management programme was allocated about R66 million in 2013/14 (about 1 per cent of the DEA's total budget).

The function of solid waste management and disposal resides exclusively with local government, and is financed through transfers from the fiscus for capital expenditures to support management of waste through the Equitable Share and Municipal Infrastructure Grant and internal revenues raised from tariffs.

Following a Departmental Review in 2010/11, Buyisa-e-Bag was wound up and the functions of the company were absorbed into the DEA under the Environmental Sector Programmes and Projects Programme. The DEA 2012 annual report provided details on the absorption of Buyisa-e-Bag's functions and the reprioritising of funding following the closure of the company are shown in Table 2 below.

Table 2: Absorption of Buyisa-e-Bag and Reprioritisation of Allocations

R'000	2012/13	2013/14	2014/15
Allocation to Buyisa-e-Bag over the MTEF	36 200	40 410	42 431
<i>Absorption into DEA:</i>			
Programme 6: Environmental Programmes			
Compensation of Employees	4 650	4 883	5 127
Operational expenditures	1 690	3 035	2 784
Transfer payments for projects	19 860	21 992	23 495
Programme 7: Chemicals and Waste Management: National Regulator for Compulsory Specifications			
Total	36 200	40 410	42 431

Source: DEA, Email confirmation 7 May 2013

The termination process involved the deregistering of Buyisa-e-Bag, absorption of employees into the DEA personnel structure and continued financial support for projects. This entailed the absorption of Buyisa-e-Bag into Programme 6 for Environmental Programmes and allocation of a portion of the funding to the National Regulator for Compulsory Specifications (NRCS) for implementation of the plastic bags regulations.

(d) Use of financial allocations to create work opportunities:

As part of the functions of Programme 6, the DEA coordinates the implementation of the environment and culture sector projects under the Expanded Public Works Programme and provides monitoring and evaluation support to the programmes funded by the branch. DEA contributes funding to three initiatives: Social Responsibility Policy and Projects, Working on fire and Working for Water. The additional transfer payment was made to Programme 6 for Social Responsibility Policy and Projects (SRPP) in 2012 for managing the waste projects incorporated into the SRPP that were previously managed by Buyisa.

According to DEA Buyisa had established 15 plastic buy-back centres and supported 25 existing facilities. Buy back centres and recycling facilities were established in the Mhluzi and Govan Mbeki municipalities in Mpumalanga in 2007 and 2009 respectively. Permits for these sites have been issued in terms of the National Environmental Management: Waste Act of 2008 (No. 59 of 2008) and Buyisa-e-Bag is the official permit holder for both facilities.

Any further details regarding the quantum of bags recycled or work opportunities for each recycling project should be referred to the DEA because these are not specified separately for each recycling project.