

Environment a long-term strategy

A CURSORY glance at this year's budget shows that environmental tax reform is still considered a long-term strategy.

One must, however, give credit to the treasury for printing the new financial year budget on triple green paper in an effort to reduce their carbon footprint. Finance Minister Trevor Manuel said in his budget speech that "[w]e have an opportunity over the decade ahead to shift the structure of our economy towards greater energy efficiency, and more responsible use of our natural resources and relevant resource-based knowledge and expertise. Our economic growth over the next decade and beyond cannot be built on the same principles and technologies, the same energy systems and the same transport modes, that we are familiar with today."

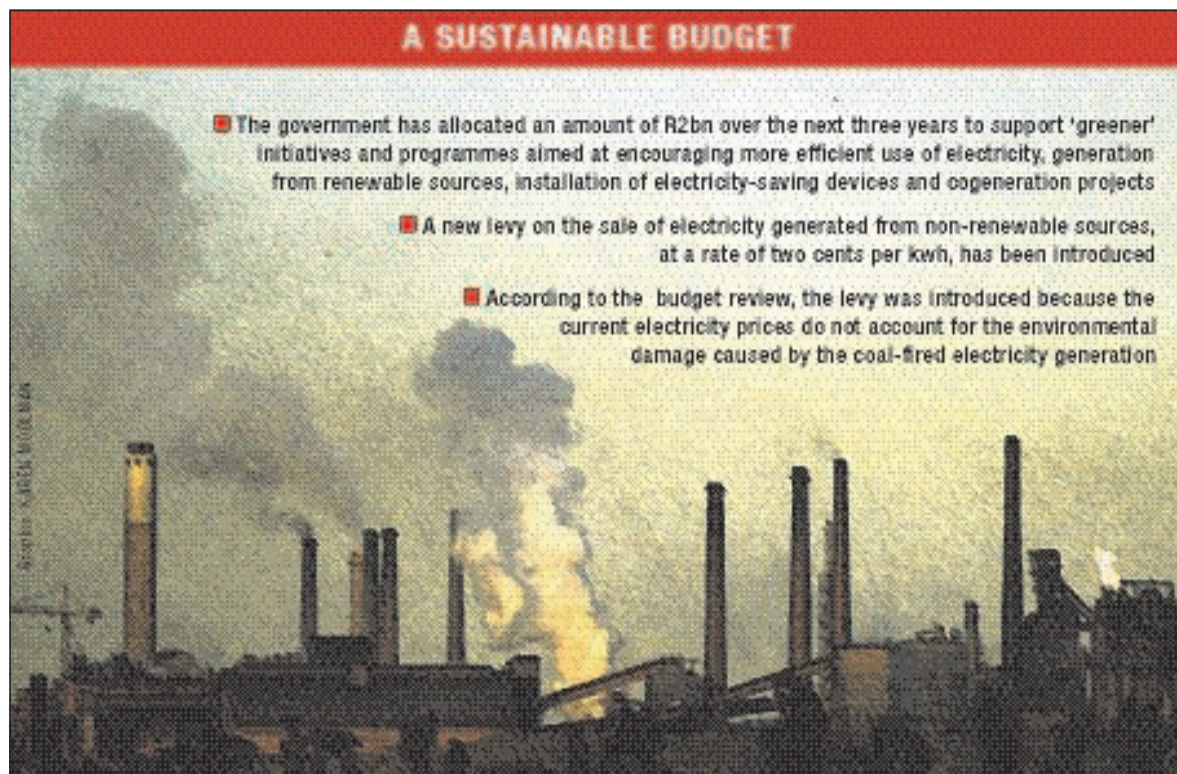
The question beckons on what basis this prospective outlook on the protection of the environment ought to be appraised in view of the development of the government's environmental policy.

On a preliminary examination of the first decade of our democracy it would seem to represent a triumph over environmental concerns. There was an unprecedented flurry of environmental policy-making and attendant legislation. However, as early as 1999, academics started to question the depth of the government's commitment to environmental reform and the effectiveness of its measures, fearing that the environment was viewed as a peripheral concern or a potential constraint to more important processes.

To place SA's transitional environmental policy agenda in con-

text, one must realise that, locally, the country was emerging from decades of apartheid rule, while the interrelationship of the environment and development was being firmly established globally, culminating in the United Nations Conference on Environment and Development (UNCED) or "Earth Summit" in Rio in 1992. It is no surprise, therefore, that the emerging agenda of our new government, still basking in the euphoria of international acceptance, regarded environmental issues as paramount to the government's key goals of economic and social development. This position was reflected in the Reconstruction and Development Policy "base document" produced by the ANC prior to the 1994 elections. This document devoted an entire section to the environment, and including the environment as one of only ten basic needs, alongside the likes of housing, nutrition, and health care.

In September 1994 the Reconstruction and Development Policy White Paper was published with the occasional passing reference to environmental issues and a complete disappearance of the chapter on the environment that had been included in the policy base document. These developments culminated in the Growth, Employment and Redistribution Strategy (Gear) published in June 1996 as the government's key economic and development policy. Environmental issues are mentioned once in the Gear document itself and once in the extensive appendices. The government's environmental policy headed onto an entirely separate track, divorced from the core of the economic and development



policy: the Consultative National Environmental Policy Process was launched in 1995. The portfolio of environmental affairs and tourism had been assigned to the National Party in the Government of National Unity. This ministerial assignment was widely regarded as a signal that the environment was in fact a low priority of the new government. The Consultative National Environmental Policy Process culminated in the National Environmental Management Act. The act was met with strong disapproval from key parties to the Consultative National Environmental Policy Process and regarded it as a compromise on many of the initial process commitments. During the National Environmental Policy Process the immediate importance of environmental issues were subsumed by an alternative approach to the environment, and one which was ultimately entrenched constitutionally and in the management act: sustainable development.

It must, however, be acknowledged that the retreat in government policy on the environment was in line with international trends. Sustainable development is not a radical environmental or green concept, since it accepts the

prime need for economic growth and the dominance of human welfare over the needs of the environment; and it conceives the relationship between humans and nature in terms of the use of the environment by and for humans.

THE notion of sustainable development deflects the attention from environmental issues of immediate concern by its solicitude for future generations. The adoption of this approach presents governments with an opportunity to combine the virtues of environmental concern with the pursuit of economic development and growth.

To get back to the initial question — if one ought to appraise the budget based on the principles of sustainable development, then one must arguably conclude that the budget is as green as what one can expect it be: the environment as reflected upon in the budget is still at least a concern, and a prospective one at that. In supporting sustainable development in SA, the treasury circulated a draft policy on environmental fiscal reform to key stakeholders in 2004, and then published it as a revised discussion paper in April 2006. In terms of tax proposals,

the department said it would scrutinise options for the implementation of emission charges and tradable permits, tax incentives for cleaner production technologies, including the reform of the existing vehicle taxes to encourage fuel efficiency. A proposal to encourage biodiversity conservation by private landowners through an income tax deduction was also under consideration.

Two positive steps have been taken; firstly the treasury has allocated an amount of R2bn over the next three years to support "greener" initiatives and programmes aimed at encouraging more efficient use of electricity, generation from renewable sources, installation of electricity-saving devices and cogeneration projects; and secondly, a new levy on the sale of electricity generated from non-renewable sources, at a rate of 2c/kWh, has been introduced. According to the budget review document, the levy was introduced because the current electricity prices do not account for the environmental damage caused by coal-fired electricity generation.

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