Just Share

The Obstruction Playbook:

How corporate lobbying threatens South Africa's Just Transition

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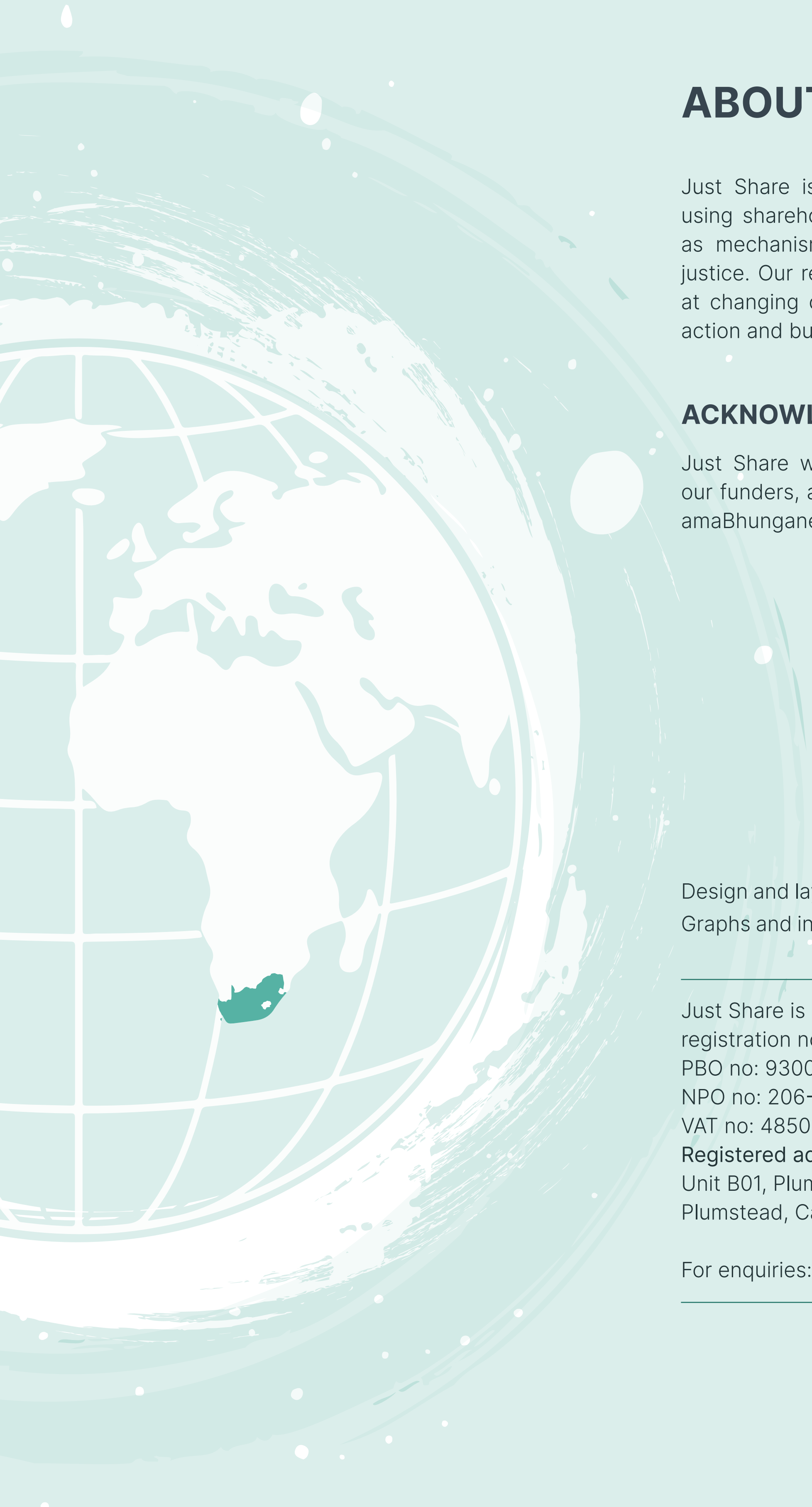

ABOUT JUST SHARE

Just Share is a South African non-profit organisation using shareholder activism and responsible investment as mechanisms to advance social and environmental justice. Our research, advocacy and activism are aimed at changing corporate behaviour to accelerate climate action and build a more inclusive, resilient economy.

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1 Executive summary

The Obstruction Playbook: How corporate lobbying threatens South Africa's Just Transition **provides an evidence-based account of how the country's largest corporate polluters have worked persistently over two decades, in public and in private, to derail an effective climate policy response by the South African government.**

Using corporate submissions on legislative processes, and records of industry's private meetings with government (largely obtained via requests under the Promotion of Access to Information Act 2 of 2000), this report demonstrates how industry interventions - predominantly via Sasol Limited and industry associations Business Unity South Africa and the Minerals Council South Africa - have achieved significant regulatory concessions and extensive delays which have substantially compromised the effectiveness of the Carbon Tax Act 15 of 2019 and the Climate Change Act 22 of 2024.

The implications of this corporate influence are profound: the failure of government's climate policy response to drive meaningful greenhouse gas emission reductions by big polluters means that the just transition to a low-carbon economy is not supported by a robust regulatory framework which holds emitters accountable. This threatens to leave South Africa economically vulnerable, environmentally compromised, and increasingly out of step with global efforts to mitigate climate change.

Major polluters with powerful financial incentives to maintain the status quo inevitably resist regulation aimed at forcing them to internalise the social and economic costs of their operations - costs which are often borne by the rest of society, especially the poorest and most vulnerable. It is government's role to stand firm in the face of such resistance and to develop effective regulation which addresses this profound injustice.

But as this report demonstrates, government is susceptible to industry pressure. The corporate actors responsible for the pushback against climate regulation do not act for the benefit of the majority of South Africans but instead represent a narrow set of elite vested interests. Their historically powerful role in the economy, and the access that this affords them to policymakers, means that a cohort of major polluters dominates the national economic dialogue and appears to have succeeded repeatedly in persuading government to roll back its progressive climate-related policy initiatives.

This success has been reinforced by the surprising absence of any significant countervailing action from other South African businesses which stand to be severely impacted if the country fails to decarbonise, like the automotive, agricultural, tourism and insurance sectors, not to mention the renewable energy industry. These industries do not appear to play any significant role in engaging government on climate policy, leaving industry associations representing the interests of high emitters to set the agenda, and establishing major polluters as the arbiters of what constitutes acceptable climate progress.

As is evident in the sources cited in this report, and in the twenty-year timeline of industry interventions in South African climate policy set out in Annexure A, high emitters repetitively deploy a series of arguments to convince policymakers that their proposed course of regulatory action is unwise and will have devastating "unexpected" consequences. These arguments are framed around three themes, expanded on in this report: the emitters' "positive contribution" to society, South Africa's status as a developing economy, and the need for "alignment", incentives and low ambition.

All these arguments frame climate action *in opposition* to developmental goals, ignoring the fact that the purpose of the just transition is to achieve growth and development which replaces the current high unemployment, high poverty coal-based economy with one that is more just and sustainable.

The industry players opposed to climate action have mastered the art of economic hostage-taking: inflating their contributions to society and ignoring the damage they cause, while creating a false dichotomy between climate action and economic prosperity.

The consequences of government's susceptibility to these arguments are increasingly apparent and severe. South Africa's carbon tax remains among the world's lowest and is set to remain so until at least the end of the decade, while implementation of the Climate Change Act has been delayed and its effectiveness diluted. These policy failings not only undermine the country's emission reduction commitments but also threaten its economic competitiveness in a rapidly decarbonising global market.

South African law does not regulate corporate influence over government policy. There is no requirement — as there is in many other jurisdictions — for government to publicly disclose information about its interactions with the private sector.

The report argues that three key actions are urgently needed to reclaim balance in climate policymaking:

1. **Enhanced transparency and accountability**
2. **Diversified stakeholder engagement**
3. **Evidence-based policy assessment**

The development of climate policy in South Africa has been fundamentally imbalanced, allowing corporate interests to consistently override the public interest in effective climate action. By implementing these reforms, South Africa can begin to restore the legitimacy of its climate policy process and accelerate the just transition that President Ramaphosa has correctly identified as essential to the nation's future prosperity.

2 Introduction

In July 2024, South African President Cyril Ramaphosa warned that "the carbon-intensity of our economy is unsustainable", and emphasised the importance of rapidly pursuing "a green industrial agenda that will create jobs and grow the economy".[1]

Speaking at the National Treasury's Climate Resilience Symposium, President Ramaphosa highlighted that South Africa's reliance on coal, previously beneficial for providing cheap, reliable electricity, now presents significant economic risks. The European Union's Carbon Border Adjustment Mechanism (CBAM) exemplifies the potential financial impact on the economies of developing nations which are overly reliant on fossil fuels.

This was by no means the first time that the South African government had recognised the risks of climate change and the urgent need to decarbonise the economy to retain competitiveness, create jobs and ensure that the "polluter pays" for the extensive environmental and social damage caused by carbon-intensive industries.[2] Such recognition dates back at least two decades to 2004, and the publication of a National Climate Change Response Strategy which explicitly recognised the need to adapt to climate change, reduce emissions and develop a sustainable energy programme.

In fact, since at least the early 2000s both National Treasury and the Department of Forestry, Fisheries and the Environment[3] (DFFE) have demonstrated a sophisticated level of understanding of climate science and climate risk, and have initiated progressive policy processes to support South Africa's decarbonisation and just transition to a low-carbon, climate-resilient economy and society.[4] And yet, twenty years later, progress towards these goals remains extremely slow. The primary regulatory instruments that should have accelerated climate mitigation and adaptation – the Carbon Tax Act 15 of 2019 and the Climate Change Act 22 of 2024 – have barely shifted the needle.

This report provides an evidence-based account of how the country's largest corporate polluters have worked persistently over two decades, in public and in private, to derail an effective climate policy response by the South African government.

Using records of corporate submissions to and engagements with government, the report demonstrates how industry interventions have achieved significant regulatory concessions and extensive delays which have drastically compromised the effectiveness of the Carbon Tax Act and the Climate Change Act.

THE CARBON TAX

A carbon tax is a crucial tool in the reduction of greenhouse gas (GHG) emissions, which are the primary cause of climate change. Pricing carbon to reflect the actual cost of emissions to society forces high emitters to internalise these costs, driving innovation to reduce emissions. By giving effect to the polluter pays principle, an effective carbon tax can accelerate decarbonisation and green industrialisation. Taxing carbon emissions effectively, i.e. at a rate commensurate with emission reductions required by science, is a powerful mechanism to change behaviour through economic incentives.

However, the South African carbon tax, initially proposed in 2006, has been systematically weakened over time in the face of consistent industry opposition. Consequently, the effective carbon tax[5] is one of the lowest in the world (when compared to other countries which have implemented such a tax) and has achieved neither the internalisation of the cost of emissions by big polluters nor a meaningful reduction in GHG emissions.[6]

1 President Cyril Ramaphosa, Keynote Address at the Climate Resilience Symposium, 15 July 2024.

2 The polluter pays principle holds that those who cause pollution should bear the costs of preventing, controlling and mitigating its effects, rather than those costs being passed on to society.

3 Which has, over this period, variously been named the Department of Environmental Affairs, the Departmental of Environmental Affairs and Tourism, the Department of Environment, Forestry and Fisheries and the Department of Forestry, Fisheries and the Environment.

4 Section 1 of the Climate Change Act defines a just transition as "a shift towards a low-carbon, climate-resilient economy and society and ecologically sustainable economies and societies which contribute toward the creation of decent work for all, social inclusion and the eradication of poverty".

5 The tax rate paid by emitters after all allowances have been applied.

6 DFFE, *9th National Greenhouse Gas Emission Inventory Report for the Republic of South Africa*, 2025; P 2, SARB, Occasional Bulletin of Economic Notes, OBEN/24/01 September 2023.

A 2023 South African Reserve Bank (SARB) "occasional bulletin of economic notes" notes that:

> *South Africa has a high carbon intensity and a very low effective carbon price. This exposes the country to adverse economic shocks from carbon border adjustment mechanisms (CBAM) and changing consumer sentiments. ... South Africa needs a higher, more predictable, and effective carbon price to drive the green transition and avoid revenue leakage.*[7]

Phase 1 of the carbon tax was initially proposed to run from 2015-2020, with the tax starting at a low rate of R120 per ton of carbon dioxide equivalent (tCO_2e) and with significant allowances which were to be phased out over time. The tax was to increase by 10% per annum during that period to reflect "the external costs associated with CO_2 emissions".[8]

However, Phase 1 was extended from December 2019 to December 2022, and then again to December 2025. The 10% annual increase in the headline rate was abandoned in the second draft Carbon Tax Bill in 2017, and replaced with industry's preferred inflation-linked increase.[9]

The phase-out of tax-free allowances has still not commenced, with National Treasury recently persuaded to retain the current tax-free allowances (which cover 60-95% of emissions) after the end of Phase 1, and with no indication that they will be reduced before 2031.[10]

Assuming maximum allowances, the current effective carbon tax rate is around R35.40 (US$1.90) per tCO_2e for combustion emissions and R11.80 (US$0.63) per tCO_2e for process and fugitive emissions.[11] By 2030, if current legislative proposals are finalised, these rates will have increased to R69.30 (US$3.70) and R23.10 (US$1.24) respectively.[12] This is well below the current (2024) global average emissions price of $5 per tCO_2e reported by the International Monetary Fund (IMF),[13] and a fraction of the IMF's recommended carbon price for middle-income countries of US$50 per tCO_2e by 2030.[14]

The 2017 High Level Commission on Carbon Prices' determination of the 2030 carbon tax amount "consistent with achieving the Paris temperature target" is US$50-100 per tCO_2e.[15] The proposed effective rate for the South African carbon tax, even by 2030, would be 13-27 times lower than this determination for combustion emissions, and 40-80 times lower for process and fugitive emissions. The proposed rate is also more than 32-97 times lower than the rate the IMF deems necessary for South Africa to achieve its Nationally Determined Contribution (NDC) commitments by 2030 (US$120 per tCO_2e).[16]

As this report demonstrates, using industry submissions to government and records of private government/industry engagements, at every stage of the long carbon tax development process, from the release of the first discussion paper in 2006 to the 2025 Budget Review, industry pushback has achieved delays and concessions which have neutralised the impact of the tax.

Phase 2 of the carbon tax was supposed to ramp up its effect to "provide a strong price signal to both producers and consumers to change their behaviour over the medium to long term" - i.e. to finally give effect to the polluter pays principle.[17] Instead, it mostly continues to permit polluters to conduct business-as-usual.

In addition, although Eskom will be subject to the carbon tax from 2026 (having previously been exempt), it will no longer be required to pay the electricity generation levy, effectively rendering the carbon tax on electricity generation "revenue neutral".[18]

7 Ibid. P 1.
8 National Treasury, Budget Review 2013, 27 February 2013.
9 National Treasury, Draft Carbon Tax Bill, 2017.
10 National Treasury, Budget Review 2025, 17 March 2025.
11 Based on the 2 April 2025 ZAR/USD exchange rate of R18.60 to the dollar. Section 5 of the Carbon Tax Act provides that the current tax rate is R236 per tCO_2e. The maximum allowances currently applicable are 85% for combustion emissions and 95% for process and fugitive emissions.
12 Section 5 of the Carbon Tax Act provides that the 2030 tax rate will be R462. In the latest proposals from National Treasury in the 2025 budget review, it appears that the maximum allowances applicable in 2030 will remain 85% for combustion emissions and 95% for process and fugitive emissions.
13 P 1, Simon Black, Ian Parry, and Karlygash Zhunussova, *Sleepwalking to the Cliff Edge? A Wake-up Call for Global Climate Action*, IMF Staff Climate Note 2024/006, 2004.
14 P 15, Ian Parry, Simon Black, and Karlygash Zhunussova, *Carbon Taxes or Emissions Trading Systems? Instrument Choice and Design*, IMF Staff Climate Note 2022/006; P 2, PP 10-12; PP 31-32, Jean Chateau, Florence Jaumotte, and Gregor Schwerhoff, *Economic and Environmental Benefits from International Cooperation on Climate Policies*, Departmental Paper DP/2022/007, 2022.
15 P 3, P 33, P 50, Carbon Pricing Leadership Coalition, *Report of the High-Level Commission on Carbon Prices*, 2017.
16 Haonan Qu, Suphachol Suphachalasai, Sneha Thube, and Sébastien Walker, *South Africa Carbon Pricing and Climate Mitigation Policy*, IMF Selected Issues Paper (SIP/2023/040), 2023.
17 Media Statements: Carbon Tax Discussion Paper, 13 December 2010.
18 P 44, National Treasury, Budget Review 2025, 17 March 2025.

CLIMATE CHANGE LEGISLATION

After at least a decade of preparation, the first Climate Change Bill was released for public comment in 2018. Also the subject of protracted opposition from industry, the Climate Change Act was only promulgated in 2024 and became operational in March 2025.

However, as this report demonstrates, not only have key provisions of the Climate Change Act not commenced, but high emitters have successfully lobbied to eliminate criminal penalties for exceeding carbon budgets, and continue to insist that it is essential to "align" the carbon tax with the implementation of mandatory carbon budgets.

In terms of the Climate Change Act, carbon budgets are allocated to emitters by the Minister of Forestry, Fisheries and the Environment, having regard, inter alia, to: the national GHG emissions trajectory, the "best available science, evidence and information", and the "socio-economic impacts of imposing the carbon budget". These budgets are allocated for at least three successive five-year periods and must specify the maximum amount of GHG emissions that may be emitted during the first five-year period.[19]

There is no practical necessity for the alignment of the carbon tax and carbon budgets: neither the tax nor the budgets must "wait" for the other, and all emissions reduction time lost is precious. Mitigation of GHG emissions can and should happen independently in the carbon budget and carbon tax processes.

Both carbon budgets and carbon tax are related to the size of a company's GHG emissions: reduced emissions mean that compliance with the carbon budget is easier, and less tax is payable.

It appears that National Treasury and DFFE have nevertheless capitulated to industry's demands for alignment, and this continues to be a major source of delay to full implementation of both the carbon tax and the Climate Change Act.

IMPLICATIONS OF INDUSTRY INFLUENCE OVER CLIMATE POLICY

The implications of this corporate influence are profound: the failure of government's climate policy response to drive meaningful GHG emission reductions by big polluters means that the just transition is not supported by a robust regulatory framework which holds emitters accountable. This threatens to leave South Africa economically vulnerable, environmentally compromised, and increasingly out of step with global efforts to mitigate climate change.

Major polluters with powerful financial incentives to maintain the status quo inevitably resist regulation aimed at forcing them to internalise the social and economic costs of their operations - costs which are often borne by the rest of society, especially the poorest and most vulnerable. It is this profound injustice that climate regulation should address.

Further, South African law does not regulate corporate influence over government policy. There is no requirement — as there is in many other jurisdictions– for government to publicly disclose information about its interactions with the private sector.[20] Nevertheless, as the evidence presented in this report demonstrates, corporate influence on national climate policy is pervasive, and South Africans should be concerned about the power of corporate players to influence government policy in their favour, without the public's knowledge or oversight.

What is perhaps more remarkable than the fact of industry's opposition to effective climate policy is government's susceptibility to its influence.

The corporate actors responsible for the pushback do not act for the benefit of the majority of South Africans but instead represent a narrow set of elite vested interests. However, their historically powerful role in the economy, and the access that this has afforded them to government, together with the absence of a countervailing corporate voice advocating strongly for robust policy action to drive the just transition, means that this cohort of major polluters dominates the national economic dialogue.

As this report demonstrates, the companies and industry associations engaging forcefully with government on climate policy have successfully mastered the art of economic hostage-taking: inflating their contributions to society and ignoring the damage they cause, while creating a false dilemma between climate action and economic prosperity.

19 Section 27 of the Climate Change Act.

20 For example, the US Lobbying Disclosure Act, 1995 (as amended 2007); the Canadian Lobbying Act, 1989 (as amended 2008); the UK Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act, 2014; the EU Transparency Register; the Australian Lobbying Code of Conduct, 2008; the German Lobby Register Act, 2022; and the French Sapin II Law, 2016. All of these provide definitions of lobbying, require registration of lobbyists on a central register, and require, to different extents, disclosures relating to their interests, actions, and expenditure.

As is evident again and again in the sources cited in **Annexure A: Timeline of industry interventions in South African climate policy**, high emitters and their industry association representatives have captured the language of the just transition by acknowledging the risks of climate change, while simultaneously stripping it of urgency by framing climate action as an attack on jobs and competitiveness.

The tragedy and irony of this approach, and of political surrender to it, is that its success in weakening the country's climate policy now threatens the competitiveness and sustainability of the entire economy.

The economic case for decarbonisation

Decarbonising the economy is crucial because it will:

- **Enhance energy security** by reducing dependence on coal and aging infrastructure
- **Maintain export competitiveness** as trading partners implement carbon border taxes
- **Create jobs**, diversify the economy, and expand energy access through renewable energy development
- **Reduce the environmental and health impacts** of burning fossil fuels
- **Reduce economic damage** from climate impacts like drought and flooding
- **Unlock access to international climate finance** (like the Just Energy Transition Partnership)
- **Leverage SA's natural advantages** in solar, wind, and critical minerals for green technology

Risks to SA if it does not decarbonise

Failure to decarbonise threatens the economy through:

- **Trade barriers and tariffs** on carbon-intensive exports
- **Loss of foreign investment** as global capital shifts to low-carbon opportunities
- **Higher energy costs** as aging coal infrastructure becomes increasingly expensive and unreliable
- **Ongoing environmental and health impacts** of fossil fuel-related pollution
- **Severe economic damage** from climate impacts
- **Missed opportunities for job creation** in green industries
- **Stranded assets** and loss of jobs in carbon-intensive sectors
- **Reduced access** to international climate funding
- **Diplomatic isolation** and reputational damage internationally

3 Methodology

This report has been compiled using extensive desktop research of publicly available records, as well as targeted access to information requests submitted in terms of the Promotion of Access to Information Act 2 of 2000 (PAIA).[21]

It is important to note that the records of corporate engagements with government set out in Annexure A are not complete: many of industry's formal submissions on legislative proposals are not made public, and the limited records received in response to PAIA requests demonstrate not only that there is a reluctance to disclose information about private bilateral meetings, but also that government's record-keeping of these engagements is extremely poor. In some instances when Just Share requested copies of industry submissions on policy proposals, industry's agreement was not forthcoming.[22] There is also no public record of informal and/or recreational engagements between corporate representatives, politicians and departmental officials.

In the report, "climate policy" refers broadly to all climate-related government strategies and the climate-related regulatory framework, including primary legislation, regulations and policies.

The report is made up of two parts:

- **Part 1: A narrative description** of corporate influence over the evolution of the carbon tax and the Climate Change Act, including an assessment of the key actors involved and the strategies deployed to build a case against climate action; and
- **Part 2: A detailed timeline (Annexure A)** setting out the evolution of the Carbon Tax Act and the Climate Change Act and some of the interventions of private actors between 2004 and 2025.

The research draws on a limited selection of documents obtained through PAIA requests (discussed below) and a wide range of government publications and official records.

The public documents include:

- Government policy papers which lay out the foundation for carbon pricing and articulate the rationale for climate policy in South Africa.
- Annual budget review documents and medium-term budget policy statements, which track the evolution and delays in the implementation of the Carbon Tax Act.
- Parliamentary portfolio committee reports, transcripts and summaries which capture public consultations related to climate policy debates.
- Private sector engagement with parliamentary portfolio committees, annual reports of industry associations and corporates and corporate submissions to the CDP, a non-profit environmental disclosure organisation.[23]
- Drafts and final versions of the Climate Change Bill (now Climate Change Act) and the Carbon Tax Bill (now Carbon Tax Act), and the Taxation Laws Amendment Bills, including explanatory memoranda, and public comment summaries.

THE PAIA REQUESTS

A key challenge in determining the extent of corporate influence is the lack of transparency in relation to government/private sector engagements, which are unregulated in South Africa. To attempt to fill in some of these gaps, Just Share and the amaBhungane Centre for Investigative Journalism submitted targeted access to information requests, in accordance with PAIA.

These requests asked government departments and industry stakeholders for records relating to any government-industry engagements on climate-related matters between 1 January 2021 and the date of response (approximately four years, with the most recent response sent on 10 April 2025), including the agendas for and minutes of meetings, and supporting documents such as follow-up letters, presentations, and policy recommendations.

21 Lifting the veil on corporate climate lobbying, Daily Maverick 17 April 2024.

22 Except for the Energy Council of South Africa which provided Just Share with its submission on National Treasury's Phase 2 Carbon Tax Discussion Paper.

23 https://www.cdp.net/en

The requests were sent to:

- Sasol Limited, as South Africa's biggest private GHG emitter[24] and a key player in influencing government climate policy.
- Three industry associations active in relation to energy policy: Business Unity South Africa (BUSA), the Minerals Council South Africa (Mincosa), and the Energy Council of South Africa.
- The department of mineral resources and energy, the DFFE, National Treasury, and the Presidency.

Although there is a right to access to information under section 32 of the Constitution of the Republic of South Africa, in practice the PAIA process is extremely challenging.

The responses received provide only a snapshot of the extent, and content, of private sector engagement with government on climate policy. Nevertheless, they were sufficient to paint a picture of industry's regular and ongoing solicitation of government, often without the knowledge or inclusion of the public. Only records relating to the carbon tax and the Climate Change Act are included in this report.

LIMITATIONS

Just Share acknowledges two key limitations to this research:

1. Narrow scope of policy focus

The report focuses specifically on two flagship climate laws - the Carbon Tax Act and the Climate Change Act - as case studies of corporate influence. However, South Africa's climate policy and regulatory landscape is much broader. Other key climate-related frameworks and policy, such as the NDCs, the National Environmental Management: Air Quality Act 39 of 2004 and regulations, the Integrated Resource Plan, the Integrated Energy Plan, the Just Transition Framework, the carbon budgets and sectoral emission targets, and various regulations under the Carbon Tax Act are all also important components of climate policy. These have not been analysed in this report due to the absence of records of or transparency around corporate engagements with these processes.

A more expansive and ongoing body of research, with access to the full suite of government records on private sector engagement is urgently needed to monitor influence on South Africa's national response to climate change.

2. Exclusion of Eskom

The report does not include a focused analysis of Eskom, despite its central role in shaping South Africa's energy and emissions profile, due to the difficulty in accessing records related to the utility's engagement with climate policy processes.

24 P 8, Sasol Sustainability Report, 2020; https://carbonmajors.org/briefing/The-Carbon-Majors-Database-2023-Update-31397

4 Key terms

AMSA	ArcelorMittal South Africa
BLSA	Business Leadership South Africa
BUSA	Business Unity South Africa
CAIA	Chemical and Allied Industries' Association
CBAM	Carbon Border Adjustment Mechanism
CO_2	Carbon dioxide
COP	Conference of the Parties
CPI	Consumer Price Index
DEA	Department of Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DEFF	Department of Environment, Forestry and Fisheries
DFFE	Department of Forestry, Fisheries and Environment
DMRE	Department of Mineral Resources and Energy
FSA	Fiscal stability agreement
GHG	Greenhouse gas
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
ITTCC	Industry Task Team on Climate Change
JETP	Just Energy Transition Partnership
LTMS	Long Term Mitigation Scenarios
MEC	Minerals-energy complex
Mincosa	Minerals Council South Africa
NDC	Nationally Determined Contribution
Nedlac	National Economic Development and Labour Council
PMR	Partnership for Market Readiness
PPD	Peak, Plateau and Decline
SAISI	South African Iron and Steel Institute
SAPIA	South African Petroleum Industry Association
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCOF	Standing Committee on Finance
SeCOF	Select Committee on Finance
SETs	Sectoral Emission Targets
TALAB	Tax Administration Laws Amendment Bill
TLAB	Taxation Laws Amendment Bill
tCO_2e	Tonnes of Carbon Dioxide Equivalent

5 Key players

South Africa has a long history of close relationships between policymakers and the extractive and energy industries, often referred to as the "minerals-energy complex" (MEC). A 2024 report by the Presidential Climate Commission (PCC), *The State of Climate Action in South Africa*, notes that:

> *The influence of the MEC enabled an economic dependence on coal through strong political alliances with state actors such as the [Department of Mineral Resources and Energy (DMRE)], which tends to not provide the enabling environment necessary to support widespread adoption of renewable energy. Additionally, lenient lobbying regulations enable companies to avoid disclosing their activities and their access to "non-public engagement pathways" to influence policy, limiting transparency (Mathe et al. 2023).*[25]

A subset of powerful companies and industry groups dominate economic discourse and the outcome of climate policy in South Africa, which creates a misleading impression that their interests represent the public interest. This is reinforced by the surprising absence of any significant countervailing action from South African businesses which are not high emitters, and which stand to be significantly negatively impacted if the country fails to decarbonise, like the automotive, agricultural, tourism and insurance sectors, not to mention the renewable energy industry. These sectors do not appear to play any significant role in engaging government on climate policy, allowing high emitters to set the agenda.

5.1. CORPORATE ACTORS

Sasol Limited is the country's biggest private emitter[25] of GHGs (and the second biggest emitter in Africa, after Eskom), and operator of the single largest point source of GHG emissions in the world, its coal-to-liquids facility at Secunda.[26] Sasol's profitability and viability are therefore severely threatened by effective climate regulation.

While publicly stating that it is committed to climate action, Sasol - as the timeline in Annexure A clearly demonstrates - is an ubiquitous participant in the drive to weaken and delay climate policy. It does this via formal submissions in response to regulatory processes, participation in government stakeholder workshops and consultations, through the industry associations of which it is a member (BUSA in particular), and through private engagements with policymakers.

Although it appears that much of Sasol's government engagement takes place in private (and the company does not generally make its formal submissions on draft legislative processes public), evidence demonstrates that Sasol has played a significant role in ensuring that South Africa's cornerstone climate legislation remains weak and ineffective.

For example, between December 2024 and January 2025 – after the release of National Treasury's discussion paper on Phase 2 of the carbon tax – Sasol had three private meetings with National Treasury, each attended by between five and seven senior Sasol executives.[27] As set out in detail below, when the 2025 March Budget Review was released, the most important proposals for increasing the effectiveness of the carbon tax in Phase 2 had been abandoned.

Sasol's position is neatly summarised in its 2024 integrated report to shareholders which says that it advocates "for coherent and integrated climate policy and a regulatory framework that enables a just and equitable transition appropriately paced for the context in which we operate - and the need to ensure our business's financial stability."[28]

This framing is designed to sound reasonable, but it is self-serving and misleading. As is described elsewhere in this report, demanding "coherent and integrated climate policy" is a linchpin tactic of corporate actors seeking to neutralise climate regulation, and one which has significantly and unnecessarily slowed down the implementation of both the carbon tax and carbon budgets in South Africa.

25 P 15, PCC, *The State of Climate Action in South Africa*, June 2024.
26 P 8, Sasol Sustainability Report, 2020; https://carbonmajors.org/briefing/The-Carbon-Majors-Database-2023-Update-31397
27 National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
28 P 74, Sasol Integrated Report, 2024.

A just transition "appropriately paced for the context" creates room to justify slower action, essentially establishing Sasol as the arbiter of what constitutes acceptable progress. It also places Sasol's "financial stability" on equal footing with taking action on climate change, implying that these concerns deserve equal weight in decision-making.

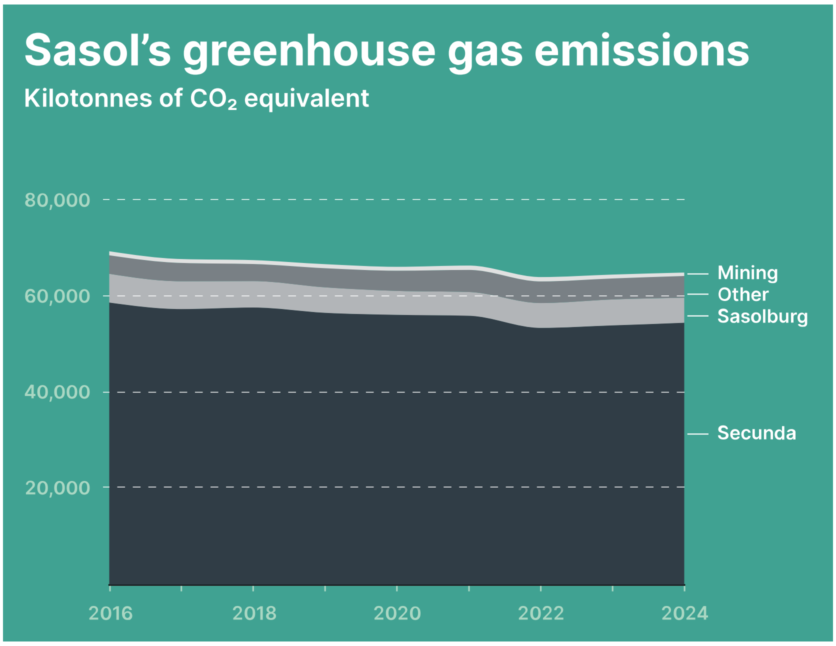
Sasol's framing appears to have successfully convinced policymakers, its shareholders and the broader financial sector that the company is "too big to fail", and in so doing has stymied rational discussion about how to manage Sasol's inevitable transition or demise. This in turn has had knock-on effects on national policy on climate change.

Sasol has made little progress on decarbonising its operations in the two decades it has been promising to do so, and its failure in this regard - and the failure of policymakers to drive this process via robust regulation - now poses an existential threat to the economy.[29] There is a singular lack of national vision about how to manage this threat, the costs of which will ultimately fall to the taxpayer to shoulder, possibly via an Eskom-style "bailout". This is in addition to the ongoing, extensive climate, health and environmental liabilities which result from Sasol's operations and emissions, which are largely externalised.

The mining industry, in particular coal miners like **Exxaro Resources Ltd**,[30] **Thungela Resources Ltd**,[31] and **Seriti Resources**[32] also influence climate policy, mainly via their industry associations, which advocate for a significant long-term role for coal in South Africa's energy mix.

ArcelorMittal South Africa (AMSA) is another vocal opponent of carbon pricing and has threatened that, "in the absence of substantial financial support relating to decarbonization, our operations [in South Africa] may not be able to remain sustainable".[33]

Finally, records of minutes of BUSA-led engagements with government include lists of attendees from companies and other industry associations, indicating that a broad group of entities was at least aware of the stance that BUSA was taking in opposition to effective climate policy.[34]



5.2. INDUSTRY ASSOCIATIONS

Most corporate influence on government legislative processes appears to take place via industry associations. This allows individual companies to maintain public positions of purported support for climate action, while indirectly undermining the policies needed for the country to meet its climate goals. Industry associations therefore play a central role in advocating against effective climate policy.

Business Unity South Africa describes itself as "the apex business organisation representing South African business".[35]

29 Financial Mail, *Restated, reviewed, missed: a 20-year timeline of Sasol's climate commitments*, 16 November 2023.

30 See, for example, "We believe we do not own coal assets but we are stewards of responsibly maximising their value. We have a responsibility to use these coal assets to build a sustainable business for our investors, employees and communities, and a sustainable future for the planet", P 10, Exxaro Integrated report, 2022; and "We remain committed to responsibly maximising the value of our coal assets whilst we play an active role in creating a future which enables our vision", Exxaro website (at 7 April 2025).

31 See, for example, *Coal is here to stay, says FutureCoal chairman July Ndlovu* IOL, 2 February 2024; and "Despite these factors, we remain confident in the long-term fundamentals of coal and its enduring role within the energy mix, supporting global energy demand".

32 See, for example, "Launching the inaugural FutureCoal Chapter in Southern Africa, is a testament to our unwavering commitment and leadership in uniting the value chain and reshaping coal's future regionally and internationally; and "We focus on producing responsible high-quality, secure and long-term coal-solutions to fuel South Africa's power stations and to supply the export market".

33 See Annexure A, September 2022 industry presentations to the standing committee on finance on the carbon tax proposals in the 2022 TLAB, AMSA submission and footnotes.

34 See for example, BUSA / DEFF Bilateral Meeting, 25 June 2020.

35 BUSA Strategy, 2024.

It states that its mandate is "to enable business to play a constructive role within the context of South Africa's economic growth, development and transformation goals" and that its "primary focus is on influencing policy and legislative developments to create an enabling environment for inclusive growth and employment".[36]

BUSA has a broad-based corporate membership across sectors, including individual companies, "chambers of commerce and industry, professional associations, corporate associations and sectoral organisations".[37] Its members include many businesses which are already experiencing direct and indirect negative impacts of climate change, like the insurance, agricultural and automotive sectors.

However, BUSA's positions on climate policy appear to be driven by its high-emitting members. At least since the release in 2010 of the Department of Environmental Affairs' (DEA) National Climate Change Response Green Paper, BUSA has argued that the "green economy" would negatively impact jobs and competitiveness, that the government should prioritise protecting high-emitting sectors, that fossil fuels are essential for energy security, and that the transition should happen slowly.[38]

In March 2024, BUSA argued in its submissions to government on the draft Integrated Resource Plan 2023 that "in the current security of supply crisis a 'business-as-usual' approach is required"; that coal plant decommissioning should take place slower than previously planned; and that "the procurement of gas-fired generation is fast-tracked ... and that substantial gas generation is added to serve as the load-following complement to high new [renewable energy] capacity in the medium- to long-term".[39]

BUSA has consistently advocated against the carbon tax (its opposition over two decades is recorded in detail in Annexure A and described in the section below on the evolution of the Carbon Tax Act), and that if a tax is implemented, it should only apply to emissions above carbon budgets.[40] Its position is exemplified in a 2022 "organised business joint statement" urging the government to delay proposed increases to the carbon tax to "avoid just transition impacts earlier than planned and to avoid unintended adverse consequences to an already fragile economy".[41]

The Minerals Council South Africa (**Mincosa**, formerly the **Chamber of Mines**), is a "mining industry employers' organisation that supports and promotes the South African mining industry" by "providing strategic support and advisory input". It "also acts as a principal advocate for mining in South Africa to government, communicating major policies endorsed by its members".[42]

Mincosa's long history - "more than a century of service and collaboration" - as a cornerstone of the MEC affords it extensive access to policymakers. Together with BUSA, and again recorded in detail in Annexure A, Mincosa has been a consistent opponent of the development of robust climate policy in South Africa. When the Carbon Tax Act was passed in 2019, Mincosa publicly denounced it as "a wrong method at the wrong time".[43]

Other industry associations which have participated in government consultation processes on climate policy include the **Chemical and Allied Industries' Association (CAIA)**, the **Energy Intensive Users Group (EIUG)**, the **Industry Task Team on Climate Change (ITTCC)**,[44] the **South African Iron and Steel Institute (SAISI)** and the **South African Petroleum Industry Association (SAPIA)**.

As is set out in Annexure A, all have submitted comments and participated in parliamentary processes on climate policy, often coordinating their arguments and endorsing or supporting others' submissions.

These submissions seek to delay and dilute the impact of climate regulation and/or to obtain exemptions or concessions for their members. CAIA, the EIUG, the Energy Council of South Africa, Mincosa, and SAPIA are also all members of BUSA.[45]

36 www.busa.org.za
37 Draft IRP BUSA Comments Submission, March 2024.
38 See Annexure A, February 2011 BUSA submission and presentation on the National Climate Change Response Green Paper and footnotes.
39 Draft IRP BUSA Comments Submission, March 2024.
40 BUSA / DEFF Bilateral Meeting, 25 June 2020.
41 Organised business joint position on carbon tax, 13 September 2022.
42 www.mineralscouncil.org.za
43 Mincosa, The impact of the carbon tax, March 2019.
44 The ITTCC describes itself as a "voluntary, non-profit association made up of a number of large companies whose activities together play a material part in the nature and scale of South Africa's carbon footprint." https://ittcc.org.za/
45 https://www.busa.org.za/our-members/ (as of 7 April 2025).

The **Energy Council of South Africa** was launched in November 2021 under the auspices of Fleetwood Grobler, then chief executive officer (CEO) of Sasol, and then Minister of Mineral and Petroleum Resources, Gwede Mantashe.[46] Purporting to represent "the unified voice of energy", the Energy Council's founding members were four fossil fuel companies (Sasol, Exxaro Resources, Eskom and TotalEnergies), Anglo American Platinum, the Industrial Development Corporation, the Central Energy Fund and the Automotive Business Council, Naamsa.[47]

As of April 2025, the Energy Council's membership has expanded to include a wider range of companies, but its leadership remains heavily tied to the fossil fuel industry. Eight of the Energy Council's 10 board members either currently represent the fossil fuel industry or have spent most of their careers working for fossil fuel companies or in high-emitting industries. There are no representatives of the renewable energy industry on the board.[48]

The Energy Council has strong ties to Sasol: in addition to being founded by Grobler, until recently its offices were in Sasol's headquarters, and Grobler's replacement as Sasol CEO, Simon Baloyi, has taken over Grobler's chairmanship of the Council. Two board members, Rekha Sinath and Oliver Naidy, each spent more than 20 years working for Sasol.

The Energy Council describes itself as playing a "leading role in engaging the National Energy Crisis Committee (NECOM) to help deliver the Presidential Energy Action Plan" and a "key role in supporting the broader business-government partnership and CEO pledge, being led by Business Unity South Africa (BUSA) and Business for South Africa (B4SA)".[49]

Mincosa and coal

Although its members include companies mining at least ten different minerals, Mincosa's senior office bearers over the period of crucial climate policy development in South Africa have had close ties with the coal industry.

Mxolisi Mgojo served as president of Mincosa from 2017-2021,[50] while he was CEO of coal miner **Exxaro Resources**. He was appointed president of BUSA as of January 2024.[51]

Nolitha Fakude was president of Mincosa from 2021-2024 and is a current board member.[52] She is also a board member of **Anglo American** and served as an executive director and executive vice president of strategy and sustainability at **Sasol** until 2016. Her previous board roles include chairperson of **Sasol Mining**.[53]

Nombasa Tsengwa was appointed vice president of Mincosa in 2023 and then served as its president between June and December 2024, while she was CEO of **Exxaro Resources**.[54]

Mincosa's CEO since August 2023 is Mzila Mthenjane, previously executive head of stakeholder affairs at **Exxaro Resources**.[55]

Mincosa has recently appointed Shamini Harrington as senior executive: environment, health, legacies and employee relations. Harrington worked for **Sasol** from 2006-2025.[56]

46 Energy Council, Lauch Address, 2 November 2021.
47 Energy Council, Energy Council of South Africa Launch, 2 November 2021.
48 https://www.energycouncil.org.za/about/members/ (as of 7 April 2025).
49 Energy Council, Sponsor List (as of 7 April 2025).
50 Chamber of Mines, Chamber of Mines appoints new office bearers, elects Mxolisi Mgojo as chamber of mines president, 24 May 2017.
51 BUSA, Statement on appointment of newly elected president Mxolisi Mgojo, 30 January 2024.
52 Minerals Council South Africa new office bearers elected, 26 May 2021.
53 Mining Review Africa, Leadership Profile: Nolitha Fakude - Minerals Council South Africa, 29 January 2024.
54 Mincosa, Integrated Annual Report, 2023; Minerals Council South Africa Office Bearers for 2024/2025, 26 June 2024.
55 Mzila Mthenjane is appointed as CEO of Minerals Council South Africa, May 31 2023.
56 Experience | Shamini Harrington | LinkedIn

6 The Obstruction Playbook: building the case to slow climate action

6.1. MESSAGING STRATEGIES

High-emitting major polluters deploy a variety of strategies and arguments to convince the government to prioritise their interests, and to persuade the public that they are a force for good.

These strategies are deployed as public-facing messaging (not covered in this report); via formal submissions to government; and via private communications and meetings with senior politicians and public officials with influence over the design and implementation of climate policy.

Public-facing messaging takes place using:

- Corporate advertising, including television, print, and billboard adverts, advertorials and sponsored content in major business publications, press releases, and op-eds by and interviews with industry executives and industry-friendly experts.
- Social media campaigns and targeted advertising on social media platforms.
- Funding think tanks, commissioning studies, reports and analyses, releasing forecasts and sponsoring conferences and exhibitions at trade events and major international climate gatherings like the climate Conferences of the Parties (COPs).
- Community outreach programmes, partnerships with local economic development initiatives, and community investment programmes with high marketing value.
- University partnerships and funding, including senior academic positions, scholarships and grants.

When government departments release calls for public comment on discussion papers, policy documents, draft legislation etc., corporates and representative industry associations submit written comments, present to relevant parliamentary portfolio committees, and participate in government-initiated stakeholder workshops and consultations.

However, it appears from the limited records available that, in addition, important and influential engagements between business and government take place via private bilateral meetings, often initiated by industry, and not only during public commenting periods.

Nevertheless, the limited and incomplete response to Just Share and amaBhungane's PAIA requests seeking records of private industry engagements with the DMRE,[57] DFFE, National Treasury and the Presidency indicates not only that these engagements are commonplace, but also that there appears to be no effort on the part of government to maintain records of the nature and outcome of these discussions.[58]

6.2. "ENGAGING" GOVERNMENT

In their submissions to, and bilateral engagements with government, high emitters repetitively deploy a series of arguments to convince policymakers that their proposed course of regulatory action is unwise and will have devastating "unexpected" consequences. In the context of climate policy, these arguments are largely framed around three themes: the **positive contribution** of high emitters to the economy and the country; that South Africa is a **developing economy** which needs fossil fuels to grow; and that the **pace and scale** of the transition should be slow and unambitious.

6.2.1. The "positive contribution" framing

A primary strategy of high emitters is to position themselves as companies which make such a crucial positive contribution to society that any attempt to regulate them will have a catastrophic impact on poverty, inequality and unemployment. This framing is used to set up a false dilemma which pits climate action against economic prosperity, suggesting that action to reduce emissions will harm jobs, communities and competitiveness.

57 In 2024, President Cyril Ramaphosa announced that the DMRE would be split into the Department of Mineral and Petroleum Resources (DMPR) and the Department of Electricity and Energy (DEE).

58 Lifting the veil on corporate climate lobbying, Daily Maverick 17 April 2024.

In the ITTCC's 2011 response to the National Climate Change Response White Paper, for example, it criticised government's "conflicting" objectives such as "adding 5 million jobs by 2020; sustaining real GDP growth of 4-7%; and reducing greenhouse gas emissions by 34% and 42% by 2020 and 2025 respectively".[59]

When the Carbon Tax Act came into effect in 2019, Mincosa released a pamphlet denouncing it as the "wrong method at the wrong time", and stating that it "has the potential to erode profitability through increasing costs and hence result in a shrinking sector. The result of which would be further job losses, which would further exacerbate South Africa's structurally high unemployment rate".[60]

BUSA's arguments against the carbon tax included that it would result in "extensive loss of jobs and exacerbate a fragile and difficult growth and decarbonisation path" which "*flies in the face* of the just transition principle that there should be 'more winners than losers'".[61]

In a 2022 statement setting out the "organised business joint position on carbon tax", BUSA, the Energy Council, Mincosa, Business Leadership South Africa (BLSA) and others shared a list of "recommendations" for government, all related to slowing down or weakening the carbon tax, "to avoid just transition impacts earlier than planned and to avoid unintended and adverse consequences to an already fragile economy".[62]

Sasol's 2022 submissions to National Treasury on proposed amendments to the carbon tax rate include that the carbon tax will result in "substantial direct and indirect job losses" and that it "cannot see how the proposed $30 tax can be absorbed by the economy or Sasol".[63]

Sasol is adept at the positive contribution framing, evidenced by CEO Simon Baloyi's comments at the company's February 2025 interim financial results presentation:

> *Our business has a far reaching multiplier impact across various sectors and the communities in which we operate. Through direct and indirect impacts, our integrated value chain supports around 500 000 jobs and contributes approximately 5% to GDP and 12% to the national tax base.*
>
> *Beyond our economic contribution, our social impact is significant. Sasol has been ranked as the third largest social investor in South Africa, reflecting the tangible impact we have in changing people's lives.*[64]

In a footnote to these claims about job creation, GDP and tax contribution, Sasol states that the figures "are for direct, indirect and induced effects as calculated by external consultants for FY22".[65]

There is reason to believe that these numbers may be inflated: for example, Sasol's most recent integrated annual report indicates that the company has 27 678 permanent employees - and yet it also claims to "support" 18 times that number of jobs.[66]

Sasol states that it contributed 12.31% to total government tax revenue in FY2022. Government tax revenue for the 2021/2022 tax year was R1 563.8 billion,[67] which pegs Sasol's claimed contribution at around R290bn. However, the company's 2022 integrated annual report states that it paid taxes of R52.6bn in South Africa.[68] It is unclear how the additional R237.4bn of "indirect and induced" tax contribution is calculated. In any event, this framing of Sasol's contribution is then used to justify its slow progress on reducing emissions:

> *Our revised [emission reduction roadmap] ensures that Sasol remains integral to the South African economy as we pursue a just transition at a pace aligned with market demand, focusing on protecting jobs, supporting the communities we operate in and maximising stakeholder value.*[69]

High-emitting industries currently play an important role in the economy, and there are legitimate concerns about unemployment, poverty and economic development, and about how these issues will be managed during a transition to a low-carbon economy.

59 See Annexure A, November 2011 industry presentations to the parliamentary portfolio committee on water and sanitation on the DEA's National Climate Change Response White Paper, ITTCC presentation and footnotes.
60 Mincosa, The impact of the carbon tax, March 2019.
61 BUSA, CEO Briefing Note for Meeting with NT, 10 March 2022.
62 Organised business joint position on carbon tax, 13 September 2022.
63 See Annexure A, August 2022 Sasol submission on the carbon tax provisions in the 2022 TLAB and footnotes.
64 Sasol 2025 Interim financial result presentation live webcast script, 24 February 2025.
65 P 8, Sasol Integrated Report 2024.
66 Ibid.
67 SARS, Release of the 15th Annual Edition of Tax Statistics, 3 March 2023.
68 P 24, Sasol Integrated Report 2022.
69 Sasol 2025 Interim financial result presentation live webcast script, 24 February 2025.

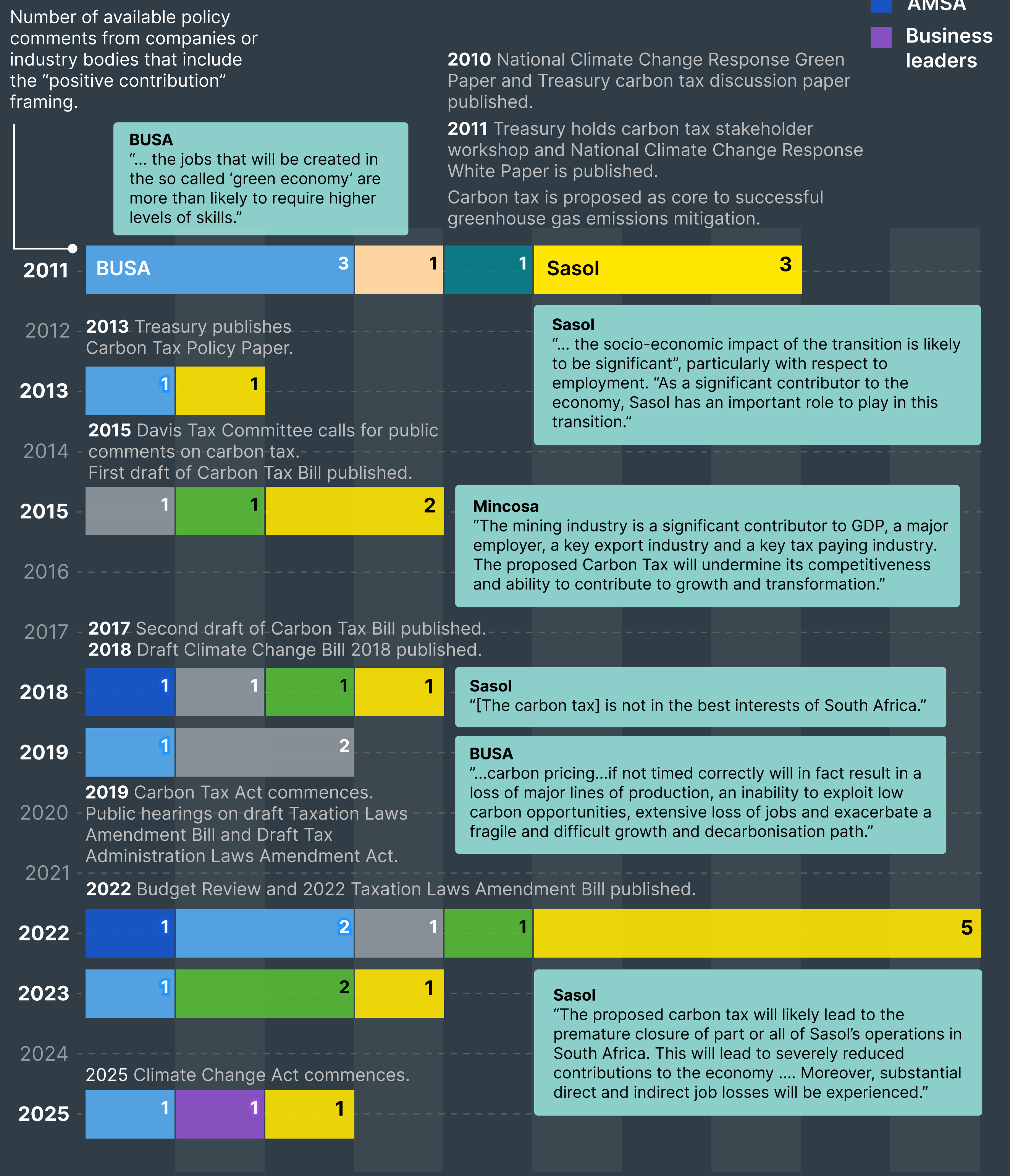
However, the framing described above co-opts the just transition language and reinterprets it to mean a slower transition that maintains the status quo.

By succumbing to these arguments, government delays inevitable transition costs - the transition becomes more expensive and disruptive the longer it is delayed - and ignores crucial issues of climate justice, with the impacts of climate change already making the lives of the poorest and most vulnerable harder and more precarious. It distracts from industry's obligation to prepare for and manage the impacts of the transition on affected employees and communities.

The "positive contribution" framing also conveniently ignores the catastrophic social and environmental impacts imposed on society by the fossil fuel industry, including the devastating health impacts of its operations on workers and the hundreds of thousands of people exposed to the air, soil and water pollution that it causes, the desperate socio-economic circumstances of the communities that live around its mines and plants, and the risks posed to multiple other sectors of the economy if it fails to decarbonise.

"Positive contribution" framing

A primary strategy of high emitters is to position themselves as companies which make such a crucial positive contribution to society that any attempt to regulate them will have a catastrophic impact on poverty, inequality and unemployment. This framing is used to set up a false dilemma which pits climate action against economic prosperity, suggesting that action to reduce emissions will harm jobs, communities and competitiveness.



6.2.2. The "developing economy" framing

Another foundational argument against robust climate action is that South Africa's status as a developing economy and its "relatively small" contribution to global carbon emissions means that there is no need to move fast, that fossil fuels are essential to grow the economy and create jobs, and that ambitious climate action will detrimentally affect socio-economic development.

This position ignores that South Africa is the world's 15th largest carbon emitter with one of the most carbon-intensive economies on earth,[70] and also disregards a key aspect of the Paris Agreement: all states have a collective obligation to respond to the threat of climate change by keeping the "global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C".[71] To do this all countries must put forward their best efforts through their NDCs, and strengthen these efforts over time.

In Sasol's 2011 submission on the National Climate Change Response White Paper, it stated that "if implemented as proposed, the policy will become an impediment to economic growth in South Africa with serious socio-economic consequences".[72]

In its 2018 submission to the standing committee on finance (SCOF) on the second Draft Carbon Tax Bill, CAIA criticised government's "irrational consideration of the need for multiple instruments to attempt to achieve the same purpose in a developing country with economic growth uncertainty and unaligned policy".[73]

In its presentation to SCOF on the same Bill, BUSA stated, "transition to lower carbon economy supported; must however take particular care not to further disadvantage the poor."[74]

SAPIA's 2022 "Position on climate change" states:

> *This transition needs to be cognisant of the developmental nature of our economy so that it does not impede socio-economic development, the requirement to create sustainable jobs and contribute significantly to the reduction in energy poverty experienced by a large proportion of our population ... petroleum products will form part of the energy transition of South Africa because of the developmental nature of the economy.*[75]

In a statement in advance of the COP29 in November 2024, BUSA said that South Africa's position must emphasise "the right to development, including the necessary policy space" and that:

> *Increasing the ambition of the NDC must take into account national circumstances, including climate risks, energy security, and economic stability. Enhancing South Africa's NDC should be approached cautiously, given the country's development challenges and climate vulnerability.*[76]

These statements frame climate action *in opposition* to developmental goals, ignoring the fact that the purpose of the just transition is to achieve growth and development which replaces the current high unemployment and high poverty coal-based economy with one that is more just and sustainable. BUSA's argument that the country's "climate vulnerability" is a justification for a lack of ambition to mitigate climate change is also irrational.

This "developing economy" framing asserts that continued and increasing exploitation of fossil fuels is essential to address South Africa's socio-economic challenges. Sasol, BUSA and Mincosa have all argued that South Africa's heavy reliance on coal for electricity generation is a reason to avoid ambitious climate action. The framing ignores the crucial context that there has been at best marginal progress in addressing poverty over the last twenty years, inequality remains stubbornly high, and unemployment has worsened,[77] despite the country's unlimited use of fossil fuels over the past century.

For two decades, high emitters have demanded regulatory leniency and delay so that they can create jobs, grow the economy, and voluntarily reduce emissions. They have failed to achieve any of these things but continue to argue that more fossil fuels will result in a different outcome. The government's apparent susceptibility to these arguments is perplexing, given the potential for the pursuit of a low-carbon development pathway to yield significant benefits.

70 https://ourworldindata.org/co2-emissions
71 Paris Agreement, 2015.
72 See Annexure A, November 2011 industry presentations to the parliamentary portfolio committee on water and sanitation on the DEA's National Climate Change Response White Paper, Sasol presentation and footnotes.
73 See Annexure A, March 2018 industry submissions to the standing committee on finance on the second Draft Carbon Tax Bill, CAIA presentation and footnotes.
74 Ibid. BUSA presentation and footnotes.
75 SAPIA, Position on climate change, February 2022.
76 BUSA, Statement on the UN Climate Change Conference (COP29), 13 November 2024.
77 See, for example, Department of Planning, Monitoring & Evaluation, *Towards a 30 Year Review of South Africa's Democracy (1994-2024)*, 2023.

The World Bank's 2022 *South Africa Country Climate and Development Report* finds that:

> *Moving away from coal as the main source of energy would be in the national best interest, delivering substantial local benefits in terms of avoided loadshedding and improved energy security; economic competitiveness; reduced air, water, and soil pollution; and lower GHG emissions.*[78]
>
> ...
>
> *Broadening the scope of the carbon tax and increasing its rate will help reduce GHG emissions and generate benefits for most of the population as more jobs will be created through a shift toward more labor-intensive industries, and more exports generated through improved competitiveness in international markets.*[79]
>
> ...
>
> *When only considering the 11 industries most affected by the low-carbon transition, SA could expect to lose about 302,000 direct jobs and gain as many as 815,000 direct jobs over the same period. Assuming a job multiplier of 2, in line with the literature, about 0.6 million jobs will be lost, and 1.6 million jobs would be gained due to the transition.*[80]

The same report recommends strengthening the current carbon tax "to further incentivize the shift to the use of low-carbon energy sources". It also notes that "the current carbon tax rate ... and the partial coverage are considered too low to significantly affect business behaviors".[81]

A just transition should address the inequality and energy poverty which are the legacy of a century-long reliance on coal. The PCC's 2024 report notes that:

> **A just transition to a low-carbon and resilient economy will strengthen South Africa's global competitiveness and create opportunities to reduce poverty, inequality and unemployment. South Africa's just transition aims to be inclusive, taking all South Africans forward into a more prosperous future.**[82]

It is essential to carefully manage the job losses in high-emitting sectors - hence the term "just transition". But the pathway that government is currently choosing, under the influence of high emitters, is to protect only jobs in these sectors, at the expense of many more jobs across the economy that will be lost, or not created, if the country maintains its current approach to GHG emission reductions.

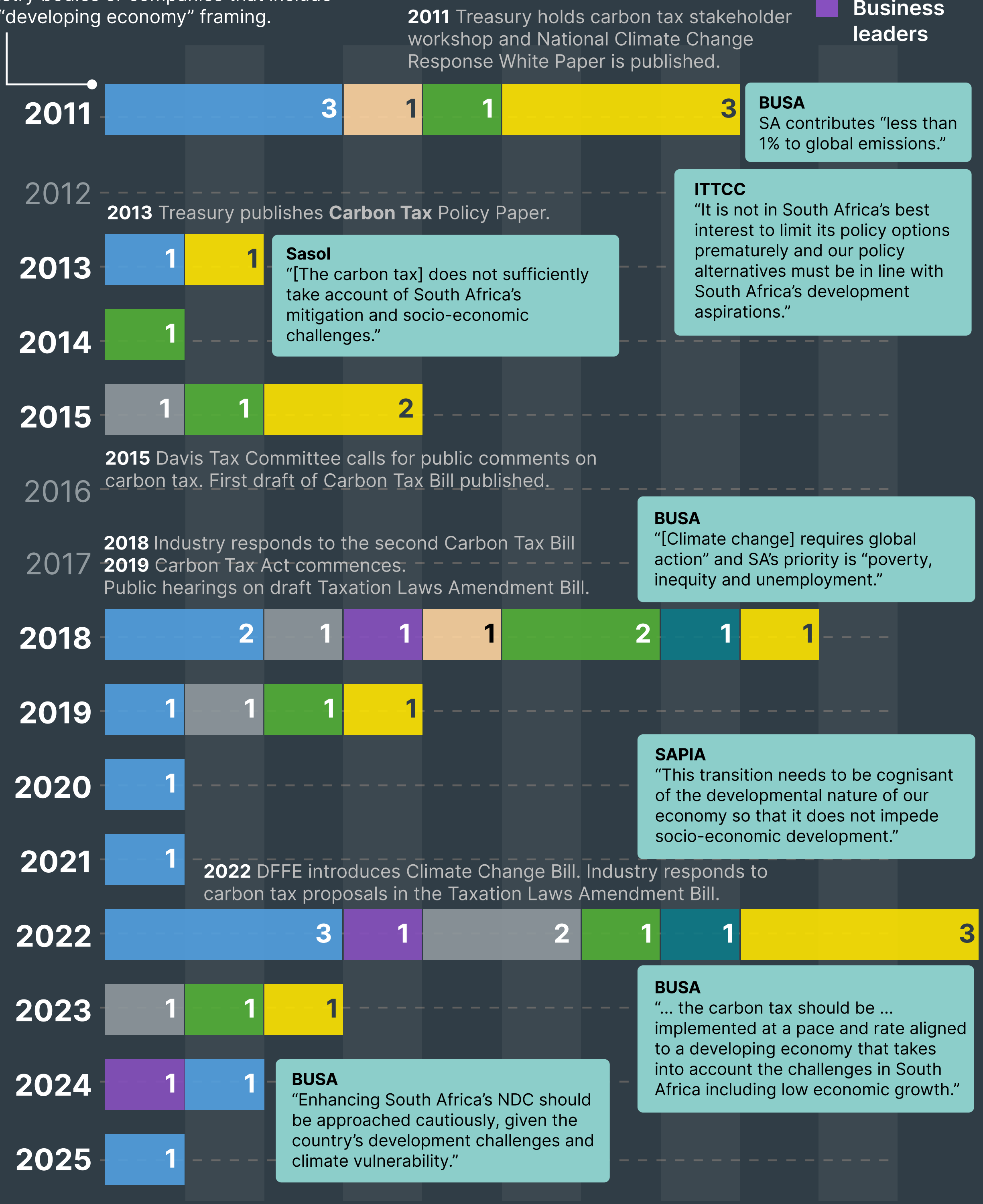
78 P 1,World Bank Group, Country Climate and Development Report, October 2022.
79 Ibid. p 34.
80 Ibid. p 35.
81 Ibid. p 19.
82 P 2, PCC, The State of Climate Action in South Africa, June 2024.

“Developing economy” framing

Industry argues that South Africa’s status as a developing economy and its “relatively small” contribution to global carbon emissions means there is no need to move fast, and that ambitious climate action will detrimentally affect socio-economic development.

Number of available policy comments from industry bodies or companies that include the “developing economy” framing.

- Sasol
- BUSA
- ITTCC
- Mincosa
- CAIA
- SAPIA
- Business leaders



6.2.3. The "pace and scale" framing

The assertion that South Africa will transition "at a pace and scale" that it can afford is ubiquitous in the national dialogue on a just transition. While at face value this is a reasonable proposition, it is often deployed as a justification to avoid ambition, move slowly, and protect major polluters at the expense of the rest of the economy.

In the context of corporate pushback against climate policy, "pace and scale" arguments also incorporate demands for phased implementation, incentives and "alignment" of policies, and arguments that climate regulation is unnecessary or premature. Business submissions often exhort government to slow down and avoid ambition.

In BUSA's 2011 submissions on the National Climate Change Response Green Paper, it asserted that changes should be made "gradually" and announced "well in advance",[83] but 14 years later, at National Treasury's January 2025 consultation on Phase 2 of the carbon tax, BUSA was still arguing for a "paced and measured approach" to pursuing South Africa's climate goals.[84]

The ITTCC's 2011 submissions to the National Climate Change Response White Paper stated that:

> *South Africa is a major emitter of CO_2 in carbon-intensity terms, but it contributes less than 1.2% of total global emissions. This suggests that South Africa has one of the most difficult challenges in the transition to a low-carbon economy, not that it must be a leader in carbon abatement!*[85]

In its 2018 submissions on the second draft Carbon Tax Bill, Sasol said that the carbon tax "is not in the best interests of South Africa and the best approach would be for the carbon tax not to proceed"; "the proposed carbon tax must be halted and focus needs to be placed on further refining the integrated mitigation policy".[86] BUSA also recommended that the Bill be "halted until the integrated mitigation system is finalised".[87]

The Chamber of Mines, CAIA, SAPIA, AMSA and the SAISI all railed against the tax, insisting that its imposition would have dire socio-economic consequences, that it was unnecessary because South Africa had already achieved significant emission reductions (this was not true), and that it constituted an unfair penalty on industry.[88]

Arguments for "policy alignment" between the carbon tax and carbon budgets have been very effective in delaying the implementation of both the carbon tax and the Climate Change Act. These arguments assert that implementing either the carbon tax or the carbon budgets in isolation, or without "alignment", would lead to regulatory uncertainty, economic hardship and unintended negative consequences for competitiveness.

The argument also dates back at least as far as 2011, to Sasol's responses to the carbon tax discussion paper, and Sasol and BUSA's responses to the National Climate Change Response White Paper. BUSA argued for "synergy" between the carbon tax and the carbon budgets, and that the tax should only apply to emissions above carbon budgets.[89] Sasol emphasised the need for close policy coordination between the carbon budget and carbon tax to avoid "perverse outcomes such as crippling burdens on sectors". It stated that:

> *Currently in combination, these policies will lead to companies or sectors being committed to reduce emissions, at the same time being subjected to a tax, thereby reducing the capacity to develop mitigation and adaptation steps.*[90]

In 2013, Sasol and BUSA's submissions to the parliamentary portfolio committee on trade, industry and competition on the 2013 carbon tax policy paper emphasised alleged "misalignment" between the carbon tax and other mitigation instruments.[91]

83 See Annexure A, February 2011 BUSA submission and presentation on the National Climate Change Response Green Paper and footnotes.
84 See Annexure A, January 2025, participation in National Treasury stakeholder consultation on the Carbon Tax Discussion Paper: Phase Two of the Carbon Tax, and footnotes.
85 See Annexure A, November 2011 industry presentations to the parliamentary portfolio committee on water and sanitation on the DEA's National Climate Change Response White Paper, ITTCC presentation and footnotes.
86 See Annexure A, March 2018 industry submissions to the standing committee on finance on the second Draft Carbon Tax Bill, Sasol presentation and footnotes.
87 Ibid. BUSA presentation and footnotes.
88 Ibid.
89 See Annexure A, November 2011 industry presentations to the parliamentary portfolio committee on water and sanitation on the DEA's National Climate Change Response White Paper, BUSA presentation and footnotes.
90 Ibid. Sasol presentation and footnotes.
91 See Annexure A, August 2013 industry presentations to the parliamentary portfolio committee on trade, industry and competition on National Treasury's Carbon Tax Policy Paper, BUSA and Sasol presentations and footnotes.

Sasol, CAIA and the Chamber of Mines' 2015 submissions to the Davis Tax Committee all claimed that there was misalignment between Treasury and the DEA, that a carbon tax was unnecessary because South Africa was already meeting its climate commitments, and that the imposition of the tax would have negative socio-economic consequences.[92] These arguments were all repeated in industry's response to the second Draft Carbon Tax Bill in 2018.[93]

In a bilateral meeting between BUSA and the Department of Environment, Forestry and Fisheries (DEFF) in June 2020, which was also attended by a long list of representatives of BUSA members, Shamini Harrington on behalf of BUSA argued that:

> *It is imperative to ensure an integrated mitigation system. The same emissions cannot be regulated twice.*[94]

As Annexure A demonstrates, these arguments are deployed repeatedly over time, in response to each public comment process for relevant legislation, in private engagements between industry and government, and in public communications.

No clear reasons are provided for why this alignment is necessary, but the repeated invocation of its alleged importance appears to have wrong-footed government at the start of its climate regulation journey, and provided grounds to call for multiple additional analyses, bilateral engagements, prolonged negotiations at the National Economic Development and Labour Council (Nedlac), and legislative revisions.

There is no practical necessity for such alignment: neither the carbon tax nor the carbon budgets must "wait" for the other, and all emissions reduction time lost is precious.

Mitigation of GHG emissions can and should happen independently in the carbon budget and carbon tax processes. Both carbon budgets and carbon tax are related to the size of a company's GHG emissions: reduced emissions mean that compliance with the carbon budget is easier, and less tax is payable.

Furthermore, it is not correct that penalising the exceedance of carbon budgets and/or failing to implement GHG mitigation plans through administrative and/or criminal penalties, as well as taxing excess emissions, constitutes "double regulation" or a "double penalty". The payment of tax is not a penalty, and there is no legal impediment to administrative penalties, criminal penalties and taxation operating in tandem. Legislation which combines criminal and administrative penalties is common.[95]

In addition to the delays that this argument has facilitated in the implementation of the carbon tax, it appears to have significantly impacted the introduction of mandatory carbon budgets, and delayed clarity on the issue of additional carbon tax being payable for exceeding a carbon budget.

The failure to publish the Carbon Budget and Mitigation Plans Regulations for comment has not been explained. Only once those regulations are in force will the provisions of the Climate Change Act dealing with carbon budgets come into operation, and only then will mandatory carbon budgets apply. The Carbon Tax Act must then be amended to make provision for the excess tax for budget exceedances, and these amendments must be released for public comment and thereafter published for implementation.[96]

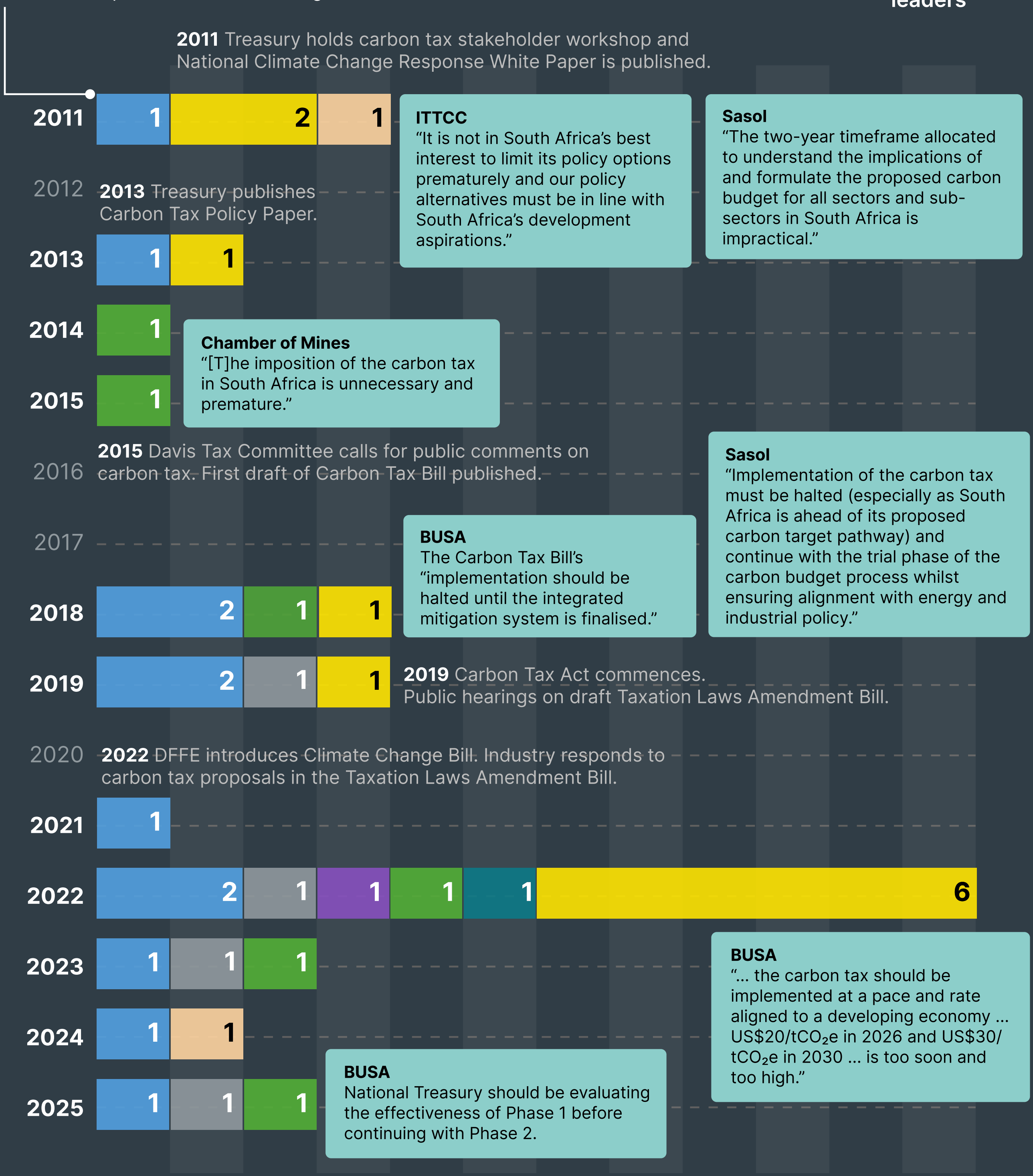
Since carbon budgets under the Climate Change Act must specify the maximum amount of GHG emissions during their first five-year period, it remains unclear whether accounting in relation to the excess tax will take place annually, or only at the end of the first five-year commitment period (in other words in 2031, presuming that mandatory budgets apply from 2026).

92 See Annexure A, May 2015 submissions to Davis Tax Committee and footnotes.
93 See Annexure A, March 2018 industry submissions to the standing committee on finance on the second Draft Carbon Tax Bill and footnotes.
94 BUSA / DEFF Bilateral Meeting, 25 June 2020.
95 Just Share, Polluters won't pay: compliance & enforcement void in the Climate Change Bill & draft carbon budget regulations, March 2024.
96 Ibid.

"Pace and scale" framing

Industry argues that SA can only afford to transition "at a pace and scale" that it can afford. While at face value this is a reasonable proposition, it is often deployed as a justification to avoid ambition, move slowly, and protect major polluters at the expense of the rest of the economy.

Number of available policy comments from industry bodies or companies that include the "pace and scale" framing.



"Behind closed doors" engagement

The responses to the Just Share/amaBhungane PAIA requests include examples of direct communications and bilateral meetings between Sasol, BUSA, and Mincosa and government ministers and departments relating to: industry's position on the carbon tax, carbon budgets, green hydrogen and gas, the NDCs, the green finance taxonomy, COP26, the Just Energy Transition Partnership (JETP) and industry's compliance with environmental regulation. Some examples are set out below.

In August 2021, then Sasol CEO Fleetwood Grobler wrote to congratulate Enoch Godongwana, on behalf of Sasol, on his appointment as Minister of Finance, saying:

> *Sasol views National Treasury as a key partner in shaping the policy and regulatory landscape to enable timely investments in new energy solutions. We recognise the challenges we face as a country and we believe that there is significant alignment between our strategy and the priorities of government…We remain committed to continue being a key contributor to the economic growth, employment and fiscus of the country, while also being integral to its climate change agenda…*
>
> *I therefore request a meeting with you to share our strategic imperatives, with the intent of further advancing our partnership with government.*[97]

In August 2022, Grobler again wrote to Minister Godongwana, thanking him for a meeting on 5 August:

> *I appreciate the opportunity to provide you with an overview of Sasol and the potential impact of the proposed carbon tax on the business… as discussed, the proposed carbon tax could impact Sasol's viability as early as 2029, with the associated significant adverse economic, social and related unintended consequences if implemented in its current form…*
>
> *I look forward to progressing the discussion with you to find mutually beneficial solutions to regulate our GHG emissions and positively contribute to the growth of South Africa's economy…*
>
> *I look forward to further engagement with you and Ministers Creecy and Mantashe to discuss the vision for Mpumalanga as you proposed, as well as hosting you at our facilities in Sasolburg as soon as your diary permits.*[98]

The PAIA records disclosed also include an April 2021 BUSA letter to National Treasury and DFFE raising concerns in respect of the alignment of the carbon budget and carbon tax for Phase 2 of the carbon tax, and requesting a joint workshop with both departments to discuss this further.[99] They also indicate that BUSA had at least two further meetings with National Treasury about the carbon tax in March[100] and October 2022[101] (after writing to request an engagement in September),[102] and with DFFE on issues relating to climate change policies in March[103] and May 2023.[104]

National Treasury's PAIA response indicates that it met with Sasol in June 2022 to discuss the carbon tax and green hydrogen,[105] with Mincosa and consultants Promethium Carbon in September 2022 on the impact of the carbon tax on the mining industry,[106] and that BUSA wrote to National Treasury in July 2023 requesting engagement on the carbon budget allowance.[107]

In a 28 March 2022 letter from Sasol to National Treasury, the company requested:

> *[A] cadence of meetings between Sasol and National Treasury of at least once a quarter, with the next set of meetings proposed for the months of May, July, September and November 2022.*[108]

In January 2024, Sasol met National Treasury officials in person and at Sasol's request. Sasol sought clarity on the proposal made in the February 2022 Budget Review to phase out the basic tax-free allowance of 60% for Phase 2 of the carbon tax from 2026.

97 Sasol, Letter to Minister Enoch Godongwana, 20 August 2021.
98 Sasol, Letter to Minister Enoch Godongwana, 23 August 2022.
99 BUSA, Letter to NT and DFFE, 12 April 2021.
100 BUSA, Meeting with NT on Carbon Tax, 10 March 2022.
101 BUSA, Department Engagements in 2022, see "07 October 2022 Meeting with National Treasury, Topic: Carbon Tax".
102 BUSA, Letter to NT, 20 September 2022.
103 BUSA, Meetings with external stakeholders, see "BUSA NT Engagement 30 March".
104 BUSA, Proposed Agenda: BUSA DFFE engagement on climate change policies, 24 May 2023.
105 National Treasury, List of Bilateral Meetings in 2022, see 10 June 2022 meeting with Sasol, "green hydrogen and carbon tax" discussion.
106 Ibid. See also: 16 September 2022 meeting with Mincosa and Promethium Carbon on the financial impact of carbon tax on the mining industry.
107 BUSA, Letter to NT, 4 July 2023.
108 Sasol, Letter to National Treasury, 28 March 2022.

Attendees included the director-general of National Treasury and Sasol's CEO. According to Sasol, phasing out the basic allowance:

> *[W]ill not only have an impact on the balance sheet of the business, but it could also lead to the demise of the business. Incentives are therefore necessary to enable the company's proposed low carbon transition.*[109]

At a follow-up in-person meeting in July 2024 (again requested by Sasol), Sasol gave a "high-level summary of some of its plans to reduce its greenhouse gas emissions including investments in renewable energy and requested incentives to enable its transition. It was decided that Sasol would make a submission setting out its decarbonisation plan and its "incentive requirements".[110]

A 12 September 2024 BUSA document titled "Terms of Reference - BUSA Climate Change Working Group and DFFE Bilateral Engagement", sets out a plan for the establishment of a BUSA/DFFE steering committee and working groups which will meet at least quarterly and the objectives of which are to facilitate collaboration, share knowledge, discuss global policy developments and engage "on climate change related policy and regulatory proposals put forward by DFFE".[111]

Following the November 2024 publication of National Treasury's discussion paper on Phase 2 of the carbon tax, Sasol sought and obtained three further private meetings with National Treasury.

In a meeting in December 2024 attended by five senior Sasol executives, Sasol sought to clarify some of the proposals in the discussion paper, including the reduction of the basic tax-free allowance and "whether investment incentives could be considered".[112] In two more meetings with National Treasury in January 2025, each attended by seven senior Sasol executives, the company presented the "specific impacts of the carbon tax to its operations", providing more clarity on its methodology for making this determination at the second January meeting.[113]

In the March 2025 Budget Review, most of the proposals in the November 2024 discussion paper had been abandoned, with the most significant concession to industry being that the 60% basic tax-free allowance will now be retained until the end of 2030.[114] In fact, it appears that, as in the first phase of the carbon tax, between 85-95% of tax-free allowances may be retained in Phase 2.

109 P 7, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
110 Ibid. P 8.
111 BUSA, Terms of Reference, 23 September 2024.
112 P 8, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
113 Ibid. PP 9-10.
114 National Treasury, Budget Review, 12 March 2025.

7 Impact on legislation:

Carbon Tax Act and Climate Change Act

Corporate influence by major polluters has materially shaped the impact and timing of climate policy in South Africa. Both the Carbon Tax Act and the Climate Change Act underwent lengthy development processes marked by persistent industry pushback which triggered long delays and resulted in weakened regulation.

7.1. EVOLUTION OF THE CARBON TAX ACT

The timeline in Annexure A details the multiple iterations of carbon tax policy and design that were proposed between 2006 and the finalisation of the Carbon Tax Act 15 of 2019, including: the 2010 Carbon Tax Discussion Paper, the 2013 Carbon Tax Policy Paper, the 2014 Carbon Offsets Paper, the 2015 Draft Carbon Tax Bill, the 2017 Draft Carbon Tax Bill which was only tabled in Parliament at the end of 2018, and the various Taxation Laws Amendment Bills and Acts. Each iteration of the framework introduced changes that delayed the implementation of the tax and/or diluted its impact.

Initial proposals and discussion papers (2006-2015)

The first step towards implementation of a carbon tax was the publication by National Treasury in 2006 of a draft policy paper, *A framework for considering market-based instruments to support environmental fiscal reform in South Africa*.[115] The paper explored carbon pricing, and particularly a carbon tax, as a tool to help achieve South Africa's emission reduction goals.

In 2010 a discussion paper, *Reducing Greenhouse Gas Emissions: The Carbon Tax Option*, was released for public comment.[116] In it, National Treasury noted the urgency of addressing climate change and stated its view that the goals of economic growth, increased employment, and poverty and inequality reduction are compatible with reducing GHG emissions.

It also acknowledged the important role of environmental taxes in incentivising behavioural change by ensuring that high-emitting companies internalise the high social costs of GHG emissions - known as the polluter pays principle.

The discussion paper proposed that a tax of "R75 per ton CO_2 and increased to around R200 per ton CO_2 (at 2005 prices) would be both feasible and appropriate to achieve the desired behavioural changes (shift to biofuels and renewables) and emissions reduction targets",[117] although it also acknowledged the need to phase the tax in "at a relatively modest level initially and increasing over the medium to long term to reflect the full external costs."[118] The discussion paper was open for public consultation but did not lead to any immediate legislative action.

In 2013, National Treasury released a carbon tax policy paper: *Reducing greenhouse gas emissions and facilitating the transition to a green economy*.[119] The policy paper reiterated what had been announced in the February 2012 and 2013 budget reviews: a tax rate of R120 per tCO_2e, but taking a phased approach with an initial effective tax rate significantly below R120 due to the various tax-free allowances. It was proposed that Phase 1 of the carbon tax would run from January 2015 to December 2019, with a maximum tax-free threshold of 90% which would be reduced in subsequent phases.

It also included a clause that would see escalation of the tax rate by 10% per annum until 2019.[120]

115 National Treasury, draft policy paper: A Framework for considering market-based instruments to support environmental fiscal reform in South Africa, April 2006.
116 National Treasury, Reducing Greenhouse Gas Emissions: The Carbon Tax Option, December 2010.
117 Ibid. p 55.
118 Ibid. p 7.
119 National Treasury, Carbon Tax Policy Paper: reducing greenhouse gas emissions and facilitation the transition to a green economy, May 2013.
120 Ibid.

This policy paper faced strong opposition from industry, especially from Sasol and BUSA.[121]

Sasol emphasised its importance to the economy and the negative impact that the tax would have on its business, including rendering it impossible for the company to invest in low-carbon feedstocks. Sasol argued that there had been insufficient analysis of the impacts of the tax and alternatives to it, that there was "misalignment" between the tax and the country's broader mitigation policy, and that the tax did not take sufficient account of ongoing "mitigation and socio-economic challenges".

BUSA opposed the 2015 start date and "high tax rate", calling for a delay and a revision of the design of the tax. It argued that South Africa was not yet ready for a carbon tax and insisted that other mitigation measures should be implemented first, and that the tax should be part of a "holistic" approach, not a stand-alone instrument. BUSA claimed that South African emitters have limited mitigation options and technological constraints and called for "alignment" with other mitigation instruments, protection for energy-intensive industries, and unlimited use of offsets.

In the 2014 Budget Review, National Treasury announced a delay in the implementation of the carbon tax to 2016, stating that it and the DEA "agree on the need to align the design of the carbon tax and the proposed desired emission-reduction outcomes."[122] The postponement was welcomed by industry, with the Chamber of Mines stating that the delay was a "progressive move to allow for alignment of related policy developments at DEA".[123]

The first Draft Carbon Tax Bill was published in 2015.[124] It maintained the tax rate of R120 per tCO_2e as per its 2012 proposal, despite the delay of almost four years since that rate had been proposed. It also confirmed the phased approach to implementation and increased the total tax-free allowance from 90 to 95% in the first phase, further reducing emitters' effective tax liability.

Davis Tax Committee

The Davis Tax Committee (DTC) was initially established in July 2013 to "assess South Africa's tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability".

Initially the DTC's terms of reference did not include a review of the carbon tax. However, by April 2015 the DTC had issued a public call for comments on the carbon tax's scope and design, which was welcomed by the same industry groups which had been vocal in their opposition to the carbon tax and many of which made detailed submissions to the DTC.[125]

The committee published its "first interim" report on the carbon tax in November 2015 (it did not publish a final report), acknowledging that a carbon tax could help correct market failures related to GHG emissions, but instead choosing to emphasise - in line with industry submissions - that it also posed economic risks, particularly for industries struggling with low growth and job losses.[126]

While the DTC received submissions from National Treasury outlining its significant work on the carbon tax, and its careful consideration of the potential socio-economic impacts, the committee endorsed the submissions made by industry, and its recommendations had a significant impact on the further evolution of the carbon tax.

121 See Annexure A, 2011 industry responses to National Treasury's Carbon Tax Discussion Paper, Sasol and BUSA presentations and footnotes.
122 National Treasury, Budget Review, 26 February 2014.
123 Chamber of Mines, Annual Report, 2013/2014.
124 National Treasury, Draft Carbon Tax Bill, 2015.
125 DTC, Call for comments on the proposed carbon tax, 7 April 2015.
126 DTC, Release of Davis Tax Committee's First Interim Report on Carbon Tax for Public Comment, November 2015.

IMPACT OF THE DAVIS TAX COMMITTEE ON THE EVOLUTION OF THE CARBON TAX

The DTC played a crucial role in shaping South Africa's carbon tax policy. Established in 2013 to assess the country's tax framework, the DTC released its "first interim" report on the carbon tax in November 2015 and its assessments - heavily influenced by industry submissions hanging - significantly influenced the trajectory of the tax, contributing to key changes in its design, implementation timeline, and enforcement mechanisms.

The carbon tax as an economic burden

Industry argued that the carbon tax would impose an excessive burden on South Africa's energy-intensive economy, particularly on industries reliant on fossil fuels. They stressed the alleged negative impact that the tax would have on growth, employment, and trade competitiveness.

In its 2015 interim report, the DTC acknowledged industry's arguments, including the "potentially regressive effects" of the tax, and accepted industry's assertions about its potential negative impact on economic growth. It suggested that the tax be introduced with a "zero liability" phase initially, to allow for further modelling and economic assessment before implementation.

Competitiveness and trade exposure

Industry representatives warned in their submissions that the tax could undermine South Africa's competitiveness, as it would raise costs in sectors that compete globally with countries that do not have similar carbon pricing mechanisms. The DTC suggested that introducing the carbon tax "with a zero liability" would allow testing of the "potentially regressive effects and recycling options, as well as the implications for employment and the concomitant development of solutions to circumvent these potential problems".

The need for policy alignment with carbon budgets

Industry argued that the carbon tax should be integrated with South Africa's carbon budgeting system to prevent regulatory overlap. The DTC apparently considered that there was merit in this argument and recommended greater alignment between carbon budgets and the tax. Over time, this contributed to the decision to align tax penalties with carbon budget exceedances, which was incorporated into later drafts of the tax legislation.

Although the committee did not oppose the tax outright, it was persuaded by industry's threats of economic impacts, and its recommendations led to substantial compromises in the structure of the tax, aligning it much more closely with industry's position than with that intended by National Treasury. The DTC did not appear to engage robustly with arguments in favour of an effective carbon tax, such as the polluter pays principle, the need for South Africa to reduce the carbon-intensity of the economy, and the costs imposed on society by high-emitting industries.

Further delays and revisions (2017-2024)

The second Draft Carbon Tax Bill was released for public comment in 2017.[127] Despite the lapse of almost six years since the R120 per tCO_2e tax rate was proposed, the rate was maintained. Phase 1 was extended to 31 December 2022. Emitters also secured a major concession in the amendment of the escalation rate of the tax. Instead of a fixed 10% annual increase as originally proposed, the tax rate would increase by the consumer price index (CPI)+2% per year until 2022, and then by CPI thereafter.

In October 2018, just before the Bill was tabled in Parliament, Finance Minister Tito Mboweni announced that the effective date of the carbon tax would be delayed from 1 January to 1 June 2019, and said, "we have heard the concerns of business and labour during the parliamentary hearings. The carbon budgeting system and the carbon tax will be aligned. This is done by imposing a higher tax rate as a penalty for emissions exceeding the carbon budget."[128]

127 National Treasury, Draft Carbon Tax Bill, 2017.
128 National Treasury, MTBPS, 24 October 2018.

Subsequently, at the tabling of the Bill in November, Mboweni declared that "climate change poses the greatest threat facing humankind, and South Africa intends to play its role in the world as part of the global effort to reduce greenhouse gas emissions."[129]

Nine years after National Treasury had noted the urgency of climate action and the need to introduce a carbon tax that would ensure that polluters internalised the high costs of GHG emissions, the Carbon Tax Act 15 of 2019 was eventually signed into law and implementation of the tax confirmed from 1 June 2019.[130]

The tax was still set at the same rate of R120 per tCO_2e as was proposed in 2012, and provided for tax-free allowances of up to 95%, depending on the sector.

Despite winning significant concessions, Mincosa released a pamphlet asserting that the tax was "the wrong method at the wrong time", and that it would "erode profitability", lead to "further job losses" and "further exacerbate South Africa's structurally high unemployment rate".[131]

A GOOD CAUSE
(THE BATTLE AGAINST CLIMATE CHANGE)

PURSUED THROUGH THE WRONG METHOD
(CARBON TAX)

AT THE WRONG TIME
(A TIME OF ALREADY DEEP FINANCIAL STRESS)

Phase 2

In late May 2019, when President Ramaphosa signed the Carbon Act into law, National Treasury announced that Phase 1 would run from 1 June 2019 to 31 December 2022, and Phase 2 from 2023 to 2030. It said that a review of the impact of the tax would be conducted before the second phase, and that "future changes to rates and tax-free thresholds in the carbon tax" would follow the review, and "be subject to the normal transparent and consultative processes for all tax legislation, after any appropriate Budget announcements by the Minister of Finance".[132] It was, however, understood that tax rates would increase from 2023 (Phase 2), and that some allowances would be reduced.

However, in his 2022 Budget Speech Minister of Finance Enoch Godongwana announced an extension of Phase 1 for three years from January 2023 to 31 December 2025, with all the significant tax-free allowances to remain, but stating that the basic tax-free allowances would be "gradually reduced to strengthen the price signals under the carbon tax from 1 January 2026 to 31 December 2030". The minister also announced an increase to the tax rate from R134 to R144 per tCO_2e and that the escalation rate would be adjusted to increase to $20 per tonne in 2026 and $30 by 2030.

But the extension of Phase 1 did not appease industry groups. In a briefing note for the CEO of BUSA prior to a meeting with National Treasury in March 2022, BUSA noted:[133]

- Further complexities introduced by the February 2022 Budget Speech in which "fundamental changes to the carbon tax rate and design were announced. As a result, far-reaching negative implications for Business and society are expected".
- Ill-timed carbon tax increases "will in fact result in a loss of major lines of production, an inability to exploit low carbon opportunities, extensive loss of jobs and exacerbate a fragile and difficult growth and decarbonisation path. This is counterproductive and *flies in the face* of the just transition principle that there should be 'more winners than losers'".
- "Meetings have been repeatedly requested by Business but not reciprocated by National Treasury... At this point we find ourselves in a situation where a loss of trust exists within the Business fraternity. We believe that these issues could have been addressed through active engagement before the recent carbon tax announcement if a more consultative process were followed".

129 National Treasury, Media statement: Tabling of the Carbon Tax Bill, 21 November 2018.
130 Carbon Tax Act 15 of 2019.
131 Mincosa, The impact of the carbon tax, March 2019.
132 National Treasury, Media statement: publication of the 2019 Carbon Tax Act, 26 May 2019.
133 BUSA, CEO Briefing note for the meeting with National Treasury, 10 March 2022.

Later that year, in a letter to the acting director-general of National Treasury, BUSA wrote that it has had a "very constructive relationship with National Treasury" and, in relation to the carbon tax, "Various proposals made by BUSA have been taken forward, and we are appreciative of this. However, others need discussion between BUSA and yourselves, so that any misinterpretation is dealt with."[134]

In July 2022, the Draft Taxation Laws Amendment Bill (TLAB), which included draft provisions for amendments to the Carbon Tax Act, again proposed a gradual adjustment to the headline tax rate to US$20 in 2026 and "at least" US$30 per tCO_2e in 2030.[135] It also introduced a phased approach to aligning the carbon tax with carbon budgets, to coincide with the promulgation of the Climate Change Bill.

A swift and coordinated response from industry ensued: a group of industry associations including BUSA, BLSA, and the Energy Council issued a "joint position on the carbon tax" in September 2022, arguing against moving too fast on raising the carbon price. In addition to the joint statement, Sasol, BUSA, Mincosa, CAIA, the ITTCC, and AMSA all presented at the public hearings on the TLAB, making extensive submissions in opposition to the carbon tax.[136]

Industry made multiple demands in the "joint position", including: calling for extending the Phase 1 approach (with only mild annual increases indexed to inflation) "until at least 2030"; opposing the tax rate being pegged to the US Dollar instead of the Rand; recommending a "detailed bottom-up analysis for hard-to-abate sectors"; objecting to the so-called "sharp upward trajectory" of the tax rate; and calling for a revision of the timeline for implementation so that a higher carbon price should only be considered after 2035".

Acting deputy director-general of National Treasury Ismail Momoniat was reported as saying, in response to this joint position, that he was "surprised by business's lack of vision" and "disappointed in its lack of leadership."[137] In this instance National Treasury stood firm in relation to the proposed tax rates (although it did convert them into Rands). In January 2023, the Taxation Laws Amendment Act 20 of 2022 prescribed the annual tax rates until 31 December 2030, and incorporated these rates into the Carbon Tax Act.[138]

Industry, and especially Sasol, began to ramp up its engagement with National Treasury on Phase 2 of the carbon tax, particularly in relation to the decrease in the basic tax-free allowance from 2026, as was proposed in 2022.

In January 2024, Sasol requested and was granted an in-person meeting with National Treasury in advance of it publishing proposals for Phase 2 of the carbon tax. At this meeting, attended, inter alia, by the director-general of National Treasury and Sasol's CEO, Sasol "aired [its] views regarding the negative impacts of the proposed phasing out of the 60 percent basic tax-free allowance by 2030." According to Sasol, "this will not only have an impact on the balance sheet of the business, but it could also lead to the demise of the business. Incentives are therefore necessary to enable the company's proposed low carbon transition." It was agreed that a follow-up discussion would be held on Sasol's decarbonisation plan.[139]

Sasol secured **four further bilateral meetings** with National Treasury between July 2024 and January 2025, each attended by between four and seven senior Sasol executives.

In July, Sasol presented to National Treasury on its decarbonisation plans ("a high-level summary") and "requested incentives to enable its transition". This was again an in-person meeting at Sasol's request. It was decided that Sasol would make a submission to set out its decarbonisation plan and its "incentive requirements".[140]

Further proposals for the long-delayed Phase 2 of the carbon tax were released in a discussion paper in November 2024, with calls for public comment within 30 days. The discussion document indicated that, "after the public consultation process is concluded, the draft proposals will be revised to take into account public comments and announcements will be made in the 2025 Budget".[141]

134 BUSA, Request for Engagement, 20 September 2022.
135 National Treasury, Taxation Laws Amendment Bill, 29 July 2022.
136 See Annexure A, September 2022 industry presentations to the standing committee on finance on the carbon tax proposals in the 2022 TLAB and footnotes.
137 Business Day, *Treasury says business's carbon tax call shows a lack of vision*, 21 September 2022.
138 Taxation Laws Amendment Act 20 of 2022.
139 P 7, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
140 Ibid. P 8.
141 National Treasury, Phase 2 Carbon Tax Discussion Paper, 13 November 2024.

The discussion paper proposed the reduction of the basic tax-free allowance by 10 percentage points in 2026 and 2.5 percentage points per year thereafter from 2027 until the end of 2035. Such reductions are crucial because the current carbon tax remains far too low to incentivise decarbonisation and to ensure that the "polluter pays".

In December, Sasol again met with National Treasury, to gain clarification on some of the proposals in the Phase 2 carbon tax discussion paper, "including the reduction of the basic tax-free allowance and whether investment incentives could be considered".[142]

In its January 2025 public consultation, despite industry again mounting strong opposition to the proposals, Treasury appeared to be clear that climate change is the biggest environmental risk and challenge facing the world, that South Africa needs a "rapid and significant decline in emissions from the energy sector", and that industry must not expect to continue with "business-as-usual".[143]

Sasol representatives attended the public consultation, but also subsequently had two more private meetings with National Treasury, on 23 and 30 January, to discuss the comments it had submitted on the Phase 2 carbon tax discussion paper, and to present (twice) on the impacts of the carbon tax on its operations. At the 23 January meeting, Treasury sought further clarity from Sasol on the claims it had made regarding the impacts of the tax, and it was decided to schedule a follow-up bilateral meeting. The 30 January meeting was for Sasol to clarify the methodology it had used to determine the carbon tax's impacts on Sasol. Sasol also presented additional information on these impacts at this meeting.[144]

By the time of the release of the March 2025 Budget Review, most of the proposals in the November 2024 discussion paper had disappeared, with the most significant concession to industry being that the 60% basic tax-free allowance will now be retained until the end of 2030.[145] In fact, it appears that, as in the first phase of the carbon tax, between 85-95% of tax-free allowances may be retained in Phase 2.

Sasol's chief financial officer Walt Bruns commented at the company's 24 February 2025 interim financial results presentation:

> *We welcome the latest developments on carbon tax in South Africa as proposed in the February 2025 Budget Review document, which recently became available. This is a positive outcome not only for Sasol, but for the broader South African industrial sector, supporting sustainable and pragmatic transition efforts going forward.*[146]

Sasol expressed similarly appreciative remarks in a 14 March 2025 media release in which it "welcomes recent positive policy announcements", including a "promising policy direction on carbon tax that will enable South Africa's broader energy transition", including "the retention of the basic tax-free allowance at 60% until at least 2030 (as opposed to the 10% step down of this allowance from 2026 followed by further reductions annually thereafter as contained in the Phase 2 Carbon Tax discussion Paper)".[147]

As of 1 January 2025, the carbon tax rate is R236 per tCO_2e (approx. $13), before allowances, with much lower effective rates after allowances, and enforcement of mandatory carbon budgets under the Climate Change Act yet to commence.

As set out on the next page, South Africa's effective carbon tax rate, even by 2030 - and assuming that there is no change from the 2025 Budget Review - remains well below all recommendations for a credible carbon tax rate which achieves its objectives.

142 PP 8-9, National Treasury, Response to request for information submitted in terms of the Promotion of Access to Information Act (PAIA) 2 of 2000, 10 April 2025.

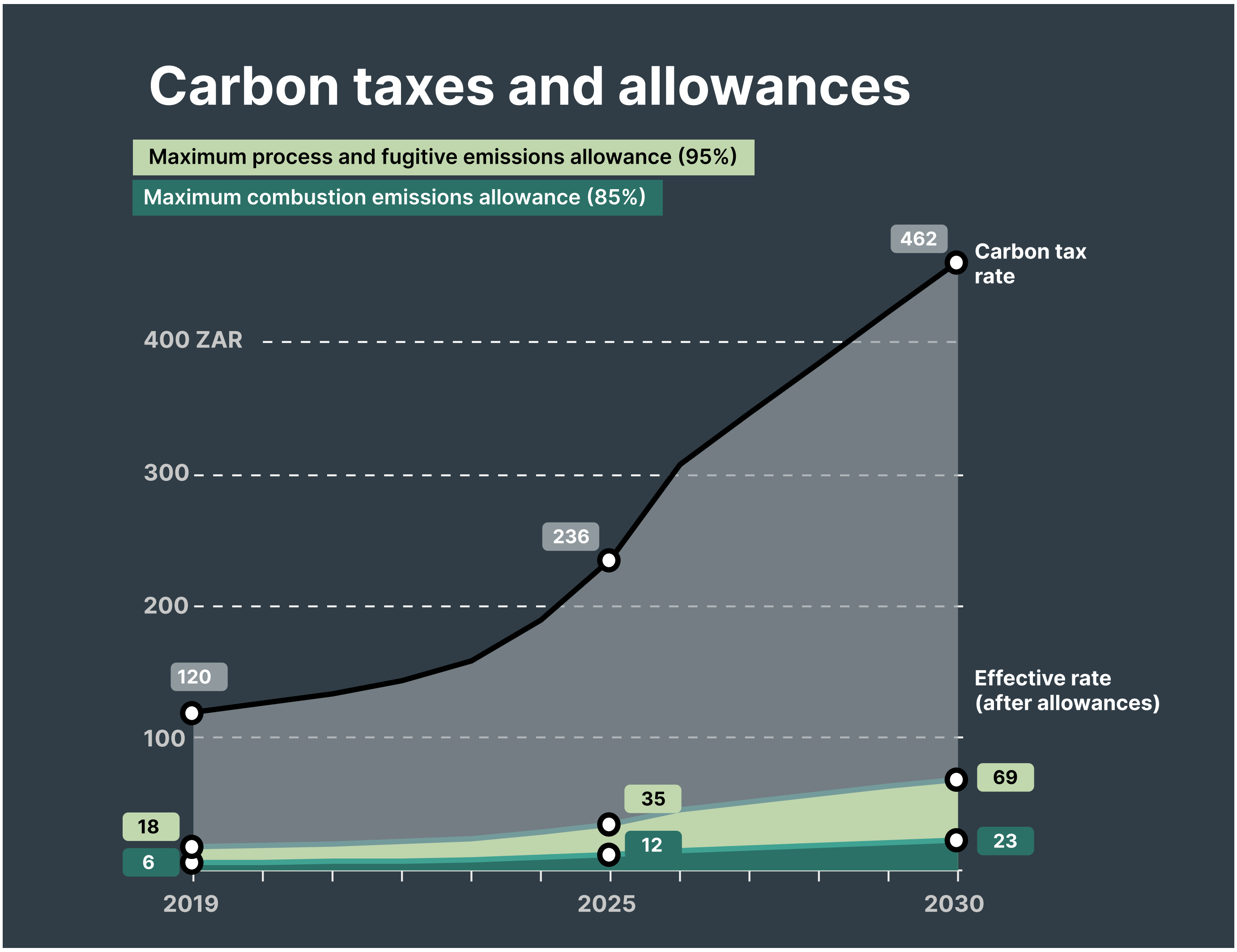
143 National Treasury, Phase 2 Carbon Tax Discussion Paper Summary of stakeholder comments and suggestions, 16 January 2025.

144 PP 9-10, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.

145 National Treasury, Budget Review, 12 March 2025.

146 Sasol, 2025 Interim financial results presentation live webcast script, 24 February 2025.

147 Sasol welcomes positive policy announcements to support South Africa's transition landscape, 14 March 2025.


Carbon taxes and allowances
Maximum process and fugitive emissions allowance (95%)
Maximum combustion emissions allowance (85%)
462
Carbon tax rate
400 ZAR
300
236
200
120
100
Effective rate (after allowances)
69
35
18
12
23
6
2019
2025
2030

Carbon Tax Act Timeline

2006

2010 National Treasury's Reducing Greenhouse Gas Emissions: The Carbon Tax Option

2012 Budget Review

2013 Budget Review and Carbon Tax Policy Paper

2014 National Treasury delays the implementation of the carbon tax to 2016

2015 Draft Carbon Tax Bill

2017 Second draft Carbon Tax Bill

2018 Finance Minister says carbon tax will come into effect on 1 June 2019

2019 Carbon Tax Act signed and carbon tax comes into effect 1 June 2019

2020 Taxation Laws Amendment Act

2022 2022 Budget Review Taxation Laws Amendment Bill

2023 Taxation Laws Amendment Act

2024 2024 Budget Review and Carbon Tax Discussion Paper: Phase Two of the Carbon Tax

2025 2025 Budget Review

2006 Draft policy paper published on market-based instruments to support environmental fiscal reform.

2010 National Treasury flags carbon tax as core to emission cuts and makes first formal proposal for carbon tax at R75 per tonne of carbon dioxide equivalent (tCO_2e).

2012 National Treasury proposes a basic tax-free emissions threshold of 60%. Carbon tax of R120 per tCO_2e is proposed to take effect in 2013/2014, with an annual increase of 10%.

2013 National Treasury announces Phase 1 of the carbon tax at a rate of R120 per tCO_2e, to increase by 10% a year, from Jan 2015. Phase 1 from 2015 to 2019. Phase 2 from 2020 to 2025.

2015 Bill proposes increase of up to 95% of tax-free emissions allowance during Phase 1. Davis Tax Committee report proposes that the carbon tax could "initially be introduced with a zero liability" to limit its "regressive effects" while modelling is done.

2017 Tax rate of R120 per tCO_2e and maximum tax-free allowances remain the same as in first draft Bill. Carbon tax increase is revised from 10% a year to CPI until 2030, but pegged at CPI +2% to 2022, and thereafter CPI until 2030. Carbon tax implementation date to be announced, "during 2018, or at the Budget 2019".

2018 Phase 1 is now 2019-2022. Phase 2 from 2023-2030. Headline tax rate remains R120 per tonne, but with allowances is R6 to R48 per tonne.

2022 National Treasury proposes an increase in the carbon price to reach US$20 per tCO_2e by 2026 and "at least US$30 by 2030, accelerating to higher levels by 2035, 2040 and up to US$120 beyond 2050". Phase 1 extends to 31 Dec 2025. Finance Minister warns that companies that fail to develop plans to reduce their emissions over the next 10 years, will face "steep taxes".

2023 Annual carbon tax rate increases per year are set starting at R159 per tonne in 2023.

2024 National Treasury proposes reducing Phase 2 allowances to between 85-95% in 2026 and between 75-85% in 2030. This includes reducing the basic tax-free allowance by 10% in 2026 and by 2,5% per year from 2027 to 2030.

2025 National Treasury announces a significantly watered-down proposal for Phase 2, including that the basic tax-free allowance is maintained until 2030. A previous proposal to introduce the higher carbon tax of R640 per tCO_2e on emissions exceeding carbon budgets is not mentioned.

7.2. EVOLUTION OF THE CLIMATE CHANGE ACT

As set out in Annexure A, the Climate Change Act has also undergone significant delays and revisions that have progressively undermined its impact. In the original draft Climate Change Bill in 2018, the failure to prepare, submit and implement GHG mitigation plans and the failure to comply with mandatory carbon budgets were criminal offences, subject to a fine of R5 million and/or five years' imprisonment for a first offence (and double those penalties for subsequent convictions). However, successive iterations have softened compliance requirements, extended timelines, and removed key enforcement mechanisms.

Laying the groundwork (2009-2015)

In the years after the Copenhagen Climate Summit in 2009, the government started work on a framework climate law to coordinate its response to climate change. The National Climate Change Response White Paper was released in 2011 outlining, among other things, plans for carbon budgets (emission caps) for big emitters.

Sasol, BUSA and Mincosa all report that they engaged in these policy discussions from the start, helping to shape government's approach. Notably, a voluntary "carbon budget" system was piloted in which big emitters, including Sasol and Eskom, entered into non-binding agreements with the government on emission limits, in part to stave off more stringent regulations. Participants also continue to receive a carbon tax allowance for participating in the voluntary budget system.

This voluntary phase gave industry a preview of what a climate law might entail and laid the groundwork for concerted opposition to legally enforced emission reductions or caps.

Early drafts and policy development (2018-2020)

Seven years after the White Paper, the first draft Climate Change Bill was published for public comment in June 2018.[148] It proposed a legally binding framework for South Africa's climate change response.

Among the key mechanisms it established were sectoral emission targets (SETs) and a requirement for big emitters to comply with mandatory carbon budgets. Critically, it also introduced criminal penalties of fines and/or imprisonment for exceeding these carbon budgets.

It also made the failure to prepare, submit and implement an approved GHG mitigation plan a criminal offence, liable to the same penalties.

BUSA submitted extensive comments on this draft, welcoming the idea of a coordinated climate response "in principle", but criticising many specifics of the Bill.[149] BUSA stated that the Bill "does not adequately build on the [2011] White Paper", and that it lacked the clarity business required to plan, warning that this would hurt investment.

BUSA also objected to the broad discretionary powers given to the minister to set emissions caps and penalties and the prescriptive requirements around mitigation plans. The association argued that the duty of care under the National Environment Management Act 107 of 1998 could not apply to exceeding carbon budgets - and rather than this being a criminal offence, it should be aligned with the "proposed carbon tax to be used to enforce carbon budgets". In respect of the "non-alignment" of carbon budgets and carbon tax, it said that it "is adamant that this alignment must be concluded before the finalisation of either this Bill or the revised Carbon Tax Bill."

In its comments, BUSA suggested extensive revisions and requested one-on-one "bilateral engagement" with DFFE. BUSA even proposed establishing a Presidential Climate Change Coordinating Commission to oversee the transition. Finally, it pushed for another round of public consultation after revisions to the Bill.

Between 2019 and 2021, the Bill became mired in Nedlac processes (in which industry was represented by BUSA and Mincosa) and was repeatedly delayed by additional consultation phases, debates about how to define SETs, and an increasing focus on a phased approach to implementing mandatory carbon budgets.[150] During this time, engagement between DFFE and industry was ongoing.

Revised drafts and continued dilution (2021-2023)

An updated draft Climate Change Bill was published (again for comment, as demanded by BUSA) in 2021 with significant concessions to industry that were not present in the 2018 draft.[151] Although it still included carbon budgets for major emitters, the revised Bill no longer provided for criminal penalties for exceeding carbon budgets. Instead, it introduced a higher carbon tax rate on emissions above the carbon budget "as provided for in the Carbon Tax Act".

148 DEA, Draft Climate Change Bill, 8 June 2018.

149 See Annexure A, 2018 industry responses on the draft Climate Change Bill, BUSA presentation and footnotes.

150 See, for example, Annexure A, 2019-2021 Climate Change Bill stuck in Nedlac; BUSA / DEFF Bilateral Meeting, 25 June 2020; and DFFE, Presentation to BUSA on Carbon Budgets Phase II, 9 Feb 2021.

151 DFFE, Climate Change Bill [B-2021], 11 October 2021.

The only offence in the Bill is the failure to prepare and submit a GHG mitigation plan to the minister. In other words, the failure to *implement* such plan is no longer an offence.

In response to the argument that companies should be given time to rectify non-compliance with the carbon budget and that non-compliance should not be an offence, the Bill now only contains the provision (similar to one in the 2018 draft) that, if a company has failed, is failing, or will fail to meet its budget, it need merely "provide a description of measures [it] will implement in order to remain within the allocated carbon budget". In the section on offences, the Bill states that emissions that exceed the carbon budget "will be subjected to a higher carbon tax rate... as provided for in the Carbon Tax Act (sic) the modalities of which will be outlined in the carbon budget regulations".

The Climate Change Bill was finally introduced in Parliament in 2022.[152] The only offence in this Bill remains the failure to prepare and submit a GHG mitigation plan.

Despite these concessions, industry continued to hammer home its arguments in the 2022 public hearings.[153] Mincosa and BUSA both argued that having a carbon budget and a carbon tax would constitute a "double penalty" unless there was alignment between the two. Any penalties, according to Mincosa, must consider the economic consequences for the entities and should "encourage deterrence and not inflict punishment".

The Bill was referred back to DFFE for further refinement.

Signed into law but only partially operational (2023-2025)

The National Assembly approved the Climate Change Act in 2023, and it was signed by the President in July 2024, although with no indication at that stage as to when the Act would come into operation.

Although other offences have been included in the Act, exceeding a carbon budget is not an offence, there is no penalty provided for this in the Act, and it does not appear that such penalty is likely to be included in regulations under the Climate Change Act.[154] As in the version of the Bill introduced to Parliament in 2022, there is also no mention in the Act of a higher carbon tax being applicable to emissions that exceed a carbon budget.

The Act provides that the minister must make regulations that include "compliance with and enforcement of an allocated carbon budget". However, these regulations have not been published for comment. It is understood that they will "outsource" any consequence for carbon budget non-compliance to the Carbon Tax Act, and that the consequence will be a higher carbon tax on emissions that exceed the budget as industry has long demanded.

However, there are still several steps to be completed before this could be implemented, and therefore still ample opportunity for industry pressure to influence the drafting of the regulations. It is also unclear whether the higher tax for budget exceedances would be levied only at the end of the five-year mandatory budget period.

On 17 March 2025, some eight months after it was signed into law, the Climate Change Act came into operation, although various important provisions are not yet in force, including those requiring the allocation of corporate carbon budgets. Minister of Forestry, Fisheries and the Environment, Dion George, stated that these provisions were deferred because DFFE "is developing a set of regulations that will enable implementation of these provisions. Some of the draft regulations are at an advanced stage of development and will be gazetted for public input and comment soon".[155]

Overall, the Act places the emphasis on industry self-regulation, reducing direct government oversight. Neither carbon budgets nor SETs have any enforcement mechanism, and implementation of some key regulatory components is deferred, with no clarity as to when these will come into force.

152 Climate Change Bill [B9-2022], 2022.

153 See Annexure A, September 2022 Sasol presentation to the parliamentary portfolio committee on forestry, fisheries and the environment on the Climate Change Bill; October 2022 industry presentations to the parliamentary portfolio committee on forestry, fisheries and the environment on the Climate Change Bill and footnotes.

154 Forestry, Fisheries and Environment Committee Engages With Department on Proposed Climate Change Bill, 15 February 2024.

155 Minister George announces proclamation and implementation of the Climate Change Act (Act No. 22 of 2024), 17 March 2025.

Climate Change Act Timeline

2004

2006 **Long-Term Mitigation Scenarios**
2007

2009 **Voluntary commitment under the UNFCCC**

2010 **National Climate Change Response Green Paper**

2011 **National Climate Change Response White Paper**

2016 **South Africa ratifies Paris Agreement and submits its first Nationally Determined Contribution (NDC)**

2018 **Draft Climate Change Bill 2018**

2019 **March 2019 - September 2021: Climate Change Bill stuck at Nedlac**

2020 **Presidential Climate Change Coordinating Commission announced**

2021 **Government submits its updated NDC and 2021 Climate Change Bill published**

2022 **DFFE introduces the Climate Change Bill to parliament**

2024 **2024 Climate Change Bill passed into law, published as Climate Change Act**

2025 **Climate Change Act commences**

2004 National Climate Change Response Strategy.

2009 "Peak, plateau decline" trajectory set: SA voluntarily commits to cut greenhouse gas emissions by 34% by 2020 and 42% by 2025.

2010 Green Paper recognises the polluter pays principle – it is the responsibility of those harming the environment to pay 'the costs of remedying pollution, environmental degradation and consequent adverse health effects'. This was reaffirmed in the 2011 White Paper.

2016 This is a legally binding agreement under which countries commit to increasingly ambitious emission cuts every five years, known as Nationally Determined Contributions. In its first NDC, South Africa sets a target range for emissions of 398Mt to 614Mt of carbon dioxide equivalent between 2025 and 2030.

2018 Draft Bill provides for a ministerial committee on climate change to coordinate government responses; proposes that the minister of environmental affairs allocates carbon budgets to companies; and it makes it a criminal offence for a company to fail to stay within its carbon budget punishable with a prison sentence of up to 5 years and/or a fine of up to R5 million. The same penalty applies to failing to implement an approved emissions mitigation plan.

2021 Emissions target range now 398Mt to 510Mt by 2025 and 350Mt to 420Mt by 2030. It is no longer a criminal offence to fail to implement a GHG mitigation plan and to exceed a carbon budget, instead emissions exceeding carbon budgets will be subject to a higher carbon tax rate.

2022 Bill still only contains one offence: the failure to submit a GHG mitigation plan. The provision on emissions exceeding a carbon budget being subject to a higher carbon tax rate has been removed.

2024 No commencement date is proclaimed for the Climate Change Act.

2025 Various sections of the Act are still not operational.

8 Conclusion:

reclaiming balance in climate policymaking

After two decades of systematic corporate interference in South Africa's effective climate policy development, the nation stands at a critical crossroads. The evidence presented in this report reveals how a relatively small cohort of powerful corporate polluters has effectively influenced the regulatory process in its favour, securing concessions and delays that have rendered cornerstone climate legislation far less effective than it needs to be.

The consequences of corporate influence are increasingly apparent and severe. South Africa's carbon tax remains among the world's lowest, while implementation of the Climate Change Act has been delayed and its effectiveness diluted. These policy failings not only undermine the country's emission reduction commitments but also threaten its economic competitiveness in a rapidly decarbonising global market.

Three key actions are urgently needed to reclaim balance in climate policymaking:

Enhanced transparency and accountability

- South Africa should establish mandatory public disclosure requirements for business-government interactions, including dates and attendees at meetings - whether formal or informal - and agendas, presentations and minutes of meetings. It is self-evident that government entities should keep records of all such engagements, but this currently does not appear to be the case.
- All submissions from stakeholders in response to government calls for public comment on proposed legislation should be publicly available on the relevant government website.

Diversified stakeholder engagement

- Government must create formal mechanisms to ensure that voices beyond powerful industry associations are meaningfully represented in climate policy development. This should include civil society organisations, affected communities, labour representatives, and businesses committed to the just transition.
- All members of business associations should ensure that the climate positioning taken by these associations on their behalf is aligned with their own individual commitments.

Evidence-based policy assessment

- Future climate policy decisions should include rigorous assessment of corporate claims about economic impacts, job losses, and competitiveness effects. Too often, industry predictions of economic harm from regulation have been accepted without adequate scrutiny.

The development of climate policy has been fundamentally imbalanced, allowing corporate interests to consistently override the public interest in effective climate action. Without decisive action to limit corporate influence and strengthen climate policy, South Africa risks falling further behind in the global transition to a low-carbon economy - with devastating consequences for its environment, economy, and people.

By implementing these reforms, South Africa can begin to restore the legitimacy of its climate policy process and accelerate the just transition that President Ramaphosa has correctly identified as essential to the nation's future prosperity.

Annexure A

Timeline of industry interventions in South African climate policy

- Government documents/meetings
- Industry interventions/meetings
- Third party documents
- The Davis Tax Committee

CARBON TAX ACT 15 OF 2019 AND CLIMATE CHANGE ACT 22 OF 2024

This timeline provides a detailed record of the formulation and development of the **Carbon Tax Act 15 of 2019** and the **Climate Change Act 22 of 2024** from 2004 to March 2025. The timeline summarises publicly available information, as well as records received via Promotion of Access to Information Act 2 of 2000 (PAIA) requests, on industry submissions and engagements with government during the two-decade-long development of these laws. The timeline demonstrates how industry pressure contributed to the significant delays in finalising each piece of legislation, and how the Acts evolved in response to this pressure, becoming progressively weaker over time.

Date	Document name and source	Policy document detail / industry response
September 2004	Department of Environmental Affairs and Tourism (DEAT) National Climate Change Response Strategy[156]	The **National Climate Change Response Strategy** is published by DEAT. Its objective is to address priority issues for dealing with climate change in South Africa. These include: • Supporting national objectives and sustainable development; • Adapting to climate change; • Developing a sustainable energy programme; • Meeting international obligations; and • Integrating the government's climate change response.
April 2006	National Treasury Draft policy paper: A framework for considering market-based instruments to support environmental fiscal reform in South Africa[157]	National Treasury publishes the draft policy paper: **A framework for considering market-based instruments to support environmental fiscal reform in South Africa.** It aims to "facilitate open and frank discussions on the subject of environmental fiscal reform" and "to assist Government to formulate well-considered tax proposals", i.e., the paper is a pre-cursor to the introduction of a carbon tax. The paper's objectives are to: • "Explore how environmentally-related taxes and charges could assist in progressing towards the achievement of environmental goals and objectives in a cost effective and efficient manner. • Explore how environmentally-related taxes are able to contribute to revenue raising requirements. • Provide a guiding framework and develop a process for considering the use and development of different market-based instruments. • Provide a consistent set of criteria for evaluating environmentally-related tax proposals."[158]

156 DEAT (as it was then), National Climate Change Response Strategy, September 2004.
157 National Treasury, Draft policy paper: A Framework for considering market-based instruments to support environmental fiscal reform in South Africa, April 2006.
158 Ibid. P i.

Government documents/meetings **Third party documents**
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Date	Document name and source	Policy document detail / industry response
2006-2007	DEAT Long-Term Mitigation Scenarios (LTMS)[159]	Cabinet mandates a national process, through DEAT, to explore carbon emission mitigation options by building evidence-based, ambitious but realistic emission future scenarios. Launched in mid-2006, the **LTMS** is a government planning process using technical research and modelling, and focusing on two key scenarios: 1. "What if South Africa did not mitigate its emissions before 2050? The 'Growth without Constraints' story". 2. "What if full-scale Mitigation was undertaken by South Africa? The 'Required by Science' story". It culminates in a series of reports that together make up the LTMS, released in October 2007. The LTMS was widely cited, both locally and globally, as an example of "evidence-based policy-making in South Africa",[160] and became the basis for the country's subsequent climate change policy response.
December 2009	South African Government Voluntary commitment under United Nations Framework Convention on Climate Change (UNFCCC)[161]	Pursuant to the UNFCCC, and prior to the 2009 Congress of the Parties in Copenhagen (COP15), South Africa voluntarily commits to "undertake mitigation actions which will result in a deviation below the current emissions baseline of around 34% by 2020 and by around 42% by 2025. This level of effort enables South Africa's emissions to peak between 2020 and 2025, plateau for approximately a decade and decline in absolute terms thereafter". This commitment under the Copenhagen Accord was known as the **"peak, plateau and decline" (PPD) trajectory**.[162] However, this commitment is made subject to "the provision of financial resources, the transfer of technology and capacity building support by developed countries" which was promised during COP15 negotiations but which did not materialise.[163]

159 DEAT, Long-term Mitigation Scenarios: strategic options for South Africa, October 2007.

160 Peter Lukey, The South African National Climate Change Response Policy – an evidence-based policy-making case study, 2020. See also, for example, Emily Tyler, Long-term Planning Efforts: The South African Long-term Mitigation Scenario Planning Process, 2018.

161 President JG Zuma to attend Climate Change talks in Copenhagen, 6 December 2009.

162 The Copenhagen Accord was presented at COP15. Delegates agreed to "take notice" of the document but it was not formally adopted.

163 Letter from DDG of International Cooperation, Department of Environmental Affairs to the Executive Secretary UNFCCC, 29 January 2010.

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Date	Document name and source	Policy document detail / industry response
November 2010	Department of Environmental Affairs (DEA) National Climate Change Response Green Paper (Green Paper)[164]	The **Green Paper** is published by the DEA[165] outlining government's thinking in relation to its "commitment to a fair contribution to the stabilisation of global greenhouse gas concentrations in the atmosphere and the protection of the country and its people from the impacts of unavoidable climate change." The Green Paper reaffirms the commitments made pursuant to COP15, including the PPD trajectory, and is founded on key principles including: • **The precautionary principle**: "a risk-averse and cautious approach which takes into account the limits of current knowledge about the consequences of decisions and actions". • **The polluter pays principle**: "the costs of remedying pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects must be paid for by those responsible for harming the environment". • **A people-centred approach**: "the prioritisation of climate change mitigation and adaptation actions that ensure human dignity, especially considering the special vulnerabilities of the poor and in particular of women, youth and the aged. In this regard the requirement of social equity and economic sustainability while enhancing environmental stewardship are recognised". • **Informed participation**. • **Inter-generational rights**: "meeting the fundamental human needs of the people by, in part, managing our limited ecological resources responsibly for current and future generations."[166] **The Green Paper flags carbon tax as core to successful emission mitigation:** **"In response, South Africa will – […] Use market-based policy measures such as an escalating carbon tax to price carbon and internalise the external costs of climate change. The use of such market-based policy measures should be aimed at using the market to motivate or drive the diversification of our energy mix, the implementation of far reaching energy efficiency measures and investments in the development of new and cleaner technologies and industries."**[167] Written comment on the Green Paper is invited by 11 February 2011. Thereafter, five days of public hearings on the Green Paper are held by the parliamentary committee for water and sanitation.[168]

164 South African Government, National Climate Change Response Green Paper, November 2010.
165 The DEAT was renamed the Department of Environmental Affairs (DEA) in 2009.
166 PP 5-6, South African Government, National Climate Change Response Green Paper, November 2010.
167 Ibid. P 14.
168 PMG, National Climate Change Response Policy Green Paper 2010: Public Hearings, 2-15 March 2011.

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Date	Document name and source	Policy document detail / industry response
December 2010	National Treasury Reducing Greenhouse Gas Emissions: The Carbon Tax Option[169]	National Treasury publishes a discussion paper titled **Reducing Greenhouse Gas Emissions: The Carbon Tax Option** for public comment by 28 February 2011. The discussion paper references the LTMS and the Green Paper. It is the first formal proposal for the implementation of a carbon tax. It recognises the urgency of addressing climate change and South Africa's vulnerability, as well as its contribution to global emissions. Critically, it says: **"Government is of the view that South Africa needs to reduce GHG [greenhouse gas] emissions while working to ensure economic growth, increase employment, and reduce poverty and inequality. These goals are not necessarily mutually exclusive. Environmentally related taxes have an important role to play in discouraging activities that impose high social costs and in helping to ensure that economic growth and development are sustainable."** National Treasury recognises the economic benefits of a carbon tax, and its relative advantage over other market-related mechanisms including emissions trading schemes.[170] The paper frames its support for a carbon tax by reference to key principles including the use of the tax as an incentive to drive behavioural change and to "internalise a negative externality" by imposing the cost of carbon directly onto the polluter, rather than it being borne by society and especially by the poor.[171] The paper proposed that a tax of "R75 per ton CO_2 [carbon dioxide] and increased to around R200 per ton CO_2 (at 2005 prices) would be both feasible and appropriate to achieve the desired behavioural changes (shift to biofuels and renewables) and emissions reduction targets". It also refers to phasing the tax in "at a relatively modest level initially and increasing over the medium to long term to reflect the full external costs."[172] The full list of responses to this paper can be seen on pages 36-38 of National Treasury's presentation of the National Climate Change Response White Paper to parliament, some of which are summarised in this table.[173]

169 National Treasury, Reducing Greenhouse Gas Emissions: The Carbon Tax Option, December 2010.

170 The paper notes that "A carbon tax regime would have certain administrative advantages over emissions trading schemes: • Oversight of the tax by the existing revenue authority • Fewer players involved (and therefore lower costs) • A simpler structure, minimising opportunity for abuse and risk • A lower administrative burden, because no new accounting system is required • Lobbying efforts would be minimised."

171 Ibid. P 5.

172 Ibid. P 7.

173 National Treasury, Presentation of the National Climate Change Response White Paper: Market Based Instruments, 18 October 2011; PMG, Carbon tax and white paper on climate change: National Treasury and National Planning Commission, 18 October 2011.

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Date	Document name and source	Policy document detail / industry response
February 2011	Business Unity South Africa (BUSA) Submission and presentation on the National Climate Change Response Green Paper and presentation to parliament[174]	**BUSA** submits written comments on the Green Paper and presents at the public hearings of the parliamentary committee for water and sanitation. BUSA argues that: • The "green economy" is likely only to require higher skilled jobs. • The imperative should be to protect South African business's sustainability and competitiveness. • Fossil fuels are essential for energy security. • Government should adopt a "business as usual trajectory" rather than using an emissions baseline to assess progress. • Specific numerical emission reduction targets should not be included in the White Paper,[175] and "any numerical approach must be based on sound facts that are accepted by emitting sectors and Government". • Gradual change is preferable. • All actions should be "subject to an analysis primarily focussing on employment and economic growth". • Government should consider the "challenges faced by specific sectors when setting targets".

174 BUSA, Submission on National Climate Change Response Green Paper, 15 February 2011; BUSA, Submission to Parliamentary Portfolio Committee on National Climate Change Response Green Paper, March 2011.
175 The Green Paper states that a National Climate Change Response Strategy White Paper will be prepared. A White Paper is a more refined discussion document setting out a broad statement of government policy.

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2011 Industry responses to National Treasury's Carbon Tax Discussion Paper

According to its submission to the CDP in 2012, **Sasol Limited (Sasol)** was at the time a member of **Chemical and Allied Industries' Association (CAIA), South African Petroleum Industry Association (SAPIA), Business Unity South Africa (BUSA),** and **the Chamber of Mines**.[176] Their core arguments against the tax at this stage form the basis of the arguments used consistently by these and other industry associations for the next two decades to derail an effective climate policy response.

Chamber of Mines[177]	SAPIA[178]	Sasol[179]
The Chamber of Mines'[180] response is not public, but it is summarised in its 2009/2010 annual report as follows: "The mining industry accepts the precautionary principle about acting against climate change, but suggests that a carbon tax is merely one of a suite of measures that could be implemented over time to insure against climate change." "The Chamber's submission focused on the critical need to retain export competitiveness in the carbon intensive export sectors, the development of appropriate incentives to promote energy efficiency and offsets against the carbon tax."	SAPIA's response is not public but it summarises its position in its 2011 annual report, stating that: "National Treasury requested SAPIA to comment on the carbon tax discussion paper on 5 August 2011. SAPIA commented extensively as well as the member companies on an individual basis. SAPIA does understand the need to have incentives to encourage companies to decrease emissions, but the mechanism should be considered carefully as there can be unintended consequences."	Sasol reports in its 2012 disclosure to the CDP (reporting on the previous year) that it submitted numerous comments to government, including on the Green and White Papers and the carbon tax discussion paper. Sasol summarises its arguments against these and other environment-related policies (including the Integrated Resource Plan for electricity (IRP 2010) and the clean fuels policy) in its CDP disclosure as follows: "In South Africa, the socio-economic impact of the transition to a lower carbon economy is likely to be significant, particularly with respect to employment; therefore Sasol supports development of an overarching climate change policy framework which is based on thorough research and analysis, before finalising policies within individual departments. Sasol further recognises that the structure of South Africa's economy is inherently energy intensive and as such presents a difficult challenge as it cannot be transformed in the short- to medium-term due to the lack of lower carbon energy sources. With this in mind, Sasol believes that mitigation and adaptation actions will need to be introduced over time and will need financial and technology support, including the appropriate skill base, to be successfully implemented and the impact of policies to limit or tax carbon emissions on South Africa's current international trade position and competitiveness should be better understood before finalising policy."

176 Sasol, CDP, 2012.
177 P 35-36, Chambers of Mines South Africa, Annual Report, 2009/2010.
178 P 20, SAPIA, Annual report, 2011.
179 Sasol, CDP, 2012.
180 The Chamber of Mines was renamed the Minerals Council South Africa (Mincosa) in 2018.

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Date	Document name and source	Policy document detail / industry response
March 2011	National Treasury carbon tax stakeholder consultation workshop[181]	National Treasury hosts a **stakeholder workshop** at which it presents on the Carbon Tax Discussion Paper and the economic impacts of a carbon tax. Sasol and BUSA are among the participants that present at the workshop. Sasol's presentation emphasises the need for growth and profitability; positions business as a necessary "part of the solution"; and emphasises the need for all GHG policy to be "aligned".[182] BUSA's presentation also emphasises retaining competitiveness and that policy "needs to be supportive of vulnerable sectors". BUSA requires an analysis of risks, costs and opportunities; warns of the "unintended consequences" of a carbon tax, and says that, in any case, a tax "will not achieve emissions targets". Before implementing a carbon tax, BUSA insists that there must first be an understanding of: (1) each sector's emissions profile, (2) the mitigation potential for each sector, (3) the socio-economic impact and competitiveness of each sector, and (4) all potential economic and regulatory instruments. BUSA concludes that the tax "should not be introduced in the absence of: a coherent GHG reduction strategy based on a comprehensive inventory; analysis of all potential instruments and their impacts."[183]
October 2011	DEA National Climate Change Response White Paper (White Paper)[184]	Following analysis of public comments on the Green Paper, and in collaboration with scientists "who were actively engaged in the policy development process from the onset",[185] the DEA publishes the **White Paper**, which sets out the following strategic priorities: • Risk reduction and management • Mitigation actions with significant outcomes • Sectoral responses • Policy and regulatory alignment • Informed decision making and planning • Integrated planning • Technology research • Development and innovation • Facilitated behaviour change • Behaviour change through choice • Resource mobilisation[186] The White Paper confirms the key principles in the Green Paper that guide "the achievement of South Africa's climate change response" including the precautionary principle and the polluter pays principle. The White Paper recognises that there are localities and people particularly vulnerable to climate change that depend on a healthy and sustainable economy, and that it is the responsibility of those harming the environment to pay the costs of "remedying pollution and environmental degradation and supporting any consequent adaptive response that may be required."[187]

181 National Treasury, Carbon Tax Workshop, March 2011.
182 Sasol, Presentation at the National Treasury workshop, 16 March 2011.
183 BUSA, Submission to National Treasury Workshop, 16 March 2011.
184 South African Government, National Climate Change Response Strategy White Paper, October 2011.
185 Peter Lukey, *The South African National Climate Change Response Policy – an evidence-based policy-making case study*, 2020.
186 Ibid. P 5.
187 Ibid. P 12.

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November 2011 Industry presentations to the parliamentary committee for water and sanitation on the DEA's National Climate Change Response White Paper[188]			
Sasol[189]	**Industry Task Team on Climate Change (ITTCC)**[190]	**BUSA**[191]	**Chamber of Mines**[192]
Sasol comments and presents on the White Paper to the parliamentary committee. Sasol is critical of the paper, arguing that it has significantly changed since the Green Paper and emphasising: • South Africa's "relatively low" contribution to global emissions, and its outlier position of high emissions per capita and a high percentage of coal in energy consumption (this Sasol uses as an argument against decisive action); • Sasol's importance to the economy and the impact of a transition on the country's competitiveness, and on jobs; • The expense and time required to reduce emissions, which it says is particularly burdensome in light of other environmental compliance requirements such as those in the Air Quality Act and Clean Fuels 2 regulations; • That climate policies should support Sasol's ability to grow its business rather than constrain it; • The inclusion of the PPD trajectory with specific numerical upper and lower limits, rather than it being referred to "in broad terms as an initial trajectory, *understood to be aspirational*", as part of an ongoing review process; • That mitigation actions must be in line with what is technically feasible and dependent on "international support that will be required to fund and implement these actions";	The ITTCC submits written comments on the White Paper and presents (via Mike Russouw, director of Xstrata Alloys, and member of the ITTCC) to the parliamentary committee. The ITTCC is critical of the White Paper, arguing that the approach of "setting objectives and then selecting the best strategies to be employed to achieve the objectives" is incorrect. Instead, the government should focus not on "what the country ought to do" but rather "what the country has the capacity to do" or "can afford to do". In addition to repeating some of Sasol's arguments above, the ITTCC's concerns focus primarily on: • The complexity of the management of sustainable growth and the need for an integrated approach; • Premature policy choices putting South Africa at a disadvantage;	BUSA, in its presentation to the committee, says that the private sector must play an important consultative role, that it "needed to be part of the solution as it was part of the problem", and argues that: • South Africa only contributes 1% to global emissions; • The cost of the transition will have an impact on jobs and economic growth; • There is a need for coherence of methodologies and strategies at the national level; • There is a need for collective solutions that mitigate against impacts on business; and • "Synergy" between the carbon tax and the carbon budget is required, in which tax only applies above allocated carbon budgets, and an emissions trading scheme is available for companies achieving lower than their allocated carbon budgets.	The Chamber of Mines submits written comments on the White Paper and presents (via Nikisi Lesufi, senior executive: health and environment) to the parliamentary committee. The Chamber's submission: • Relies on the "pareto principle" by which it claims that "a small emitter like RSA, can make large domestic progress and decimate its industry, but its action can be dwarfed by the inaction of large emitters, e.g. USA/China/India". It emphasises South Africa's need for economic development and to address poverty; the importance of the mining and minerals complex to the South African economy; potential "unintended consequences" of a transition; and the need for general caution. • Pushes for customised mechanisms to apply to vulnerable sectors (by which it means high-emitting sectors) to "cushion the possible economic impacts" of the transition.

188 PMG, White paper public hearings, 7 November 2011; PMG, White paper public hearings, 15 November 2011.
189 Sasol, Parliamentary Portfolio Committee Presentation on the National Climate Change Response White Paper, 8 November 2011.
190 ITTCC, National Climate Change Response White Paper, Submission to parliament, November 2011; ITTCC, National Climate Change Response White Paper, presentation to parliament, November 2011.
191 BUSA, Submission to Parliamentary Portfolio Committee, November 2011.
192 Chamber of Mines, National Climate Change Response White Paper, Submission to parliament, November 2011; Chamber of Mines, National Climate Change Response White Paper, presentation to parliament, November 2011.

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Sasol[189]	ITTCC[190]	BUSA[191]	Chamber of Mines[192]
• The need for close policy coordination between the carbon budget and carbon tax in order to avoid "perverse outcomes such as crippling burdens on sectors"; • The timeframe of two years to "understand the implications of and formulate the proposed carbon budget for all sectors and sub-sectors in South Africa" being impractically short (it seeks its extension); • The incompatibility of the carbon budgets with the "Integrated Resource Plan 2" (the proposed update to the 2010 IRP); and • The policy being "an impediment to economic growth in South Africa with serious socio-economic concerns." Members of the parliamentary committee challenge Sasol on various points. For example, the chair interrupted the presentation to say that he was "stunned by his [Mr Behrens'] attitude because during the Green Paper hearings the committee had been told that the problem was that there were no specific targets. The figures in the White Paper were something business had asked to be put in. ... He added that the mere fact that business kept wanting to change the goal post would keep creating problems."[193]	• Requiring the tax to be aligned with all other mitigation measures; • Concerns around the difficulty of implementing the policies laid out in the White Paper; • The "conflicting" government objectives such as "adding 5 million jobs by 2020; sustaining real GDP growth of 4-7%; and reducing greenhouse gas emissions by 34% and 42% by 2020 and 2025 respectively"; and • The lack of "sensitivity ... to the realities and consequences of the possibility of energy- and emissions-intense industries being driven out of business." The ITTCC argues that the fact that South Africa is a "major emitter of CO_2 in carbon-intensity terms, but it contributes less than 1.2% of total global emissions ... suggests that South Africa has one of the most difficult challenges in the transition to a low carbon economy, not that it must be a leader in carbon abatement!"		• Questions the inclusion of explicit numbers for the PPD, rather than it being dependent on the National GHG inventory as it had been led to expect from consultations between the DEA and business "after conclusion of inputs on green paper". • Raises concerns about "synergy" with other policies.

193 PMG, Climate change white paper hearings, 7 November 2011.

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February 2012	National Treasury Budget Review[194]	The February **2012 Budget Review** states that a carbon tax will "contribute to the global response to mitigate climate change. A modest carbon tax will begin to price carbon dioxide emissions so that the external costs resulting from such emissions start to be incorporated into production costs and consumer prices. This will also create incentives for changes in behaviour and encourage the uptake of cleaner-energy technologies, energy-efficiency measures, and research and development of low-carbon options."[195] It also states that a draft policy paper on carbon tax will be published for comment in 2012. National Treasury proposes a revised design of the carbon tax, "following public consultation", which includes a basic tax-free threshold of 60% (with additional concession for process emissions and for trade-exposed sectors) and maximum offset percentages of 5% or 10% until 2019/20. It also proposes: • A percentage-based threshold rather than an absolute threshold for tax-free emissions; • A higher tax-free threshold for process emissions; • Additional relief for trade-exposed sectors; • The use of offsets by companies to reduce their carbon tax liability; and • Phased implementation. The review also provides that "tax-free thresholds will be reduced during the second phase (2020 to 2025) and may be replaced with absolute emission thresholds thereafter." "A carbon tax at R120 per ton of carbon dioxide equivalent (tCO_2e) above the suggested thresholds is proposed to take effect during 2013/14, with annual increases of 10 per cent until 2019/20. Revenues from the tax will not be earmarked, but consideration will be given to spending to address environmental concerns. Incentives such as the proposed energy-efficiency tax incentive and measures to assist low-income households will be supported."[196]
February 2013	National Treasury Budget Review[197]	National Treasury announces in the **2013 Budget Review** government's intention to impose a phased carbon tax at the rate of R120 per tCO_2e, effective from 1 January 2015, together with the phasing out of the electricity levy, and that "to soften the impact, a tax-free exemption threshold of 60 per cent will be set, with additional allowances for emissions intensive and trade-exposed industries. An updated carbon tax policy paper will be published for further consultation by the end of March 2013".[198] **The budget review states that the first phase of the carbon tax will be between 2015 and 2020, with the rate to increase by 10% a year during this phase. The document states that, "by pricing the external costs associated with carbon dioxide (CO_2) emissions, incentives will be created to change behaviour and encourage energy-efficiency measures."**

194 National Treasury, Budget Review 2012, 22 February 2012.
195 Ibid. P 55.
196 Ibid. P 56.
197 National Treasury, Budget Review 2013, 27 February 2013.
198 Ibid. P 57; and Minister of Finance, Budget Speech, 27 February 2013.

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May 2013	National Treasury Carbon Tax Policy Paper: Reducing greenhouse gas emissions and facilitating the transition to a green economy (Carbon Tax Policy Paper)[199]	National Treasury publishes the **Carbon Tax Policy Paper** for public comment by 28 June 2013. The paper is an update to the December 2010 discussion paper which "takes into account the comments received, and elaborates on and contextualises the specific carbon tax design features briefly discussed in the 2012 Budget Review". The paper sets out the policy rationale, design considerations, and proposals for implementation of the carbon tax. **The paper describes the adoption of a phased-in, gradual approach to the implementation of carbon taxes, beginning with an initial modest effective tax rate to be increased over time "to allow for a relatively smooth transition to a low-carbon economy by (1) enhancing the acceptability of the tax and (2) providing certainty to industry sectors and "allow(ing) emitters time to adjust".**[200] The phased structure proposed is: • Phase 1 from January 2015 – December 2019: The overall maximum tax-free threshold (including offsets) is limited to 90% during the first phase, and will be decreased progressively in subsequent phases; • Phase 2 from January 2020 – December 2025: The percentage tax-free thresholds will be reduced during the second phase and may be replaced with absolute emissions thresholds thereafter; and • Follow-up phases to be explored at a later date. The Minister of Finance had announced in his February 2013 budget speech[201] that the proposed carbon tax was R120 per tCO_2e above the tax-free thresholds (including the proposed offsets) effective from 1 January 2015. The paper states that the effective tax rate, after allowances, will be substantially below the rate of R120 per tCO_2e (and as adjusted over time) during the first five years. National Treasury's rationale is that the R120 per tCO_2e "will provide an important price signal for mitigation potential on the margin. It is further proposed that the tax rate of R120 per tCO_2-eq be increased at a rate of 10 per cent per annum until 31 December 2019."[202] Finally, the paper states that "A revised carbon tax regime with lower tax-free thresholds and a revised tax rate, which should commence on 1 January 2020, should be announced at the time of the Annual Budget in February 2019 at the latest."[203] In July, the Minister also announces that government will initiate a tax review this year "to assess our tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability."[204]

199 National Treasury, Carbon Tax Policy Paper: reducing greenhouse gas emissions and facilitation the transition to a green economy, May 2013.
200 Ibid. P 7, P 11.
201 Minister of Finance, Budget Speech, 27 February 2013.
202 Ibid. P 15.
203 Ibid. P 15.
204 Minister Gordhan announces further detail on the Tax Review Committee, 17 July 2013.

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August 2013 Industry presentations to the parliamentary committee on trade, industry and competition on National Treasury's Carbon Tax Policy Paper[205]	
Sasol[206]	**BUSA**[207]
Sasol presents its comments on the Carbon Tax Policy Paper, asserting Sasol's importance to the South African economy and the negative impact of the tax on its business, including rendering it impossible to invest in a low-carbon feedstock alternative. Sasol also argues that: • There has been insufficient analysis of the impacts of the tax and alternatives to it; • There is "misalignment" between the tax and South Africa's broader mitigation policy; and • The tax takes insufficient account of ongoing mitigation and socio-economic challenges. Sasol also discloses to the CDP in 2014 (reporting on its 2013 activities) that it opposed the carbon tax and carbon budgets in direct engagements with government, and was preparing to "proactively engage with Treasury on the design of the carbon offsets scheme. Early on in the policy making process, Sasol contributed information both generated internally and through independent third party consultants in order that policy development takes account of the broadest spectrum of issues facing business and the economy."[208] "Sasol believes that a climate change response should recognise the following: the structure of the South African economy which is inherently energy-intensive and, as such, presents a challenge as it can only be transformed in the medium-to-long term to a lower carbon economy; the developmental needs of South Africa and the resultant demand in energy necessitate the prioritisation of medium-to-long-term energy security for South Africa; mitigation actions in industries would need to be introduced over time and will require financing, technology and skills development support, and some international funding; the impact of policies to limit or tax carbon emissions on South Africa's current international trade position and competitiveness needs to be better understood; the socio-economic impact of the transition to a lower carbon economy is likely to be significant and, accordingly, a range of trade-offs may be required to achieve the overall national imperatives of economic growth, job creation and poverty alleviation; and any proposal regarding carbon tax needs to be aligned to other government policies to prevent unintended consequences."	BUSA presents to the parliamentary committee, arguing against the carbon tax and calling for a delay in its implementation based on: • South Africa's "relatively low contribution to global GHG emissions". • The allegedly high carbon tax compared with other jurisdictions. • What it claims are limited options available for mitigation, and technological constraints. • The steep increase in electricity tariffs and economic impacts. • The need for "alignment" with other mitigation instruments, including carbon budgets. BUSA offers alternative approaches which include: • a simpler design; • aligning tax levels with competing economies; • protection for trade-exposed and energy-intensive industries; and • unlimited use of offsets.

205 PMG, Carbon Tax: input by Trade and Industry, National Treasury, Business, Environment, 20 August 2013.
206 Sasol, Presentation on carbon tax to the Portfolio Committee on Trade and Industry, 20 August 2013.
207 BUSA, Carbon tax policy: submission to the Portfolio Committee on Trade and Industry, August 2013.
208 Sasol, CDP, 2014.

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July 2013	Announcement of members of Tax Review Committee (Davis Tax Committee or DTC)[209]	Minister of Finance, Pravin Gordhan, announces the members of the Tax Review Committee, with Judge Dennis Davis as its chair, as well as the committee's terms of reference, which do not initially include a review of the carbon tax. The Committee became known as the **Davis Tax Committee (DTC)**. The DTC's objective is "to assess [South Africa's] tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability".
February 2014	Minister of Finance Budget Review[210]	**In the 2014 Budget Review, National Treasury announces a delay in the implementation of the carbon tax by one year, to 2016**: "Following public consultation, the National Treasury and the Department of Environmental Affairs agree on the need to align the design of the carbon tax and the proposed desired emission-reduction outcomes." Implementation of the tax is delayed "to allow for this process and ensure adequate time for consultation on draft legislation".[211]
		The delay is welcomed by industry, with the Chamber of Mines stating that the delay is a "progressive move to allow for alignment of related policy developments at DEA".[212] In its 2015 CDP disclosure (reporting on 2014 activities) Sasol again reports that it opposed the carbon tax through direct engagement with government and provided "extensive input to the development of the National Treasury's carbon tax proposal for South Africa."[213]
April 2014	Legislative / Executive Carbon Offsets Paper[214]	National Treasury publishes the **Carbon Offsets Paper** for public comment by 30 June 2014.
February 2015	National Treasury Budget Review[215]	The **2015 Budget Review** states that the design of the proposed carbon tax has been "further refined after a review of the comments received" – referring to the 2013 and 2014 discussion documents. It also states that "the publication of the draft Carbon Tax Bill later in 2015 will allow for a further period of consultation."[216]
April 2015	Davis Tax Committee Call for comments[217]	**The DTC releases a call for public comments on the scope and design of the proposed carbon tax**, due by 8 May 2015. It notes that: "Though not specifically listed in the Terms of Reference of the DTC, there is sufficient scope within the broader mandate of the Committee to review the proposed carbon tax... These commitments and aspirations should also take into account any possible negative economic and social impacts of the carbon tax over the short-term and hence the need for a smooth and gradual transition toward a low carbon economy." In May 2015, the DTC also holds carbon tax public workshops.

209 Minister Gordhan announces further detail on the Tax Review Committee, 17 July 2013.
210 National Treasury, Budget Review, 26 February 2014.
211 Ibid. P 55.
212 Chamber of Mines, Annual Report, 2013/2014.
213 Sasol, CDP, 2015.
214 National Treasury, Carbon Offsets Paper, April 2014.
215 National Treasury, Budget Review, 25 February 2015.
216 Ibid. P 149.
217 DTC, Call for public comments on the proposed carbon tax, 7 April 2015.

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May 2015 Industry submissions to the Davis Tax Committee			
BUSA	**CAIA**[218]	**Chamber of Mines**[219]	**Sasol**[220]
Not available	CAIA's arguments focus on the contribution of the chemicals sector to the economy and to economic growth: "CAIA fundamentally argues against the imposition of such a tax in SA...the inclusion of scope and design elements must not be considered as indication of support for the implementation of the tax." CAIA, as a member of BUSA, supports BUSA's submission but further highlights some issues of concern to its members: • Mitigation has already taken place, and the chemicals industry has already achieved emissions reductions without any regulation; • The lower-than-expected PPD trajectory rendering the tax unnecessary (similarly argued by Sasol and the Chamber of Mines); • The need for alignment between National Treasury and the DEA as implementing both "NT and DEA's climate change initiatives would make SA unique in having absolute emission caps and punitive taxes on emissions";	The Chamber of Mines "believes the imposition of the carbon tax in South Africa is unnecessary and premature". It aligns its position with that of "BUSA, ITTCC and individual member companies", arguing that: • South Africa has made significantly greater progress in mitigation of national GHG emissions than anticipated in 2009; • South Africa's current emissions are below the government target; • South Africa has low emissions, relative to countries such as China, India, and the USA; • The introduction of any carbon tax would result in negative economic and social impacts to various sectors of the economy - especially the mining industry - affecting its viability and its ability to remain competitive and "contribute to growth and transformation"; and • There is a lack of policy alignment with other regulatory instruments. The presentation also includes a detailed hypothetical case study of the negative impact of the carbon tax.	Sasol opposes the imposition of a carbon tax, claiming that the tax is not aligned with the current development of international climate change negotiations, and arguing that South Africa's PPD commitment under COP15 is only "aspirational" and that it is "not required to take on firm reduction targets". Sasol asserts that the country's emissions profile is currently below the level targeted by policy as articulated in international commitments – i.e. that South Africa's emissions are within the PPD range and therefore that "Additional pricing interventions are not required". Sasol further claims that the carbon tax: • is not aligned with the approach of either the DEA or the Department of Energy in GHG mitigation and energy policies; • cannot address the structural issues that lie at the heart of South Africa's GHG intensity; and • would worsen the already negative impact of the sharp rise in the cost of electricity, and would reduce Sasol's ability to invest further. The presentation concludes that South Africa should focus on enabling Liquified Natural Gas (LNG)-to-power.

218 CAIA, Davis tax committee proposed carbon tax, 12 May 2015.
219 Chamber of Mines, Presentation of chamber position on carbon tax to the Davis Tax Committee, 12 May 2015.
220 Sasol, Sasol Group's submission in respect of carbon tax, in response to the Davis Tax Committee's call for public comments, 12 May 2015.

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BUSA	CAIA[218]	Chamber of Mines[219]	Sasol[220]
Not available	• South Africa's relatively low contribution to global emissions and need for economic growth; and • The negative impact of the tax on investor confidence and on socio-economic outcomes. The submission ends with a warning that "SA climate change policy, along with the current electricity supply catastrophe, run the real risk of being responsible for increased de-industrialisation of the South African economy."	The Chamber also summarises its submissions in its 2015 integrated annual review:[221] "In 2014 and 2015, the Chamber made significant submissions to the DTC. The DTC's initial views on mining taxes are mostly acceptable. The Chamber's submission to the committee on carbon tax indicated its opposition to the introduction of such tax, especially at this stage in the economic cycle." It confirms that it has continuous engagement with BUSA, National Treasury, the ITTCC, Department of Energy, DEA, the National Business Initiative (NBI) and individual mining companies "regarding carbon tax, carbon budgets, desired emission outcomes and a mix of measures to monitor and reduce greenhouse gas emissions".[222]	In support of Sasol's assertion that the carbon reduction objective of South Africa's national climate policy has already been met, Sasol relies on a document setting out its own internal projections which it references as *"Sasol. 2015. Development of new emissions outlook Sasol calculations based on data from the DEA: Mitigation Potential Analysis. Sasol".* Environmental justice organisation groundWork requests substantiation of Sasol's calculations due to the company's reference to what appears to be a published paper. After initially refusing based on claims of confidentiality, Sasol later provides groundWork with a note entitled "Sasol's development of a new greenhouse gas emissions outlook for South Africa: assumptions and data".[223] This note, however, is an internal document, unpublished, not peer-reviewed, and based only on Sasol's assumptions and projections.[224]

221 Chamber of Mines, Integrated Annual Review, 2015.
222 Ibid. P 7.
223 Sasol, Sasol's development of a new greenhouse gas emissions outlook for South Africa: assumptions and data, 10 July 2015.
224 groundWork, response to Sasol's note, July 2015.

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November 2015	National Treasury Draft Carbon Tax Bill [B - 2017][225]	National Treasury publishes the **Draft Carbon Tax Bill** for public comment on 2 November 2015, accompanied by an explanatory memorandum.[226] Comments are invited by 15 December 2015.[227] The preamble to the Bill incorporates the polluter pays principle, which is further defined in the explanatory memorandum as "Those responsible for harming the environment must pay the costs of remedying pollution and environmental degradation and supporting any consequent adaptive response that may be required." The Bill includes detailed and revised carbon tax design features as per the Carbon Tax Policy Paper of 2013 and the Carbon Offsets Paper of 2014 and "takes into account public comments received following extensive stakeholder consultation since 2011".[228] The design of the tax is such that: • The carbon tax is introduced in a phased manner, "taking cognizance of the developmental challenges facing South Africa and international climate policy developments". • **The total tax-free allowance during the first phase (up to 2020) is 95%, increased from 60% as initially proposed in 2013. The explanatory memorandum notes that "Over time, post 2020, these tax-free allowances could be phased down to strengthen the carbon price signal"**. • The proposed headline carbon tax is R120 per ton of CO_2e for emissions above the tax-free thresholds which, given the allowances, implies an initial effective carbon tax rate range between R6 to R48 per ton CO_2e. • An emissions trading system "is currently unsuitable due to the dominance of GHG emissions by only a few companies, the result of the oligopolistic market structure of the energy industry".[229] There do not appear to have been any public hearings on this Bill, and industry submissions in response to the call for public comment are not publicly available. The parliamentary finance standing committee reports in October 2016 that "the current Carbon Tax Bill is being revised after NT received public comment and is currently awaiting cabinet approval."[230]
		In its 2017 CDP disclosure (covering 2016 activities), **Sasol reports that it opposed the carbon tax through "direct engagement"**. It states that, "we also provided extensive input to the development of the National Treasury's carbon tax proposal for South Africa."[231] Sasol's arguments mirror those provided in its DTC submission: • The South African economy cannot afford a punitive carbon tax; • Sasol's analysis *[assumingly referring to an internal paper, also relied on in its DTC submission, which was not peer reviewed]* finds that the latest emission data shows South Africa's actual emissions to be substantially lower than anticipated, meaning a carbon tax is unnecessary; • The carbon tax is levied on all emissions and in most instances companies that will be directly liable may not be able to pass through the cost, unlike Eskom; and • The carbon tax and carbon budgets are misaligned and out of sync with the "prescribed mitigation approach for the country".

225 National Treasury, Draft Carbon Tax Bill, 2015.
226 National Treasury, Draft Explanatory Memorandum for the Carbon Tax Bill 2015, 2 November 2015.
227 National Treasury, Media statement, Publication of the draft carbon tax bill for public comment, 2 November 2015.
228 National Treasury, Draft Explanatory Memorandum for the Carbon Tax Bill 2015, 2 November 2015.
229 Ibid. PP 2-6.
230 PMG, Budgetary Review and Recommendations Report of the Standing Committee on Finance on the National Treasury, 25 October 2016.
231 Sasol, CDP, 2017.

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November 2015	Davis Tax Committee First interim report on a carbon tax for South Africa[232]	The DTC releases its "first interim" report on the carbon tax for public comment, expedited due to the upcoming COP21 in December 2015. Comments on the draft are due by 31 January 2016.[233] The interim report recognises that climate change is a market failure "because the costs of GHG emissions are not reflected in the final prices of goods and services" and that "regulations or market-based instruments are needed to correct this market failure by affecting decisions taken by producers and consumers".[234] However, it also describes the tax as potentially "regressive" in the absence of sufficient revenue recycling features and argues that although designed to change environmental behaviour, the tax would add to the tax burden in an already fragile economy and market, with the poorest South Africans likely to be most negatively impacted.[235] It concludes that **"notwithstanding the laudable objective of reducing carbon emissions, it may be that the tax should initially be introduced with a zero liability"** until such time as "rigorous modelling can be undertaken to test, in particular, the potentially regressive effects and recycling options, as well as the implications for employment and the concomitant development of solutions to circumvent these potential problems".[236] Although called an interim report, and published for comment, the DTC did not produce another report on the carbon tax.
February 2016	National Treasury Budget Review[237]	**The 2016 Budget Review delays the carbon tax indefinitely** - saying that the draft Bill will be revised, "taking into account public comments and further consultation", without announcing any date for the next draft.[238] The Minister of Finance does not mention the carbon tax at all in the budget speech made on the same day that the Budget Review is published.[239] However, in the Medium Term Budget Policy Statement, the Minister indicates that the carbon tax will be dealt with in 2017.[240]
April 2016	South African government Paris Agreement[241]	**South Africa ratifies the Paris Agreement,** the legally binding treaty under which countries commit to submitting increasingly-ambitious Nationally Determined Contributions (NDCs) every five years, communicating the actions they will take to reduce GHG emissions to reach the goals of the Paris Agreement, and to build resilience to adapt to the impacts of climate change.[242]

232 DTC, A report on a carbon tax for South Africa, November 2015.
233 DTC, Release of Davis Tax Committee's First Interim Report on Carbon Tax for Public Comment, November 2015.
234 P 5, DTC, A report on a carbon tax for South Africa, November 2015.
235 Ibid. P 11, P 13, PP 24-25; PP 33-35.
236 Ibid. PP 34-35.
237 National Treasury, Budget Review, 24 February 2016.
238 Ibid. P 52.
239 Finance Minister, Budget Speech, 24 February 2016.
240 P 10, National Treasury, MTBPS, 26 October 2016.
241 South African Government, Minister Edna Molewa signs Paris Agreement on climate change, 22 April 2016.
242 Paris Agreement, 2015.

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September 2016	National Treasury and the World Bank Report: Modelling the Impact on South Africa's Economy of Introducing a Carbon Tax[243]	Commissioned by the Partnership for Market Readiness (PMR) Secretariat for the National Treasury, the report **Modelling the Impact on South Africa's Economy of Introducing a Carbon Tax** is released, examining economy-wide impacts of the carbon tax. It considers various baseline scenarios and tax policy scenarios to assess how different designs and revenue recycling mechanisms affect emissions and economic outcomes. The report finds definitively that, provided design choices are made to manage economic impacts, a carbon tax in South Africa can effectively contribute to emission reduction targets with relatively minor impacts on economic growth. Among other things it finds that: • The carbon tax effectively reduces GHG emissions by approximately 13–14.5% by 2025 and by 26–33% by 2035 compared to a business-as-usual baseline. While significant, these reductions alone are insufficient to meet the full 42% reduction target by 2025,[244] suggesting a need for either higher carbon taxes or additional mitigation policies.[245] • Significant growth is expected in low-carbon and renewable energy sectors, notably nuclear, wind, hydro, solar photovoltaic (PV), and gas generation, with some sectors experiencing over 200% growth by 2035 compared to the baseline. On the other hand, coal-based energy generation, petroleum refining, coke production, and electricity supply sectors experience relative declines, though they still grow in absolute terms from 2014 levels.[246] • Concerns regarding reduced competitiveness are found to be overstated, with total exports projected to be 3.5% higher in 2035 with the carbon tax, compared to the baseline.[247]
October 2016	National Treasury Medium Term Budget Policy Statement[248]	The Minister of Finance indicates that, "Given the demands on the legislative programme, the carbon tax bill will be dealt with in 2017".[249]
November 2016	South African government First NDC[250]	**South Africa submits its first NDC to the UNFCCC**. The NDC is presented according to the PPD trajectory: emissions to peak from 2020 to 2025, plateau for the following 10 years and decline from 2036 onwards. The target range for emissions between 2025 and 2030 is 398Mt to 614Mt CO_2e.

243 World Bank, Country paper: Modelling the Impact on South Africa's Economy of Introducing a Carbon Tax, September 2016.
244 As per the PPD trajectory.
245 Ibid. P vii; P 9; P 21.
246 Ibid. PP 12-13; P 21.
247 Ibid. P viii; P 14; P 22.
248 National Treasury, MTBPS Speech, 26 October 2016.
249 Ibid. P 10.
250 UNFCCC, South Africa's Intended National Determined Contribution (INDC), 2016.

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Date	Document name and source	Policy document detail / industry response
February 2017	National Treasury Budget Review[251]	The **2017 Budget Review** notes that "during 2016, following comments received on the draft Carbon Tax Bill, government held additional public consultations." Addressing some of industry's key concerns, it is announced that a revised Carbon Tax Bill will be published for public consultation and that "the latest developments include the following: • During the first phase of the tax (until 2020), there will be no impact on the price of electricity. • A revised regulation for the carbon offset allowance, enabling firms to reduce their carbon tax liability, will be published by mid-2017." National Treasury expects that the government will "provide clarity on the alignment of the carbon tax and carbon budget after 2020" by the end of 2017.[252]
December 2017	National Treasury Second Draft Carbon Tax Bill [B - 2017][253]	National Treasury releases the **second Draft Carbon Tax Bill** for public comment by 9 March 2018, and announces that "the actual date of implementation of the carbon tax will be determined through a separate and later process by the Minister of Finance through an announcement during 2018, or at the Budget 2019, taking into account the state of the economy. This announcement on the implementation date of the carbon tax will be complemented by a package of tax incentives and revenue recycling measures to minimise the impact in the first phase of the policy (up to 2022) on the price of electricity and energy intensive sectors such as mining, +iron (sic) and steel".[254] The headline tax rate, sectors covered, and allocation of basic tax-free emissions are the same as initially proposed by National Treasury in its first draft Bill in 2015. Revisions to the draft Bill "as a result of comments received" relate to: • Electricity prices, electricity generation levy and renewable energy premium.[255] • Competitiveness and the design of the trade exposure allowance. • The tax rate and thresholds for phases 1 and 2 of the carbon tax. • Carbon offset and performance allowances. • Policy alignment of the carbon tax and carbon budgets. • Technical legal and administrative aspects. The fixed annual escalation rate of 10% is revised to be "more flexible": it is now the Consumer Price Index (CPI)+2% to 2022, and thereafter CPI until 2030. The effective tax rate with allowances and offsets is between R6 and R42 per tCO_2e in 2020.[256]

251 National Treasury, Budget Review, 22 February 2017.

252 Ibid. P 48.

253 National Treasury, Draft Carbon Tax Bill, 2017.

254 National Treasury, Media statement, release of carbon tax bill for introduction in parliament and for public comment, 14 December 2017.

255 Electricity generation using non-renewable (fossil) fuels and environmentally hazardous (nuclear) sources are subjected to the payment of an electricity levy. The renewable energy premium is a surcharge on electricity tariffs that funds the development and purchase of renewable energy under the Renewable Energy Independent Power Producer tariffs. Both are deductible from the amount of tax payable by a taxpayer in respect of the generation of electricity from fossil fuels.

256 LSE, *As South Africa's carbon tax is delayed again what is the story so far?*, 24 October 2018.

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March 2018 Industry submissions to the standing committee on finance (SCOF) on the second Draft Carbon Tax Bill			
Sasol[257]	**Chamber of Mines**[258]	**BUSA**[259]	**CAIA**[260]
Sasol objects to any carbon tax being introduced in South Africa. It says that a carbon tax is "not in the best interests of South Africa and the best approach would be for the carbon tax not to proceed." It argues that: • The design presents policy uncertainty, • It will "scare off investment" and weaken the country's position in international negotiations; • It exacerbates South Africa's dire economic outlook; • The minerals and energy complex is critical to the economy – especially through direct and indirect employment; • There is a lack of alternatives (such as natural gas) available to mitigate emissions; • South Africa is reliant on a coal-based electricity system; and • There are better alternative policy approaches than a tax, ones that align with an integrated climate change mitigation system (it argues that the tax does not).	The Chamber of Mines describes itself in its presentation to the SCOF as a "voluntary employer lobbying and advocacy organisation that supports and promotes the SA mining industry". It supports the views of the ITTCC and BUSA – and was involved in drafting BUSA's submission: • South Africa's emissions are already below the PPD emissions trajectory. • There is a lack of alignment with the carbon budget and the mitigation system currently developed by the DEA. • There would be dire economic impacts of the carbon tax on the mining industry.	BUSA opposes the imposition of a carbon tax, arguing: • The responsibility to address climate change is a global challenge; • South Africa is meeting its NDC and is likely to do so until 2025 without the tax; • There are other mitigation instruments available; • Successful implementation requires alignment with other policies, particularly the carbon budget; • It does not adequately address the cost of implementation; and • The need to prioritise poverty, inequality and unemployment. BUSA also includes lengthy comments on the content of the Bill and recommends that the Bill be "halted until the integrated mitigation system is finalised". If not, then it "cannot go forward until outstanding issues are clarified and the Customs and Excise Act is amended to align with the tax."	CAIA says that it has "contributed greatly to policy and technical discussion on the matter of the proposed Carbon Tax" and has "been opposed to the introduction of a Carbon Tax in South Africa" because of: • The punitive nature of the tax where there are no suitable alternatives available to effect behaviour change. • The lack of appropriate recognition of the voluntary investment and commitment to responsible production that has been demonstrated. • The "irrational consideration of the need for multiple instruments to attempt to achieve the same purpose in a developing country with economic growth uncertainty and unaligned policy."

257 Sasol, Submission in respect of the Standing Committee on Finance's call for submissions on the second Draft Carbon Tax Bill, 9 March 2018; Sasol, Presentation to the Standing Committee on Finance, 14 March 2018.

258 Chamber of Mines, Chamber of Mines of South Africa submission on the draft carbon tax bill published by Minister of Finance on the 12 December 2017, 9 March 2018; Chamber of Mines, Presentation on the Draft Carbon Tax, 14 March 2018.

259 BUSA, Draft Carbon Tax Bill Submission by Business Unity South Africa (BUSA), March 2018; BUSA, Presentation to the Standing Committee on Finance, 14 March 2018.

260 CAIA, CAIA supplementary submission the Draft Carbon Tax Bill, 9 March 2018.

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March 2018 Industry submissions to the standing committee on finance (SCOF) on the second Draft Carbon Tax Bill			
Sasol[257]	**Chamber of Mines**[258]	**BUSA**[259]	**CAIA**[260]
Sasol is emphatic in its submission and presentation to the standing committee on finance (SCOF): "A stand alone carbon tax will not enable Sasol or South Africa to sustainably transition to a lower carbon economy but may in fact hinder our ability to transition." "The proposed carbon tax must be halted and focus needs to be placed on further refining the integrated mitigation policy". Sasol again references its own graph purporting to show that South Africa's emissions are already below the PPD "and unlikely to increase above this trajectory before 2022" as justification for reconsidering the "nature and timing of the implementation of the tax".	In its annual report covering activities in 2018,[261] the Minerals Council South Africa (Mincosa) reports that it also engaged in bilateral meetings with government "along with business and industry... on the alignment of the carbon tax and the carbon budget; the development of enabling tools ... and the implications of the tax on companies."[262]		CAIA supports the BUSA submission. In addition, it emphasises: • The role of the chemicals industry in supporting multiple sectors and as being indispensable to economic growth. • The rising cost of doing business and that the imposition of regulatory and economic instruments threatens the survival of the chemicals sector, with socio-economic consequences. • The need for further consultation and engagement. • The impact of the tax on industries, the economy, and on poverty and unemployment levels.

261 The Minerals Council South Africa, Integrated Annual Review, 2018. The Chamber of Mines rebranded as the Minerals Council South Africa midway through 2018, which its why its submission in March is under the Chamber of Mines name and its annual review publishes as Minerals Council South Africa.

262 Ibid. P 70.

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ITTCC[263]	SAPIA[264]	Arcelor Mittal South Africa (AMSA)[265]	South African Iron and Steel Institute (SAISI)[266]
The ITTCC supports the comments submitted by BUSA. It acknowledges the merits of a carbon price in the economy "but not the currently envisaged carbon tax as it is problematic in its design and practical implementation". The ITTCC argues that: • A carbon tax is neither necessary nor suitable in the current economy. • South Africa's emissions are presently within the limits of the PPD trajectory and unlikely to increase above this line before 2022–2025. • There must be an integrated and aligned approach to the development of emissions reduction and energy planning policies as these issues are inextricably linked. It also presents an analysis that demonstrates that in the short-to-medium term there will be muted growth in GHG emissions. As a result, it argues that the proposed carbon tax is not necessary to meet international commitments within the current national circumstances. Instead, the ITTCC proposes that "a low-carbon, resource efficient economy can be achieved through DEA's carbon budget regime, the Integrated Resource Plan (IRP) and the Industrial Policy Action Plan (IPAP)."	SAPIA aligns with the issues raised by BUSA. SAPIA also emphasises that: • Meaningful representation on the effects of the Bill cannot be made in the absence of the full suite of regulations pursuant to this Bill (including carbon offsets, trade exposure and the performance benchmark regulations). • The treatment of liquid fuels in the Bill is not apparent. • There is an apparent misalignment between carbon tax legislation and carbon budgets. • There are sufficient concerns with respect to the reporting of GHGs such that it is unsure whether the basis for the carbon tax on which the reporting relies will be ready by the end of 2018. • The calculation of the amount of tax payable for emissions from petrol and diesel consumption is overly complicated.	AMSA opposes the carbon tax, as "it does not allow for an appropriate balance between the intervention to be implemented and the need for a sustainable economy". It argues that: • The tax load will be highly disproportionate to the earning potential of iron and steel manufacturers. • There is no alternative technology that can be used to produce steel and reduce emissions to the extent required, so the effect of the carbon tax would not incentivise a change in behaviour but rather be a penalty. • The industry would be exposed to imports not subject to a similar tax. • The ability to pass on the carbon tax to customers is limited. • The tax is too complex, for example, an emitter needs to distinguish between process, energy, combustion and fugitive emissions. • Eskom is the only choice in supplier and a consumer cannot exercise any influence to change its behaviour. • South Africa has already achieved significant emissions reductions and the global playing field on a carbon price is far from being level yet. AMSA argues that should a carbon tax be implemented, iron and steel producers will require additional relief measures to remain sustainable.	SAISI is also opposed to the proposed carbon tax. Its submission mirrors that of AMSA, listing the same general concerns as well as 11 of the 14 specific concerns raised by AMSA, including the requirement for additional relief measures or exemptions for the iron and steel sectors in the event of a price on carbon being implemented.

263 ITTCC, Submission on the draft Carbon Tax Bill 2017, 14 March 2018.
264 SAPIA, Comments to the Carbon Tax Bill, 9 March 2018.
265 AMSA, Response to call for public comments on the proposed carbon tax, 9 March 2018.
266 SAISI, Response to call for public comments on the proposed carbon tax, 8 March 2018.

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Date	Document name and source	Policy document detail / industry response
June 2018	DEA Draft Climate Change Bill 2018 [B-2018][267]	The **draft Climate Change Bill** is published for public comment by 8 August 2018. The Bill aims to: • "Provide a coordinated and integrated response to climate change and its impacts". • "Provide for the effective management of inevitable climate change impacts". • "Make a fair contribution to the global effort to stabilise greenhouse gas concentrations in the atmosphere at a level that avoids dangerous anthropogenic interference with the climate system within a timeframe and in a manner that enables economic, employment, social and environmental development to proceed in a sustainable manner". Section 5 sets out the supremacy of the proposed law: "in the event of conflict between a section of this Act and other legislation relating to climate change, the section of this Act prevails." Section 8 provides for the establishment of a ministerial committee on climate change responsible for coordinating climate change responses across government. Section 13 addresses carbon budgets, proposing that they be allocated to companies by the Minister in accordance with GHG emissions thresholds. Section 19 provides that failure to stay within the GHG emissions as set out in a company's carbon budget is a criminal offence, punishable on a first conviction with a prison sentence of up to five years and/or a fine of up to R5 million, and on a second conviction, imprisonment of up to 10 years and/or a R10 million fine. The same penalty applies to the offence of failing to prepare, submit and implement an approved GHG mitigation plan. These fines are the same as those in section 49B(2) of the National Environment Management Act 107 of 1998 (NEMA).

267 DEA, Draft Climate Change Bill, 8 June 2018.

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2018 Industry responses on the draft Climate Change Bill	
BUSA[268]	**Mincosa**[269]
BUSA issues a highly critical letter to the director-general of the DEA setting out its comments on the proposed Bill. It calls for: a "comment and response document based on this round of consultation", a further round of comments on the revised draft Bill before it is submitted to parliament "given the extensive amendments required on the Bill", and "bi-lateral engagement with the Department on the Bill" to discuss BUSA's concerns, including what it says is: • The lack of regulatory certainty afforded by the Bill. • The supremacy of the Bill over other laws relating to climate change - BUSA argues that "for legal certainty, the potential areas of conflict [should] be addressed before finalising the Bill". • The discretionary powers granted to the Minister. • The prescriptive requirements around mitigation plans – "business and economic conditions mean that a detailed mitigation plan cannot be put in place for the full five period of the carbon budget and a company held responsible to implement exactly that plan... The aim should be that the company is required to achieve the Carbon Budget and how they do it remains the ambit of their control". • The "non-alignment" of carbon budgets and carbon tax – "BUSA is adamant that this alignment must be concluded before the finalisation of either this Bill or the revised Carbon Tax Bill". • The lack of consultation with the private sector, invoking the Constitution of the Republic of South Africa, 1996: "Our Constitution furthermore prescribes a system of participatory democracy whereby affected parties are entitled to be part and parcel of major decisions affecting them. As such it is unthinkable that carbon budgets can be made in the absence of those private sector entities who will have to give effect to it. BUSA would strongly urge the Department to reconfigure the institutional arrangements to make provision for [sectoral emission targets (SETs)], [sector emission reduction plans (SERPs)] and Carbon Budgets to be set following agreements reached at dedicated and inclusive sector councils." BUSA also claims that, "based on a legal opinion", specific sections of NEMA do not apply to the tax, specifically those sections relating to: • the duty of care as it "relates to environmental pollution in the case of exceedance of a carbon budgets" and • to "criminal offences for exceedance of carbon budgets". BUSA argues instead for aligning carbon budgets with the carbon tax, with the tax operating as the appropriate penalty.	In its 2018 integrated annual review, Mincosa states that, in relation to the Climate Change Bill, "As with the rest of business and industry, the Minerals Council has vehemently argued with government that mining is a national government competency and neither the NEM: Air Quality Act nor the draft Climate Change Bill must duplicate the functions that are already given to the national government. This assertion by the Minerals Council has been made on numerous occasions, in a written submission and at a multi-stakeholder workshop arranged by the DEA. The Minerals Council is part of the BUSA task team that will be representing business and industry at the National Economic Development and Labour Council (Nedlac) discussions on the draft Climate Change Bill."[270]

268 BUSA, Comments on the Draft Climate Change Bill, 8 August 2018.
269 The Minerals Council South Africa, Integrated Annual Review, 2018.
270 Ibid. P 70.

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Date	Document name and source	Policy document detail / industry response
October 2018	National Treasury Medium Term Budget Policy Statement (MTBPS)[271]	**The Minister of Finance Tito Mboweni announces that the effective date for the carbon tax will be delayed from 1 January 2019 to 1 June 2019**: "On carbon tax, we have heard the concerns of business and labour during the parliamentary hearings. The carbon budgeting system and the carbon tax will be aligned. This is done by imposing a higher tax rate as a penalty for emissions exceeding the carbon budget."[272]
November 2018	National Treasury Tabling of the Carbon Tax Bill [B46-2018][273]	The Minister of Finance tables the **Carbon Tax Bill** in parliament on 20 November 2018, indicating that it will become effective from 1 June 2019, as announced by the Minister in the MTBPS, and that the first phase will be to 31 December 2022, and the second phase from 2023 to 2030. In tabling the Bill, Minister Mboweni declares that "Climate change poses the greatest threat facing humankind, and South Africa intends to play its role in the world as part of the global effort to reduce greenhouse gas emissions." The Bill provides the same significant tax-free emissions allowances ranging from 60 to 95% for the first phase, including 60% basic tax-free allowance, a 10% process and fugitive emissions allowance, a maximum 10% allowance for carbon offsets, a performance allowance of up to 5%, and a maximum 10% allowance for trade-exposed sectors. The headline tax rate remains R120 per tCO_2e which, together with the allowances "will result in relatively modest carbon tax rate ranging from R6 to R48 per ton of CO_2 equivalent emitted".[274]
		Sasol's CDP 2019 disclosure (covering activities in 2018) repeats many of the arguments used in its submission on the second Draft Carbon Tax Bill. It also reports that "we are now engaging on the Draft Rules for implementing the tax".[275]

271 National Treasury, MTBPS, 24 October 2018.
272 Ibid. P 14.
273 Carbon Tax Bill, B46-2018.
274 National Treasury, Media statement: Tabling of the Carbon Tax Bill, 21 November 2018.
275 Sasol, CDP, 2019.

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Date	Document name and source	Policy document detail / industry response
November 2018	National Treasury Response document from National Treasury and South African Revenue Service (SARS) on comments received on the Carbon Tax Bill as presented to SCOF[276]	**National Treasury and SARS present their report back on the comments received on the draft Bill to the SCOF**.[277] The response document notes that 59 written submissions were made. It also notes the "compelling case to consider an upward adjustment of the current tax rate of R120 per tCO_2e to more fully reflect the externality costs of GHG emissions and climate change."[278] Following stakeholder comments on "duplicate and contradictory policy requirements for business should the first phase of the carbon tax overlap with the imposition of mandatory carbon budgets by the DEA", the response document notes that "The DEA and NT undertook a study[279] on the Options for the Alignment and Integration of the carbon tax and Carbon Budget Instruments through the World Bank PMR in 2016" and "agreed in principle that emissions within the carbon budget will be taxed at a lower rate (all tax-free allowances applicable)."[280] It notes that the "section of the Carbon Tax Act containing the rate of the carbon tax on greenhouse gas emissions will be amended as follows: • For emissions up to the level of the carbon budget, the current tax design will apply that is, the tax rate of R120 per tCO_2e adjusted in line with Section 5 in the Bill, and all the tax-free allowances will apply. • For emissions exceeding the carbon budget, a higher tax rate of R600 per tCO_2e will apply as a "penalty" for non-compliance with the carbon budget and no tax-free allowances will apply. This seeks to ensure a progressive tax system where each additional ton of GHG emissions above the level of the carbon budget is taxed at a higher rate." The document also states: "Due to the alignment of the mandatory carbon budget and the tax, the carbon budget tax-free allowance of 5 per cent will fall away. The maximum limit on the tax-free allowances will be adjusted from 95 to 90 per cent. No tax-free allowances will apply to emissions above the level of the carbon budget."[281] In response to industry arguments about the carbon tax impacting competitiveness, National Treasury reiterates the significant tax-free allowances, and notes that "even without taking into account carbon pricing in other countries, the 2016 carbon tax modelling suggests that concerns over the competitiveness impacts of the carbon tax are overstated."[282]

276 National Treasury, Standing Committee on Finance (SCOF): Report-Back Hearings, February 2019.

277 According to the summary of the meeting "It had been decided that as Treasury had consulted widely on the Bill, the workshop session would cover only the areas that remained outstanding from the stakeholders. The Committee needed to satisfy itself that everything had been done...Co-Chairperson Carrim said that nowhere in any Parliament was this workshop a common practice, and within limits stakeholders would be allowed to have a say, but the Committee would not look at issues that were being presented for the first time." PMG, Carbon Tax Bill workshop, 27 November 2018.

278 P 7, National Treasury, Standing Committee on Finance (SCOF): Report-Back Hearings, February 2019.

279 The study referred to is the WBG, Integration of carbon tax and carbon budgets in South Africa, 1 March 2017.

280 PP 9-10, National Treasury, Standing Committee on Finance (SCOF): Report-Back Hearings, February 2019.

281 Ibid. P 10.

282 Ibid. PP 11-12.

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Date	Document name and source	Policy document detail / industry response
November 2018	SCOF Carbon Tax Bill workshop[283]	The **SCOF holds a workshop with National Treasury and the DEA to discuss comments received on the Carbon Tax Bill**, including business's concerns over "alignment" of the carbon tax and carbon budgets. At the time, both departments "had agreed in principle that emissions within the carbon budget would be taxed at a lower rate, with all tax free allowances applicable. The current carbon tax design features would apply and any adjustments to the level of the tax-free thresholds and the rate of the tax would be based on a review after at least three years of implementation of the carbon tax. A higher tax rate would be applied on emissions above the carbon budget, with no tax-free allowances to apply, where the carbon budget would serve as the maximum level of emissions allowed."
February 2019	National Treasury Budget Review[284]	The **2019 Budget Review** states that the carbon tax will be implemented on 1 June 2019. It provides that SARS will publish draft rules for the smooth administration of the tax, which will be open for consultation by March 2019, and summarises the status of the relevant regulations as follows: • "A draft Regulation on the Carbon Offsets was published in June 2016. A revised regulation, taking public comments into account, was published for further consultation in November 2018. A consultation workshop will be held in March 2019 to finalise the regulation. • Trade exposure regulations, which provide for higher allowances based on trade intensity, will be published before the end of February 2019, following extensive consultations on methodology. • Benchmarking regulations will be published in March 2019 for further consultation. A review of the proposed benchmarks will be undertaken in consultation with stakeholders under the Partnership for Market Readiness."[285]

283 SCOF, Carbon Tax Bill workshop, 27 November 2018.
284 National Treasury, Budget Review 2019, 20 February 2020.
285 Ibid. P 45.

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Date	Document name and source	Policy document detail / industry response
March 2019 – **September 2021**	Climate Change Bill stuck in Nedlac	**A task team within Nedlac formed to engage on the draft Climate Change Bill** commences engagements on 8 March 2019, including bilateral discussions to address concerns raised by social partners. In June 2019, the Bill is reported as being discussed and debated at Nedlac.[286] According to the Nedlac report released in February 2021, "Following these meetings, Minister Barbara Creecy, Minister of the Environment, Forestry and Fisheries has requested (24 October 2019) that the engagements on this Bill be parked until Government has addressed some of the concerns raised by the Social Partners."[287] In his State of the Nation Address in February 2020, President Ramaphosa says: "We will finalise the Climate Change Bill, which provides a regulatory framework for the effective management of inevitable climate change impacts by enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change – and identifying new industrial opportunities in the green economy."[288] Also in February 2020, Minister Creecy, at a State of South African Environment committee meeting in parliament, replies to a question about the status of the Bill that "the Department planned to table the Climate Change Bill in 2020 in parliament. The holdup has been the fact that the Bill has been with the National Economic Development and Labour Council (Nedlac)."[289] The Bill is referenced again in July 2020: • By Minister Creecy – who "reminded the Committee that it was currently with Nedlac and there had been issues in ironing out the relationship between the carbon budgets and the carbon tax, but these had since been resolved. The Bill would go back to Nedlac in July, once that was done the Department would try to ensure that it was tabled in Parliament before the end of this financial year;"[290] and • As a government legislative priority for the Department of Environment, Forestry and Fisheries (DEFF),[291] where Minister Creecy said in her departmental budget plenary: "work continues on our Climate Change Bill with processes in Nedlac hopefully reaching conclusion in August, so we can still submit to this House before the end of the current financial year."[292] Government subsequently tables a revised Bill at Nedlac on 21 September 2020 for further engagements. In a meeting of the parliamentary committee on forestry, fisheries and environment in March 2021, DEFF reports that the Climate Change Bill has been delayed because of "extended consultations in the National Economic Development and Labour Council (NEDLAC) process."[293] The committee meets again in September 2021, when Deputy Minister Sotyu says, "if it was up to the DFFE,[294] the Climate Change Bill would have been passed a while ago, but it had to go through a lengthy process." At the same meeting Minister Creecy says, "There was an extensive process with the National Treasury to ensure that the carbon budget aligns with the carbon tax."[295]

286 PMG, Government's legislative priorities, 29 July 2019.
287 NEDLAC, Report on the Climate Change Bill, 2020.
288 President Cyril Ramaphosa, 2020 State of the Nation Address, 13 February 2020.
289 PMG, State of South African Environment, 18 February 2020.
290 PMG, DEFF on Adjustment Budget and Revised Annual Performance Plan, 10 July 2020.
291 The DEA was renamed the Department of Environment, Forestry and Fisheries (DEFF) in 2019.
292 Minister Creecy, Speech during the budget plenary on the revised Department of Environment, Forestry and Fisheries' budget and annual performance plan 2020/21, 12 July 2020.
293 PMG, DEFF & SAWS Quarter 2 and 3 2020/21 performance; with Deputy Minister, 9 March 2021.
294 The DEFF's name was changed again in 2021 to the Department of Forestry, Fisheries and Environment (DFFE)
295 PMG, DFFE & SAWS 2020/21 Quarter 4 performance; with Minister and Deputy Minister, 3 September 2021.

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Date	Document name and source	Policy document detail / industry response
March 2019	Select Committee on Finance Public Hearings on the Carbon Tax Bill	Public hearings are held by the select committee on finance (SeCOF) after the Bill is referred to it by the National Council of Provinces. The SeCOF receives submissions from 14 stakeholders, 10 of which are from industry (either companies or industry bodies): **1. BUSA** 2. Airlines Association of Southern Africa 3. The Association of Cementitious Material Producers **4. Sasol** 5. PricewaterhouseCoopers **6. CAIA** 7. Engen 8. Sibanye Stillwater 9. South Africa Iron and Steel Institute 10. ArcelorMittal South Africa

March 2019 Summary of industry submissions to SeCOF on the Carbon Tax Bill[296]

Sasol	BUSA	CAIA
Sasol argues that: companies should only pay a higher tax rate on emissions above their carbon budget threshold, which would serve as a penalty mechanism; companies should be able to reduce their tax liability by submitting and complying with an emissions mitigation system (for the emissions subject to tax – i.e. only those above their carbon budget threshold); and that the design of the tax must include the option for companies to generate and sell offsets for reducing emissions below their carbon budget threshold. Sasol requests that the carbon tax be amended to reflect this alignment between the tax and the carbon budgets, or alternatively that government commit to aligning them in phase 2 of the tax. It also requests postponement of the promulgation of the tax to align it with various other legislation,[297] and recommends that additional rules be amended to allow companies to deduct the electricity levy from their carbon tax liability.	BUSA emphasises that the state of the economy, policy uncertainty, and lack of policy alignment between the carbon tax and carbon budgets mean it cannot support the Carbon Tax Bill in its current form. It says that for the tax to be implemented, the GHG reporting system must be finalised and the renewable energy premium published.	CAIA argues that National Treasury has not adequately assessed the socio-economic impacts of the carbon tax; the punitive nature of the tax on certain industries; the administration of the tax; and various other uncertainties and their impact on industries' competitiveness.

296 SeCOF, Report on the Carbon Tax Bill, 19 March 2019.
297 Namely the Customs Control Act, 2014; the Customs Duty Act, 2014; and the Customs and Excise Amendment Act, 2014.

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Date	Document name and source	Policy document detail / industry response
June 2019	Government of South Africa Carbon Tax Act 15 of 2019[298]	The President assents to the **Carbon Tax Act** on 22 May, nine years after the first discussion paper was released and after two versions of the Carbon Tax Bill.[299] The carbon tax comes into effect on 1 June 2019. Phase 1 runs from 1 June 2019 to 31 December 2022. Phase 2 is scheduled to run from 1 January 2023 to 31 December 2030. In a 26 May media statement National Treasury states: • The carbon tax forms an integral part of ensuring that South Africa meets its NDC targets. • The carbon tax (with significant tax-free emission allowances of up to 95% in the first phase) will only apply to scope 1 emitters from 1 June 2019 to 31 December 2022. • The "relatively modest carbon tax rate ranging from R6 to R48 per tonne of CO_2 equivalent emitted" is "to further provide current significant emitters time to transition their operations to cleaner technologies through investments in energy efficiency, renewables and other low carbon measures". • Before the introduction of the second phase a "review of the impact of the tax will be conducted ..., after at least three years of implementation of the tax, and will take into account the progress made to reduce GHG emissions in line with our NDC Commitments. Future changes to rates and tax-free thresholds in the Carbon Tax will follow after the review, and be subject to the normal transparent and consultative processes for all tax legislation, after any appropriate Budget announcements by the Minister of Finance".[300] The media statement also contains an annexure which sets out "the extensive consultation process of over 9 years before the Carbon Tax Act was passed by Parliament, as well as the complementary measures announced by Government to mitigate any adverse impact of the Act. Engagements also took place between key stakeholders within NEDLAC to develop a jobs mitigation and creation plan and ensure a just transition to a low carbon economy".
July 2019	National Treasury Draft Taxation Laws Amendment Bill (TLAB) and Draft Tax Administration Laws Amendment Bill (TALAB)[301]	National Treasury publishes the **draft TLAB and TALAB**[302] for public comment. Comments are invited by 23 August 2019. The explanatory memorandum to the draft TLAB references: various amendments to the carbon tax, including that annual adjustments will be informed by the change in the CPI over a 12 month period; amendments to the allowances to align with the design of the tax; and technical corrections to the formulas for the calculation of GHGs.[303]

298 Carbon Tax Act 15 of 2019.

299 South African Government, President Cyril Ramaphosa signs 2019 Carbon Tax Act into law, 26 May 2019.

300 National Treasury, Media statement on publication of the 2019 Carbon Tax Act, 26 May 2019.

301 National Treasury, Media statement on the publication of the 2019 Budget Draft Tax Bills, 21 July 2019.

302 The only carbon tax-related provision in the Bill relates to a proposed amendment to the Customs and Excise Act and deals with the disclosure to the director-general of the Department of Energy of such information as may be required for the administration of the carbon offsets regulations in terms of the Carbon Tax Act.

303 National Treasury, Explanatory memorandum on the draft TLAB, 21 July 2019.

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Date	Document name and source	Policy document detail / industry response
September 2019	SCOF Public hearings on proposed amendments to the TLAB and TALAB[304]	SCOF holds public hearings for stakeholders to present on their submissions. Among the private sector participants, BUSA and CAIA submitted comments and presented to SCOF.

September 2019 Industry submissions and presentations to SCOF on the TLAB

CAIA[305]	**BUSA**
CAIA comments on the proposed changes to the draft tax laws. It engages with some of the detailed amendments (such as calling for an extension of the 12L incentive[306]), but on the premise that it categorically does not support the carbon tax. It argues that the scope and requirements of the legislation are not yet properly understood. CAIA also explicitly aligns its arguments with BUSA's submission.	BUSA comments on the legislation[307] and presents to SCOF on its submissions.[308] Its presentation focuses on the carbon tax and its implementation. BUSA argues that the tax is "not yet ready for implementation" and that the current amendments "fail to address all the flaws repeatedly raised by BUSA, and to which adequate responses were not provided. BUSA believes this current review offers the opportunity to review the implementation date to be deferred until all the issues in the Act, the challenges in respect of the outstanding regulations and administration of the tax are dealt with." It says that the legislation must be deferred because of the "absence of the required secondary legislation" and because of "the lack of alignment between the Carbon Tax and the carbon budget regime, currently being developed under the Climate Change Bill". BUSA also argues against the "uniformed annual increase to the carbon tax" and, notwithstanding this position, it states that "the proposed amendment to this section does not make sense – CPI on its own is not a percentage".

304 Select Committee on Finance, TLAB, TALAB, Rates Bill and Income Tax Amendment Bill: public hearings, 10 September 2019.

305 CAIA, Comments on the draft tax laws amendments and other proposed changes to legislation with reference to the Carbon Tax, 23 August 2019.

306 The 12L tax incentive allows businesses to claim deductions against their taxable income for energy efficiency saving measures measured in kWh-e. The rate at which the deduction is calculated was increased from 45c/ kWh to 95 c/kWh in 2015. It forms part of the revenue recycling measures under the carbon tax. It was introduced in December 2013 with a sunset clause of 1 January 2020 but was extended to 2025, and then again to 2030 as part of Phase 2 announced in March 2025.

307 BUSA, Draft Income Tax Amendment Bill, 23 August 2019; BUSA, Draft Tax Administration Laws Amendment Bill, 23 August 2019.

308 BUSA, Submission to the standing and select committee on finance on the Draft Taxation Laws Amendment Bill, Administration Laws Amendment Bill and the Income Tax Amendment Bill, 10 September 2019.

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2019	Mincosa Integrated Annual Report 2019[309]	In its 2019 integrated annual report **Mincosa** reports that it had "continuous engagement with the respective Parliamentary Portfolio Committees on critical legislative issues affecting the mining industry" including making written and oral submissions to the SCOF on the draft TLAB, also focussing on "the Carbon Tax Bill and its impact on our members. We continue to engage government on this issue."[310] In relation to advocacy on the carbon tax, Mincosa reports that, "Amongst a suite of mechanisms to relieve the mining industry, the Minerals Council developed the [Platinum Group Metals (PGM)] and gold sector performance benchmarks that will enable discounts on the tax and these have been accepted in the published Carbon Tax regulations. This will assist those sectors to benefit 10% allowance from their tax bill."[311] "The Minerals Council was actively involved in the discussions of the Climate Change Bill at Nedlac as part of the business constituency through BUSA. The key issue for mining in this Bill was the powers of the provinces and municipalities, which have the potential to conflict with the national mandate of mining as provided for in the [Minerals and Petroleum Resources Development Act (MPRDA)]. Most importantly the certainty on government intention with the policy proposals around the sectoral emission targets and carbon budget remained the key issues for discussion by business at Nedlac. This Bill was withdrawn from the Nedlac process by the Minister of Environment, Forestry and Fisheries for further refining within the department and is expected to be sent back to Nedlac in due course to resume engagements."[312] Mincosa reports that its "work in Parliament continues to focus on ensuring that we make a meaningful contribution to the legislative process on behalf of our members. We have held individual meetings with the various political parties that are represented in Portfolio Committees such as the Mineral Resources and Energy; Human Settlements, Water and Sanitation; Trade, Industry and Competition; and Environment, Forestry and Fisheries."[313]
2019	SAPIA Annual Report[314]	**SAPIA** reports that, during the course of 2019, it "held discussions with NT and the DMRE [Department of Mineral Resources and Energy] on the operation of the pass through for refining emissions during the year. However, NT still needs to properly formulate their policy thereto. SAPIA's view remains that in order to properly effect the carbon policy the correct price signals need to be directed at consumers so that they will change behaviour and reduce carbon emissions. To this end, applying a tax to refinery emissions will not change consumer behaviour unless the tax can also be passed through to the end consumer in a similar fashion that happens with electricity tariffs."[315]

309 Mincosa, Integrated Annual Report, 2019.
310 Ibid. P 21.
311 Ibid. P 68.
312 Ibid. P 73.
313 Ibid. P 21.
314 SAPIA, Annual Report, 2019.
315 Ibid. P 22.

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January 2020	National Treasury Taxation Laws Amendment Act 34 of 2019[316]	The Taxation Laws Amendment Act 34 of 2019 commences on 15 January 2020. From this date, section 5(2) of the Carbon Tax Act is amended to provide that the rate of tax specified in section 5(1) must be increased: • by an amount equal to a percentage equal to the change in the November CPI that falls within the previous tax period compared with the November CPI that falls within the tax period, until 31 December 2022, plus 2%; and • after 31 December 2022, by an amount equal to a percentage equal to the change in the November CPI that falls within the previous tax period compared with the November CPI that falls within the tax period prior to the previous tax year. The Amendment Act replaces section 7, dealing with the “allowance for fossil fuel combustion” with a new section dealing with the “basic tax-free allowance”. The amendments are deemed to have come into operation on 1 June 2019.[317]
February 2020	National Treasury Budget Review[318]	In the **2020 Budget Review**, National Treasury says it will “jointly [with the DFFE] consult stakeholders on future mitigation policies, including the integration of the carbon tax and mandatory carbon budgeting for the private sector to provide policy certainty and promote transparency.” It also says it is “preparing to publish an environmental fiscal reform review paper. It will explore the potential for new environmental taxes and reforms to existing instruments, such as: • Restructuring the general fuel levy to include a local air pollution emissions component. • Alleviating traffic congestion through road pricing charges and design options for an annual carbon dioxide tax on vehicles, in collaboration with the Department of Transport and provincial governments. • Reviewing inefficient fossil fuel subsidies, including the VAT zero-rating of transport fuels. • Considering product taxes on electrical and electronic waste. • Reviewing the tax treatment of company cars to incentivise use of more fuel-efficient vehicles.”[319]

316 Taxation Laws Amendment Act 34 of 2019.

317 The Amendment Act also: includes municipalities in the section 1 definition of “person” in the Carbon Tax Act; clarifies the section 3 threshold for tax liability; makes several amendments to section 4’s emission determination methodology; includes the new section 7 (basic tax-free allowance), in the calculation of tax payable in section 6; amends the allowances for industrial process emissions (section 8) and fugitive emissions (section 9); changes the “must” in section 13 (dealing with offset allowances) to provide that a taxpayer “may” reduce its carbon tax liability by using carbon offsets; and substitutes Table 1 (fuel combustion emission factors) in Schedule 1 of the Carbon Tax Act and its Schedule 2 (the activities and thresholds subject to carbon tax and.applicable allowances).

318 National Treasury, Budget Review 2020, 26 February 2020.

319 Ibid. P 45.

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June 2020	BUSA / DEFF Bilateral on carbon budgets and the integrated mitigation system[320]	The minutes of a 25 June "bilateral" between BUSA and DEFF note Shamini Harrington's comments (for BUSA but also at that time vice president: climate change at Sasol) including that: • "It is imperative to ensure an integrated mitigation system. The same emissions cannot be regulated twice. • **BUSA's proposal recommends that "to ensure alignment and avoid duplication, the carbon budget would replace the tax-free allowance in the carbon tax design and all allowances currently in the tax should be in the budget. Where emissions exceed the budget, these would be penalised by a carbon tax…BUSA does not see the need for a tax below the budget. NT's current proposal is different, in that it proposes a tax below the budget and a higher tax on emissions above the budget, however stakeholders were ensured consultation on this".** • The inclusion of SETs as part of the overall mitigation system. BUSA argues that the "SETs should address the remaining emissions; those not covered by the budget/tax". • The PPD/NDC should be taken into account, but the mitigation does not need to add up to the trajectory. • If we take lessons from the Air Quality [minimum emission standards], it is not desirable to paint industry or the regulations into a corner, rather look for a win-win solution. • Has there been enough thought on the incentives that are needed to bring about the required reductions?" The minutes record DEFF's response in relation to alignment, stating that "the instruments can exist on their own".
December 2020	Presidency Announcement of the Presidential Climate Change Coordinating Commission[321]	On 17 December 2020, President Cyril Ramaphosa announces the appointment of the inaugural **Presidential Climate Change Coordinating Commission**, with effect from 17 December 2020. He states that the Commission "emanates from the Presidential Jobs Summit held in October 2018 when social partners agreed that a statutory body be formed to coordinate and oversee the just transition towards a low-carbon, inclusive, climate change resilient economy and society. The Commission is tasked with advising on South Africa's climate change response". The members of the coordinating commission include representatives from government departments and state entities, business organisations (including: Shamini Harrington, then employed by Sasol; Joanne Yawitch, then chief executive officer (CEO) of the NBI; and Mandy Rambharos, then employed by Eskom), labour, academia, unions, civil society, research institutions and traditional leadership.

320 BUSA, BUSA/ DEFF Bilateral Meeting, 25 June 2020.
321 South African Government, President Cyril Ramaphosa appoints Presidential Climate Change Coordinating Commission, 17 December 2020.

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January 2021	Mincosa Letter to Minister Creecy (DEFF)[322]	**Mincosa writes to DEFF** requesting the inclusion of a senior mining industry representative on the Presidential Climate Change Coordinating Commission. The Council emphasises the mining sector's significant role in climate change mitigation and adaptation, highlighting its commitments to climate neutrality by 2050, renewable energy projects and energy efficiency measures. Mincosa argues that having a mining industry expert on the Commission would ensure that the sector's perspectives are considered in the transition to a low-carbon, climate-resilient economy.
January 2021	National Treasury Taxation Laws Amendment Act 23 of 2020[323]	The Taxation Laws Amendment Act 23 of 2020 commences on 20 January 2021. From this date, amendments are made to section 6 of the Carbon Tax Act – which addresses the calculation of the amount of tax payable. The amendments are deemed to have come into operation on 1 January 2020.
February 2021	National Treasury Budget Review[324]	The **2021 Budget Review** states that, from 1 January 2021, the carbon tax increased by 5.2% from R127[325] to R134 per tCO_2e. It indicates that, "To support South Africa's climate change commitments under the Paris Agreement, the Department of Environment, Forestry and Fisheries is considering enhancing the carbon budgeting system to regulate greenhouse gas emissions by imposing caps on companies for a five-year period. Once legislation on carbon budgets is enacted, government will phase out the carbon budget allowance of 5 per cent provided under the carbon tax".[326] In relation to the carbon budget allowance, the budget states: • The DEFF has gazetted the extension of the voluntary carbon budget system, which became effective from 1 January 2021 and ends on 22 December 2022, and the piloting of new methodologies for determining company-level carbon budgets. • Section 12(1) of the Carbon Tax Act permits a taxpayer to claim a 5% carbon budget allowance if they participate in the carbon budget system during or before the tax period. • To address any ambiguity due to the new voluntary carbon budget system, it is proposed that section 12 be amended to refer to the specific timeframe for the carbon budget (that is, 1 January 2021 to 31 December 2022), as determined by DEFF. The budget also: clarifies renewable energy premium beneficiaries and the definition of carbon capture and sequestration; addresses the alignment of fugitive emissions activities; proposes amendments to the Carbon Tax Act to ensure alignment between the activities covered under the Carbon Tax Act and the amended National Greenhouse Gas Emission Reporting Regulations and sets out progress on waste tyre GHG emissions.[327]

322 Mincosa, Letter to DFFE, 27 January 2021.
323 Taxation Laws Amendment Act 23 of 2020.
324 National Treasury, Budget Review, 2021.
325 On 20 January 2021, the Rates and Monetary Amounts and Amendment of Revenue Laws Act 22 of 2020 amended the 2020 carbon tax rate in section 5(1) of the Carbon Tax Act to R127 per tCO_2e.
326 Ibid. P 50.
327 Ibid. PP 150-152.

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February 2021	Department of Forestry, Fisheries and Environment (DFFE) Presentation to BUSA[328]	**DFFE presents to BUSA** on the "Carbon Budgets Phase II". The presentation covers: • The impetus behind implementing carbon budgeting as a climate change mitigation measure; • The timeline of the carbon budget from phase 1 (2016-2020), the transition period (2021-2022) and through to phase 2 (2023-2027). Mandatory carbon budget submission in terms of the Climate Change Act will be required for entities that have reached their emission thresholds in phase 2; • The voluntary budget submissions under the phase 1 extension; • The scope of phase 2; • Budget allocation methodologies up for discussion: » Fixed reduction » Mitigation potential » Benchmarking DFFE's preferred order of methodology involves starting with the fixed target methodology, followed by the mitigation potential and then the benchmarking method in order to align with allocation principles.
April 2021	BUSA Letter to DFFE and National Treasury[329]	**BUSA writes to DFFE and National Treasury**, requesting clarity and engagement in respect of the carbon budget and carbon tax phase 2 alignment. BUSA notes that DFFE is in the process of developing methodologies for mandatory carbon budgets and National Treasury is reviewing the carbon tax. BUSA complains that the option presented by DFFE to parliament in February 2021, to reduce the current basic tax-free allowance in the tax and transfer this to a carbon budget, had not previously been discussed with industry and that the preferred option of business, where the tax is only applied on emissions exceeding the budget, is not included in its presentation. BUSA then requests clarity on various aspects relating to the allowances in phase 2 of the carbon tax and for there to be policy alignment between the carbon tax and carbon budgets. Finally, it requests that a joint workshop is held with both departments and BUSA to discuss its concerns.

328 DFFE, Presentation to BUSA on Carbon Budgets Phase II, 9 Feb 2021.
329 BUSA, Request for Clarity and Engagement in respect of the Carbon Budget and Carbon Tax Alignment for Phase 2, 12 April 2021.

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September 2021	South African government Updated NDC[330]	**South Africa submits its updated NDC to the UNFCCC**, committing to a fixed target of GHG emission levels of 398-510 $MtCO_2e$ by 2025 and 350-420 $MtCO_2e$ by 2030. The NDC states that, "Meeting these targets will require South Africa to implement a range of policies and measures, including a very ambitious power sector investment plan as set out in the 2019 Integrated Resource Plan, the Green Transport Strategy, enhanced energy efficiency programmes, and the recently-implemented carbon tax."[331]
October 2021	DFFE The introduction of national Climate Change Bill [B-2021][332]	DFFE publishes the **Climate Change Bill**, announcing its intention to introduce it in the National Assembly.[333] Among other things the Bill: • Only contains one offence: the failure to prepare and submit a GHG mitigation plan to the minister; • Removes the provision making it a criminal offence to fail to *implement* a GHG mitigation plan; and • Removes the provision making it a criminal offence to exceed a carbon budget, and instead makes provision for emissions exceeding carbon budgets to be subject to a higher carbon tax rate, "as provided for in the Carbon Tax Act (sic) the modalities of which will be outlined in the carbon budget regulations".
November 2021	Energy Council of South Africa[334] Launch	**The Energy Council of South Africa is launched** under the auspices of Fleetwood Grobler, then CEO and president of Sasol, and then Minister of Mineral and Energy Resources, Gwede Mantashe.[335] Purporting to represent "the collective, unified voice of energy", its founding members comprise four fossil fuel companies (Sasol, Exxaro, Eskom and TotalEnergies), Anglo American Platinum, the Industrial Development Corporation, the Central Energy Fund and the Automotive Business Council, Naamsa.[336] In a letter from Sasol to Minister Mantashe regarding the establishment of the Energy Council, Grobler writes: "Thank you for your leadership and openness to engage with me. In this regard, I wish to request that we meet at scheduled intervals, possibly every four months to advance issues of mutual importance."[337]
January 2022	National Treasury Taxation Laws Amendment Act 20 of 2021[338]	The Taxation Laws Amendment Act 23 of 2020 commences on 19 January 2022.[339] From this date, amendments are made to section 6 of the Carbon Tax Act – which addresses the calculation of the amount of tax payable. Section 12 of the Carbon Tax Act is also amended to indicate that taxpayers who participate in the carbon budget system from 1 January 2021 to 31 December 2022 are entitled to the 5% carbon budget allowance.[340] The amendments are deemed to have come into operation on 1 January 2021.

330 UNFCCC, South Africa First Nationally Determined Contribution under the Paris Agreement, September 2021.
331 Ibid. PP 15-16.
332 DFFE, Climate Change Bill [B-2021], 11 October 2021.
333 DFFE, Notice of introduction of National Climate Change Bill in National Assembly and publication of explanatory memorandum, 11 October 2021.
334 https://www.energycouncil.org.za/
335 Energy Council, Lauch Address, 2 November 2021.
336 Energy Council, Energy Council of South Africa Launch, 2 November 2021.
337 Sasol, Letter to DMRE on request to launch energy council, August 2021.
338 Taxation Laws Amendment Act 20 of 2021.
339 Also on 19 January 2022, the Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2021 amends the 2021 carbon tax rate in section 5(1) of the Carbon Tax Act to R134 per tCO_2e.
340 The Amendment Act also amends Schedule 2 (the activities and thresholds subject to carbon tax and applicable allowances) of the Carbon Tax Act.

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February 2022	Sasol Submission on National Treasury's Tax Policy Discussion Document: What is the Most Appropriate Tax Regime for the Oil and Gas Industry?[341]	**Sasol** submits a response to National Treasury on a discussion document titled, **What is the Most Appropriate Tax Regime for the Oil and Gas Industry?**[342], published by National Treasury and the DMRE on 15 December 2021 for comment by 25 January 2022.[343] In relation to the section of the discussion document on the impact of climate change on oil and gas; and proposals relating to the "upstream oil and gas tax regime, including recommendations on how the tax system should treat future fossil fuel investments", Sasol emphasises its view of the importance of gas in South Africa's transition to a low-carbon economy. In terms of royalties for oil and gas, Sasol recommends a concessionary royalty tax regime instead of a flat rate. It states that the latter would be viewed as "non-ideal and stalling re-investment". It also calls for further testing of "proposed capital allowances within the context of a narrowing window of opportunity and increasing global competition." Sasol goes on to make a case for "the Minister of Finance" to "enter into a fiscal stability agreement (FSA) with an oil and gas company" in order to provide more certainty and predictable tax policies for its benefit. Sasol concludes in taking a "reticent" stance on a sovereign wealth fund and is, rather, in favour of more "enabling policy frameworks" and incentives for its sector.
February 2022	National Treasury Budget Review[344]	The **2022 Budget Review** provides that: "To prepare South Africa for the structural transition to a climate-resilient economy, government proposes to progressively increase the carbon price every year by at least US$1 to reach US$20 per tonne of carbon dioxide equivalent by 2026. For the second phase , government intends to increase the carbon price more rapidly every year, to at least US$30 by 2030, accelerating to higher levels by 2035, 2040 and up to US$120 beyond 2050."[345] And, in relation to carbon budget exceedance: "Penalising emissions exceeding mandatory carbon budgets. The mandatory carbon budgeting system comes into effect on 1 January 2023, at which time the carbon budget allowance of 5 per cent will fall away. To address concerns about double penalties for companies under the carbon tax and carbon budgets, it is proposed that a higher carbon tax rate of R640 per tonne of carbon dioxide equivalent will apply to greenhouse gas emissions exceeding the carbon budget. These amendments will be legislated once the Climate Change Bill is enacted".[346]

341 Sasol, Submission on the Oil and Gas Discussion Document 2022 - IP approved, 7 February 2022.
342 National Treasury, What is the Most Appropriate Tax Regime for the Oil and Gas Industry?, 15 December 2021.
343 National Treasury, Publication of Tax Policy Discussion Documents for Comment, 15 December 2021.
344 National Treasury, Budget Review 2022, 23 February 2022.
345 Ibid. P 49.
346 Ibid. P 48.

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		It extends Phase 1 of the carbon tax, with its substantial allowances and electricity price neutrality to 31 December 2025 and increases the rate of carbon tax from R134 per tCO_2e to R144 per tCO_2e, effective from 1 January 2022. The budget also announces that "the basic tax-free allowances will also be gradually reduced to strengthen the price signals under the carbon tax from 1 January 2026 to 31 December 2030. ... This approach aligns with global institutions."[347] Finance Minister Enoch Godongwana notes that, "from 2026 onwards", the carbon tax "will have larger annual increases to reach at least $30 by 2030 and the allowances will rapidly fall away."[348] Minister Godongwana notes that the carbon tax is "the main mechanism to ensure we lower our greenhouse emissions" and urges "all our companies that have not already done so to develop plans to progressively reduce their emissions over the next 10 years, otherwise they will face these steep taxes."[349]
February 2022	DFFE Climate Change Bill [B9-2022][350]	DFFE introduces the **Climate Change Bill** to parliament on 18 February 2022, more than three-and-a-half years after it was first introduced in June 2018. There is still only one offence in the Bill: the failure to prepare and submit a GHG mitigation plan. Exceedance of a carbon budget is still not indicated as an offence in the Bill. The provision indicating that emissions exceeding a carbon budget will be addressed through a higher carbon tax rate has been removed. No other penalty is prescribed for violating a carbon budget. Public comments are invited by 27 May 2022.

347 Ibid. P 49.
348 Minister Enoch Godongwana, Budget Speech, 23 February 2022.
349 Ibid. P 15.
350 DFFE, Climate Change Bill, 2022.

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March 2022	BUSA and National Treasury Briefing note for BUSA CEO for meeting with National Treasury[351]	At a meeting between BUSA and National Treasury, BUSA indicates the intention to raise the following concerns: • The potential growth of companies must be ensured to support the economy - production cannot cease or be limited because of caps on GHG emissions. • Legacy issues of an unintegrated and incomplete mitigation system persist, such as the "*after the fact* alignment of a higher carbon tax upon exceedance of the allocated carbon budget and the second phase increase of the carbon tax". • Further complexities introduced by the 22 February 2022 Budget Speech in which "fundamental changes to the carbon tax rate and design were announced. As a result, far-reaching negative implications for Business and society are expected". • Ill-timed carbon tax increases "will in fact result in a loss of major lines of production, an inability to exploit low carbon opportunities, extensive loss of jobs and exacerbate a fragile and difficult growth and decarbonisation path. This is counterproductive and *flies in the face* of the just transition principle that there should be "more winners than losers". • A concern about the lack of engagement with organised business over the alignment of the carbon tax design and the carbon budgets: "Meetings have been repeatedly requested by Business but not reciprocated by National Treasury... At this point we find ourselves in a situation where a loss of trust exists within the Business fraternity. We believe that these issues could have been addressed through active engagement before the recent carbon tax announcement if a more consultative process were followed". In relation to increases to the tax rate: • The timing of increases must be aligned with mitigation potential. • Business is not in a position to afford the proposed tax rates and at the same time mobilise the capital needed to transition to low-carbon operations in order to remain below the allocated carbon budget. • This must not impact South Africa's competitiveness. • "Although the carbon tax is widely understood to be relatively low, it does not negate the fact that its current application has negative impacts on business and by extension job creation. The mothballing of Saldanha has resulted in the loss of ~ 1000 direct job opportunities under a scenario of a low level tax indicating the difficult operating conditions that business is facing." It asserts that the following amount to "double penalties": • Having to pay tax on emissions and invest in lower-carbon alternatives ("mitigation projects to keep greenhouse gas emissions within the budget"). • Having a standalone tax for all emissions below the carbon budget and a higher tax rate for emissions that exceed a carbon budget. • That "from 2026 onwards, electricity price neutrality is not a commitment. Hence corporates will be facing a higher carbon tax penalty, a higher low-level tax below the budget applied to all emissions plus a higher electricity price from the carbon tax pass through, as well as a high electricity grid factor. This triple impact scenario will most certainly limit investment, especially where there is no reprieve expected from the basic allowances, incentives or subsidies to cushion hard-to-abate or more vulnerable sectors within Business". "BUSA would like to direct NT to the commitments made in parliament in 2019 and in engagements since, that phase 2 of the carbon tax and the alignment between the carbon tax and carbon budgets would be consulted upon. BUSA believes that this process and consultation should already have commenced to ensure sufficient time for Business and government implementation."

351 BUSA, CEO Briefing note for the meeting with National Treasury, 10 March 2022.

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March 2022	Sasol Letter to National Treasury[352]	**Sasol meets with National Treasury on 18 March 2022**. Priscillah Mabelane, executive vice president: energy business writes to the director-general to thank him for the meeting, to "congratulate National Treasury on the recent budget speech that provided investor confidence and your views expressed during the meeting" and to "propose a cadence of meetings between Sasol and National Treasury of at least once a quarter, with the next set of meetings proposed for the months of May, July, September and November 2022." Topics to be discussed initially include "energy transition, hydrogen, gas, incentives, allowances and any other matters of mutual importance."
May 2022	Sasol Submission on the Draft Climate Change Bill[353]	Sasol supports BUSA's comments[354] and emphasises issues of direct concern to its business, including: • The lack of adequate recognition in the Bill of mitigation potential and the feasibility to transition as criteria for allocation of carbon budgets, and recommends that specific criteria for allocating carbon budgets and SETs be included that take account of "mitigation potential, the ability to transition and the inability to transition at pace due to externalities outside of an emitter's control". • The lack of positive incentives such as green funds, tax breaks and subsidies to accompany carbon pricing and budgets, and recommends that the Bill require the development of such regulations. • The "commitment" from DFFE and National Treasury to align the carbon budget and carbon tax. It requires they be "fully integrated" before implementation of the Bill, and indicates that the failure to do so would put Sasol at risk of "double penalties". A provision "must be added to the Bill" that ensures that this is achieved, and that an administrative penalty, without criminalisation, will apply if carbon budgets are exceeded. • In support of the above recommendation, it argues specifically that exceedance of a carbon budget "cannot be viewed and managed similar to local pollution issues which may constitute a criminal offence subject to criminal enforcement". Further, it argues that the application of a higher tax rate for exceedance of a carbon budget must still have regard to "mitigation potential, technology availability, maturity of technology solutions and the necessity for the imposition of both negative and positive incentives to enable the meeting of reduction objectives".
July 2022	DFFE / Sasol Letter to Sasol: approval of carbon budget extension[355]	DFFE writes to Sasol to approve the extension of the phase 1 period (2016-2020) of the carbon budget up to 31 December 2022.[356] DFFE confirms that this makes Sasol eligible to claim the 5% carbon budget allowance for a further two years, and notes that this extension does not necessarily "set precedence" (sic) for subsequent phases after 2022.

352 Sasol, Letter to National Treasury, 28 March 2022.
353 Sasol, Submission on the 2022 Draft Climate Change Bill, 27 May 2022.
354 These are not publicly available.
355 DFFE, Approval of Carbon Budget Phase I Extension for Sasol, 22 July 2022.
356 The first phase of carbon budgets in South Africa (2016–20) was implemented as a voluntary pilot in preparation for a second mandatory phase to commence in 2021. Thereafter, it was initially intended that there would be a transitional period ahead of mandatory carbon budgets commencing in 2023. However, linked to the extension of phase 2 of the carbon tax, the voluntary carbon budget regime was extended to 2025. The current understanding is that mandatory budgets will apply from 2026.

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July 2022	Sasol Meeting between Sasol and advisors to Finance Minister Godongwana[357]	Sasol's presentation at the meeting argues that the proposed carbon tax will hinder the company's viability from as early as 2030. It also argues that it is investing in decarbonisation, and in growth, particularly "for the Northern Cape and Vaal to grow jobs and economic value". The presentation ends with requests for the Minister including: • To note Sasol's impact on employment, revenue contribution, fuel supply etc. and consider how it "could maintain a viable business while still meeting the objectives of the country in terms of people, planet and profit"; • To review the timing and quantum of the carbon tax; and • To consider a mechanism to hold Sasol accountable to deliver on its emissions reduction commitment (30% by 2030) "before imposing a significant carbon tax."
July 2022	National Treasury Draft Taxation Laws Amendment Bill [Bxx-2022] (2022 TLAB)[358]	The **draft 2022 TLAB** is released on 29 July 2022 proposing amendments to the Carbon Tax Act. National Treasury notes that "A credible headline carbon tax rate is vital and will go a long way in nudging South Africa onto a sustainable, low carbon and economically competitive growth path and lessen the impact of retaliatory border carbon taxes on carbon intensive exports."[359] It proposes a gradual adjustment to the carbon tax rate as follows:[360] • US$1, US$2 and US$3 per tCO_2e for the 2023, 2024, and 2025 tax periods ending on 31 December, respectively; • US$20 per tCO_2e in 2026; • Adjustment by US$2,5 per tCO_2e per year for the 2027 to 2029 tax periods; • US$30 per tCO_2e in 2030; and • Thereafter future increases to be determined by the minister. It also proposes extending allowances for energy efficiency savings and electricity price neutrality under Phase 1 from 1 January 2023 to 31 December 2025. Comment is invited by 29 August 2022.[361]

357 Sasol, Meeting between Sasol and Advisors to Minister Godongwana, 25 July 2022.
358 National Treasury, Taxation Laws Amendment Bill, 29 July 2022.
359 P 39, National Treasury, Draft explanatory memorandum on the Taxation Laws Amendment Bill 2022, 29 July 2022.
360 The change in pricing from Rands to US dollars is to align with NDC commitments, and "takes into account recommended global carbon prices required to meet the 2°C temperature goal of the Paris Agreement, as follows: • The High-Level Commission on Carbon Prices of US$ 40 to 80 by 2025 and US$ 50 to 100 by 2030; • IMF proposal of a minimum carbon price for developing economies ranging from US$ 25 to 50 and global carbon pricing of US$75 by 2030, starting at US$15 in 2022; and • Proposed implementation of the Carbon Border Adjustment Mechanism (CBAM) by the EU from 2026 applied at the EU Emissions Trading Scheme (EUETS) carbon price and covering various sectors including iron and steel and fertilisers." Ibid.
361 National Treasury, 2022 Draft rates, Revenue and Tax Bills call for comments, 29 July 2022.

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August 2022	Presidency / business Summary of business leaders' Just Energy Transition Partnership (JETP) stakeholder consultation session[362]	At a **JETP consultation** between business leaders and the Presidency, potential challenges that could affect the role of business in the transition, including the carbon tax, are discussed. There is a call for a review of the current carbon tax regime to "align with transition goals" and provide tax incentives for new sectors like electric vehicles and green hydrogen.
August 2022	Sasol Submission on the carbon tax section of the 2022 TLAB[363]	Sasol submits comments on the proposed amendments to the Carbon Tax Act, including with annexures "providing inter alia compelling analysis on the potential unintended consequences of the higher carbon tax rates, as well as the opportunity costs associated with it." The comments, which run to 35 pages, emphasise: • The significant adverse impacts of the carbon tax on Sasol's viability, which it describes as "untenable because of the combined effect of a large carbon tax payment with our decarbonisation and maintenance costs". The impacts include: » The impact of the proposed tax on its profitability and shareholder returns, particularly on the Public Investment Corporation and Industrial Development Corporation. It provides quotes from private investors (Standard Bank Securities, Bank of America Securities, UBS, and RMB/Morgan Stanley) on the risks posed by the carbon tax as evidence of its concern. » The impact of the tax on Sasol's cash flows and economic viability, again threatening the premature closure of "part or all of Sasol's operations in South Africa. This will lead to severely reduced contributions to the economy (in the form of taxes, employment and social investments). Moreover, substantial direct and indirect job losses will be experienced in South Africa at a time when new jobs are need (sic) and which Sasol is in the midst of contributing to". • The significant adverse impact on the economy, which include: » Deindustrialisation as an unexpected consequence of a premature closure of Sasol's operations. » Concerns around the impact on energy security as a result of reduced fuel supply.

362 Presidency, Business Leaders JETP Stakeholder Consultation Session, 19 Aug 2022.
363 Sasol, Submission on the 2022 Draft Tax Bills, 29 August 2022.

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		Sasol recommends that: • National Treasury reconsider the proposed increased in carbon tax for the period between 2026 to 2030. It says it "cannot see how the proposed US$30 tax can be absorbed by the economy or Sasol". • Together with a slower escalation of the carbon tax, a "suite of policies including applicable allowances and offsets, should be incorporated" in alignment with mitigation availability "for hard to abate sectors such as ours". Also that "retention of the basic and other allowances beyond 2030 should be considered, to allow for mitigation cost curves to reduce, thereby affording Sasol time to decarbonise and continue adding economic and social value to the country". • Incentives to cover the gap between the cost of production and the market price, funded through revenue recycling, be included. • The proposed amendments to the Carbon Tax Act be delayed to await clarity on the Climate Change Bill.
September 2022 Industry presentations to SCOF on the carbon tax proposals in the 2022 TLAB		
Organised Business Joint position on the carbon tax in response to the draft 2022 TLAB[365]		**On the first of two days of public hearings of the SCOF on the draft 2022 TLAB (13 September 2022), six business associations[364] representing the fossil fuel and heavy industries, publish a joint statement pushing back against elements of the carbon tax**. The statement welcomes the extension of Phase 1 and recommends: • Revising the carbon tax rate so that instead of increasing by a minimum of $1 for 2023-2025, and gradually to $20 in 2026 and at least $30 in 2030, as proposed by National Treasury, increases continue to be based on CPI +2% until at least 2030. • Retaining and expanding all current allowances to 2030, which the current draft does not do, and implementing additional supporting policies and measures. • Revising the timeline of implementation such that a higher carbon price should only be considered post-2035. • A detailed bottom-up analysis for hard-to-abate-sectors. • A detailed study to evaluate the finance impacts of the carbon tax pass-through from industries that are not able to pass through a carbon tax to customers. • Including the deduction of sequestration activities in the carbon tax formula for all industries (not only paper and pulp). In response to this and other industry comments that the proposed carbon tax increase would be too onerous on businesses and consequently on consumers, Chris Axelson, chief director of economic tax analysis at National Treasury, noted that "it was not too long ago where they [National Treasury] were being criticised for being too soft on business but now industries were submitting that they were being far too onerous". He also reminded industry that "a higher rate was necessary because it was too low. Industry had always been cautioned that the tax had been initially set very low to give them time to gradually adjust their operations to the higher rate that would come."[366] Acting deputy director-general of National Treasury, Ismail Momoniat, was also reported to have said that he was "surprised" by business's lack of vision and "disappointed" in its lack of leadership.[367]

364 BUSA, Organised business joint position on carbon tax, 13 September 2022.

365 The Energy Council of South Africa, Mincosa, Business Leadership South Africa, BUSA, SAPIA, and the Energy Intensive Users Group.

366 PMG, Tax Bills: Treasury & SARS response to public submission, 21 September 2022.

367 Business Day, Treasury says business's carbon tax call shows a lack of vision, 21 September 2022.

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Sasol[368]	ITTCC[369]	CAIA[370]
Hanré Rossouw, Sasol executive director and chief financial officer, presents Sasol's submission to the SCOF on the carbon tax proposals. He references, among other things, Sasol's critical role in the economy and argues that the proposed tax of $20-30/tCO$_2$e (without allowances) renders Sasol unviable in the next 5-10 years: "Cash flow impact of the proposed carbon tax will likely lead to the premature closure of part or all of Sasol's operations in South Africa. This will lead to severely reduced contributions to the economy". Sasol argues that the tax must balance "people, planet and profit", that the trajectory of the tax increase must be in sync with mitigation availability, and that it must be accompanied by a suite of enabling policies including allowances, incentives and revenue earmarking. **It recommends delaying implementation of the tax.**	Andries Gous, ITTCC co-vice chairperson, welcomes the carbon tax but recommends that it be carefully implemented. The ITTCC argues that the tax was set **"too high and too soon"** for the industry to absorb, which could lead to unintended consequences such as shutting down of companies. It repeats some of the recommendations in the joint statement by organised business, including the retention of the current allowances, the need for additional incentives, and the implications of including the electricity sector and concerns regarding pass-through to consumers. Finally, it proposes, like others, that the carbon tax be put into South African Rands to eliminate uncertainties that come with having it expressed in US Dollars.	Glen Malherbe, CAIA head of policy analysis, says CAIA intends to "assist government in crafting the most effective and least costly policy to reduce greenhouse gas emissions with little negative impact on business sustainability, employment and the GDP". CAIA recommends, among other things: flexible implementation; delinking the tax from the US Dollar; and the finalisation of a "full mitigation system" before any final policy developments.
BUSA[371]	**Mincosa[372]**	**AMSA[373]**
Cas Coovadia, BUSA CEO, and Happy Khambule, BUSA manager: environment and energy, welcome the extension of Phase 1 and argue: • For a suite of incentives to accompany the carbon tax; • Against pegging the carbon price to the US dollar; • That business cannot afford the proposed tax rate increase as it is already "feeling the strain of the current carbon tax liabilities"; • The proposed increase is "too high and too soon" and should only apply post 2035; • For a more detailed analysis of the socio-economic implications, and of viable mitigation options to inform the time and rate of the tax; • For the retention of allowances; • Against the timing of the tax, saying that a "sharp upward trajectory of the proposed tax rate would place [South Africa] at a competitive disadvantage" leading to unemployment, accelerated shutdowns; and • For aligning the rate increases with mitigation options.	Stephinah Mudau, head of Mincosa's environment department, argues: against pegging the tax rate to the US Dollar; that the high carbon tax rate impacts the viability of mining companies; and recommends that the carbon tax rate continue to be levied at CPI+2% in Phase 2. Mudau argues that any increases to the rate need to be accompanied by additional measures to support the minerals industry. Mincosa also requests clarity on the "punitive tax rate" to be imposed on taxpayers that exceed their carbon budget.	Werner Venter, AMSA chief technology officer, argues that the carbon tax rate is too high and "in the absence of substantial financial support relating to decarbonisation, our operations [in South Africa] may not be able to remain sustainable".

368 Sasol, Sasol's submission to the Standing Committee on Finance (SCOF) on the carbon tax proposals, 14 September 2022.
367 ITTCC, Submission on the carbon tax section of the Taxation Laws Amendment Bill (TLAB), 12 September 2022.
370 CAIA, Taxation Laws Amendment Bill Presentation on the Carbon Tax-related proposals, 14 September 2022.
371 BUSA, Presentation on carbon tax, 14 September 2022.
372 Mincosa, Oral submission on the Draft Taxation Laws Amendment Bill, 14 September 2022.
373 AMSA, Comments: Draft Taxation Laws Amendment Bill (TLAB) as published on 29th of July 2022 – Carbon Tax, 12 September 2022.

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September 2022	BUSA Letter to acting director-general of National Treasury[374]	Shortly after the SCOF public hearings on the 2022 TLAB, the CEO of BUSA writes to the acting director-general of National Treasury, Ismail Momoniat, requesting a meeting to discuss its position on the carbon tax. BUSA writes that it "has had a very constructive relationship with National Treasury" and, in relation to the carbon tax, "various proposals made by BUSA have been taken forward, and we are appreciative of this. However, others need discussion between BUSA and yourselves, so that any misinterpretation is dealt with."
September 2022	Sasol Presentation to the parliamentary committee on forestry, fisheries and the environment on the Climate Change Bill[375]	Sasol, represented by Shamini Harrington, vice president: climate change, presents to the committee, emphasising its contribution to the South African economy, and the steps it is taking voluntarily to transition, including by changing to a "more sustainable feedstock" – gas. Sasol states that it supports the Bill, and "recognises that the Bill has incorporated several issues previously raised". Nevertheless it also raises the following issues "to strengthen it": • An "administrative penalty without criminalisation if a budget was exceeded supported by positive incentives in the form of an integrated mitigation system" to replace the carbon tax penalty provided for in previous version of the Bill. Such administrative penalty should also be supported by "positive incentives in the form of an integrated mitigation system". • Assurance that SETs would not negatively affect industry – that these should rather support the achievement of carbon budgets. • The allocation of SETs and carbon budgets must consider mitigation potential and ability to transition. Sasol also requests that the timing of the proposed amendments to the carbon tax await clarity on the Climate Change Bill. In response to push back from the committee members, who argued that compliance would be impossible without criminalisation - and using the example of the minimum emission standards in terms of air quality as a warning - Harrington responded that Sasol had always argued for a higher carbon tax for budget exceedance and that, given the "sizable tax liability that was related to this", this would be sufficient incentive for it to keep within its carbon budget".[376] In its 2023 Climate Change Report,[377] Sasol also reports that it participated in the consultation process and requested the following amendments: • When allocating carbon budgets, the government must take into account the mitigation potential of the individual company in its respective sector. • Exceeding carbon budgets should be penalised by way of a carbon tax. (Curiously, Sasol noted that it was aware that government shared its stance on penalties, but that due to potential legal challenges, it could not introduce possible carbon tax penalties in the Bill). • While the Bill noted that incentives 'may be' introduced, Sasol requested that it be more specific and prescriptive and list all possible incentives, such as tax breaks, decarbonisation incentives and green funds.[378]

374 BUSA, Request for Engagement, 20 September 2022.
375 Sasol, Submission to the Portfolio Committee on Environment, Forestry and Fisheries on the Propose Climate Change Bill, 20 September 2022.
376 PMG, Climate Change Bill public hearings, 20 September 2022.
377 Sasol, Climate Change Report, 2023.
378 Ibid. P 66.

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October 2022 Industry presentations to the parliamentary committee on forestry, fisheries and the environment on the Climate Change Bill		
BUSA[379]	**Mincosa**[380]	**CAIA**[381]
Happy Khambule, environment and energy manager at BUSA, argues that legislation and policy must recognise that abatement is difficult and costly for certain industries, and that "these sectors are economically essential". He raises concerns about a "double penalty" being imposed, if there is not "meaningful alignment" between the carbon tax and the carbon budgets before the Climate Change Bill can be finalised. BUSA argues that "placing a tax on emissions within and below the budget constitutes a double penalty. A price already exists relating to the capital required to invest in mitigation projects to keep emissions within the budget and the capital needed to facilitate the reskilling of workers and the creation of new employment opportunities for just transition." Like Sasol, BUSA also says that exceeding carbon budgets should not give rise to criminal sanctions. "For BUSA, the biggest risk in the bill lies in the fact that implementation of the bill may end up being an unintended vehicle to disallow companies' rights that have already been granted under existing environmental authorisations...". BUSA is also concerned with the fact that the Minister is empowered by the legislation to make regulations, arguing that this introduces too much uncertainty, and that the Bill cannot be finalised until the subject matter of future regulations is made explicit.	Stephinah Mudau, head of Mincosa's environmental department, begins by emphasising the role the mining sector plays in the economy, and stating that "Minerals Council SA has been part and parcel of the business constituency through BUSA negotiating on this Bill through NEDLAC process". In its presentation, Mincosa expresses concern about: • The "double penalty" of carbon budgets and the carbon tax and recommends "a carbon pricing mechanism that would align the two and take into consideration national and company circumstances, mitigation potentials and mitigation trajectory". • A lack of clarity around the scope of carbon emissions to be included in carbon budgets – whether they would only cover Scope 1 emissions or whether Scope 2 and 3 would also be included. • Penalties for non-compliance with the legislation. Mincosa recommends that any penalties must consider the economic consequences for the entities and should "encourage deterrence and not inflict punishment". Lastly, it requests that the Bill not be enacted until there has been alignment between the carbon tax and carbon budgets, and that "the effective date for clauses which requires the making of regulations be staggered until such time that draft regulations have been written and proper alignment of the overall mitigation system is attained".	Glen Malherbe, CAIA head of policy analysis, argues for a "single holistic mitigation system", integration of carbon tax and carbon budgets and increased certainty around the allocation of carbon budgets, increased flexibility of the carbon offset policy, and recognition that more time is required for transitioning "where transitioning is still feasible".
2022	Mincosa Integrated Annual Review[382]	Mincosa discloses that it "worked extensively with the DFFE and the relevant parliamentary committee to engage on the challenges the industry has with aspects of the Climate Change Bill...These challenges include alignment between the carbon budget, the implication of higher carbon tax for emissions above the carbon budget and certain penalty clauses."[383]

379 BUSA, Preliminary submission on the draft Climate Change Bill, 28 October 2022.
380 Mincosa, Parliament public hearings on the Climate Change Bill, 28 October 2022.
381 CAIA, Climate Change Bill Presentation, 28 October 2022.
382 Mincosa, Integrated Annual Review, 2022.
383 Ibid. P 42.

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January 2023	National Treasury Final Response Document on the 2022 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2022 Draft Taxation Laws Amendment Bill and 2022 Draft Tax Administration Laws Amendment Bill[384]	**National Treasury publishes its final response to comments on the draft 2022 TLAB**, based on hearings by the SCOF in Parliament. In the 21 September 2022 SCOF meeting at which National Treasury provided its initial responses,[385] BUSA, Sasol, Mincosa, ITTCC, CAIA and AMSA again made presentations. National Treasury responds to some of the common arguments against the carbon tax from industry as follows: Not accepted/noted: • National Treasury does not accept the proposal that the carbon tax rate increases by CPI+2% until 2030, with higher prices only considered after 2035 as this is not conducive to South Africa meeting its international commitments. • It has not been stated that all the tax-free allowances will be phased out or removed by 2030. “In light of the extended phase 1 and to provide policy certainty, a paper will be published in 2023 on possible design options for the tax-free allowances under the carbon tax for public comment and further stakeholder consultation”. • Given that the Carbon Tax Act does not include a sunset date on the transition allowances, a provision for the retention of the allowances is not required. • Several carbon tax modelling studies have been undertaken by National Treasury, local academics and international institutions such as the World Bank. The broad findings from these models show that a carbon tax will make a significant contribution to the reduction of emissions and that the economic impact of the carbon tax will depend on how the revenues are used. National Treasury responds directly to BUSA in this regard – “Building on the technical analysis of the NBI and the [Mitigation Potential Analysis] 2020 update of the DFFE, BUSA is encouraged to undertake further bottom-up analysis to identify mitigation potential and opportunities across the key emitting sectors and also consider further opportunities for research and development to support technology innovation”. • Further work will be undertaken to assess the impacts of removing the electricity price neutrality on different sectors. Further consideration will be given to extending this deduction for an additional 3-5 years (above the current 3 year extension) and refining the design of the incentive “to remove any double benefits”. Accepted: • The change to convert the US$-based carbon tax rates to the Rand equivalent using the average exchange rates published by the South African Reserve Bank is accepted; and • The Carbon Tax Act (through the TLAB) will be amended once the Climate Change Bill is enacted to provide for the higher tax rate on emissions exceeding the budget. This will be aligned with the gazetting of the Carbon Budget Regulations. At the SCOF meeting, Chris Axelson, chief director on economic tax analysis at National Treasury, reminded industry that it has “always been cautioned that the tax had been initially set very low to give them time to gradually adjust their operations to the higher rate that would come. Allowances have not been legislated because consultations must take place to ensure that proper allowances are legislated. Considering this, uncertainties will naturally occur during tax legislation going forward.”

384 National Treasury, Final Response Document on the 2022 Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill, 2022 Draft Taxation Laws Amendment Bill and 2022 Draft Tax Administration Laws Amendment Bill, 16 January 2023.

385 PMG, 2022 Tax Bills: Treasury & SARS response to public submissions, 21 September 2022.

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January 2023	National Treasury Taxation Laws Amendment Act 20 of 2022[386]	The Taxation Laws Amendment Act 20 of 2022 commences on 5 January 2023. From this date, section 5(2) of the Carbon Tax Act is amended to provide that the rate of tax specified in section 5(1)[387] **must** be increased to the amount of: • R159 for tax periods from 1 January 2023 until 31 December 2023; • R190 for tax periods from 1 January 2024 until 31 December 2024; • R236 for tax periods from 1 January 2025 until 31 December 2025; • R308 for tax periods from 1 January 2026 until 31 December 2026; • R347 for tax periods from 1 January 2027 until 31 December 2027; • R385 for tax periods from 1 January 2028 until 31 December 2028; • R424 for tax periods from 1 January 2029 until 31 December 2029; and • R462 for tax periods from 1 January 2030 until 31 December 2030. The amendments include: • That the rate of tax **must** be increased after 31 December 2030 by the amount announced by the Minister in the national annual budget; and • That the current rate applicable **may** be adjusted by the amount announced by the Minister in the national annual budget and "thereafter at three-year intervals to take into account the impact of exchange rate movements on the comparability of the rate to global carbon pricing". These provisions are deemed to have come into operation on 1 January 2023.[388]
February 2023	National Treasury Budget Review[389]	The **2023 Budget Review** announces an increase in the carbon tax rate from R144 to R159 with effect from 1 January 2023.[390] It also: • Extends the utilisation period for carbon offsets to align with the extension of Phase 1 of the tax, to 31 December 2025; • Aligns the fuel emissions factors with the DFFE's amended guidelines for quantifying GHGs; and • Proposes changing the formula for calculating fugitive emissions.[391] Finally, it announces that it will "consider stakeholder inputs on the possibility of a domestic market to trade tax credits created through the carbon tax".[392]

386 Taxation Laws Amendment Act 20 of 2022.

387 On 5 January 2023, the Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2022 amends the 2022 carbon tax rate in section 5(1) of the Carbon Tax Act to R144 per tCO_2e.

388 The Amendment Act also amends parts of section 6 of the Carbon Tax Act, which deals with the calculation of the amount of tax payable.

389 National Treasury, Budget Review 2023, February 2023.

390 Ibid. P 53.

391 Ibid. PP 152-153.

392 Ibid. P 174.

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May 2023	BUSA and DFFE Notes on BUSA / DFFE engagement on climate change policies[393]	**BUSA and DFFE have a bilateral engagement to discuss climate policies**. Notes from the meeting record that, in respect of the Climate Change Bill: • The Bill is "with the Parliamentary Portfolio Committee on Forestry, Fisheries and the Environment"; and • "Compliance will be addressed in the carbon budget regulations". In relation to carbon budgets: "DFFE has confirmed that it will continue to sign letters aimed at supporting companies to gain eligibility for the carbon budgets allowance under the current carbon tax accounting framework up until a point where National Treasury communicates a different accounting framework for the carbon tax system and taking into account the need to have the [Climate Change] Bill and [Carbon Budget] regulations promulgated." In relation to National Treasury: National Treasury will steer the budget/tax alignment design "which has been indicated as a standalone tax with a higher tax rate on emissions above the budget but confirmation will be forthcoming, business advised that this process requires a proper consultation and alignment with associated policies".
July 2023	BUSA Letter from BUSA to Treasury requesting engagement on carbon budget allowance[394]	**BUSA writes to National Treasury** seeking clarity on the eligibility and applicability of carbon tax allowances in relation to carbon budgets. BUSA highlights that companies which voluntarily applied for carbon budgets between 2020 and 2022 received allowances, but mandatory carbon budgets have been delayed due to the draft status of the Climate Change Bill. BUSA requests that National Treasury "issue a communique to SARS" to accept carbon budget allowance approval letters from DFFE until the Climate Change Bill is enacted. It emphasises the importance of continued collaboration between the private sector and the government to achieve climate goals and ensure effective implementation of carbon policies.

393 BUSA, Proposed Agenda of the BUSA DFFE Engagement on Climate Change Policies, 24 May 2023.
394 BUSA, Letter to NT, 4 July 2023.

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August 2023	DFFE Responses to public submissions and comments on the Climate Change Bill[395]	In a series of meetings of the parliamentary committee of forestry, fisheries and environment on 8, 15 and 22 August, the DFFE set out and responded to submissions made on the Bill by industry and others.[396] The report includes comments made by Sasol, BUSA, CAIA and Mincosa. **Sasol's** submissions include that: • There should be alignment between the Bill and air quality requirements; • There is a lack of alignment between existing authorisations and carbon budgets, including carbon tax; • There is a lack of positive incentives; • There is potential for "double penalties" in the allocation of SETs and carbon budgets, and there is a need for assurance that SETs will not negatively impact industry and will support achievement of SETs; • The allocation of carbon budgets must take into account mitigation potential, ability to transition, and must not "retrospectively impact on the rights granted to a company through existing authorisations"; • The exceedance of carbon budgets should result in an "administrative penalty" and not criminalisation and that the carbon budget and carbon tax must be aligned. Sasol states that it "supports a budget with the carbon tax applied only on emissions exceeding the budget. To be most effective a carbon tax within the budget should not apply"; and • The Bill should make provision for entities to apply for cancellation of their carbon budget under specific circumstances. **BUSA** submits that: • "Consideration should be given to formalising the participation of organised business, labour and civil society at the various climate change forums"; • It does not support the "punitive nature of the current carbon budget structure"; and • Carbon budgets should rather incentivise companies to comply with an emissions plan "negotiated with government". **CAIA** submits that: • It is uncertain as to whether the [Presidential Climate Commission (PCC)] commissioners are constituency-based or made up of persons "with diverse expertise in the field that are appointed by the President"; • The Bill should address "how the negative impacts of climate change...will be separated from those of insufficient municipal service delivery and infrastructure provisioning", for example, flooding; • Alignment between the carbon tax and carbon budgets is still lacking, as is a single mitigation system; • Carbon tax should not apply to emissions within the carbon budget, and it is not clear whether the carbon tax will apply to emissions as a result of activities listed in the [National Greenhouse Gas Emission Reporting Regulations]; • The scope of what is included in a carbon budget is too broad; • A broadening of the offsets mechanism is required (and that National Treasury has not sufficiently engaged with or incorporated its suggestions); and • Climate change and air quality issues should not be conflated nor requirements duplicated.

395 DFFE, Comment and response report on the public hearings (oral and written submissions) held from September 2022 to July 2023, 8 August 2023; and DFFE, Updated CRR on the Climate Change Bill, 15 August 2023.
396 PMG, Climate Change Bill: consideration of public submissions, 8 August 2023; PMG, Climate Change Bill: response to public submissions with Minister, 15 August 2023; and PMG, Climate Change Bill: deliberations & DFFE response to comments, 22 August 2023.

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		Mincosa submits that: • There is a lack of detail on what constitutes SETs and how carbon budgets are to be determined, and on the extent to which SETs overlap with carbon budgets; • Requiring a higher tax for GHG emissions above the budget is "punitive and double taxation"; • The just transition must be considered in setting SETs and carbon budgets; • Clarity regarding the submission of GHG mitigation plans is required; and • Provisions for cancellation or revision of a carbon budget under prescribed circumstances is required.
October 2023	DFFE Climate Change Bill [B9-2022] in National Assembly[397]	On 24 October, the **Climate Change Bill is passed by the National Assembly** and referred to the National Council of Provinces for debate. The version of the Bill that was approved does not prescribe any penalties to companies that exceed their authorised carbon budgets, or thresholds.
2023	Mincosa Integrated Annual Review[398]	Mincosa's strategic goals include "advocating and lobbying for a policy, infrastructure and social environment that is conducive to investment and growth of the industry". Under this goal it reports: Climate Change Bill: "Following the invitation of the parliamentary process on the Climate Change Bill and subsequent submission and presentation on the Bill, the Minerals Council continued to participate in various engagements during year (sic). The engagements included various parliamentary hearings, National Council of Provinces hearings and discussions with the DFFE. These engagements were important in getting insights on other stakeholders' perspectives on the Bill and, most importantly, to what extent Parliament is considering these views and those of the Minerals Council. Throughout these engagements, Minerals Council members received continuous feedback." Development of Carbon Budgets and Mitigation Plan Regulations: "The Minerals Council conducted a series of engagements on our members' positions regarding the carbon budgets and mitigation plans regulations through BUSA and directly with the DFFE. During these discussions, we emphasised that the regulations should align with the requirements of Section 24, which outline the factors the DFFE Minister must consider when allocating a carbon budget. In addition, we urged the DFFE to ensure that the allocation of the carbon budget does not negatively impact the sustainability of mining production. These proposals were subsequently discussed and accepted by the DFFE on 7 December 2023 for consideration in the development of the regulations."[399]

397 PMG, Minutes of proceedings of the National Assembly, 24 October 2023.
398 Mincosa, Integrated Annual Review, 2023.
399 Ibid. P 48.

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2023	BUSA Integrated Annual Report[400]	**BUSA reports that it organised an engagement session with the DFFE in October 2023, focused on developing draft carbon budgets and mitigation plan regulations**: "The session aimed to understand DFFE's initial thoughts on carbon budget allocation and share considerations for developing the draft regulations and plans." "BUSA is also engaged in the development of regulations for carbon budgets and sectoral emission targets". "BUSA and ...DFFE have a close relationship, discussing climate change mitigation, waste management, and biodiversity. In 2024, BUSA aims to formalize this relationship by agreeing on terms of reference with each chief directorate of the DFFE."[401]
December 2023	National Treasury Taxation Laws Amendment Act 17 of 2023[402]	The Taxation Laws Amendment Act 17 of 2023 commences on 22 December 2023. From this date, section 12 of the Carbon Tax Act is amended to extend the 5% carbon budget allowance until 31 December 2024. This provision is deemed to have come into operation on 1 January 2023.[403]
January 2024	Sasol and National Treasury Meeting on carbon tax Phase 2[404]	**Sasol (the CEO and two other senior executives) meets with National Treasury (the director-general and one other) on 16 January, in person and at Sasol's request**, to "clarify the proposal to phase out the 60 percent tax free allowance and the process for the phase 2 carbon tax proposals from 2026." At this meeting, Sasol states its views "regarding the negative impacts of the proposed phasing out of the 60 percent basic tax-free allowance by 2030. This will not only have an impact on the balance sheet of the business, but it could also lead to the demise of the business. Incentives are therefore necessary to enable the company's proposed low carbon transition." National Treasury confirms in the meeting that it does not intend to phase out the basic allowance by 2030, however, "consideration will be given to a gradual reduction in the allowance to strengthen the effective carbon Tax rate to help achieve South Africa's Nationally Determined Contribution commitments...". It also indicates to Sasol that a discussion paper outlining the proposal for phase 2 will be published for public comment and consultation in 2024. The parties agree to a follow-up discussion later in the year, on Sasol's decarbonisation plan.

400 BUSA, Integrated Annual Report, 2023.
401 Ibid. P 33.
402 Taxation Laws Amendment Act 17 of 2023.
403 The Amendment Act also substitutes Table 2 (fugitive emission factors) of the Carbon Tax Act.
404 P 7, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.

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Date	Document name and source	Policy document detail / industry response
February 2024	National Treasury Budget Review[405]	The **2024 Budget Review** announces an increase of the carbon tax rate from R159 to R190 per tCO_2e.[406] The budget also notes that "in the 2022 Budget government proposed a gradual reduction of the carbon tax's basic tax-free allowance from 1 January 2026 to 31 December 2030", and states that a discussion paper on phase 2 of the carbon tax will be published "to provide policy certainty". The budget also provides that, although the 2022 budget had announced a higher carbon tax rate of R640 per tCO_2e on all GHG emissions exceeding the carbon budget, this will now only come into effect after the Climate Change Bill is enacted and the DFFE gazettes the relevant regulations – its implementation is expected from 1 January of the calendar year "after the the legislation is finalised". Finally, the budget provides that the 5% allowance for carbon budgets, which will fall away once mandatory carbon budgets come into effect, will be replaced with an "equivalent increase in the carbon offset allowance by 5%".[407]
13 February 2024	DFFE Climate Change Act Regulations stakeholder engagement	DFFE holds a stakeholder engagement on the development of the Carbon Budget and Mitigation Plans Regulations and invites selected stakeholders to present. Several industry representatives attend this meeting, including BUSA (represented by Shamini Harrington of Sasol), the Minerals Council, Eskom and EY. Industry representatives argue that: • A mandatory carbon budget and excess tax for emissions outside of the budget amounts to a "double penalty" and criminalisation for excess emissions is inappropriate. • Industry is already penalised through the carbon tax, environmental levy on electricity, and fuel taxation, with limited financial support and incentives offered to it to reduce emissions. • There must be clear integration between carbon budgets and carbon tax. • Carbon budgets cannot limit emissions authorised under existing authorisations. • More support is required for industry – including relief mechanisms, incentives, and flexibility. • Technology is limited for emission reductions by hard-to-abate sectors.
July 2024	Government of South Africa Climate Change Act 22 of 2024[408]	The President assents to the **Climate Change Act** on 18 July. The commencement date is not proclaimed, meaning that the legislation is not yet operational. The Act defines a just transition as follows: "a shift towards a low-carbon, climate-resilient economy and society and ecologically sustainable economies and societies which contribute toward the creation of decent work for all, social inclusion and the eradication of poverty."

405 National Treasury, Budget Review 2024, 21 February 2024.
406 On 22 December 2023, the Rates and Monetary Amounts and Amendment of Revenue Laws Act 19 of 2023 amended the 2023 carbon tax rate in section 5(1) of the Carbon Tax Act to R159 per tCO_2e.
407 Ibid. PP 42-43; Enoch Godongwana, Budget Speech, 21 February 2024.
408 Climate Change Act 22 of 2024.

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July 2024	Sasol and National Treasury Meeting regarding Sasol's decarbonisation[409]	**On 18 July Sasol (the CEO and three other senior executives) and National Treasury (acting chief-director and two others) again meet, at Sasol's request and in person**. Sasol presents "a high-level verbal summary" of some of its plans to reduce its emissions, and requests "incentives to enable its transition". It is agreed that Sasol will make a submission "setting out its plan to decarbonise its operations including the incentive requirements."
September 2024	Terms of reference: BUSA Climate Change Working Group and DFFE Bilateral Engagement[410]	**A 12 September 2024 BUSA document records "terms of reference" (TOR) for BUSA / DFFE ongoing bilateral engagement**. The TOR states that BUSA "recognises the importance of a structured dialogue with DFFE to address climate change challenges and opportunities effectively. This bilateral engagement aims to foster collaboration, share knowledge, and develop actionable strategies to combat climate change". Objectives include "engagement on climate change related policy and regulatory proposals put forward by DFFE". A steering committee is to be established which will "oversee the bilateral engagements and ensure alignment with objectives" and "specialised working groups" will be formed. The TOR states that quarterly meetings will be conducted to "review progress, provide policy updates, address challenges and plan future activities", and that ad-hoc meetings will take place "to address urgent issues or opportunities".
September 2024	National Treasury Workshop on draft TLAB and Carbon Offsets Regulations[411]	A workshop is held on 13 September with National Treasury, BUSA, Mincosa, SAISI, and various tax and accounting specialists and consultants (PFK,[412] South African Institute of Chartered Accountants (SAICA),[413] South African Institute of Taxation (SAIT),[414] and Yellowtree).[415] The purpose of the workshop is to discuss stakeholder comments on the amendments to the carbon tax proposed in the draft TLAB, and the Carbon Offsets Regulations. Stakeholders had the opportunity to "seek clarity on the proposed amendments and to further elaborated (sic) on the written comments they submitted."

409 P 8, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
410 BUSA, Terms of Reference, 23 September 2024.
411 P 6, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
412 https://www.pkf.co.za/
413 https://www.saica.org.za/
414 https://thesait.org.za/
415 https://yellowtree.co.za/

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November 2024	National Treasury Carbon tax discussion paper: Phase Two of the Carbon Tax[416]	As promised in the February budget review, National Treasury releases the **phase two carbon tax discussion paper** for public comment by 13 December 2024. According to the discussion paper: "To help achieve South Africa's NDC commitments for 2025 and 2030, revisions to the carbon tax rates for the 2nd phase from 1 January 2026 to 31 December 2030 were necessary. This aimed to strengthen the carbon price signals and provide policy certainty on the future carbon tax design and price path."[417] Key proposals include: • Increasing the headline carbon tax rate from R190 per tCO_2e in 2024 to R236 per tCO_2e in 2025, and R462 per tCO_2e in 2030. The 2022 budget had proposed increases to the carbon tax rate expressed in US Dollars but this was converted to Rand-based rates "after public consultations"; • Reducing the basic tax-free allowance by 10% in 2026 and by 2,5% per year from 2027 to 2030 - in National Treasury's own words, a "relatively moderate adjustment"; • Increasing the performance allowance and carbon offsets allowance; • Removing the carbon budget allowance (in line with the carbon budgets becoming mandatory from 1 January 2026); • Introducing a higher tax rate of R640 per tCO_2e on GHG emissions exceeding the allocated carbon budgets. It also announces that proposed amendments to the TLAB will be released for comment in 2025 or 2026, after the Climate Change Act comes into effect and the relevant regulations have been gazetted by DFFE; • Increasing the trade-intensity threshold used to determine the trade exposure allowance from 30% to 50%; • Removing the electricity generation levy; • Absorbing certain energy efficiency projects (12L eligible projects) under the carbon offsets mechanisms; and • Including a new allowance for green hydrogen production. Considering all the allowances, the maximum tax-free allowance from Phase 1 to Phase 2 is projected to be between 85-95% in 2026 and between 75-85% in 2030.[418]
December 2024	National Treasury Taxation Laws Amendment Act 42 of 2024[419]	The Taxation Laws Amendment Act 42 of 2024 commences on 24 December 2024. From this date, section 6 of the Carbon Tax Act is amended to provide that "renewable electricity purchased under a power purchase agreement" includes renewable electricity purchased under an agreement ceded to the National Transmission Company of South Africa. This provision is deemed to have come into operation on 1 January 2024.[420]

416 National Treasury, Phase 2 Carbon Tax Discussion Paper, 13 November 2024.
417 Ibid. P 4.
418 Ibid. P 6.
419 Taxation Laws Amendment Act No. 42 of 2024.
420 The Amendment Act also substitutes Tables 1 (fuel combustion emission factors) and 2 (fugitive emission factors) in Schedule 1 of the Carbon Tax Act and amends its Schedule 2 (the activities and thresholds subject to carbon tax and applicable allowances).

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December 2024	Sasol and National Treasury Meeting regarding the phase two carbon tax discussion paper[421]	**Sasol (five senior executives) and National Treasury (acting deputy director-general and two others) meet on 4 December, at Sasol's request, following the publication of the phase two carbon tax discussion paper**. At this meeting, Sasol requests clarity on some of the proposals, including the reduction of the basic tax-free allowance, and "whether investment incentives could be considered". National Treasury "clarified that the proposals seek to achieve government's greenhouse gas commitments and outlined the consultation process on the carbon tax paper."
January 2025	National Treasury Carbon tax discussion paper: Phase Two of the Carbon Tax Stakeholder consultation[422]	National Treasury hosts a stakeholder workshop on 16 January to provide a summary of the stakeholder comments and suggestions received on the phase two carbon tax discussion paper, without expressing any view on them. It reports that it received 56 written submissions on the discussion paper, including from Sasol, BUSA, the Energy Council and Mincosa. Business's key arguments against the tax include: • Insofar as the basic tax-free allowance is concerned: the 10% reduction of the allowance in 2026 is too steep and will impose a significant financial cost on business and the economy; the current allowances should be retained to enable businesses to transition and decarbonise their activities; and if the allowance reductions are implemented, hard-to-abate sectors should either be exempt or have the process emissions allowance increased. • The 12L incentive "has been instrumental in promoting energy efficiency" and therefore "as a practical proposal, we recommend delaying the phaseout of the Section 12L Energy Efficiency Incentive beyond its current 2025 deadline... several challenges must be addressed to ensure a smooth and effective implementation". • To retain the current trade-intensity allowance thresholds as these are necessary to protect high-intensity industries. • To retain the performance allowance, but to tie this to industry benchmarks and not measure it against carbon budgets or mitigation plans. • That introducing the higher tax rate on emissions in exceedance of the carbon budget is "premature", and "exorbitant to some industries and will cause dire socio-economic effects".

421 P 8, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
422 National Treasury, Phase 2 Carbon Tax Discussion Paper Summary of stakeholder comments and suggestions, 16 January 2025.

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January 2025 Business's participation in National Treasury carbon tax discussion paper: Phase Two of the Carbon Tax Stakeholder consultation[423]

There are over 300 participants in the workshop, most of whom are not identified. However, representatives of the following companies or industry bodies are the most vocal in the consultation:

- BUSA
- Mincosa
- Sasol
- Astron Energy
- AMSA
- Consultants: PWC, EY, and Promethium Carbon (which prepared a submission on behalf of Mincosa and said in the consultation that it had previously engaged with National Treasury and wanted to "open this discussion again").

At the workshop, various representatives of industry reiterate many of the arguments made before. **Shamini Harrington, representing BUSA (and also vice president for climate change at Sasol) argues**:

- That National Treasury should be evaluating the effectiveness of Phase 1 before continuing with Phase 2 – that the increase in the tax rate would have an impact on the hard-to-abate sectors, so it was important to determine whether "the objectives [of the tax] are being met", and what the benefits and implications have been - especially for business.
- That there is a need to "balance" decarbonisation goals with other "equally important goals" such as protecting South African businesses and not "putting our industries at risk".
- For taking a "paced and measured approach" to pursuing South Africa's climate goals.
- For maintaining the allowances under the carbon tax for as long as possible, and that increasing the offset allowance would not account for decreasing the basic allowance, as companies would need to invest in offset projects.
- For aligning tax policies with carbon budgets.
- For National Treasury to focus more on incentives, such as rebates and subsidies, rather than on tax.

Harrington emphasises that South African businesses are required to comply with SETs, carbon budgets and the tax, despite the technology to mitigate against these requirements not yet being readily available, and that the basic tax-free allowance should be taking account of these challenges. She argues that business will not be able to absorb the costs of these requirements and that government therefore needs to consider whether the impact of these policies would in fact be worse overall.

Other business representatives in the consultation reiterate these concerns; including:

- The need to balance South Africa's reindustrialisation priorities with the carbon tax.
- The need to assess the impact of Phase 1 on South Africa's performance against its NDC commitments, but also on the economy and economic growth, before moving to Phase 2.
- The costs of carbon offsets being higher than the cost of the carbon tax meaning that business could not fully benefit from the offset allowance.
- The cost of the tax resulting in a diversion of companies' resources away from what they would otherwise be investing into decarbonisation.

423 Just Share, Internal notes from January 2025 Carbon Tax Discussion Paper: Phase Two of the Carbon Tax Stakeholder consultation.

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January 2025	Sasol and National Treasury Meeting regarding Sasol's comments on the phase two carbon tax discussion paper[424]	**On 23 January, seven senior Sasol executives meet with National Treasury (acting deputy director-general, acting chief director and two others), at Sasol's request**. Sasol presents on the "specific impacts of the carbon tax to its operations", and it is agreed that the parties will have a follow-up bilateral meeting for Sasol to provide further clarity on its presentation.
January 2025	Sasol and National Treasury Meeting regarding the impact of the carbon tax on Sasol's operations[425]	**Seven senior Sasol executives meet with National Treasury (acting deputy director-general and two others) again on 30 January in order for Sasol to clarify the methodology it uses to determine the impacts of the carbon tax on the company**. Sasol also presents additional information on the impacts of the carbon tax.

424 P 9, National Treasury, Response to request for information submitted in terms of PAIA, 10 April 2025.
425 Ibid. P 10.

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Date	Document name and source	Policy document detail / industry response
March 2025	National Treasury Budget Review[426]	The **2025 Budget Review** is officially published on 12 March 2025, including announcing National Treasury's planned provisions for Phase 2 of the carbon tax. It states that the carbon tax rate increased from R190[427] to R236 per tCO_2e from 1 January 2025.[428] The following concessions are made to industry: • The basic tax-free allowance is maintained until 2030 (the discussion paper proposed a 10% reduction in 2026 and a 2,5% reduction per year from 2027 to 2030). • The section 12L allowance, intended to be absorbed into the carbon offset mechanism, is extended to 2030. • The trade-intensity threshold used to determine the trade exposure allowance is retained at 30%. • The proposal to remove the carbon budget allowance for voluntary carbon budgets from 2026 is dropped.[429] • The proposal to introduce the higher carbon tax of R640 per tCO_2e on emissions exceeding carbon budgets is not mentioned.
		On 14 March 2025, **Sasol** publishes a media release welcoming "recent positive policy announcements that support South Africa's energy transition and potential impact (sic) economic growth". Sasol praised "the promising policy direction on carbon tax" as set out in the Budget Review; including "(t)he retention of the basic tax-free allowance at 60% until at least 2030."[430] In a 12 March 2025 media release, the **Minerals Council** also welcomed the announcements in the Budget Review: "Regarding the carbon tax, the Minerals Council supports and welcomes the five year extension (to 31 December 2030) of the commitment to electricity price neutrality, as well as the three-year extension of the basic tax-free allowance. ... A further positive development is the proposed increase in the carbon offset allowance by 5 percentage points from 1 January 2026."[431]

426 National Treasury, Budget Review 2025, 17 March 2025.
427 On 24 December 2024, the Rates and Monetary Amounts and Amendment of Revenue Laws Act 45 of 2024 amended the 2024 carbon tax rate in section 5(1) of the Carbon Tax Act to R190 per tCO_2e.
428 P 44, National Treasury, Budget Review 2025, 17 March 2025.
429 Ibid. P 44.
430 Sasol, Sasol welcomes positive policy announcements to support South Africa's transition landscape, 14 March 2025.
431 Mincosa, Unlocking mining's potential would guard against further tax rises, 12 March 2025.

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17 March 2025	DFFE Climate Change Act 22 of 2024	**The Climate Change Act is brought into operation, but several sections are deferred**. Minister Dion George states that sections 12(6), 13(1), 13(2), 13(3)(b), 14(3)(a), 15(5), 15(6), 17, 18, 19, 20, 21, 22, 25(4)(c), 26(2) to (6), 27, 28 and 30(2)(a) and (b), are not yet in force because DFFE "is developing a set of regulations that will enable implementation of these provisions. Some of the draft regulations are at an advanced stage of development and will be gazetted for public input and comment soon".[432] The sections which have been deferred include essentially all of those related to national adaptation planning, provincial and municipal climate change response planning, the carbon budgets and the phase-out of synthetic GHGs, as well as the quantification of GHG goals for the SETs - although those targets will proceed without those quantitative goals. Some provisions relating to the PCC are also delayed, including its listing as an independent and impartial legal entity under the Public Finance Management Act 1 of 1999. The finance mechanism to support and finance the country's climate change response, planning and implementation by government is also deferred. The regulatory framework relating to carbon budgets and synthetic GHG phase-outs will only be operational once comprehensive regulations are developed. DFFE states that "there is ground work that must still be done, including consultation with the interested and affected parties and the public participation process" before provisions regarding: quantitative and qualitative GHG emission reduction goals for SETs and the listing of GHG-emitting activities and GHG emission thresholds to identify companies to be assigned a carbon budget, can be brought into force.[433] The section regarding the allocation of carbon budgets also cannot commence before the Minister develops detailed regulations. These have yet to be published for comment.

432 DFFE, Minister George announces proclamation and implementation of the Climate Change Act, 2024 (Act No. 22 of 2024), 17 March 2025.
433 DFFE, Deferred provisions of the Climate Change Act, 17 March 2024.

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