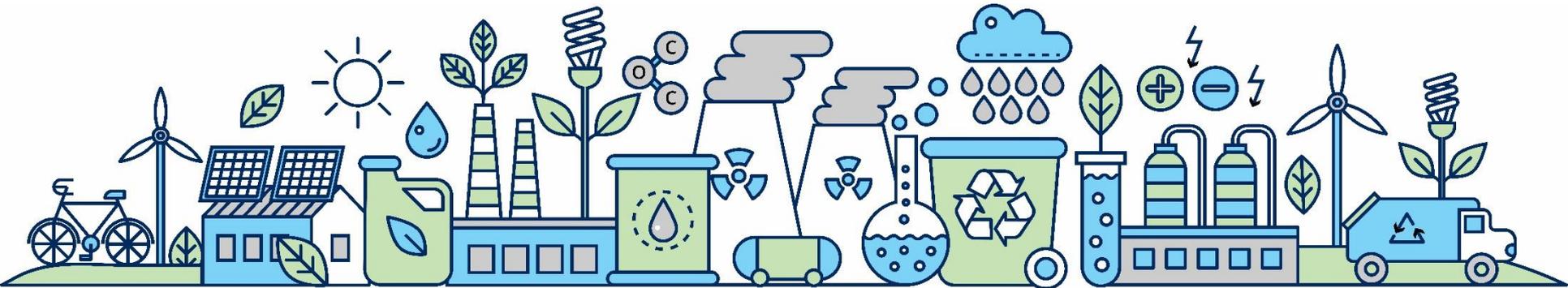


Climate Change Bill

Parliament – National Assembly Portfolio Committee on Environment, Forestry and Fisheries

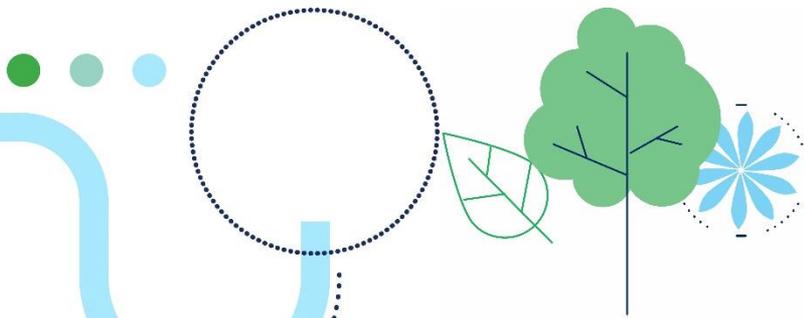
Presenter: Glen Malherbe

Date: 28 October 2022



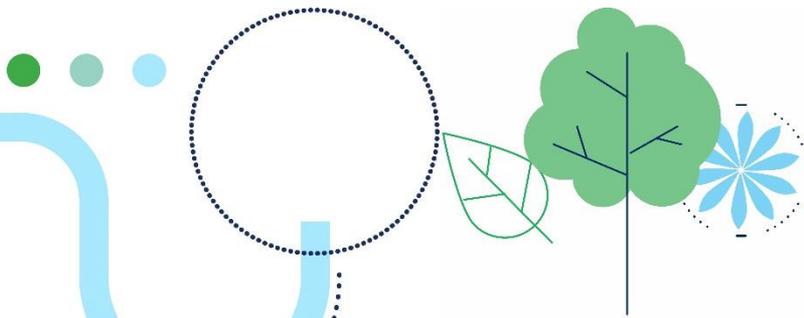
The role of the chemical industry

- The chemical industry:
 - feeds into all sectors of the economy, thereby contributing to **GDP** of through direct, indirect and induced impacts (**4.7x multiplier**);
 - is an **integral** part of the economy and a **critical enabler** of technologies;
 - is a major enabler of progress in the environmental, social, economic aspects of sustainable development as reflected in the **UN SDGs**;
 - in South Africa contributes about **5.0% to the GDP** and **22% to manufacturing**;
 - has both **upstream and downstream opportunities** reflected in the diversity and complexity of operations; and
 - in South Africa shows strong **multiplier effects on employment (12x)**.



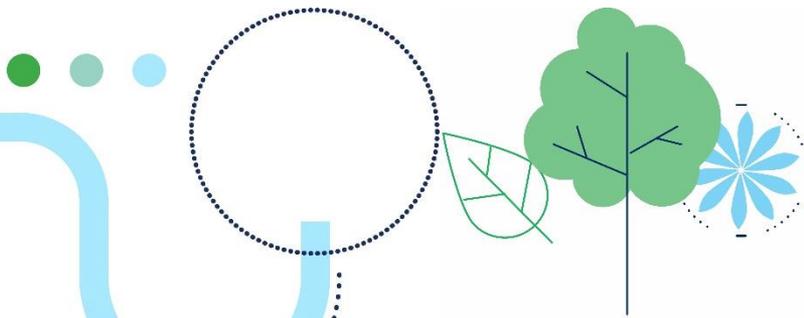
Support for the development of the Bill

- **CAIA has been involved** in engagements throughout the Bill's development.
- **CAIA supports the development of the framework legislation**, but it must have sufficient detail to assure those to be regulated/investors of the obligations.
- CAIA supports that there needs to be mitigation of anthropogenic greenhouse gas emissions at the **lowest cost to the economy and employment**.
- CAIA acknowledges the importance of such legislation to **future investment that in turn depends on certainty**.
- **CAIA supports a Climate Change Bill that will allow for maximised effective mitigation at the lowest cost to the economy, co-ordinated planning for the needs of adaptation, and economic growth and the benefits it in turn brings to the country.**

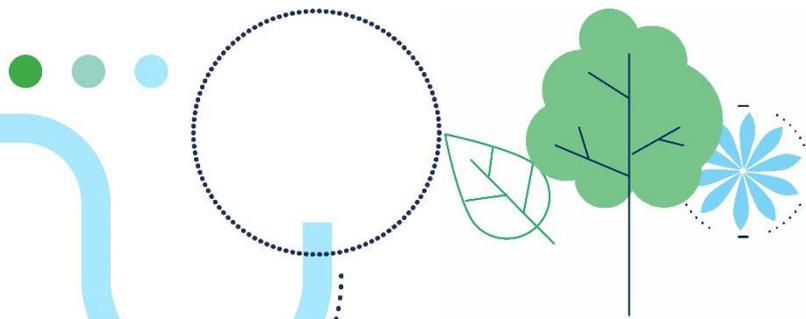


Policy matters for integration

- CAIA continues to engage on the development of Carbon Tax policy.
- Climate change responses must be integrated at the national level.
- A single, holistic mitigation system must be put on the table for consideration.
- **Scope change** results in a different set of stakeholders.
- No finalisation of how the CB and CT will be **annualised**.
- **Lack of products choices** in the market.
- **Lack of options to mitigate** GHG emissions.
- **Lack of feasible mitigation**.
- **Mitigation** already being undertaken **voluntarily**.
- **Legislative alignment** has not yet been achieved even in principle.
- **Alignment of timelines**, and to international processes.

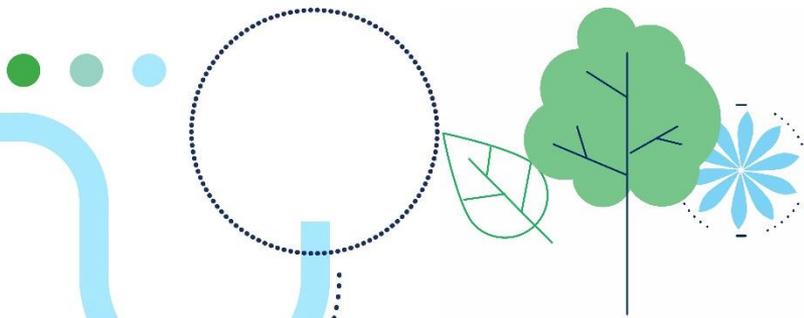


- It is recognised that **South Africa's GHG emissions are one of the highest in the world**, but appear to have peaked (excluding growth) – 2020 similar to 2000 GHG emissions.
- The National GHG Inventory lists where emissions are most prevalent; including **electricity generation**.
- **Direct chemical industry IPPU GHG emissions do not feature much.**
 - Chemical industry IPPU - **18.7% of IPPU**
 - IPPU sector - **5.6%** to the NGHGI
 - **IPPU** contribution of the chemical sector to overall emissions: **1.1%**



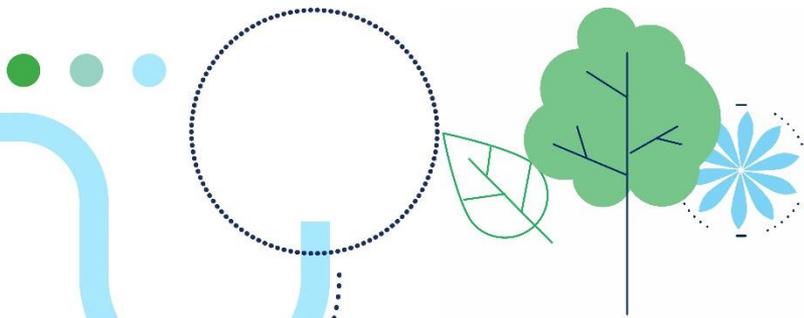
Flexibility

- There needs to be **differential pressures** applied and as much **flexibility** as possible, to achieve emission reductions wherever and however possible.
- CAIA continues to call on the NT to **provide for increased flexibility in the carbon offset policy**.
- Carbon budgeting: **least-cost mitigation** through application of the MPA Study and **direct engagement** with companies.
- Provide for where there can be **no feasible mitigation** and to recognise where there has been **voluntary mitigation**.
- The further development of policy proposals on carbon budget allocation for consideration is lacking – **lack of policy certainty**.



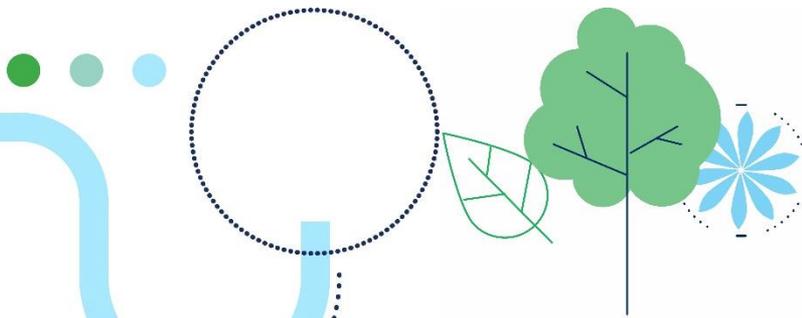
Presidential Climate Commission

- Uncertainty in term of **representation**.
- **Appointed experts** in their personal capacities – not informed by business, labour, civil society positions.
- **Mixed messaging** in the media and new version of the Bill.

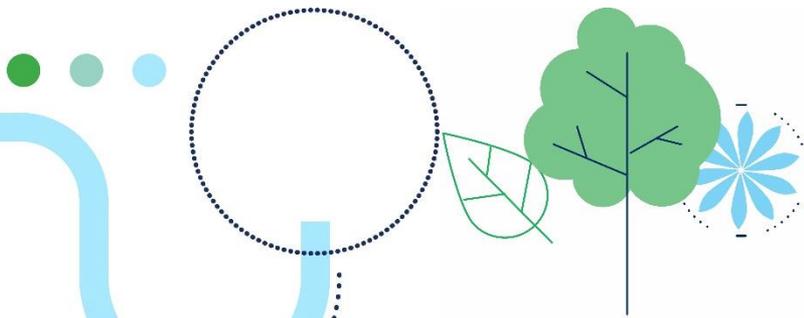


Mitigation

- Some confusion i.t.o. **who is to be regulated** and who is outside the scope.
- Where there is certainty of inclusion, **regulatory and financial instruments** that may apply – and to what extent they will apply – **remain elusive**.
- **Principles must be given in the Act** – not in the Regulations.
- The few members with direct non-combustion-related emissions: already implement voluntary mitigation, cannot implement any more mitigation or there is no feasible mitigation remaining/no mitigation technology available. **These cases must be provided for in the primary legislation (the Bill).**
- Given all the pressures on business sustainability, and voluntary actions undertaken, there must be recognition in the Bill that **more time is required for transitioning where transitioning is still feasible**.

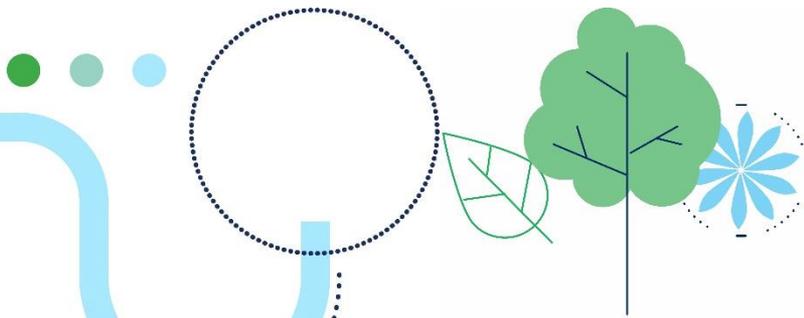


- **Municipal capacity** for implementation is a serious concern – mitigation and adaptation.
- **More streamlined policies and planning tools needed** to reduce duplication of risk identification and adaptation planning, and **drive alignment** across municipalities and provinces.
- **Challenge to obtain basic services** from local authorities. How will local authorities cope in the norm, let alone in emergency conditions?
- How will local Government be **held to account**?



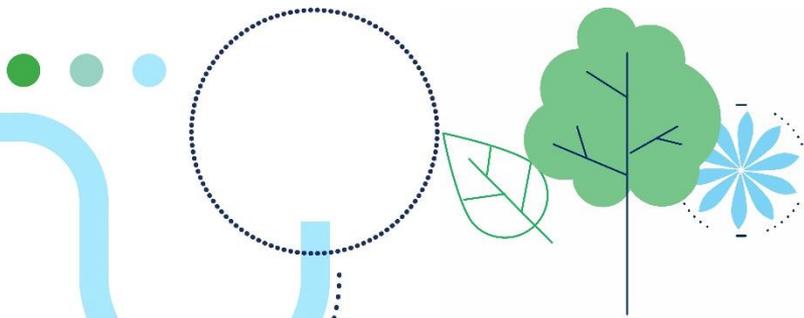
Sustainable Development

- CAIA acknowledges that the principle of sustainable development is critical - **Responsible Care® Initiative**.
- **The Bill must not try and regulate sustainable development as a whole**, but rather contextualise that climate change action is an integral part of sustainable development.
- 16(1)(a) for example is **too broad**:
 - *“16. (1) The Minister must, within one year of the coming into operation of this Act, determine by notice in the Gazette—(a) national adaptation objectives which will guide the Republic’s adaptation to climate change impacts, the development of resilience and sustainable development;”*



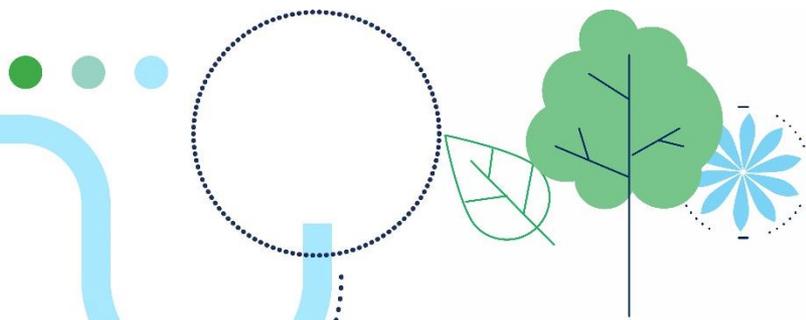
Just Transition

- **CAIA supports the need for a just transition** - pathways/scenarios need to be developed and engaged on to determine the best approach for South Africa, to ensure the most beneficial outcomes socially, environmentally and economically. The Bill needs to take this into account.
- Although the Act will only govern South Africa's affairs, South Africa should always support and drive positioning related to **fair contributions and common but differentiated responsibilities**.



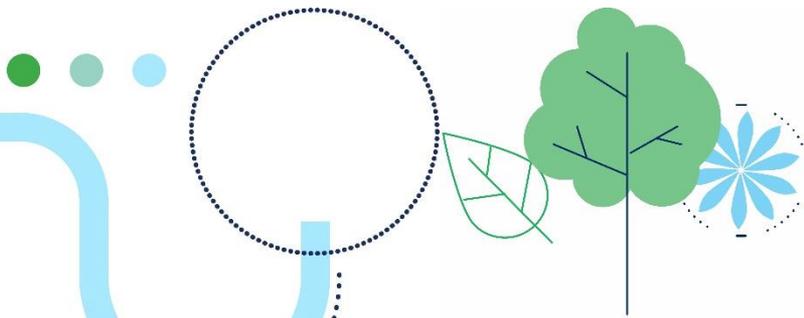
Carbon Budgets and SETs

- Scope must be **aligned to IPCC activities**.
- **Threshold must be rational and integrated** with the Carbon Tax's policy of targeting big emitters.
- **Should not be applied** where there is **voluntary mitigation** and no further scope 1 emissions mitigation is **feasible/available**.
- There must be **recognition of**:
 - where further mitigation is not possible/feasible;
 - least-cost mitigation potential; and
 - the need for growth.
- Where CBs are allocated there will **not be SETs** – include the principle in the Bill.



National GHG emissions space

- Predicted to be **increasingly constrained**.
- How will **allocation be prioritised**?
- Focus incentives and disincentives on **least-cost mitigation opportunities and new growth areas, including R&D**.
- **Constraints on mitigation:**
 - stoichiometry;
 - no available mitigation technology; and
 - voluntary/mandatory mitigation already implemented – nothing further feasible/available.



Thank you

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