

MEETING AGENDA

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| Meeting/Project Name: | Public Hearings on The Waste Tyre Management Plans | | |
| Date of Meeting: (MM/DD/YYYY) | 23/05/2018 | Time: | 09h00 |
| Meeting Facilitator: | Chairperson: Ms N Ngcaba | Location: | Town House Hotel, Cape Town |

Meeting Objective

- To give an overview of Extended Producer Responsibility in relation to Tyre Industry Plan
- To provide equal opportunity to all plan owners to present an overview of their submissions
- To provide equal opportunity to all interested and affected parties to engage on the submitted plans
- To provide a forum for open dialogue in order to clarify ambiguities and challenge plan owners on the sufficiency of the plan in line with overall national environmental strategy
- To provide an update from the Waste Bureau and information on the current network of tyre operations, infrastructure and participants with due compliance to Promotion of Access to Information Act (PAIA) and Personal Information Act (POPI)

Meeting Agenda

| Topic | Owner |
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| Opening and Welcome | Nosipho Ngcaba, Chairperson, Director General, DEA |
| Apologies | Nosipho Ngcaba, Chairperson, Director General, DEA |
| Purpose of the meeting | Nosipho Ngcaba, Chairperson, Director General, DEA |
| DEA Presentation on regulations and the S28 notice | Sibusiso Shabalala, Director , DEA |
| Presentation on litigation and liquidation: REDISA | Linda Garlipp, Chief Director, DEA |
| Presentation—EPR vision and outlook for the tyre industry | Mark Gordon, Deputy Director General, DEA |
| Presentations on the proposed Waste Tyre Management Plans | |
| SATRUCO | Hugh Mtshali, CEO, SATRUCO |
| Question and answer session | Interested and affected parties, plan proponents |
| TWAMISA | Zuzana Hegerova, Plan Owner |
| Question and answer session | Interested and affected parties, Plan Owner |
| JPC Energy | Not in attendance |
| Question and answer session | Interested and affected parties, Plan Proponents |
| Evergreen Pty (Ltd) | George Mapuma, Director |
| Question and answer session | Interested and affected parties, Plan Proponents |
| Waste Management Bureau operations | Nolwazi Tetyana, Specialist Advisor |
| Discussions | Interested and affected parties, plan proponents |
| Way forward | Nosipho Ngcaba, Chairperson, Director General, DEA |
| Closure | Nosipho Ngcaba, Chairperson, Director General, DEA |

MEETING MINUTES

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| 2. Attendance at Meeting¹ | | | |
| Name | Role | Department/Division | |
| Nosipho Ngcaba | Director General | Department of Environmental Affairs | |
| Mark Gordon | Deputy Director General | Department of Environmental Affairs | |
| Sibusiso Shabalala | Director | Department of Environmental Affairs | |
| Anben Pillay | Director | Department of Environmental Affairs | |
| Andile Mvinjelwa | Senior Executive Manager | Waste Management Bureau | |
| Hugh Mtshali | CEO | SATRUCO | |
| Nathi Gaisa | Chairperson | SATRUCO | |
| Nomathemba Khubeka | Board member | SATRUCO | |
| Johann Lehmann | COO | SATRUCO | |
| Zuzana Hegerova | Plan owner | TWAMISA | |
| George Mapuma | Director | Evergreen | |

¹ Attendance register captured is not exhaustive. This list therefore only contains the names of the presenters and Department representatives.

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| Summary of presentations | | | |
| Topic | Owner | | |
| <p>Opening & Welcome</p> <p>Purpose and background for an industry waste management plan:</p> <ul style="list-style-type: none"> Minister made a call for Industry Tyre Waste Management Plans with a deadline of 31st December 2017, In terms of NEMA Waste Act, S28 Minister received 4 plans from the following organisations: <ul style="list-style-type: none"> SATRUCO, submitted on the 31st December 2017 TWAMISA, submitted on the 30th December 2017 JPC ENERGY, submitted on the 11th December 2017 EVERGREEN ENERGY, submitted on the 16th November 2017 The Minister's notice, published 7 May 2018, called for public hearings; accordingly the 4 plans were made public Sessions have been arranged in 7 provinces within the period of 30 days, taking into account the geographic spread The Department is required to follow due process and thus the sessions are recorded <p>Communicated purpose of the sessions:</p> <ul style="list-style-type: none"> To give an overview of Extended Producer Responsibility in relation to Tyre Industry Plans To provide equal opportunity to all plan owners to present an overview of their submissions To provide equal opportunity to all interested and affected parties to engage on the submitted plans To provide a forum for open dialogue in order to clarify ambiguities and challenge plan owners on the sufficiency of the plan in line with overall national environmental strategy To provide information from the Waste Bureau on the current network of tyre operations, infrastructure and participants with due compliance to Promotion of Access to Information Act (PAIA) and Protection of Personal Information Act (POPI) | <p>Nosipho Ngcaba, Chairperson, DG, DEA</p> | | |
| <p>Faciliators introduced themselves and the house rules. They communicated that:</p> <ul style="list-style-type: none"> Questions open to the floor shall be limited to ONE question per person per round, in order to allow as many participants as possible to voice their views When asking a question or presenting a statement, please state your name and organisation for the record Times allotted to tea breaks and lunch shall be respected to maintain all objectives of the programme Please respect speakers and plan owners as they speak – allow them to make their point | <p>Lindiwe Gadd, Independent Faciliator</p> | | |

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| <p>DEA Presentation on Regulations and the S28 Notice</p> <p>DEA presented an overview of regulations for an industry waste tyre management plan:</p> <p>The objective is to put the work DEA does in context.</p> <ul style="list-style-type: none"> • The National Environmental Management: Waste Act No. 59 of 2008 (NEMWA) regulates waste management in South Africa • S28(1) empowers the Minister to require a person or a category of persons that generates waste to prepare and submit an industry waste tyre management plan • In terms of this section the Minister called on tyre producers, any other person, category of persons or industry that generates waste (and by implication persons who have the support base of waste generators) to submit waste tyre management plans <p>DEA communicated the terms and process for the public consultations:</p> <ul style="list-style-type: none"> • Based on section 32 (5A) of NEMWA, provisions are made for a consultation process • Section 31 (1) allows the Minister to: <ul style="list-style-type: none"> ○ approve a plan in writing on certain conditions and give directions on the implementation of the plan ○ require additional information to be submitted ○ require amendments to be made to the plan ○ reject the plan with reasons or if it does not meet the requirements of the notice published in terms of section 28 <p>DEA communicated regulatory provisions for a transitional plan:</p> <ul style="list-style-type: none"> • Regulation 12 provides for transitional arrangements in the event that a waste tyre management plan expires, is withdrawn or is terminated and at the time there exists no other industry waste management plan. • In this case, the Waste Management Bureau shall be responsible to facilitate, supervise and control the management of waste tyres in the interim until a new industry waste tyre management plan is approved. • The Bureau may issue instructions for the management of waste tyres; such instructions must be complied with within the timeframe stated in the instruction. • All participants registered with the previous waste tyre management plan shall in the interim register with the Bureau. • All tyre producers must submit to the Bureau the same declarations that they submit to SARS in respect of the quantity of tyres produced or imported, on a quarterly basis. • The Bureau must establish a waste tyre forum with all affected industry to deal with governance and operational matters pertaining to the management of waste tyres during the interim, until a new industry waste tyre management plan is approved. | | | Sibusiso Shabalala, Director, DEA |

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| <p>Presentation on litigation and liquidation: REDISA</p> <p>DEA presented the series of events with regards to REDISA's liquidation and litigation status; as well as current status of progress:</p> <ul style="list-style-type: none"> On the 1st June 2017, Minister brought an application to provisionally liquidate REDISA On the 8th June 2017, Minister brought an application to liquidate Kusaga Taka Consulting (KTC) Both companies were placed under provisional liquidation on the respective dates On the 9th June 2017, Minister obtained a provisional liquidation order against the Product Testing Institute (PTI). The return date has been extended, by agreement, to 12th October 2018 pending the finalisation of the appeals lodged with the Supreme Court of Appeal (SCA) on REDISA and KTC On the 15th September 2017, High Court placed both REDISA and KTC under final liquidation REDISA and KTC applied for leave to appeal to the SCA against the entire judgement and order The SCA granted the leave to appeal on 14th February 2018. The matter has not yet been allocated a date for hearing by the SCA <p>DEA communicated the performance of the plan between June and September 2017, under the care of the liquidators:</p> <ul style="list-style-type: none"> Record of active participants as at June 2017 is as follows: <ul style="list-style-type: none"> 499 micro-collectors 78 transporters 20 depots 15 processors Total tonnages collected between June and September 2017: <ul style="list-style-type: none"> 29 203.50 tonnes 16 886.66 tonnes Cash resources of REDISA at date of provisional liquidation were R 178 547 943 (1st June 2017) Cash resources of REDISA at date of cessation of operations (30th September 2017) were R 82 451 332 <p>DEA communicated status of assets in line with the liquidation process:</p> <ul style="list-style-type: none"> All REDISA's assets are securely stored, except those which are being used by the WMB as per the interim arrangement. Provided the final liquidation order is upheld by the SCA, provisional liquidators can begin disposal of assets and finalising creditors' claims Provisional liquidators will lodge a liquidation and distribution account with the Master of the High Court in relation to the administration of REDISA | | <p>Anben Pillay, Director, DEA</p> | |

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| <p>Extended producer responsibility (EPR) vision and outlook</p> <p>DEA communicated summary of the vision:</p> <ul style="list-style-type: none"> • Problem statement identified: <ul style="list-style-type: none"> ○ Opportunity cost of waste, missed opportunities due to poor infrastructure and skills and underfunding ○ Unsafe and unhealthy outcomes imposed on society due to waste produced ○ Pervasive underpricing in the waste economy • Value statement introduced: <ul style="list-style-type: none"> ○ Introduced to begin concerted efforts in waste valorisation (extracting value from waste) ○ Incentivising a recycling economy ○ Creating and promoting jobs in the waste economy ○ Diligence in service delivery ○ Governance and revenues in the waste economy • The desired outcome would be: <ul style="list-style-type: none"> ○ Less waste ○ Diversion of waste ○ Jobs created and sustained ○ The existence of a circular economy ○ Direct benefits to society ○ Streamlined regulatory process • What the circular economy would imply: <ul style="list-style-type: none"> ○ The need for sustainable growth in the context of the growing pressure of production and consumption on the world's resources and environment. ○ Resources kept within the economy when a product has reached the end of its life, so they can be productively re-used repeatedly to create further value • Models for government, industry-managed EPR plans and revenue collection: <ul style="list-style-type: none"> ○ Financial instruments to pass on the burden of waste to producers and consumers, and incentivise waste management efforts by the same groups ○ Instruments include incentives and fees for recycling, taxes on extraction of resources, product taxes for consumers, disposal taxes and EPR fees collected from producers • Provided case studies of EPR policies globally <ul style="list-style-type: none"> ○ European countries are early adopters and practices contributed to increased recycling rates ○ EPR schemes contributed to reductions of public spending on waste management • EPR role players include PROs, which are individual schemes mostly applied in business-to-business contexts that organise and finance collective producer responsibilities towards waste management | | <p>Mark Gordon, Deputy Director General, DEA</p> | |

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| SATRUCO | | Hugh Mtshali, CEO, SATRUCO | |
| <p>CEO introductions, overview of the company and the team:</p> <ul style="list-style-type: none"> • Introduced board member Nomathemba Khubeka and COO, Johann Lehmann • SATRUCO thanked the department for the process and commended DG for adhering to the law – which they believe is good and provides consistency • CEO introduced team members in absentia (names spelt as heard): • Professor Moutlana, scientist • Ms Mbunge, CA (SA) • Mr Lazarus • Ms Zungu (marketing expert) • Expressed that more information is available on their website • The South African Tyre Reuse Company (SATRUCO) was established as an NPC in 2016. Plan drafted is a response to address growing concerns with regards to waste tyres • The plan is in response to, inter alia, regulation 6.3 of the waste tyre regulation 2009, published in the government gazette • Communicated that SATRUCO had consulted with various stakeholders and garnered support of higher institutions of learning, the DTI, etc. • DTI communicated collaboration with regards to grant funding, in particular the interest of grant funding • Targeted identified stakeholders because of their belief in their ability to provide impact at a national level • Since submission of the plan as well as the consultation process, plan has changed and SATRUCO emphasised changes would be communicated in public hearings • Iterated that the management company cited in the published plan has been removed • Vision: to achieve sustainable economic growth through the value chain, a clean and healthy environment, innovative solutions and global competitiveness through the efficient and effective management of waste tyres • Communicated that their plan's focus will be centred around better processing activities • Communicated governance process: distribution of funds via Treasury to the Department and lastly the plan • Clarified the contention raised during Durban and Pretoria public hearings about their proposed waste tyre forum – an interest group of industry stakeholders who would challenge the plan and provide inputs towards successful operations • Communicated SATRUCO's plan to graduate SMMEs into big businesses and to create black industrialists. CEO communicated that he is also a product of enterprise development • Communicated that SATRUCO's plan addresses end-to-end management, from cradle to grave of waste tyres including OTR tyres | | | |
| <ul style="list-style-type: none"> • Mission – to make a critical contribution to waste management in SA by: <ul style="list-style-type: none"> ○ Encouraging a vibrant circular economy approach in the management of waste tyres ○ Ensuring a value chain model for the beneficiation of waste tyres within an EPR methodology | | | |

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| <ul style="list-style-type: none"> ○ Making waste tyre management a national priority ○ Raising public awareness ○ Creating meaningful sustainable jobs through the fostering of SMMEs with a special focus on BBBEE ● Aim to support disadvantaged communities with a real life story – a transporter in Tembisa whose business opportunity came to an end due to the inefficiencies of the previous plan ● SATRUCO addresses all types of tyres – a comprehensive integrated plan ● Plan aims to achieve the support and set-up of infrastructure and processes for reduction & reuse, recycling, energy and treatment & disposal <p>Communicated intent of governance model to implement plan:</p> <ul style="list-style-type: none"> ● Lessons learnt from previous plan; governance plan includes Treasury, WMB, DEA ● 7 board members with 2 ex officio members and 1 oversight member: <ul style="list-style-type: none"> ○ Legal, HR and Risk ○ Industry rep ○ Finance ○ Technical ○ Comms ○ Including the CEO (ex officio) ○ DTI representative (ex officio) – communicated that they are still in talks with officiating this, however DTI expressed willingness should plan pass the proceeding set out by government ○ A rep from Treasury for oversight input ○ Training and research & development managers and an ICT manager ● Collaboration through a new forum for participants in tyre industry to provide inputs into the plan and discuss industry-wide concerns ● Other strategic partners to be included: <ul style="list-style-type: none"> ○ WMB – role would be to oversee the implementation of the ITWMP and be responsible for the disbursement of funds (still to be clarified by the Department, once they consult further); as well as manage and set up a database for all participants in the plan. SATRUCO will endeavour to provide reports to the WMB during the 5-year cycle ○ WTF – reiterated that this would be an interest group of stakeholders into the plan ○ Providing a reporting template and getting input from the Bureau on measurements, metrics etc ○ Conduct review sessions etc. ● Communicated funding low – from subscribers who pay the levy, to SARS, Treasury, WMB, SATRUCO and finally industry participants operating in the model ● Provincial operations model to address the fact that the plan is a people-centred plan ● Nomathemba Khubeka communicated her role overseeing skills development and ensured that the skills given to participants adhere to the highest standards | | <p>Nomathemba Kubheka, board member, SATRUCO</p> | |
| <ul style="list-style-type: none"> ● SATRUCO was invited by Energy SETA when it undertook a study as part of the qualification development. SATRUCO accompanied the SETA to Ireland and India to analyse how recycling activities are undertaken across many waste streams, Visits to pyrolysis plants and tyre recycling plants provided valuable input that went into the plan ● SATRUCO emphasised that the process to develop this skill set is still open and urged the participants to contribute | | | |

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| <ul style="list-style-type: none"> • SATRUCO encourages research and innovation in the industry • All provincial plans include the following types of participants: <ul style="list-style-type: none"> ○ Recyclers ○ Transporters ○ Marketing ○ Awareness campaigns ○ Depot collection points <p>Cost allocation to different initiatives (budget):</p> <ul style="list-style-type: none"> • Have established a well-running call centre, with a planned allocation of 0.5% of the budget to grow and maintain call centre • An enterprise development programme with an allocation of 2% <p>How will we measure impact of plan:</p> <ul style="list-style-type: none"> • No. of recyclers, processors, no. of sustainable jobs, no. of sustainable downstream businesses (not specified if newly created business directly related to their efforts) • Database of research and innovation conducted during its operational period • Number of processors developed • SATRUCO's annual reports • SATRUCO's international conference wherein its achievements will be showcased • SATRUCO's real-time data produced by its bespoke IT system • Evidence of its engagement with public and private entities, namely, government departments and support services, business and industry, training institutes, community development service providers, the civic movement and grass roots communities in developing the waste tyre economy <p>SATRUCO's readiness:</p> <ul style="list-style-type: none"> • SATRUCO has created a team with collective experience of 100 years in the industry • The plan has seen an extensive consultation process <ul style="list-style-type: none"> ○ Academics ○ International waste industry participants ○ SETAs • Interest has been expressed by processors, recyclers and investors to establish new plants and create new opportunities, skills and technology transfer • Has a legal team and a team of chartered accountants to ensure key governance/risk concerns around legal compliance and financial responsibility • Social impact is a priority • Has an enterprise development team driven from the office of the CEO to drive SMME development • Has database partnerships linked to communities specifying unemployed people • Has a plan to conduct imbizos in provinces to inform communities of the plan and the opportunities available to them | | <p>Hugh Mtshali, CEO, SATRUCO</p> | |
| <p>Overview of operational plan:</p> <ul style="list-style-type: none"> • COO emphasised DDG's earlier points – circular economy implies recycling | | <p>Johann Lehmann, COO, SATRUCO</p> | |

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| <p>and recovery of tyres</p> <ul style="list-style-type: none"> • Process <ul style="list-style-type: none"> ○ Tyre dealers' waste sorted and tyres mutilated, manufacturers' reject tyres, community collection areas with tyre destruction officers undertaking these processes ○ Pre-processing operations, tyre-derived fuel (TDF) manufacturing <ul style="list-style-type: none"> ▪ Historical stockpiles as inputs into pre-processing and TDF operations ▪ Downsizing process before recycling/pyrolysis ○ Processing (includes pyrolysis ops and crumbing ops) ○ Energy recovery • Communicated that they plan to reduce costs for transportation by 100% and allocate that value to processing activities • Operations to include passenger tyres, OTR tyres and mining tyres; and provincial operations will also mirror all the above aspects <p>Intended outputs of processing activities:</p> <ul style="list-style-type: none"> • Pyrolysis operations <ul style="list-style-type: none"> ○ HFO ○ Carbon char ○ Steel • Crumbing <ul style="list-style-type: none"> ○ Value-added items such as bricks, tiles, inputs for tarred roads • Intended offtake partners of pre-processing activities are energy recovery • Surplus from pre-processing exported as TDF commodity • Plan to abate mining and OTR tyres: <ul style="list-style-type: none"> ○ Address mines' historical stockpiles ○ Address dealers'/mines' arising tyres <p>Targets for collections and processing – which are minimum projected quantities:</p> <ul style="list-style-type: none"> • Within 12 months of approval 50% at 69 600 tonnes • Within 24 months of approval 70% at 87 00 tonnes • Within 36 months of approval 80% at 121 800 tonnes • Within 48 months of approval 90% at 156 600 tonnes • Within 60 months of approval 100% at 174 000 tonnes <p>Number of jobs and SMMEs to be created in the industry:</p> <ul style="list-style-type: none"> • 160 micro-collection co-ops • 5632 new jobs created | | | |
| <p>Conclusion:</p> <p>Communicated that elements are in the print-outs and directed participants to call centre and website for further information</p> <ul style="list-style-type: none"> • Plan responds equitably and responsibly to legislation. It is a cost-effective, transparent model for recycling and a community-focused plan • Adopts all principles of the circular economy • Plan ensures social impact – with aspects of the plan requiring implementation at the community level • Encourages innovation through its partnerships with scientific bodies in a bid to making South Africa globally competitive • Promotes investment in the country | | | |

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| 4. Question & Answer | | | |
| Question | Owner | | |
| SATRUCO | | | |
| <p>Question 1:</p> <p><i>Question directed to both SATRUCO and Waste Bureau</i></p> <p>What do dealers do with tyres that aren't being moved from stockpiles while dealers are receiving threats of closure from municipalities due to health and fire risk?</p> <p>SATRUCO, note that with the collection schedule, the growth in the collection rate will equate to 260 000 tonnes of tyres in stockpiles in South Africa – how is that going to be dealt with?</p> <p>Answer 1:</p> <p>The main factor here is timing. We are not addressing a new plan. We should be operational within three months of approval.</p> <p>Currently, tyre stockpilers are managed by Waste Bureau and we will begin our operations three months post approval of the plan.</p> <p><i>Interjection – Andile Mvinjelwa Waste Bureau</i></p> <p>Contact the Waste Bureau directly for us to communicate space lacking at current depots and new depot activation in response to tyres not collected from stockpiles. If dealers are not getting support from transporters directly, then they should call WB directly to address that dealer's specific regional issues.</p> | <p>Hedley Judd, Tyre Dealer and Fitment Association of South Africa</p> | | |
| <p>Question 2:</p> <p>There have been significant changes to this presentation verses the published version. When can we see a final version to comment on?</p> <p>Answer 2:</p> <p><i>CEO responded in line with the process steps mentioned by DG – to become clearer in DG's conclusion statement</i></p> <p>There is a process for resubmitted plans. These hearings are here to capture input from the published plans.</p> <p><i>Mark Gordon response – on final dates</i></p> <p>The dates relating to resubmitted plans will be determined by the Minister as per her legislative right. Upon the closure of this process on the 7th June, the Minister will assess inputs from the public via writing and the hearings, revert back to plan owners and publish a notice on dates.</p> | <p>Chris Crozier, Tyre Cap</p> | | |
| <p>Question 3:</p> <p>According to your plan, dealers will be expected to downsize. How will they be expected to do this (financially)?</p> <p>Answer 3:</p> <p>Dealers will not be expected to downsize – there are regulations for dealers to break down tyre material in favour of environmental concerns. SATRUCO's plan is to help support the dealers in that process through transportation subsidies and strategies.</p> | <p>Oliver Bonstein, Green Cape</p> | | |

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| <p>Question 4: How will the plan assist transporters in a sustainable way to grow their businesses?</p> <p>Answer 4: We have an enterprise development programme that assists particularly black-owned businesses. This will include imbizos, one-on-one diagnostic consultations and a gap analysis of how to get your business to the goal. Additionally we will be engaging key stakeholders for funding whom we have principle agreements with. Additionally we have secured partnerships and expressions of interest from SIFA and other development initiatives for financing.</p> | | Adrian Ruderph, Transporter | |
| <p>Question 5: The Waste Bureau contract with land owners and are due to issue tenders for transporters and micro-depots for the next three years – what is your absorption plan (considering it would be wise to not impede on current participants)?</p> <p>Answer 5: We will assess how to go about undertaking absorption upon engagement with the industry participants not identified after this process.</p> | | Victor Molefe, Waste Tyre Management Forum | |
| <p>Question 6: I fail to understand your processing – where are the plants, what is going on in there (I need practicality from the plan)?</p> <p>Answer 6: The amount of processors in our plan is based on information we got from the Waste Bureau's figures. We are not privy to the information regarding processors – so a more accurate figure (in my guess) is 6 processes. We also subsidise processors for breaking down material – e.g. buying R3 million to R4 million worth of machinery. We will also be responsible for separation from transportation to the processor's door. However, you may still opt for whole tyres as per the previous waste management plan.</p> <p><i>Interjection by DG – Cautionary warning of social media interaction beyond this forum:</i></p> <ul style="list-style-type: none"> • I urge participants to use this forum to raise questions as opposed to unstructured non-factual communications via social media • There are two different forums – a forum defined in the law and an informal forum created by the industry • Information circulated to the industry will be surfaced to the Department – please engage appropriately • The Department has made errors in the past with REDISA. We are working to rectify that. The Department requires this process to be taken seriously for those improvements to be realised. | | Edgar Adams, SA Tyre Recyclers | |
| | | Nosipho Ngcaba, Chairperson, DG, DEA | |

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| <p>Question 7:</p> <p>What is the plan on addressing stockpiles and how are you going to fund that plan? Will the current levy be sufficient – is that not an infringement of the legislation to use the levy to address stockpiles?</p> <p>Answer 7:</p> <p>We have answered these questions. With regards to historical OTR tyres; the waste tyre regulations state that the stockpiler owners should put forward a plan with approval from the Department or undertake a plan with their own recyclers. Thus the cost resides with those stockpile owners.</p> <p>With regards to passenger tyres, SATRUCO will engage with the Waste Bureau with 5% allocation to historical tyres and will engage with the Department for further funding for addressing historical tyres beyond our capacity.</p> | | <p>Victor Molefe, Waste Tyre Management Forum</p> | |
| <p>Question 8:</p> <p><i>Comment</i></p> <p>SATRUCO has mentioned that this is a people-centred plan. I would have loved to see numbers and strategy with regards to developing people, SMEs and job creation. There are no practical solutions referenced in your plan. The budget allocation towards people doesn't speak to the "passion" you communicate for developing people.</p> <p>Answer 8:</p> <p>We have a slide that details what is in existence and we believe that we will create a further 25 business units and 600 new jobs. New businesses to be created will be 150. Pre-processors created will be 540 jobs. We will create 600 new jobs across the industry in total.</p> | | <p>Mandisa Makhubalo, Start-Up Entrepreneur</p> | |

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| Date of Meeting: (MM/DD/YYYY) | 23/05/2018 | Time: | 09h00 |
| | | Location: | Town House Hotel, Cape Town |
| <p>TWAMISA</p> <ul style="list-style-type: none"> • Introduction of TWAMISA, an initiative of Danubia and a plan focusing solely on OTR tyres • TWAMISA team's background is in high-impact projects in the mining industry around abatement – which informs focus of the proposal <p>Background and rationale:</p> <ul style="list-style-type: none"> • Cost of OTR tyres continues to increase as does cost of abatement – therefore funding deficit exists • Plan view is to bulk up on abatement activities now, which will create savings (externality) in the future on spend faced by industry/government • Plan for integrated depots implies holistic solution for remote areas: <ul style="list-style-type: none"> ○ Fully compliant shared infrastructure for the region ○ Close the loop locally • What would these depots look like: <ul style="list-style-type: none"> ○ Start with large OTRs where service providers and infrastructure currently exists with OTRs 45"- 63"because complexity implied in this segment operationally ○ Room for a depot to accommodate non-OTRs e.g. 1000 square feet • Value proposition is to produce a comprehensive service to the mines/DEA on tyre waste management in the industry • Collaboration with another tyre waste management company to handle other tyre waste categories <p>Process overview:</p> <ul style="list-style-type: none"> • Processing methods – two processes in South Africa: <ul style="list-style-type: none"> ○ Whole tyre in then shredded to 50 x 50 pieces ○ Shredding process separating steel and rubber • Crumb (by-product) usage • Crumb into pyrolysis – to cascade into blended fuels • Overview of applications of processing by-product applications: <ul style="list-style-type: none"> ○ Tar roads ○ Carpets ○ Fashion ○ Astro-turf <p>SMME and BEE impact:</p> <ul style="list-style-type: none"> • Plan proposes sustainable SMEs at all levels of the value chain • A co-funding platform to pool economic development and social development spend of subscribers • SMEs would ideally be 51% black owned, partnered with larger, existing specialised operations and provided an equity ownership deal • Intent to impact formal sector with job creation through upskilling • To introduce employee share schemes • Provide access to black SMEs into capital-intensive spaces • Improve the empowerment credentials of current industry participants <p>Collection and diversion targets:</p> <ul style="list-style-type: none"> • Includes 6 years' worth of historical stockpiles • 27% of historical stockpiles addressed by Year 5 • 20% of the post-tyre levy backlog addressed by Year 5 • 100% of the new arising tyres addressed by Year 5 | | <p>Zuzana Hegerova, Plan Owner, TWAMISA</p> | |

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| <p>Recycling targets:</p> <ul style="list-style-type: none"> • Increase recycling rates through: <ul style="list-style-type: none"> ○ Incentives and R&D support to SMEs building local recycling capacity ○ Work with the municipalities, SANRAL, etc. to stimulate demand ○ Stimulate independent trading in the industry (i.e. those who generate new and compliant offtake to profit from sale of material) • Year 1 targets: <ul style="list-style-type: none"> ○ 60% energy recovery, 0% re-use, 40% recycling • Year 2 targets: <ul style="list-style-type: none"> ○ 50% energy recovery, 0% re-use, 50% recycling • Year 3 targets: <ul style="list-style-type: none"> ○ 30% energy recovery, 10% re-use, 60% recycling • Year 4 targets: <ul style="list-style-type: none"> ○ 20% energy recovery, 20% re-use, 60% recycling • Year 5 targets: <ul style="list-style-type: none"> ○ 10% energy recovery, 30% re-use, 60% recycling <p>Local SMEs and jobs over the 5-year plan:</p> <ul style="list-style-type: none"> • Decent jobs are sustainable jobs • Temporary jobs – in line with some short-term contracts • 242 decent jobs to be created based on submitted plan and 500 temporary jobs to be created in infrastructure development, plant construction, etc. <p>Skills development plan:</p> <ul style="list-style-type: none"> • A total of 75 people to impacted: • Plan to target upskilling via the following initiatives: <ul style="list-style-type: none"> ○ 50 people due to ad hoc specialised training ○ 10 people identified for a bursary programme ○ 10 people for a post-university intern programme ○ 5 people identified for a fast-track management programme <p>Prevention of pollution and ecological degradation:</p> <ul style="list-style-type: none"> • Impact will be addressed through targets in the waste hierarchy • Competent training and oversight of industry participants by TWAMISA and with incubation partners • National awareness campaigns <p>Administration:</p> <ul style="list-style-type: none"> • Governance structure ensures that TWAMISA is a management company overseen by an NPC • Single system registration for industry participants • A contract award system and adjudication committee • Single perpetual NPC for the waste tyre stream • TWAMISA to create own NPC if preferred by the Minister, targeting level 3 BEE rating on specialised generic scorecard <p>Planned revenue sources:</p> <ul style="list-style-type: none"> • DEA Tyre Levy allocation for TWAMISA Plan • Stockpile owners for historical stockpile abatement projects • Non-OTR Industry Manager for shared infrastructure | | | |

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| <ul style="list-style-type: none"> • Sale of material to offtake | | | |
| <p>Plan costs:</p> <ul style="list-style-type: none"> • Communicated errors in submitted plans on: <ul style="list-style-type: none"> ○ Value of R&D in year 5 ○ % allocation (environmental impact) service providers by year 5 ○ % allocated to set-up and administration costs in year 1 ○ Total value of spend by year 5 • Total spend in year 1 is projected at R109 500 736 • Total spend in year 5 is projected at R1 190 420 396 <p>Pros of multiple managers:</p> <ul style="list-style-type: none"> • Accelerated roll-out and impact • Reduced costs in the long term • Healthy competitiveness • Reduced risk of monopolistic behaviour by a single PRO • Multiple knowledge contributors • Narrower and thus more achievable focus of each manager • Simplification of delivery and performance evaluation • Specialisation fosters innovation <p>Regular reporting to stakeholders:</p> <ul style="list-style-type: none"> • Monthly reporting – SMEs to Manco – service-level KPIs embedded into contract (environmental, financial, etc.) • Quarterly reporting <ul style="list-style-type: none"> ○ SMEs to Manco – job numbers and capacity review ○ Manco to NPC – all KPIs in line with plan targets, authority levels and DEA/WB requirements • Semi-annual reporting – SMEs performance review against contract KPIs by Manco • Annual reporting <ul style="list-style-type: none"> ○ Independent external audit of NPC and Manco against plan (SME normal financial audits) ○ SMEs – annual service provider review by Manco ○ Manco to WB - details of agreements reached with regard to historical stockpiles • Ad hoc – reporting <ul style="list-style-type: none"> ○ SMEs – inspections conducted by Manco at pre-agreed times at the registered sites ○ Regular newsletter, awareness campaigns by Manco to stakeholders <p>Ability to collaborate with another plan:</p> <ul style="list-style-type: none"> • This is the preferred method for TWAMISA • Upon mandate for OTR scope to be assigned to TWAMISA <p>Advantages of TWAMISA plan:</p> <ul style="list-style-type: none"> • Simple governance model for accountability, transparency and sustainability • Accelerated diversion of waste and recycling by the industry as a whole • Cost efficiencies from abating at scale and nationwide now vs. later for the | | | |

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| <p>benefit of both OTR and non-OTR segments</p> <ul style="list-style-type: none"> • Accelerated transformation through reduced risk of SME failure • Localisation of jobs and procurement in some of the most vulnerable communities | | | |

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| Question | Owner | | |
| <p>Question 1:</p> <p>A. Please clarify your governance processes: who will be appointing the service providers? On page 11 in the plan.</p> <p>B. Can you cite all the skills you possess, except practical relevant experience with OTR tyres, which is highly specialised?</p> <p>Answer 1:</p> <p>A. The plan was conceptualised over a year ago – which we stated was the IP of Danubia at the time. Since then we created TWAMISA and transferred the IP to the new company.</p> <p>We are proposing a structure with independent government oversight with an NPC (TWAMISA will be the management company appointed for operational activities). We are awaiting feedback from the Department regarding our proposed industry structure.</p> <p>B. We will be contracting experts to advise and guide us on operational activities. That will be the extent of our capabilities. They will also assist us review tenders for participants in the value chain.</p> | Victor Molefe, Waste Tyre Management Forum | | |
| <p>Question 2:</p> <p>You mentioned you want to localise pre-processing and consequently processing. What does that mean? Will you not transport to processors far away? Please clarify.</p> <p>Answer 2:</p> <p>The most prohibitive cost in the value chain is the transport cost, hence our move towards localising pre-processing. From outlying areas we would like to attract small-scale plants which have the right capacity to service the supply in that area.</p> <p>However, let it be stated that we will not object to delivering to outlying areas where there is opportunity. Our goal is to clear the pre-processing plants as much as possible.</p> | Jaco Wiese, Mandini Wealth and EPA Fuel | | |
| <p>Question 3:</p> <p>Is the equipment used in the industry characterised by a R17 million truck driving around in these processes?</p> <p>Answer 3:</p> <p>Yes, it is not possible for a small business to get financing for a R17 million truck. However, through the incubation partnership, we are opening up opportunities to small businesses to participate and contribute in whatever they can afford.</p> | Edgar Adams, SA Tyre Recyclers | | |
| <p>Question 4:</p> <p><i>Comment</i></p> <p>We don't see any definition of solid tyres – which we often find are forgotten about. Will that category fall into this plan?</p> <p>Answer 4:</p> <p>Solid tyres do not fall into the scope of the plan.</p> <p><i>Follow-up question by Warrick</i></p> <p>Which plan does the scope of solid tyres fall into?</p> | Warrick, Industrial Tyre Dealer | | |

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| <p><i>Facilitator</i></p> <p>We'd have to follow up with the Department on that question</p> | | | |
| <p>Question 5:</p> <p>A. You are clearly demonstrating that you have no capacity to empower black people over the 5-year period but you're building an entity worth R40 million. At what point in time will you have the capacity to empower if you can't do it up front?</p> <p>B. What measures will you take to ensure that the funds allocated aren't misused? Will you take a bond to set up your business?</p> <p>Answer 5:</p> <p>A. Your critique of our ability to service black participants is unjustified – we believe our plan clearly outlines the advancement of all participants in the value chain.</p> <p>B. Due to the fact we managed a pension fund, I believe we can address the governance issue quite well given our experience in handling funding. We also stipulated that revenue collected from our efforts will be limited to 7% of the revenue, which limits the ability for us to collect and misuse money.</p> <p>While we have not applied our minds to the question of taking on a bond, we are willing to explore what that implies for us. We believe that the success of the plan will be achieved through the alignment of stakeholders and government in sessions like this, ensuring input into our governance to curtail any opportunity to misuse funds.</p> | | <p>Victor Molefe, Waste Tyre Management Forum</p> | |
| <p>Question 6:</p> <p>What is the plan from the Department in terms of inner tubes, flaps and inserts from run-flat tyres as well as with mixtures of raw rubber produced in great tonnage volumes?</p> <p>Answer 6:</p> <p>See general response from government at the end.</p> | | <p>Dr Ziboneni Godongwana, Eco Green Equipment</p> | |
| <p>Question 7:</p> <p>How would you ensure quality of the shred? Is that the pre-processor's responsibility? How is that feedback going to work?</p> <p>Answer 7:</p> <p>We are currently dealing with processes which are going through lab testing of tyre shreds.</p> <p>We expect the tests to show suitability for shred applications. If they do, it will give us feasible offtake for the first year of operation.</p> <p>We have made an allowance in our budget for such experiments to refine product and give details on specifications and quality control standards. For example, we are speaking to industry to design machinery that can magnetise steel coming out of the rubber to make shredding delivered to the crumbing operations cleaner.</p> | | <p>Jaco Wiese, Mandini Wealth and EPA fuel</p> | |
| <p>Question 8:</p> <p><i>Directed to the Department and two plan proponents</i></p> <p>The investment made in plants is very large: My concern is what guarantee do we have that there is constant flow of tyres over the next 10 years?</p> | | <p>Edgar Adams, SA Tyre Recyclers</p> | |

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| Answer 8: As mentioned in our plan, there are certain limitations we anticipate. This is the beginning of us working with the Department and corroborating the numbers. Once we start operating in a particular area, we will have an improved understanding of volumes, [be able to] model that and provide certainty of what we'd be able to deliver to a process over a certain time . | | | |

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| <p>Evergreen</p> <p>Background story on Middelburg to advocate why the hub for an integrated waste plan should reside in Middelburg:</p> <ul style="list-style-type: none"> • Middelburg is surrounded by 172 open cast and underground mines implies access to OTR tyres • 9 Surrounding power plants in Middelburg • Largest steel plant is in Middelburg <p>Business rationale:</p> <ul style="list-style-type: none"> • Proposing a business model creating a pipeline of entrepreneurs with the aim of addressing the growing stockpiles for tyres • Possess experience in beneficiating outputs from the steel industry with water jet machines, done as private industry through the design of shared equipment scheme for entrepreneurs to cut and mould steel on a water jet machine • Pyrolysis plan to model after steel beneficiation plan – to create an operation that encourages shared resources and skills development to other smaller entities, encourage scaling and invariably create a hub of pyrolysis operators across Middelburg (eventually across South Africa) <p>Presentation on pyrolysis process:</p> <ul style="list-style-type: none"> • Overview of Envirogreen: Ebrahim Patel (director), Ebrahim Seedat (scientist), Ayub Patel (engineer), Garreth Nel (scientist) • Combined experience of 45 years • Organisation was started due to their combined passion for science, environment and people <p>Pyrolysis process overview:</p> <ul style="list-style-type: none"> • Products produced from pyrolysis – carbon black, crude oil, steel (easily accessible markets for steel) • Oil can be used for energy generation, additionally with a refinery plan, crude oil can be fractionally distilled to produce 7 other high-quality products like kerosene (jet fuel) <p>Vision: To become the leading recycled raw material company on the continent, by producing high-quality recycled raw material that meets industry standards, supporting research and development into new markets and sustaining existing markets.</p> <p>Mission:</p> <ul style="list-style-type: none"> • Recycle waste tyres in an environmentally friendly manner, to help eliminate the mounting waste problem facing our country. • Provide industry with high-quality recycled raw materials, so that the material can be absorbed by the market thereby turning a challenge into a solution. • Create and grow existing markets for recycled products, to ensure the continued consumption of recycled products. <p>Foster an environment that supports the creation of sustainable SMEs, and thus leads to more formal work for the communities</p> <p>Operating model:</p> <ul style="list-style-type: none"> • Aim to produce the following products: <ul style="list-style-type: none"> ○ 45-55% fuel oil | | | <p>George Mapuma, Director, Evergreen</p> |

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| <ul style="list-style-type: none"> ○ 30-35% carbon black ○ 10-15% steel wire ○ 8-10% gas | | | |
| <ul style="list-style-type: none"> • We aim to address the historical and arising stockpiles, particularly as demand for products grows, by allocating 100% of tyres (stockpiles and arising) to pyrolysis • Key factor in driving demand is the presence of processors to refine product outputted from pyrolysis • Create new markets for products (SiC, bricks, fertiliser, etc.) <p>Social upliftment:</p> <ul style="list-style-type: none"> • A portion of the revenue will be used to create and sustain various community upliftment initiatives (bursaries, STEM facilities, skills development programmes, innovation centres, etc.) • Refinement and processing to carbon black and produce a suitable burning fuel <p>Business model – establish a single pilot from which others can model pyrolysis and downstream refinement processes:</p> <ul style="list-style-type: none"> • Two 20T pyrolysis plant = recycle 14 400T per year • Plant 1 20T – OTR tyres • Plant 2 20T – passenger tyres • Plants in same area • Depot in proximity of plants • Delivery of OTR and normal vehicle tyres separate <p>Supply of tyres – how we plan to acquire tyres:</p> <ul style="list-style-type: none"> • Comply with the approved waste tyre management appointees for acquisitions and logistics of the waste tyres • Tyre at depot = 7 525T (REDISA stats) • Potential supply of tyres in Mpumalanga is 70 000 tonnes per annum, which is ideal for the pilot's target • The two plants will process 20% of estimated tonnage per annum • 80% capacity addressable by other initiatives: <ul style="list-style-type: none"> ○ Rubber tile production ○ Rubber flooring ○ Replication and learning opportunities of our business model by entrepreneurs | | | |

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| <p>Question 1:</p> <p>Pyrolysis at an industrial scale hasn't been proven to be a good process. Most of the products derived still need further refinement. So what proofs do you have for your solution's viability?</p> <p>Answer 1:</p> <p>That is correct. Pyrolysis on its own isn't sufficient. But we have identified literature and patents to improve carbon black and we have also identified a supplier but we still have to prove and test their quality of diesel.</p> | Dr Ziboneni Godongwana, Eco Green Equipment | | |
| <p>Question 2:</p> <p>What is your processing cycle on your reactors?</p> <p>Answer 2:</p> <p>Currently our processing cycle is 24 hours on a 20-tonne input, so we plan to have our plan running 24 hours a day, all year round.</p> | Willem Bressek, OTPR | | |
| <p>Waste Bureau</p> <p>Overview of Network</p> <p>There exist over 2000 collection points inherited from REDISA. WMB cannot service all collection points due to capacity constraints regarding collection, storage and processing. There is an ongoing process to register dealers.</p> <p>The number of dealers totals 225 across the country. Additionally there are 213 active micro-collectors, 23 micro depots, 67 primary transporters and 10 secondary transporters.</p> <p>Operational Performance</p> <p>We compared our performance to REDISA: Between October 2017 and March 2018, the WMB collected 47 000 tonnes of waste tyres. When we annualised the figures (converted to show comparative performance over a year); the Waste Management Bureau collected just under 94 000 tonnes of tyres while REDISA collected just under 93 000 tonnes of tyres.</p> <p>We achieved a 21.5% annualised recycling rate (as a percentage of waste tyres arising) versus REDISA's recycling rate of 14.9%.</p> <p>Waste Bureau Successes</p> <p>We achieved the following over a six-month period:</p> <ul style="list-style-type: none"> • Ensured the continuation of waste tyre operations from June 2017 • Utilised a lower operational cost compared to its performance • Outperformed REDISA in collections and recycling • Operated with fewer human resources – 34 people vs. 178 people associated with REDISA • Achieved collection and recycling targets despite full depots and the prohibition of exports • Onboarded industry participants efficiently • Ensured the fast activation of new depots <p>Monitoring Framework</p> | Andile Mvinjelwa, Waste Management Bureau | | |

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| <p>The framework we intend using when we change our role from operations to that of monitoring the plan, which is still a work in progress, is as follows:</p> <ul style="list-style-type: none"> • Baseline and target setting for 5 years • Waste flow tracking • Prioritisation of reuse and recycling • Labour intensity assessment • SMME development • Effectiveness & impact assessment of the plan • Measurement of cost efficiencies • Adherence to levels of regulatory compliance for facilities / operations • Skills development • Projection of financial flows • Production of externally audited financial statements • Production of annual external performance audit • Production of annual business plans • Monthly & quarterly reporting | | | |
| Question | | Owner | |
| <p>Question 1:</p> <p>There is approximately R1 billion identified against the budgets submitted from all proponents, including money allocated to the Waste Bureau. How does the DEA plan to account for this – will this imply an increase in the tyre levy?</p> <p>Answer 1:</p> <p>See response in Closing.</p> | | Chris Crozier, Tyre Cap | |
| <p>Question 2:</p> <p>Why is the Waste Bureau investing in equipment? Isn't it in competition with businesses participating in the industry?</p> <p>Answer 2:</p> <p>This is just a risk mitigation process just because current equipment belongs to REDISA – after liquidation, we want to be able to continue with operations and so it makes</p> | | Edgar Adams, SA Tyre Recyclers | |
| <p>Question 3:</p> <p>Is there a market for crumbing and offtake agreements from the recycling?</p> <p>Answer 3:</p> <p>We don't have sight of that.</p> <p><i>Edgar Adams commented, with industry expertise</i></p> <p>The market is there in South Africa. There are 1000s of products continuously imported into the market with tyre material. There is opportunity for the SMME participants to grow tremendously.</p> <p><i>Department added their view to the question</i></p> <p>Government is also currently undertaking a study to do market analysis on crumbing and to understand the opportunity in markets.</p> | | Personal details not provided | |

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| Next Steps: | | Nosipho Ngcaba, Chairperson, DG, DEA | |
| Requests for clarity from Proponents: | | | |
| <ul style="list-style-type: none"> • Requests for clarity by plan owners must be made in writing to the Department • Written requests will also be received and reviewed by the Department • Please send an email to Mr Anben Pillay APillay@environment.gov.za for such requests | | | |
| Written comments from interested and affected parties: | | | |
| <ul style="list-style-type: none"> • Written comments on the plans should be submitted to Ms Mamogala Musekene MJMusekene@environment.gov.za; Environment House, 473 Steve Biko Street, Arcadia, Pretoria or Department of Environment Affairs, Private Bag X 447, Pretoria, 0001 | | | |
| The deadline for all written commentary is 7th June 2018 | | | |
| <ul style="list-style-type: none"> • The DEA, Waste Bureau and other relevant government departments (DTI, Treasury, etc.) will convene a special meeting to interact with the plan owners for purposes of clarity after the last public hearing • Special meeting will be held between the 5th and 7th June 2018 • After receiving written comments by the closing date (7th June 2018), the Department will consolidate all written comments, which will then be sent to the plan owners • Comments received will also be published on the DEA website • Plan owners will be expected to respond to comments by addressing, upgrading or re-adjusting their plans within a specified timeframe • Once plans are re-submitted to the Minister, the Department will analyse the responses and compile a register against written comments • A final adjudication/review of the plans will be undertaken • Based on all above inputs and processes, the Minister will make a decision and publish a notice in a gazette | | | |