

1. COVERING LETTER



31st August 2018
Minister of Environmental Affairs
473 Steve Biko and Soutpansberg Roads
Arcadia
Pretoria
0083
Attention: Honourable Minister Dr B E E Molewa, MP

Dear Honourable Minister

SUBMISSION OF SATRUCO'S REVISED PLAN, ADDITIONAL INFORMATION, RESPONSES TO THE REQUIREMENTS IN TERMS OF THE SECTIONS 28(1) OF THE NATIONAL ENVIRONMENTAL MANAGEMENT: WASTE ACT, 2008 (ACT NO 59 OF 2008)

Your letter dated the 11th July 2018 (REF: EDMS 174173) refers.

Thank you very much for the opportunity to present the above mentioned information.

Kindly receive the following attachments.

1. REVISED PLAN

SATRUCO carefully evaluated all comments which were made during the public hearings, the information which was presented by the Department of Environmental Affairs in the public comments register, new tyre plans for consultation on the proposed industry waste tyre management plans, Government Notice 472 National Environmental Management Waste Act, 2008, the 28 requirements and the preliminary evaluation report both with ref: EDMS 172335, therefore we are pleased to submit a very comprehensive and detailed revised plan.

The highlights of SATRUCO's revised plan are as follows:

- a) Large focus on the usage of manual labour in order to create formal jobs and provide a sustainable income to the participants within the plan, whilst creating 5324 jobs of which 4239 will be directly paid by SATRUCO.
- b) Producing a value added product from waste tyres (tdf), thereby reducing input cost of recyclers/processors and creating a growing sustainable waste tyre industry. The impact of this reduction of size of the raw material on the waste tyre recyclers/processors is an input cost reduction of 45% of the total cost of their production, which will allow them to compete on the international stage against countries where recycling operations are heavily subsidized.
- c) The creation of a beneficiated product that is an international commodity, saleable, exportable and creates opportunities to use the product in various industries other than just the recycling/processing industry, for example in the civil construction industry
- d) Reduction of waste tyre storage facilities, as all waste tyres are pre-processed (downsized).
- e) Reduced operations budget due to the innovative transportation strategy, reduced sizing of waste tyres and an optimized logistics system
- f) Placement of Tyre destruction Officers at tyre dealerships to sort and mutilate waste tyres prior to transportation to give effect to the Waste Tyre Regulations, thereby addressing the flow of illegal roadworthy tyres into community areas, and reducing road traffic deaths due to the illicit trade in these waste (regrooved) tyres
- e) A comprehensive Health and Safety plan, which will improve the health and safety of all workers.

- f).Detailed operational plan
- g).Detailed revenue model and projected income
- h) Detailed budget (5 years)
- i).Detailed Enterprise Development Plan
- j).Training Courses Outlines i.e. included are accredited courses for life skills purposes
- k).Immediate support for the Small and Medium Enterprises
- l).Research and Development Initiatives with Technology Innovation Agency stations and University of Stellenbosch
- m).Integrated Governmental plan
- n). Marketing drive and support for local and tyre derived products

Key Supporting documents are the following

- i). Evidence of consultations
- ii).SATRUCO's MOI
- iii).Financial Controls, Procurement and Governance Policy documents
- vi).SATRUCO HR Handbook
- vii).SATRUCO Employees Handbook
- vii).SATRUCO Board CVs
- viii).Executive Management CVs
- ix).Five year budget and detail itemized costings
- x).Technology Innovation Agency (TIA) MOU
- xi).Letters of subscribers
- xii).Invitation letters to the Industry and responses thereof

With regards to your letter dated 11th July 2017(Ref: EDMS 174173) which refers to the comments that were raised that the plan was not prepared by a generator of waste tyres or tyre producer and also that the plan does not have subscribers of generators of waste tyres or tyre producers. SATRUCO would like to respond in the following manner:

A. Generator of waste tyres

According to the NEMWAA; 2004 waste is defined as "any substance, material or object, that is unwanted, rejected, abandoned, discarded or disposed of, or that is intended or required to be discarded or disposed of by the holder of that substance, material or object can be reused, recycled or recovered and includes all wastes as defined in the Schedule 3 or any other substance/material/object defined by the Minister".

In the Application of Regulations (NEMWAA, 2014), it goes on to define Waste generators as "any person whose actions, production processes or activities result in waste".

In addition to the above, we would like to bring to the Minister's attention the Section 28 of Act 59 of 2008 under point 3 of (2) which states "Notwithstanding subregulation (1), any persons, category of persons or industry may elect to prepare and submit waste tyre management plan for approval to the Minister within two months from the date of publication of this notice in the Gazette". This information appeared in the Government Gazette on 30th October 2017.

SATRUCO on the advice of its legal team exercised its rights by preparing and submitted the plan on the 31st December 2017

Furthermore SATRUCO's executives prepared the plan based on their experience as waste generators through their participation in the tyre recycling industry. Please note that the following executives share between themselves more than 38 years' experience in tyre industry

- Mr SH Mtshali: co-founder and shareholder of Nettworth Investment Holdings (tyre processors) established in 2010.
- Mr DJ Lehmann has accumulated more than 34 years of experience in the tyre industry working for the following companies
 - STR International (Importer of tyre Casings/ Recycler)
 - DAHMANN IMPORTS (Importer of truck tyre casings)
 - TOUGHTREADS RUBBER (Tyre recycling)
 - DJL Plant and Construction (Tyre Recycling and consultation to the waste tyre industry)
 - Consultant to Redisa

As from March 2016 and in preparation for the plan, SATRUCO engaged and consulted with various industry stakeholders for inputs and comments to its plan. In the attached evidence of consultations in the supporting documents section you will notice our draft plan was sent to 456 specific companies involved in tyre industry.

Subscribers to the plan

The National Environmental Management: Waste Act, 2008 (Act No 59 of 2008) call on the tyre industry to prepare and submit an industry waste tyre management plan to the Minister for approval was publicly open to everyone including all tyre industry stakeholders in the country. Evidently the tyre manufacturers, tyre retailers and importers decided not to participate. See attached letter dated 29th May 2017 from SATMC (including the RMI, TDAFA, and NAAMCA etc.) addressed to the Department of Environmental Affairs.

It is important to note that SATRUCO was invited to make presentations to the boards of SATMC, TIASA and RMI/TDAFA. See attached invitation letter in the supporting document section. It is in these meetings that inputs were made to the plan, concerns raised by the industry. For example: Transparency and Governance. See attached Finance and Governance Policy Manual, MOI and HR Handbook in the supporting documents section.

In the light of non-participation by the major industry players in preparing and submitting the tyre waste management plan, SATRUCO decided to accommodate the 3 major stakeholders namely; SATMC, TIASA and RMI/TDAFA by inviting these organisations to have board representations in SATRUCO with voting rights. Please see Industry responses in the supporting document section but note that SATMC and TIASA declined the invitation.

RMI/TDAFA have indicated that they would accept an offer to serve on the SATRUCO board subject to the receipt of the MOI from SATRUCO which has since been submitted to RMI/TDAFA. Please see attached SATRUCO response with an MOI which was submitted to RMI/TDAFA and we have also attached a response letter from RMI

It is important to bring the following regulation to the attention of the Honourable Minister:

Any tyre producer, in terms of part 3 of the Waste Tyre Regulation, must subscribe to an integrated Industry Waste Management Plan (IIWMTMP) approved by the Minister. A tyre producer's failure to subscribe to an approved IIWMTMP whilst continuing to produce tyres would constitute an offence.

The above regulation clearly indicates that tyre producer must subscribe to an approved Industry Waste Management Plan, a fact to which the producers/importers agree, and based on correspondence received, they will all subscribe to a plan that the Minister approves. **Please see attached Industry responses in the supporting documents.**

Nonetheless, the following companies (recyclers/processors and waste generators) have since subscribed to SATRUCO Plan:

1. Carbon Klean
2. Macro Energy Technology South Africa
3. KALTIRE
4. EARTH TREAD
5. Mathe Group
6. Energy Partners

Please see attached letters of subscription in the supporting documents section.

The above mentioned recyclers present a significant portion of the current active recyclers within South Africa

In conclusion, as it can be seen in the revised plan, supporting documents with Annexures, and the relevant attachments that SATRUCO has prepared extensively to be in a position to submit a detailed and a substantive response which is backed by evidence of correspondences.

In addition, SATRUCO participated fully and without failure during the public hearings and in our attempts to restore tyre industry confidence, we extended the **accommodating hand** to the major tyre levy contributors by **making solid offers with voting rights**. This is the first of its kind since the implementation of tyre waste management plans. We also proposed the formation of a Waste Tyre Council (WTC) to be the engagement platform for all tyre stakeholders in the country.

All these initiatives clearly demonstrate SATRUCO's stature and ability to execute its proposed Waste tyre management plan successfully.

We would also like to bring to the attention of the Honourable Minister the comparisons of operational budget costs of the following companies:

Summary of total operational budget since 2012

Redisa	R 624 million (incl. setup cost)	2012
SATRP	R 487 million (excl. setup) cost)	2012
SATRUCO	R 517 million (incl. setup cost)	2018

SATRUCO operations budget = R 372 million

The above table demonstrates SATRUCO's intentions to keep costs of running the waste tyre project at low levels and our operational budget still remains the lowest six years later.

Therefore we find no reason whatsoever why the Honourable Minister should not to appoint SATRUCO to implement its Waste Tyre Management Plan with immediate effect. We look forward to working with the Waste Bureau and assist the Department of Environmental Affairs in meeting their targets in waste tyre industry.

We have demonstrated our capacity to fulfil the plan effectively and create an environment where inputs and opinions of all industry players are welcome and respected.

SATRUCO is highly committed in preventing pollution and ensuring the sustainable development through this plan.

Finally, SATRUCO commends the Honourable Minister for ensuring that the legal and due processes were completely adhered to in terms of the law.

However we are of the view that now it is time for the Honourable Minister to act on this matter without further delays.

We look forward to your positive consideration to our bid.

Yours sincerely



**Hugh Mtshali
Chief Executive Officer**