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REMOVAL OF THE EXPORT TAX ON SCRAP METAL EXPORTS

The Metal Recyclers Association (MRA), founded in 1942 and SAPS certified in terms of the Second Hand Goods Act of 2009, is a non-profit organization that is expressly prohibited from engaging in any commercial activities whatsoever and it is managed by an annually elected board, who are active in their independent metal recycling businesses but volunteer their time to promote the best interests of the metal recycling sector, for no reward. The board interfaces with international counterparts ISRI and BIR, as well as national stakeholders, on matters of trade policy; regulation and crime prevention.

The metal recycling sector is as old as the industrial revolution and its purpose is to provide new metal manufacturers (foundries) with an essential raw material at a cost-effective price that reduces both waste to landfill volumes and atmospheric carbon emissions. Consequently, it is essential for an economy to have a healthy metal recycling sector.

The MRA supports SEIFSA's request for the removal of the current Export Tax on scrap metal exports. This tax was intended to replace the Price Preference System (PPS), after an extended discussion period involving the MRA, domestic scrap metal consumers, DTIC, ITAC and NT. However, 30 days prior to the introduction of the export tax, Minister Patel advised that he would run the PPS system in "support of the export tax" for a period of two years, the rationale of which has never been disclosed to the MRA despite attempts to procure this information via PAIA and the judicial system.

PPS was since extended for a further period and continues to date. The result has been to grossly advantage the domestic scrap metal consumers (foundries) and to place unduly burden the metal recycling sector with unnecessary financial and administrative costs, which are directly passed on to the scrap metal generators via lower prices.

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The more recent call to ban (or tax) the exports of scrap metal to curb the theft of state infrastructure has proven to be a futile and ineffective policy measure, which comes as no surprise due to the fact that these measures serve to adversely affect the law-abiding citizens, whilst illicit activities continue unabated in the absence of effective policing.

The MRA remains available for engagement with all stakeholders to establish a sustainable solution that is fair to the entire scrap metal / raw material value chain.

Sincerely,

Quintin Starkey
Chairman