



LEGISLATIVE REQUIREMENT FOR CESS

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BACKGROUND

- Under the Environmental Quality Act, 1974 Part VA are allocated under section 36A to 36E for Payment of Cess. The provisions outlined is for the imposition and collection of cess on scheduled waste generators.
- Environmental Fund was established on February 10, 2014 with the approval of the Ministry of Finance, Malaysia.

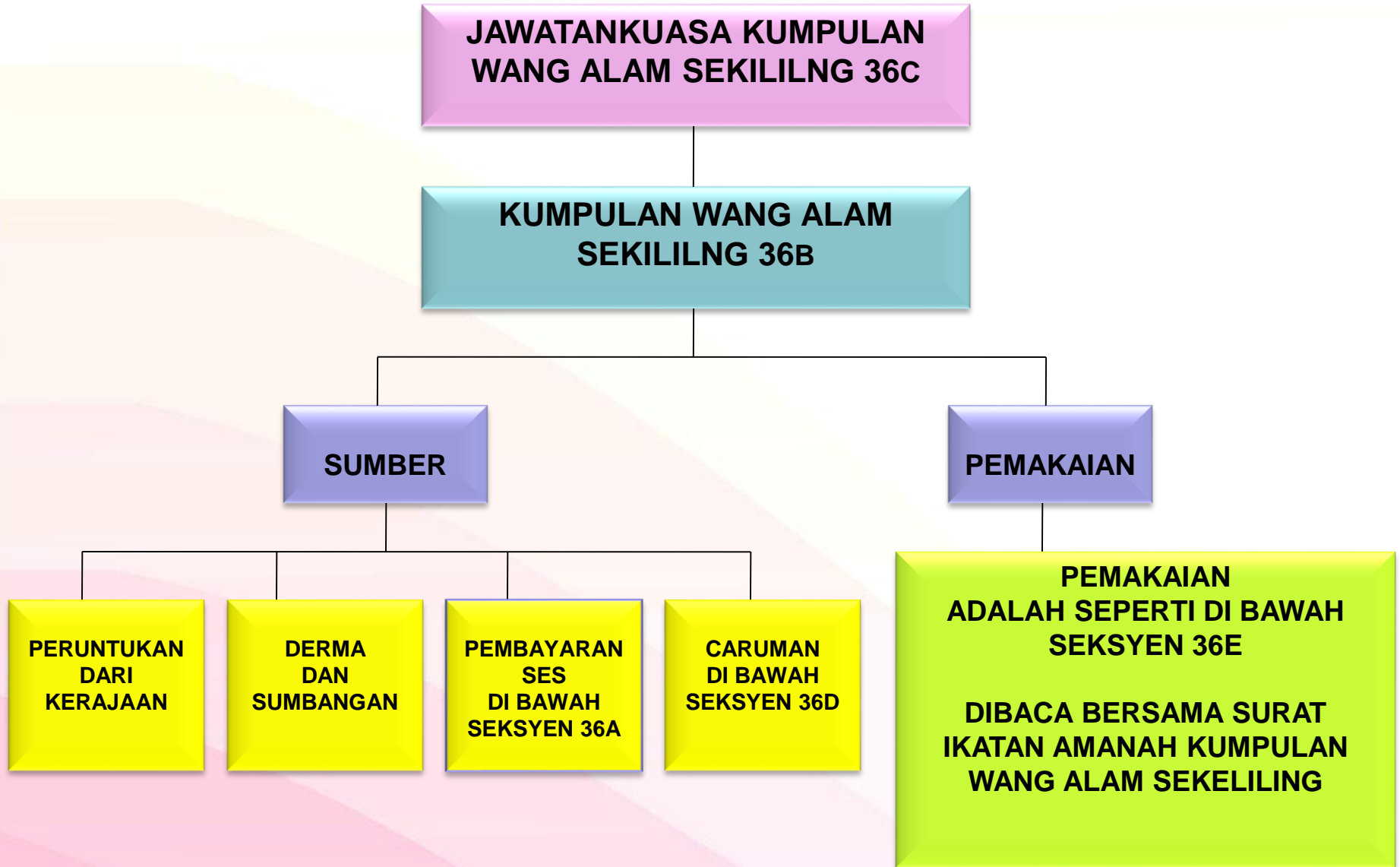
Polluter Pays Principle

Definition

- Rule that the cost of pollution control, prevention, and remediation should be borne by the entity which profits from the process that causes pollution. (Business Dictionary.com)
- Polluter pays is also known as extended polluter responsibility (EPR). This is a concept that was probably first described by the Swedish government in 1975. EPR seeks to shift the responsibility dealing with waste from governments (and thus, tax payers and society at large) to the entities producing it. In effect, it internalizes the cost of waste disposal into the cost of the product, theoretically meaning that the producers will improve the waste profile of their products, thus decreasing waste and increasing possibilities for reuse and recycling. (Wikipedia)

*Source : Study for the Establishment of an Environmental Fund 2010 by ENSEARCH

SECTION 36A-36E, EQA 1974



ENABLING LEGISLATION

In relation to the establishment of research cess and environmental fund, under the EQA, Section 36 (A to E) states the following:

36A. Research Cess

1) For the purpose of conducting, promoting or coordinating research in relation to any aspect of pollution or the prevention thereof, the Minister, after consultation with the Minister of Finance and the Council, may make an order for the imposition and collection, or variation or cancellation of an imposition, of a cess on the waste generated.

LEGISLATION contd.

- 2) Any order made under subsection (1) may provide -
 - a) For different rates of cess to be imposed in respect of the different types of waste generated including the volume and composition of waste;
 - b) For the manner of collection of the cess by the Director General; and
 - c) For the exemption of any person or class of persons, or in respect of any waste generated other than for research purposes, from payment of the cess.
- 3) The cess collected under this section shall be paid into the Fund established under section 36B.

LEGISLATION contd

36B. Establishment of Environmental Fund

- 1) There shall be established a fund to be known as the Environmental Fund which shall be operated as a Trust Account within the Federal Consolidated Fund.
- 2) The Fund shall consist of –
 - a) Such sums of money as may be provided from time to time by the Government;
 - b) All donations and contributions received from within or outside Malaysia;
 - c) All moneys paid to or received by the Director General from the cess imposed or collected in accordance with section 36A; and
 - d) All moneys paid or received in accordance with section 36D.

LEGISLATION contd

36C. Environmental Fund Committee

- 1) There shall be established a committee to be known as the Environmental Fund Committee which shall have the control of the Fund
- 2) The Committee shall consist of the following members;
 - a) The Director General who shall be the Chairman;
 - b) Two senior Environmental Officers to be appointed by the Minister; and
 - c) Two public officers to be appointed by the Minister.
- 3) No meeting of the Committee shall be held in the absence of the Director General.
- 4) The quorum for a meeting of the Committee shall be three persons.
- 5) Subject to this Act, the Committee may determine its own proceedings.

LEGISLATION contd

36D. Contribution into the Fund

The Minister, after consultation with the Council, may require any person engaged in -

- a) The exploration, extraction, refining, production, bulk movement, distribution or storage, of oil and gas;
- b) The production, bulk movement, distribution or storage, of environmentally hazardous substances; or
- c) The bulk movement or storage, of waste,

To contribute to the Fund at a rate that he may specify.

LEGISLATION contd

36E. Application of the Fund

The Fund shall be administered for the purpose of -


- a) conducting, promoting and coordinating research study, environmental audit or any activity as the Minister thinks fit , in relation to any aspect of pollution or the prevention thereof.;
- b) recovering of waste, or removing, dispersing, destroying, cleaning, disposing of or mitigating pollution;
- c) preventing or combatting the following occurrences:
 - (i) a spillage, discharge or dumping of oil;
 - (ii) a discharge, deposit, or dumping, of environmentally hazardous substances; or
 - (iii) a discharge, deposit, or dumping of waste; and
- d) encouraging conservation measures against any damage that may be caused by any of the occurrences spelt out under subparagraph (i), (ii) or (iii) of paragraph (c).

ENVIRONMENTAL FUND COMMITTEE


SECTION 36C, EQA 1974



Environmental Fund Committee SECTION 36C, EQA 1974

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PENGKOTAKAN MS ISO 9001:2008
KO.SUL. AN. 5141

Ruj. Kami: AS (BB) 91/110/619/226
Tarikh: 10 Oktober 2014

**"Pemuliharaan Alam Sekitar, Tanggjawab Bersama"
SENARAI EDARAN**

Y.Bhg. Dato'/Tuan / Puan,

PELANTIKAN SEBAGAI AHLI JAWATANKUASA KUMPULAN WANG ALAM SEKELILING DI BAWAH SEKSYEN 36C AKTA KUALITI ALAM SEKELILING 1974

Saya adalah dengan hormatnya merujuk kepada perkara tersebut di atas.

2. Dimaklumkan bahawa Jabatan Alam Sekitar telah menubuhkan Kumpulan Wang Alam Sekeliling mengikut Seksyen 36(B) Akta Kualiti Alam Sekeliling (AKAS) 1974. Mengikut Akta, Kumpulan Wang Alam Sekeliling ini akan ditadbir dan dikawal oleh satu Jawatankuasa Kumpulan Wang Alam Sekeliling sepertimana yang telah diperuntukkan mengikut seksyen 36(C) AKAS 1974. Jabatan ini telah mendapat persetujuan dalam pelantikan keanggotaan Ahli Jawatankuasa Kumpulan Wang Alam Sekeliling pada 25 Jun 2014.

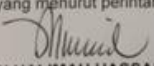
3. Sukacita bersama-sama ini disertakan surat pelantikan sebagai Ahli Jawatankuasa Kumpulan Wang Alam Sekeliling untuk perhatian dan tindakan pihak Y.Bhg. Dato'/Tuan / Puan. Jabatan mengucapkan tahniah di atas pelantikan Y.Bhg. Dato'/Tuan / Puan dan seterusnya dapat memberikan sumbangan dalam perjalanan Kumpulan Wang Alam Sekeliling.

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"

"INTEGRITI TERAS KUALITI"

Saya yang menurut perintah,



(DATO' HALIMAH HASSAN)
Ketua Pengarah Alam Sekitar
Malaysia

PELANTIKAN SEBAGAI AHLI JAWATANKUASA KUMPULAN WANG ALAM SEKELILING

PILDA menjalankan kuasa yang diberikan Seksyen 36C Akta Kualiti Alam Sekeliling 1974 (1974) Menderi melantik Jawatankuasa Kumpulan Wang Alam Sekeliling yang berikut.

- (a) Timbalan Ketua Pengarah (Operasi) Jabatan Alam Sekitar - Ahli
- (b) Setiausaha Bahagian Pengurusan Alam Sekitar dan Perubahan Iklim - Ahli
- (c) Pengarah Bahagian Bahan Berbahaya - Ahli
- (d) Pengarah Bahagian Pentadbiran dan Kewangan Jabatan Alam Sekitar - Ahli
- (e) Presiden Kelab Pencinta Alam Malaysia Pengerusi FMM Environmental Management Committee (Association of Malaysian Manufacturers (FMM)) - Ahli

ada 25/6/2014


Y.B. DATUK SERI G.PALANIVEL
MENTERI SUMBER ASLI DAN ALAM
SEKITAR MALAYSIA

Economic Instruments and Environmental Funds: Examples and Best Practices

Different types of economic instruments :

- **Taxes & charges** - Taxes, charges and cess
- User fees
- **Subsidies and incentives** - Fiscal incentives/Allowance
- Grants/Funds for Environmental development/ research
- **Deposit refund systems** - Deposit system for recyclable containers
- **Performance bonds** - Advance payment as guarantee that manufacturing and developing conditions are met.
- **Insurance** - third party liability
- **Market creation** - Emissions trading
- **Voluntary initiatives** - Eco-labelling

REDUCED RATES OF INCENTIVE PAYMENTS AS CESS

- In line with the transformation of scheduled waste management Pasca 2015, the industry is encouraged to minimize waste generation; and
- Incentives in the form of reduction of cess rate will be given to industrial base on program / methodology / approach '4R' ie **Reduce, Reuse, Recycle and Recovery**

CESS RATE ACCORDING TO THE QUANTITY OF THE SCHEDULE WASTES GENERATED WITHIN A MONTH

THE QUANTITY OF THE SCHEDULE WASTES GENERATED (MT /MONTH)	CESS RATE (RM / MT)
Equal to or greater than 1 metric ton and less than 20metric ton	RM5.00
For the generation of wastes in excess of 20 metric ton	
For the first20metric ton or any part thereof	RM6.00
For the second 20 metric ton or any part thereof	RM7.00
For the third 20metric ton or any part thereof.	RM8.00
For the fourth 20metric ton or any part thereof.	RM9.00
For the fifth 20metric ton or any part thereof	RM10.00
(Cap Rate)	

IMPLICATIONS IF PAYMENT CESS ORDER IS NOT ENACTED

The cost of cleanup and disposal of scheduled wastes illegal dumping cases had to be borne by the Government;

The lack of incentives, efforts and initiatives of the industrial sector to implement the program and implementation of the concept 4R; and

No funds to finance research in relation to the aspect of pollution or environmental protection.

THANK YOU

