

# Business calls for clarity on proposed carbon tax

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REPRESENTATIVES of companies including Sasol, AngloGold Ashanti and Arcelor Mittal SA say more clarity is needed on how a carbon tax will be implemented in 2015.

They were speaking at a National Business Initiative briefing on SA's carbon tax policy in Johannesburg yesterday. The concerns of business about the Carbon Tax Policy Paper released last month seemed to echo those of MPs raised earlier this month in Parliament.

MPs warned that hasty imple-

mentation of a carbon tax could have a negative effect on SA's rate of growth, and a comparably small effect on global greenhouse gas emissions. The tax is aimed at reducing the emissions.

Proposed measures on the carbon tax have been published and are now open for public comment.

According to the Treasury, SA is "by any measure" a significant emitter of greenhouse gases.

The chief director of economic tax analysis at the Treasury, Cecil Morden, said at the briefing that SA found itself in a peculiar position. This had to do with the need to

implement a carbon tax to reduce emissions, while grappling with slow economic growth, unemployment, poverty and inequality.

"Our emissions profile increased even during the time when our economy wasn't doing very well.

"We have various environmental challenges, climate change being one of them," Mr Morden said.

Representatives of companies in the mining and energy sectors asked Mr Morden how revenue recycling would be channelled from the carbon tax once it was in effect. They further enquired if being a leading country in carbon tax was in line with

SA's other economic priorities.

Mr Morden dismissed speculation that the carbon tax was a revenue collection exercise for the Treasury. He said options for revenue recycling included soft earmarking and tax reductions.

"If we want to raise revenue, I can easily increase the corporate tax rate, I can increase the VAT rate," Mr Morden said. "We don't have to have carbon tax revenue (as) there are other sources to raise revenue."

PricewaterhouseCoopers's head of tax technical, Kyle Mandy, said the Carbon Tax Policy Paper lacked detail pertaining to business oper-

ations and socioeconomic effects. "It's concerning and it also means business is not in a position to assess it (the document).

"The outcome of modelling by the National Treasury is heavily dependent on revenue recycling, and if the revenue is not recycled then it that is bound to have a negative impact on SA."

The head of strategy and corporate affairs at Exxaro, Mzila Mthenjane, said SA had a carbon-intensive economy. Therefore it was imperative that it embraced a carbon tax to curb greenhouse gas emissions.  
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