

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 2068 [NW2334E]**

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**Mr P D Dexter (Cope) to ask the Minister of Finance:**

Whether the National Treasury has been informed of research done by a certain company (name furnished) which indicated that collections from carbon tax could be as high as R82.5 billion on the assumption that the equivalent of R165 per ton of carbon dioxide can be levied; if not, what is the position in this regard; if so, how will this money be spent/allocated?

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**REPLY:**

Yes, the National Treasury is aware of various estimates made by various analysts and companies on the impact of any carbon tax that may be imposed, including the amount referred to by the honourable member. It should be noted that these estimates are just that; estimates that are based on assumptions by those that are doing the estimations, and should be treated with some caution.

As the honourable member is aware, such estimates are a response to the discussion document published by the National Treasury on 13 December 2010, entitled, *“Reducing Greenhouse Gas Emissions: The Carbon Tax Option”*. The National Treasury has received 70 written submissions on the said discussion paper, and also engaged with various companies and business organisations/chambers on the impact of a carbon tax.

After taking into account the various comments and inputs, the National Treasury intends to publish later this year a revised policy paper that will elaborate on design options, and allow for a second round of comments, before a final proposal is made. It is only once this final proposal is announced that one can assess the full impact of a carbon tax, and also consider the opportunities available for innovative companies within any

sector. It should also be noted that it is only at that stage that an assessment can be made as to whether the overall impact of a carbon tax is revenue positive, negative or neutral, as this depends on whether other complementary measures are also taken, either to reduce other taxes and/or or to spend towards priorities as determined by government, including relief to the poor, transitional support to energy and trade intensive sectors, such as the proposed energy efficiency tax incentive and renewable energy initiatives.