

Carbon tax hike sends signal to firms: Grace Fu

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The newly announced carbon tax hike is meant to send a signal to companies that carbon emissions have an explicit cost because of their impact on the environment, said Minister for Sustainability and the Environment Grace Fu yesterday.

“Producers of such greenhouse gases need to price in (the carbon tax) when they are making their business decisions,” she added.

Explaining the rationale behind the tax hike, she said she hopes the higher and adequate amount will tip the scales towards environmental sustainability “rather than put a zero price or \$5 at this moment”.

She added: “Businesses in the petrochemical, pharmaceutical or semiconductor sectors will then price (the costs) in and say, ‘If I need to pay x amount because of carbon emissions over the next six, eight, 10 years, maybe it’s worthwhile for me to install some equipment that will be of higher energy efficiency, or capture some of the carbon dioxide that has been emitted, so that I can reduce my carbon tax bill.’”

She was speaking at a panel discussion at the Singapore University of Social Sciences (SUSS) after it tied up with the Singapore Scout Association to develop green initiatives for its students and help them hone leadership skills in the sustainability scene.

In his Budget speech on Friday, Finance Minister Lawrence Wong said Singapore’s carbon tax rate will be raised from \$5 per tonne of emissions to between \$50 and \$80 by 2030 to help the country reach net-zero emissions by or around 2050.

Singapore’s carbon tax currently applies to all facilities producing at least 25,000 tonnes of greenhouse gas emissions in a year. They include 30 to 40 large emitters such as oil refineries and power generation plants. They contribute 80 per cent of the nation’s greenhouse gas emissions.

Ms Fu added that the Government will use the tax collected to get companies to adopt carbon-reduction measures. For instance, if a small business wants to install an energy-efficient chiller or air-conditioner, it can apply for grants from the National Environment Agency.

The Government also intends

to introduce more grants to encourage companies to reduce their energy usage, she added.

Yesterday, Ms Fu witnessed the inking of a memorandum of understanding between SUSS and the Singapore Scout Association. They will develop a programme of courses, workshops and community projects to help SUSS students understand the United Nations’ Sustainable Development Goals (SDGs).

The collaboration, which kicks off next month, will prepare the students for the emerging green economy, said SUSS in a statement yesterday.

Under the programme, the students will take short modules, such as on using new technology to further the green movement. They will also do more community service, which is already a graduating requirement for all full-time undergraduates.

They are also encouraged to initiate and co-create green projects with the community, said SUSS president Cheong Hee Kiat.

The SDGs comprise 17 global ambitions, such as ensuring water security and combating climate change impacts, which are intended to be achieved by 2030.

Ms Fu noted that next year, the UN will review the SDGs and tell countries what further improvements to make to meet the goals.

The programme will be spearheaded by SUSS’ Centre of Excellence for Social Good. The centre’s director, Professor Ang Hak Seng, said he envisions students working with the scouts to organise community competitions and games to encourage more seniors to recycle, for instance.

If students need funding for projects, they can tap resources such as the SG Eco Fund or the National Youth Fund, said Ms Fu.

The \$50 million SG Eco Fund was launched by her ministry in November 2020 to support ground-up projects on environmental sustainability.

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