



TERMS OF REFERENCE

There is now general agreement among policy analysts that a significant programme of green fiscal reform (in which environmental taxes are increased, and other taxes are reduced in a fiscally neutral way) could play a considerable role in contributing to the cost-effective solution of environmental problems, and in particular climate change.

The objective of the Green Fiscal Commission (GFC) is to prepare the ground for a significant programme of green fiscal reform in the UK, in terms of both assembling the evidence base for such a reform, and raising stakeholder and public awareness of it. The GFC will achieve this through:

- Provision of authoritative, accessible and independent research on the options for environmental tax reform in the UK and assessment of the social, environmental and economic implications of these proposals;
- Use of media and other communication activities to raise awareness and understanding of the options for environmental tax reform and stimulate public and political debate on them.

The work of the GFC will investigate a green fiscal reform with the following characteristics:

- It will involve a substantial tax shift, such that, for example, 20% of tax revenues come from green taxes by 2020;
- The environmental benefits will be amplified by selective use of a small proportion of the tax revenues to incentivise less environmentally damaging behaviour and investment in technologies that reduce environmental impacts;
- It will not have a disproportionate impact on already disadvantaged groups;
- It will take account of and seek to mitigate negative effects on business competitiveness, and foster new sources of comparative advantage as the basis for new businesses.

The Commission is independent of government. It is formed of Commissioners with wide experience drawn from a representative range of social, economic and political stakeholders. The role of Commissioners is to review, develop and approve the outputs of the Commission and bring in expertise from their particular background to bear on the Commission's work. The GFC will not be formulating recommendations for specific proposals for green fiscal reform, so it will not be seeking to arrive at any consensus on such proposals.

The Commission's secretariat is provided by the Policy Studies Institute (PSI), an independent research institute and registered charity, with considerable expertise in the area of green fiscal reform. Its Chairman is Robert Napier, Chairman of the Met Office, with a distinguished career in business and the environment. Its Director is Professor Paul Ekins, Head of the Environment Group at PSI and from January 2008, Professor of Energy and Environment Policy at King's College London.