

Media Backgrounder

A new expert Commission, the **Green Fiscal Commission**, will have its official parliamentary launch this week, **Wednesday 23rd January, 2008** at Portcullis House, Westminster.

Formed to break the political logjam on green fiscal reform Commission members include leading academics, senior MPs from all three main UK political parties and representatives from consumer and environmental organisations. Its Chairman is Robert Napier, Chairman of the Met Office and of English Partnerships, and its Director is Professor Paul Ekins, Professor of Energy and Environment Policy at King's College London. At the launch the purpose of the Commission will be briefly described by Robert Napier and Paul Ekins, and four of its parliamentary members (Lord Adair Turner, Colin Challen (Lab), Chris Huhne (Lib Dem) and David Gauke (Con., standing in for Greg Barker) will give their personal political perspective on green fiscal reform.

Green Fiscal Reform involves shifting taxes from 'goods' like labour or profits which are cut, to taxes on 'bads' like pollution or the depletion of resources which are increased. It does not involve an overall increase in taxation or public expenditure

Over the next eighteen months, the Green Fiscal Commission will examine a range of issues surrounding green fiscal reform (GFR). The work will cover four broad areas:

1. How GFR and green taxes work
2. The environmental, economic and social implications of GFR
3. Attitudes to GFR and green taxes
4. Communication of the Commission's findings

The Commission is undertaking a significant programme of economic modelling to understand the economic, environmental and social implications of the shift of taxes from goods to bads. It is also commissioning research to understand better public attitudes to green fiscal reform. The Commission's research to date has shown broad support for the concept of green fiscal reform but people have concerns over the detail and how it will affect them personally. If a programme of green fiscal reform is to be introduced it will need to address these concerns.

Among the papers to be produced by the Commission will be an examination of the impact of environmental tax reform on economic competitiveness; the relationship between GFR and innovation; Border Tax Adjustments: are they compatible with trade agreements?; and the UK's experience of implementing the fuel tax escalator in terms of the large revenues it has raised.

In addition the Green Fiscal Commission will assess the social, environmental and economic implications of shifting taxes, bringing together research that examines the

concerns that have been expressed relating to competitiveness, the impact on poorer households and public perceptions of green taxes.

Polling undertaken for the Green Fiscal Commission last year showed support for green taxes when the revenue raised by them is hypothecated to spending on projects to help reduce carbon dioxide emissions. There was also support for taxes on environmentally harmful activities and overall approval of an independent body to further investigate and publicly debate the issues around green taxation.

In its forthcoming work, the Green Fiscal Commission will explore how the environmental benefits of a tax shift can be augmented by using a small proportion of the tax revenues to encourage less environmentally damaging behaviour as well as investment in technologies that reduce environmental impacts.

The Commission will be publishing the results of its work to raise awareness and understanding of the options for green fiscal reform and stimulate public and political debate around them.

The Green Fiscal Commission website will be updated regularly with outputs from the Commission's work – www.greenfiscalcommission.org.uk

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