

Green Fiscal Commission

Baseline Survey:

Public Attitudes to Environmental Taxation

November 2007

THE GREEN FISCAL COMMISSION

This document was produced as part of the work being undertaken by the UK Green Fiscal Commission. The Green Fiscal Commission (GFC) was launched in November 2007, with the aim of preparing 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 assumes this reform should:

- a. be clearly focused on achieving environmental benefits
- b. be revenue neutral – that is any increase in environmental taxes should be balanced by equivalent reductions in other taxes
- c. avoid any disproportionate impacts on already disadvantaged groups
- d. seek to mitigate any negative effects on business competitiveness and foster new sources of comparative advantage as the basis for new businesses.

The Commission is independent of government and is formed of Commissioners with wide experience drawn from a representative range of social, economic and political stakeholders. The role of the 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. Its Chairman is Robert Napier, Chairman of the Met Office and English Partnerships and its Director is Professor Paul Ekins, Professor of Energy and Environment Policy at Kings College London and formerly Head of environment Group at the Policy Studies Institute.

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PUBLIC ATTITUDES TO ENVIRONMENTAL TAXATION

1. Headline Findings

The survey was a national face-to-face opinion poll conducted for the Green Fiscal Commission by BMRB between 30 August and 5 September 2007. 1,010 British adults aged 15 and over were interviewed. Analysis of the polling data was conducted by Policy Studies Institute. The main findings were:

1. There is net support in principle for green taxes – 51 per cent support vs. 32 per cent oppose.
2. There is a significant increase in support if the revenue raised from green taxes is hypothecated to be spent on projects to help reduce carbon dioxide emissions. Support in this case rises to 73 per cent and opposition falls to 17 per cent.
3. Support for green taxes rises even higher if other taxes are reduced at the same time. Support is 77 per cent vs. 9 per cent opposition.
4. Favoured taxes to be reduced are Council Tax 32 per cent, Income Tax 31 per cent and VAT 11 per cent. No other tax named has more than 3 per cent.
5. There are quite high levels of support for taxes on environmentally harmful activities:
 - 60 per cent v 20 per cent for air travel;
 - 48 per cent vs. 35 per cent for petrol (ie driving);
 - 48 per cent vs. 35 per cent for home energy use.
6. Respondents in households owning a car are less likely than those in households without a car to support additional taxes on petrol, but there is still net support: 47 per cent vs. 37 per cent compared with 54 per cent vs. 25 per cent for non-car owners.
7. Respondents were asked about their support for the principle of placing taxes on activities that damage the environment, such as driving, flying or not recycling. Support was 57 per cent vs. 24 per cent opposition. Levels of support for redistributive taxes (69 per cent vs. 19 per cent) and taxes on unhealthy behaviours (66 per cent vs. 18 per cent) were somewhat higher than for green taxes.
8. There was widespread approval of “an independent body to further investigate and publicly debate the issues around green taxation”: 72 per cent vs. 12 per cent.

2. Detailed Analysis

The raw data was statistically analysed by Policy Studies Institute, who provide the Secretariat for the Green Fiscal Commission, to see which factors showed significant variations between different groups in the sample. A number of fairly consistent patterns emerge from the analysis.

Region appears to be the most significant factor. The South West stands out as always being quite a lot more positive about green taxes than the other regions. The North East, Yorkshire/Humberside, the East Midlands, the North West, East Anglia and Scotland tend to be the least enthusiastic regions, although this depends on the question. Wales, the West Midlands, the South East and London tend to be more enthusiastic, but less enthusiastic than the South West. The South East is the one region that is never an outlier on any of the questions.

The 35-44 age group is generally the most positive about green taxes, while the 45-54 and 65+ age groups tend to be the most sceptical. Social group is a surprisingly unimportant factor, but when there is a difference between social groups, ABs are the most positive about green taxes. Any differences between the sexes are not strongly statistically significant.

The interviewees were given the following introduction to the questions:

'It is now widely agreed that the main cause of climate change is carbon dioxide emissions from human activities that burn fossil fuels such as coal, oil and gas - these include things like flying, driving and using electricity in the home.

One way of trying to reduce the amount of human activity that contributes to climate change is to increase taxes on activities like flying, driving or using electricity in the home. These are sometimes known as 'green taxes'.'

The questions, as asked, and analysis of results from them are given below.

Q1 'In principle, do you think you would support or oppose green taxes?'

Overall 51% support vs. 32% oppose. Age, social class and region are all statistically significant. Women are slightly more positive about the principle of green taxes than men (52% support v. 49% support), but the finding is only barely significant. Those aged 25-34 (57% support and 25% opposition) and 35-44 (63% support and 25% opposition) are more positive than other ages. The principle has slightly less than 50% support among other age groups, but always more support than opposition, although among 65+, only by 1% (41% to 40%). Social grade AB (62% support and 24% opposition) are more positive than other social grades, none of which give more than 50% support, although it always has clearly more support than opposition. People in the South West (66% support and 12% opposition) are much more positive than those in other regions. There is least support in the North East (39% support to 30% opposition), but most opposition in the East Midlands (41% support to 40% opposition). Car ownership is not a significant factor.

Q2 'What if there was a guarantee that the money generated by the extra tax was spent directly on projects that would help to reduce carbon dioxide emissions - for example, the money could be used to subsidise public transport or home insulation. In principle, would you support or oppose an increase in green taxes if the money was spent in this way?'

Hypothecation to green projects increases support to 73% and reduces opposition to 17%. Age, social grade and region are statistically significant, but not strongly ($0.02 < p < 0.05$). Those aged 35-44 are most positive (78% support to 14% opposition), while 55-64 and 65+ are least positive (both 69% support to 19% opposition). AB are more positive than other social grades (80% support, compared to 69-71% in the other grades). People in the South West are more positive than other regions (81% support and 11% oppose), while those in the North East are much less positive than other regions (56% support and 22% oppose), but the finding of regional differences is only barely significant. Sex and car ownership are not significant factors.

Q3 'And would you be more likely to support or oppose green taxes if other taxes were reduced at the same time?'

With a tax shift, support is slightly higher at 77% vs. 9% opposition. The only factor which is statistically significant now is region. People in the East Midlands, West Midlands and North East become almost as enthusiastic about green taxes as those in the South West (86% support and 4% oppose). London (70% support and 14% oppose) and Scotland (71% support and 14% oppose) are the least enthusiastic regions.

Q4 'If green taxes were introduced, which other type of tax would you MOST like to see reduced so that there was no overall increase in taxation?' (No prompts given.)

Favoured taxes to be reduced are Council Tax 32%, Income Tax 31% and VAT 11%. No other tax named has more than 3% naming it as the one they would most like to see reduced. Sex is barely statistically significant, but age, social grade, region and car ownership are very strongly significant ($p < 0.001$). Women may have a stronger preference for reducing council tax than men (35% compared to 29%). The patterns of difference among the age groups are complicated. Those 25-34 are more strongly in favour of reducing council tax (44%) than other ages. Those 35-44 and 45-54 are more strongly in favour of reducing income tax (40% and 39% respectively) than the other age groups. Those 55-64 are more likely to support reducing other taxes not given as options (16%) than in the other age groups. Higher social grades are more likely to support reducing income tax, while lower social grades are more likely to support reducing council tax. There are quite large differences in preferences between the regions, but they are difficult to explain. The strongest preference for cutting income tax over council tax is in the East Midlands (43% to 25%), while the strongest preference for cutting council tax over income tax is in the West Midlands (43% to 26%). Car owners slightly prefer cutting income tax to council tax (34% over 29%), but non-owners strongly prefer cutting council tax to income tax (44% over 22%).

Q5 ‘Suppose the Government introduced a green tax on petrol which significantly increased the cost of petrol, but used all of the money raised to reduce other taxes. Overall this would mean that people who used a lot of petrol would pay more tax and those who didn’t use much would pay less. Would you support or oppose such a measure?’

48% support vs. 35% oppose a green tax on petrol. Sex is barely significant, but region is strongly significant ($p < 0.005$). A green tax on petrol has both more support and opposition from men (53% support and 38% oppose) than women (45% support and 32% oppose). There is much stronger support in the South West (72% support and 19% oppose) than in the other regions. Over 50% support in three other regions: London (59% support and 23% oppose), the West Midlands (53% support and 30% oppose) and East Midlands (52% support and 34% oppose). There is a small plurality of support in the South East (49% to 35%), Scotland (44% to 38%), Yorkshire/Humberside (42% to 40%) and Wales (37% to 32%). There is more opposition than support in the North West (49% oppose and 32% support), the North East (43% oppose and 39% support) and East Anglia (41% oppose and 33% support). The regional pattern is difficult to explain as it does not seem to match with any factor of difference between the regions. Car ownership is not statistically significant.

Q6 ‘Suppose the Government introduced a green tax on flying which significantly increased air fares, but used all of the money raised to reduce other taxes. Overall this would mean that people who flew a lot would pay more tax and those who didn’t fly much would pay less. Would you support or oppose such a measure?’

60% support vs. 20% oppose a green tax on flying. Age and region are highly statistically significant ($p < 0.005$). It is interesting that there is no pattern by social grade. There is greatest support among 55-64s (73% support and 18% oppose) and 35-44s (69% support and 19% oppose). There is least support among 65+ (51% support and 27% oppose). The South West as usual stands out as much more positive than other regions (86% support and 7% oppose). The next most positive region is Wales (67% support and 12% oppose). In London, the South East, East Anglia, the West Midlands and the North West about 60% support and around 20% oppose. In Yorkshire/Humberside and the North East just over 50% support and 13% oppose. In Scotland 49% support and 24% oppose. But in the East Midlands, 49% support and 40% oppose. Apart from the East Midlands result, the pattern is that support diminishes from south-west to north-east of Great Britain.

Q7 ‘Suppose the Government introduced a green tax on energy use in the home which significantly increased the price of electricity, but used all of the money raised to reduce other taxes. Overall this would mean that people who used a lot of electricity would pay more tax and those who didn’t use much would pay less. Would you support or oppose such a measure?’

48% support vs. 35% oppose a green tax on home energy. Age and region are highly significant. 59% of 35-44s and 51% of both 15-24s and 25-34s support a tax on home energy. There is a plurality of support among 55-64s (46% support and 37% oppose), but 65+ (44% oppose and 39% support) and 45-54s (44% oppose and 41% support) are

narrowly against it. As always, support highest in the South West (76% support and 18% oppose). The measure is also popular in Wales (55% support and 9% oppose), the West Midlands (57% support and 34% oppose) and London (49% support and 31% oppose), but in other regions support is well below 50% and opinion is generally rather evenly divided with about 40% each way. There is more opposition than support in two regions: Scotland (41% oppose and 38% support) and by a large margin in East Anglia (55% oppose and 36% support). The regional pattern could perhaps be explained by climate. There is most support in the regions with the mildest winters.

The following introduction was given to questions 8-10:

'Different types of tax have different purposes. For each of the following ways of using tax, please say whether you support or oppose this way of using tax.'

Q8 'Do you support or oppose the use of taxation to discourage unhealthy behaviours like smoking and drinking which cause illness and so cost the Health Service money?'

66% support vs. 18% oppose taxing unhealthy behaviours. Support declines from 75% among ABs to 51% among Es. Support is also higher among car owners (50%) than non-owners (40%). These results are statistically significant ($p < 0.05$), but not strongly so.

Q9 'Do you support or oppose the use of taxation to discourage behaviours that harm the environment such as driving, flying or not recycling?'

57% support vs. 24% oppose taxing environmentally harmful behaviours. Sex is the only explanatory variable. Men are more likely than women to oppose the principle rather than be neutral.

Comparing the results of this question with the rather similar Q1: 'definitely support' has risen from 19% to 23%, 'probably support' has risen from 32% to 34%, 'neither support nor oppose' has increased from 17% to 19%, 'probably oppose' has increased from 13% to 14%, while 'definitely oppose' has fallen from 19% to 10%. The overall effect is to increase the level of support by 6% and reduce the level of opposition by 8%. A very similar pattern is observed across sex, age, social group and region.

Q10 'Do you support or oppose the principle of taking more taxes from those most able to afford them for example by having a higher rate of income tax over a certain level of income?'

69% support vs. 19% oppose the principle of progressive taxation. The only significant correlations are with region ($p < 0.005$). Support for progressive taxation is high in Wales (82%), Scotland (78%), East Anglia (78%), the West Midlands (76%) and the South West (72%). It is somewhat lower in Yorkshire/Humberside (67%), the East Midlands (66%), the South East (65%) and lowest in London, the North West and the North East (61%). These patterns are somewhat contrary to what might be expected.

Q11 'Would you support further action by the Government or an independent body to further investigate and publicly debate the issues around green taxation?'

72% support vs. 12% oppose further investigation and debate about green taxes. Sex, age and region are significant. Men are more likely to strongly support or strongly oppose than women and less likely to be neutral. Support is highest among 35-44s (78%) and lowest among 45-54s (67%). Support is much higher in the South West (91%) than in the other regions, where it ranges from a high of 80% in East Anglia down to a low of 63% in the North East and Scotland.

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