

Greens call for greater ambition on environmental taxes in response to NAO report



Green Party

12 February 2021

- **Party commends National Audit Office emphasis on the need for strategic use of tax system to support pro-environment action**

Responding to today's National Audit Office report on environmental tax measures [1], Green Party finance spokesperson Molly Scott Cato said:

"We support the National Audit Office's conclusions that the government is failing to understand the role of environmental taxes in shifting our economy towards a more sustainable future.

"Environmental taxes have been at the heart of our policy agenda since our foundation and, while some have been adopted by government, it has been in an apologetic and piecemeal way that has failed to realise their full potential.

"However, we regret that the NAO has not gone further in recommending a high and rising rate of carbon tax, which would represent the strongest signal to business that the government is serious about making rapid progress towards our net zero carbon targets.

"Our policy of a carbon tax of £100 per tonne rising to £500 by 2030 is commensurate with the urgency of the situation we are facing. [2] As an upstream tax charged when fossil fuels come out of the ground or are imported it is also efficient to levy. We would match it with a universal basic income to offset increases in consumer prices.

"We welcome the NAO's suggestion that Air Passenger Duty should be seen as a strategic environmental tax and call on the government to adopt our longstanding policy of a Frequent Flyer Levy. This could be used to shift long-distance journeys from air to rail when journeys resume after the pandemic.

"We would also encourage the government to use the powerful VAT regime as a tool to address the climate emergency. One example is the need to reverse the presumption in favour of new build over retrofit, which works counter to the

government's stated objective of rapid reductions in CO2 emissions." [3]

ENDS

Notes

1

<https://www.nao.org.uk/report/environmental-tax-measures/?slide=1>

2

The Green Party's 10 point plan for real climate ambition can be seen here: https://www.greenparty.org.uk/assets/files/Communications/10_Point_Climate_Plan.pdf

3

The Green Party recently launched this petition to shift the VAT incentive away from new build homes and towards retrofit: <https://petition.parliament.uk/petitions/573207>

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