

**SPRING CONFERENCE 2019**

## Carbon Tax and Dividend

**Conference notes that:**

* Climate Change is a global crisis and threatens our environment, our health, and our economy.
* Climate change is a key factor driving global migration, exacerbates hunger in the global south and can trigger conflict. Climate change threatens the cleanliness of our air, depletes our water sources and limits food supply. It disrupts livelihoods, forces families from their homes and pushes people into poverty.
* Visible evidence and climbing numbers demonstrate that climate change is not a distant or imaginary threat, but rather a growing and undeniable reality.
* Energy accounts for two-thirds of total greenhouse gas emissions and 80% of CO2. Global energy-related CO2 emissions grew by 1.4% in 2017, reaching a historic high of 32.5 gigatonnes (Gt), a resumption of growth after three years of global emissions remaining flat.
* EU Emissions Trading Scheme (EU ETS) emissions rose by 0.3% in 2017 – the first rise in 7 years.
* 85% of emissions are still not covered by carbon pricing and carbon prices are significantly lower than values the Stern-Stiglitz High Level Commission on Carbon Prices found to be consistent with the temperature goal of the Paris Agreement.
* Burning coal, oil, and natural gas is responsible for two-thirds of humanity's emissions of greenhouse gases, and yet provides more than 20% of GDP in two dozen nation states.
* The Environment (Wales) Act 2016 requires the Government to set new emission reduction targets which set the path towards an overall reduction of 80% from 1990 levels by 2050.
* Emissions in Wales only fell by 19% from 1990 to 2015, compared with a 38% reduction for the UK as a whole.
* The Well-being of Future Generations (Wales) Act 2015 supports carbon reduction at a national and local level. The Act requires public bodies, including the Welsh Government, to work to achieve all seven well-being goals, three of which specifically reference climate change.

**Conference believes that:**

* For as long as fossil fuels remain artificially cheap and profitable, their use will continue to dominate our energy market and our economy.
* We have a moral obligation to safeguard our environment for future generations.
* Tackling climate change is an opportunity to rebalance and boost the economy, create jobs and deliver improvements in public health and wellbeing.
* Carbon taxes are the most economically efficient way to achieve rapid transition to a low carbon economy, but such taxes tend to penalise vulnerable members of society and exacerbate fuel-poverty. Carbon-fee and dividend resolves this dilemma

**Conference calls on the Welsh Liberal Democrats to:**

* Support a UK-wide Carbon Fee and Dividend programme, placing a fee on fossil fuels as they are extracted in, or imported into, the UK with a dividend distributed equally to UK citizens.
* Support a Carbon Fee and Dividend programme where;
  + **Fees steadily rise and are economy-wide, paid by companies that sell fossil fuels in the UK.** The tax would steadily rise at a rate set by an independent body such as the Climate Change Committee to give the policy institutional certainty and bankability.
  + **Fees are structured around border carbon adjustments**, to create a level playing field for domestic and international producers so that companies which export carbon intensive products into the UK will be subject to the same level of carbon tax as domestic producers, helping industries like the Welsh steel sector.
  + **Dividends from carbon taxation that are returned directly to the public** in an annual lump sum, to reduce their own carbon footprint. People should be able to borrow against their future dividend payments for investments in energy efficiency.
  + **Environmental regulations are rationalised without reducing environmental protection.** Eventually at least 10 direct carbon taxes would be rationalised into a single unified price paid for emitting carbon dioxide and other greenhouse gases in the UK. For example, we would no longer need the Climate Change Levy, but we should continue with energy efficiency standards and energy labelling.