

Quakers in Britain submission to Oil and gas price mechanism consultation from HM Treasury: May 2025

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Summary

1. Quakers believe a fair tax system provides an important foundation to help build a peaceful, sustainable and fair society.
2. In reviewing and reforming taxation on the oil and gas industry and fluctuating oil and gas prices, the Government has an opportunity to use important financial levers to deliver the transition to a sustainable economy and become a clean energy superpower.
3. However, doing this means a fundamental change in approach. This should go beyond simply taxing ‘excess profits’ so that the polluting activities of oil and gas companies are taxed, whether or not they are profitable.
4. Such an approach would address historical responsibility for emissions and ensure that those most responsible for climate breakdown pay their fair share towards the necessary response.
5. Making polluters pay would raise billions of pounds of vital revenue. This could ease the soaring costs of energy for people in the UK and generate crucial funds for those grappling with climate disasters both at home and globally. At a time when new oil and gas investment is incompatible with global climate goals, it would also incentivise investment in renewable energy and support the clean energy transition.
6. There is no shortage of policies to achieve this - as set out by our broad alliance of civil society and faith organisations to Make Polluters Pay¹. For example, you could:
 - a. Establish a Climate Damages Tax or alternative extraction levy to raise £20 billion over 10 years.²
 - b. Remove and redirect subsidies for North Sea oil and gas companies to raise £2.2bn a year.³
 - c. Implement a 2% tax on assets over £10 million, to raise £24 billion a year.⁴

¹ ‘[Taxing Polluters: for fairer, greener society](#)’, Various – Tax Justice UK, Global Witness, Oxfam International (lead authors)

² ‘[The Climate Damages Tax: A guide to what it is and how it works](#)’, Various – Stamp Out Poverty, Climate Action Network (lead authors)

³ ‘[Payment Overdue: Fair ways to make UK polluters pay](#)’, Oxfam International

⁴ ‘[A wealth tax for the UK](#)’, Wealth Tax Commission

- d. Re-establish the UK's position as a climate leader and a 'good neighbour' by joining the Coalition for Solidarity Levies ahead of COP30.

We urge you to consider policies such as these as part of your review.

About us

7. Quakers are a faith group committed to peace, equality, truth and sustainability. We believe there is something sacred in everyone and we put our faith into action through our local, national and international work. Quakers in Britain, our national church and charity support 18,000 Quakers who worship in 456 local meetings across Britain. Through our charitable work, Quakers in Britain campaigns to build a peaceful and sustainable world.

Taxing pollution as well as profits

8. Across the public sphere, we see consensus on the seriousness of the climate crisis for our economy and society. Global insurance leaders such as Allianz SE's Günther Thallinger are warning that climate breakdown is "threatening the very foundation of the financial sector" because entire regions are becoming uninsurable and this is creating a "climate-induced credit crunch".⁵ Meanwhile, the world's energy agency has long been warning that there can be no more new oil and gas if the world is to reach net zero by 2050.⁶
9. In the consultation, the Government states it wants to bring greater fiscal stability and clarity. By recognising the role of polluting activities in driving climate breakdown (which can trigger conflicts, which can in turn impact oil and gas prices) and taxing pollution, the Government has an opportunity to address a cause of energy instability, not merely the symptoms.
10. We recognise the Government's commitment to closing loopholes in the windfall tax and commend your preference to introduce a revenue-based model and realised prices for sales of oil or gas to minimise distortions created by financial instruments. However, these measures do not go far enough to actively disincentivise investment in fossil fuels.

What wider and longer-term taxation of the oil and gas industry could achieve

11. Aside from addressing the drivers of crises in climate, inequality and war, there is an important role for tax to play in redistributing resources away from harmful activities and towards the common good.

⁵ <https://www.linkedin.com/pulse/climate-risk-insurance-future-capitalism-g%C3%BCnther-thallinger-smw5f/>, Günther Thallinger

⁶ <https://www.iea.org/reports/net-zero-by-2050>, International Energy Agency

12. Increased tax receipts could:

- a. deliver crucial investment in renewable energy and fossil-free transport;
- b. reduce energy poverty (investing in retrofitting housing and community energy);
- c. support workers to transition away from fossil fuels to clean energy and other relevant industries;
- d. meet our obligations as one of the countries who has contributed most to climate change by paying our fair share of climate finance, and in particular, the international Loss and Damage Fund.

Conclusion

13. If this Government is serious about becoming a clean energy superpower and delivering the transition to a sustainable economy that UK citizens want, it needs to use the tax system effectively to finance the investment needed.

14. Just focussing on taxing unusually high profits will simply be tinkering with a broken system. What we need is transformation. Labour was elected with 5 key missions for a better Britain – delivering economic growth, transforming Britain into a clean energy superpower, safeguarding public health, making us safer and breaking down barriers to opportunity for children. People across the political spectrum want to see this delivered and there is widespread support to use taxation to achieve these kinds of shifts:

- 71% of UK adults believe the wealthy should pay more tax to fund public services.⁷
- Meanwhile, 71% Reform-leaning voters support higher taxes on big polluters like oil and gas firms to fix the damage caused by global heating, such as from storms, flooding and drought.⁸

15. In reviewing and reforming the windfall tax, the Government has the opportunity to ensure polluters pay for the harm caused by their activities and raise funds needed for the infrastructure and services that facilitate functioning, cohesive communities. We look forward to seeing an outcome to this consultation which realises this opportunity.

⁷ [Trade Union Congress poll, March 2025](#)

⁸ [Global Witness poll, May 2025](#)