

The Green Party Northern Ireland (GPNI) welcomes the opportunity to provide input regarding the key priorities and areas of focus for the Commission, as well as other suggestions and evidence to help inform their work. It is imperative that the Commission conduct a rigorous and systematic analysis of all available evidence, including relevant experience from the other devolved regions, before putting forward any recommendations to the Minister of Finance. The independence of the Commission is also key, and GPNI supports full disclosure and transparency with respect to any findings or conclusions. In this paper we present a brief summary of areas that we would like to see examined in greater detail

Accountability and Transparency in Public Finances

In our view, there is a dearth of knowledge and awareness around how the Executive's budget works, and very limited resources and training for those charged with scrutinising public spending. The accounting system is often described as "archaic" and in need of serious reform. Although the Research and Information Service (RaISe) at the NI Assembly has now established a Public Finance Scrutiny Unit, this initiative is still in its infancy and much more work is needed. The level of transparency in relevant documentation made available by government departments is not sufficient and compounds the problem. GPNI would welcome the Commission investigating the issues of transparency and accountability in the context of reviewing fiscal powers. We need to see a complete and accurate picture of the Executive's financial position, with comprehensive data and analysis to inform scrutiny.

HM Treasury Rules

The political rationale for enhanced fiscal responsibilities appears to be novel forms of public spending; but what if any potential new revenue is offset by HM Treasury adjusting the Executive's spending envelope? GPNI suggest that the Commission carefully examine the potential impacts of increased fiscal powers for the Assembly in light of HM Treasury rules and The Statement of Funding Policy 2020. We feel it is important to explore and interrogate any evidence surrounding whether NI would experience any actual benefit from having enhanced fiscal powers, and whether

additional revenue streams would actually result in an increased ability to spend. Offsetting or curtailment mechanisms from HM Treasury should be made clear and discussed in detail.

Avoiding a Race to the Bottom

GPNI do not support a 'race to the bottom' when it comes to lowering certain taxes, such as corporation tax, that have been discussed in recent years. We feel that the Commission should set out all potential scenarios and consequences of having more fiscal powers, particularly if they are used to limit revenue streams and effectively provide 'tax relief' or 'tax breaks'. It would be helpful for the Commission to explain what limits would apply in such circumstances, any statutory responsibilities that must be adhered to, and what is possible in terms of adjusting tax rates. We would welcome any case studies or examples of effective financial controls and budgetary tools that mitigate extreme reductions to revenue.

Carbon Taxes

GPNI recognises that, whilst monetary policy alone will not deliver the widespread systematic changes needed to move Northern Ireland quickly to a net-zero emissions economy and society, green fiscal policies can be an important driver to increase the effectiveness of budgetary processes and align them with broader environmental and climate objectives. The plastic carrier bag levy, for example, has been an effective driver of behavioural change in the context of the climate crisis. The ability of the Executive to develop bespoke policy instruments is therefore crucial to deal with climate breakdown and the biodiversity crisis. However, GPNI believe strongly that any changes to taxation, including the introduction of carbon taxes, must help tackle poverty and inequality, not exacerbate current disparities in wealth and wellbeing. For that reason, we would suggest that the Commission explore how certain principles can be enshrined in fiscal powers; and particularly in this case, how the ability to introduce Carbon Taxes could be subject to the principle of a 'Just Transition' - where climate policy, law and fiscal measures must prevent any disproportionately negative impact on those employed in carbon-intensive industries or those on the lowest incomes across our society and economy. It is also widely recognised in academic research that implementing carbon taxes effectively requires flexibility across other tax and revenue streams in order to mitigate disproportionate effects. Therefore, we would welcome the Commission's analysis of the range of fiscal powers that would need to accompany and specific climate measure.

We thank the Independent Fiscal Commission NI for undertaking this important work and for considering this submission. GPNI would be happy to provide further detail upon request.