

# The Treasury should give back some of its windfall profits from energy taxes.

The biggest winner from sky high oil and gas prices is the government. Half the pump price you pay is duty and VAT. The VAT has surged as oil prices rose. If your petrol came from North Sea Oil the government has also taken another slug of tax from the oil producer, charged as a windfall profits tax at double the standard corporation tax.

Those who shout for a windfall profits tax on oil companies to give back to consumers should demand such a hand back from the government instead as they are ripping you off for driving and home heating with their taxes. BP made an overall loss of a colossal \$20 bn in the first quarter. Yes the company made more on selling petrol but it had to write off its huge investment in Russia. In 2020 thanks to lockdown the group also lost \$20bn for the year as a whole. Labour did not suggest then giving them a subsidy or tax rebate to help them out.

I have tried before to get the oil companies to put the government take on the pump and show it is many times the oil companies profit. They did not want to do so. That is a pity as it leaves some motorists thinking the bulk of the high price is extra profit when the bulk of the high price is a government tax rip off. No government is about to stop these taxes on petrol so they could at least give some of their windfall back to consumers as tax cuts on other taxes.

If the U.K. gets a reputation for still higher and erratic taxes it will put off investment and make it more difficult to increase domestic supply. Surely the best answer to our struggles is more home output?

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## A Written Answer from the Treasury

I have received the below written answer from Ministers at the Treasury:

Treasury has provided the following answer to your written parliamentary question (158849):

### **Question:**

To ask the Chancellor of the Exchequer, what analysis he has undertaken on the potential impact of recent tax rises on consumer confidence and retail sales. (158849)

I received the following answer. It is extraordinary there is no reply on the huge plunge on consumer confidence and a reassertion of out of date OBR forecasts.

Tabled on: 25 April 2022

**Answer:**

**Lucy Frazer:**

The Office for National Statistics (ONS) publish monthly statistics on retail sales. According to latest data, retail sales volumes in Great Britain decreased by 1.4 per cent on the month in March 2022 but remain 2.2 per cent above February 2020 levels. The ONS does not publish official data on consumer confidence.

The Office for Budget Responsibility (OBR) set out its latest assessment of the impact of tax changes on the economy in the Economic and Fiscal Outlook, published at Spring Statement 2022. In its latest forecast, the OBR expects household consumption to grow by 5.4 per cent in 2022.

Further details can be found in the OBR's latest Economic and Fiscal Outlook published in March 2022:

<https://obr.uk/efo/economic-and-fiscal-outlook-march-2022/>.

The answer was submitted on 28 Apr 2022 at 10:47.

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## **The Treasury and Bank will make the economy worse**

The Bank and the Treasury have decided to take it out on us because they allowed inflation to go too high. The latest forecasts from The Bank suggests the growth of the economy will slow to zero and unemployment will rise. Both organisations are reaching for their austerity playbooks when they should be looking to help expand capacity and offset more of the real income falls.

The government needs to wake up and tell them they are wrong. The Chancellor should stop the tax rises and explain to Treasury officials why their debt and deficit based advice is wrong and will make the deficit worse, not better.

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# Russia and China make bad mistakes

The violent invasion of Ukraine by Russia has done great harm to the people and buildings of Ukraine. It has also done grave damage to the country's standing in the international community, hurt its domestic economy and rattled its main ally, China. The democracies are now settled on a path to remove more Russian oil and gas from their imports, end trade in many other products, cease investing, withdrawing businesses from Russia and blocking access to the western payments system. The reluctance of Germany and some eastern European countries to speed the ending of Russian energy purchases owing to their substantial dependence on them makes it possible for Russia to carry on financing her war, but the direction of travel to cut Russia's earnings from these sources is clear. The outlook for Russia with continuing sanctions is not a good one. China may in due course buy more Russian oil and gas but that will require more pipeline capacity to Asia and or more LNG capacity, requiring large investments with delays built in.

China must be most unhappy that President Xi signed a comprehensive pact with President Putin during the winter Olympics in Beijing in February, only to see their best ally and friend launch a military campaign four days after the Olympics which has so far badly miscarried and has awoken the West to the threat from the autocratic regimes in both Russia and China. China sees the Ukraine problem through a lens trained on Taiwan. Any thought of military action against the island must now be more remote. China will have seen how an independently minded people can dig in against what looks like a large military machine and inflict considerable damage on it. They will also have noted the more robust response of the West than expected which would probably be even more true of any attack on Taiwan.

China has compounded this error by sticking to its zero covid policy. As new waves of the disease hit a population with low levels of vaccination so more cases flare up. China responds with draconian lockdowns, forcing people to stay home and sending basic state food and other supplies to keep them going. Those with the disease are removed to isolation facilities they share with many others. This is resulting in more interruptions to Chinese production and transport of goods, hitting world trade. It is creating a Chinese reputation for unreliability after years of creating a good report for timely and affordable products delivered along long supply chains especially by container ship.

China could still opt for the western approach to covid of encouraging near 100% take up of the vaccines and allowing free movement in the expectation that most who catch the disease after vaccines will get mild versions which can be managed. There is no current sign of President Xi wanting to try this, and reports of vaccine hesitancy by Chinese people. They have been instructed to believe this is a dangerous disease which needs to be eradicated by lockdowns of any area where there are infected people. China will be reporting poor economic figures from this April until zero covid is re established. It's another headwind for world trade and for economic growth more generally. These events force China and Russia closer together with

more opposition from the West to their actions. China is not getting the support of a militarily strong and shrewd ally as it hoped. Russia is not getting all the support it needs to dig itself out of the Ukraine tragedy with any success to report.

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## Local government should remember the interests of the taxpayers

Much of our political debate is about refugees, economic migrants, people on benefits and in poverty. It is about cultural attitudes, the use of language, the abuse of power and the need to reduce inequalities. These are important matters, and most of us want to work away at reducing poverty, alleviating suffering and reducing community conflicts.

It is also important on the eve of local elections to remember that democracy is also the system by which we appoint Councillors to run services for us, to spend taxpayers money wisely and to assist us in our daily lives. Beneath all the sound and fury of national politics, claims of malfeasance and arguments over net zero we do need sometimes to discuss what Councils can achieve to make the lives better for all who pay their own way, work hard for family and community and who seek to do the right thing.

There are three things Councils do that are experienced by all voters. They impose a Council tax on us. They collect our refuse and recycling. They provide a network of roads and paths free at the point of use as monopoly provider. There is too little talk about these.

Keeping the Council Tax down should be a prime aim. This can be done by limiting the number of policies and areas of intervention to the essential. Councils do not need to run leisure, sporting facilities and entertainment in competition with private companies doing the same. They do not need large direct works departments where contractors can do a cheaper and better job. It can be done by driving efficiency and higher quality throughout the main service areas. This is especially necessary where they have a monopoly over provision. They need to control the size of the overhead.

Providing a first class refuse and recycling service is important. There should be a minimum standard of weekly collection, with shorter gaps in service in large urban areas especially in summer. The more they can do to recycle in a way which cuts landfill costs and adds to revenue from the recycled product or energy generated, the better.

Everyone who goes out daily has regular experience of the roads and pavements. Too many Councils seek to drive the car, delivery lorry and service sector van off the road. We are affronted by a growing array of differential and frequently changing speed limits, light controlled junctions

with long built in delays, priority lanes, badly designed intersections and a galaxy of road signs and painted instructions on the carriageway. There are even more restrictions and complications should you wish to park your vehicle other than at home.

They insist on putting main service pipes and cables under the middle of main roads to maximise the inconvenience of repairing and upgrading them by closing all or part of the highway to do so. Bad Councils spend a small fortune on regular and incremental changes to reduce the flow of traffic. Hours of time are lost in jams and slow moving traffic. The single biggest annoyance mainstream voters have with Councils is their collective refusal to improve junctions to smooth flows, to tailor capacity to need and to see that good roads are crucial to getting food to shops, patients to hospitals, fire engines to fires, children to school and many of us to work. We have just witnessed the commuter rebellion against the return to five days a week in the office. This is a protest against the railways and the road system. Good Councils improve roads and recognise the need for less congestion. That improves safety and reduces pollution. Keeping people safe must include having some roads for through traffic that work and do not mix cars with pedestrians.