

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2018 (P.90/2017): SECOND AMENDMENT

Lodged au Greffe on 14th November 2017
by the Connétable of Grouville

STATES GREFFE

1 PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement”, insert the words –

“except that, in relation to vehicle emissions duty, rates shall be increased by 5%”.

2 PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement”, insert the words –

“except that the estimate of income from taxation during 2018 shall be increased by £2,100,000 by amending the band limits which apply to the application of vehicle emissions duty in relation to the manufacturer’s CO₂ emission specifications in line with the table below –

<i>Established CO₂ mass emission Figure in grams</i>
<i>0–50</i>
<i>51–75</i>
<i>76–100</i>
<i>101–125</i>
<i>126–150</i>
<i>151–175</i>
<i>176–200</i>
<i>201 or more</i>

”.

CONNÉTABLE OF GROUVILLE

Note: If both amendments were adopted, the financial implications would be an additional £2,200,000 in income, rather than the £2,100,000 identified if the second amendment were adopted alone.

REPORT

My proposals incorporate two amendments: one with a proposal to increase vehicle emissions duty (“VED”) rates by 5%; and a second to change the band limits which apply to VED. I have separated them out in order that Members can vote upon them separately.

The majority of pollution in the air in Jersey is caused by motor vehicles. The States of Jersey has recognised this and introduced VED. It is not clear how much influence VED has on consumers when they are choosing a new car. It must be the case that the higher the duty, the more likely consumers will opt for less polluting cars.

A 2.5% increase in line with RPI, as proposed by the Minister for Treasury and Resources, does little to encourage the further reduction in emissions. In effect, the duty remains the same in real terms. The States’ Energy Pathway 2050 recognises that more punitive bands are likely to be needed in the future if current bands are not effective. My first amendment does increase VED further, by 5% instead of 2.5%. This is not an excessive amount and should speed up the improvement in air quality.

The States are doing all they can to encourage more people to cycle and walk to school and work, so it is ironic then that these groups are the ones who are most exposed to pollution from motor vehicles.

My proposals are not excessive, particularly when it is recognised in the report to the Budget that manufacturers are improving engine technology so as to produce vehicles that emit less pollution.

My second amendment, which lowers the lower and upper level of each band, addresses the point above. It is a more consistent approach than simply lowering the lower limit of the second band as proposed by the Minister.

Had my proposals not been put forward, it is likely that the Minister’s proposals on VED would have been adopted without debate. These proposals at the very least highlight the issue of vehicle pollution, and hopefully will make those who intend to buy a car think twice about what type of car they buy.

It has been estimated that 40,000 lives are lost in the UK due to pollution, most of which comes from motor vehicles. We know that air quality in Jersey, at times and in certain places, is not good. It is likely then that lives are being lost in Jersey as well due, for the most part, to vehicle emissions. There can be no doubt that pollution is affecting the health of people generally, but particularly for those who have asthma or who, for other reasons, have breathing difficulties.

VED does not take into consideration the levels of NO₂ emitted by vehicles. This is considered by some to be more dangerous than CO₂. This subject is beyond the scope of my proposals, but perhaps the Minister should investigate the option of including NO₂ emissions in VED in the future.

My proposals are designed primarily to improve air quality, but it is obvious that they will help reduce our carbon footprint. Most countries, scientists and people believe that CO₂ from fossil fuels is driving climate change. Jersey should show its commitment to reducing our carbon footprint to demonstrate that we are a responsible jurisdiction. These measures help in that regard.

Most car manufacturers have made commitments that they will be leading towards all electric vehicles by 2040, which will lead to much cleaner air. Why wait that long? We can take action now that will gradually improve air quality. Would it not be an achievement to be able to take down the signs at each end of the Tunnel indicating that the air quality is poor?

It is not the case that potential buyers of cars have to downsize their vehicles in order to reduce their emissions. The emissions figures from manufacturers at the high end of the market vary tremendously. Some makes are better than others. There is also variation within individual manufacturers' ranges. Range Rover, for example, sell a hybrid car. The emissions from this vehicle, according to Range Rover's website, contain a third less CO₂ than some of its other models. It is highly likely when in rush-hour queues, that this type of vehicle will be in electric mode and will be producing no pollutants whatsoever.

Below are the vehicle emission duty bands for the UK. Alongside two of the bands that most resemble Jersey bands are the proposed Minister's Rates (marked with an *).

CO₂ emissions (g/km)	Petrol (TC48) and diesel cars (TC49)	Alternative fuel cars (TC59)
0	£0	£0
1 – 50	£10	£0
51 – 75	£25	£15
76 – 90	£100	£90
91 – 100	£120	£110
101 – 110	£140	£130
111 – 130	£160	£150
131 – 150	£200	£190
	£500	
*151 – 170	(Minister's proposed equivalent for Jersey = £261.00)	£490
171 – 190	£800	£790
191 – 225	£1,200	£1,190
226 – 255	£1,700	£1,690
	£2,000	
*Over 255	(Minister's proposed equivalent for Jersey = £1,885)	£1,990

It is difficult to compare Jersey VED to that of the UK, as the UK has much more finely defined bands. Bizarrely though, motorists in the UK can pay less VED on cars in the lower bands, but from cars emitting 151gm/CO₂/km upwards, all UK bands are higher than the proposed Jersey rates proposed by the Minister. If both my proposals are adopted, it will make Jersey's duty marginally higher than that of the UK.

If these proposals are adopted, it will focus most car buyers' attention on the need to reduce emissions. If they respond to them, it will be good for our children's health, the health of those with breathing difficulties, and good for the health of the general public as a whole.

Financial and manpower implications

If only my first amendment is adopted, the impact on revenue raised will be minimal. It is difficult to estimate how much influence VED has on consumer choice. It is hoped that some movement towards less polluting engines will take place, but it is unlikely to lead to any significant loss in income. With rounding, £1.9 million would be raised with adoption of my first amendment – but this is the same amount, with rounding, as would be raised via the Minister's proposals. I understand the reason for this is that the main financial impact of the Minister's own proposals arises from the change to the lower band which he is proposing, rather than the increase in 2.5% which he has proposed.

If only my second amendment is adopted, it is envisaged that an additional £2,100,000 would be raised in revenue in 2018 (using rounded figures).

If both of my amendments are adopted, it is envisaged that an additional £2,200,000 would be raised in revenue in 2018 (using rounded figures).

These revenue implications arise from analyses provided by the Treasury and the Department of Infrastructure in the tables below. The tables indicate lower, central and upper revenue estimates for each of the 3 scenarios arising from the prospective adoption of either, or both, of my amendments. The central figures for 2018 have been used, with rounding in line with how figures have been presented in the Budget proposition itself.

Scenario 1 (if only my first amendment is adopted)

VED rates would increase by 5% in 2018, as I propose, then no increase in 2019. The bands would be as the Minister is proposing.

VED Revenue Raised (£)			
Year	Lower	Central	Upper
2018	1,153,000	1,883,000	2,612,000
2019	850,000	1,836,000	2,821,000

Scenario 2 (if only my second amendment is adopted)

VED rates would increase by 2.5% in 2018 (as the Minister is proposing) with then no increase in 2019. Bands would be amended in the way I am proposing, by reducing each band by 50g/CO₂/km with the lowest band staying at 50g. No changes to engine size intervals for the bandings based on engine displacement (i.e. where engine size is used as the basis for duty).

VED Revenue Raised (£)			
Year	Lower	Central	Upper
2018	2,448,000	3,999,000	5,548,000
2019	1,806,000	3,899,000	5,992,000

Scenario 3 (if both of my amendments are adopted)

VED rates would increase by 5% in 2018, as I am proposing, then no increase in 2019. Bands would be amended in the way I am proposing, by reducing each band by 50g/CO₂/km with the lowest band staying at 50g. No changes to engine size intervals for the bandings based on engine displacement (i.e. where engine size is used as the basis for duty).

Year	VED Revenue Raised (£)		
	Lower	Central	Upper
2018	2,508,000	4,096,000	5,684,000
2019	1,850,000	3,994,000	6,138,000