STATES OF JERSEY

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): THIRTY-SECOND AMENDMENT

CARBON TAX OR CHARGE ON PRIVATE AIRCRAFT

Lodged au Greffe on 28th November 2023
by the Council of Ministers

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): THIRTY-SECOND AMENDMENT

1 PAGE 2, PARAGRAPH (l) –

After the words “set out in Appendix 3 to the Report” insert the words –

“except that, on Page 93, after the words “that could deliver the additional funding required.”, there should be inserted the following words –

“This will include investigation of the introduction of an appropriate carbon tax or charge relating to the operation of private aircraft.”

COUNCIL OF MINISTERS

Note: After this amendment, the proposition would read as follows –

THE STATES are asked to decide whether they are of opinion −

to receive the Government Plan 2024 – 2027 specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

(a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2024 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law;

(b) to refer to their Act dated 30th September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste;

(c) to approve the proposed Changes to Approval for financing/borrowing for 2024, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approvals;

(d) to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article;

(e) to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law;

(f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024;

(g) to approve each major project that is to be started or continued in 2024 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report;

(h) to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, for each Head of Expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report;

(i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report;

(j) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2024 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;

(k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report; and

(l) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, as set out at Appendix 3 to the Report, except that, on Page 93, after the words "that could deliver the additional funding required.", there should be inserted the following words –

"This will include investigation of the introduction of an appropriate carbon tax or charge relating to the operation of private aircraft."

REPORT

The Proposed Government Plan 2024-2026 establishes a set of principles which will inform the development of the Carbon Neutral Roadmap Long-Term Financing Strategy (LTFS). This includes the adoption of a ‘polluter pays’ principle when developing new taxes or charges.

Over the next 30 years, the LTFS will need to identify c.£300m to fund the Island’s transition to net zero, drawing on a range of mechanisms.

As part of the policy work which will be undertaken in 2024 to identify new revenue-generating polluter pays measures, we will investigate the introduction of an appropriate carbon tax or charge related to the operation of private aircraft.

This exploratory work will consider the optimal approach to establishing a proportionate tax or charge which balances the significant environmental impact of private aircraft travel, with the important role private aviation plays in servicing the Island as a hub for business and leisure.

In 2021, the most recent year for which figures are available, the combined transport sector accounted 41% of Jersey’s Greenhouse Gas inventory. Domestic aviation[1] represented just over 9% of the Island’s emissions, totalling 32,951 tonnes of carbon dioxide equivalent. Although domestic aviation emissions fell significantly in 2020 as a result of the COVID-19 pandemic they rose sharply by 53% between 2020 and 2021; a further rise is expected in 2022 and beyond as part of the wider pandemic recovery.

Whilst the majority of the Island’s aviation operations relate to scheduled passenger and freight flights, Jersey’s ‘business aviation’ sector and the operation of private jets make a disproportionate contribution to our emissions. A recent study found that, per passenger, “private jets are 5 to 14 times more polluting than commercial planes.”[2]

Private jet travel from London to Dubai has been found to be 9 times more polluting than taking a commercial flight.[3] As an Island which has declared a Climate Emergency and committed to reach net zero by 2050, applying a polluter pays principle to one of the most carbon intensive forms of transportation, is the right thing to do. Revenue generated by any new tax or charge introduced following this work would contribute to the overall funding mix for the LTFS.

In commencing this work, a precise definition of ‘private aircraft’ will need to be developed in consultation with the sector. There will naturally be a need to establish appropriate exclusions to ensure that vital operations such as the air ambulance are not impacted. The intention would be to exclude members of Jersey Aero Club and users of sustainable aviation fuel from any tax or charge introduced.

[1] Domestic aviation is classed as travel between Jersey, the UK, the Crown Dependencies and Overseas Territories. Emissions from international aviation are excluded from the Jersey greenhouse gas inventory, but are reported as ‘Memo items’ for the UK inventory.
[2] Transport & Environment (2021). Private jets: can the super-rich supercharge zero-emission aviation?
[3] Carole Roberts, Simon Chin-Yee and Richard Taylor et al. Navigating the Climate Conferences: Comparing the Carbon Footprint of Private Jet Travel and Other Modes of Transport to COP28. *UCL Open: Environment Preprint.* 2023. DOI: 10.14324/111.444/000218.v1

Financial and staffing implications

The investigation of the introduction of an appropriate carbon tax or charge relating to the operation of private aircraft will be conducted within existing financial and staffing constraints and requires no additional resources to be allocated.