

22.03.29

3 Deputy S.M. Ahier of St. Helier of the Minister for Treasury and Resources regarding reduction in Fuel Duty (OQ.52/2022)

Given that the U.K. (United Kingdom) Chancellor of the Exchequer has reduced fuel duty by 5p a litre, will the Minister advise whether she will be proposing a similar reduction in Jersey to alleviate the growing energy crisis which is affecting so many Islanders?

Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):

Ministers have been considering what practical steps we can take in the short to medium term to help alleviate the impact of inflation. However, we are not convinced that a fuel duty reduction would provide the sort of targeted help that is most needed by lower income households. Reducing fuel duty in Jersey would not benefit all households equally. Lower income households own fewer cars and account for a small percentage of motor fuel spending. A reduction in fuel duty would disproportionately benefit higher income households. Additionally, for obvious reasons, Islanders drive fewer miles compared to people on average or low incomes in the U.K. Finally, fuel duty is a valuable source of funding for the Climate Emergency Fund, which seeks to reduce Jersey's dependence on fossil fuels and in doing so reduce our exposure to fuel price shocks over the long term.

3.3.1 Deputy S.M. Ahier:

Recently in the media the Assistant Minister for Treasury and Resources mentioned that he would reduce fuel duty by 10p per litre before the election and the Jersey Consumer Council is calling for an urgent reduction of 9p per litre and are also suggesting £100 vouchers to households towards energy bills. Will the Minister be implementing any of these suggestions?

Deputy S.J. Pinel:

Yes, and I thank the Deputy for his question but, as I said in my opening remarks, that we are looking at it and if we were to bring forward a reduction in fuel duty it would have to be in a response as an emergency budget change, which is legislation, which can be done but it cannot be done immediately. It would be debated at the next sitting.

The Greffier of the States (in the Chair):

Thank you. Can I just say supplementaries have to be about fuel duty, not other potential solutions?

3.3.2 Deputy S.G. Luce of St. Martin:

If there is a higher income household it certainly does not apply to fishermen who have seen their fuel prices more than double in the last few weeks. The Minister talks about disproportionate benefit but certainly when it comes to French versus Jersey fishermen in our local waters the French are receiving over 15 euro cents per litre subsidy and could this disbenefit there to our local fishermen, who are having to compete on the same market, even though it is more difficult to get their product into Europe? Can I ask the Minister this: will she consider immediately a subsidy scheme to allow our fishermen to compete on a level playing field with their French counterparts?

The Greffier of the States (in the Chair):

I feel I may not have been heard. This is a fuel duty question, I am afraid, Deputy, so the answer has to be about fuel duty possibilities in relation to fishermen, not a wider subsidy scheme; that would be a different question.

The Deputy of St. Martin:

Will the Minister consider reducing the fuel duty for fishermen?

The Greffier of the States (in the Chair):

Thank you, Deputy.

Deputy S.J. Pinel:

No, I think the Presiding Officer has it totally right, it has got to be an overarching reduction and not just appropriate for one industry.

3.3.3 Connétable M.K. Jackson of St. Brelade:

I was going to say my question had been answered but the Minister's answer is far from satisfactory. The fuel duty in this particular industry is quite different in that the French Government subsidise their French fishermen, our Government do not subsidise ours. I would ask her to give consideration to the needs of our fishing industry in terms of fuel subsidies at this moment in time.

Deputy S.J. Pinel:

I think I answered that in my opening remarks, that we are looking at it all across the board and it cannot be particular to one sort of industry. I cannot say any more than we are looking at what we could reduce it to or not, as the case may be.

3.3.4 Deputy M.R. Higgins of St. Helier:

The Minister is saying she cannot do it for one particular industry, can she confirm that motor yachts are paying no duty or no V.A.T. (value added tax) on their fuel and, therefore, is that not different to what fishermen are paying?

Deputy S.J. Pinel:

I think we are moving a little off the subject.

Deputy M.R. Higgins:

No, we are not.

The Greffier of the States (in the Chair):

I think that is my job. This did seem very much like a fuel duty question, asking whether there were differences in the application of fuel duties in the wider sense to different categories of vehicle and in this case motor yachts versus cars, for example.

Deputy M.R. Higgins:

Fishermen, yes.

Deputy S.J. Pinel:

As I keep saying, it is fuel duty across the board, it cannot be apportioned to any particular ... whether it is motor vessels or fishing vessels or cars, it cannot be brought down to just one industry. It would be across the board if we were to look at reducing it.

3.3.5 Deputy M.R. Higgins:

Can the Minister explain why it cannot be? We have different taxes for different things all the time and obviously in this particular area there are different rates. Why can the Minister not just do it?

Deputy S.J. Pinel:

At the risk of repetition, we are looking at how we could do it and where it would be most effective. I said in my opening remarks, in answer to the question, which few of the supplementaries have been, is that it would help people in financial difficulties if it were to be reduced; now that is what we would aim to do.

3.3.6 Deputy R.J. Ward:

Can I ask the Minister what the estimate of the cost of a 5p reduction is in fuel duty?

Deputy S.J. Pinel:

From an inflation meeting yesterday I think the cost, in answer to the Deputy's question, if it was just 1p reduction would be a loss of about £425,000.

3.3.7 Deputy R.J. Ward:

That is around £2.5 million. Would the Minister agree that because that is not targeted that money would be much better spent on subsidising the bus service so that people can access for free and travel around the Island?

Deputy S.J. Pinel:

Again, this is all being considered. We are looking at all the options across the board. One must remember that if the duty is reduced, then we could not then enforce it because it was passed across the board. It would be duty on import of fuel and no guarantee that that would be reacted on the retail sales.

3.3.8 Deputy M. Tadler:

The Minister said that she thought a reduction in fuel duty or G.S.T. (goods and services tax) on fuel would disproportionately benefit the wealthier drivers. Does she agree that poorer drivers, who spend more of their percentage of income on petrol or diesel or even biofuel because that also attracts duty, will be the ones more penalised by the recent increases in petrol prices, fuel prices?

Deputy S.J. Pinel:

I am not sure that I can say more than I have already said, that we are considering all ways of looking after people. I know the Minister for Social Security has got a statement to make later but we are looking at all ways to help out in this situation. But reducing fuel at the cost, that it will be in

reduction into the Exchequer, which then funds the lower income households, is not the way to go, in my view, unless it can be across the board and not a particular avenue.

3.3.9 Deputy M. Tadier:

I will wait to hear what the targeted response is then, that might have been my second question. But does the Minister then agree that what we have here, what the Government has here is a windfall, it is an unexpected windfall to Government because petrol prices have gone up, therefore, certainly the G.S.T. and I presume the duty has gone up if it is a percentage? Should that windfall not, therefore, be used for some benefit; either to target it towards the poorer in our society who need it at the moment or at least to use that for some kind of Climate Emergency Fund so we can use it for transitional change to get people using more sustainable transport, which is not reliable on fossil fuels?

Deputy S.J. Pinel:

As the Deputy will know, there is 4p already directed straight to the Climate Emergency Fund. If we were to reduce the duty by 9p, as the Consumer Council has suggested and others have suggested more, then is it reasonable that that 4p per litre of duty would not go to the Climate Emergency Fund?

Deputy M. Tadier:

The Minister is not answering the question there.

The Greffier of the States (in the Chair):

I think she has given the answer she is going to give.

3.3.10 Deputy G.P. Southern:

Let us see what sort of answer this produces. Is it not the case, using her own logic, that those who are wealthier drive bigger cars and, therefore, consume more fuel?

Deputy S.J. Pinel:

I think that is what I addressed in my opening remarks.

3.3.11 Deputy G.P. Southern:

But the Minister was making a completely different point around a different proposal. Is it not the case that wealthier people drive bigger cars and, therefore, proportionately use more fuel?

Deputy S.J. Pinel:

I am not sure, I do not know how many people have how many cars in their garage or how often they drive them, so I cannot answer that. But in my opening remarks I did say it is, generally speaking, the wealthier people have more cars and I have said that, so I do not know how else to answer the question.

Deputy G.P. Southern:

Even the Minister cannot miss the ...

The Greffier of the States (in the Chair):

Thank you, thank you, Deputy.

3.3.12 Senator S.C. Ferguson:

Would the Minister, from the point of view of public information, like to tell everybody exactly what percentage of the cost of a litre of petrol goes in all forms of tax and fuel duty?

Deputy S.J. Pinel:

Okay, well I have come up with some figures and the fuel duty in Jersey is levied at the following rates, as of the beginning of this year. The super unleaded petrol, 65.83 per litre, unleaded petrol at 63.89 per litre, diesel 63.89 per litre and other fuel, for example, leaded high sulphur at 67.97 per litre. I know that is not answering the Senator's question as to what percentage in duty but the duty is less than the 5 per cent G.S.T., it is about 4.2 per cent.

3.3.13 Senator S.C. Ferguson:

The total tax cost of petrol is something like 50 plus whatever a litre, does the Minister not think that she is being a bit parsimonious with refusing to deduct a fuel duty, which has been recommended by leading economists in the Island?

[10:15]

Deputy S.J. Pinel:

As the Senator will know, there have been a lot of meetings about all of this in the current situation and the economists who advise us have not recommended that we reduce the fuel duty. We are working on it, we are considering it, as, again I repeat and said in my opening remarks, if we do do something it will come back to the next States Assembly.

Senator K.L. Moore:

You will be pleased to know my question has been asked.

3.3.14 Deputy S.M. Ahier:

With the price of brown crude currently at 111 dollars a barrel and prices at the pumps having risen by approximately 40 per cent, how will the Minister ensure that there is no profiteering by the fuel companies?

Deputy S.J. Pinel:

I cannot in short because it depends when the fuel was imported into the Island, as to how long it has been at the depot, as to when it goes to the filling stations and to then after that as to when it is sold. There is no enforcement agency to deal with that.