

### **2.3 Deputy K.C. Lewis of St. Saviour of the Minister for Treasury and Resources regarding the removal or lowering of the impôts duty on road fuel:**

Further to his response to an oral question on 1st July 2008, would the Minister consider removing or lowering the impôts duty on road fuel to prevent transportation and food prices rising still further?

#### **Senator T.A. Le Sueur (The Minister for Treasury and Resources):**

It is my duty each year as Minister for Treasury and Resources to review the level of all duties and taxes as part of the annual budget process. In doing so, I have to weigh up the revenue needs of the Island against the economic, social and other implications of all such taxes. An example in recent years has been the policy of above average increases in tobacco duty to dissuade people from smoking although that may well have an adverse revenue effect as purchases decrease. As I indicated in the previous reply, any reduction in fuel prices is probably best achieved by freezing or reducing the level of duty applicable. I will, therefore, be examining fuel duty along with other such taxes at the time of the budget. I would, however, remind Members that we already have made provision through Income Support to protect those on lowest incomes and the scale of those benefits has also been under regular review.

#### **2.3.1 Deputy G.P. Southern:**

Will the Minister for Treasury and Resources please inform Members what estimates he does have now for the March 2009 R.P.I. (Retail Prices Index) figures; the figures that will reflect the impact of G.S.T. (Goods and Services Tax) on the annual R.P.I. changes?

#### **Senator T.A. Le Sueur:**

The rate of inflation seems to be a constantly moving matter. At the present time I have no realistic estimates of the R.P.I. at March 2009 or any other future date.

#### **2.3.2 Deputy G.P. Southern:**

In that case will the Minister hazard a guess that it will be more or less than 5 per cent?

#### **Senator T.A. Le Sueur:**

Any guess I hazard, Sir, would be totally meaningless and would simply perhaps give a false sense of credibility. I leave much of the R.P.I. to the Statistics Unit who are far more competent at these matters than I am.

#### **2.3.3 Senator S. Syvret:**

Will the Minister instead agree with me that the tax on transport fuel or motoring fuel should not in fact be reduced? We are entering an era where the cost of motoring is invariably going to rise and the most painless thing we could do is to try and wean society off of it to some extent.

#### **Senator T.A. Le Sueur:**

As I have said, Sir, it is part of the duty of a Treasury Minister to balance up the revenue implications of duties on fuel against the social and economic and environmental impacts of such taxes. I take on board very much what Senator Syvret says about dissuading the excess use of carbon fuels and that will be one factor influencing my decision as to what level of duty to recommend in the budget.

#### **2.3.4 Deputy P.V.F. Le Claire:**

The duty on fuel would be ideally placed in many people's views towards an environmental tax. What proposals in the future will the Minister for Treasury and Resources make in this regard in transferring this duty into a set-aside environmental tax?

#### **Senator T.A. Le Sueur:**

We have just published the Business Plan today and Members will see the difficulty we have in achieving our desires within the spending envelope we have been permitted. Any transfer to the duty revenues through environmental taxes will reduce the money available for other services. If the Deputy is suggesting that we increase fuel duty and apply that money to environmental taxes that is a different proposition which again can be considered at the due time in the overall context of environmental taxes.

**2.3.5 Deputy G.P. Southern:**

In the light of the recent publication of the Business Plan 2009, will the Minister agree to seek estimates of the inflation rate for March 2009 from the Stats. Department in order that we may see how much of a cut in our quality of living most people in the Island are about to take?

**Senator T.A. Le Sueur:**

I can certainly ask the Statistics Unit to do that work, Sir, but as I say it is such a constantly moving target that it is not really particularly productive.

**2.3.6 Deputy K.C. Lewis:**

My reference to the price of road fuel, Sir, was not to encourage more people to use their cars but its consequential knock-on effect to food prices. Does the Minister not agree that this must be kept as low as possible?

**Senator T.A. Le Sueur:**

As I have said on a couple of occasions this morning, Sir, it is a matter of balance. While I appreciate that the impact of transport costs does impact on fuel prices, that has to be weighed-up against other considerations. That balance will be struck and Members will have the chance at the time of the budget debate to put an alternative point of view.