STATES OF JERSEY

DRAFT BUDGET STATEMENT 2013 (P.102/2012): AMENDMENT

Lodged au Greffe on 2nd November 2012
by Deputy G.C.L. Baudains of St. Clement

STATES GREFFE

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 2013 shall be decreased by £1,435,000 by not implementing the proposed 3 pence per litre increase in fuel duty".

DEPUTY G.C.L. BAUDAINS OF ST. CLEMENT

REPORT

Sadly, the 'no new taxes' promised by the Minister for Treasury and Resources clearly does not extend to not raising existing taxes. As the overall effect is the same, I fail to see much difference.

Sadly, too, it appears little effort has gone into reining back expenditure and, as a consequence, raised taxes are proposed to meet the extra expenditure. Whilst this may be a debatable point between those who want 'small government' and those who prefer government involvement in every sphere, I believe raising the duty on fuel (by 6.9%) will be counter-productive – especially at this time of recessionary turmoil.

As with many commodities, the wealthy will barely be affected, whilst the poor will be insulated by safety-nets such as Income Support. It is 'middle Jersey' that will suffer – as they already do in a host of other areas.

The motorist already puts over £20 million into States coffers via fuel tax, not to mention the profit made from car-parking fees. I believe they are already paying their share.

'Making ends meet' is becoming increasingly difficult for 'middle Jersey', and raising the cost of fuel in these difficult times can only make matters worse.

There are other knock-on effects too – raised fuel tax will affect everyone (whether they own a car or not) as every commodity we use, be it clothes, food or whatever, is transported by road at some stage. The cost of running those delivery vehicles would go up under the proposals of the Minister for Treasury and Resources, and so the cost of virtually everything we buy will go up also. This means the fuel duty increase will cause a rise in the cost of living – which will, in turn, trigger pay and pension rises.

On page 31 of P.102/2012 – Draft Budget Statement 2013 – reference is made to the fact that the wholesale price of fuel (less taxes) is higher than in the UK. The example used is unleaded petrol, where the difference is 13 pence/litre.

This does not, in my view, justify a 6.9% hike in fuel tax. Rather, it indicates a failure to adequately address the reason behind the high fuel cost in Jersey, and demonstrates that this issue is crying out for a more vigorous approach. That is where Ministers should be applying their collective muscle – rather than on the softer target of the motorist.

The financial implications of this amendment are that the forecast additional £1,349,000 will not be forthcoming. Whilst it is traditional to advise where cut(s) will be made to compensate, I find this rather academic, given that the States have just decided to spend over £400 million on a new hospital – with no idea where the money will come from.

Proposition P.90/2012 is an invitation to purchase Plémont for an unknown price (generally believed to be somewhere between £8 million and £15 million). Again, the financial implications are woolly to say the least. Apparently the money for Plémont would come from 'central reserves' – with references to reimbursement by proceeds from the sale of other land. In my view that is misleading, as any money thus realised would normally have boosted reserves, not offset a drawdown.

Accordingly, I suggest the income lost by not raising fuel duty by 6.9% be taken from ‘central reserves’.

Financial and manpower implications

There are no manpower implications. Financial implications could be resolved by removing the amount from the stimulus funding. The impact on the total taxation revenue would be a reduction of £1,435,000. The total taxation revenue would go down from £614,829,000 to £613,394,000.