

# STATES OF JERSEY



## **DRAFT BUDGET STATEMENT 2016 (P.127/2015): THIRD AMENDMENT (P.127/2015 Amd.(3)) – COMMENTS**

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**Presented to the States on 14th December 2015  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

The amendment from the Deputy of St. Mary calls for an exemption for agricultural vehicles whose speeds are governed not to exceed 26 m.p.h., in order to support the agricultural industry and to discourage the importation of tractors capable of higher speeds. The Council of Ministers opposes the amendment from the Deputy of St. Mary.

Any exemptions undermine the principle that all commercial motor vehicles contribute to pollution and CO<sub>2</sub> emissions and, therefore, it is appropriate that they contribute a Vehicle Emissions Duty (VED) commensurate with their emissions levels (consistent with the concept of “polluter pays”).

The current VED discounts for second-hand vehicles encourage the importation of older, higher-polluting vehicles, and are therefore inconsistent with the States’ commitments to reduce vehicle emissions. This argument applies as much to agricultural tractors as to all other motor vehicles.

A 50% refund is offered to any vehicle which is exported within 6 months of registration. This will remain in place and continue to apply to those tractors which are brought into the Island seasonally to meet peak demands.

It is appreciated that the proposed change to VED that allows commercial vehicles to be rated by reference to their grams of CO<sub>2</sub> per kilometre (gm. CO<sub>2</sub>/km.) rather than engine size (cc) (provided that emissions data is available) does not immediately benefit tractors (where emissions are calculated by reference to CO<sub>2</sub> output per hour). In advance of the next Budget, Transport and Technical Services will investigate whether specific emissions bands based on CO<sub>2</sub> output per hour can be developed for tractors which will be more equitable than rating on engine size; thereby incentivising the purchase of lower-polluting tractors.

Whilst it could be argued that exempting agricultural tractors from the proposed changes in VED would offer further support to that industry, similar arguments could be made for other industries. Furthermore, the potential financial benefit across the agricultural industry from this amendment would be insignificant, particularly when compared with the benefit the industry already receives from the “red diesel” fuel duty exemption which is a better way of subsidising agricultural off-road activity.

Encouraging the use of tractors which are limited to 26 m.p.h. (i.e. they have a gearbox delivering a top speed of approximately 40 k.p.h.), rather than those with a 50 k.p.h. gearbox (i.e. those which can achieve 31 m.p.h.), is also considered insignificant as, in practice, because of the operations required of tractors in Jersey, almost all operators opt for the 40 k.p.h. version (the percentage of tractors with a 50 k.p.h. box is understood to be approximately 1%).