

STATES OF JERSEY



BUDGET STATEMENT 2010 (P.179/2009): AMENDMENT

**Lodged au Greffe on 20th November 2009
by Senator T.J. Le Main**

STATES GREFFE

PAGE 2, PARAGRAPH (a) –

After the words “as set out in the Budget Statement” insert the words –

“except that the estimate of total taxation revenue for 2010 shall be increased by £0.9 million by the replacement of the vehicle emissions duty proposed by the Minister for Treasury and Resources in the Budget Statement by a new annual environmental emission tax on all vehicles registered in Jersey from September 2010 based on engine sizes as follows –

(i)	private vehicles up to 1,200cc	No annual tax
(ii)	private vehicles between 1,200cc and 2,000cc	£75 annual tax
(iii)	private vehicles between 2,001cc and 3,000cc	£150 annual tax
(iv)	private vehicles over 3,000cc	£250 annual tax
(v)	commercial vehicles up to 1,600cc	£100 annual tax
(vi)	commercial vehicles over 1,600cc	£150 annual tax

provided that the Minister for Treasury and Resources shall have discretion to exempt certain categories of vehicle from the tax, including those used by charitable organisations, classic cars, vehicles used by essential services and hire cars imported for short periods;”.

SENATOR T.J. LE MAIN

REPORT

Background

One of the key priorities for the States as set out in the recently approved Strategic Plan is to “Protect and enhance our natural and built environment”.

The Minister for Transport and Technical Services says in his introduction to the “Sustainable Transport Policy: Making Greener Travel Choices” consultation document: “We must minimise the environmental impact of our travel and encourage Islanders to make convenient, sustainable and healthy travel choices.”

Its aims are that by 2014 –

- Jersey will be moving towards having one of the best transportation systems for a small Island
- Individual travel behaviour will have changed
- There will be more appropriate and responsible use of the car
- Our community will be healthier with an improved quality of life.

All very nice words, words I have listened to for the last 30 years, but in my opinion this just will not happen unless there is a real effort in taxing the polluting offenders to change behaviour, i.e. those who, by choice, drive large vehicles.

There is nothing new in the Budget in support of the Sustainable Transport Policy to make me believe that major strides will take place to introduce taxes or policies which will enhance good strong environmental changes.

In fact the Minister says in his consultation: “The sooner we start, the sooner we’ll reap the benefits”, but I don’t believe there is anything proposed by the Ministers for either Treasury and Resources, Planning and Environment or Transport and Technical Services that gives me any confidence of raising meaningful environmental taxation.

Environmental credentials

The Minister for Treasury and Resources and the Council of Ministers see increasing fuel tax, introducing VED and raising car parking charges as the only way of raising environmental funding.

However, a 3p per litre tax on fuel, which would raise £1.5 million annually, is peanuts, and meaningless to many vehicle-owners, particularly those with the largest and most polluting vehicles.

I believe we have a real opportunity with my proposals to make some inroads into worthwhile environmental polices which will make a real difference.

The time is now right to try and rid this Island of the huge gas-guzzlers and really encourage people to walk, cycle, use public transport and/or run small eco-friendly cars.

My proposal will not penalise the elderly or the poor and others that want to drive and minimise the damage they cause to the environment by using smaller and more fuel-efficient vehicles.

Estimate of revenue raised

Based on vehicle registration figures adjusted to reflect the numbers of vehicles on the roads, I believe that around £5.5 million could be raised annually through my proposal. This allows for the costs of setting up and administering the tax which could cost approximately £0.5 million a year.

An example of how this could be made up is as follows –

<i>Category</i>	<i>Approximate number of vehicles</i>	<i>Annual tax</i>	<i>Annual total</i>
Private under 1,200cc	8,000	£0	£0
Private 1,200 to 2,000cc	39,000	£75	£2.925m
Private 2,001 to 3,000cc	7,000	£150	£1.05m
Private over 3,000cc	3,250	£250	£0.813m
Commercial under 1,600cc	2,600	£100	£0.26m
Commercial over 1,600cc	7,400	£150	£1.11m
TOTAL	67,250		£6.158m

How it could be collected

I believe that the Minister for Treasury and Resources should look at what the most appropriate way of collecting an annual environmental emissions tax is. My preference would be for the tax to be collected by insurance companies if this is possible.

Allows the funding of more environmental initiatives

My proposals will also assist in a positive way by opening up the possibility of funding for other environmental initiatives in next year's Annual Business Plan in addition to those on recycling, improving the bus service and improving energy efficiency.

For example, I believe we should introduce a permanent Town 'Hoppa' Service, which is very badly needed and was proposed by the Mick Eden scheme some years ago.

I would also be supportive of an increase and reinstatement of proper funding for the rural strategy, and funding to improve the infrastructure for pedestrians and cyclists, including an eastern cycle route to be developed over a period of years as proposed by the Deputy of Grouville.

The States could also consider directing any extra money raised to help with the provision of mains drains to outlying parishes, or other environmental projects of high priority.

Conclusion

We have a real opportunity to change things for the better environmentally. Every other civilised country surrounding Jersey now has in place an annual vehicle emissions tax.

My proposals are fair, equitable and sustainable. Those who choose to play their part in driving and owning the very smallest and sustainable vehicles are not penalised, and this would really encourage the use of smaller, fuel- and emission-efficient vehicles.

We all well know there are very many large old polluting vehicles that should not be on the road, and taxing them this way would get them off the roads and benefit the environment.

I am convinced this would be a successful environmental gain to Jersey

Financial and manpower implications

This tax should raise at least £6 million a year once in place. An estimate of the cost of setting up and ongoing administration as a consequence might be in the region of £0.5 million, leaving a net increase of around £5.5 million a year.

Bringing this in from September 2010 instead of the VED proposed will raise an extra £0.9 million in 2010. The updated cost of a 'Town Hoppa Bus Service' is of the order of £500,000 per annum. If my proposals are adopted in full, there will be sufficient income to implement it, and it is my intention to ensure that the Annual Business Plan 2011 includes this item.

This impact on manpower for the States will depend on the best collection process identified by the Minister for Treasury and Resources.