

STATES OF JERSEY



GOVERNMENT PLAN 2020–2023 (P.71/2019): TENTH AMENDMENT (P.71/2019 Amd.(10)) – AMENDMENT

**Lodged au Greffe on 19th November 2019
by Deputy K.F. Morel of St. Lawrence**

STATES GREFFE

GOVERNMENT PLAN 2020–2023 (P.71/2019): TENTH AMENDMENT
(P.71/2019 Amd.(10)) – AMENDMENT

1 PAGE 2, INSERTED SUB-PARAGRAPH (a) –

Before the inserted sub-paragraph (a), for the words “except that”, substitute the words “and that”; and in the inserted sub-paragraph (a), for the words “in Summary Table 1 the total income from ‘Goods and Services Tax (GST)’ should be increased by the sum of £712,500, by increasing the rate of GST levied on luxury cars (defined as those with an import or retail value over £30,000) to 10%”, substitute the words “in time for 1st January 2021, the Minister for Treasury and Resources be requested to bring forward plans to levy an increased rate of GST of 10% on heavy domestic cars (defined as those with a weight over 1,950 kg.)”.

2 PAGE 2, INSERTED SUB-PARAGRAPH (a) –

Delete the words “, with the additional income transferred to the Climate Emergency Fund”.

3 PAGE 2, INSERTED SUB-PARAGRAPH (b)(vii) –

After the words “installation of” insert the words “air and”.

DEPUTY K.F. MOREL OF ST. LAWRENCE

Note: After this amendment, the tenth amendment would read as follows –

PAGE 2, PARAGRAPH (a) –

After the words “of the Law” insert the words –

“, **and that** –

- (a) **in time for 1st January 2021, the Minister for Treasury and Resources be requested to bring forward plans to levy an increased rate of GST of 10% on heavy domestic cars (defined as those with a weight over 1,950 kg.)**, ~~with the additional income transferred to the Climate Emergency Fund~~; and
- (b) the Minister for Treasury and Resource is requested to publish an estimate of the effect on General Tax Revenue of decreasing the rate of GST levied on –
 - (i) solar panels,
 - (ii) electric space heating replacement of oil heating,
 - (iii) electric cars, motorbikes, scooters and vans,
 - (iv) electric bikes and cargo bikes,
 - (v) loft and cavity wall insulation,

- (vi) double glazing, and
- (vii) installation of air and ground source heating to 0%, so that the Assembly can consider the financial effects of zero-rating those items in the Government Plan 2021”.

REPORT

Whilst applauding the intention to tackle climate change using an elevated GST charge on domestic cars, the outcome of the [tenth amendment](#) to the Government Plan 2020–2023 ([P.71/2019](#)) is likely to be very different to that which is intended.

This amendment is designed to improve the tenth amendment by focusing the penalising nature of a 10% rate of GST on those vehicles which do most damage to our environment – larger, heavier, gas-guzzling vehicles.

Unfortunately, judging a car's capacity to pollute by the car's price is not a very effective way to judge the harm it does to the environment. In fact, many electric vehicles cost £30,000 or more, so the effect of the tenth amendment will be to discourage many Islanders from purchasing an electric vehicle.

Instead of focusing on price, the weight of a car is a more effective guide to the damage that car does to the environment – not just to carbon emissions, but also to the state of the Island's roads and, importantly, its hedgerows.

In general terms, heavier cars have larger dimensions than lighter cars and are deeply unsuitable for the Island's small lanes. We have all seen large vehicles driving up the banks, which line the sides of Jersey's lanes, in order to let other vehicles pass. When they do this, they not only destabilise the bank itself, but also the trees which cling to it for life. On top of this, such vehicles collapse the burrows which are home to so many wild animals within those banks. Heavy vehicles also cause greater wear and tear to the Island's overused roads.

Having liaised with the Comptroller of Income Tax, it became clear that some time would be needed to create a system that enabled the Government to define vehicles by weight for tax purposes; and so this amendment seeks to bring in a new regime in January 2021, giving both DVS and the Tax Department ample time to ensure that all newly-registered vehicles have their kerbside weight recorded, so that the appropriate level of GST can be levied.

A matter of principle

This amendment to the tenth amendment also removes the hypothecation of the extra 5% of GST that would be gained from its successful adoption, because it is a matter of principle that funds raised through GST should be returned to general taxation. In addition, the fact that the amendment, in its original form, doesn't actually tackle the issue of polluting vehicles, takes away a reason for those funds to be exceptionally hypothecated to the Climate Emergency Fund.

A small matter

The final change suggested in this amendment is to the new sub-paragraph (b)(vii) of the tenth amendment, and this is to add a category of heat-pump which was overlooked from the original amendment. Air-source heat-pumps are an energy-efficient and non-polluting means of heating a home, and they are more accessible to Islanders than ground-source heat-pumps. As such, it strikes me that air-source heat-pumps should be included on the list of carbon-reducing technologies that would be subject to a zero rate of GST, should the amendment be passed by the Assembly.

Financial and manpower implications

This amendment would not have any financial or manpower implications compared to the current position, as it calls for work to be undertaken ahead of a possible change to the law in the next Government Plan.