

**WRITTEN QUESTION TO THE MINISTER FOR THE ENVIRONMENT
BY DEPUTY M.B. ANDREWS OF ST HELIER NORTH
QUESTION SUBMITTED ON MONDAY 2nd DECEMBER 2024
ANSWER TO BE TABLED ON MONDAY 9th DECEMBER 2024**

Question

“In relation to Jersey’s net zero carbon emissions target, will the Minister advise –

- (a) the funding needed to achieve these targets;
- (b) whether additional borrowing will be required and, if so, the timeline for any borrowing; and
- (c) whether the Government has undertaken any assessment in relation to the affordability of reaching these targets, and if so, what was the evaluation, and if not, why not?”

Answer

A) Page 64 of the Carbon Neutral Roadmap agreed by the States Assembly in 2022 stated:

‘The Carbon Neutral Strategy considered the direct cost to government of paying for emissions reduction policies, and recurrent costs arising from offsetting residual emissions. That analysis, which formed part of P.127/2020, as adopted by the States Assembly, suggested an indicative cost to government of up to £300M, based on a specific set of policy options, plus an estimated recurring cost of £2-5M per annum for offsets.’

B) The Carbon Neutral Roadmap included consideration of how the transition to carbon neutrality would be funded. This included a piece of work commissioned by London Economics ‘Funding the transition to carbon neutrality’ and published in November 2021. This report provides descriptions of the funding options available.

The Carbon Neutral Roadmap identified that a long-term financing strategy was needed to bridge the funding gap between the income currently ring-fenced into the Climate Emergency Fund and the total estimated required spend for decarbonisation out to 2050.

Strategic policy 3 of the Carbon Neutral Roadmap was therefore a Financing Strategy which proposed to identify this funding:

‘Short-term: the Carbon Neutral Roadmap will fully allocate the resources currently available in the Climate Emergency Fund to support policies in the first stage (2022- 2026),

Medium-term: government will bring forward in 2022, in time for potential inclusion in the Government Plan 2023, proposals for new economic instruments that generate income ring-fenced to the Climate Emergency Fund

Longer-term: bring forward in 2023, in time for potential inclusion in the Government Plan 2024, a long-term financing strategy that considers all available options to continue to fund the decarbonisation of the economy at the pace required to achieve the emissions trajectory established in Carbon Neutral Roadmap.’

An update on progressing this work was provided in ‘Proposed Budget (Government Plan) 2025-2028’ (see page 87) as per the below:

‘Carbon Neutral Roadmap Net Zero Financing Strategy

The net zero financing strategy (NZFS) – formerly long-term financing strategy for the Carbon Neutral Roadmap (CNR), will set out how the Government expects to raise the money it needs to successfully achieve Jersey’s net zero transition.

In 2023 the States Assembly approved 12 principles which will inform the development of the NZFS. The first phase of the NZFS will address the projected expenditure profile for the second CNR delivery period.’

It goes on to consider expenditure:

‘Climate Emergency Expenditure 2025-2028

The first Carbon Neutral Roadmap (CNR) delivery period will conclude at the end of 2025. Estimated Climate Emergency Fund (CEF) expenditure for 2025 reflects the delivery and resources plan within the CNR, which apportions funds for all the policies focused on reducing emissions from heating, transport, and other sources, together with enabling policies addressing the biodiversity crisis and protecting wildlife and habitats.

Estimates for expenditure from 2026 – 2028 are equal to the expected revenues from fuel duty and vehicle emissions duty transferred to the CEF in each of those years.

Proposals for the second CNR delivery period and accompanying net zero financing strategy are now under development and will be brought forward following the 2026 general election. These will include additional sources of revenue and details of the policies prioritised for delivery.’

C) One of the agreed key principles of the long-term financing strategy (LTFS) is intergenerational equity:

‘The LTFS should aim to minimise the burden to future generations and target financing to be fully paid in line with the CNR timeline to 2050. The timeline should ensure compliance with the CNR targets.’

Any discussion around the affordability of decarbonisation needs to be weighed against the global and local benefits that come from reducing carbon emissions. As well as the local co-benefits of the proposed policies set out in the Carbon Neutral Roadmap, the Carbon Neutral Strategy also considered the social cost of carbon, which is a proxy for the negative impacts of carbon emissions that would be avoided if mitigation measures are put in place.

If Jersey, along with the rest of the world, does not tackle greenhouse gas emissions then there will be an increasing cost to dealing with the changing climate that ensues, for example in dealing with the aftermath of severe storm events, such as storm Ciaran.

The social cost of carbon for Jersey was assessed to be as high as £600M if no steps were taken to reduce emissions in the areas of transport and heating.