

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024) – ELEVENTH AMENDMENT

### VEHICLE EMISSIONS DUTY

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Lodged au Greffe on 11th November 2024  
by the Environment, Housing and Infrastructure Scrutiny Panel  
Earliest date for debate: 26th November 2024

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STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024) –  
ELEVENTH AMENDMENT

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**1 PAGE 2, PARAGRAPH (a) –**

After the words “Article 9(2)(a) of the Law” insert the words –

“, except that the total estimate for 2025, 2026, 2027, 2028 Vehicle Emissions Duty (VED) shall be increased to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 151 grams, with the relevant figures in Appendix 2 – Summary Table 1 updated in line with the following table, and subsequent figures updated accordingly –

	2025 Estimate (£000)	2026 Estimate (£000)	2027 Estimate (£000)	2028 Estimate (£000)
Impôt Duties Vehicle Emissions Duty (as amended)	3,203	3,058	2,919	2,796

”. [adding an increased percentage duty for non-commercial vehicles with emissions in three highest bands]

**2 PAGE 2, PARAGRAPH (c) –**

After the words “Article 9(2)(b) of the Law” insert the words –

“, except that proposed transfer of monies from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025, 2026, 2027 and 2028 to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 151 grams, with the relevant figures in Appendix 2 – Table 3 updated in line with the following table, and subsequent figures updated accordingly –

£'000		2025 Proposed	2026 Proposed	2027 Proposed	2028 Proposed
Transfer from	Transfer to				
Consolidated Fund	Climate Emergency Fund	4,371	4,326	4,282	4,239

”.

**3 PAGE 4, PARAGRAPH (j) –**

After the words “Summary Table 8 to the Report” insert the words – “, except that the proposed transfer of monies from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025 to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 151 grams, with the

relevant figures in Appendix 2 – Table 3 updated in line with the following table, and subsequent figures updated accordingly –

£'000		2025 Estimate (as amended)
Opening balance		5,950
Transfer from the Consolidated Fund	Climate Emergency Fund	4,371
Expenditure		(8,346)
Closing balance		1,975

**4 PAGE 4, PARAGRAPH (o) –**

After the words “to the accompanying Report” insert the words – “, except that in the section “Vehicle Emissions Duty” on page 32 after the words “the highest three emission bands will be increased to” replace the figures “5%, 10% and 20%” with the figures “10%, 15% and 25%” with the relevant figures in Table 5 and Table 6 updated in line with the following figures –

CO2 Mass emissions (grams)	2024 Actual	2025 proposed (as amended)	Proposed Increase %
0	0	0	-
1 – 50	35	35	-
51 – 75	73	73	-
76 - 100	240	240	-
101 – 125	422	422	-
126 – 150	715	715	-
151 – 175	1,367	1,504	10%
176 – 200	4,200	4,830	15%
201 or more	7,937	9,921	25%

£'000	Proposed vs Forecast (as amended)	Proposed vs no change (as amended)
Vehicle Emissions Duty increases	315	315

**ENVIRONMENT, HOUSING AND INFRASTRUCTURE SCRUTINY PANEL**

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

**THE STATES are asked to decide whether they are of opinion –**

to receive the Government Plan 2025 – 2028 (entitled “Budget 2025-2028”) specified in Article 9(1) of the Public Finances (Jersey) Law 2019 (“the Law”) and specifically –

- (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 – Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law except that the total estimate for 2025, 2026, 2027, 2028 Vehicle Emissions Duty (VED) shall be increased to reflect increased duties for non-commercial vehicles with CO2 mass emissions above 151 grams, with the relevant figures in Appendix 2 – Summary Table 1 updated in line with the following table, and subsequent figures updated accordingly.

	2025 Estimate (£000)	2026 Estimate (£000)	2027 Estimate (£000)	2028 Estimate (£000)
Impôt Duties Vehicle Emissions Duty (as amended)	3,203	3,058	2,919	2,796

- (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.
- (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law except that proposed transfer of monies from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025, 2026, 2027 and 2028 to reflect increased duties for non-commercial vehicles with CO2 mass emissions above 151 grams, with the relevant figures in Appendix 2 – Table 3 updated in line with the following table, and subsequent figures updated accordingly.

£'000		2025 Proposed	2026 Proposed	2027 Proposed	2028 Proposed
Transfer from	Transfer to				
Consolidated Fund	Climate Emergency Fund	4,371	4,326	4,282	4,239

- (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025.
- (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund

as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025;

- (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 – Summary Table 4 to the Report.
- (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 5(i) and (ii) of the Report.
- (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
- (i) to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2025 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 7 to the Report.
- (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 – Summary Table 8 to the Report except that the proposed transfer of monies from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025 to reflect increased duties for non-commercial vehicles with CO2 mass emissions above 151 grams, with the relevant figures in Appendix 2 – Table 3 updated in line with the following table, and subsequent figures updated accordingly.

£'000		2025 Estimate (as amended)
Opening balance		5,950
Transfer from the Consolidated Fund	Climate Emergency Fund	4,371
Expenditure		(8,346)
Closing balance		1,975

- (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows:

“The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005, is a permanent reserve only to be used:

- i. in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.

- ii. if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme.
  - iii. to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly;
  - iv. as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and
  - v. in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”
- (l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million).
- (m) in relation to the new Government Headquarters (office), to approve;
- i. the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the Public of the Island, in line with the pre-agreed terms; and
  - ii. the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and
  - iii. the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); and
- (n) in relation to the new Government Headquarters, to authorise H.M. Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m).
- (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying Report **except that in the section “Vehicle Emissions Duty” on page 32 after the words “the highest three emission bands will be increased to” replace the figures “5%, 10% and 20%” with the figures “10%, 15% and 25%” with the relevant figures in Table 5 and Table 6 updated accordingly.**

<b>CO2 Mass emissions (grams)</b>	<b>2024 Actual</b>	<b>2025 proposed (as amended)</b>	<b>Proposed Increase %</b>
0	0	0	-
1 – 50	35	35	-
51 – 75	73	73	-
76 - 100	240	240	-
101 – 125	422	422	-
126 – 150	715	715	-
151 – 175	1,367	1,504	10%
176 – 200	4,200	4,830	15%
201 or more	7,937	9,921	25%

<b>£'000</b>	<b>Proposed vs Forecast (as amended)</b>	<b>Proposed vs no change (as amended)</b>
Vehicle Emissions Duty increases	315	315

## REPORT

The purpose of this amendment to the Proposed Budget 2025 – 2028 is to increase the income generated by Vehicle Emissions Duty (VED) for transfer to the Climate Emergency Fund.

This amendment seeks only to generate income from the most polluting non-commercial vehicles, applying increases in the bands already identified by Government as the most polluting and increasing the percentage duty which is currently proposed.

The Panel believes that this amendment will provide greater and more meaningful value from what it recognises to be a progressive tax, which increases the direct contribution of those who are buying vehicles with the highest CO<sub>2</sub> mass emissions to the Climate Emergency Fund.

The Panel’s amendment would apply a 5% increase to each of the percentage increases proposed by Government for the highest three emissions bands for each of the four years of the Budget. The amendment would be to raise the proposed increases as follows:

- 5% to 10%
- 10% to 15%
- 20% to 25%

The Government’s current increase proposals are set out in the table below which is shown in the Budget Proposals section on page 33 of the Proposed Budget report.

Vehicle Emissions Duty – Non-commercial vehicles			
CO <sub>2</sub> Mass Emissions (grams)	2024 Actual	2025 Proposed	Proposed Increase %
0	-	-	-
1-50 [new rate band]	35	35	-
51-75	73	73	-
76-100	240	240	-
101-125	422	422	-
126-150	715	715	-
151-175	1,367	1,435	5%
176-200	4,200	4,620	10%
201 or more	7,937	9,524	20%

Table 5: Vehicle Emissions Duty

As a result of this amendment, the percentages and amounts shown in the table above would rise to:

CO <sub>2</sub> Mass emissions (grams)	2025 proposed	Proposed Increase %
151 – 175	1,504	10%
176 – 200	4,830	15%
201 or more	9,921	25%

A summary of the level and purpose of VED is set out in the Proposed Budget on pages 32 and 33 as follows:



*Vehicle Emissions Duty (VED) is charged when a vehicle is first registered in the Island. The amount of VED payable depends on the vehicle's CO2 emissions data, meaning that the charges are higher for the most polluting vehicles. The increase in income from VED proposals is transferred into the Climate Emergency Fund.*

*From 2025, it is proposed to increase the three highest emission bands for non-commercial vehicles. From 1 January 2025, the highest three emission bands will be increased by 5%, 10%, and 20% with no increases for most vehicles, which fall into the less polluting bands.*

*Commercial vehicle rates have not been increased since the category was introduced on 1 April 2022 and at the time reflected the rates from 2018. It is proposed that for commercial vehicles, VED will increase by forecast RPI (3.6%) across all bands to maintain the rate in real terms. Restricted Speed Agricultural Tractors VED rates will not be increased for 2025.*

The Panel believes that its amendment supports the principles set out above but also attaches greater importance to the Climate Emergency Fund and the need to provide the funding necessary to progress the actions of the Carbon Neutral Roadmap.

In May the Panel brought a successful amendment to the Government's Common Strategic Policy to reinstate the implementation of the Carbon Neutral Roadmap as a Government priority. This amendment seeks to further confirm that commitment and ensure that funding is set at an appropriate level for the scale of the task of implementing the Carbon Neutral Roadmap.

This increase should also be seen in the context of the Government's decision to freeze road fuel duty in 2025 – as it had done in 2023 and 2024 – and the consequent reduction in funding being transferred to the Climate Emergency Fund.

The Panel fully accepts the rationale for continuing the freeze in the face of challenging financial circumstances, however, it is also keen that, given the Government commitment to addressing the climate emergency, a way should be found to recoup at least some of that reduction without impacting on those most likely to be affected by cost of living rises.

As with the original increase proposals, the majority of vehicle purchases will remain unaffected as a result of this amendment and only those with the spending power to buy non-commercial vehicles with the largest engine-size will be subject to the increase to the one-off payment at the point of purchase.

The Panel also believes that, in line with the intent of the Carbon Neutral Roadmap the increase further emphasises the need to disincentivise the purchase of the most polluting vehicles.

It is not the Panel's intention to be prescriptive about the manner in which the Government uses the funding in order to implement the Carbon Neutral Roadmap, however, it has been keen to understand what work will be delivered, commenced or continued in 2025 to further the Ministerial commitment to implementation.

The Panel is aware from information provided at its last Quarterly Hearing that officers hope to focus work on the low-carbon heating incentive and that policy development work could be required on some aspects of the work and it is hoped the increased transfer to the Climate Emergency Fund could provide part of the funding solution for the next four years.

The Panel's view on the short-term nature of the Proposed Budget 2025 – 2028 will be set out in a Comments paper to be presented ahead of the States Assembly debate. This paper will also set out the wider findings of its Review of the Proposed Budget 2025 - 2028.

### Conclusion

The Panel would urge the States Assembly to approve this amendment to make an incremental difference to the money available to implement the Carbon Neutral Roadmap.

This amendment provides an opportunity to reaffirm the commitment set out in the Common Strategic Policy to address the climate emergency by ensuring that adequate funding is available to meet both the short-term policy and project goals of the next 18 months and the longer-term legacy that this Council of Ministers will pass on to future Governments.

### **Financial and staffing implications**

It is not intended that there should be financial or manpower implications that cannot be covered by either business as usual expenditure or the funding transferred to the Climate Emergency Fund.

### **Children's Rights Impact Assessment**

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.