STATES OF JERSEY

GOVERNMENT PLAN 2020–2023 (P.71/2019): FOURTH AMENDMENT (P.71/2019 Amd.(4)) – COMMENTS

Presented to the States on 21st November 2019
by the Council of Ministers

STATES GREFFE

COMMENTS

The Environment, Housing and Infrastructure Scrutiny Panel proposes the following in P.71/2019 Amd.(4) –

1 PAGE 2, PARAGRAPH (a) –

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

> ", except that the 2020 Estimate for "Impôt Duties Fuel" shall be decreased by £1 million, by increasing road fuel duty by 4 pence per litre (and not 6 pence per litre as originally proposed)".

2 PAGE 2, PARAGRAPH (c) –

After the words "of the Report" insert the words –

> ", except that, in Summary Table 3(i), the Head of Expenditure for "Treasury and Exchequer" shall be decreased by £1 million, by reducing the level of the transfer to the Climate Emergency Fund by £1 million, with other affected lines in Summary Table 3(i) to be amended accordingly".

3 PAGE 2, PARAGRAPH (f)(ii) –

After the words "Summary Table 6 to the Report" insert the words –

> ", except that, in Summary Table 6, the 2020 Estimated Income for the Climate Emergency Fund shall be reduced by £1 million, by reducing the level of the transfer from the Treasury and Exchequer Head of Expenditure, with the Closing balance in Summary Table 6 to be amended accordingly".

The Council of Ministers opposes this proposal and urges States Members to reject the amendment.

This amendment would immediately limit the ambition of the States Assembly and the Council of Ministers at their first opportunity to demonstrate commitment to tackling climate change.

The Sustainable Transport Plan, which will be lodged before the end of this year, will be asking the Assembly to support investment in transport initiatives that will have environmental benefits and will help Jersey to work towards carbon net neutrality by 2030. The Climate Emergency Fund would be a likely funding mechanism for these initiatives.

The amendment seeks to avoid the imposition of a 'polluter pays' tax, using an argument that the impact is unknown and the spending plans for the revenue unclear, but the Council of Ministers disputes that logic.

It is true that a detailed impact assessment has not been carried out on the impact on high-volume users, but polluter pays taxes impact the polluter proportionately more, and this is what further analysis will tell us. This is not the whole story though. The proposed increase is very modest, and can be mitigated immediately to some degree by using purchasing power and behaviour change as follows –

1. **Shopping around / creating firmer retail-supplier hedged prices** – The retail pump price regularly differs by an amount larger than the proposed increase. On 29th October 2019, as an example date, *Fuelwatch* reported that –

    a. Petrol varied from 113.9 to 131.9 pence per litre; a range of 18p. Average = 120 p/l.
    b. Diesel varied from 114.9 to 130.9 pence per litre; a range of 16p/litre. Average = 121.5 p/l.

    The proposed increase in the Government Plan is only 6p.

2. **Addressing driver behaviour and logistics planning** – Improved driving technique (avoiding harsh braking and acceleration) and good journey planning (e.g. using trackers, etc.) can frequently bring about a reduction in fuel use. The Eco-Active programme has previously offered driver training and awareness courses, with attendees reporting a drop in fuel use after employing the taught techniques, saving fuel and costs. Car-sharing would be another way of mitigating the extra costs for individuals; there are still too many single-occupancy cars commuting to St. Helier.

Combining the 2 points above can help mitigate exposure to the impôt rise by high-volume users. The salient reason to impose a polluter pays tax is to incentivise behaviour change and the uptake of improved driver behaviour and logistics planning to reduce fuel use (and cost of the full environmental impacts of motoring, such as air pollution and congestion). If this impôt rise were to have such an effect, it would be considered a success. It is accepted that if environmental taxes are effective in changing behaviour, inevitably over a period, the revenue they generate will reduce.

The amendment makes the connected argument that the spending plans for the revenue are not clear, and thus the loss of revenue for a temporary period is not detrimental. This argument has some merit, as the Sustainable Transport Plan has not yet been lodged. Again though, accepting the amendment would risk limiting the ambition of the Council of Ministers and the Assembly at their first opportunity to demonstrate commitment to tackling climate change. The funding will undoubtedly be required.

It is recognised that the current proposed Climate Emergency Fund will be insufficient to fund the scale of policies and offsets needed to meet the challenge of achieving carbon neutrality, and it will need to receive further revenue, especially if the current target date of 2030 is adopted. By missing the opportunity to gain the maximum income possible from this modest policy intervention at the earliest date, the Assembly would send a signal that it is not serious in respect of the environment and its stated commitment to tackling climate change.