Fuel Prices

Sarah Wollaston (Totnes, Conservative)

I fully support that, because in south Devon those on the lowest incomes will be hardest hit. They will be spending yet more of their disposable income on fuel or they will be waiting at the side of a road for a bus service that can no longer afford to operate.

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Sarah Wollaston (Totnes, Conservative)

When Labour came to power in 1997, fuel duty stood at 36.8p per litre. When it left office in 2010, the price was more than 57p per litre—"a pain in the gas" as they say in the United States. I therefore welcome the early and decisive action taken by the Treasury in taking 1p off fuel duty, scrapping the duty escalator and delaying the 3p per litre rise. Many Members have today made a compelling case for why we now need the Treasury to go further, however.

I represent a large rural constituency in south Devon, and having a car in order to get to work or exercise choice in education is not a luxury; it is an absolute essential. My constituents spend a far greater proportion of their disposable income on fuel than those who live in cities.

A further 3p rise in January would not just hit householders, however; it would hit essential local businesses, too. Some 65% of all the UK’s groceries are delivered on retread tyres produced by a company in my constituency: Bandvulc tyres. It also exports to cities across Europe. It is a significant employer and wealth generator, but a 3p a litre rise in fuel duty would cost it an additional £24,000 a year, because it uses more than 500,000 litres of fuel a year. It is a family-run manufacturing business producing a sustainable product and creating local jobs. It wants to stay in Devon but knows that it would make economic sense to relocate part of its business to eastern Europe as a result of the fuel duty rise. There are similar examples among other businesses in my constituency.

Another very important sector in my constituency is tourism. I am talking about businesses such as Sharpam wines and cheeses, which attracts 7,500 tourists a year and employs up to 40 people. More importantly, it is in the top six wine producers in the UK and it is another wealth creator that exports across Europe. That business spoke of the ripple effects of a further rise in fuel duty, as did many others. A business that I visited last week, Palladium Building Supplies, told me of the knock-on effect to the entire building industry across south Devon that there would be if we go ahead with this rise.

Mel Stride (Central Devon, Conservative)

My hon. Friend is making a powerful point about the effect on businesses. Does she accept that not only are these high fuel prices damaging businesses, but that, in turn, that is
leading to less revenue to the Exchequer, because businesses are becoming less profitable?

Sarah Wollaston (Totnes, Conservative)

My hon. Friend makes an excellent point. This is about whether a 3p a litre increase will generate any income. Many of my constituents feel that it will lead to a drop in income, because they will simply not be able to fill up their cars.

Jo Swinson (East Dunbartonshire, Liberal Democrat)

I agree with the hon. Lady's case, which has been made by others, that the Government need to take account of the impact of the high price of fuel and the hurt it is causing to families, individuals and businesses. She mentions an important short-term measure, but does she agree that in the medium and long-term it is also important that the Government take action to reduce our dependency on oil, the price of which is only likely to rise, and look towards investment in things such as electric cars and charging infrastructure across the country, so that we will be set for the rest of the 21st century?

Sarah Wollaston (Totnes, Conservative)

My hon. Friend makes a good point. Indeed, one organic business in my constituency said that it would find a rise more acceptable if it could be seen directly as a green tax. Unfortunately, that is not the case. In my constituency, people will be badly hit by a double whammy, in that the bus service operators grant is set to be reduced by 20% next year. Just when they cannot afford to use their cars, people are being hit by a real threat to rural bus services, which are already at a critical level in south Devon. I hope that the Minister will set out what proportion of the rise will be set aside for green taxation purposes.

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