

Healthy public finances are essential for future growth and jobs. The UK is still faced with the serious and unavoidable economic challenge of tackling the deficit which we inherited from previous Government. That is why we have taken care to ensure that this package on motoring is part of a balanced, fiscally neutral Budget.

We are monitoring the situation in respect of petrol retailers and the 1 pence cut in excise duty. Data from petrolprices.com showed that average pump prices fell by approximately 0.8 pence per litre between 23rd and 28th March 2011, when upward momentum from rising oil prices which would otherwise have pushed up pump prices.

Fuel duty is collected directly from fuel producers and therefore does not distinguish between different fuel consumers or geographic areas. However, a derogation request has been submitted to the European Commission for a rural fuel duty rebate pilot scheme. This is intended to deliver a 5 pence per litre duty discount on petrol and diesel across the Inner and Outer Hebrides, the Northern Isles, the islands in the Clyde and the Isles of Scilly. Pump prices in these areas are particularly high compared to mainland areas because of the high costs of transporting and distributing fuel to rural island communities.

Please pass on my thanks to Ms Ward for taking the trouble to make us aware of these concerns.

*Bert Wishes,*

*Justine*

JUSTINE GREENING