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One in five motorists would consider a low-carbon car, but new vehicle tax changes likely to put them off

Almost one in five motorists (19%) say they would consider a hybrid or electric vehicle (EV) as their next car, according to research conducted for the RAC Report on Motoring 2015, but the RAC is fearful changes to the Vehicle Excise Duty system are likely to dampen their enthusiasm.

For half of this group (47%) it is the potentially lower running costs rather than low emission levels that is the main attraction. This is reflective of motorists' feelings around buying new cars with 40% stating running costs

are the most significant factor, compared with 28% who pay more attention to the purchase price.

The environmental impact of the cars they drive is low on the list of motorists' overall concerns in this year's Report on Motoring with only one in every 50 drivers (2%) listing this as their top concern and, like last year, just 7% list the environment among their four greatest concerns. This is not to say that drivers have no interest in low-emission vehicles: but the decision to buy such cars is driven more by personal finances than social responsibility.

Although 19% of motorists saying they would consider buying some form of low-carbon vehicle is a significant minority, the appeal of lower running costs is bound to lose some of its 'shine' as changes to the Vehicle Excise Duty (VED) system announced by the Chancellor in the 2015 summer Budget will reduce incentives to run low-emission vehicles.

From 2017, only new cars which produce zero emissions will be exempt from VED in the first and subsequent years whereas at present, cars which produce 100g/km or less in carbon dioxide permanently avoid VED. Under the new system these lower-emission models will pay between £10 and £100 in first-year VED, and after year one, all vehicles other than those with zero emissions will face a flat £140 annual charge.

RAC chief engineer David Bizley said: "Treasury income from VED is currently falling each year as the average carbon dioxide emissions of new cars falls so the Government does need to take action to stabilise the income from VED, not least because VED will be ring-fenced from 2020/21 to fund the development and maintenance of the strategic road network across the UK.

"We applaud the Government's aim to simplify the VED system, but have concerns that the proposed new regime may slow the significant progress that has been made in reducing carbon dioxide emissions from passenger cars and light commercial vehicles. As annual running costs play a significant part in the choice of a new vehicle, the removal of any VED benefit from running ultra-low-carbon vehicles, other than a pure electric vehicle, is bound to have an effect when motorists are weighing up the options.

"We accept the current VED system needs to be changed, but the Government's plans to remove one of the financial benefits of running plug-in hybrid or extended-range electric vehicles – the fastest-growing part of

the ultra-low emission vehicle market – could easily put some motorists off buying them. The Government needs to find a way of continuing to incentivise motorists to switch to low-carbon whilst maintaining income for the Treasury.

“However, it is also important to recognise that the motoring taxation framework as we know it today will need to change as more and more low-carbon vehicles take to the road. As this happens, fuel duty revenue from petrol and diesel, which currently stands at 57.95p in every litre sold and generates an annual income of around £26bn a year for the Treasury, will shrink to a fraction of its current level leaving a big hole in the Treasury finances.

“Under the current taxation model, the more successful we are at decarbonising the vehicle parc, the bigger the hole will be in motoring taxation income for the Treasury. This is something the Government needs to be planning for now and can only be addressed by a radical overhaul of the motoring taxation regime.”

Department for Transport figures show that registrations of ultra-low-emission cars (predominantly pure electric cars such as the Nissan Leaf and plug-in hybrids such as the Mitsubishi Outlander) increased by 19% to 34,666 in the second quarter of 2015 from 33,697 between January and March. Since the start of 2010 and the end of June 2015, some 37,742 ultra-low emission vehicles have been registered in the UK.

Overall, combined hybrid and electric car sales add up to less than 3% of the UK new car market.

Notes to Editors

About the RAC

With more than eight million members, the RAC is one of the UK's most progressive motoring organisations, providing services for both private and business motorists. Whether it's roadside assistance, insurance, buying a used car, vehicle inspections and checks, legal services or up-to-the-minute traffic and travel information – the RAC offers a solution for all motoring needs. The

RAC is committed to making motoring easier, safer, more affordable and more enjoyable for drivers and road users.

The RAC is the motorist's champion and campaigns to support the interests of its members and UK motorists at a national level, including advancing levels of road safety, supporting the needs of young drivers and voicing concerns about the increasing cost of motoring. The RAC's annual Report on Motoring – first published in 1989 – provides a clear insight into the concerns and issues facing today's motorists.

For the very latest news on UK fuel prices, check RAC Fuel Watch or follow #racfuelwatch on Twitter. This is a comprehensive guide to the latest UK unleaded petrol and diesel prices – both at the wholesale level and at the pump. RAC Fuel Watch analyses how prices changed through the previous month and compares the most recent prices with those from three, six and 12 months before.

Key facts:

- RAC patrols fix four out of five vehicles at the roadside and on average within 34 minutes
- RAC vans carry more than 500 parts and tools to get members' vehicles going again
- 98% of members would recommend RAC Rescue to their friends and family

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