

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

6th November, 2018

Proposition No. P.2018/108

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2019

AMENDMENT

Proposed by: Deputy J S Merrett

Seconded by: Deputy R H Tooley

1. In Proposition 27, in items (g), (i) and (j), to delete "70.1p" and to substitute therefor "67p", and to amend the relevant entries in The Excise Duties (Budget) Ordinance, 2018 accordingly.
2. In Proposition 27, in item (h), to delete "47.0p" and to substitute therefor: "45p", and to amend the relevant entries in the The Excise Duties (Budget) Ordinance, 2018 accordingly.
3. In Proposition 28, after "shall have effect as an Ordinance of the States" add the words "subject to such modifications as may be necessary to accommodate any amendments to the rates of excise duty set out in proposition 27."
4. After Proposition 28, to insert the following:

"28A. To resolve that a Committee of the States shall be formed to be called the Fuel Duty Review Committee, which shall be a States Investigation & Advisory Committee, and that its membership shall comprise:
 - a) a Chair elected by the States who shall not be a member of the Policy & Resources Committee or the Committee *for the* Environment & Infrastructure;
 - b) a member of the Policy & Resources Committee nominated by that Committee;

- c) a member of the Committee *for the* Environment & Infrastructure nominated by that Committee; and
 - d) two members elected by the States.
- 28B. To agree that the mandate of the Fuel Duty Review Committee shall be to consider and review the best way of raising sustainable revenues in respect of motor vehicles, fuels and otherwise in relation to motoring in future, with the object of maintaining such revenues of the States at their current levels, taking into account the ongoing reduction in income derived from fuel duty, and based as far as possible on the 'user pays' principle.
- 28C. To agree that the Fuel Duty Review Committee shall also give consideration as to how the use of electric vehicles might be incentivised, at least until such time as they reach market parity (in terms of capital cost) with internal combustion engine vehicles.
- 28D. To direct the Policy & Resources Committee to make arrangements for the administrative support of the Fuel Duty Review Committee.
- 28E. To agree that the Fuel Duty Review Committee shall present its findings to the States no later than the end of May 2019 with appropriate recommendations."

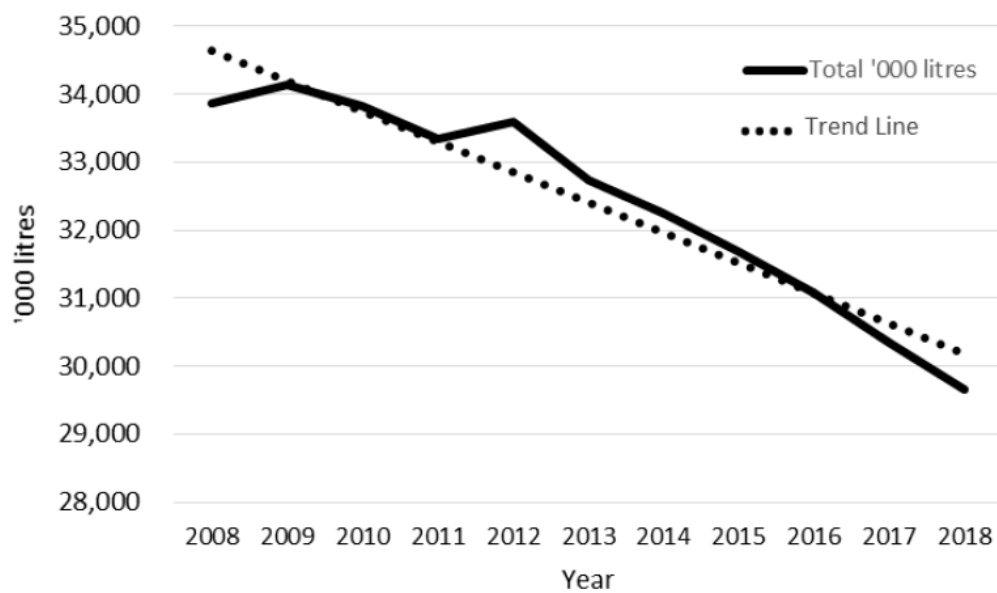
Explanatory Note

Proposition 1 freezes all forms of excise duty relating to motor fuel sales ('fuel duty') – this includes 27g (petrol), 27i (gas oil, also known as diesel) and 27j (biodiesel). The estimated loss of revenue is approximately £900,000.

The revenue derived from all fuel has increased since 2014 by almost £1 million a year (see Table 1) but with a steady decline in the volume of motor fuel used: from nearly 34 million litres in 2008 to less than 30 million litres in 2018. (see Chart 1). It is arguable that those who can afford Electric vehicles and those that can afford newer, fuel efficient cars or hybrid cars are not sharing the burden of fuel duty and that it is falling on those who can least afford it.

Year	£
	£'000
2014	16,069
2015	17,082
2016	18,740
2017	19,390
2018	19,870

(Table 1)



(Chart 1)

Proposition 2 relates to the rate of excise duty on petrol that is used for the purpose of marine navigation (where supplied by an approved trader). The change to 45p is an inflation-only increase on the previous year's rate (taking out the link to the motor tax increase).

Continuing to raise fuel duty in an attempt to try to retain the same revenue is clearly unsustainable. The States have grappled with this on numerous occasions and continues to revert to more fuel duty. Proposition 3 will direct that an Investigation & Advisory Committee is created to address this and advise the Assembly via a policy paper on recommendations of how the tax base on revenue derived by fuel duty can be diversified. The Committee will have a clear mandate and requirement to report back to the States, so that the States can finally decide how the revenue derived from fuel duty can be sustained.