

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

7th November, 2023

Proposition No. P.2023/114

Policy & Resources Committee

The States of Guernsey Budget Report for 2024

AMENDMENT

Proposed by: Deputy H L de Sausmarez

Seconded by: Deputy A Gabriel

To insert the following Proposition:

“To direct the Committee for the Environment & Infrastructure to implement the rates of First Registration Duty as set out in the Table 1 of the explanatory note to raise an estimated £340,000 in additional general revenue, and to amend the relevant table in Appendix V to add £250,000 to the 2024 budget for the Committee for the Environment & Infrastructure for ‘Passenger Services’ to mitigate as far as possible the need to increase standard bus fares in real terms in 2024.”

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by increasing general revenue in a way that is fiscally equitable and progressive and supports wider States policies including the Integrated Transport Strategy, the Energy Policy and the Climate Change Policy.
- b) In preparing the proposition, consultation has been undertaken with the President of the Policy & Resources Committee.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect are anticipated to be an increase of revenue in the region of £340,000.

Explanatory note

This amendment has two complementary and interdependent effects: it increases general revenue by an estimated £340,000 primarily through the introduction of two new First Registration Duty (FRD) bandings to cover higher polluting diesel and non-diesel vehicles, and it increases the budget for Passenger Transport by £250,000 to help mitigate the need to raise bus fares over and above inflation in 2024.

First Registration Duty

FRD¹ is a vehicle emissions charge that is payable by anyone registering a vehicle in Guernsey for the first time.

However, Guernsey's emissions bandings are capped much lower than comparable jurisdictions and therefore our rates for the highest emissions vehicles are also much lower than are typically found elsewhere. Guernsey's two highest emissions bandings for diesel vehicles are >131g and >141g, and for non-diesel vehicles >151g and >165g. By comparison, Jersey's two highest bandings are >176g and >201g, and the UK's are >226g and >255g.

Guernsey's two highest emissions bandings are currently charged at £1,110 and £1,500 respectively. By way of comparison, the UK's² first year of charge (alone) for the two highest emissions bandings are £2,220 and £2,605 respectively, whilst Jersey's³ Vehicle Emission Duty charges £3,500 and £6,100 respectively for its two highest emissions bandings.

This amendment proposes that two additional higher emissions bandings are introduced and charged at £2,000 and £2,500 respectively – see Table 1 below. It also increases existing bands to account for inflation so as to avoid a real-terms reduction in revenue on that basis.

The First Periodic Review⁴ of the Integrated Transport Strategy recommended increasing FRD on the highest emissions vehicles, as analysis showed that charges to date have proved ineffective in discouraging the most polluting vehicles.

The highest emissions vehicles are also often the most expensive, so in broad terms this is a fiscally progressive measure – especially in the context of additional revenue being invested in the bus service to keep fares as affordable as possible for bus passengers, who include people who cannot afford to own or run a car.

¹ [CHttpHandler.ashx \(gov.gg\)](#)

² [Car tax bands: everything you need to know | Carbuyer](#)

³ [Microsoft Word - 2023 REVENUE RATES \(gov.je\)](#)

⁴ [The on-island Integrated Transport Strategy: First Periodic Review - States of Guernsey \(gov.gg\)](#)

Table 1: Proposed New FRD Rates, Effective 1 January 2024

Band	DIESEL CLASS VEHICLE'S ESTABLISHED CARBON DIOXIDE EMISSIONS FIGURE (g/km)	NON-DIESEL CLASS VEHICLE'S ESTABLISHED CARBON DIOXIDE EMISSIONS FIGURE (g/km)	DIESEL CLASS VEHICLES ESTABLISHED ENGINE SIZE FIGURE (cc) (IF CO ₂ FIGURE UNAVAILABLE)	NON-DIESEL CLASS VEHICLE'S ESTABLISHED ENGINE SIZE FIGURE (cc) (IF CO ₂ FIGURE UNAVAILABLE)	Carbon Dioxide Emissions Duty (£)
1	0 to 100	0 to 110	0 to 1000	0 to 1000	55
2	101 to 110	111 to 130	1001 to 1150	1001 to 1350	200
3	111 to 120	131 to 140	1151 to 1300	1351 to 1500	610
4	121 to 130	141 to 150	1301 to 1450	1501 to 1650	900
5	131 to 140	151 to 165	1451 to 1600	1651 to 1800	1190
6	141 to 150	166 to 180	1601 to 2000	1801 to 2200	1600
7	151 to 200	181 to 230	2001 to 2500	2201 to 2700	2000
8	201 and over	231 and over	2501 and over	2701 and over	2500
	Motorbikes				
Band	Engine size CC	CO ₂ Emissions Duty £			
1	0	25			
2	1 to 500	55			
3	500 and over	110			

Bus Service

The bus service is a vital public service that connects people with employment, education, training, healthcare, social events and much more. We aim to keep fares as affordable as possible – something that is particularly important given the cost-of-

living crisis and the fact that the bus service supports people including those who cannot travel by car, whether for affordability or health or other reasons.

The Committee's budget has fallen in real terms year-on-year, as contract costs across the board have risen by inflation while the cash limit annually has risen by less than inflation. Savings have been found, charges have been increased and services have been cut to make ends meet.

The bus service in particular has been subject to very significant cost pressures in the last couple of years. This is primarily due to the following factors:

- The global shortage of bus drivers, which has necessarily led to higher pay costs;
- Inflation on fuel costs;
- Increased maintenance and rental costs due to some of the existing bus fleet reaching end-of-life and capex constraints, and
- Significant increases in the cost of the school bus service, arising primarily from the harmonisation of school finishing times.

Despite savings having been made in other areas of the Committee's mandate, bus fares have still needed to be increased twice in the last five months alone – some by as much as 20%.

The Committee is mindful of the impact of these recent fare increases on bus passengers and is very keen to avoid further fare increases early next year, recognising the potentially negative effect that consecutive large jumps in fares could have on the bus travelling public, especially those on lower incomes. However, because the Committee's funding request was rejected, fares will need to increase again around April 2024 if the Committee's budget is not increased. This amendment seeks to increase the Passenger Services budget – funded by responsible and appropriate means – in order to avoid that situation.

Complementary Solution

The change to FRD proposed in this amendment will generate additional revenue estimated at £340,000. This automatically goes into general revenue. This amendment proposes that £250,000 of that estimated additional revenue is added to the Passenger Services budget in order to mitigate as far as possible the need to increase bus fares above inflation in 2024. General revenue will of course also benefit by an estimated £90,000.

This measure therefore aligns with fiscal policy objectives, transport policy objectives and social policy objectives.