

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November, 2026

Proposition No. P. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2026

AMENDMENT

Proposed by: Deputy L Van Katwyk

Seconded by: Deputy R Curgenven

To insert, in Proposition 9, immediately before the full stop the following:

“; subject to the following amendment to the Ordinance, which is to be amended so that the amounts in column 3 of paragraphs 2 and 3 of the inserted text in section 6 remain the same as those presently in force, namely as follows:

- (a) in the third column of paragraph 2 of the inserted text in section 6,
 - (i) for “94.4p” wherever it appears substitute “90.5p”
 - (ii) for “64.0p” substitute “61.4p”
 - (iii) for “63.1p” substitute “60.5p”, and
- (b) in the third column of paragraph 3 of the inserted text in section 6, for “63.1p” substitute “60.5p”.

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy priorities by ensuring that the burden of taxation does not disproportionately fall on those without the means to pay. It also supports the protection of small businesses that are regularly required to travel for their work, as well as the livelihoods of fishermen and public service vehicle drivers, recognising the particular operational and financial pressures faced by these sectors.
- b) In preparing this proposition consultation no consultation has taken place.

- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implication is a reduction in expected revenue from fuel duty. The Budget Report puts the yield of the 4.3% increase on motor fuel at £500,000. The further sum from freezing marine fuel at 61.4p per litre, rather than raising it to 64p, has not been separately identified but is thought not to be material.
- e) Drafting advice has been sought from the States' Greffier.

Explanatory Note

The effect of this amendment is to freeze duty on petrol, gas oil and marine fuel at the current rates.

The Budget proposes an inflation-linked increase of 4.3% from 1 January 2027. Motor fuel would rise from 90.5p to 94.4p per litre, about 3.9p at the pump. Marine fuel would rise from 61.4p to 64p per litre. The Budget Report puts the extra revenue from the motor-fuel increase at £500,000, within forecast motor-fuel duty of £23.1 million.

Pump prices are already at record levels. Diesel has been reported at up to 194.5p a litre. That rise has come from oil prices and the cost of getting fuel to the Island, not from a local decision. A States increase on top of that is a choice.

The same choice falls on the fishing fleet. Marine fuel is a direct cost of going to sea, and it cannot be avoided by changing the vehicle. Local fishermen are already dealing with higher fuel, tighter margins and uncertain catches. Raising the duty on the fuel they use to work adds a States charge to a cost they do not control. This amendment freezes that rate at 61.4p.

The public have also been told that fuel duty will be cut by 25% when annual motor tax is introduced. On the States' own figures that cut is worth about £130 to £140 a year for a typical private vehicle, against a median motor tax of about £132. The Budget treats 2027 as a transitional year. The cut is not in this Budget and is not expected before 2028. Raising the rate now increases the base from which any later cut would be taken.

This amendment does not change the decision to introduce motor tax, and it does not bring forward the 25% cut. It stops a further rise in 2027, on the road and on the water,

while that package is still being brought in. Vehicle First Registration Duty is left as proposed.

The cost is the £500,000 the motor-fuel increase was expected to raise, plus the smaller sum from leaving marine fuel at 61.4p. Set against a Budget surplus of £4.2 million before investment returns, and a £15 million growth fund funded from higher-than-expected Pillar 2 receipts, that money does not need to be taken from motorists or fishermen next year.

Finally, it should be noted that, in the UK, Fuel duty was initially cut by 5p in the Spring Statement in March 2022, under the Conservative government. It was supposed to last 12 months, but has been repeatedly extended.