

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

27th June, 2017

Proposition No. P.2017/53

AMENDMENT

Proposed by: Deputy E A Yerby
Seconded by: Deputy H J R Soulsby

Policy & Resources Committee

The Policy & Resource Plan – Phase Two

To delete Proposition 2 and substitute therefor: *“To approve that the annual General Revenue Appropriation to the Capital Reserve shall be an amount which, taken together with all other forms of public funding for capital, is sufficient to achieve the Fiscal Framework target of actual capital expenditure averaging 3% of GDP per annum in the medium term.”*

Explanatory Note

This amendment removes the assumption that appropriations to the Capital Reserve can automatically be reduced in order to balance the books, which was contained within the original Proposition Two. While it may, from time to time, be considered prudent to do so, this should be considered on a case-by-case basis, rather than built into the fiscal rules – especially as this is an approach which has drawn considerable criticism from States Members in the past.

The amendment also reflects the fact that there are multiple sources of funding for capital expenditure, not simply the general revenue appropriation to the Capital Reserve. Funds spent on capital infrastructure through, for example, the reinvestment of capital income or the States Bond should also be counted towards the target of capital expenditure equal to 3% of GDP on average per annum.