

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

25 January, 2023

Proposition No. P.2022/112

POLICY & RESOURCES COMMITTEE

THE TAX REVIEW: PHASE 2

AMENDMENT

Proposed by: Deputy J P Le Tocq

Seconded by: Deputy P T R Ferbrache

1. In Proposition 2A ii. to add, after the words “with minimal exemptions and zero rating” the words:

“, such rate not to be increased for at least 10 years from the date of implementation;”

2. To delete proposition 2B and replace with:

“B) To direct the Policy & Resources Committee to:

i. Prepare the States of Guernsey Annual Budgets for 2024 to include no real-terms growth in revenue expenditure, excepting the budget of the Committee *for* Health & Social Care.

ii. Through engagement with Principal Committees and wider States Members, to identify and review essential community services to consider where structural change, cessation, outsourcing or commissioning of those services could deliver significant savings, and to incorporate these into a medium-term plan for delivering overall cost reductions of at least £10m over five years to be considered by the States no later than July 2024.

iii. Review the Capital Portfolio in light of the outcome of the debate on the Tax Review and report back to the States with recommendations for any changes to scope or funding by September 2023.

iv. Include proposals with the Government Work Plan 2023 to reprioritise initiatives for which funding has not yet been released to the extent necessary to limit the additional expenditure to deliver these initiatives over the remainder of this term to a maximum of £5.7m, being 1% of the 2023 General Revenue budget.”

3. To insert an additional Proposition:

- “7) To agree that, bearing in mind the islands’ capacity to deliver infrastructure projects, Principle 6 of the Fiscal Policy Framework should be amended to state, *“Capital expenditure over any States term should be maintained at a level which reflects the need for long- and medium-term investment in infrastructure and direct capital expenditure by the States should average no less than 1.5% of GDP per year averaged over a four-year period.”*”

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by delivering on the action in the Government Work Plan to agree a sustainable taxation policy.
- b) In preparing the propositions, the Committee has consulted with numerous States Members
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) The Policy & Resources Committee would intend to fund the amount necessary to bring these proposals to the States from the Budget Reserve for 2023 and ask the States to prioritise funding for any work required in 2024 through the Government Work Plan.

Explanatory Note

This amendment proposes ensuring that the 5% rate of GST is not capable of being increased for at least 10 years.

The Policy & Resources Committee also propose limiting the growth in States’ expenditure in 2024 while a piece of work is undertaken, working with Principal Committees, to identify options for savings in public expenditure.

On the basis that it is a minimum rate of expenditure, the Committee wishes to propose amending the fiscal policy framework to direct that capital expenditure should be on average a minimum of 1.5% per annum.