

IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 26th DAY OF JUNE, 2009

(Meeting adjourned from 27th May, 2009)

**The States resolved as follows concerning Billet d'État No IX
dated 6th March 2009**

TREASURY AND RESOURCES DEPARTMENT

CAPITAL PRIORITISATION

After discussion of the Report dated 24th February, 2009, of the Treasury and Resources Department:-

1. To approve the recommended programme for capital projects totalling £301million as set out in Programme C of Section 6 of that Report, subject to the proviso that the timetable for undertaking the projects shall be determined by availability of funding.
2. To note that each project that is included within the capital programme will be the subject of a separate Report before the project can commence unless the Treasury and Resources Department has delegated authority to approve a capital vote; and to agree that the States will not be asked to approve the replacement of the Sarnia Work-Boat, either directly or through the Treasury and Resources Department acting under its delegated powers, unless an independent vessel survey has indicated that the vessel has reached the end of its safe working life or is likely to do so within four years.
3. To authorise the Treasury and Resources Department to approve capital votes for expenditure on progressing to tender stage those projects that have been included in the capital programme, funded by transfers from the Capital Reserve.
4. To authorise the Treasury and Resources Department to transfer from the Capital Reserve such sums that are necessary to fund approved capital votes.
5. That the Ports Holding Account shall not be collapsed in advance of the consideration by the States of a report from the Public Services Department in December 2009 on the options for moving the trading entities of Guernsey Harbours and Guernsey Airport into a different business environment, BUT THAT, in any event, the operating surplus before depreciation shall be transferred to the Capital Reserve from the Ports Holding Account from 2010 until such time as the Ports Holding Account may be discontinued.

6. That the Treasury and Resources Department shall loan to the capital reserve, from the general revenue cash pool and/or the contingency reserve, up to £83 million, accruing interest at the States Treasury interest rate (subject to proposition 9), and to be allocated strictly against the solid waste solution.
7. That the internal borrowing referred to in proposition 6 shall be repayable over a 20 year period from income generated by the solid waste solution.
8. That all other capital expenditure as may be agreed by the States as part of this approved programme of capital projects shall be financed from the funds available to the capital reserve, including;
 - (a) appropriations from general revenue in the years 2009, 2010, 2011, 2012, 2013 and 2014;
 - (b) an additional surplus from the ports holding account from 2011 of £1.775 million per annum at 2009 values (adjusted and maintained in real terms)
 - (c) the additional operating surplus for 2008 of £22 million, which shall be transferred immediately.
9. To direct the Treasury and Resources Department to investigate the feasibility of arranging an interest rate swap to substitute a fixed interest rate for the variable States Treasury interest rate in respect of the internal borrowing referred to in proposition 6, and authorise that Department to enter into such an arrangement if thought appropriate.
10. To re-affirm the principle that States borrowing (whether internal or external) should be approved only for capital projects with a secure, associated income stream.

S M D ROSS
HER MAJESTY'S DEPUTY GREFFIER