

**IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 8th DAY OF NOVEMBER, 2019**

Adjourned from the 5th November, 2019

**The States resolved as follows concerning Billet d'État No XXI
dated 7th October, 2019**

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2020
P.2019/104

- I: After consideration of the States of Guernsey Annual Budget for 2020:-
1. To direct the Policy & Resources Committee to submit a policy letter to the States for consideration no later than March 2020 reporting on the findings of the review of the terms and conditions of public sector workers, together with any recommendations in respect of the remuneration of employees based on the principles of fair and equal pay including, if appropriate, a timeframe for their implementation.
 2. To endorse the intention of the Policy & Resources Committee to submit a revised "Review of the Fiscal Policy Framework" policy letter to the States for consideration no later than January 2020 including:
 - i. Addressing what the appropriate long-term aggregate limit on States' revenues (including all forms of taxation and social insurance contributions) should be, taking into account the known and estimated long-term pressures; and
 - ii. Terms of reference for a review to examine options to raise further revenues from corporate taxes and the introduction of new taxes in areas such as a ring-fenced health tax, consumption taxes, etc. in order to raise sufficient revenues.
 3. To authorise the Policy & Resources Committee to make transfers from the General Revenue Account Reserve to the Budget Reserve until 31 December 2019.
 4. To note that the £26.1million of savings projected in the Medium Term Financial Plan will not be fully realised by the end of 2021 and to agree that public service reform activity must continue to generate reform dividends in order to contribute towards balancing the budget.
 5. To authorise the Policy & Resources Committee to transfer the sum of £40 million from General Revenue to the Capital Reserve during 2020.

6. To approve that returns of capital from the States' trading assets and capital income in 2020 be transferred to the Capital Reserve.
 7. To immediately transfer the sum of £900,000 from the General Reserve to the Future Guernsey Economic Fund.
- 7A.
- i. To endorse the Guernsey Finance LBG green finance initiative and its objective of Guernsey being at the forefront of the development of green and sustainable finance, and to affirm support for financial assistance of up to £300,000 to be provided through the Future Guernsey Economic Fund, following consideration by 31st December 2019 of a suitable business case by the Committee *for* Economic Development and the Policy & Resources Committee.
 - ii. To endorse a continued commitment to Guernsey Finance LBG, as the promotional body of the finance sector and to direct the Committee *for* Economic Development to, by the end of March 2020:
 - Develop a sustainable model for the continued funding of Guernsey Finance LBG, working with the Board of that company, that defines clear outcomes expected from such investment and provides Guernsey Finance LBG with greater certainty to plan and invest;
 - Formalise the States' funding of Guernsey Finance LBG in an agreement setting out, *inter alia*, investment objectives, performance reporting metrics and grant levels; and
 - Conclude its examination of the synergies between all of the promotional activities it provides funding for (including Guernsey Finance LBG, the Visit Guernsey brand and the Locate Guernsey brand) in order to assess any opportunities to further enhance overall effectiveness through the sharing of resources.
8. To note the use of £3.34million of the General Reserve to increase the 2020 budgets of the Committee *for* Education, Sport & Culture (£3.065million) and the Committee *for* Home Affairs (£275,000).
- 8A. To direct the Policy and Resources Committee to transfer £100,000 from the Budget Reserve to support training and development costs within the Committee for Home Affairs and for any continuation of this funding in future years to be subject to a bid as part of the 2021 Budget.

9. To increase the authority delegated to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund for the People Plan by £500,000 to £1.25million.
10. To vary the authority delegated to the Policy & Resources Committee by Resolution 33 on Billet d'État XXIV of 2018 in respect of funding Organisational & Service Design (up to a maximum of £8m) from the Transformation & Transition Fund, such that the Committee may reprioritise some or all of the remaining balance available to it through that delegated authority, in order to fund any of the six Public Service Reform initiatives (listed in the table at paragraph 4.8 of the policy letter) which fall directly or predominantly within its mandate, as well as the oversight of Public Service Reform as a whole, in accordance with its priorities and to the extent that these fall within the criteria for Transformation & Transition funding.
11. To extend the company higher rate tax (20%) to:
 - (a) Income from the licensed activity of cultivation of cannabis plants, and income from the use of those cultivated cannabis plants or parts of those cultivated cannabis plants for –
 - i. any licensed production of industrial hemp, supplements, cannabidiol, fibre, medicinal products or other products,
 - ii. any licensed processing, or
 - iii. any other licensed activity or use, and
 - (b) where prescribed by regulations of the Policy & Resources Committee, income from –
 - i. the licensed production of controlled drugs, and
 - ii. the use of those controlled drugs (produced under license) or parts of those controlled drugs for any licensed activity or use,and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2020.
12. To extend the company intermediate income tax rate (10%) to the income from the activity of operating an aircraft registry, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2020.
13. To agree that the annual tax-free lump sum limit for a pension scheme is set at £203,000 for 2020.
14. To endorse the intention of the Policy & Resources Committee to increase the Benefit in Kind charges with effect from 1 January 2020, by 2.5% per annum, compounded, for

2020, 2021 and 2022, as set out in paragraph 6.36 of this Report, by regulation under powers conferred by section 8(2A)(b) of the Income Tax (Guernsey) Law, 1975.

15. To amend the Income Tax (Guernsey) Law, 1975 to clarify that an individual electing to pay the standard charge remains liable to Guernsey income tax on his or her worldwide income, and to direct the preparation of such legislation as may be necessary to give effect to this decision with effect from 1 January 2020.

16. To amend the Sixth Schedule of the Income Tax (Guernsey) Law, 1975 to exclude from the tax cap-

- (a) triviality payments, and
- (b) such amounts of lump sum payments from pension schemes or annuity schemes which are chargeable to tax as being over the tax-free limit,

which derive from Guernsey tax-relieved contributions.

17. That,

- (a) subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2020 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;
- (b) the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled;
- (c) "Family Allowances" means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
- (d) "the income Tax (Guernsey) Law, 1975" means that Law as amended, extended or applied by or under any other enactment.

FIRST SCHEDULE

Year of Charge 2020

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate. In order to calculate the amount of the allowance, where the taxpayers are married or in a civil partnership, each spouse's income shall be considered separately, in accordance with the table below. All allowances are subject to the following conditions –

- (i) the allowances shall be pro-rated for a person who is solely or principally resident in the years of that person's, arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975,
- (ii) where a person is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, or a Guernsey old age pension arising under section 33 of the Social Insurance (Guernsey) Law 1978, then the pro-rating under section 51(5) and 51A(2A) of the Income Tax (Guernsey) Law, 1975 shall apply –
 - (a) from the commencement of the year of charge until the date of arrival (in the case of that person's permanent arrival),
 - (b) from the date of departure until the end of the year of charge (in the case of that individual's permanent departure), and
- (iii) the totality of each person's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £5 that that person's calculated income is above the limit of £100,000 (such limit being pro-rated in the year of arrival or departure, based on the proportion of time spent in Guernsey in the relevant year).

For the purpose of this schedule –

- (a) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and
- (b) the withdrawable deductions are the following deductions
 - Pension contributions, namely
 - o Retirement Annuity Allowance
 - o contributions to an approved occupational or personal pension scheme

over £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')

- Mortgage interest relief

<u>NATURE OF ALLOWANCE</u>	<u>AMOUNT OF ALLOWANCE</u>
1. Personal Allowance*[^]	Tax at the standard rate on £11,575.
2. Dependent Relative Allowance*	<p>In respect of each dependent relative - tax at the standard rate on £3,750 or on the amount of the contributions whichever is less:</p> <p>Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £7,825 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,750 the sum of £1 for every pound by which the dependent relative's income exceeds £7,825.</p>
3. Infirm Person's Allowance*	Tax at the standard rate on £3,750
4. Housekeeper Allowance	Tax at the standard rate on £3,750
5. Charge of Children Allowance*	Tax at the standard rate on £7,875
6. Retirement Annuity Allowance	Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

Dependent Relative Allowance

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed -
 - (i) is the child of the claimant, or
 - (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
 - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2018.
- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.
- (3) Where a couple are cohabiting as if they were married and either has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director, may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of that cohabitee.
- (4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.
- (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
 - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

Infirm Person's Allowance

- (1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:
- (a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;
- Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.*
- (b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;
 - (c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Not more than one allowance shall be allowed to any claimant for any year.

Housekeeper Allowance

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
 - (a) that the claimant is a widow or widower.
 - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;
 - (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
 - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
- (3) A housekeeper allowance shall not be granted to any individual in any year in which another person's unused allowance has been transferred to that individual or if that individual is in receipt of an infirm person's allowance.
- (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is married or in a civil partnership to a charge of children allowance are:
 - (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children
 - (i) on 1 January, or
 - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,

whichever date is first relevant, and

- (b) that the claimant proves that throughout the year either the claimant or the claimant's spouse is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by the claimant for the purpose of

having the charge and care of the child, and

- (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or if the claimant or any other individual is so entitled, that the claim has been relinquished.

(2) The conditions to be fulfilled to entitle a claimant who is not married or in a civil partnership to a charge of children allowance that in the year of charge:

- (a) the claimant is in receipt of Family Allowances in respect of one or more children

- (i) on 1 January, or

- (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,

whichever date is first relevant, and

- (b) the claimant is not cohabiting with another person, except where -

- (i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and

- (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if the claimant or any other individual is so entitled that the claim has been relinquished.

(3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.

(4) Where an individual has a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child

(5) Not more than one allowance shall be granted to any claimant for any year.

Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance or deduction under section 8(3)(bb) are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which the claimant or the claimant's spouse is a beneficiary.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of computation of the income of the claimant assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance or deduction shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
 - (a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or
 - (b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Committee.

Transferability of unused allowances

- *the allowances marked with an * in the first schedule are transferable between taxpayers in the circumstances described in paragraph (i) below*
- *the allowances with an ^ in the first schedule are transferable between taxpayers in the circumstances described in paragraph (ii) below,*

and in all cases transfer is subject to the conditions detailed below.

- (i) transfers between married couples or couples in a civil partnership
- Any allowances due to an individual which are greater than the individual's own income may only be transferred to the spouse, if at the commencement of the year of charge the claimant's spouse is living with the claimant as a married couple.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of divorce or separation, the allowance is proportioned on the basis of the number of days in the year of charge which precede that event, with the relevant proportion of any unused allowances prior to that event being automatically transferred.

For the purposes of this paragraph –

“divorce” means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof, and includes an order for the dissolution of a civil partnership, and

"separation" means that the couple are living separately as fully and as completely as though they had never been married or entered into a civil partnership, as the case may be.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of death, the full unused allowance is transferrable.

Where there is an entitlement to transfer of an allowance under this paragraph, that allowance will be automatically transferred.

(ii) transfers between co-habiting couples in receipt of Family Allowance, but not eligible for the charge of children allowance

Where the recipient of a Family Allowance in respect of one or more children is not entitled to claim the charge of children allowance because the claimant is cohabiting with another person, the claimant may, in respect of the year of charge, by notice in writing addressed to the Director, elect that any unused part of, the personal allowance to which the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the personal allowance of the person with whom they are cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person, as if they were married or in a civil partnership, throughout the year of charge.

18. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

With immediate effect:

a	Cigarettes	£390.16 per kilogram
b	Cigars	£390.16 per kilogram
c	Hand rolling tobacco	£378.76 per kilogram
d	Other manufactured tobacco	£328.53 per kilogram
e	Tobacco leaf – unstemmed	£364.71 per kilogram
f	Tobacco leaf – stemmed	£368.36 per kilogram
g	Petrol other than any fuel used for the purpose of air navigation	71.2p per litre
h	Petrol used for the purpose of marine navigation where supplied by an approved trader	48.1p per litre
i	Gas oil	71.2p per litre
j	Biodiesel	71.2p per litre
k	Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	26p per litre
l	Beer, other than beer brewed by an independent small brewery, exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	54p per litre
m	Beer brewed by an independent small brewery exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	43p per litre
n	Beer, other than beer brewed by an independent small brewery, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	87p per litre
o	Beer brewed by an independent small brewery exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	55p per litre
p	Beer, other than beer brewed by an independent small brewery, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	£1.09 per litre
q	Beer exceeding 7.5 per cent volume	£1.26 per litre
r	Spirits	£39.31 per litre of alcohol contained in the liquor.

s	Cider brewed by an independent small cider-maker exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	26p per litre
t	Cider, other than cider brewed by an independent small cider-maker, exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	54p per litre
u	Cider produced by an independent small cider-maker exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	43p per litre
v	Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	87p per litre
w	Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	55p per litre
x	Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	£1.09 per litre
y	Cider exceeding 7.5 per cent volume	£1.26 per litre
z	Light wines not exceeding 5.5 per cent volume	68p per litre
aa	Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£2.77 per litre
bb	Other wines	£4.42 per litre
With effect from 1 January 2020:		
cc	Petrol other than any fuel used for the purpose of air navigation	72.3p per litre
dd	Petrol used for the purpose of marine navigation where supplied by an approved trader	49.2p per litre
ee	Gas oil	72.3p per litre
ff	Biodiesel	72.3p per litre

19. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2019” and to direct that the same shall have effect as an Ordinance of the States.
20. To agree that commercial buildings and land TRP tariffs shall be increased by 5% with effect from 1 January 2020.
21. To agree that, over a period of five years, the tariff for the general Office and Ancillary Accommodation category shall be increased to the same tariff as the Office and Ancillary Accommodation tariffs for regulated finance industries, legal services, accountancy

services and non-regulated financial services businesses, commencing with an additional increase of £5.70 to that tariff with effect from 1 January 2020.

22. To agree that domestic and land TRP tariffs shall be increased by 10.2% with effect from 1 January 2020.
23.
 - A. To reaffirm Resolution 30 of Article 1 of Billet d'État XXIV of 2018 to introduce increased Tax on Real Property tariffs in 2020 for properties with a TRP rating between 200 and 499 as set out in paragraph 6.80 of that Report.
 - B. To agree that commercial TRP tariffs shall be increased by a further 5% with effect from 1 January 2020.
 - C. To increase the service development funding in the third column of the table set out below paragraph 7.3 of this Report by £850,000 to £6,250,000.
24. TO NEGATIVE THE PROPOSITION to agree that domestic buildings and land TRP tariffs shall be increased by 8.8% with effect from each of 1 January 2021; 1 January 2022; 1 January 2023; 1 January 2024; and 1 January 2025.
25. TO NEGATIVE THE PROPOSITION to agree that:
 - i. the "outbuildings" categories are removed from the TRP Ordinance and these outbuildings classified within the appropriate domestic buildings category; and
 - ii. a new category of "property for other use" is created within the domestic TRP classifications to be used for buildings, whether attached or detached from the dwelling house, which are not used in connection with the enjoyment of the dwelling house (which includes use for domestic storage or garaging) where the Policy & Resources Committee has approved an application made by the owner.
26. To agree that attached domestic glasshouses which are not used for domestic dwelling purposes are included within the domestic glasshouse TRP classification where they are not used for the purposes of a business, trade or undertaking, and the Policy & Resources Committee has approved an application made by the owner.
27. To approve the draft Ordinance attached to Amendment 22 entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2019" and to direct that the same shall have effect as an Ordinance of the States.

28. To direct the preparation of such legislation as may be necessary to amend customary law to enable equity release mortgages to be offered in Guernsey.
29. To approve the cash limits for ordinary revenue expenditure for 2020 totalling £432.975 million as set out in the table contained in Amendment 21 and the revenue expenditure budgets on pages 138 to 158 of this Report;
- 29A. To note that the Committee *for the* Environment & Infrastructure is seeking to reprioritise existing resources to fund £100,000 of expenditure in 2020 to further develop the Biodiversity Strategy and, if necessary, to direct the Policy & Resources Committee to consider making available a maximum of £100,000 from the budget reserve to further develop the Biodiversity Strategy and define the appropriate model and ongoing funding requirement for its delivery.
30. To allocate to the Committee for Home Affairs a ring-fenced budget for “Countering economic crime, money laundering and terrorist financing” initially of £1.0million and for the Policy and Resources Committee to allocate initially £0.3million to the Law Officers of the Crown or others as appropriate comprising service development funding of a maximum of £1.3million.
31. To agree that, with effect from 2020, the direct funding from the States of Guernsey General Revenue Account to the States of Alderney is treated as a grant instead of a Cash Limit.
32. To agree that the Alderney Gambling Control Commission surpluses received by the States of Alderney continue to be transferred to the States of Alderney capital allocation up to 31 December 2020.
33. To delegate authority to the States of Alderney to transfer from the States of Alderney capital allocation to the Alderney Economic Development Fund a maximum amount of £300,000 in 2020.
34. To endorse the decision of the Policy & Resources Committee to make available a temporary overdraft facility for 2020 of £25.7million to Aurigny Limited.
35. To authorise the Policy & Resources Committee to guarantee external overdraft facilities of Aurigny Limited up to 31 December 2020 of a maximum of £25.7million.
36. To agree that the direct and indirect financial implications for the States of Guernsey arising from the Public Service Obligation (PSO) tender process decision(s) in respect of the Alderney-Guernsey and Alderney-Southampton air routes, including any financial consequences for Aurigny, shall be included in the policy letter which sets out the funding options available and recommends the most appropriate way forward (as referred to in paragraph 8.33 of this Report); and to direct the Committee for Economic Development,

the States' Trading Supervisory Board and the Policy & Resources Committee to include proposals within that policy letter for appropriately addressing any new costs to the States and Aurigny that arise as a result of the award of the PSO contract(s) on the Alderney routes.

37. To direct the Committees involved in creating a governance framework for all aspects of States-funded air route operation and support, as set out in Proposition 38, to include consideration of the full costs and benefits of the PSO model and its sustainability for Guernsey and Alderney.
38. To endorse the intention of the Policy & Resources Committee, in consultation with the Committee *for* Economic Development and the States' Trading Supervisory Board, to develop a co-ordinated and coherent government framework for the consideration of all aspects of air route operation and support that is under the control or influence of the States of Guernsey and report back to the States by no later than April 2020 the terms of reference for that consideration to include
 - Identification of strategic goals of the States for the provision of reliable, sustainable and affordable air links for
 - residents of the Bailiwick
 - tourists to the Bailiwick
 - business travellers to and from the Bailiwick
 - analysis of the type and amount of support required for air transport routes which aligns with those goals including the balance between investing in infrastructure, major or otherwise, and subsidies to airline operators and to include, within their report, a clear and impartial analysis of any local, regional or international legislation (particularly in respect of competition) which may be relevant to the States' ownership or subsidy of, or provision of infrastructure or other support for, airlines and/or air routes flying into and out of Guernsey and Alderney
 - analysis of potential methods of operation of the air routes considered lifeline routes by the States of Guernsey in order to align those with the identified strategic goals
 - identification of shareholder objectives of Aurigny which are consistent with those strategic goals.
39. To approve the following Budgets for the year 2020:
 - (a) Ports
 - (b) Guernsey Water
 - (c) Guernsey Waste
 - (d) States Works
 - (e) Guernsey Dairy
 - (f) Corporate Housing Programme Fund
 - (g) Guernsey Registry
 - (h) States Capital Investment Portfolio – Operating Costs
 - (i) Superannuation Fund Administration
 - (j) Committee *for* Employment & Social Security – Contributory Funds

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

NON-CONTRIBUTORY BENEFIT RATES FOR 2020

P.2019/106

- II: After consideration of the policy letter entitled 'Non-contributory benefit rates for 2020', dated 7th October 2019:-
1. To set the income support requirement rates at the rates set out in Table 1 of that policy letter, from 10th January 2020.
 2. To direct the Committee *for* Employment & Social Security to commission an independent analysis of the baskets of goods in order to update the minimum income standard for Guernsey and to submit the findings to the States no later than the date of submission of the policy letter on non-contributory benefit rates for 2021.
 3. To set the benefit limitation for a person living in the community at £850 per week, from 10th January 2020.
 4. To set the benefit limitation rates in relation to people not living in the Community at the rates set out in rows 3 and 4 of Table 4 of that policy letter, from 10th January 2020.
 5. To note that the Committee *for* Employment & Social Security will return to the States with a policy letter addressing the future of the earnings disregard before the end of the political term.
 6. To set the maximum rent allowances at the amounts set out in Table 6 of that policy letter, from 10th January, 2020.
 7. To set the amount of the personal allowance payable to people in Guernsey and Alderney residential or nursing homes who are in receipt of income support at £36.00 per week, from 10th January 2020.
 8. To set the amount of the personal allowance payable to people in United Kingdom hospitals or care homes who are in receipt of income support at £55.21 per week, from 10th January 2020.
 9. To set the supplementary fuel allowance paid to income support householders at £29.66 per week, from 25th October 2019 to 24th April 2020.
 10. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 7 of that policy letter, from 6th January 2020.

11. To amend the scheme for free television licences so that it is free of charge to all households in Guernsey and Alderney in receipt of income support where one resident has reached pension age, in line with the increasing pension age.
12. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.
13. To agree that with effect from the 1st of January 2021 there shall be a statutory scheme of compensation for persons resident in the Bailiwick who have been diagnosed with diffuse mesothelioma following exposure to asbestos in the Bailiwick; and to direct the Committee for Employment & Social Security to develop any legislation and policies necessary to establish such a scheme, which shall be along the lines of the mesothelioma compensation scheme recently introduced in Jersey; and to direct that from 2021 onwards the Policy & Resources Committee shall make provision for the estimated cost of the scheme when proposing the Cash Limit of the Committee for Employment & Social Security as part of the annual Budget process.

J TORODE

HER MAJESTY'S GREFFIER