

THE STATES OF DELIBERATION

of the

ISLAND OF GUERNSEY

29th April, 2020

Proposition No. P.2020/91

POLICY & RESOURCES COMMITTEE

COVID-19 PANDEMIC – FUNDING OF FINANCIAL RESPONSE

AMENDMENT

Proposed by: Deputy J P Le Tocq

Seconded by: Deputy G A St Pier

“To substitute, for Propositions 1 and 2, the following propositions –

1. To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses as a result of the Covid-19 pandemic, of up to £100million, to be funded from the Core Investment Reserve, and to direct the Policy & Resources Committee to report, on a quarterly basis, on how such funding has been spent.
2. That, notwithstanding –
 - i. the Resolution of the States of the 16th January, 2020 on Article V (proposition 1) of Billet d’État no. I of 2020, to adopt the Fiscal Policy Framework and its Principles as outlined in Section 5 of the Policy Letter entitled “Review of the Fiscal Policy Framework and Fiscal Pressures”, and
 - ii. Principle 7 of those Principles (States’ total debt should not exceed 15% of GDP) and the first two items thereof (that gross debt can be deployed only to finance the investment in infrastructure or assets and that any project or acquisition supported with recourse to government debt must be able to generate sufficient revenue to meet the repayment of that debt),
 - (a) In principle, the Policy & Resources Committee shall be authorised to enter into additional external borrowing facilities of an amount

not exceeding £500,000,000 in order to fund the financial response to the Covid-19 Pandemic;

- (b) The Policy & Resources Committee shall be authorised to enter into a maximum of £250,000,000 of the additional external borrowing facilities referred to in proposition 2(a), on such terms and conditions as the said Committee shall deem appropriate;
 - (c) Authorisation for the Policy & Resources Committee to enter into the final tranche of a maximum of £250,000,000 of the additional external borrowing facilities referred to in proposition 2(a) shall be contingent on the States approving a Recovery Strategy to the Covid-19 Pandemic which will be developed by the Policy & Resources Committee, working in consultation with States' committees; and
 - (d) The Policy & Resources Committee may by resolution authorise the President of that Committee, or a delegate nominated by him for the specific purpose, to sign any document necessary for the purposes of entering into or otherwise in connection with the additional external borrowing facilities referred to in proposition 2(b).
- 3. To note that the Policy & Resources Committee will commission the Independent Fiscal Policy Review Panel to undertake regular reviews of, and provide assurance on, the economic and fiscal recovery plan and its delivery.
 - 4. To direct the Policy & Resources Committee to amend the Terms of Reference and methodology for the fiscal review agreed by the States on 16th January 2020 (Article V, proposition 3, of Billet d'État I, 2020) to incorporate the financial implications of the Covid-19 pandemic.