

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

25th January, 2023

MOTION UNDER ARTICLE 7(1) OF THE REFORM (GUERNSEY) LAW, 1948

Proposed by: Deputy C P Meerveld

Seconded by: Deputy S Vermeulen

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committees to the extent necessary to permit the amendment set out below to be debated.

Proposition No. P.2022/112

POLICY & RESOURCES COMMITTEE

THE TAX REVIEW: PHASE 2

AMENDMENT

Proposed by: Deputy C Meerveld

Seconded by: Deputy S Vermeulen

To delete all propositions and replace with:

“

- 1) To agree that the projected financial position of the States of Guernsey is unsustainable and that measures must be implemented before the end of this political term to address the issue.
- 2) To direct the Policy & Resources Committee to:
 - (a) 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.
 - (b) 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.
 - (c) 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.
 - (d) 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 direct the Policy & Resources Committee to engage with industry and the other Crown Dependencies in order to develop proposals for raising further revenues from the corporate sector, including consideration of a ‘Community and Infrastructure Contribution’ and an alternative corporate vehicle or other appropriate form of entity or taxing structure which will be subject to income tax at 15% or such other rate or basis as the review may determine, without unduly negatively impacting Guernsey’s competitive position or compliance with international standards; this work to be presented to the States for consideration no later than November 2023.
- 4) If proposition 2 is defeated or the package of measures approved in proposition 2 is not sufficient to raise at least £50-60 million per annum, to direct the Policy & Resources Committee to prepare the States of Guernsey Annual Budgets between 2024 and 2028 inclusive to reduce States’ expenditure on public services by such amount necessary to put States finances in the position they would have been in if that £50-60 million had been raised.
- 5) 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 that 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 amendment contributes to objectives and policy plans by adopting the majority of the Committee’s propositions.
- b) Informal consultation has taken place with members of the Policy & Resources Committee.
- c) The amendment has been submitted to His Majesty’s Procureur for advice.
- d) The costs of bringing this into effect will not differ from the costs incurred by the original policy letter and propositions.

Explanatory Note

This Amendment removes GST from the Policy & Resources Committee’s original propositions and inserts the additional propositions from their subsequent Amendments. This enables the Assembly to vote on a way forward based on P&Rs work to date without GST.