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THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

15th July, 2026

Proposition No. P.2026/49

Policy & Resources Committee

Tax Reform 2026

AMENDMENT

Proposed by: Deputy A Sloan
Seconded by: Deputy M Helyar

To insert an additional proposition as follows:

> "To agree that, as a matter of fiscal policy, growth in total States expenditure (revenue and social security spending) should not exceed inflation over the financial years 2027, 2028, and 2029 save where the States expressly resolve that exceptional circumstances justify a departure from that principle.".

Rule 4(1) Information

a) This Amendment contributes to the States' objectives by promoting sustainable public finances.

b) No formal consultation has been undertaken as this Amendment relates to propositions contained within the Policy Letter and is therefore a matter for the States as a whole.

c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

d) The financial implications of carrying out this amendment is to limit expenditure to inflationary increases only.

e) Drafting advice has been sought from the States' Greffier.

Explanatory Memorandum

This amendment recognises that the Bailiwick's long-term fiscal sustainability cannot be secured solely through increases in taxation. It depends equally upon maintaining expenditure discipline.

This amendment does not seek to prevent the States from responding to unforeseen events or changing priorities. Rather, it establishes a presumption that increases in expenditure should, over the medium term, be funded through reprioritisation and efficiency rather than by increasing the overall size of government in real terms. Maintaining expenditure broadly constant in real terms would help restore fiscal sustainability while creating space for measures to improve economic growth and competitiveness.

It deliberately exempts capital expenditure from this contraint.