

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November 2026

Proposition No. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy G St Pier
Seconded by: Deputy M Helyar

To insert an additional Proposition as follows:

“To direct the Policy & Resources Committee in preparing the Medium-Term Financial Plan to consider:

1. the role of debt and borrowing as part of total States net asset management;
2. the most efficient funding of capital projects, including equity investment, borrowing and debt financing options;
3. the value, in repaying, purchasing or reallocating part or all of the existing States of Guernsey 2046 Bond;
4. the current funding levels and utilisation of all the States’ Reserves, including the Guernsey Insurance Fund and/or the Superannuation Fund;
5. how the underlying reserves could be invested in local capital projects;
6. how instructions to the States Investment Board would need to be amended to reflect the considerations 1 to 5; and
7. the development of an annual rolling medium term 5 year macro-economic plan within which the Medium-Term Financial Plan might sit.”

Rule 4(1) Information

- a. The proposition contributes to the States’ objectives and policy plans by ensuring the best management of the States’ assets and liabilities.
- c. The proposition has been submitted to the Policy & Resources Committee for consultation.

- d. The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- e. The proposition would not impact any revenue or expenditure estimates for 2027.
- f. Drafting advice has been sought from the States Greffier and advice has been sought from officers of the Policy & Resources Committee.

Explanatory note

This amendment simply directs P&R to consider alternative funding options being borrowing, debt finance, equity investment opportunities with associated methodologies in preparing the Medium-Term Financial Plan.

This will enable consideration to be given to:

- the current size of surpluses or deficits in each of the reserves to give a more accurate total funding picture of the liabilities;
- the current availability of long-term debt at market rates of +/- 6% pa;
- the existing longer-term debt cost of 3.625% pa (using the 2046 Bond);
- the current discounted price (c.£66) to par (£100) of the 2046 Bond;
- the utilisation of the Guernsey Insurance Fund and/or the Superannuation Fund and other reserves in capital projects, having regard to:
 - the fiduciary duties to be responsible for the purpose of the funds and its beneficiaries;
 - risk-adjusted returns;
 - adequate diversification;
 - differing methodologies for meeting the States' pension obligations;
 - managing States' portfolios on a total net asset basis.

Developing a 5-year macroeconomic plan that is updated annually will ensure medium term financial decisions across political terms, gives sufficient time to react to positive or negative developments, enables consistency of capital allocation to longer term projects, takes into account the impact on and informs the management of total assets and liabilities, supports economic growth and better forward planning, includes the wider implications of and planning for population, housing needs, improves monitoring and control over a longer period.