

The logo is a white graphic on a dark blue background. It consists of a square frame with a white border. The bottom-right corner of the frame is cut off at a 45-degree angle. Inside the frame, the text "GUERNSEY ELECTION 2025" is written in white, uppercase, sans-serif font. "GUERNSEY" and "ELECTION" are in a smaller font size, while "2025" is significantly larger and bolder.

GUERNSEY
ELECTION
2025

Guernsey's Finances

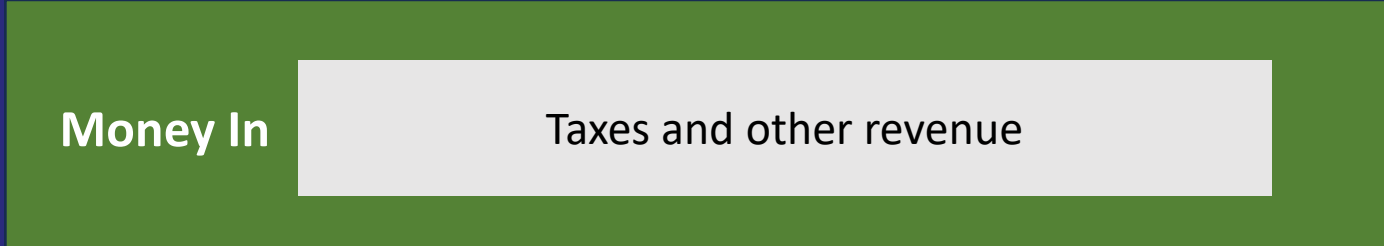
Introductions:

- Head of Treasury
- Rachel Warren
- Senior Economist
- Liz Laine

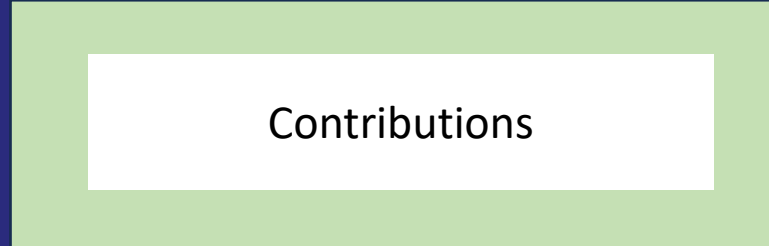


What are public finances

General Revenue



Contributory Funds



What are public finances

Balance requires
Money in = Money out

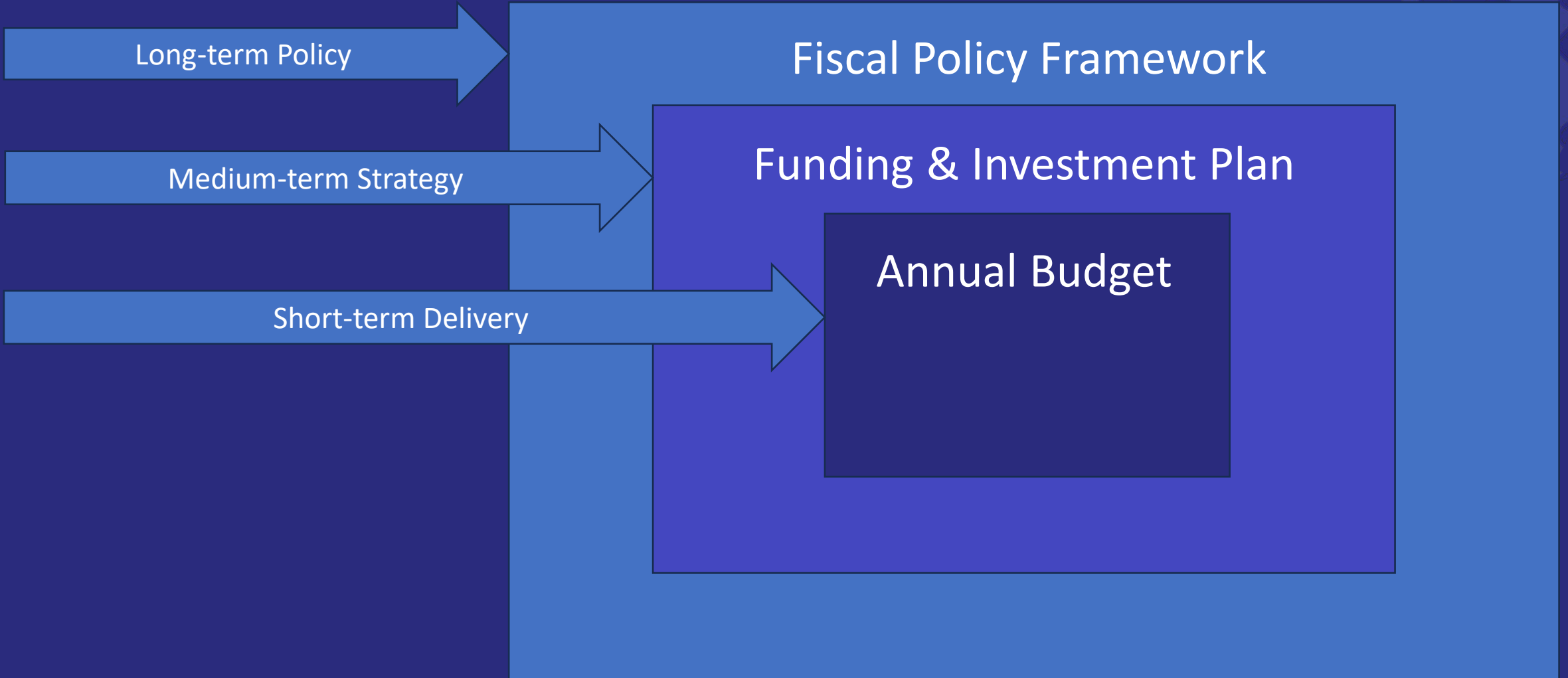
Money In
Taxes, contributions and
other revenue

Money Out
Public services, pensions &
benefits & major projects

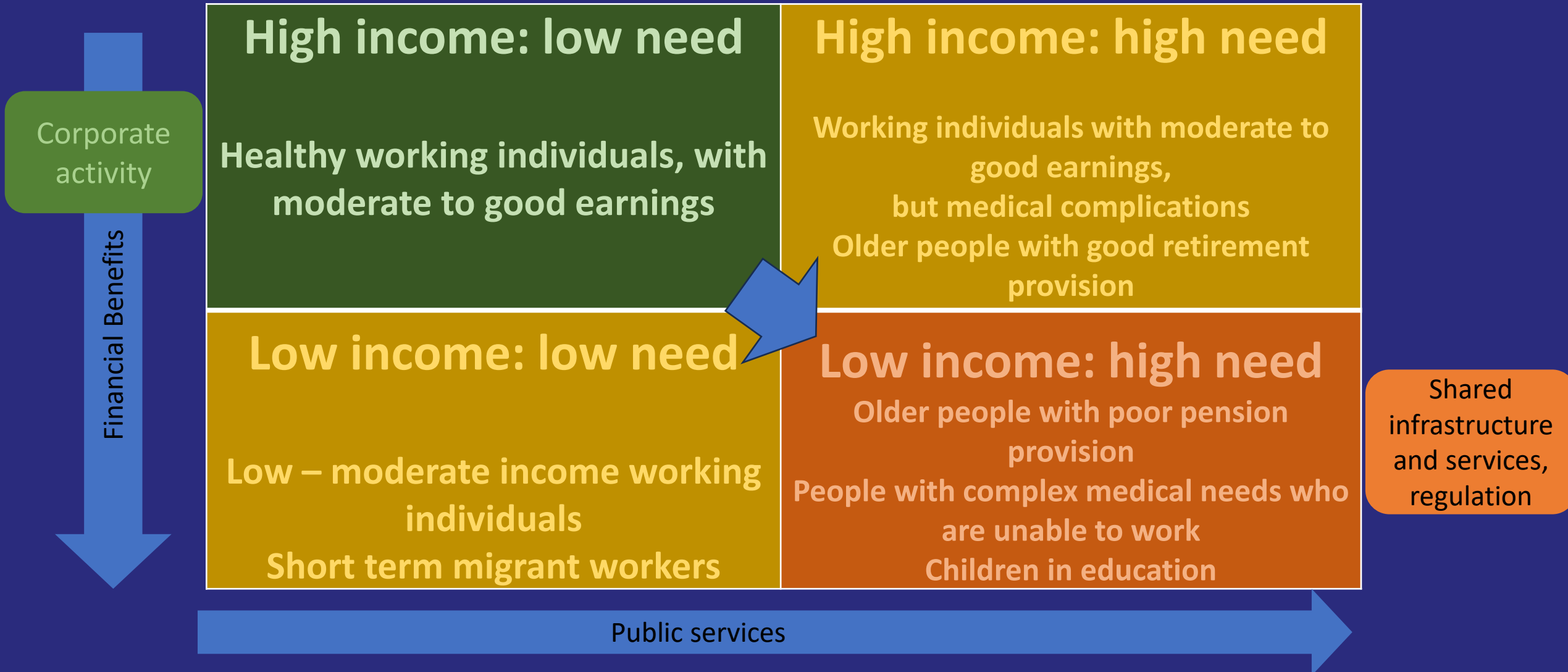


Financial
Balance

How is Fiscal Policy Set?

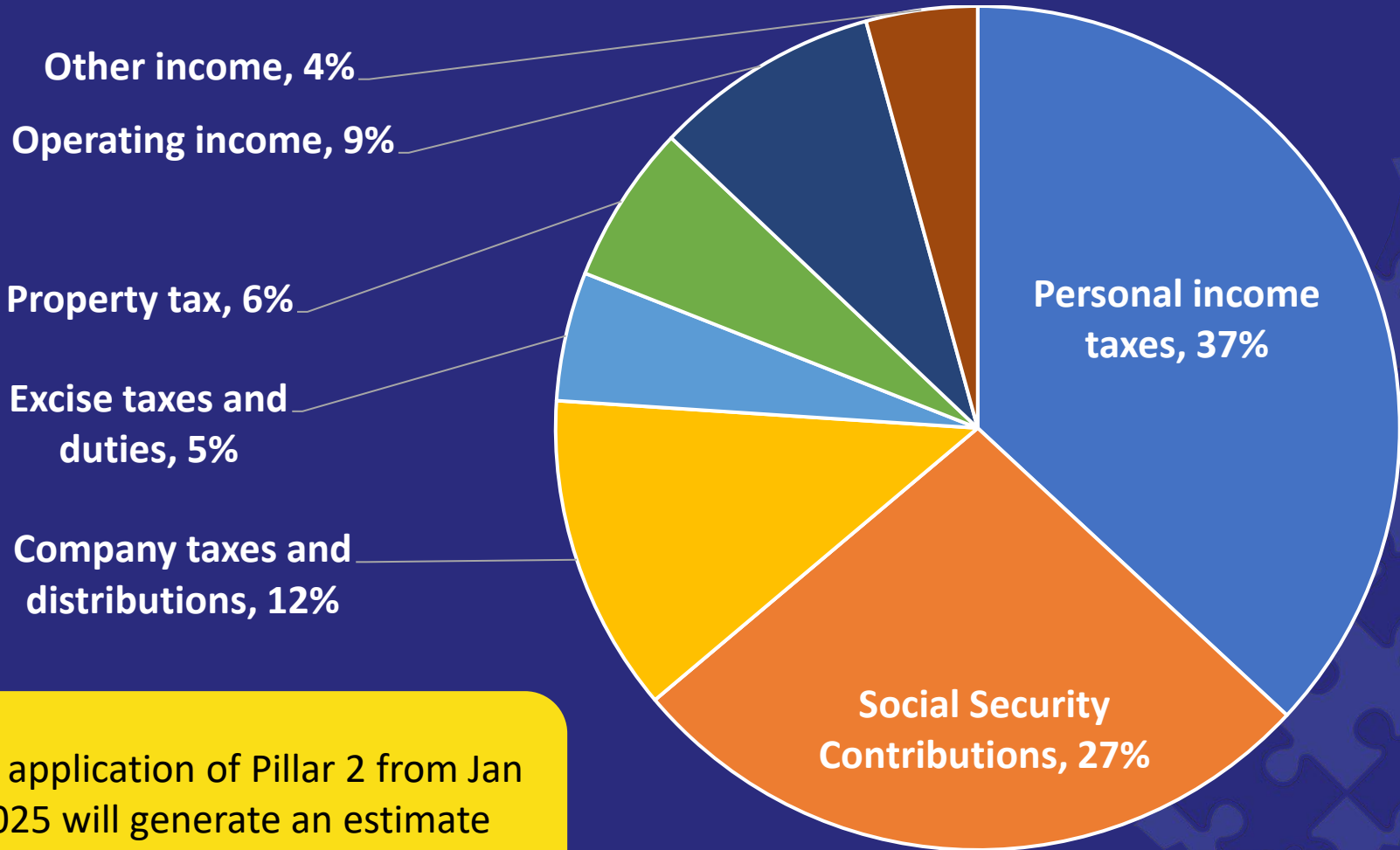


How do resource flow?



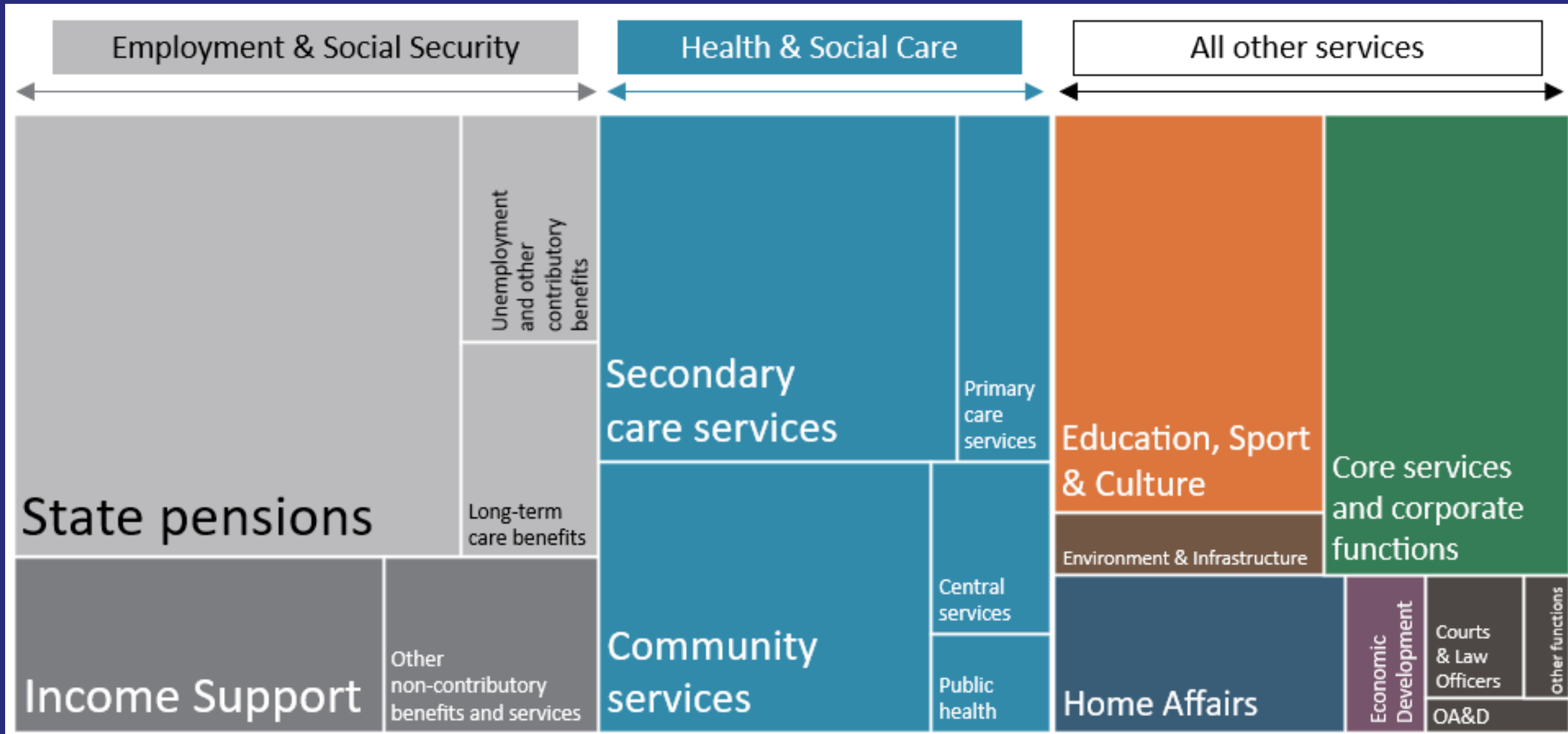
Where does the money come from?

Almost 2/3rds of Government annual revenue comes from Taxes and contributions charged on personal incomes



The application of Pillar 2 from Jan 2025 will generate an estimate £30m of additional taxes

Where is it spent?



Where is it spent?

1-year full pension
= £14,580

A full year of Family
Allowance for 1 child
= £920

Subsidy on GP
appointment = £12
per visit

1 year in
residential nursing
care = £60,000

Average cost of a
years pre-school
placement = £3,700

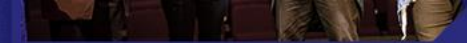
The average cost of
health care for a
child in their first
year > £6,000

The average cost of
health care in
someone 20s
< £2,000

The average cost of
health care per year for
someone in their late 80s
> £15,000

Where is it spent? – Routine Capital

- Projects < £3m
 - Firearms for police
 - Airport baggage scanners
 - Replacement vehicles
 - Office and other furniture
 - Lab and medical equipment

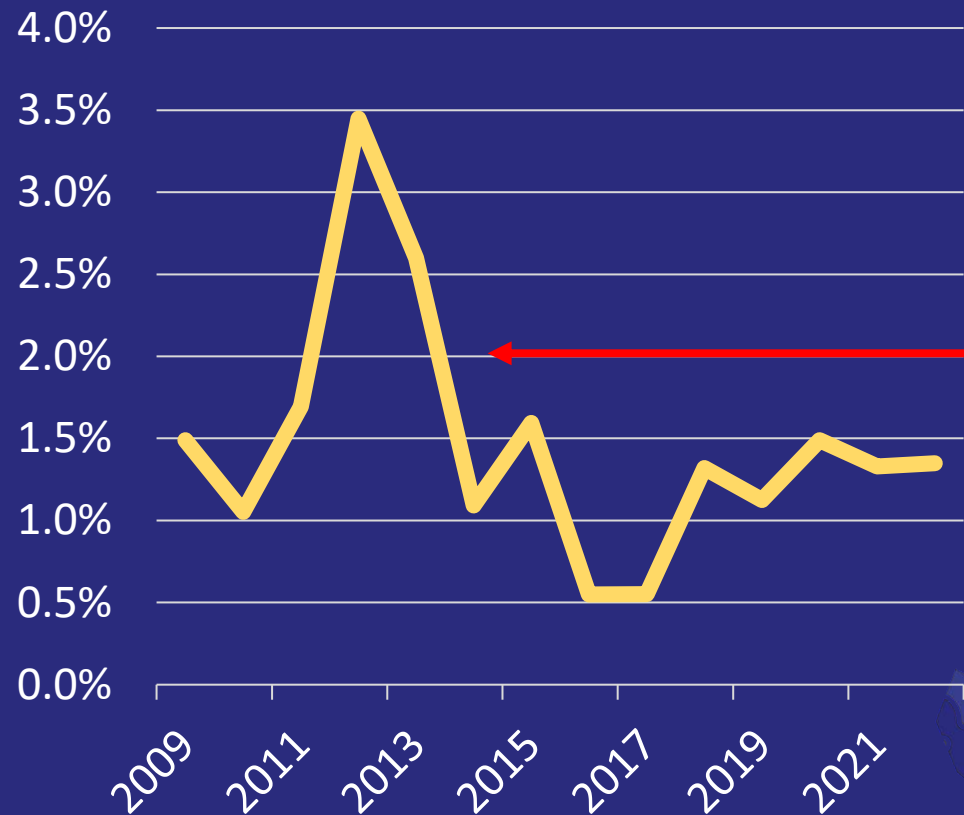


Where is it spent? – Major Projects

- Projects > £3m
 - Education programme
 - Hospital Modernisation
 - Castle Cornet Bridge
 - New Dairy
 - Flood defences
 - IT system upgrades
 - Airport Runways



Where is it spent? – Routine capital & Major Projects



- Fiscal Policy Framework requirement
 - Average annual investment = 2% of GDP
- Actual direct investment = 1.5%

2% of GDP is equal to around £76m a year in 2025

The Current Financial Position – Budget 2025

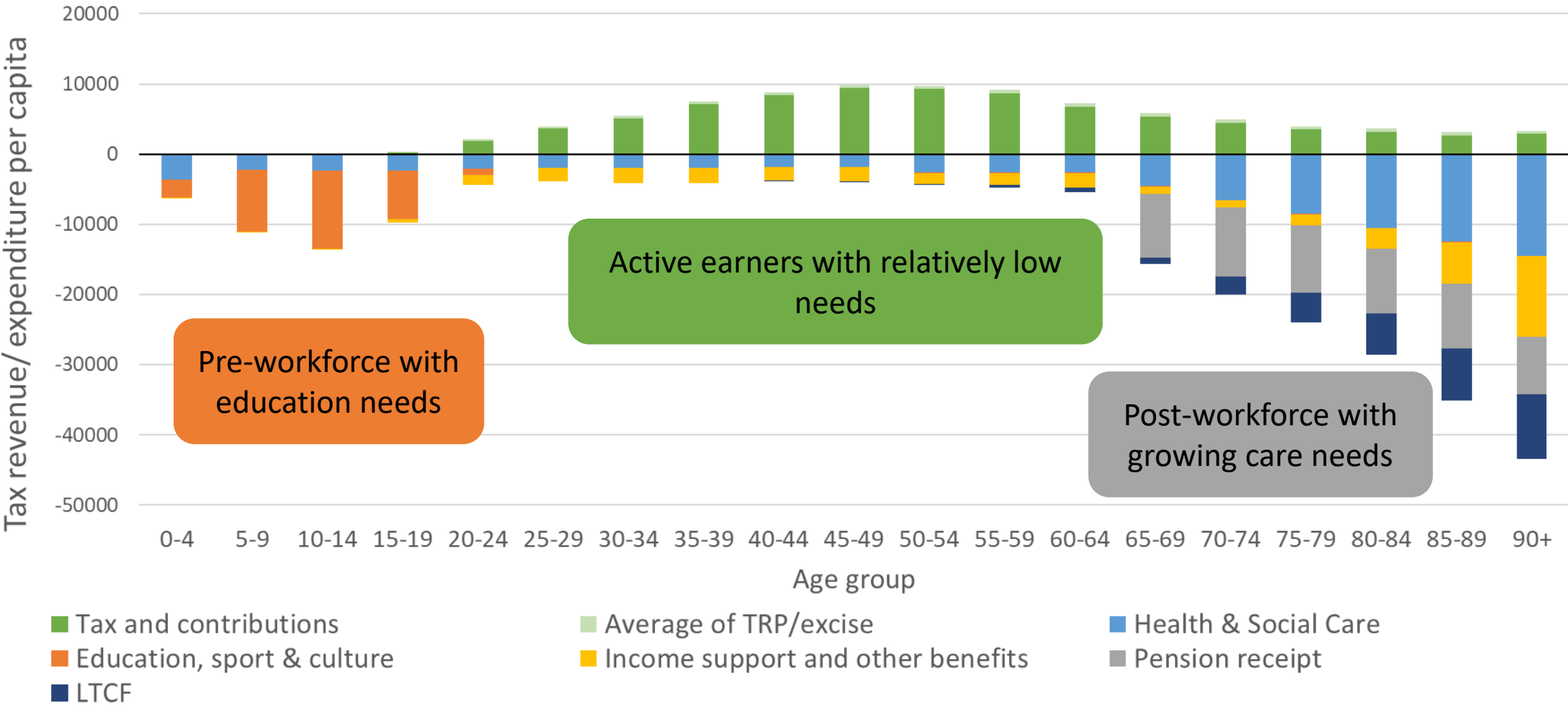
2025 BUDGET	General Revenue £m	Social Security Funds £m	Consolidated £m
Revenue Income	660	226	886
Committee Expenditure	(650)	(234)	(884)
Operating Surplus	10	(8)	2
Trading Entity Losses	(5)	-	(5)
Finance Charges	(6)	-	(6)
General Revenue Deficit *	(1)	(8)	(9)

* Before investment returns and depreciation

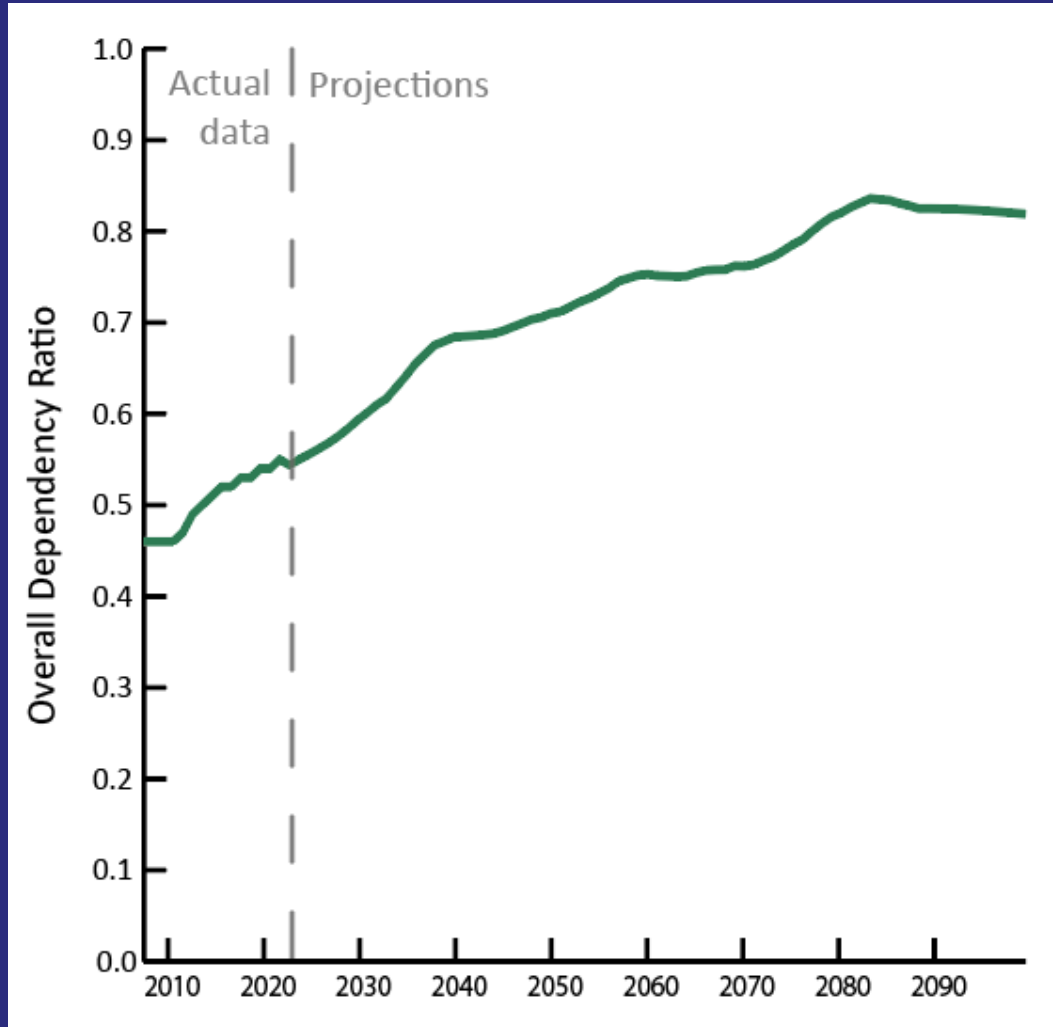
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General Revenue (Deficit) *	(1)	(8)	(9)
2% GDP - routine & major projects			(76)
Cyclical effects			19
Structural deficit			(66)

The Forecast Financial Position

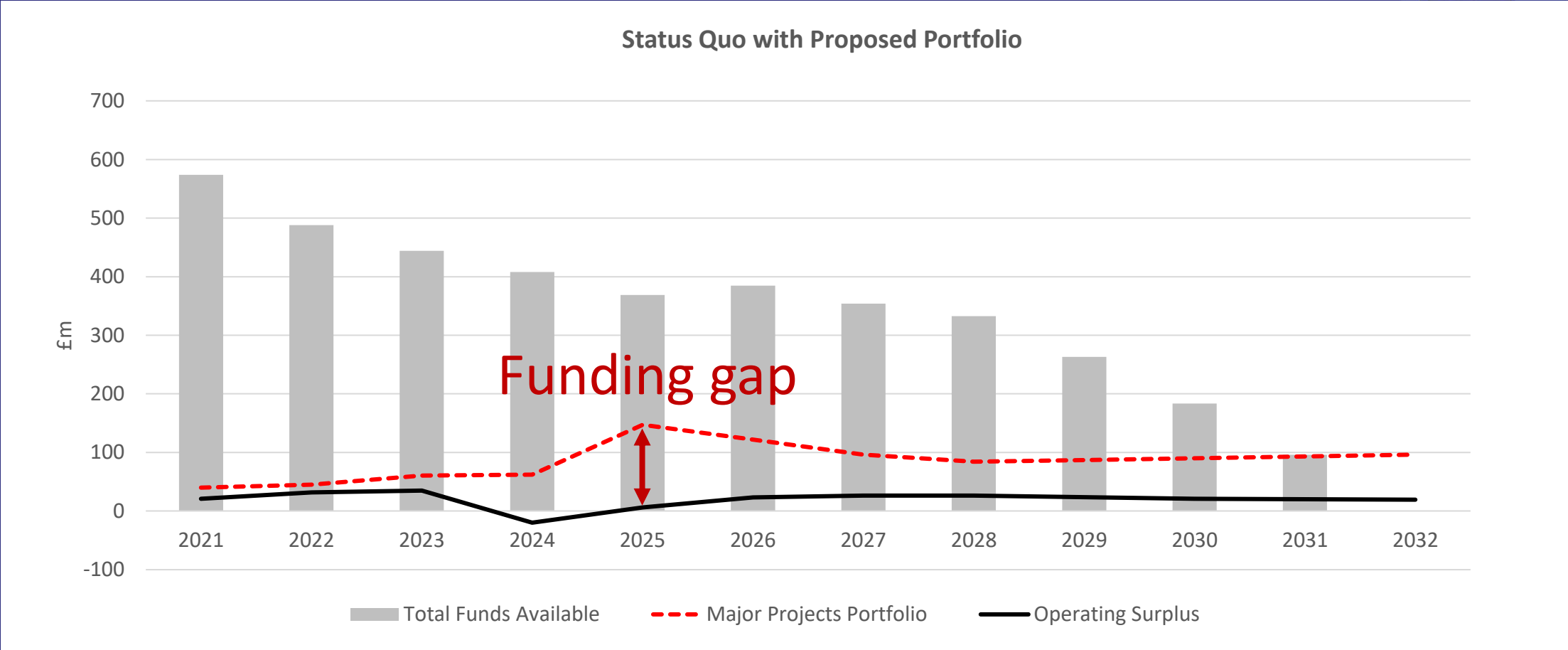


The Forecast Financial Position



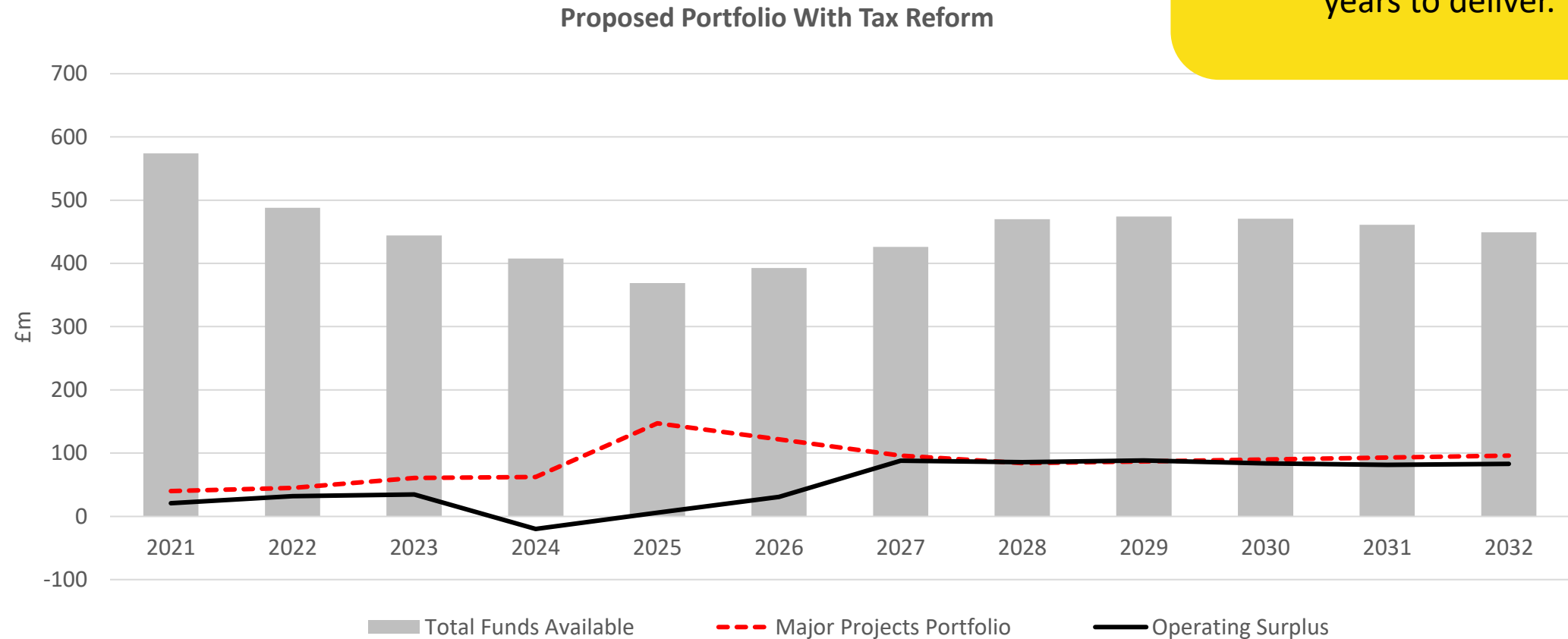
- There are currently 54 people under 16 or 65+ for every 100 people aged 16 to 64
- This increases to 64 by 2035, and to 69 by 2045

The Forecast Financial Position

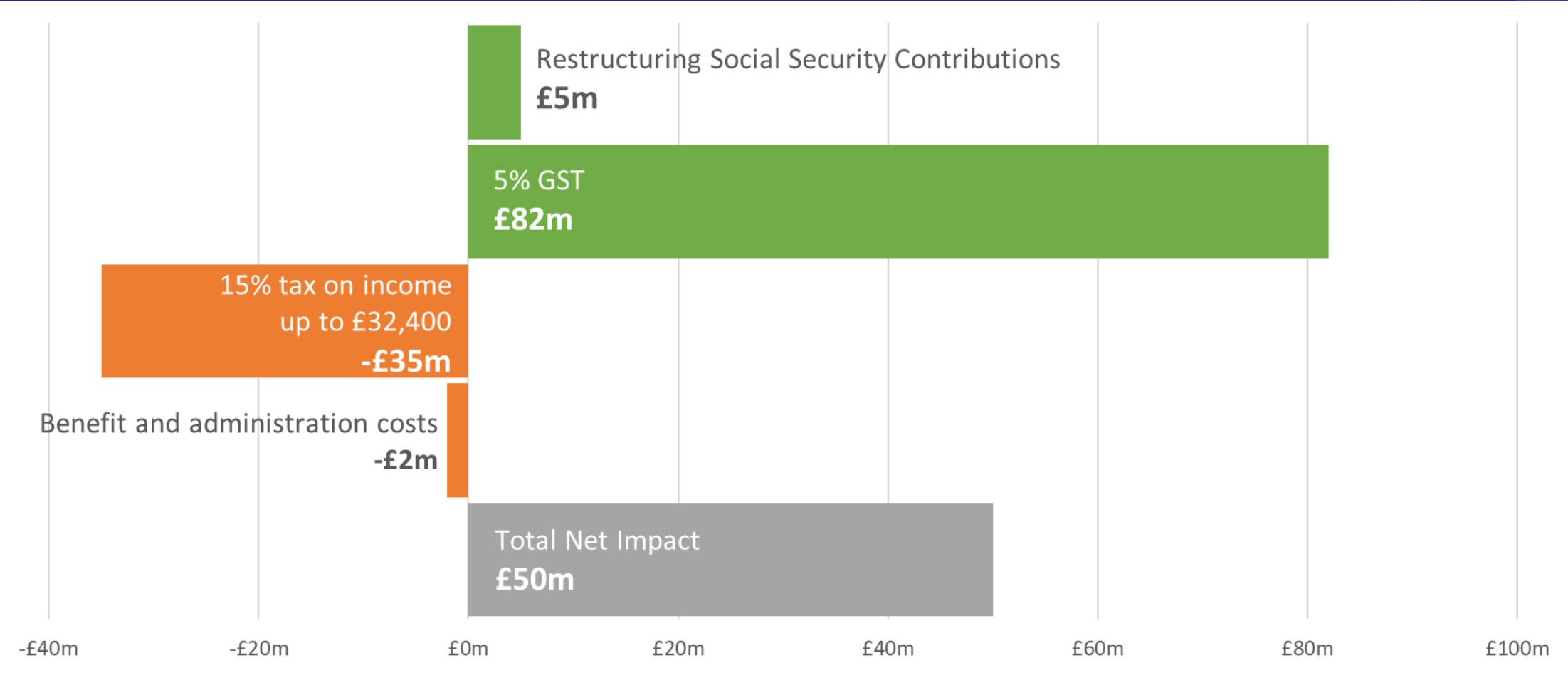


The Forecast Financial Position

The Tax Reform agreed in the 2025 budget will close the deficit, but will take at least 2 years to deliver.

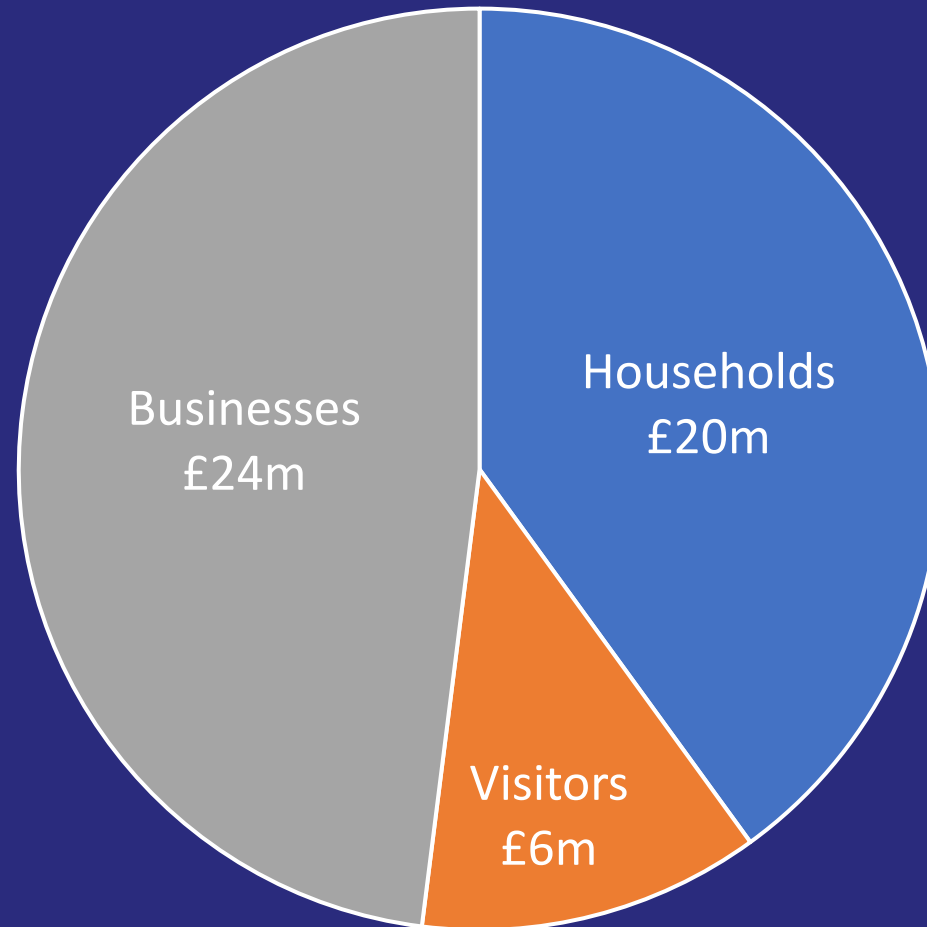


Tax Reform Package



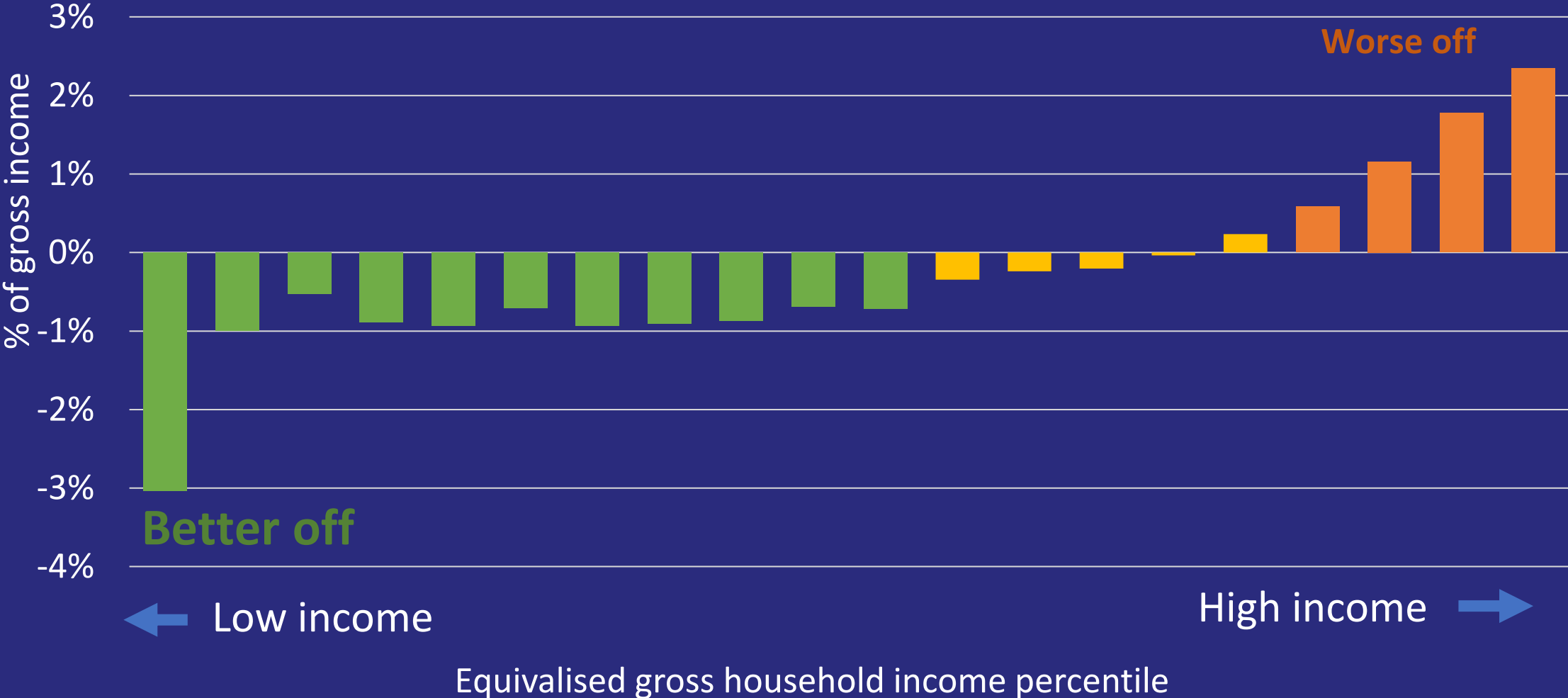
Tax Reform Package

Expected to deliver £50m additional revenues net of ongoing costs

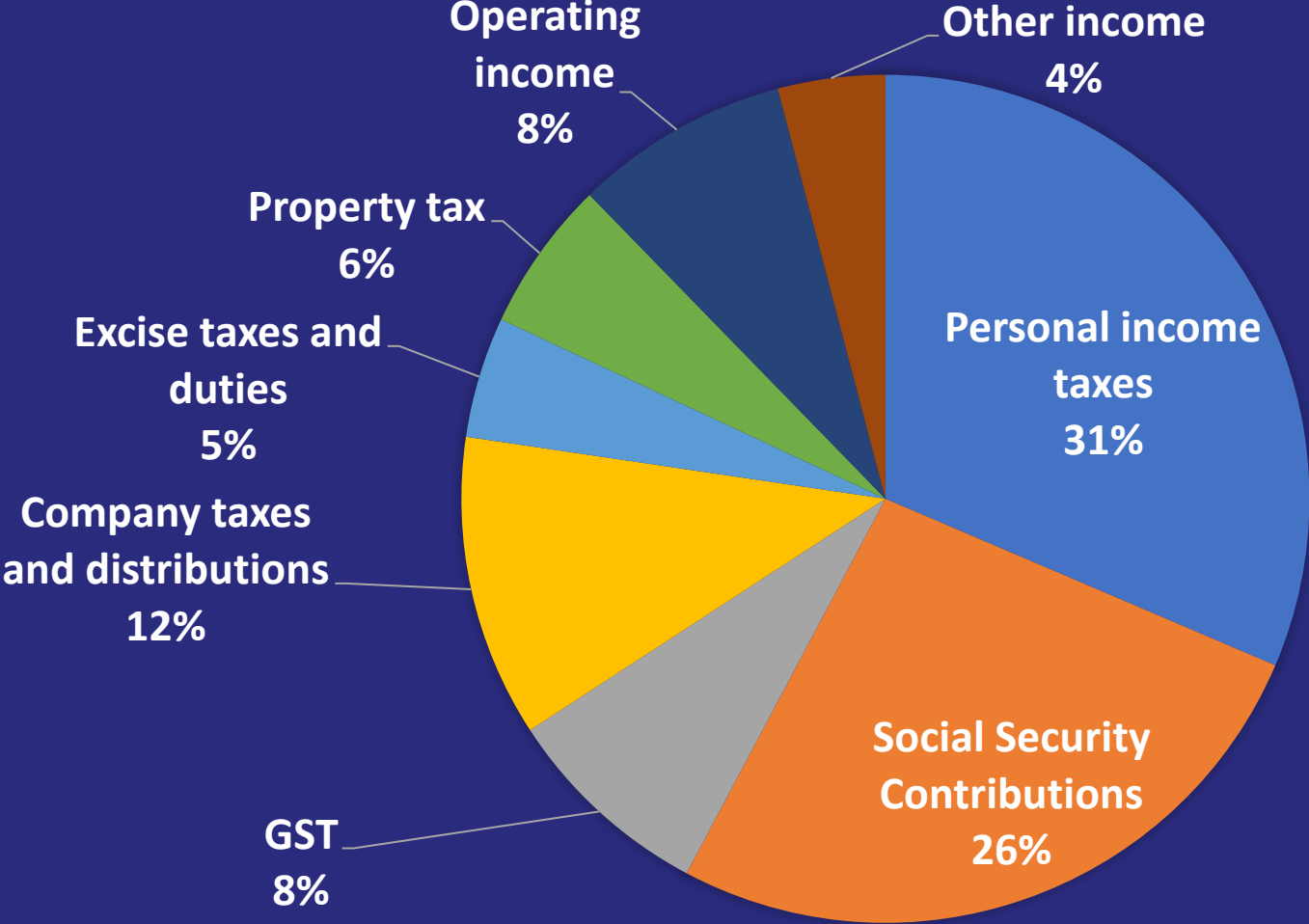


Tax Reform

Household impact analysis



Tax Reform





Key decisions for the next assembly

- Annual Budget
- Funding & Investment Plan
- Tax Reform
 - The treatment of food
 - Approve legislation
- Major projects portfolio and its funding
- Fiscal Policy Framework Review

Useful weblinks

- 2025 Major Project Portfolio - <https://www.gov.gg/CHttpHandler.ashx?id=185855&p=0>
- 2024
 - Budget 2025 - <https://www.gov.gg/CHttpHandler.ashx?id=182873&p=0>
 - Budget Amendment - <https://www.gov.gg/CHttpHandler.ashx?id=183227&p=0>
 - Accounts 2023 - <https://www.gov.gg/CHttpHandler.ashx?id=178689&p=0>
- 2023
 - Funding & Investment Plan - <https://www.gov.gg/CHttpHandler.ashx?id=171171&p=0>
 - Reducing the Cost of Public Service Summary Report - <https://gov.gg/CHttpHandler.ashx?id=178184&p=0>
- 2022 Tax Review: Phase 2 – <https://www.gov.gg/CHttpHandler.ashx?id=183227&p=0>
- 2021 Tax Review – <https://www.gov.gg/CHttpHandler.ashx?id=143229&p=0>

Useful weblinks

- 2020 Uprating Policy for States Pension - <https://gov.gg/CHttpHandler.ashx?id=123037&p=0>
- 2019 Review of the Fiscal Policy Framework and Fiscal Pressures - <https://gov.gg/CHttpHandler.ashx?id=122178&p=0>
- 2015 Planning a Sustainable Future – Personal Tax, Pensions and Benefits Review
 - Policy Letter - <https://www.gov.gg/CHttpHandler.ashx?id=98556&p=0>
 - Appendix - <https://www.gov.gg/CHttpHandler.ashx?id=98555&p=0>
- 2012 Potential long-term implications of demographic and population change on the demand for and costs of public services - <https://www.gov.gg/CHttpHandler.ashx?id=28454&p=0>

