

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

5th November, 2024

Proposition No. P.2024/91

Policy & Resources Committee

2025 Budget Report

AMENDMENT

Proposed by: Deputy S Haskins

Seconded by: Deputy S Kazantseva-Miller

1. At the end of proposition 14, add "subject to the amendments indicated below:-

(a) For section 3, substitute the following section:

"3. Section 1B of the Ordinance is repealed.", and

(b) For section 8, substitute the following section:

"8. (1) This Ordinance, except for section 3, shall come into force on the day on which it is made.

(2) Section 3 shall come into force on 1st January 2025."

AND

2. At the end of proposition 15, add "subject to the amendments indicated below:-

(a) For section 3, substitute the following section:

"3. Section 1B of the Ordinance is repealed.", and

(b) "8. (1) This Ordinance, except for section 3, shall come into force on the day on which it is made.

(2) Section 3 shall come into force on 1st January 2025."

Rule 4(1)

- a) This proposition contributes to the States objectives and policy plans and are in line with the Government Work Plan priorities.
- b) In preparing this proposition the Policy & Resources Committee were informed.
- c) The proposition has been submitted to His Majesty's Procurer for advice on any legal or constitutional implications.
- d) This proposition would increase the revenues from Document Duty for 2025 but it is not possible to determine the exact amount. The cost of the scheme between November 2022 and June 2024 is estimated at £600,000.

Explanatory note

This amendment seeks to pause the 'down-sizing' scheme on the basis that there is not sufficient data to ascertain whether or not the scheme is working. Since the introduction of the scheme in November 2022 and to June 2024, 5% of conveyances benefitted from the scheme, which equates to approximately £600,000 in relief. The Policy Letter states in 5.117 that "it is unknown how many of these transactions came about as a result of the relief and how many would have completed regardless".

There is also a lack of analysis on the secondary effects that a scheme of this nature may have on the market. A document duty incentive may mean that the down sizers have additional money to spend when buying smaller properties, which potentially creates an unfair financial advantage with other buyers in the market for smaller properties, such as first-time-buyers. The scheme could also increase the demand for the type of smaller properties that are in the shortest supply thus creating further congestion in this part of the market and making it harder for lower income families to move up the housing ladder.

In absence of an evidence-based approach and the financial circumstances of the States it is considered that it would be more financially prudent to pause the scheme and wait for the work undertaken by the Committee *for* the Environment and Infrastructure on down-sizing to complete. This should provide a more holistic picture as to the type of government levers and policies required to support down-sizing, without having detrimental effects on other parts of the market. If there is a clear indication of behavioural change and impact of the scheme it could be re-introduced.