



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 11th December 2015

*All published Official Reports can be found on the
official States of Guernsey website www.gov.gg*

Volume 4, No. 41

ISSN 2049-8284

*Published by Her Majesty's Greffier, The Royal Court House,
St Peter Port, GY1 2NZ. © States of Guernsey, 2015*

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R. Domaille, A. H. Langlois, R. A. Jones

St Peter Port North

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R. Conder, C. N. K. Parkinson, L. C. Queripel

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P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M. J. Fallaize, L. B. Queripel, M. M. Lowe,

A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,

B. J. E. Paint, S. A. James, M. B. E., A. H. Adam

The West

Deputies R. A. Perrot, A. H. Brouard, D. de G. De Lisle, Y. Burford

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F. W. Quin, M. P. J. Hadley

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and S. D. G. McKinley, O. B. E.

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (H.M. Deputy Greffier)

Absent at the Evocation

Deputies D. B. Jones (*indisposé*); D. A. Inglis (*indisposé*); E. G. Bebb (*relevé à 9h 55*);
J. P. Le Tocq (*relevé à 11h 14*); A. M. Wilkie (*relevé à 9h 55*); M. G. O'Hara (*relevé à 9h 48*)

Business transacted

Evocation	3241
Billet d'État XXIII	3241
X. Extension of the Aircraft Registry to Permit Commercial Operations by Guernsey Registered Aircraft – Propositions carried	3241
Billet d'État XXIV	3247
Maintaining Guernsey's Working Population – Debate Commenced	3247
<i>The Assembly adjourned at 12.33 p.m. and resumed its sitting at 2.30 p.m.</i>	<i>3280</i>
Maintaining Guernsey's Working Population – Debate continued	3280
<i>The Assembly adjourned at 4.08 p.m. and resumed its sitting at 4.18 p.m.</i>	<i>3301</i>
Maintaining Guernsey's Working Population – Debate continued – Propositions carried...	3301
Billet d'État XXIII	3314
XI. Guernsey Electricity Limited – Annual Report and Accounts – Proposition carried	3314
XII. Guernsey Post Limited – Annual Report and Accounts – Proposition carried.....	3317
Procedural – Order of business.....	3319
Christmas wishes.....	3320
<i>The Assembly adjourned at 5.30 p.m.</i>	<i>3320</i>

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCATION

Billet d'État XXIII

COMMERCE AND EMPLOYMENT DEPARTMENT

X. Extension of the Aircraft Registry to Permit Commercial Operations by Guernsey Registered Aircraft – Propositions carried

Article X.

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 3rd September, 2015 of the Commerce and Employment Department, they are of the opinion:

- 1. To seek the extension of the Montreal Convention 1999 (the Convention for the Unification of Certain Rules for International Carriage by Air) to Guernsey.*
- 2. To approve the drafting of the legislation as set out in paragraph 7 of that Policy Letter.*

The Senior Deputy Greffier: Billet d'État XXIII, Article X, Commerce & Employment Department – Extension of the Aircraft Registry to Permit Commercial Operations by Guernsey Registered Aircraft.

5 **The Bailiff:** Debate will be opened by Deputy Stewart, the Minister.

Deputy Stewart: Mr Bailiff, fellow States' Members.

10 Just really to give a little bit of a history in where we are with the Aircraft Registry currently. The Aircraft Registry, which is known as 2-REG, was launched towards the end of 2013 and initially targeted the local general aviation market.

15 At this outset, I would like to be clear on two very important points here: 2-REG is operated as a public/private partnership, overseen by the Director of Civil Aviation, but in essence the entire project is operated by our partner, SGI Aviation, through their local subsidiary, which is SGI Guernsey, based up at the Airport. A franchise arrangement is really the basis for the States' contract with SGI. We allow them to operate the Registry in return for a royalty payment. But all of the investment: start-up capital, the operational costs are and have all been met by SGI and

recovered through their charges to the clients. So, to be absolutely clear in this Assembly, we are not and will not be asking for further funding from the States for this project. Phew!

20 The second is what I mean when I say a 'commercial market'. As you may be aware, we already handle some very large commercial aircraft. What our clients of the Registry cannot do right now is charge to fly on them. It is the ability really to carry fare-paying passengers, or cargo for that matter, that we really believe is of interest to potential clients on the Aircraft Registry.

25 As I said, the nationality mark for Guernsey is the number two and that really is a huge marketing advantage. It leads to some really quirky and interesting registrations. If you get bored today, you can maybe think up a few, email them to us, because we get a premium for them. Things like: 2-OF US, 2-HIGH, 2-TRAV. We have also got 2-MATO. See what we are doing! We are playing the game. If you would like to join in, Mr Bailiff, on this one! (*Laughter*) 2-SEXY is actually registered. It has been a really good marketing tool and it is a massive advantage over our competitors.

30 Actually, things did not quite work out how we thought they would and the business plan did change. In the summer of 2014, SGI identified that there was significant revenue potential in the so-called 'off-lease' market. This perhaps needs a little bit of explanation around it. Most commercial aircraft – in fact nearly all commercial aircraft – are actually leased. It is quite uncommon for airlines to own their aircraft outright. When the leases finish, the lessor will typically use what is called a 'transit registry' to provide a clean break between those clients. Sometimes it is just a matter of administrative or legal convenience; other times it can be a requirement.

40 For example, we do a huge amount of work in the Far East market, where SGI have a base. In the Far East, for example, aircraft cannot be legally exported directly from China to Taiwan, because of political reasons. We refocussed our efforts to target this market about a year ago, whilst also pursuing our existing products. This was really a massive turning point for the Aircraft Registry. Since then we have registered aircraft of all sizes, from ATRs – that we use at Aurigny, but not their particular aircraft – Airbus 319 and also an ex-Cathay Pacific Boeing 747-400. That is the largest aircraft that we have registered so far, though we have dealt with a number of similar sized Boeing 777s and Airbus A330s.

45 The real question is – the Jerry Maguire moment: 'Show us the money!' – what is in it for us? What is in it for Guernsey and what is the link into the proposed changes that you see before you today? First, SGI charges by the weight of the aircraft. This is very common. It is around landing fees as well. You are charged by weight. The 747 we registered had a maximum take-off mass of around 412 tonnes, which meant the SGI's fees alone account for something like £65,000 on this one transaction. The aircraft also had a \$21 million mortgage on it. So the legal formalities for that were completed by one of the well-established Guernsey firms; one of our corporate service providers. In fact, at the moment there are more than \$75 million worth of charges currently registered against 2-REG aircraft. The majority of the legal and fiduciary work necessary to facilitate these transactions has been carried out by Guernsey firms. This is clearly very lucrative and we are working very hard to make sure it stays that way.

50 What I can announce today is that in fact SGI's revenue target for 2015 will be nearly double the budgeted figure. This really is good news for Guernsey.

60 So, why do we want to go beyond this into commercial air transport? Well, to operate an aircraft on commercial flights; again, to accept payment for passengers and/or cargo requires what is known in the industry as an 'Air Operator's Certificate' (AOC). The requirements for the award of an AOC are very strict, as you can imagine, as are the requirements for continuing oversight. For SGI, this is a large, potential revenue stream – and remember we get a percentage of that. For other Guernsey businesses, the benefits are the same as for the 'off-lease' market in terms of their legal and fiduciary work.

65 What this has the potential to deliver is much higher volume and more stable, less transient work. Research shows that in the first instance there are nine operators, with the combined fleet of 25 aircraft, that are likely to move to 2-REG, if we are able to offer an Air Operator's Certificate.

Two of those, with eight aircraft between them, have already agreed to be launch customers, should you agree today to the proposals in front of you.

70 What sort of operators are we talking about? One that I was involved in and met back in last July and August is a company called Aeris Aviation. You may have been aware of some events that they have held up at the Airport. They operate and sell a very light jet (VLJ). In their case, this is an Eclipse 550. This sort of aircraft is a bit like the Fintech of the aircraft industry. It is revolutionising
75 the small charter and air-taxi business. It has the performance of those large business jets that we are used to seeing up at the Airport, but with operating costs not much higher than a light single-engine aircraft. Aeris Aviation, the Northern European distributor for this aeroplane, have recently moved to Guernsey. They have set up their offices here and they are selling the aircraft here, using
80 2-REG as an option. Incidentally, we are about to register the first non-US Eclipse 550, which will be 2-Life for some Dutch private clients.

Part of Aeris' business model is also to offer their aircraft for use as an air-taxi service to and from the Channel Islands. You can see the advantage of that in this jet that can get you virtually to London in 18 to 20 minutes and does not cost much more than a single light aircraft to operate. You can see the huge advantage both to the business and the private market from being able to
85 operate this aircraft. But to do that they need an Air Operator's Certificate, which we hope to be able to offer.

In passing, it is also worth pointing out that this aircraft – for our Alderney Members here – can operate to and from Alderney and you may have seen a piece in the *Press* about them landing there.

90 We also, more importantly, have in the pipeline an enquiry from another similar company that would like to base itself here and operate from here.

The final and potentially largest target group for AOCs, in fact takes us back to our old traditional business jets. There is an operator of a jet, a large business jet, traditional business jet, on the 2-REG, and they will replace their aircraft early next year. They have already indicated to us
95 that they wish to place the aircraft on an AOC. There are a number of reasons why they want to place this large business jet on an AOC. Essentially, it is a private company aeroplane. However, many airports charge reduced rates for use of their facilities and for fuel for aircraft operated on an AOC. So there is a saving if you have an AOC. More importantly, if you have an AOC you can offset some of your costs of that aircraft. When you do not use it, if you have an AOC, you can
100 then lease that out to charter. So you can say 'I want to use my business jet two weeks of the month. The other two weeks of the month, if I have an AOC, I can lease that out to another company who will use it. Therefore I can get a return on my aircraft'.

The research that we have done shows that a large number of operators... AOC is a show-stopper. They really need this. They need to defray their costs, and it gives them other advantages
105 in operating their aircraft.

In summary – and I will get to the end of the speech, but there are a couple of other things I want to cover off. I hope I have given you, really, a flavour of where we are right now with the Registry and why we feel that the AOC market is our best route to further expanding and ensuring the long-term success of this project.

110 On the other side of the coin, there have been some questions around potential liabilities. It is important, for the record, that I explain those to the Assembly today, sir. The Director of Civil Aviation – because this came up both at our board and at Treasury – has advised in his professional capacity as follows. There are two potential liabilities that arise in operating any aircraft registry which I need to point out. We carry these liabilities already. The first is the
115 requirement to conduct an accident investigation, should an event occur over the high seas. In other words, where there is no state of occurrence, the obligation then falls to the state of registration.

The second is the potential for legal action arising from a failure in regulatory oversight. Both of those scenarios are highly unusual and, in any case, both of those at the moment are covered
120 by our existing insurance policy. We are insured against that.

125 In summary, our public/private partnership is working well. Actually it is working a lot better than we ever thought it would do. It has allowed us to be nimble and use the expertise of SGI's global presence. Clients are dealing with a commercial company. They are not dealing with a Government body, which is a massive advantage over our competitors. Some of our registrations have been carried out in numerous time zones and are carried out in numerous time zones. But some of them are carried out – for example, one the other day, at 4 o'clock on a Sunday morning, our time. Even with the best will in the world, I do not think we are going to be answering the phone at Commerce & Employment at 4 o'clock on a Sunday morning, but for that client... (**A Member:** Sunday trading!) Well, we could do, actually. Garry is going to man the phones. (*Laughter*) But that is a massive advantage against our competitors. For example, Jersey's Aircraft Registry is run by the States of Jersey. So, that is a massive plus for us.

I have one other really good bit of news for Christmas, for this Assembly. In fact –

135 **Deputy Kuttelwascher:** You are all heart.

Deputy Stewart: Yes, I am all heart! Jan take your hands off your ears. Sorry, through the Chair, can Jan take his hands off his ears.

140 **Deputy Kuttelwascher:** I will carefully do that.

Deputy Stewart: In fact, the States of Guernsey, sir, may well receive its first dividend well ahead of the original business plan and more staff could soon be in place at SGI's offices at Guernsey Airport.

145 Finally, I would like to say a non-States' member at Commerce & Employment, Advocate Carey, has been enormously useful during the term of this board. I would like to thank him for the work, over and above, that he has put in. Advocate Tom Carey who has sat at Commerce & Employment since 2012 is of the opinion that approving this Report will give Guernsey the best economic-enabling opportunity for many years. In his words, 'Huge!'

I do ask Members to support the proposals in the policy letter in front of them.

150 Thank you, sir.

The Bailiff: Deputy O'Hara, do you wish to be relevé? (**Deputy O'Hara:** Yes, please.) Right, you may be relevé.

Deputy Wilkie is not at his seat yet, so he cannot be.

155 Deputy Domaille.

Deputy Domaille: Thank you, sir.

I have to declare an interest in this matter and as such I will take no part in the debate.

Thank you.

160

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

165 I am glad the Air Registry appears to be picking up. The joint venture that I think was originally proposed between Jersey and Guernsey, I think in one of the first interviews the Minister of Commerce & Employment gave, he said that he was impatient and he had pressed the turbo charge button to ensure that Guernsey raced ahead of Jersey in this regard.

170 I have to say, I congratulate him – and I do not mean any offence – on his salesman's pitch on this. He is irrepressibly optimistic and I know that C&E have to send a *positive* message out there to the community and we hear a lot of positive signals and messages from Commerce & Employment.

175 What I am not getting in this: I am not really fully appreciating the real risk. I understand with regard to the risk of an aircraft being effectively lost at sea and the obligation on where that aircraft is registered is the burden or that obligation falls with the States. What I am not getting is the other risks that it may pose to the community. If ever you hear of a tanker running aground or a ship being lost, the opening line is always a 'Panamanian registered vessel' and they usually have Cape Verde crew and the standards on them are less than good.

180 All companies use the term that they are 'hampered by regulation': there is simply too much red tape that stops them from being the runaway successes that they want to be. Deputy Stewart said that the attraction to Guernsey is that we are not a Government body. If I am in the air, I want to be controlled by a Government body. I think that the idea that we have an Aircraft Registry and we have a type of different, albeit well-regulated in its own regard, Guernsey Aircraft Registry, worries me a little bit. I am concerned that it may draw to it... There are a lot of Russian oligarchs out there with a lot of private aircraft that may see the benefits of moving to Guernsey. There are certainly a lot of casinos that have aircraft emblazoned with their insignia on them. I just worry and what I want to be reassured, I suppose, in essence, is that we have considered the reputational risks of doing this on Guernsey.

185 The benefits have been made clear. I am just wondering, in all the due diligence, do we really understand the client base we are looking for and any potential risk to the solid Guernsey product that we otherwise promote, sir?

190 Thank you.

The Bailiff: Deputy Sherbourne.

195 **Deputy Sherbourne:** Thank you, sir.

I actually attended the Burnt Lane presentation on this initiative and actually asked the same question that my colleague Deputy Brehaut has just asked.

200 Can I say that I echo Deputy Stewart's comments with regard to the legal guidance and support that his board had in the form of Advocate Carey. I was very comforted by what he had to say about the safeguards that are in place. I am sure that Deputy Stewart will, in his summing up, refer to them.

But it is this sort of initiative that actually spreads across our commercial base. That is so good for the Island, in my mind. There are a lot of companies that will be involved in the process.

205 I was very impressed with the presentation and I certainly commend this initiative to the States of Guernsey.

Thank you.

The Bailiff: Deputy Kuttelwascher.

210 **Deputy Kuttelwascher:** Thank you, sir.

Regarding Deputy Brehaut's comments about a joint initiative with Jersey that was brought to this Assembly in the last States, I created a bit of a fuss because it was being proposed as something that was not contentious. It went to a vote. It did just get through. I have never thought it was a good idea to try and have a joint registry with Jersey, because we would be in complete competition with each other. It is like having a joint finance industry almost. Fortunately, we did go our way and we were delayed to some extent by the vote in the last term, to talk to Jersey who at the time did not seem at all interested.

215 Nonetheless, with regard to liabilities to Guernsey – and mention has been made of insurance policies – I think it would be useful if we knew what, if any, excesses apply to these policies and who picks up the excesses.

220 I know mention was made about what happens if a plane crashes and it is an A380. Airlines also carry insurance for those sorts of incidents, so it is not something that is solely the responsibility of the Assembly, but excesses on insurance policies are an issue.

225 I do not know if Members recall, but basically our States' insurance policies have an excess overall of quarter of a million pounds – we self-insure for that amount – and smaller claims have an excess of £5,000, so they do exist. The reason we have that is because if we did not the premiums will be so high as to make them almost unaffordable. So we need to know about the excesses, I believe, on policies held in relation to any misfortune that may occur in relation to any of our registered aircraft.

230 Thank you, sir.

The Bailiff: Just before I call another speaker, Deputies Wilkie and Bebb do you both wish to be relevé?

235 **Deputy Wilkie:** Yes, I do, sir. Thank you.

The Bailiff: Thank you.
No-one else is rising. Deputy Stewart will reply.

240 **Deputy Stewart:** Thank you, sir.

Thank you to Deputy Sherbourne and Deputy Domaille for their comments.

245 If I can just pick up the areas that Deputy Brehaut and Deputy Kuttelwascher raised. In terms of reputational risk, we have well and truly crossed that bridge. We own an airline. Some of our planes have 'Guernsey' down the side and some of them have 'Channel Islands', but it is Aurigny. We have already crossed that bridge and in fact, in any accident, the first people that the AIB looks to, if they are going to recover charges, is indeed an airline. The Registry is way down that pecking order. We are well and truly across that bridge.

250 I think in terms of general air accidents, it is normally talked about the airline in those unfortunate incidents. You will talk about Malaysian Airlines; you will talk about whichever airline it is. Very rarely is it the state of registry. In terms of risk and reputation, we have more than crossed that bridge by owning our own airline and putting our name on the side of that aircraft.

255 It is a public/private partnership, but we must not forget that the Director of Civil Aviation sits there to make sure that everything is right and signs off in many cases. Our Registry has to conform with all of the international regulations that are in place, as our finance industry has to conform with international regulations that are in place. It is really just the question of who does the sleeves-rolled-up work in terms of day-to-day running of this. This is down to SGI, but it is very much overseen by the Director of Civil Aviation.

In terms of policy excesses, if I can refer Members to paragraph 6.3 at page 3674 you will see that it says there, the final line on that page:

'The policy excess is expected to remain (as now) at £200,000 in any claim and in the annual aggregate.'

260 Initially, my understanding is that I can come back to the Assembly... My understanding is that that will come from the actual business of the Registry itself in the first instance before any claim then comes back to the States.

Sir, I hopefully have covered off the points there for you and I hope Members can support this report.

265 Thank you, sir.

The Bailiff: Members, there are two Propositions, both on page 3677. I put both to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

270

The Senior Deputy Greffier: Article IX –

The Bailiff: No. We go back to Working Population – Billet XXIV.

Billet d'État XXIV

POLICY COUNCIL

Maintaining Guernsey's Working Population – Debate Commenced

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 26th October, 2015, of the Policy Council, they are of the opinion:

- 1. That, instead of absolute population numbers or migration levels, States Policies should be focused on ensuring that the Island's working population is of a size and make-up consistent with achieving the States' strategic economic, social and environmental objectives.*
- 2. To rescind Resolution I(2) on Billet d'État IV, 2007.*
- 3. That a new Population Objective in the following terms should be incorporated into the States Strategic Plan 2013-2017: That, as far as practicable, Guernsey's population should, in the long-term, be kept to the lowest level possible to achieve the States' Economic, Social and Environmental objectives.*
- 4. To direct all Departments, where appropriate, to take account of Proposition 3, namely the new Population Objective, in developing Departmental Policies and business plans.*
- 5. To direct all States Departments to consider how best to support and encourage employees to remain in the work place until retirement age is reached.*

275 **The Senior Deputy Greffier:** Billet d'État XXIV, Policy Council – Maintaining Guernsey's Working Population – continuation of the debate.

The Bailiff: Well, opening of the debate. *(Laughter)* The debate will be opened by the Deputy Chief Minister, Deputy Langlois.

280 **Deputy Langlois:** I think so, sir, yes. Here we are: its Friday!

Sir, we all know that for this Assembly, over years, population has been an emotive subject and for many in the Island it still is. Successive debates have shown that essentially there are two viewpoints. There are those that will want to restrict population growth – and I will not rehearse all the arguments that will come in their favour or on the other side – and there are those who would
285 want to be more relaxed about a rise in population numbers.

The policy letter we are considering today is different from what has gone before, because rather than focussing on population numbers overall, instead it looks at the composition of our population which is of huge importance to how the Island deals with the future and particularly how the economy works in the future.

290 Like many other jurisdictions, Guernsey's population is ageing. We keep on reminding you and we keep on getting ourselves reminded on a daily basis. In some respects there are good news aspects to this, as has been said before, because it means that people are living longer than previous generations, and partly because of advances in medical science most remain in good health well into old age.

295 The situation also brings challenges, because older people in society tend not to make as
much or the same type of economic contribution as their younger counterparts. I use the word
'tend' because there are always exceptions to this. Notwithstanding the fact that, if they do not
make economic contribution, then older people make very significant contributions in all sorts of
ways, because we are often criticised for almost vilifying those who are retired or those who are of
300 pension age, by saying they are not making a contribution. It is the economic contribution that
changes.

What the ageing demographic means for Guernsey is that if nothing is done we will end up
with a population that comprises more people who are not working, either because they are too
young or they are older, than there are people who are working. This means that a shrinking
305 working population will be expected to fund the services which are needed to ensure our
community remains a desirable place to live. Unless we can increase the number of people who
are economically active, it is inevitable that those who are paying into the system will end up
having to pay more. That fact has been partly recognised by this Assembly during previous
debates.

310 A further problem for both the public and private sectors is that it will prove more difficult to
find the staff that are needed to provide essential public services and also to help businesses
grow, which of course contributes to economic prosperity generally for the Island. Therefore, we
need to act now in order to ensure that the size of our working population is maintained at a level
compatible with prosperity and growth.

315 I know that for some this suggests population growth, but this is not necessarily the case in the
long-term. It is true that we will need to see some net immigration – and so far the estimate has
been in the order of about 200 people per annum – if we are going to achieve our economic aims.
But the policy letter is about so much more than population numbers. It is actually about how we
can encourage as many people in our community to enter or remain in the working population.
320 This will mean, for example, thinking about how we can support those with family commitments
to take up employment, if that is what they want to do. It will also mean ensuring that older
people are given opportunities to remain in the workforce, if they wish, possibly after some
retraining and that would be particularly the case if they have been in physically demanding jobs
that become too demanding because of their age.

325 Above all, the policy letter is about changing attitudes and thinking differently about the
working population – perhaps one of the most difficult tasks for a Government. Getting this right
is a key part of solving our demographic challenges, but as I have acknowledged and as we have
made clear in the policy letter, we will never be able to grow a big enough working population of
our own. We will, as now, need to look beyond our shores for the skills and manpower needed to
330 ensure this community thrives. However, through the housing control system and in future
through the Population Management Regime, we have an ability to exert some control over who
comes to live in Guernsey and for how long. This could involve, for example, issuing licences to
particular businesses or industry sectors that will help to support economic growth. Equally, it
might mean ensuring that only a minority of employment permit holders are able to remain in
335 Guernsey beyond retirement age. These are merely suggestions and ideas at this stage and a
number of States' Departments will have to work closely together to ensure a joined-up approach
to the whole issue.

What I would stress though is that the employment permits are not the first port of call. First,
we must absolutely make every effort to ensure that the existing population is able to take part in
340 paid employment and make a full economic contribution to society. Current initiatives at Social
Security and elsewhere are already working in that direction.

This is not about opening any floodgates or disregarding the need to ensure that Guernsey
remains an attractive place in which to live and work. It is fully recognised that a balance needs to
be achieved between ensuring that we have enough people in the working population and
345 guarding against having so many people in the Island that our quality of life deteriorates.

Policy Council recognises that this is a fine balancing act, but it is an issue we simply must tackle if we are to secure our long-term prosperity. Doing nothing is not an option. We need to tackle this now. The Policy Council believes that the holistic approach set out in the policy is the best way to achieve our aims and secure a bright future for Guernsey.

350

The Bailiff: Do you wish to lay the amendment that Policy Council has circulated?

Deputy Langlois: Yes, I will do, sir.

The Bailiff: Deputy Langlois then. Do you want it to be read, or are you going to read it?

355

Deputy Langlois: I will have it read.

The Bailiff: Greffier, the one that would have been proposed by the Chief Minister, if he was here. Do you have it?

360

The Senior Deputy Greffier read the amendment.

Amendment:

To replace Proposition 3 as follows:

'3 That a new Population Objective in the following terms should be incorporated into the States' Strategic Plan 2013-2017: "That, as far as practicable, Guernsey's population should, in the long-term, be kept to the lowest level possible to achieve 'The Statement of Aims' in this Plan;"'

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

365

It is a very brief amendment. I think it is self-explanatory and those of you with the amendment in front of you, there is a long explanatory... I say 'long': there is a half-page explanatory note for information of what currently the aims are in the Strategic Plan. It just seems to tie up a loose end in the original drafting of the policy letter so that it clearly links the policy you are being asked to approve with the Strategic Plan.

370

The Bailiff: Do we have a seconder?

Deputy Luxon: Thank you, sir.

375

The Bailiff: Deputy Luxon will second the amendment.

Is there any debate on this amendment?

Deputy Fallaize.

380

Deputy Fallaize: Well, sir, I just want to refer to one point because Deputy Langlois, when he opened, said that what the States were being asked to vote for was a new approach. I think it is generally accepted the amendment does not materially change what is set out in the Proposition. The effect is not different; it is just the wording is slightly different. But, if the States accept this amendment, I think they have to realise this is not a new approach, because the population policy of the States until 2007 was that:

'The growth in population should be limited to as low a level as possible consistent with achieving economic, social and environmental objectives.'

385

Now we are being asked, through this amendment, to vote for a population policy which is:

'That as far as practicable Guernsey's population should in the long-term be kept to the lowest level possible to achieve the "Statement of Aims" in this Plan.'

– which is the economic, social and environmental objectives in the States' Strategic Plan.

So it is not a new approach. What is being proposed here is a return to the population policy which existed pre-2007. Now, that may be a good thing or it may be a bad thing, but it ought not to be mis-sold as a new approach to population policy. It is not. It is just returning to the same policy that was in place before 2007, almost word for word.

The Bailiff: Deputy Ogier.

Deputy Ogier: Thank you, sir.

I have some concerns because quite often we have some fairly large reports come in front of this Assembly and there is a lot of detail in them. We read them as best we can and we follow the macro policy as laid down. Then a year later someone stands up and says, 'Yes, but on page 363, you will note this particular line. You all agreed to that', which therefore means x as a consequence that perhaps at the time was not intended.

I do have some concerns that we are linking our population numbers or overall population growth or otherwise to a report which will be extremely large and will not have in it the ramifications of particular policies we may agree on the population. My concern is we will pass the States' Strategic Plan and six months, a year, nine months, 18 months down the line, the population will actively grow as a result of some of the policies that we have laid down in the Plan, which have had no explanation of how the population may grow were we to agree them.

I think it is too nebulous a link and I think there are dangers inherent in passing this amendment to make links to a plan that has no population ramifications within it.

So, I will not be supporting this amendment.

The Bailiff: Deputy Gollop.

Deputy Gollop: Presumably we can speak generally after the amendment side of it is –

The Bailiff: Yes, I think we can restrict speeches at this stage to the amendments, please.

Deputy Gollop: This is a discrete debate.

I think, on balance – although I am not madly keen on either set of Propositions – I think the amendment is preferable, because it does link to the Strategic Plan and gives us the family of plans being united.

The Bailiff: I see no-one else rising. Deputy Langlois will reply.

Deputy Langlois: Sir, I think that certainly one of the comments that has been made probably links back more into the main debate. That is the way I personally read it.

I thank Deputy Gollop for his input there, because certainly the intention is that this now would form a proper link with another States' document and in that way it will be far easier to trace than the words which were in the original Proposition.

So, I would ask people to support the amendment.

The Bailiff: We vote then on the amendment proposed by Deputy Langlois, seconded by Deputy Luxon. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

We move on to the other amendment that has been circulated, to be laid by Deputy Dorey.
Do you wish that to be read?

435 **Deputy Dorey:** Yes, please.

The Bailiff: Greffier do you have it? Deputy Dorey/Deputy Laurie Queripel.

The Deputy Greffier: I believe I do, sir. Yes.

440 *The Senior Deputy Greffier read the amendment.*

Amendment:

'To replace Proposition 3 as follows:

3 That a new Population Objective in the following terms should be incorporated into the States' Strategic Plan 2013-2017: "That, as far as practicable, Guernsey's working age population should not increase from its current level and be kept at the lowest level possible to achieve the following from the 'The Statement of Aims' in this Plan:

The Government of Guernsey aims to protect and improve:

The quality of life of Islanders

The Island's economic future

The Island's environment, unique cultural identity and rich heritage

It recognises that this requires:

Sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life."

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I thank Deputy Laurie Queripel for seconding this amendment.

445 As the States has accepted the Policy Council amendment that in Proposition 3, after the words 'to achieve' it should refer to the Statement of Aims, there is no real disagreement between us on this point.

450 My amendment, however, just refers to the parts of the Statement of Aims that are relevant to the population policy, as I feel that provides greater clarity on some of the aims in the Statement of Aims that are not relevant to the population.

The main differences are that my amendment refers to 'working age population' and the Policy Council refers to overall population.

Also my amendment says that the:

'... working age population should not increase from its current level...'

– while the Policy Council do not include that text.

455 Working age population is defined as people aged from and including 16 up to the age that an individual can claim their statutory old age pension, currently 65 but the States has resolved to be 70 by 2049.

460 First, I wish to speak about using working age population rather than the overall population. For this I will refer to the Report that we have. I ask Members if they could have the Report in front of them. Firstly on the title on the first page it says:

'Policy Council: Maintaining Guernsey's Working [Age] Population.'

Then if you turn over the page, to page 3764, paragraph 1.3 it says:

'However, focusing purely on the size of the total population ignores the implications of the changing composition of that population, which is an increasingly critical consideration.'

It is clear from the quote that using overall population is not the best policy.

Paragraph 1.7 on the same page, first page, says:

'Consequently, this report looks at the issues from a high-level perspective and recommends that the 2007 Resolution referred to above should be rescinded in favour of a Population Policy that focuses on developing and maintaining a working population...'

465 Exactly what my amendment is trying to do: focus on a working population not the overall population.

Again, if you turn over the page to page 3766, paragraph 2.8 says:

'The Policy Council therefore proposes that strategic Population Policy should move away from a focus on a defined population number or net migration target and instead focus on developing and maintaining Guernsey's workforce at a size and make-up consistent with achieving the States' [aims] ...'

Again, that is saying it is moving away from overall population.

If you then turn over the page to page 3768, at paragraph 3.11 at the top, it talks about death rates. This one I think is really misleading. It says:

'Increased life expectancy in Guernsey is currently running at an extra year every five years...'

470 I do not know if Members can see this, but this is from the 2015 MOH Report. This is life expectancy and it shows male and female. It is quite clear that the graph climbs at quite a rate, then it flattens and it flattens for both male and female. Although it is the 2015 report, they do not quite have the latest figures. So I have worked out the latest figures and I will show you how wrong it is in terms of the wording in the Report, because there has been this change effectively since 2006 where life expectancy at birth has actually flattened.

475 If you look at the period from 1995, because it is done on an average over three years: 1995-97 and we take the mid-year, 1996, up to 2006-2008, the life expectancy at birth for a female increased by 1.6 years every five years, and for a male 1.7 every five years. But, if you then look from that point onwards, actually the life expectancy of a female is reduced since then, very slightly, and a male has slightly increased. But, look at the overall figure. It has only gone up by 0.3 years per five years or one year in 17: very different from saying it is an extra year every five years. The current rate is one in 17 years.

480 So that again is misleading and the Report, I do not think fairly represents the situation because of this change that has happened in life expectancy.

485 Carrying on, on that page 3768, paragraph 3.13 says:

'When looking at population policy, the focus should be on the working-age population and on attracting the right mix of people to the Island in order to grow the economy and sustain economic prosperity.'

If I turn a couple of pages over to 3774, paragraph 5.8 says:

'Notwithstanding this, if the States agree that it is important to maintain the working population at an optimum size...'

If I turn over the page again to 3775, paragraph 6.5:

'However, it also needs to be made clear that, to achieve the overall aim of ensuring that the working population is appropriately sized...'

Again it is referring to the working age population.

Paragraph 6.8 on the same page:

'This will enable some "flexing" of population numbers to ensure that the working population remains at an appropriate size...'

490 Again it is all referring to working population.
If I turn over the page to 3776, paragraph 7.3, middle of the paragraph it says:

'... strategic Population Objective should move away from a focus on a defined population number or net migration target and instead the focus should be on maintaining the Island's workforce...'

Again, it is saying it is 'workforce', 'workforce', 'workforce'.

Finally, if you turn over the page to 3777 on the recommendations, the first recommendation is that:

'...States' Policies should be focused on ensuring that the Island's working population...'

495 So, everything is pointing to working population. I think I have made the case why our Population Objective should refer to the working population.

The Report says that we should be focussing on the working age population. I was shocked when I read the Report and saw the key Proposition – that is Proposition 3 – does not refer to the working age population. It should.

500 Please support my amendment as the PC Report certainly has made the case for it.

The other part of my amendment is the additional text:

'... should not increase from its current level...'

Mr Bailiff, I would ask Members to look at the graph on the back of my amendment in the explanatory note. They will see, with the zero net migration level, the working population will reduce the size of the population – sorry, wrong page – but with net migration of around 200 we will maintain the working age population.

505 If Members turn to the Report on page 3769 – I apologise for moving you around, but I think the evidence is necessary – you will see on 3769 there is a graph of the effect on the overall population. If you look at the darkest area of shading, it shows what the level of migration would be from 100 to 200 a year. The population will grow initially, before levelling off, although obviously any projections as far as 2075 are just projections and cannot be relied upon.

510 The point I wish to make is that in Proposition 3 there is no indication of any numeric limit on the population size and therefore it is effectively meaningless in terms of the size of the population as it is not measurable.

In the Statement of Aims the population policy is:

'... sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

515 This has been carefully written, but the specific words can be interpreted in many ways in terms of population numbers. What size of population increase will be to the detriment of our environment and way of life? This can be contrasted with the strategic objective for the economy that is referred to in paragraph 4.7 where it says:

'... economic growth averaging more than 2% per annum.'

– which, of course, is measurable.

520 If we are going to have a balance between various key policies, we need to have a measurable population policy, just as we have a measurable policy on economic growth.

As Deputy Fallaize pointed out earlier, before 2007 the population policy was:

'... that growth in population should be limited to as low as possible consistent with achieving economic social and environmental objectives.'

As he said, does it sound familiar? Yes, of course, because it is very similar to the population policy in Proposition 3 in the current Billet, but the then Policy Council in 2007 proposed replacing it

525 with a measurable policy. The States did not support it and instead voted for a different but measurable policy which was:

'... adopt policies consistent with maintaining Guernsey's population at approximately current level.'

We can measure it, that policy, the current policy, and we know the word 'approximately' has been stretched, I would say to breaking point as the population grew from 61,175, when the States made the Resolution, to 63,085 in 2012 – an increase of 1,900. Although, it has since fallen
530 back to 62,711 in 2014 – an increase of 1,500. I have used the same quarter figures, because obviously the population shows quite a big variance from quarter to quarter.

The PC proposal is going back to a policy that was rejected by the 2007 Policy Council and rejected by the 2007 States. It does not make any sense. I believe it is important that the Committee for Home Affairs who will be responsible for the new population regime and the
535 existing housing control and right to work regimes post May next year have a clear population policy, set by this Assembly, that is measurable and from which we can judge their success. This is exactly what this amendment is proposing. It is also important that other committees know the level of population, so they can plan for services such as schools, utilities, the amount of waste, the number of houses etc. necessary for the population.

540 We are the 13th most densely populated jurisdiction in the world. We must have a population policy which is clear and has a numeric constraint on population to protect our community: exactly what this amendment delivers.

This amendment accepts the point that with demographic changes the population policy needs to be focused on the working population, rather than the overall population as in the 2007
545 Resolution, but there still needs to be an overall numeric constraint within the policy that the working population should not be increased.

This amendment is not going to stop business from recruiting off-Island, as the amendment effectively accepts the need for net migration of around 200 a year. That is clear from the graph on the back of my amendment. There will be plenty of opportunities for business to recruit the
550 people they need as, in 2014, 3,500 people left the Island and there were 3,650 people arrived in the Island. But there has to be a limit on the population, otherwise the development needed for the increase in population will result in an even more overdeveloped Island, which will damage our environment, quality of life and biodiversity.

555 There are already 15 housing target areas proposed in the Island's Development Plan. To me the needs of the population... We know from the debate yesterday how much of our biodiversity is under threat.

It is also important that we are so careful about any increase in population, because if we make the Island more developed and busier, then as well as it affecting the quality of life of Islanders, it will make the Island less attractive to tourists and we will be less able to attract the key and high
560 value workers who are often attracted by the beauty of the Island and the pace and quality of life.

Although the exact policy proposed by this amendment has not been modelled by the actuaries, because they did not have time to do it, the policy of 200 net immigration a year has been modelled and is the closest to the policy proposed by this amendment. This results in a percentage of the working population not dropping below 60% of the population. It is currently
565 65%. Due to demographics, we are not going to be able to maintain the 65% of the population being of working age. Even with a net migration of 300 a year the percentage of the working population dropped to 61% over the time period, but the overall population increases to 76,800 by 2075. We will have to adjust, as Deputy Langlois said, to a small reduction in the percentage of working age population if we are going to manage our population level and our quality of life.

570 If we are going to grow our tax receipts, we have to be a lot cleverer with our migration policies. Instead of having just people coming in doing low value jobs, we need to concentrate our immigration on highly-skilled, highly-paid immigrants who will make a greater contribution. By bringing in, as we do now, many people to do lower value jobs, we reduce the attraction and the

575 value of those jobs to locals, because pay rates for those jobs are reduced due to the oversupply
of labour, which in turn reduces our possible tax receipts.

My final point is that this policy is to be reviewed again by July 2018; it is in the Report and we
have resolved to do this in the Tax & Benefits Review. So this is the right policy for the time being.

To conclude, I ask Members to support this amendment which is consistent with the detail in
the Policy Council's Report and has a measurable limit on the working population.

580 Thank you.

The Bailiff: Deputy Laurie Queripel, do you formally second the amendment?

Deputy Laurie Queripel: I do, sir, thank you and reserve my right to speak.

585

The Bailiff: Thank you.

I understand that Deputy St Pier will be speaking on behalf of the Policy Council. Is that right?
Do you wish to do so at this stage?

590 **Deputy St Pier:** No.

The Bailiff: No. Thank you.
Deputy Lester Queripel.

595 **Deputy De Lisle:** Can I ask for clarification, sir, before we go on?

The Bailiff: Deputy De Lisle. Yes.

600 **Deputy De Lisle:** We just actually amended Proposition 3, as I understand it, and we have got
another Proposition 3 here to amend. Is that to amend the Proposition that we have just
amended?

The Bailiff: Yes.

605 **Deputy De Lisle:** Right.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

610 Sir, you usually allow us to speak on the amendment and in general debate at the same time.

The Bailiff: So you are speaking on both, are you?

615 **Deputy Lester Queripel:** Could I, sir, because I have included quite a few comments in my
speech in support of the amendment? Might I be allowed to...?

The Bailiff: Right. If that is how you wish to speak, yes.

Deputy Lester Queripel: Thank you, sir.

620 Sir, I say thank goodness for this amendment, because it might be the season of good will, but
the Policy Council's proposals give us virtually nothing to work with. They are as vague and as
nebulous as the last set of proposals the Policy Council laid before us in relation to the future
population of the Island.

625 If I remember rightly, there were something like 19 or 20 amendments laid to address those shortcomings. So thank goodness for this amendment, because it puts flesh on the bone and gives us something to work with.

630 It concerns me greatly, sir, that taxpayers' money has been spent on a report that tells us precious little that we did not already know and therefore it is practically meaningless. This consultation and preparation of issues concerning our population has been going on for at least five years and here we have a report that tells us what we already know. What we really need to see is a report that is jam packed with detail and specific proposals. We get presented with a report that any of us in this Assembly could have written in less than a day. Where is the detail? Where are the solutions? Where are the answers to the questions that many Islanders are asking? There is no detail and there are no solutions and there are no answers.

635 So what is the actual point of the Report and the proposals in the Report, apart from rescinding Resolution 1.2 from 2007 – which should never have been introduced in the first place? What do the proposals actually mean?

640 Propositions 1, 3, 4 and 5 are just fancy words that do not really say a great deal. What they do say is extremely vague, to say the least.

Now let's take Proposition 5, for example, which reads:

'To direct all States' Departments to consider how best to support and encourage employees to remain in the work place until retirement age is reached.'

Well, there are vague examples, numbers one, two, three and four right there in one single sentence. Number one: my understanding is that there is no specific retirement age. Anyone can retire any time they choose to. Is it me that is wrong or is it the Policy Council that is wrong?

645 Number two: therefore, shouldn't the word 'retirement' be amended to read 'pensionable'? I make that point because when I went to a population presentation at Beaucamps School in 2011, I used the term 'retirement age' when I was asking a question and I was ridiculed by a member of the Population Policy Group who told me, in front of the public in no uncertain terms, that I was confusing 'retirement' with 'pensionable age'. Here we are five years later being presented with the term 'retirement age' in a report that has been largely compiled by the Population Policy Group. Well, sir, it is my turn to ridicule and get my own back and in public, just as I was ridiculed in public.

650 In anticipation of one of my colleagues getting to their feet and saying that the Population Policy Group did not exist way back in 2011, well I can tell them, sir, it certainly did and I have a copy of the consultation document here to prove it. I was one of a mere 350 Islanders who responded to that consultation. Actually, there were less than 350 Islanders, because many of the submissions were from businesses, so that is somewhat misleading.

660 We are also told that more than 800 people took the opportunity to attend population presentations. Well, I attended four of those presentations, sir, of which there were six, if I remember rightly: one at St Martin's Junior School, along with 13 of my fellow Islanders; one at Beaucamps School, along with 21 of my fellow Islanders; one at the Vale Douzaine room, which was attended by 14 Islanders, including ex-Vale Deputy Graham Gill and one at St James, which had 19 of us shivering in the hall on a bitterly cold winter's night. So that is a total of 67 people who attended four presentations. As I say, I think there were six presentation in all, which means that over 700 people must have attended the last two, which I find very difficult to believe.

665 My recollection of those presentations is that they were poorly advertised and the only reason I knew they were taking place in the first place is because I made it my business to know, because I have always been extremely concerned and interested in the future population of our Island.

670 In case any of my colleagues are wondering why I was not a member of the most recent Population Group, well the answer to that is I did ask Deputy Harwood, when he was Chief Minister, if I could join the group, but sadly, sir, it appears there was no room for me. (*Interjections*) Although I am sure Deputy Harwood tried his best to get me on that group, sir, probably in the face of much opposition.

675 Moving on to vague examples number three and four in Proposition 5. Number three: how is every States' Department going to actually support and encourage employees to remain in the work place?

Finally, number four: does it mean every States' employee or every employee throughout the Island, because that is not made clear in that Proposition 5?

That is four questions that I ask, sir, about a single sentence, one single Proposition, to clarify what it means.

680 Going back to the issue of maintaining the working population, which is what this Report is all about – even though, as Deputy Dorey said, it does spend a lot of time referring to the population of the whole Island. In order to just maintain the working population, all we need to do is simply ensure that there are enough people in the workplace to pay for the people who are not. That should not be too difficult.

685 What will be difficult is actually attaining the growth everyone keeps telling us we need. But, this Report focuses on simply maintaining the workforce. There is very little reference to growth in it. Up until I read this incredibly vague Report, sir, I always thought we did need to increase and grow the workforce to enable us to be in a position where we can address the demographic changes. Now we are just being told we need to maintain the working population.

690 I am really confused now. I do not know what we are supposed to be doing. As I say, thank goodness for this amendment. Of course, my confusion is caused by this Report being so vague, because in order to attain growth we need new businesses to be established here and we also need established businesses to be able to expand.

695 We do very little to provide premises for small businesses. I know some businesses that have actually ceased trading because they have not been allowed to move into larger premises to enable them to expand. So once again, sir, all this talk about supporting businesses is just that. It is just talk. It is just words. As I said when we were debating the Disability and Inclusion Strategy, it is not talk our fellow Islanders need, it is action.

700 Sir, I would also like, when the Deputy Chief Minister responds, an explanation and clarification of vague examples five and six please, which can be found in paragraph 5.3 on page 3773, because we are told in that paragraph that the right climate for businesses to flourish will need to be created. Well it certainly will, because it does not exist at the moment. We will need to ensure:

'... that the employees critical to the success of those businesses are able to access appropriate housing, health care and recreational facilities...'

I would like the Deputy Chief Minister to tell me when he responds, sir, what is actually the right climate for businesses to flourish and how and when will it be created? How would he define
705 'appropriate housing'? Where will this appropriate housing be built? I ask that question with the thought uppermost in my mind that there are hundreds of Islanders currently on the housing list, desperate for accommodation.

Regarding the health care issue, sir, bearing in mind that Deputy Luxon told us yesterday HSSD do not have any money, what will appropriate health care actually consist of? Where will these
710 recreational facilities be built and who will pay for them?

I ask those questions, sir, sincerely, because I want to address demographic change as much as anyone else does, because the elderly in our community need and deserve the best possible care we can afford to provide, but we have to be realistic and we should be pursuing objectives and initiatives that will enable us to provide that care.

715 In my opinion, sir, we seem to spend a lot of time compiling lists of aspirations, much like the number one objective of the States' Strategic Plan, which as we all know is to:

'Improve the quality of life of Islanders.'

A wonderful aspiration, sir! We have all signed up to it, but how are we going to do it? That is just a load of apple pie and motherhood in my opinion and a perfect example of why we are in danger of becoming known as the 'States of Good Intentions', which is a great shame because we all

720 know how hard we all work. We have not got time to pursue lists of unattainable aspirations. Yet here we are being asked to pursue another list of unattainable aspirations by the Policy Council with no specific detail or direction. We are being asked to spend a lot of time focussing on an ideal situation, whereby we have enough people in the workforce to pay for the people who are not. Even that is not strictly true, because even pensioners who gave up work years ago still pay
725 Income Tax and Social Security out of their pensions.

We are told in paragraph 2.1, on page 3765, that:

'... approximately 170 more people will retire than will leave education to enter the workforce.'

– in 2015. It is rather misleading, because what we are not told is those people who retire will still have to pay Income Tax and insurance until the day they die.

We are told in paragraph 2.2, on page 3765, that:

'... by 2035 [20 years' time] Guernsey's workforce could be 13% smaller than it is today...'

730 Sir, I am sure we all know pensioners who would have liked to have carried on working, but could not due to the fact that their job was physically intensive, which of course raises the issue of retraining. This Report is relatively quiet on the issue of retraining, which concerns me greatly because there could be hundreds of pensioners out there who would like to carry on working, and we have always got people signing on as unemployed who could be retrained. The only mention I
735 can see about the issue of retraining in this Report is on page 3773, in paragraphs 5.5 and 5.6, where we are told:

'... that work streams need to be given high priority...'

– and that individuals who find themselves in physically demanding jobs could receive training to prepare them for a change of vocation. Wonderful! (**A Member:** Yes.) An absolutely wonderful aspiration, but who is going to train them and who is going to pay for it? I never get answers to
740 these sorts of questions, sir, so I hope that the Deputy Chief Minister can at least answer some of them, when he responds.

The Bailiff: I think Deputy St Pier will be responding, I believe.

745 **Deputy Lester Queripel:** Oh, sorry, Deputy St Pier, lumbering you with all these questions.

As I say, sir, it is a wonderful aspiration, because who is going to pay for all this retraining? We are not told that, so that is another example of motherhood and apple pie and that is a vague example number seven covered.

750 Sir, I know that SSD do a lot to try to get people back into work. They do their utmost to assist people with grants to buy tools and equipment and I applaud them for that. I know they do that because I have worked with them. The staff at SSD are excellent, but what are the other Departments doing? Because going back to the work streams that are mentioned in paragraph 5.5 on page 3773, surely SSD are not the only Department involved in those work streams. (**Two Members:** No.) But we are not actually given that information in this Report, even though Deputy
755 Stewart has just said or given the indication that SSD are not. So why is that not in the Report? Why is there not all the information that we need to know – and I am not giving way to anybody in this speech, sir. The only way they will get me, sir, is if they stand up on a point of correction or a point of order. I am not giving way.

760 Sir, we are not given that information in this Report. Why are we not given all that information in this Report? This Report is meaningless. It tells us what we already know. It is a waste of taxpayers' money, telling us what we already know.

Sir, in August 2008 I wrote a letter to several businesses and agencies in Guernsey, expressing my concerns about the lack of opportunities for retraining. My good friend, Deputy Conder – who is not in the Chamber at the moment, unfortunately – may recall being copied in on one of those

765 letters, as Chief Executive of the GTA. The vast majority of those businesses and agencies responded to me saying my concerns were justified and Government should really be doing a lot more. Here we are 2015. What are Government doing? How do we know what they are doing? It is not in the Report.

I wrote the same letter to the then C&E Minister, Carla McNulty Bauer, and she wrote back to me telling me that there was a Workforce Development Plan in place, with nearly 100 work streams in progress. She told me that C&E were carrying out an exercise looking at specific business skills needed for the future in order to help businesses with their training opportunities. She also told me that the Education Department, the Guernsey Training Agency and a plethora of training companies in the private sector could provide opportunities for individuals to develop themselves with skills to contribute to potential employers. But what happened to those work streams that C&E undertook? Why aren't we told about those work streams in the Report?

Deputy Stewart: Sir, point of correction.

[Inaudible] ... an update to all States' Members about exactly where those work streams are and the various departments that are involved and the consortium that is now led by Saboohi Famili at the College of FE. (**Several Members:** Hear, hear.)

The Bailiff: Thank you, Deputy Stewart.

785 **Deputy Lester Queripel:** My question was, why isn't that in the Report? Why are we not given all the information in one document? Why do we have to trawl through piles and piles of previous documents to find the information we need? Sir, we have not got time to trawl through piles and piles of documents. All the information should be in one document, so we can refer to the information in that document, especially when taxpayers' money is being used, once again, to compile a document that tells us everything we already know. I find that extraordinary, sir. There is no excuse and there is no reason.

790 Sir, I told ex-Deputy Carla McNulty Bauer that I really appreciated her time in replying to my letter and my concerns, but she had not answered my question, which is the same question I am asking today: where can someone go to retrain, if they cannot afford to pay for it? Someone working in a physically intensive job at the age of, say, 60, 61, 62; they want to carry on working long past their pensionable age, as long as they can retrain for a different vocation that is not so physically involved. The answer to that is that there is nowhere they can retrain, unless they can afford to pay for it.

800 **Two Members:** Point of correction.

Deputy Lester Queripel: Point of correction? Sorry, I did not hear Deputy Le Clerc, sir.

The Bailiff: Deputy Le Clerc.

805 **Deputy Le Clerc:** Sir, I just wanted to clarify a point of correction to Deputy Queripel that Social Security Department runs regular training courses, a variety of training courses that are free to people who wish to retrain. (**Several Members:** Hear, hear.)

810 **Deputy Lester Queripel:** I thank Deputy Le Clerc for that correction, sir. I did give credit to the Department early on for all they do. Again it would have been helpful if that information had been (*Laughter*) in this document.

815 Deputy Spruce just held his hands about nine or 10 inches apart, indicating that the document would be nine or 10 inches thick. Sir, with the greatest respect to Deputy Spruce, we have never in 3¾ years received a document nine or 10 inches thick and this document is barely a few pages.

This is a point of correction Deputy Le Clerc?

Deputy Le Clerc: Well, it is a point of information.

The Bailiff: Well, there is no such thing.

820

Deputy Lester Queripel: There is no such thing.

The Bailiff: It is either a point of order or point of correction.

825

Deputy Le Clerc: Well, will you give way?

The Bailiff: Deputy Queripel said he is not going to give way to anyone, (**Deputy Le Clerc:** Okay.) so unless he has changed his mind...

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Deputy Robert Jones: Point of correction, sir.

The Bailiff: Yes, Deputy Jones.

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Deputy Robert Jones: I would like to correct Deputy Queripel in his interpretation of his expectations of what is contained in this Report. Quite clearly he has misinterpreted it. This is a high-level Report that sets out a high-level objective. I think the details that he has tried to find within this Report will be found in the observation of Proposition 4, which directs all the Departments, when developing their policies and their business plans. That is where he will find the information and that is where I need to correct him, because his expectations of this Report are completely incorrect. I think if he thinks on that he may curtail his speech. (**A Member:** Hear, hear.)

840

Deputy Lester Queripel: Well, sir, in response to that interruption, what does Proposition 4 actually mean? This is 15 pages of what exactly? Propositions that are nebulous and vague. Proposition 4:

845

'To direct all departments, where appropriate, to take account of Proposition 3,...

But Proposition 3 is vague. So we are being asked to take note of a Proposition that is already vague.

I just remind Members, sir, the more they interrupt, the longer this speech will take. Deputy Parkinson just muttered, 'Oh God', so I am not sure what to glean from that. (*Interjection*) He obviously has not been listening on the radio or following debates in previous debates over this.

850

Deputy Parkinson: Oh, yes he has.

Deputy Lester Queripel: Oh, has he?

855

I am trying to find where I was, sir, if you would just indulge me for a second.

I will go back to where I started from then, okay. (*Interjections*)

The Bailiff: That would be a risk of tedious repetition, Deputy Queripel.

860

Deputy Lester Queripel: The top of the page, sir.

The point I was making was somebody wanting to carry on working way past their pensionable age, maybe even to 75 or 80 years old, may not be able to because they are in a physically intensive job and they have no choice but to retire when they reach pensionable age: 65, 67 or 70, before anyone corrects me. Across the community, sir, because instead of being in the workforce, in the workplace, until they are 80, paying a lot more tax and social security than they would as pensioners just receiving their pension, they will not be able to contribute towards society in the

865

community. That is the reality for some people. They would love to retrain and carry on, but there is no opportunity for them to do so.

870 I am aware, sir, that that is not the case for all pensioners. I do not need to hear any of my colleagues saying that every pensioner is not in that position. I know that, sir. I do not need to be told that. The fact of the matter is there are hundreds of pensioners who are in that position. I know because I speak to them. We are really missing a trick by not helping them to retrain. So who is going to progress the work streams we are told need to be given a 'high priority' in paragraph 5.5, on page 3773? That is vague example number eight, sir.

875 Sir, I am reminded of the time I was invited to a function at Government House, a year or so ago, and our recently departed and much missed Lieutenant Governor and I were talking. During the conversation I asked him if he ever felt like standing up in this Chamber and saying something during the States' debate. He said he often felt like standing up and shouting, 'You are all missing the point!' (*Interjections and laughter*) (**A Member:** Exactly!) (*Laughter*)

880

A Member: Why didn't you listen?

Deputy Lester Queripel: Sir, I feel that Policy Council are missing the point in relation to this report, because there is no point to it. We know everything that is already in it. Where is the new
885 information? Where are the answers and where are the solutions? Where are the specific details?

To put a 15-page report together that tells us something we already know, in my view, is a complete waste of taxpayers' money. The Report does not give us anything to work with, even though it has been five years in the making, which is why I urge my colleagues to support this amendment, because then we will have some idea where we are going and what we are supposed
890 to be doing.

In closing, sir, I would actually like to praise the Policy Council. (*Laughter and interjection*) (**A
Member:** Point of order.) (*Laughter*) Seriously, sir, I would like to praise the Policy Council for using the term 'demographic change' in paragraph 1.4, instead of using the term 'demographic time bomb', which they have used in the past. I did complain about that some time ago, because
895 not only is it inappropriate and discourteous to anyone approaching pensionable age, but it is also inflammatory. So, I close, sir, by praising the Policy Council for doing that.

Thank you, sir.

The Bailiff: Deputy Luxon.

900

Deputy Luxon: Thank you, Mr Bailiff.

Sir, we are back to Policy Council bashing and it feels so much better. Yesterday we were complimenting Policy Council. We do not want that, sir! We do not want that!

905 Sir, through you, I am going to speak briefly on the amendment and briefly on the main debate, if I may?

Can I congratulate Deputy Lester Queripel on a cracking master class of a speech on entirely the wrong subject? Sir, Deputy Rob Jones tried to make a point of correction.

Deputy Lester Queripel: Point of correction, sir.

910 I spoke about the Report, which is about maintaining the working population and I spoke about the amendment. (**A Member:** Irony.) Again, sir, I am confused by a Member of the Policy Council.

Deputy Luxon: I was just half way through trying to explain why I was making that statement,
915 sir. On page 3764, 1.5 very clearly says:

'to direct the Policy Council...'

– la, la, la. To:

'... report back to the States of Deliberation with its findings no later than July 2018.'

920 What Deputy Rob Jones should have directed us to was 1.6, which says that this is an interim update on the basis of the new Population Management Regime that we have been working on for the last five years. We have not been working the last five years on the subject matter of this policy letter. We have been working the last five years on getting the new Population Management Regime in place, to replace the housing laws that are no longer fit for purpose. That is where I was trying to be helpful, sir, to correct Deputy Lester Queripel as to why he was making a speech on the wrong report. The report that his speech belongs to is the report that will come next year. *(Interjection by Deputy Lester Queripel)* I hope that is clarified.

925 Sir, Deputy Dorey's amendment is no less bad than the 2007 Roffey amendment – which I think Deputy Dorey seconded, by memory – on population cap policy which has now been in place for the last seven years. It has not been complied with, but it has been in place. That Roffey amendment had no basis of logic in terms of the baseline number chosen, i.e. the Island's population, happenchance, that year was about 61,700, by memory, but with no levers or ability to deliver the policy cap that was put in place and no actual objective in mind in terms of what was trying to be achieved by applying that population cap.

930 Sir, this amendment before us now is as bad, because of the words 'not increase' i.e. not increase Guernsey's working population from its current level. We do not want to be saying 'not increase' or 'closed for business' or 'no growth'. It may seem innocuous, but it sends out the risk that the States of Guernsey is not open for business; not open to the possibility of the working population increasing. Not that we are committing, through this policy letter, to increasing that working population or the actual workforce itself, but just that by putting a cap we are giving the impression that we do not want to see any economic growth, sir. I think it is dangerous. We could just vortex into a blind cul-de-sac, which has negative impact for our economy and of course on our public finances. Quarter four of this year, we have seen a downturn, which obviously is going to give us some difficulties in future years.

940 The report that Deputy Lester Queripel held up from 2011, inadvertently had unintended consequences of putting the Open Market into a very difficult place and we have seen the results in terms of decreased conveyancing fee income for the States of Guernsey, but also the negative impact it has had on the broader economy. There is a risk, just a risk, that Deputy Dorey's amendment, through you, sir, could have similar unintended consequences. It might not have, but could have. I just do not think at this time, when our economy is beginning to show real green shoots but is still quite fragile, that I think we want to risk in any way repeating the mistake of the last five, six, seven years, as we saw with the Open Market housing sector, sir.

950 Deputy Dorey also, in a recent interview in *The Guernsey Press*, made comment that the working age population at present levels would be enough to balance out the needs of the community, particularly given the decision this year to increase the retirement age to 70. He went on to say, 'People have been talking about the demographic' – and I will not say time bomb – 'demographic changes, but it will only be a small change given the increase in the pension age'. Sir, I do not think that can be validated. I have not seen any evidence through the Personal Tax, Benefits policy letter that we had and other information.

960 **Deputy Dorey:** Sir, point of correction. I thought we were discussing what we say in this Assembly not what the *Press*, a so-called report, and what somebody says.

The Bailiff: Deputy Luxon.

Deputy Luxon: Sir, I will take your advice, but I think I can refer to anything in debate –

965 **The Bailiff:** You are not the first person to do so.

Deputy Luxon: – to try and support the point I am trying to make. Anyway, sir, I will move on from the amendment.

970 I will not be able to support this amendment, because I think what it does is it absolutely tries to put another false cap, or false dynamic into a situation that we should allow to be dynamic. This interim Report, the policy letter, I hope Members will support, because in fact all it does is removes or rescinds that 2007 cap that had no purpose, no logic, no objective in mind and no levers to be able to deliver – and it has not been complied with. Equally so, if we put this amendment into place, I fear exactly the same would happen, but potentially with unintended consequences. For the Island's economy and certainty and green grass of confidence, I do not want to see that happen.

975 Sir, this Report, this policy letter, has been rushed to the Assembly. The reason that this has always been separated from the Population Management Regime over the last five years was because we all know the emotive nature of this Assembly or our community. Deciding on a population target, whether it be a defined number, is dangerous because many members of our community want to see a population decrease; some are happy with levels as they are; some would like to see an increase, for any reason or for reasons to do with enhancing our ability to be able to have a working population that can maintain the services and benefits that the Island provides for those that are not working. This Report was simply brought to this Assembly now on the back of the emerging situation that we have ahead and the fact that the new Population Management Regime will be coming into place in 2017. The Policy Council felt that waiting until 2018 before at least giving an update and rescinding the 2007 existing cap, that that was not helpful to the situation.

980 There will be a detailed, evidence-based and very complex report that I am sure the new Policy & Resources Committee, post-May, will be putting as one of its high priorities and, if it does not, it should do, because the matters that Deputy Lester Queripel referred to, sir, are all absolutely valid and of great consideration and concern. But the point is that is not what this policy letter was for and he will be able to re-date his speech and make that speech when the Policy & Resources Committee bring to the new Assembly their proposals in terms of population as part of the bigger policy development.

985 Sir, I do not support this amendment, but will support the Propositions in the policy letter. Thank you.

1000 **The Bailiff:** Chief Minister, would you like to be relevé?

The Chief Minister: Yes, sir.

The Bailiff: Thank you.

1005 Deputy Green was standing earlier, then Deputy Fallaize.

Deputy Green: Sir, thank you.

Like Deputy Lester Queripel, I agree with what he said about the phrase 'demographic time bomb'.

1010 I will speak just on the amendment, sir, at this stage. There are two significant elements, I think, to discuss in this amendment. The first is – and I think Deputy Dorey is quite right to emphasise this, because his amendment talks in terms of the working population. I think that is the right emphasis and I think Deputy Dorey was most convincing in his speech this morning when he was on that ground, because there are countless references to 'working population' in the policy letter before us but the original Proposition does not talk in terms of working age population. I think he was on strong ground in that regard.

1015 The second element, really, is about Deputy Dorey wanting a measurable limit on working population and I think that is slightly more problematic for me, because I am not sure it is necessarily as flexible as it should be.

1020 Actually, instinctively, I probably take a similar view to Deputy Dorey on matters of population
and the need to be cautious in terms of trying to preserve the quality of life in this area. I do take
the point that Deputy Dorey made, which is that his amendment does broadly still allow for 200
per year net migration. I do have some concerns about that, because I think the whole issue has
to be based on a balanced policy which is very much the emphasis again in the policy letter: a
1025 balance between importing the skills and labour that we need to support the economy, but also
balancing that to safeguard against unnecessary pressures on the quality of life and our
infrastructure. It is a balancing act.

I am concerned that Deputy Dorey's amendment, certainly the idea of having a measurable
limit on working population, could be slightly too restrictive, slightly too inflexible in terms of our
future economic needs. It is a very difficult judgement to make, sir, I think, actually. I am not
1030 saying that I am definitely not going to vote for Deputy Dorey's amendment, because I think there
is definitely something in it, but I do wonder whether he is drawing the line perhaps too
cautiously in favour of keeping the working age population down. So I would be grateful if he can
answer this question when he sums up.

I think there is a clash of philosophies, essentially, here, sir, because the Policy Council's case
1035 really is to move away from using the crude target on general population numbers or migration
levels, because they say that cannot really be applied in reality and they have a much broader
policy approach. I think definitely there is something in that, whereas Deputy Dorey's philosophy
is to have that measurable target, but to link that to working age population. There is definitely a
clash there.

1040 A question I would have for Deputy Dorey, when he sums up, is does he think that having the
measurable limit on working population that he talked about is actually quite a crude way of
going about this? Does he actually think that would be in the interests of the long-term outcomes
for Guernsey – economic and otherwise? Does he think this can be sufficiently flexible for our
future economic needs?

1045 I do not know whether I will support this amendment, but I will certainly listen to the rest of
the debate.

The Bailiff: Deputy Fallaize.

1050 **Deputy Fallaize:** Thank you, sir.

I said, when debating the previous amendment, that I feared that it had been slightly mis-sold.
Deputy Langlois said to me outside of the Chamber that he should have presented it not as a new
good but as a second-hand good. In a sense he is right, but his amendment is successful now, so
he can say those sorts of things.

1055 I do agree with Deputy Green that this is about competing philosophies, but I think it is much
sharper than he suggests. It is not just a competing philosophy about whether population policy
should focus on the overall population numbers or on the working age numbers. I think Deputy
Luxon's speech rather gave it away. The competing philosophies here are those Members who
accept that there will need to be some population growth, as part of a package of measures to
1060 deal with the demographic challenges, and on the other hand Members who want to pursue
population growth as a primary means of economic growth. I think that is the competing
philosophy. I think that is why the Policy Council is so resistant to Deputy Dorey's amendment,
because they see growth in population – or many of them do anyway. It will be interesting to see
how many Members of the Policy Council vote for the Policy Council's proposals, but I think a
1065 majority of the Members of the Policy Council at least do see population growth as a primary
means of accelerating economic growth.

Now, I do not. I do not think it is possible to keep our population at even its current level, let
alone its 2007 level. I think population growth has to be linked firmly to trying to meet
demographic challenges.

1070 For Deputy Luxon to suggest that this amendment is in any way similar to the present population policy is just mad. (**A Member:** Hear, hear.) The reason I say that is because the present policy is to retain the population levels at approximately their 2007 level. It is, broadly speaking, 60,000.

1075 Now, this I think is the main reason to support this amendment. If Members look at the key pages of pages 3769 and 3770, the graph on 3770 shows a dotted line which represents the present size of the workforce. In order to retain approximately the same size of workforce as there is at the present time, it will be necessary to have net migration of more than 200 people per year, because if there is average, annual net migration of 200 per year, that is the line, the solid line, which is just below the dotted line on page 3770 and actually the workforce will fall slightly if
1080 there is only average annual net migration of 200. So, in order to retain the workforce at approximately its current level, annual, average net migration will need to be more than 200 people per year.

1085 Now, if one looks at the graph on the opposite page 3769, the Policy Council has translated average, annual net migration figures into the overall population numbers and it shows that, if net migration is slightly more than 200 per year, somewhere between 200 and 300, Guernsey's population is going to rise to more than 75,000. One has to ask, if the Policy Council is opposed to the terms of this amendment, which provide for average, annual net migration of slightly more than 200 per year, what figure do they have in mind? Because they are not opposing it because they think the amendment is too liberal, they are opposing it because they think it is too
1090 restrictive, but under their own projections it envisages a population level of 75,000.

I think if they are opposing this amendment they ought to tell the States what population number they do envisage, because it is clearly more than 75,000. It is no good saying, 'Well, no, we do not want to set any kind of number.' We know they do not want to set any kind of number. We are all agreed with that. But their own projections tell us that the position they are
1095 representing in this debate will lead to more than 75,000 people living in Guernsey. Deputy Le Tocq is shaking his head, but how is it possible to envisage perhaps 65,000 or 70,000 or even 75,000 people living in Guernsey if they are opposing as too restrictive an amendment which by the Policy Council's own projections will lead to a population of between 70,000 and 75,000?

1100 So I agree with Deputy Dorey that working age population is the correct area of focus, should be the area of focus in setting this policy. He referred to all of the areas of this policy letter which refer to the working age population. I think if we are interested in demographics then we ought to be interested most of all in the working age population and not the population size overall, because we could have population growth but contraction of the workforce. That would be utterly disastrous. (**A Member:** Yes.) The correct focus ought to be on working age. I think in that sense
1105 Deputy Dorey is closer to the ballpark than the Policy Council are in any event.

But the key for me is that Deputy Dorey's amendment ought not to be misrepresented as an attempt to retain approximately the present population level, because it does not provide for that. It recognises that, if the workforce is going to be retained at approximately its current level, then we will need average, annual net migration of more than 200 people per year and that provides
1110 for quite a significant population growth on the current level.

Now, if I had been drafting this amendment, the one change I would have made is I would not have had a policy of:

'... Guernsey's working age population should not increase from its current level...'

1115 I would have knocked that out and said something like, 'should remain approximately its current level', because there is the slight danger of that being too inflexible. However, before that it does say:

'That, as far as practicable, Guernsey's working age population should not increase from its current level...'

Then it goes on to say:

'... and be kept at the lowest level possible to achieve...'

– the aims in the States' Strategic Plan.

Actually that is the same as what is being proposed by the Policy Council, this exceptionally nebulous thing about:

'... Guernsey's population should ... be kept to the lowest level possible to achieve...'

1120 – the aims of the States' Strategic Plan.'

At its highest level, everybody knows the States' Strategic Plan can mean anything and everything to anyone. That is not a criticism. It is meant to be a sort of high-level set of policy objectives.

1125 I do not think Deputy Dorey's amendment is too inflexible, because of these words 'as far as practicable' and because it links to the aims of the States' Strategic Plan, as the Policy Council's amended Proposition does. But the key is it does not seek to retain the current population level. It provides for a significant increase in population, but tied to the size of our workforce, which should be the key area of focus.

For that reason, I would ask Members to support this amendment.

1130 Thank you, sir.

The Bailiff: Deputy Le Tocq.

The Chief Minister: Thank you, sir.

1135 If I might just begin by digressing a little bit, sir, through you, just to thank Members for the very civilised and constructive way that I thought the debate on same-sex partnerships took place yesterday. I did hear the end of that after my minor op.

1140 Also, sir, through you, to thank those Members particularly who have asked about my welfare. I just ask that if States' Members see me outside of the Chamber, that they do not look down at my footwear, unless they are Deputy Hadley, in which case I am sure he will think it is completely normal. *(Laughter)*

Moving on and to speak on this amendment particularly, sir, I have three problems with this amendment, but I understand where Deputy Dorey is wanting to get to. I just do not think that the way the amendment is worded is helpful in three particular respects.

1145 Firstly, it is silent on the non-working population – forgive me if others have mentioned this already in debate, because I have come in late – which means it could be interpreted as saying that there is no limit on non-working population which could in turn lead to difficulty in resisting applications for permits into retirement.

1150 Secondly, potentially it could make it much more difficult to restrict the length of employment permits on population grounds, which would mean that the retired population could grow, thus meaning that the working population would also need to grow in order to maintain the necessary dependency ratio. I think that is a particularly difficult part of the amendment we should not ignore.

1155 Thirdly, particularly because the working age population is not the same as working population –
I will give way.

Deputy Laurie Queripel: I thank Deputy Le Tocq for giving way, sir.

1160 Could he answer me then: how does what he is saying fit in with the aims of the States' Strategic Plan? Because that is part of the Proposition: that it has to tie into the aims of the States' Strategic Plan which is, 'to improve the quality of life for Islanders', etc. How does the scenario he is painting fit in with that?

1165 **The Chief Minister:** If I could just finish, to begin with, what I was saying with regard to the amendment. I think this is the key point really: working age population is not necessarily people who work. The focus in the policy letter is on working population, not working age population. So that is particularly unhelpful.

1170 Sir, to address Deputy Laurie Queripel's comments, this is meant to be a high-level framework at which other specific policies can be brought forward, that this Assembly can agree to and can change from time to time so that the focus is not on the numeric but is on the ratio which is absolutely essential. That is why the points I have made with regard to Deputy Dorey's amendment, I think, are pertinent. We should be cautious about going along that line, because it will, in the end, have an effect that is contrary to what Deputy Dorey would want.

1175 I ask Members to reject this amendment.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

1180 I just want to pick up on a couple of things that some recent speakers have said. Deputy Fallaize said it is, 'anything and everything to anybody' and it absolutely is.

I know there was a bit of laughter when Deputy Lester Queripel was speaking and I know he went round to Alderney to get to Sark, but he is absolutely right. The vagueness of it gets me suspicious and that is the problem.

1185 I think it was Deputy Luxon who actually – who is on the Population Management Subcommittee of the Policy Council, whatever – let the cat out of the bag, because he was saying, 'Looking for dynamic' and 'This removes the cap'. It is exactly what this is about: this is a subtle way of changing some very big levers at the very, very top.

1190 I just want to pick up something that Deputy Le Tocq was saying: the amendment is silent on population. I think the reason why the amendment is silent on population is that the amendment is only touching Proposition 3. Proposition 1 does the overall population and that picks it up, because that says that the total population should be kept to the minimum. So that is picked up on in Proposition 1. I think that covers that piece off.

1195 The difficulty I have is that, while we do not codify what we have for population with a limit, it is whatever the gatekeeper allows and we do not know what that gatekeeper is going to do or how they are going to allow it. So I was just taking... Again, I think it is the words from Deputy Jones this time. He said this is very high-level. There are business plans to come in later. Well, what I would like to see is, at the time you bring those business plans in as to how you are going to manage the population with the levers, I will let go of the high-level plan that we maintain our population at about what it was. Then I will let that go and I will let you have the new one when you show me how you are going to lever and manage the population, because I do have some concerns.

1200 I was really saddened and very cross with somebody from the IoD the other day. They were on the media and they were saying something like – what was it now – 'We are having difficulty with Housing Licences. We get people in for five years and after four years or three years we are looking to replace them'. That person fundamentally missed the whole point of our Population Management scheme. We allow 15-year licences to let people come in, to do the essential services that we just cannot provide or we cannot find the skills for, but the idea is that we have got tremendous skills on the Island. Islanders have risen to be world class in finance and the potential is there to train our indigenous population. The idea of a five-year licence was to bring someone in, find someone else locally, train them up, give them the skills and then let the licence holder go. It was not meant to be a revolving door. (**A Member:** Very true.)

1210 I am probably at a slightly different place from my Minister, but we both have the same aims: to make sure we have got absolutely a thriving industry and a thriving commerce, but just look at what we had yesterday, when we were talking about – was it yesterday – the Biodiversity Strategy
1215 – or was it the day before? How much weight are we going to be giving to these other elements

of the Strategic Plan that make Guernsey that very nice place for people and high-net-worth individuals to come? How much weight will we give to the working population and economics versus the social and the environment?

1220 Deputy Luxon fantastically convinced me exactly what to do in this debate. I am not going to be voting for Proposition 1. I am not going to let go of what we have in place at the moment, imperfect as it is, until I see how we are going to lever the new Regime. I will be supporting Proposition 3 from Deputy Dorey.

1225 I think we have to be very careful what we do here, sir. We have got a very small part and... Half the questions have not been answered and I think Deputy Lester Queripel was absolutely right. I do not know what people are saying by what they put on this piece of paper. I need to see that honesty and integrity that goes with that complete package.

1230 With regard to reporting in the media with regard to the Open Market, I think it was the way it was sold in the media that caused the issue with the Open Market, nothing to do with the proposals, because the review of the Open Market has been happening for about 30 years, every 10 years anyway. So, it is very much that we need to engage with the media to ensure we have the correct message.

My Minister is absolutely right: Guernsey is open for business. We are doing extremely well, but we have got a lot of things to balance to make sure that it stays that way.

Thank you, sir.

1235

The Bailiff: Deputy Stewart.

Deputy Stewart: Sir, I am going to have to get into training with this new regime of jumping up quickly. **(A Member:** Hear, hear.)

1240 I think I will speak to the amendment and to the Report at the same time, because some of it crosses over and we do not have a lot of time.

I think this amendment is fundamentally flawed, from the second line and that is the words saying:

'That as far as practicable, Guernsey's working age population should not increase from its current level...'

1245 That does not speak to immigration or anything else. It is just saying Guernsey's working age population should not increase from its current level. Frankly, I would like it to increase by 1,000 tomorrow if, through other policies...

Deputy Jones was absolutely right. This is a high-level policy, which other suites of policies will come off this and come back to the States, depending on where we are and depending on the demographic pressures at the time.

1250 I would like 1,000 people in, because I would like to have policies that start to encourage housewives back at work; people that have retired early, encourage them back into the workplace; people that are already here. That really should be a primary aim. So I would like to increase – not as this amendment says – the working population tomorrow.

1255 Currently, the working population stands at, according to March 2015 figures, 31,353. We could add another 1,000 people tomorrow, encourage housewives, encourage and reach out –

I will give way.

Deputy Conder: Could he also say something about encouraging disabled people back into the workforce?

1260

Deputy Stewart: That is the next line here.

Disabled people back in to work. We have already, through the Digital Greenhouse, reached out to the GDA, because obviously enabling them digitally may mean that people that cannot come into the normal workplace... It may be through mental health issues: through stress,

1265 depression, agoraphobia or whatever. Let's try and get as many of our people that are already here back into work.

Deputy Conder knows I feel *very* strongly about that. This amendment seems to inadvertently talk against that, because I would like –

1270 **Deputy Fallaize:** Sir, on a point of correction, sir.

The amendment is proposing a policy that, as far as practical, Guernsey's working age population should not increase from its current level. What on earth does this have to do with housewives or even househusbands going back to work? If the working age population remains at approximately its current level, it does not matter whether they are in work or not in work. (A

1275 **Member:** Hear, hear.)

He is definitely misleading the Assembly. I think he ought to retract his comments.

Deputy Stewart: Okay. Well, I will take that –

1280 **Deputy Dorey:** Point of correction.

He quoted the figure at 30,000, something. The current working age population, the latest published figure which is the end of Q4 2014 is 40,627. That is the working age population, which is what this amendment is about.

1285 **Deputy Stewart:** Well, we can talk the numbers and we will get on to that.

If we are talking about population increases, we do have a demographic problem and this is a high-level policy and that is what it is, because there will be obviously different policies coming back to the States from time to time depending on those changes in the demographic population. But to try and sit at a number, whether it is 61,700; whether it is 63,142; 62,000... Are we are going to have a committee working out the numbers? Or maybe it will be like *The Hitchhiker's Guide to the Galaxy* and we will go and ask the mice for the answer. Because you tell me how you are going to work... Because the *only* way that we can do this... And this is about balancing our current tax take against the *current* services that we deliver. It has to be a formulaic approach, but from time to time that approach will have to come back to the States and be approved.

1295 We are not signing off for a massive increase in population. What we are signing off is a high-level piece of policy that says, 'Actually, the relationship between the working age population and importantly those in work has a direct bearing to what we can deliver in terms of services by the States of Guernsey, notwithstanding efficiencies which have been driven.' And we are going to drive through the Transformation Programme in terms of delivering services. But if we look at the report we put out – which was reported well in the media yesterday – we look at the GDP per worker, we have gained efficiencies and we have to continue to work on those as well. That will be another policy that comes off of this high-level policy. So from 2006, the GDP per worker was £61,417. Now it is £74,279.

1300 We have to work across a whole suite of policies to balance our books, because unfortunately we have, through this last States, made decisions that really do bind where we can go. We have said and decided by Resolution that we cannot take more than 28% of tax in relation to GDP. We have said there is no GST. If we have an ageing population or a population... It is not just ageist and I will point this out. It is not just about people that are retired. It is about if we increase the number of children at school; if we had another birth bump, for example; it is people that are not at work and making an economic contribution. We are going to have a hell of a job balancing our books.

1310 What this high-level piece of policy allows is for us to have some flexibility in our approach to this. If it might mean in the short-term that we, after we have worked very hard to increase productivity; if we work very hard to get people that are already in this Island back into work – and there is already a huge amount of work going into that – then we may have to look at either...

1315

We have, then, two choices and they are very simple: we reduce our services after we have looked at all the efficiencies or we increase our working population. It is very simple, actually.

1320 So to tie our hands now to a particular number restricts the Treasury Minister and the States of Guernsey even further. Twenty eight percent of tax take from GDP and if our GDP drops then you are in problems. No GST, which we decided, but then if you want to say we are never going to be flexible on this number, which by any manner of means must be formulaic and at the moment if you look at it roughly, the amount of people in work and contributing to ETI against those not, is about 0.54% of the co-efficient.

1325 It is more complex than just that. It is about the relationship of the tax take and from time to time it may also relate to the tax take outside of that: the corporate tax take.

1330 For me, if we agree to this amendment; if we do not agree with the Propositions within what is a very high-level policy document... Many more policies will have to come back to the States and those policies may vary depending on where we are and how the whole thing pans out. We can only project at the moment. That is exactly why Policy Council cannot give you an exact number. There is no exact number right now. So we are going to have to be a little bit pragmatic; be a little bit flexible, but no-one today is saying it will be a population overall in Guernsey of 75,000 or a population of 70,100. What we are saying is, can we agree that there needs to be, from this high-level piece of policy, some real work done about this by all Departments? It is going to be a challenge, but, please, please, let's not tie our hands and future States' hands by agreeing to this amendment and not voting through the proposals in the Report.

1335 Thank you, sir.

The Bailiff: Deputy Parkinson.

1340 **Deputy Parkinson:** Thank you, sir.

1345 Deputy Fallaize is quite right that this debate takes place against a background that there is an underlying philosophical divide, if you like, between those who would like to see the population of Guernsey grow to facilitate economic growth and those who would want to keep the population roughly the same as it is now. But I actually do not think that issue is particularly the point in this debate.

1350 Deputy Dorey himself has said that he would support net immigration of 200 per year, which is roughly speaking where the policy was before. I do not think it is fair of Deputy Fallaize to look at the chart on page 3769 in the States' Report and say that Policy Council wants to achieve a target of 75,000 or more people in Guernsey, because that is the top end of a range of projections, which the bottom end is below 70,000. Frankly, that range of projections would be the same under Deputy Dorey's policy of net immigration of 200.

1355 So we are not really arguing about what size population we are aiming for in this debate. Indeed, listeners following this debate on the radio may wonder whether we are simply engaged in an argument about semantics and whether we are trying to count angels on pin heads.

1360 I want to bring the focus on to what are the practical implications of this statement or any replacement statement: the current statement in the population policy or any replacement of it. As I understand it, the practical import of all that is that, although we have very imprecise controls of course over population growth, that is the statement on which the Housing Department justifies its decisions, for example, on licence applications. Perhaps at some point somebody from the Housing Department will stand and correct me if I am wrong, but as I understand it if they are presented, for example, with an application for a Compassionate Housing Licence and they decide that they are not minded to grant it, it is the statement in the current policy that they refer to in their letter back to the applicant saying, 'We are not going to approve your licence, because the States has adopted a policy consistent with maintaining Guernsey's population at approximately its current level.'

1365 So that is the practical import of what we are discussing today. Against that background, I cannot support Deputy Dorey's amendment because, if that statement was replaced with what he

1370 is proposing, the Housing Department would have no basis for considering, let's say, an application for a Compassionate Housing Licence. If the policy is confined to the working population, then the policy simply does not cover somebody who is here as the partner of somebody else or indeed somebody who is outside the working population age.

1375 I cannot support that and I also echo the words of Deputy Le Tocq that actually it is not just the working population that we need to consider. The dependency ratio is the relationship between the working population and the total population. The question of whether we want to bring in people who are not in the working population also needs to be considered, especially in practical terms by the Housing Department.

1380 I personally think that attempts to prevent the working age population from increasing – I know that is not what Deputy Dorey is suggesting, but his amendment is being interpreted in that way by some people – would be very restrictive, overly restrictive. We do need to see some modest immigration over the coming years. I think nothing like the numbers that were being bandied around at the recent IoD debate. The business community on this Island seems to live in a sort of bubble where they talk to each other and agree that this is the common consensus view and simply seem to have no understanding (**A Member:** Hear, hear.) of what is going on in the rest of the Island. I am perfectly certain the rest of the Island will have been horrified by the sort of numbers that were being bandied around at that debate.

1385 I do not think we are discussing that now. I think we are talking ... It is not purely semantics. The amendments here have actual, real-world, practical consequences for the way the Housing Department work and indeed for any future Population Management Regime, because you cannot make decisions about whether you are going to bring people in unless there is a stated policy to which you can refer in justifying your decisions.

The Bailiff: Deputy Laurie Queripel

Deputy Laurie Queripel: Thank you, sir.

1395 It is not often that evolution takes place before our very eyes and as far as I am aware it does not happen at all, but it is happening this morning, sir, if this amendment is accepted. Because this is the improved version, the next generation, of a good but not great amendment that has just been approved, as proposed by the Deputy Chief Minister and seconded by, I think it was Deputy Luxon.

1400 Sir, it is a better amendment, because it has two hooks; two very important points of reference. Deputy Dorey has explained, very ably and in great detail, why those two elements are so important, which is the States' Strategic Plan and the working age population.

1405 I just want to make a few points to support the excellent arguments that he has made. The Report, sir, as Eric Morecambe once said, plays all the right notes, but not necessarily in the right order. In other words, it identifies most of the issues and challenges the Island faces demographically, but is rather more scant in regard to how those challenges could and should be met and what specific policies might need to be developed in order to do so.

1410 This is a very necessary amendment, even more necessary than the last one, because whatever is put in place has to be sustainable, manageable, with a clear and understood purpose and it should and must help the States to achieve the aims of the States' Strategic Plan and therefore be to the benefit of this Island, socially, environmentally, economically, culturally, strategically and certainly to the benefit of all Islanders.

1415 Sir, that is a fairly tall order. That is why a specific and smart approach is required. This amendment gives that more complete focus, that context and provides clarity of purpose and direction.

Sir, this is such an important issue, a pivotal matter. Everything flows from and is affected by the size and makeup of our population. This amendment, in calling attention to the objectives of the States' Strategic Plan and the working age population, provides the right parameters, the guiding light in regard to the way that the future population policy should be shaped.

1420 Sir, whenever one is cooking up a dish – or attempting to cook up a dish, in my case – there are clearly a number of important elements that need to be on hand and adhered to if that venture is to be successful. I am sure that the more culinary-minded amongst us can think of more than I can, but I can think of two in particular. Number one: the right ingredients, in the right quantity. Number two: the method.

1425 Sir, Deputy Dorey has made a lot of excellent points in his speech and I think one section in particular is worth revisiting and this is what he said:

'If we are going to grow our tax receipts, we have to be a lot cleverer with our migration policies. Instead of having many people coming in doing low value jobs, we need to concentrate our immigration on highly-skilled, highly-paid immigrants who will make a greater contribution. By bringing in... many people to do lower value jobs, we reduce the attractiveness and the value of those jobs to locals, because the pay rates for those jobs are reduced due to oversupply of labour, which... reduces our possible tax receipts.'

I do not know if that sounds like or resembles a familiar story to Members, but when I hear those words I think of Jersey. Jersey has a population, give or take, of 100,000. A lot of people have been allowed into Jersey over recent years, clearly boosting their working age population and yet they
1430 are facing a shortfall in public funds of well over £100 million. I think it is more like £150 million. Clearly something has not worked there and I think there is a clue in some of Deputy Dorey's other words that he gave in his opening speech. He said this:

'If we are going to have a balance between various key policies, we need to have a measurable population policy, just as we have a measurable policy on economic growth.'

Then he went on to say:

'... it is important that the Committee *for* Home Affairs who will be responsible for the new Population Regime, and the existing Housing Control and Right to Work Regimes... have a clear population policy set by this Assembly that is measurable and from which we can judge their success.'

Sir, merely increasing the numbers of the working population is not the answer in itself and it
1435 could come into conflict with other policies, i.e. policies that relate to infrastructure, services and so on. Careful planning, thought and consideration is needed around this matter and Deputy Dorey's amendment signposts the way in that regard.

Sir, if Members truly want population policies that lead to a sustainable, manageable approach to population; that embrace the objectives of the States' Strategic Plan; that acknowledge the conditions, the limitations of living on a small Island and what that Island is able to offer and provide, then the size and makeup of the working population must rank very highly indeed on any check list. The aim should be to get the balance right, without unnecessarily increasing the size of the overall population. It really is about the numbers of those working and contributing and the
1440 *value* of the jobs that they do.

Sir, during the course of this States' sitting, Deputy Parkinson has made us aware of a method he uses to test the proposals that come before him and it is an approach I agree with. I actually apply my own four-point test. I think I first referred to it when we had the Transport Strategy debate, about 68 years ago I think it was. My four tests are these, sir. Number one: is it necessary? Number two: will it be effective? Number three: is it affordable? Number four: will it provide value
1450 for money?

What Deputy Dorey is proposing via this amendment really is a testing system. Points of references, measurables and if this amendment is adopted I am convinced it will help to put in place the necessary filters in order for the States to arrive at population policies that are appropriate for Guernsey.

1455 Sir, I ask Members to see the logic, the sense in what is being proposed in Deputy Dorey's amendment and to support it.

Thank you, sir.

The Bailiff: Deputy Duquemin.

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Deputy Duquemin: Thank you, Mr Bailiff.

I will speak on the amendment and generally too. I will start with an extract from the Billet. It reads:

'This means that there will be a smaller working population to sustain a larger non-economically active and aging population and long-term policies will necessarily be fundamentally influenced by this shift.'

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That extract, sir, was not from this month's Billet. It was from an A&F policy letter in a Billet on Wednesday 12th July in 1989. We have been discussing this issue for 25 years.

On Thursday 13th July, the day after, in 1989 the headline in the broadsheet *Guernsey Evening Press and Star* was:

'Problems worry States, but no solutions so far.'

Conseiller Roydon Falla, the President of A&F, was quoted as opening the debate with the following:

'The intention of this policy letter is to stimulate full and open debate on a very wide range of the most important issues facing the Island.'

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Mr Bailiff, 25 years ago it was on our radar. Debate in this Assembly is one thing, but 25 years! I am concerned that we will still be talking the talk, but not walking the walk or at least starting – if I can use yesterday's buzz phrase, 'a journey' – a very important journey.

Sir, I picked up on five words that Deputy Lester Queripel said. He said:

'We have to be realistic.'

But I would say to him, sir, through you, it is not a change; it is a time bomb.

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Of course, the senior members of our society are not to blame for this, but this is the reality. Let's not kid ourselves, this is a massive issue – arguably the biggest issue of our generation and, I repeat, one that was recognised, predicted by the previous generation, because where population is concerned, the economic, social and, yes, environmental policies of the States are all intertwined.

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The front page of the Billet says:

'Maintaining Guernsey's Working Population.'

It is all about the working population, but more than that, it is not about the quantum, it is about the ratio. Adding to the words of Deputy Le Tocq and Deputy Parkinson, I will elaborate further. Having just spoken after Deputy Laurie Queripel, I agree with much of his analysis, but disagree with the conclusion that he reached.

1485

Sir, the working population has to be a certain size to pay for the non-working, dependent population. The two are interrelated. Both need to be factored in, not just one. The 1989 Billet did not talk about the quantum. It did not speak about the emotional figure of how many thousands of people live on this rock. It spoke about the very rational, meaningful indicator of how the working age percentage of the population was 66% and likely to reduce.

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So I do understand Proposition 1 that is before us. It talks about the size and makeup of the population. This is where I take issue with Deputy Dorey's amendment and indeed the Report's text and graphs too. It is not about the size of the population *per se*; it is not even about the size of the working population. It is about, and has to be about, the ratio of working to dependent population.

1495

When the next full report comes back, I urge the Policy Council and its successors to highlight the ratios first and then extrapolate the quanta from that later. That is why I cannot support the

Dorey/Queripel amendment, but why I was happy to support the Langlois/Luxon amendment and would be happy to support it again when it hopefully becomes the substantive Proposition.

1500 The Langlois/Luxon amendment reads, 'as low as possible'. But it is honest that the States of Guernsey and the whole of Guernsey needs to wake up to the fact that overall population may likely need to rise to keep our Island sustainable, not just economically sustainable, but socially and environmentally sustainable too, because, as it says on the amendment, 'We need to keep our total population to the lowest level possible to be sustainable.' That sustainability is achieved because of the correct ratio and we need to establish exactly what that ratio is and it will be based, as Deputy Stewart said, on other factors such as how much of our GDP we are prepared to collect in tax. It is not just based on the population quantum and it is a crude target. I think 1505 Deputy Green asked that question and used the phrase 'crude target' and it is just that.

In conclusion, sir, referring back to the headline in *The Guernsey Evening Press* on Thursday 13th July 1989, it said:

'Problems worry States, but no solutions so far'.

1510 I hope the headline in tomorrow's *Guernsey Evening Press* is this 'States Wake Up To The Island's Biggest Problem and the Need for Solutions'. To paraphrase Conseiller Roydon Falla from his opening speech back in 1989, 'I hope the effect of this policy letter is to stimulate full and open debate on the most important issue facing the Island'.

1515 Interim update, timely reminder, whatever you call it: today this debate might have started, but it cannot be and must not be the end of the story. For some it might be an unpalatable story to tell when it is an election issue in April and some may choose fiction over non-fiction as their preferred genre, but I look forward to reading what we have all got to say.

Please reject the Dorey amendment and then support all of the Propositions as amended.

Thank you, sir.

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The Bailiff: Deputy Gollop.

1525 **Deputy Gollop:** Somebody said at the beginning of this debate – and I will speak generally, as well, because I think it is difficult to separate the two, given the impact of the Dorey amendment – that some people preferred to do nothing. I have sympathies on that tendency, because I really wonder how far the state can actually manage population as a concept.

It reminds me of a Douzaine discussion I was once at, where one leading figure said, 'It was better to do something and do it wrong than wait to make the right decision', and the other person said, 'Well, it is best to wait until you actually make the right decision'. Difficult!

1530 I will support the Dorey amendment, I must admit, even though you could say it is flawed in as much... But then, as Deputy Fallaize and others have said, there is something fundamentally absurdist about this whole question and the way it has developed.

1535 I recall – I do not think she has spoken yet, but she might later – Deputy Lowe headed up the team that brought the last major Policy Council population report to the States. Maybe it had a rough ride at the time, for two reasons. The first was the politics of the era were actually more combative than today, strangely enough. We were in the midst of the so-called *Fallagate* and other issues and there was a sort of tendency perhaps then, unlike today, for scrutiny to be more of an opposition than a Select Committee approach. The other reason was the report intellectually had a flaw, which has come up a bit today as well. The flaw was that it openly called, off the top of my head, for 200 people per year: a staged, incremental increase, without specifying who those 1540 200 people would be. Clearly, the nature of those 200 people is fundamental to the question. Are they 200 carers? Are they 200 young people, who will live their lives here?

Oh! Sorry.

1545 **Deputy Lowe:** Thank you for giving way, Deputy Gollop.

The 200 net migration was just replicating the previous years' experience. So that was why they felt, if we wanted to keep population the same or as near as the same, to keep the 200 net because it has been that 200 net for some years.

1550 **Deputy Gollop:** Well, thank you Deputy Lowe. That is actually quite helpful, because in the context of the time – and times move on – that was a time when the finance sector at the lower and medium levels was still growing. We are seeing growth today, but perhaps more at the higher levels. It was also a time when the horticultural importation of migrant workers was probably greater than today and the hospitality sector was slightly different and I would say that that was
1555 one of the problems. Were we talking about 200 hospitality staff – 200 people to work what was an increasingly difficult economic environment for horticulture – or were we talking about 200 hedge fund managers? I do not know. That is the question.

Emphasis has been made in this amendment that, as far as practicable, Guernsey's working age population should not increase from its current level. But working age of course includes people
1560 who are differently-abled, disabled, who want to work and are probably undervalued. It also might include people who might be technically of working age but would not be able to work for a variety of reasons. I think we have certain hard-working States' Members who are probably above the so-called working age, but are putting in a lot of effort. I do not think as a society we just want working age people. Apart from the fact that we need children and we need diversity of life, we
1565 actually do need what you could call the *rentier*, entrepreneurial sector as well, who might not be working in a conventional employee sense, but may be bringing in capital or investment opportunities. So we must not get too tied up with this.

What I like about the amendment is, in a form of words that is already quite cumbersome, it recognises that this requires sustainable economic growth and effective public services without
1570 increasing population to the detriment of our environment and way of life. I think that is more progressive than what we, perhaps misleadingly, call the 'Roffey amendment'. I think it opens the door a little bit wider, because it is not a cap, but it also brings a certain discipline until at least we have more clarity about how we are going to go. To say: yes we do need people in the public services to do caring and many other essential roles; we do need economic growth and the right
1575 migrants with the right skills, but we have to balance that with the environment, way of life, which, of course, includes habitats and the availability and affordability of property. It does not give a quantum.

I do agree with virtually everything Deputy Duquemin has said, but I would also point out that we are not just talking of the ratio dependency; we are talking to a certain extent about size. We
1580 know that our Alderney friends have suffered a little bit because the population there has, in volume, diminished by a few hundred. It is true to say that Jersey, our sister Island, benefits from its larger population in the respect that it has a larger total population for, say, air services or for certain kinds of retailers or specialist provision that we are just too small to have the right catchment area for.

1585 The Jersey example is interesting, because there is a perception there they opened the floodgates and they have clearly seen what in some ways is a more dynamic economy. Yet Deputy Laurie Queripel has rightly said they have a big deficit. They also, as we heard on the news yesterday, have unemployment significantly greater than Guernsey, even proportionately.

I have to say Deputy Stewart cannot necessarily have it both ways, because whilst I can
1590 understand the Commerce & Employment Department's need for more people to come in on many levels, we have heard that Guernsey appears to be out-performing Jersey in terms of our economic growth over the last six or seven years. We have done that on a relatively capped population, whereas Jersey have gone beyond the 100,000 mark and almost imported unemployment to a degree. (**A Member:** Yes, they have.) So one does have to be very cautious.

1595 Deputy Parkinson made a fascinating speech, but he implied in shorthand that the decisions in the future will be taken by the Housing board. That in a way will not be the case, because I believe the policy role will go to Policy & Resources and the operational decisions on specific licences will

go to a professional. I am not sure the Report, as a whole or even the amendments, give that person much guidance as to the criteria for acceptance or rejection.

1600 I think the Report is thin too. I heard what Deputy Lester Queripel said. I do not think it could have been written in a day; that might have been a bit quick, but nevertheless it seems to lack in parts. It has got good graphs, but it seems to lack economic analysis in terms of what people are needed to grow our economy and how it is not just a question of numbers. It is a question of incomes; it is a question of potential for growth. It is also completely related to the availability of
1605 land at affordable prices and the nature of accommodation and housing.

The Report is basically thin. I hope the next stage of the Report will be much more plush. I could give a detailed critique on every paragraph, but maybe that will be done in a different way. I think given the fact that the Report is a rush job, as one or two people have admitted and is really just to give a sign that we are still open for business and that we do need to accept that we have
1610 to import people for certain careers both in the public and the private sector, it is worth changing it now. But it really would be a job for the next Assembly to work a more comprehensive format here, balancing our environment and our availability of resources with the need for economic growth.

1615 **The Bailiff:** Deputy De Lisle.

Deputy De Lisle: I thank you, sir.

I worry about the current state of the economy. There is a reported shrinkage in the finance sector and we have to be looking at diversification of the economy. Sir, we have to maintain flexibility as a result on this issue. Certainly economic growth is an important factor at the current
1620 time.

I was pleased to note the comments in the recent visit to Guernsey of Trevor Williams. He is the Chief Economist of Commercial Banking at Lloyds Bank. He made a very strong point in Guernsey, having obviously been made aware of our restrictive population growth policies. He made the point that you can accept a flat population growth as long as you are increasingly
1625 productive and highly skilled. You can also use the ageing demographic as an opportunity with retraining and extended opportunities for that part of the demographic. He stressed the openness that one has to have to new markets, to new technology and new products which are all so important. That is where we have to focus and I think that has been part and parcel of the focus of the Commerce & Employment Department recently and that is a very important message, I think.
1630

It is rather interesting to note that when I look back at some of my writings during a more prolonged period of growth in 1996, actually on the issues of over-population in *La Société Guernésiaise*, their annual report and transaction, I make this very point, because I say that the key is to avoid the drag effect of excessive population growth and ensure that any growth in the
1635 economy is the result of increased productivity. Right there, I was mentioning it in 1996 when we had a buoyant economy and we were afraid that things were going to go sky high. I say the generally accepted means of doing this requires investment in technology change and innovation, education and an increase in the quality of the labour force through investment in human capital. It means a lot more training of local people to achieve a higher skilled workforce and the
1640 introduction of more labour saving technology and innovation. It means a major emphasis on education, job training and investment in human capital to increase productivity.

All that reflects what we are trying to do, actually, at the current time to bolster the economy in our Island at a very difficult period. It does not matter what sector of the economy you actually approach at the current time, they are all hurting, sir, and that is very important. We have got to
1645 have the flexibility, as I say, in our approach to this particular issue that is being addressed in this policy letter.

I just make those points: that we *can* have everything. This is the way, sir, of preserving the quality of life, the natural beauty of our Island, maintaining a stable society as well and a healthy,

1650 self-sustaining environment and also have that dynamic growth in the economy that we need for the future.

Thank you, sir.

The Bailiff: Deputy Ogier.

1655 **Deputy Ogier:** Thank you, sir.

When I read this Report I had a number of concerns which I still have; concerns which, for me, this amendment addresses.

We read in 1.2 that:

'In view of the Island's size and location, there will always be a need to import key skills and labour...'

1660 I completely agree with that. We need to bring in workers with key skills and I welcome that and I welcome them.

Our population is shrinking over time as the replacement rate is too low. People are living longer which will mean the working population will shrink compared to the non-working population. We need to bring people into this Island.

1665 The discussion for me now really is how many? The Report does not give me much clarity in this regard. Deputy Stewart tells us not to focus on the numbers, but on granting flexibility. But it is this very flexibility and lack of numbers that Members have concerns with and the ramification that may bring. I know the amendment speaks to working age population and not overall numbers, but there is an ongoing discussion on Island as to whether there are enough of us here already or not.

1670 So do we say, 'There are around 63,000 of us. We have the infrastructure for 63,000'? Well we do not actually, as we are still building new schools, hospital extensions and a designated housing target area etc. even with 63,000. Put that to one side, we say, 'There are 63,000 of us and we have quite enough of a job managing the requirements for that many, so we need to bring in only enough to ensure our population does not shrink', or do we say, 'Let's allow some population growth and be a bit more relaxed about the numbers coming in with the expansion of infrastructure that may require and, at the very least, the continued expansion of housing and road traffic usage in the Island'?

1680 Neither of the routes we end up choosing mean we are closed for business. In the amendment's case, it just means we will not accept sustained growth in our population, but in either case we will still be accepting at least 200 plus per year of new economically active people into the Island and enough to keep our working age population stable: by no means closed to business. (**A Member:** Hear, hear.)

1685 Paragraphs 3.6 and 3.7 in the Report tell us of another way we could nearly resolve our own working population levels. Although the remedy is there, it is discounted for reasons which do not make logical sense to me. In 3.6 and 3.7 we read that currently our replacement rate is 1.6, which is insufficient for population stability. We read that a requirement rate of 2.1 is required for a stable population and therefore 1.6 is obviously too low. France, we are seeing, due to its family friendly policies, has only managed to achieve a replacement rate of 1.9. But hang on a minute, 1.9 is nearly 2.1. We are at 1.6 at the moment.

1690 **A Member:** It is a lot more.

1695 **Deputy Ogier:** We only need to make up 0.5 in the replacement rate to get to a stable population and France's policies have got them to 1.9. So we see that family-friendly policies can do most of closing the distance between 1.6 and 2.1 nearly on its own.

Of course, it would mean putting in policies such as free pre-school education: tick. But not taking away allowances for children: cross. There are policies we could implement which would have a significant effect on our population numbers without the need to bring in one key worker,

with maybe an entire family of economically inactives. I find that not pursuing this further would be remiss of us. **(A Member: Hear, hear.)**

1700

I would like the next Assembly to give this further thought and certainly the next stage of the population process should consider policies which we could implement to close this gap. I think we should pursue family-friendly policies, as to do so has the potential to improve our replacement rate to the point that very little extra would be required in order to reach a stable population. That would not in itself resolve the problem with the working age population shrinking altogether, but having extra home-grown working age people in the decades to come would certainly help. **(A Member: Hear, hear.)**

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It is worth mentioning here the potential downside of bringing in certain key workers from off-Island, *certain* key workers, which is that in many cases they will be bringing families in with them, which could be a drain on local resources. It could be elderly relatives, which after a few years would qualify for some very expensive long-term care housing benefits. We need key workers here and it is right that they be able to bring close family members, but I am by no means sure that in all cases some of the key workers we bring here are of overall benefit to this Island and more care, in my view, needs to be taken in this area. **(A Member: Hear, hear.)** I welcome key workers who bring a net benefit to the Island. There is little point bringing key workers to resolve one issue, only to create others elsewhere.

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The major thing missing from this policy, for me, is the helicopter view point. That is what Members are referring to by calling this Report 'nebulous'. I know this document believes it to be a very high-level document, but Members are struggling with making changes when we do not know what the result of our actions may be and where there are no obvious breaks or controls for those numbers. How many will be enough?

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Deputy Stewart urges us to accept this absence of numbers, but I believe the case has not been made to persuade the Assembly that this view is the correct one.

Deputy Langlois says that a temporary uplift in workers may result, but we know rises in overall populations are difficult, if not impossible to reverse without a significant downturn in economic activity. Could we conceive now of putting policies in place that would reduce the population to 60,000? **(A Member: No.)** What an uproar that would cause in many – not all, but many – areas. The negative messaging would be significant and a move to shrink the population could end up being a considerable unwelcome long-term contraction.

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Guernsey is very much open for business. We continue to welcome, on Island, the key workers necessary **(A Member: Hear, hear.)** and would continue to do so under this amendment. I do not believe that rises in numbers on this Island would be temporary.

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Extra infrastructure would be required for significant numbers of people coming on to the Island which could then not easily be removed. In fact, we may need to build extra infrastructure in order to bring new workers on to this Island, which I will show in a minute.

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This policy letter has been brought with the message that the population may grow a little, but only to meet the Statement of Aims in the States' Strategic Plan. Deputy Parkinson outlines the divide. He believes an assembly between people who accept limited population growth in order to facilitate economic activity and those who want a stable population. I do not think that is actually the case. I think growth in order to facilitate economic activity is only what is being said in order to get us to vote for the proposals, because it sounds reasonable enough. But if Members would just turn to page 3773 and just look at 5.2 – I hate being directed to go anywhere when I am reading in this Chamber so I apologise to Members for that, but it is important – 3773, 5.2:

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'To achieve the desired level of net migration it follows that appropriate employment opportunities need to be developed.'

We are planning actively to attract new migrants. *Actively*: to do something extra to bring them in, not just to fulfil current economic activity; not to do what is just currently going on in the Island, but we need to do new things in order to attract them here, to actively pursue policies which will develop employment opportunities. That is not what is being sold to us at all. We are being told

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1750 new migrants will be here in order to facilitate economic activity. Here we quite plainly read we are going to have to develop new employment opportunities to bring them in. That is not a consistent message at all. That is not the message that we are being told from here, but in the body of the Report it makes it quite clear.

1755 A more paranoid Member might ask whether we are to be told what these required levels are and by whom they will be set and when and what level of population this will result in. I certainly missed a meeting. And here for me we have it: creating jobs to attract people. Population growth, working age population growth; additional, ongoing, net inward migration is the driving factor. It is not bringing migrants here in order to facilitate economic activity. It is engaging in creating new economic activity to bring migrants here. This sends a warning signal which drives me in to the arms of this amendment.

1760 **Deputy Stewart:** Sir, point of correction.

I think Deputy Ogier, with respect, has misread, really, what 5.2 is about. Creating the new employment opportunities, really how that is intended is in terms of the right sort of jobs. So jobs that are appropriate now. For example, we are attracting people in the cyber security field. It is making sure that we keep up with that, because the rest of 5.2 goes on to say that we must 'respect the environment and environmental factors and keep this as a desirable place to live'.

1765 So I think it is more about the types of jobs and making sure that we have the right sort of jobs on offer.

Deputy Ogier: ... [*Inaudible*].

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The Bailiff: You have switched the microphone off.

Deputy Ogier: Sorry.

1775 We do know how far respect of the environment goes in this Assembly on occasion, but I would ask them what industries will be shutting down as the counterpoint to that? If we are going to be creating a whole new load of industries, what industries would we be letting go and where is that in this Report?

1780 That 5.2 is fairly nebulous. It does not tell us much and, if we have read it and we have not read it in the way it was intended when it was written, that can hardly be the fault of the reader. (**A Member:** Very true.) That is what is stated in there.

We are on a finite Island, with finite land space, finite resources. I would ask what is it in our economic activity that means nearly every generation has to increase the population in order to resolve the economic issues it faces. Every generation seems to beat its problems to death with a bag of extra people! (*Laughter*)

1785 I understand the macroeconomic problems which economic activity in a limited sphere of operations can bring. We reach full employment; businesses obviously wish to expand and there become more job opportunities than there are employees, so businesses look elsewhere to continue their economic expansion and then they leave for somewhere else where there are more opportunities to expand. This causes instability in the Island, perhaps a short-term reputational loss, perhaps an increase in unemployment which is then an opportunity for other companies to move in. It is a fairly rocky road over the long-term, but if we constantly increase our numbers we have none of that? I do not think we are being clever enough in our policies. (**A Member:** Hear, hear.)

1795 Jersey has seen its population grow significantly. Speaking to our counterparts in Jersey, do we ever, ever get the feeling that the growth in population there has had any meaningful effect in making their role easier? Never! Do we ever get the impression funding is more accessible? No! (**A Member:** No.) That the economies of scale have been realised? Rarely! Their newspaper is filled with the same stuff ours is: (**A Member:** Hear, hear.) population growth, inward migration,

1800 businesses leaving for Guernsey, businesses leaving Guernsey to come to Jersey, OECD, Zero-10, GST, etc. (*Laughter*)

Population growth, for me, is a red herring, because it does not actually fix the problems inherent in our economies. You get the same problems, it is just you get them with more people. (**Two Members:** Hear, hear.)

1805 Sir, for me, I will be supporting the amendment and I urge States' Members to do likewise. (**A Member:** Well said.) (*Applause*)

The Bailiff: We will rise and resume at 2.30 p.m.

*The Assembly adjourned at 12.33 p.m.
and resumed its sitting at 2.30 p.m.*

POLICY COUNCIL

Maintaining Guernsey's Working Population – Debate continued

The Bailiff: Members, we continue with the debate on the Deputy Dorey amendment to the Policy Councils' policy letter on maintaining Guernsey's working population.

1810 I will call Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir.

I will be brief because Deputy Ogier's speech was exceptional (**Two Members:** Hear, hear.) and nailed the issue as far as I was concerned.

1815 During my time as a Deputy, I think I have been to two IoD gatherings. They usually start in the same predictable way: within perhaps half an hour, 45 minutes of questions being taken on the floor, it is not long before one of the IoD members, perhaps a large employer, will stand up and say, 'Guernsey needs another 5,000 people', or 'Guernsey needs another 10,000 people'. That has been my experience. I think it was Mr Coates one year who went on record as saying 'Guernsey just simply needs another 10,000 people.'

1820 I understand why business representatives and why the business community feel that the States sometimes are an encumbrance and a brake on what they are trying to achieve. I understand why they feel like that, but I do not share that observation. When you volunteer yourself to be on the Environment Department, you are made aware all too frequently on the demands on land and the pressure that there is now, whether it is traffic; whether it is planning considerations. Because now we know, with the States' policy which is to the focus as it stands at the moment in the urban area, and the tensions that that can bring with people living in close proximity.

The amendment placed by Deputy Le Tocq and Deputy Langlois talks of:

'... the lowest level possible to achieve...'

1830 The second bullet point:

'The Island's economic future.'

It is an interpretation of that that concerns me no end, because I think that you can feel that growth is a good thing in population terms if there is commensurate measurable growth within the economy. I do not know who coined the expression but 'Singapore without the sun' is something that Guernsey needs to avoid.

Whereas the Dorey amendment says or refers to a quote from the mother plan:

'Sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

1835 I know it is difficult to throw a blanket over the sentiment contained within that line, but that is where I am with it and Deputy Ogier articulated that much better than I have just done.

I implore Members that sometimes, when you have a specialist on any subject within your midst, it can be overlooked. I am asking that you do not do that with Deputy Dorey today, because he has spent a great – a considerable – period of time and focused on population issues.
1840 He always speaks from an informed perspective when he does so.

I would urge Members to support the Dorey amendment, please.

The Bailiff: Deputy Hadley.

1845 **Deputy Hadley:** Mr Bailiff, I am afraid I have to rise to disagree with Deputy Brehaut.

As a member of the Housing board, I have first-hand experience of putting the current population policy into practice at an operational level because, as Deputy Parkinson said this morning, the population policy is taken into account when we consider applications for both employment-related licence applications and so-called compassionate licence applications.

1850 When it comes to considering employment-related applications, I feel like a driver with one foot on the accelerator and another foot on the brake, because there is a constant tension between wanting to support and stimulate economic growth and having to adhere to a policy that instructs us to do all we can to keep the Island's population at the level it was some eight years ago.

1855 Please be assured that I am confident that along with my colleagues we do the very best job we can with the tools we have got, but surely we must now all accept that the time has come to get a new set of tools.

The Policy Council's proposals recognise that we need to send out a new message to those who want to do business in and from Guernsey. We need to demonstrate that we are forward thinking, not stuck with a policy from yesteryear. We need to preserve Guernsey's unique identity and way of life. We need to ensure that we provide for the needs of all members of our community and we need to protect the natural environment.

1865 As we have seen very clearly this week to do these things costs money, money that we have not got and with an ageing demographic we need to take action to start to tip the balance the other way when it comes to the age in working profile of our population.

I would just like to pick up another of Deputy Parkinson's points from this morning. He is right that the wording of Deputy Dorey's amendment will, if approved, make it difficult for our Department to do its job properly. It makes no mention of the non-working age population at all and so would leave us in a vacuum when it comes to licence applications from those in our community who are beyond working age.

1870 Mr Bailiff, I would urge Members to reject the Dorey amendment and to support the Policy Council's proposals, so that we and our successors have a better set of tools to work with in the future.

1875 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Sir, I will be brief.

I found this debate very interesting and a few speeches – Deputy Ogier's included – have made me really think over lunch.

1880 I hear Deputy Brouard's comments about training up and upskilling population. I agree with him entirely, but I also see how it will be more beneficial to have people on five-year licences coming and going and being replaced by others, so that we do not have that added increase in population. As a result, we get people coming in and training up other people and going away again. But it is not as easy as that: there will always be those who we need for specialist skills that,

1885 with all the best will in the world, we are not going to be able to find in a working age population of 40,000.

The speech that did resonate with me was that by Deputy Duquemin who focussed on the dependency ratio, the problems of fixing the working age population. I too am scratching my head around fixing just that element of the population when those past working age, that number is increasing. It is all very well saying that this will be countered by an increase in retirement age, but you are going to need to increase the retirement age faster than the current policy if it is going to counteract the increased dependency ratio that would result from this amendment.

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1895 It is important to remember why the dependency ratio is critical. With more dependents and a static tax base, it will impact on the level of services we can provide. With an ageing population, increased numbers with comorbidities will place greater demands on our Health and Social Care services. The solution will be either to cut services or increase taxes. That will be the inevitable outcome of supporting this amendment.

We should not be fixing a population level which is pretty difficult to do in reality anyway. We should take the holistic approach as adopted in the policy letter.

1900 That is why I cannot support this amendment.

The Bailiff: Deputy Harwood.

Deputy Harwood: Thank you, sir.

1905 Like Deputy Soulsby, I also cannot accept and do not approve this amendment. I do so because the words that have been included say that:

'... as far as practicable, Guernsey's working age population should not increase from its current level...'

1910 Sir, if we accept this amendment, we are replacing one crazy, idiotic arbitrary level of population with another one. This is even worse, because this is actually saying... It is not just talking about the overall population. It is talking about the working age population. If my hearing did not deceive me, I think in his opening speech Deputy Dorey actually said we would accept – I think these were his words – 'a reduction in the proportion of the working age population from 65% to 60%'.

1915 Sir, Deputy Duquemin, Deputy Parkinson, the Deputy Chief Minister and Deputy Soulsby have already referred to the dependency ratio. If there is one criticism I have of the Policy Council, they should have made reference to the dependency ratio in their policy letter. I think it was a fault not to do so.

Sir, if you remember when we debated the Personal Tax, Pensions and Benefits Review earlier this year there was some very interesting information which was supplied to us, including comparison of dependency ratio with OECD countries. Sir, I quote from that Report:

'Combined, Guernsey and Alderney have one of the highest dependency ratios in the world... In 2011, for every 100 people of working age in the Bailiwick there were almost 52 people either of, or below, compulsory school age or above pensionable age. The only OECD jurisdiction with a comparable dependency ratio is Japan.'

1920 Sir, when we were debating that matter, I did actually refer to dependency ratio and I said... I will quote again from that speech:

'... the present ratio is shown as being about 3.6, i.e. approximately 43,000 [people] supporting 12,000, but [this] reduces by 2050 to about 2.1, i.e. approximately 40,000 supporting 20,000. But – and there are several big buts in this diagnosis – even this scary illustration assumes a level of net immigration of some 200 persons per annum helping to sustain the number of the working population.'

1925 Sir, the issue here is not the absolute number of people within the working age population. Surely, the question that should be asked – and again the reason why I cannot support this amendment – is actually the impact: the proportion of working age population to the proportion of total population. That is the crucial issue. Sir, again if I can just refer briefly back to the Personal

Tax, Pensions and Benefits Review, there is a comment here; it is again talking about the number of people aged 65 or over:

'By 2025 the number of people aged 65 or over is expected to be 44% higher than in 2012; indeed, by 2050 it is expected to have doubled. ... This has consequences for States' income streams as, on average, a working age person pays about 60% more tax than someone of pension age and six times as much in social insurance (those over 65 being no longer required to contribute to their pension). However, as more people move into retirement, at which point their income is likely to be smaller and typically increases at a slower rate than earnings¹¹ in the working age population, the direct tax base will be eroded.'

1930 Sir, this is before we even begin to talk about economic growth. The reality is that this Island will not be able to sustain the services that it currently offers unless we accept that the proportion of working age population as a proportion of the overall population is at least allowed to increase and certainly not to decrease, as suggested by Deputy Dorey.

I would urge all States' Members to vote against this amendment.

The Bailiff: Deputy Lowe.

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Deputy Lowe: Thank you, sir.

1940 I would like to congratulate Deputy Ogier on his speech earlier. (**Two Members:** Hear, hear.) I think it was a cracking speech and I think there is not much I can really add to that. But listening to Deputy Harwood and others, yes Guernsey is open for business. That is great. We have been saying that for many years. I can remember Deputy Sauvarin, when he was in the States, he stood up one day and said 'Yes, we are open for business, but are we going to start land reclamation or are we going to make life miserable here for those because we are cramming so many people into an Island nine by five?' There has to be a time when you say, 'Actually we are going to have to manage and accommodate the amount of people that we have in this Island.' A roll-over from that was actually an amendment further down the line to say not to increase the population beyond what it currently was.

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1950 That is where I see we are, because it is almost going back to what we were saying before really: you have got to live within your means and we have got to try and accommodate that through taxes, or however way we do it, and diversification. But the quality of life of people living on this Island must be key. We must remember that we have got people here who have to have a good quality of life and not be living on top of one another as we are currently doing. If you go back to – and it was said before by Deputy Ogier – when it was 40,000 and 50,000 in this Island, they would have been quite horrified to think that we are up to the population numbers we are now, because we are seeing the ramifications of that. Now we actually build flats all the time, rather than individual properties. You do not often see a house that has been built on its own, had its own house, had its own garden. We are building social problems, because I do believe that the more flats we build without gardens and room for families to play, we are going to be paying the price for that.

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1960 Yes, I certainly welcome business and I certainly welcome people coming here, but we really have to stop and think as well what we are doing in this Island to make sure that the quality of life of those that are living here is looked after. The more people we have in, we need more schools, we need more... We have got to address the problems with the waste, which we are still trying to do now. There are lots of areas that we have got to do right across the Island. It is not just bringing people in. It is all the other issues that go along with it.

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1965 I fully support this amendment and I hope other Members do too.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

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Sir, towards the end of his speech Deputy Ogier expressed some concern at one of the paragraphs in the Report which suggested that we should be creating new jobs. I think the

assumption was it would suck in ever-increasing numbers of people. There was an intervention from Deputy Stewart, but to me creating these new jobs is otherwise described as 'diversification', I think, which is a policy of this Assembly.

1975 One has to remember that at the present time and over the last couple of years we have had a decline in population and certainly Alderney has, although in a couple of recent quarters that has been mitigated and slightly stopped. Over the last couple of years, we have seen a loss in population, so the immediate problem for Guernsey is to stabilise its population. If one went on the premise that we were going to get an average of net 200 a year ... And going back a few years, we are nowhere near that; we have actually got a net decrease over a couple of years. So the immediate problem is to stabilise our population.

1980 I think this belief that in this day and age there are hordes of people just waiting to descend on Guernsey is long gone. They are not there. Why are we spending £1.2 million trying to attract people to come here? The day when the world was queuing up to come to Guernsey is not there anymore. Today we are competing with everybody for people – HSSD know that... Trying to find nurses and trying to find consultants and everything else. The world has changed.

1985 I will not be supporting the amendment. I am quite content with what is in the policy letter and I support the Propositions as amended.

Thank you.

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The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Sir, I agree with Deputy Harwood and Deputy Kuttelwascher.

1995 I think I have had the benefit of working on the SLAWS working party and a lot of information that you will be receiving in the next month or so when it comes up in the February Billet, I think, will give much clarity on this topic.

Again, from being on Social Security Department board, we have got some serious issues facing us, with the ageing demographic.

2000 Deputy Lowe talked about a 'good quality of life'. Well, we will not be able to provide that good quality of life, because we will not have sufficient people working (**Several Members:** Hear, hear.) to enable us to give people in their old age a good quality of life. So we need to have a balance.

2005 Looking at the figures that I have seen on SLAWS, we are looking at requiring approximately 200 migration a year into our Island and, as Deputy Kuttelwascher is saying, we are not seeing that at the moment. My concern is that we must not restrict the population. We need to have people that are coming to the Island that will enable us, longer term, to give our ageing population a good quality of life.

Please do not vote for the amendment. Vote for the Policy Council letter.

Thank you.

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Deputy Parkinson: Sir, could I seek legal advice from H.M. Comptroller?

The Bailiff: You can seek, yes.

2015 **Deputy Parkinson:** If the Deputy Dorey amendment is passed, would it be lawfully possible for the Housing Department or its successors to refuse an application for Non Employment-Related Housing Licence?

The Bailiff: Do you need notice to that question or are you able to...?

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The Comptroller: Sir, if I have understood the question correctly, I cannot immediately see how passing this amendment in relation to the working age population will have a direct impact upon the Department's policy in relation to those who are applying for non-working licences.

2025 **The Bailiff:** I think the point is that there would then be no policy that applies to the size of the population for those who are not at working age. I think that is –

2030 **The Comptroller:** Yes, the grounds for which Non Employment-Related Licences are considered vary hugely, depending on the individual circumstances of the applicant. The Department will obviously... Because it is always going case by case by individual applications, there are other grounds on which it will be seeking to determine whether a non-employment licence should be refused or not.

2035 Off the top of my head, I have not got the grounds right in front of me, but I cannot see that it would... The short answer is I do not see that it would leave the Housing Department without any lawful grounds. It may be that they have to reconsider their policy or have a quick change to work out how they are looking at assessing individual applications. But certainly as regard to extant applications or future applications that come forward, my immediate answer is that I cannot see that it would leave them with no lawful grounds, sir.

2040 **The Bailiff:** Thank you.

I see no one else wanting to speak.

Deputy St Pier, do you wish to speak on behalf of...? Is Deputy Trott about to rise?

2045 **Deputy Trott:** Sir, I was slightly reluctant, because I missed some of this morning's debate due to an unforeseen matter, (*Interjection*) but I will speak nonetheless.

Members will have heard me say before that most people in our community, it is sad to say, do not pay enough tax to cover the cost of a single child within our education system. That is a worrying statistic, because let's look at this amendment in detail.

'... working age population should not increase from its current level...'

Then there is reference to the Strategic Plan 2013-2017. By 'current level', does Deputy Dorey and his seconder mean right now or at the start of that period, 2013, or some other arbitrary point?

2050 But the more important point is this: if you have a situation where one person comes into the Island to work – as a nurse, let's say, or to work as a teacher – and brings with them a number of dependent relatives, they make absolutely no contribution, in the short-term at least, and they are without doubt a very significant drain on our public services. That is the clinical reality of it.

2055 Having said that, sir, what does that tell us? Well, it tells us that the sort of prescriptive policies that focus in on one particular dimension – in this case the working age – are absolutely bonkers.

I hope that Members, like me, will reject the amendment –

I give way.

2060 **The Bailiff:** Deputy Hadley.

Would you put your microphone on?

2065 **Deputy Hadley:** But would not, through you, Mr Bailiff, Deputy Trott agree with me that if, for example, a doctor came to this Island, that doctor is fully educated; their primary, secondary education, their university education has all been paid for and so they are bringing with them, in effect, £150,000 worth of benefit at least. So you have to take that in the context of the liabilities that their children might have in the Island.

The Bailiff: Deputy Trott.

2070 **Deputy Trott:** Yes, I made reference to the average earner which by definition is the actual round half, or indeed slightly more than half, who do not pay enough to cover that scenario.

Surely one of the disturbing things about this is: let's say, for instance, we have suddenly found ourselves short of a dozen nurses and that corresponded with us being at or very close to this

2075 limit and the Education Department need an extra dozen teachers. So we gave the Education Department those dozen teachers and then found ourselves in the ridiculous predicament where we were not able to allow those nurses to come and live in the Island, because it somehow or other fell foul of a ludicrous policy that focused in on working age only.

It is clearly a nonsense, sir, and I do hope Members reject it.

2080 **The Bailiff:** No one else is rising.

Deputy St Pier, do you wish to reply on behalf of the proposers of the amendment?

Deputy St Pier: Yes please, sir.

2085 **The Bailiff:** No, actually on behalf of the proposers of the policy that is.

Deputy St Pier: Well, I am happy to reply on behalf of the amendment as well if you wish, sir!

2090 **The Bailiff:** Well, it might save time! *(Laughter)*

A Member: Pour!

Deputy St Pier: Sir, a lengthy debate.

2095 I am going to begin with Deputy Lester Queripel's lengthy speech. I am not going to be able to address all the points that he raised. As others have said, Deputy Robert Jones and Deputy Luxon, this policy letter is at a high-level. It is not operating at the level of some of the questions that he was posing.

2100 Deputy Queripel was saying we talk a lot about maintaining growth and about expansion and he kept saying, 'How are we going to'... 'What are we doing about it?' Well, how on earth is this amendment going to help? – is my response to that particular question?

2105 He mentioned paragraph 2.1 and said that those that retire of course still pay tax. Well, yes they do but, as Deputy Harwood pointed out, as was identified in the Personal Tax, Pensions and Benefits Review, they pay considerably less tax and social insurance than those who are in work. That is the challenge we have: as that changing demographic develops, we will have fewer people contributing at the same level that they once were.

2110 He asked about retraining and of course that is precisely what Proposition 5 is all about. It is to direct all States' Departments to consider how best to support and encourage their employees – the States' employees – to remain in work until retirement age is reached. That is intended to be the catalyst to ensure that we do give people the skills to allow them to continue in the workplace.

He said this was a meaningless Report, but again I think that has been addressed by Deputy Robert Jones identifying in paragraph 1.7 that this is at a high-level.

2115 It is not a meaningless Report, because it rescinds the 2007 Population Policy Resolution. If there is one thing that this is seeking to do, it is that. It does not require the lengthy report that Deputy Lester Queripel was perhaps calling for in order to achieve that. If that returns us to the pre-2007 population policy that Deputy Fallaize spoke about which served us well up until that point, then so be it. He said that we were 'missing the point', but the point is that this amendment will in effect be preserving the current flawed policy.

2120 Deputy Green said that this was a clash of philosophies. That was a theme that was developed by a number of other speakers, including Deputy Fallaize who said that there was one group in this Assembly who believed growth in population was the primary means of accelerating economic growth, whilst there was a second group who felt that growth was required to meet the demographic challenges. This amendment, sir, as others have identified, will not necessarily even achieve that. Sir, I am in neither of those camps that Deputy Fallaize spoke about. I am in the camp that says growth is needed to meet the demographic challenges (**A Member:** Hear, hear.)

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and to enable and facilitate economic growth, not the primary motivation or means, as Deputy Fallaize suggested.

2130 Deputies Duquemin, Parkinson and the Chief Minister absolutely nailed it when they identified that the emphasis is on working population not working age and it is all about the dependency ratio. This amendment will inexorably lock us into a deteriorating dependency ratio and that would be a serious mistake, I would suggest.

Deputy Brouard quoted Deputy Lester Queripel when he said that Deputy Lester Queripel had 'gone round Alderney to get to Sark'. How apt is that? Because we absolutely want to avoid the depopulation experiences of both of those Islands as we handle our own demographic change.

2135 Alderney does not have a population policy other than one that says, 'We want it to go up.' But that does not of itself mean that it is going to go up. Every other policy they have has got to help support that policy objective, sir.

2140 Deputy Parkinson and Deputy Brehaut, as well: I absolutely agree with you in relation to the IoD debate. It was overly-simplistic and completely meaningless, completely unconnected with political reality and contributed absolutely nothing to policy developments. I think we can disregard the numbers that were spoken about there as being completely irrelevant to this debate, sir.

2145 Deputy Gollop does make a habit – and particularly recently, I have heard him say it many times – of supporting Propositions and amendments that he describes as being 'flawed'. He identified many weaknesses focusing on working age, including of course – and he was the only Member I think to identify this or certainly articulated as clearly – there are many people who continue to work beyond working age and they of course are relevant when you are considering about the number of people working in the economy.

2150 Sir, I strongly urge Deputy Gollop, whilst I am completing this summing up and before we get to the vote, to reconsider the wording of the amendment which was laid by the Deputy Chief Minister, because that delivers exactly what he quoted and what he was asking for: that, as far as practicable, Guernsey's population should in the long-term be kept to the lowest level possible to achieve the Statement of Aims which includes:

'Sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

2155 That was exactly the part of Deputy Dorey's amendment which he quoted and supported without the detrimental parts referring to working age that he did not like. So I would ask him to reconsider the amendment that he has already supported.

Deputy Domaille quite rightly spoke about diversification and the need for flexibility as a result.

2160 Deputy Ogier placed great emphasis on the replacement rate, the birth rate. I would absolutely agree with him that pursuing family-friendly policies is an entirely appropriate thing to be doing. Passing this population policy Report is not inconsistent at all with that, but that of course is a long-term solution. If we were to come up with a sweep of policies tomorrow, that would not have any kind of material impact for 20 years and we need flexibility within the next 20 years.

2165 He also placed great emphasis on paragraph 5.2's 'desired level of net migration' as being some kind of code for opening the floodgates, but, sir, even Deputy Dorey admits that there will be a level of net migration required.

2170 Deputy Ogier also asked, 'What businesses will go?' Of course, he is totally ignoring the natural process of creation and destruction which exists in our capitalist system, where businesses are constantly coming and going. (**A Member:** Hear, hear.) We need to be prepared and capable of receiving those new businesses which will spring up to replace those which are being destroyed in that process. That is what 5.2 is all about. Industries are constantly changing. Look at the banking industry and the reduction we have seen on traditional banking deposits here and all the back office over the last 20 years. That sector has changed considerably. Those people have been deployed into other roles, in other businesses and other sectors and that is what we need to be

2175 prepared. We need to have the flexibility to allow us to be able to accommodate that. Effectively, Deputy Ogier was assuming some kind of static pool; that business will remain here.

'Population growth just does not fix the problem', he said. I agree with him absolutely: population growth does not fix the problem at all and neither does Policy Council believe that, because the Proposition, as Deputy Kuttelwascher said and quoted, is:

'Guernsey's population should, in the long-term, be kept to the lowest level possible...'

2180 Deputy Hadley quite rightly identified the inconsistency of having 'a foot on the accelerator and on the brake'. There is of course – and he articulated this well – the tensions that exist between economic growth environment and the needs of effective public services.

2185 Deputy Lowe: when I listened to Deputy Lowe, I just thought, 'We have to wake up.' We have got to wake up. We are boxing ourselves in. If we want effective public services, we have to remember they are funded by taxes, driven by economic activity (**Members:** Hear, hear.) and as Deputy Harwood says, the tax base will shrink. As the increasing numbers who are currently working move into retirement, the tax base which is already shrinking, it will continue.

2190 We in this Assembly have ruled out GST. Even further corporate tax reform is not going to bail us out, if we do not manage to create a conducive environment in which businesses want to operate here. So for goodness' sake, give us some tools and some levers that give us some kind of chance to be able to actually operate a properly functioning economy that delivers the needs that will allow us to provide the decent level of public services that everybody wants.

2195 Sir, last week I circulated to Members a one-page summary of the current position in relation to the international corporate tax initiative led by the OECD on base erosion and profit sharing (BEPS). I am going to digress for a moment, but do bear with me because this is entirely relevant to this debate on population policy. In my covering note, I said that there is no requirement for Guernsey to apply any of the recommendations to our own domestic tax regime, although of course we may choose to do so. The far greater significance is that decisions that will be taken by other jurisdictions will undoubtedly have an impact on the client base of Guernsey's financial services businesses here. That is precisely the point I was making about the natural processes of creation and destruction which are going on all the time and are going on outside this Island and affect us in this Island. So we are going to need to anticipate, monitor and understand the impact of those changes so that we can, if appropriate, respond to and ensure that we remain an attractive and competitive jurisdiction in which to locate business.

2200 In order to do that, just that, I have this week formed a working party bringing the private and public sectors together to look at the issues for Guernsey which arise out of BEPS. I am delighted that both of my predecessors, Deputies Parkinson and Trott, have agreed to join me and bring their past experience to bear on this topic. Deputy Trott, of course, is also bringing his interests as Chair of Guernsey Finance and as a member of Commerce & Employment. We will begin our work in the New Year. However, of particular relevance to this debate are BEPS actions eight to 10. 2210 These deal with transfer pricing. They cement the importance into the international corporate tax system of looking at substance over form; of looking at the location in which value is created, rather than looking at the legal construct.

2215 This means that the substance of what companies chose to locate in each jurisdiction is going to become increasingly important. (**A Member:** Hear, hear.) This may be, at the same time, both a threat and an opportunity for Guernsey. A threat in that, if businesses only have legal form here, they may cease to be effective in delivering their shareholders' objectives in being located here. An opportunity in that in order to remain effective in delivering their shareholders' objectives, it may be necessary for companies to locate more substance in Guernsey. This could mean, for example, that our fund management industry – and by which, to be clear, I mean the key players 2220 who make the investment decisions in relation to a given fund as opposed to the fund administration businesses who shuffle the paper and do all the back office administration for the fund. If the fund management industry is to remain competitive, it may well be necessary for

those few key decision makers, for their intellect and experience to be located in Guernsey rather than for them to fly in for meetings.

2225 This is a very real example of what Deputy Lester Queripel was asking for at the beginning of
this debate. He was asking for an example of this in relation to paragraph 5.3: 'What are we going
to do about creating the right climate for businesses?' Well, for a business like, say, Terra Firma, it
will not be a problem because its principal, Guy Hands, is already here. So we potentially have a
2230 real opportunity, driven by international corporate tax changes, to grow our personal tax base by
attracting a few key players. Now you can see that there may well be a key role for Locate
Guernsey in helping to achieve this role. However, to do so of course – and this is where we
Segway back into this debate – we are going to need to be flexible. Our population policy needs
to be capable of allowing us to accommodate these kinds of opportunities. I am not talking about
thousands. It may not, in this case, even be hundreds. It may only be a few dozen, but we cannot
2235 become hamstrung by a policy which provides, as this amendment seeks to do, that Guernsey's
working population should not increase from its current level.

We need to be seen to be welcoming and accommodating to these sorts of business opportunities, not reluctant or, worse, resistant to them, especially when we are competing with jurisdictions that have no such constraints or appear to present a more welcoming face.

2240 But it is not all about business. If we are to deliver the effective public services in accordance
with the States' Strategic Plan's Statement of Aims, especially with the changing demographic, we
will certainly need more health care and social care providers and these are most unlikely to be
available from within the current workforce. Again we need to ensure that our population policy is
sufficiently flexible to accommodate those kinds of needs.

2245 These of course may not be the highest value jobs and it seemed to me that Deputy Dorey and
Deputy Lester Queripel – or actually it might be Laurie Queripel; forgive me if I have got that
wrong – seemed to be suggesting that these should, in essence, be preserved for locals and that
the locals were being priced out of those jobs. Well, that is not... What I want... The vision I have is
that I would much rather maximise the number of high-value jobs for locals. I want to push locals
2250 up the value chain. That is exactly what Education are supposed to be helping us to do. That is
what Skills Guernsey is supposed to be helping us to do: to equip our local population to take the
high-value jobs.

Our current population policy: pegging at its March 2007 level has been damaging for two reasons. Firstly, it implies that we are capable of controlling our population with accuracy – and a
2255 number of people have already made this during this debate – which patently we cannot do. As
we have seen in the last few years, the condition of our economy is the prime driver of population
numbers not the population policy itself.

Secondly and more importantly, the population policy has sent out all the wrong signals. It has signalled to the population that there must be hordes of people who want to come and settle in
2260 Guernsey, otherwise why on earth would we bother having a policy in the first place to limit the
numbers. Really? Where are they? This is Deputy Kuttelwascher's point. What are we afraid of?
There are no such hordes. We are a tiny dot in the middle of the Channel, with expensive
transport links and expensive housing. The reality is that the cost of housing, for a generation or
more, as Deputy Gollop has said... The cost of housing is the biggest restraint and the biggest
2265 barrier to hordes of people wanting to settle in Guernsey. I do not see that changing in the
foreseeable future. It is certainly far more effective than a population policy stating that numbers
should not go above 61,175, its level in March in 2007, or indeed the amendment that is before
you.

2270 The current population policy has also signalled to business, albeit implicitly I would say to
Deputy Ogier, that we do not think that we want growth or, in other words, we are not open for
business.

Investment decisions are made on the back of confidence and sentiment and that will be the interpretation that many businesses will take. That is a deeply unhelpful, self-generated headwind to the future development of our economy that we could do without and indeed runs completely

2275 counter to the strategies developed and funded by us, developed by Commerce & Employment's
Economic Development framework and the use of scarce resources through the £8.8 million
Economic Development Fund to diversify and grow our economy. Deputy Hadley absolutely
identified that contradiction.

2280 Deputy Dorey's amendment is deeply flawed by seeking to effectively cap Guernsey's working
age population at its current level. Firstly, as I have already said, because any kind of cap runs
counter to the requirement for flexibility, to further limit our flexibility would be complete
madness. It would be lunacy. (**A Member:** Hear, hear.)

2285 Secondly, it is crude, as Deputy Green himself identified, because as the Chief Minister said, the
working age population is not the same as the number of people working in our community. We
may once again need that flexibility which the Policy Council put before you which was that that
policy delivers to ensure that we can meet the needs of our economy and meet the needs of
public services.

I strongly urge Members to reject Deputy Dorey's amendment and support the Propositions
before you. (**A Member:** Hear, hear.) (*Applause*)

2290

A Member: Blinding speech!

The Bailiff: Deputy Fallaize.

2295 **Deputy Fallaize:** Thank you, sir.

I did not want to interrupt Deputy St Pier, but I would like to ask him to clarify something he
said very early in his reply. He criticised the amendment because he said it locked Guernsey into a
deteriorating dependency ratio. Is it the view of the Policy Council that, if the amendment is
defeated and their proposals are accepted, there is the possibility of the dependency ratio not
deteriorating?

2300

The Bailiff: Deputy St Pier.

2305 **Deputy St Pier:** Sir, I think that the point is that whilst the dependency ratio is destined to
head one way, i.e. down, we are going to make it a damn sight worse with the policy that Deputy
Dorey is proposing.

The Bailiff: Just before I call Deputy Dorey, I know that Her Majesty's Comptroller would just
like to clarify the answer she gave earlier. Madam Comptroller.

2310

The Comptroller: Yes, thank you, sir.

In response to the answer from Deputy Parkinson, I am afraid I had a slight IT crash when I was
looking at the Housing Law, but I have just taken a hard copy off. I would just like to qualify for
the benefit of Members of the Assembly.

2315 I repeat that there would be no change if this amendment is passed to the lawful grounds,
which was the question asked by Deputy Parkinson. However, I would just like to point out that
under the terms of the Housing Law there is a discretionary ability for the Department to take into
account the policy objective of a population policy objective. Therefore, it is arguable that if there
is no population policy objective, those grounds could be slightly weaker. So there would still be
2320 lawful grounds but I would just like to clarify for the benefit of this Assembly that those grounds
could be weaker in the event that this amendment is passed.

Thank you, sir.

2325 **The Bailiff:** Thank you.
Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff. (**Two Members:** Microphone.) Sorry, thank you.

I will try not to go through everybody's speech and I will pick up the various themes, but I will pick up some of the particular points from speeches as I go through.

2330 I would like to thank everybody who has spoken in support of my amendment, particularly Deputy Laurie Queripel for seconding it and the excellent speech from Deputy Ogier.

2335 One of the points made is about working age population and workforce. Working age population, as I defined, is those people who are aged 16 and above, right up to the statutory pension age – which we know is going to increase, from 65 to 70 by 2050 by Resolution of the States. I picked that because it is something that is measurable.

2340 Workforce is made up... If you project it forward, you have to make loads of assumptions about what percentage of your working age population actually work. One of the challenges going forward for us is to maximise our workforce from the working age population and from those who retire. I think that it was a far better way of having a policy in relation to something that is far more measureable, which is the working age population. The challenge for us is to maximise the workforce from that.

Open for Business, as Deputy Ogier said: yes we are. This will involve 200 people coming in per year in order to keep our working age population at the same level.

2345 When you plot forward and looking at the size of the population with that policy, that is what I think is the most interesting. If we look at bringing in 200 a year – and you can see in that diagram on page 3769 that it will involve population growth. I have got the numbers which were given to me by the Policy Unit in relation to those graphs. The population effectively peaks at 69,000 and 70,000 in 2050 when you bring in 200 a year. So there is going to be, even with this policy, considerable population growth.

2350 But the most interesting thing is that currently people talk about dependency ratio, but I would rather look at the percentage of the population that are working age. We are currently about 65%. With this bringing in 200 a year and with a population going up to 69,000, we will drop to 60%. So there will be a drop, but the key thing is... Okay, so what do we need then to not drop it? Well, that has not been plotted. They looked at bringing in 300 people a year which will involve the population growing to 76,830. It is interesting – I think Deputy St Pier said about the IoD's numbers were ridiculous... They were talking about 10,000 to 15,000 growth. That is the type of growth that we will have as a result of 300 per year. The interesting thing is that does not solve the problem of the percentage of the population which is working, because, even with 300 people coming in per year the percentage of the population working still dropped to 61%. You get a population of 76,830 – and we currently have 65%. So we drop to 60% with 200 a year and we drop to 61% with 300 a year.

2365 That gives you an idea of the problem and that is why this Report is so poor, because it does not actually look at what the main issues are. This is a wishy-washy, poor Report (**Several Members:** Hear, hear.) that is not fit for this Assembly (**A Member:** Hear, hear.) because it does not look at the real population problem that we have: that you are not going to grow yourself out of the problem. (**A Member:** That is right.) It is not achievable. Even with the levels of population growth by the IoD, you are still going to have a drop in the percentage of workforce. (**A Member:** Absolutely.)

2370 Deputy St Pier talks about tax returns and I think he said they are going to shrink. Well I ask Members to turn to page 3772 and you would see there is a diagram of tax and social security contributions depending on levels of net migration. You will see they are all growing, even with 200. At 200, they are growing quite fast. So he was totally misleading the Assembly when he said those shrink, because if he looked at his own Report, he will see there is a graph in there that shows they are not shrinking.

2375 Deputy Green asked about GDP growth by different levels of immigration. Again, if you flick the page to 3771, there is a diagram which shows economic growth by different levels of immigration. You will see – although it is not very easy to read, because the difference between the lines is just shades of grey. Obviously you would see that the one which has 200 is the second

2380 one down which shows you have got just below 1.5% growth up to about 2045, then it drops. But
there is economic GDP growth with this population policy. So I think there have been a lot of
statements and points made in this Assembly which are being misleading. (**A Member:** Yes.)

2385 You must remember that we have got... Deputy St Pier talked about employers coming in and
being able to recruit. We are talking about 200 a year, but we have this amazing turnaround in our
population. We had 3,500 leaving last year and 3,650 coming in. We had population growth last
year. There are an amazing lot of people and you can flex your policies to make sure that the
people that come in can make the economic contribution. (**A Member:** No, you cannot.) Yes you
can. (**Deputy Trott:** Sir.) That is what you do by policies.

The Bailiff: Deputy Trott.

2390

Deputy Trott: Thank you for giving way.

2395 Sir, we cannot ask, for instance, when we are considering an Essential Housing Licence,
whether the person has a significant dependent child that could cost the public purse £250,000 to
look after. As we heard this week, we are not allowed to do that. That is exactly that sort of effect
that can be extremely damaging on the public purse. I said earlier that that is a clinical
assessment, but it is a fact.

2400 **Deputy Dorey:** We look at the person who is coming in, who is earning, who is the applicant.
That is all we can do. But I am saying that there is so much movement in population that we have
the flexibility.

2405 The whole point is this balance between economic needs and population. We have to find that
balance. I think that Deputy Hadley spoke about a vacuum, but we will have a vacuum if we do
not have a population policy. He talked about the economy's foot on the pedal and the
population policy puts a foot on the brake. Effectively, if we go with this policy, which is
meaningless – which was rejected by the previous Policy Council when Members of this Assembly,
like Deputy Trott, were on the Policy Council... It was rejected by them. It was rejected by the
States in terms of a policy which was measurable. That was the policy that was proposed by the
Policy Council in 2007. It was rejected and the amendment by Deputy Roffey and myself was
successful – again a measurable one.

2410 We will be in the situation where we have the economic policy being our foot on the
accelerator, but we might have our foot over the brake, but there is no speed limit because we
have got no limit on the population. We have got this meaningless number which just says 'Drive
sensibly' but we have not got a speed limit to drive the car within. We have to find that balance.

2415 Deputy Duquemin talked about solutions. Well, we need to find a solution and that is what this
is trying to do: trying to deliver a solution. This will set a parameter in order for us to find a
solution. If we do not have any parameters, we cannot find solutions. We have got a parameter for
economic growth. We need to have a parameter for population and we need to work within those
and find a solution to the problem, but if you do not have one you will have a policy that is totally
skewed one way rather than balanced.

2420 Deputy Ogier spoke about Jersey. Jersey is really interesting, isn't it, because they have not
solved the problem. They have gone for population growth, but they have the luxury of an extra
20 square miles to try their experiment in. We do not. We do not have the space to try what I
consider to be a failed experiment. Their population growth has not solved their economic
problems. It has not solved their general revenue problems. It has not solved their economy
2425 problems. So why go down that road, where we know our sister island has tried that? They have
had the luxury of space and it has not worked.

We have to find a balance by having an economic policy, economic growth, and a measurable
limit on our population.

2430 Compassionate licences: Her Majesty's Comptroller has answered Deputy Parkinson's question,
but if I look at the last report which is published from the Housing Department under Non

Employment-Related Housing Licences, which they say... sometimes referring to it as 'compassionate licences'.

I will read from their report.

'They are normally issued in circumstances where the applicant is a potential qualified resident as defined by the Housing Control Law; is already resident in the Island and has already completed a substantial portion of the specified qualifying period.'

So those are people already in the Island. It goes on to say:

'When determining application for a Non Employment-Related Housing Licence, a compassionate licence, a key consideration is the extent to which the decision not to grant a licence would interfere with the human rights of the applicant and any other family member directly impacted by the decision and whether the extent of any such interference is proportionate such that it can be justified.'

2435 It seems to me, from there, that their decisions are made by those considerations, as they define in their Report. We will still have a housing policy because as in the end it says, 'substantial' – and it is in the amendment...

'Substantial economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

2440 There is nothing stopping the Housing Department issuing any policies. The whole point of the new population management system was that transparent policies would be issued. That is what we are trying to achieve. The Home Department, who will be held responsible for the housing licence system, can issue any policy and they will have to judge whether it has to come to this Assembly or not. But they can issue a policy from which they will make the judgement in relation to Housing Licences and Employment Licences in the future.

2445 Deputy Trott asked about the date. I imagine we would be in the same situation as we were in 2007. It is the current size of the working population, but because there is a lag in time, we do not know the current size of the working population. Just like in March 2007, we did not know the size of the current population. It is at least nine months to a year after that we know it. So it will be the size of the working population now.

2450 I have mentioned a number of people who have mentioned that we have got to be clever in terms of our policies in the future. A few months ago, I had an email from a managing director – perhaps others had the same as well – of a company. It gave details, but he did not wish to be identified. The company had decided to set up specialist services in Jersey, rather than Guernsey. One of the reasons why they chose Jersey was because they could easily get the licences they required for the specialist employees they needed. They were absolutely essential for them and that staff were not available locally. They could get the licences within 48 hours rather than the three months they said – and chasing and no guarantee – it takes in Guernsey. So that is what I am saying, because we need to be clever.

2460 The message I want to get across is that we should not open the floodgate by having a wishy-washy limit for population: what the words are in the Proposition.

What we need is a limit that we can work within. Of course I am not saying we should be like Jersey, but we can be more business-friendly within the policy that I am proposing.

Relaxing our population restrictions will not help a licence application if it is perceived to be too difficult and excessively long-winded.

2465 This amendment is not vague. It is measurable compared to what I call wishy-washy, meaningless population policy that has been previously rejected. It maintains the working age population, as the Billet is titled and as the Policy Council has made the case for within the Report. It is a compromise between the demographic pressures and the population size.

2470 We need to balance between the economy, the quality of life, environment, overdevelopment of the Island, which is the 15th most populated jurisdiction. Most importantly, it will be reviewed again by 2018.

Please support this amendment and give a clear message that you want a restriction on our population.

Thank you.

2475 **A Member:** Hear, hear.

The Bailiff: We vote then on the amendment proposed by Deputy Dorey, seconded by Deputy Laurie Queripel – and I thought that there might be a request for a recorded vote. There is a request for a recorded vote.

There was a recorded vote.

Not carried – Pour 14, Contre 26, Ne vote pas 0, Absent 7

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Green	Deputy Duquemin	None	Deputy Le Tocq
Deputy Dorey	Deputy James		Deputy Perrot
Deputy Paint	Deputy Adam		Deputy Inglis
Deputy Brouard	Deputy Wilkie		Deputy Luxon
Deputy Burford	Deputy De Lisle		Deputy Quin
Deputy Brehaut	Deputy Soulsby		Deputy David Jones
Deputy Domaille	Deputy Sillars		Deputy Spruce
Deputy Gollop	Deputy O'Hara		
Deputy Lester Queripel	Deputy Hadley		
Deputy Ogier	Alderney Rep. Jean		
Deputy Fallaize	Alderney Rep. McKinley		
Deputy Laurie Queripel	Deputy Harwood		
Deputy Lowe	Deputy Kuttelwascher		
Deputy Le Lièvre	Deputy Langlois		
	Deputy Robert Jones		
	Deputy Le Clerc		
	Deputy Sherbourne		
	Deputy Conder		
	Deputy Parkinson		
	Deputy Bebb		
	Deputy St Pier		
	Deputy Stewart		
	Deputy Gillson		
	Deputy Le Pelley		
	Deputy Trott		
	Deputy Collins		

2480 **The Bailiff:** Members, the voting on the Deputy Dorey/Deputy Laurie Queripel amendment: there was 14 in favour with 26 against. The amendment is lost.

Quite a number of people have spoken in general debate, but if there is anyone who has not, do they wish to do so?

Deputy Fallaize.

2485 **Deputy Fallaize:** Thank you, sir.

This is a poor policy letter, but the one saving grace is that it is a sort of holding exercise, because in 2018 there will be another policy letter which hopefully will be of substantially better quality.

2490 I think the policy which the Policy Council is most interested in, the Proposition which the Policy Council is most interested in, is number 2, which is to rescind the 2007 policy. I know that Deputy St Pier will not admit it and other Members of the Policy Council will not admit it, but I suspect that if they lost all the other Propositions they probably could live with it so long as they get rid of what they see is this highly objectionable 2007 policy which they believe business has interpreted as a cap on the population level of 2007. In that, they may have some merit, I think. I

think that the policy – although that is not what the policy says – has been interpreted as a cap on Guernsey's population which would not be sensible. Therefore, I do not particularly have a great problem with Proposition 2 and with rescinding what was, I am afraid, a relatively meaningless policy in 2007.

2500 But what I object to most is the way that the replacement policy proposed by the Policy Council has been proposed. I really do think that the way in which this is being proposed – and I do not mean particularly in what has been said today but in the way in which the Report is written – I really do think that it is bordering on the disingenuous. The stuff about dependency ratios, I think, is where this is most significant of all because Deputy Dorey's amendment was cast... In fact
2505 Deputy St Pier said it, 'locked Guernsey into a deteriorating dependency ratio.' What is missing from this policy letter is the information about the way in which the dependency ratio is altered depending on the differing levels of net migration. I do not know why it is missing. I know it is a high-level document but there has to be some link, at least in appendices that are presented to the States and the information that is laid before the States. There has to be some link between
2510 the high-level policies proposed and the detailed consequences of those policies.

The 2007 policy letter on population – which I have to say was not much better than this one – it did at least include an appendix which went into the detailed dependency ratios depending on differing levels of net migration.

In 2008, the dependency ratio was about 0.5. The projection was that with plus 300 people per
2515 year – that puts the population of Guernsey above 70,000 – the dependency ratio goes from 0.5 to 0.75. That is a massive deterioration, (**A Member:** It is.) even if the population is permitted to go to 75,000. That is where I think the Policy Council is being a little bit disingenuous. There is an attempt here to say, 'Well, if we relax the 2007 policy a bit, then that could make quite a significant difference in terms of the dependency ratio in future years and it is not going to be a
2520 drop in the ocean.' To have a significant effect on the deteriorating dependency ratio, we would have to allow our population to go well above 75,000. (**A Member:** Yes.) It would have to be climbing up towards 100,000. That is the truth of it, if you look at the actual figures produced by the Policy Council's own research unit. What I would ask the Policy Council is what do they think is going to be achieved by the Propositions that they are laying before the States? What do they
2525 think is going to be achieved by adopting a policy that 'as far as practicable, Guernsey's population should in the long-term be kept to the lowest level possible' to achieve the Statement of Aims in this Plan?

They do not want to commit to a particular number of people in Guernsey, a population level, and that is understandable and quite sensible, but they must have some idea about the
2530 dependency ratio that they are aiming for. The Policy Council must, in preparation of this policy letter – poor though it is – have given some consideration to what the dependency ratio might be or a range of dependency ratios in the future under their proposed population policy. I think they ought to advise the States what at least that range of dependency ratios is, because without giving consideration to dependency ratios and the consequences of this policy statement, I do not
2535 really see how it is safe for the States to be voting in favour of it.

I get the sense – and I know it is me talking and I know it is Friday afternoon – that there is a significant degree of disengagement in this debate (**Two Members:** Hear, hear.) in the States. That is not a criticism of States' Members. I think that is a sort of inevitability because of the way in which the policy letter has been written. (**A Member:** Yes.) It has been presented as if, 'This is
2540 really just a minor change. It gets rid of something from 2007 which has been a bit awkward and was not terribly coherent at the time and in any event we are going to review it all again in 2018'. But we are debating a very significant area of policy here: population policy, because we are such a densely populated Island and because we have a significantly deteriorating dependency ratio. I do think the Policy Council, in the speeches that Members of the Policy Council make on this
2545 policy letter that they have laid before the States, ought to give the States some further information, at least in relation to the dependency ratios that they envisage as a consequence of this change in policy that they are proposing.

Thank you, sir.

2550 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

2555 This is almost the debate I do not want to have because I am doing it with one hand behind my back because I do not know what the Policy Council are putting forward. The rest of their hand has not been shown. It almost looks as though this issue is being pushed in the long grass until 2016, 2017 or 2018, rather.

I think Deputy Harwood was mentioning something and that is what I want to know. What is sustainable? The people who have been looking at this in the Policy Council group, what is sustainable? What are you trying to achieve? This is what Deputy Fallaize was alluding to.

2560 Deputy Le Clerc said, 'We need the people; we must not restrict our population. A good quality of life for our ageing population is what we want.' So when we are at 80,000, who is going to look after the 80,000? What do you do then?

A Member: It is a vicious circle.

2565 **Deputy Brouard:** Does it bottom out at that point or do we just keep going? If it is that we are just going to keep going, then I would like someone to have the honesty in the population group, who is looking at this and have got all the skills, to tell us, 'Sorry, the best way forward, is it is going to be 80,000, 90,000, 100,000, 120,000? That is where we are going. That is the only way that is sustainable.' Because I do not know. So what is a sustainable number? How can we sustain...?

Deputy St Pier, who is usually very well-balanced on these things, I was noting that his voice was getting louder and harder and stronger and more assertive and I am thinking that is because there is nothing behind you. (**A Member:** Exactly!) There was no real substance to the question.

2575 What is sustainable? Policy Council have not articulated what they want. They are letting go of one of our main levers we have had in place, but they are not showing... I think Deputy St Pier said, 'Give us the levers and the tools.' To do what? What is it that you are trying to get to? What level do we need to be sustainable? Or are we not going to be sustainable and we just keep on moving the population up, because eventually someone will say, 'Actually, the Island has changed and it is not worth coming to,' or we just physically cannot support that number of people.

2580 That is where I have got a real problem and this is the area I did not want to go into because I am probably not going to articulate it very well, but who are we doing it for? Who are we doing it for? What is the point? If you are bringing a family from another island across to our Island here – who happens to be earning a higher salary – and we lose the Bougourds back to Cornwall or something, what was the point of that? Are we doing it just to make sure we have got an Island that is working in the Channel here for whoever happens to be on it at the time? Or are we doing it for our Islanders and the people who have lived here and those who join us and want to stay here? Who are we doing it for? It is that big debate which we have not really had.

2590 I probably have not said it right. We do need high-net-worth people to come here. I understand that and I understand that we cannot always train everybody that we need. But we have to be sustainable in some way and I do not mind... Well I do mind what it is, but I would rather have it articulated as exactly what we are actually trying to do.

2595 Another thing Deputy St Pier said was, we had the other day where in budget terms we have to live within our means. We have to live within the amount of money that Treasury give out or we agree the Treasury should give to each Department. Environment was roundly criticised that if they wanted a Biodiversity Strategy, they had to find the extra funds from within their means. But doesn't that argument not sometimes apply then to population? If we are saying, 'Actually we want the population around 70,000, whatever it is', the number of people who are driving the economy, that is the number of people who are driving the economy. They need to work harder,

2600 faster, smarter, more skill or at some point does somebody say, 'Actually, that is about as far as we can go to be sustainable.' What are we actually trying to achieve and who are we trying to achieve it for?

I do take Deputy Fallaize's point. I think this is a holding position, but it is taking one lever away, but I do not know what it is being replaced with.

2605 I do not think it sends out all the wrong signals. We have got a lot of advantages here, but one of the things that people like is it is quite a quiet place – well, it was on Sundays anyway. It will not be anymore! (*Laughter*) It is a lovely Island and I am not sure whether we can, in 30 or 40 years' time still be a lovely Island when we have doubled the population. So what are we trying to achieve and who are we trying to achieve it for?

2610 I hope, if I can give any guidance to the Policy Council or the Population & Resources when they come back in 2018 – if, touch wood, I might hopefully be here and I cross my fingers – please articulate what we are actually trying to do and for whom.

Thank you, sir.

2615 **The Bailiff:** Deputy Domaille.

Deputy Domaille: Thank you, sir. I will be brief.

I should say I actually very much appreciate how hard all the Policy Council Members work. I know they have put an awful lot of work in on the work they do. I have to say it is very disappointing for me to have to say that I think this Report actually demonstrates the casual approach (**A Member:** Hear, hear.) to this subject. I think that it is a shame that... because I thought Deputy St Pier's speech was excellent. (**A Member:** Hear, hear.) I voted for the amendment, but I thought that speech was excellent. I think that it is a shame that some of the information that was in his speech was not actually in the States' Report.

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Deputy Laurie Queripel: Absolutely! It is too brief!

Deputy Domaille: Similarly, I have to say, for Deputy Dorey, that it is a shame that some of the information he provided today was not in the Report. I think it is very hard to follow through on something as important as this. I still have this feeling that I am not really sure what I am doing here. (*Laughter and interjections*)

2630

A Member: We have been wondering.)

2635 **Deputy Domaille:** I think that was even truer this morning!

I do have one to illustrate the fathoms. Unfortunately, Deputy St Pier has left but there we go, because these are questions to him. (**A Member:** Something you said!) Something I have said, yes. It is Treasury & Resources' comment. It is on 3779 and what it says is:

'As there are no resource implications in this report...'

2640 Well, people are the greatest resource and if there is one policy that is going to have considerable resource implications it must be this one.

Deputy Kuttelwascher: Point of correction, if I may?

'Resource' in that sense means money. I know resources come in all sorts of things from coal to oil and everything else, but in terms of our comments it is in relation to money and people are not the issue in that respect.

2645

Thank you.

Deputy Domaille: I think that actually bears my point out, that if it is money then say so, but actually even if it is just money and we are told that we are going to be actively promoting family-

2650 friendly policies, for instance, that is going to cost money. To say there are no resource implications in that light, to me, is showing a casual approach.

Also, you only have to look at recommendation 5:

'To direct all States' Department to consider how to best support and encourage employees to remain in the work place until retirement age is reached.'

That must have resource implications.

I just find it a bit disappointing – I know the wording is probably unfortunate and I would never, ever accuse this Treasury & Resources Department of being causal. They are far from it. They are an excellent Department, but nevertheless in this instance, I think it is demonstrating a casual response.

Thank you, sir.

2660 **The Bailiff:** Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you sir.

Sir, I just wanted to expand a little bit more on the Jersey situation.

2665 Before I do that, I am disappointed to see that not all the Members of the Policy Council are in the Chamber at the moment, because this is a really, really, really important debate. Some of them are here, sir, but not all of them by any means. This is a really important debate on the most important issue we could be debating and they really need to be listening to Members' comments and observations in regard to the Report and take some information from that. Most of them, well half of them, are not in here, sir. I am very surprised and disappointed –

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Deputy Langlois: Point of correction, sir.

Nowhere near half are missing.

Deputy Laurie Queripel and Deputy Lowe: They were not.

2675

A Member: Five out of 11 is not half.

Deputy Laurie Queripel: Five: that is right. One or two have come back in since, sir, but for a while there were about five Policy Council Members sitting in their seats and that is disappointing, it *really* is. It clearly seems to me they are not really that interested in what Members have got to say about a really important report, a really important issue. We are all very concerned about this. We are all very concerned about it. I feel, sir, that to some extent, we are in the dark and being fed something. I am very disappointed in that.

2680 Anyway, sir, I wanted to expand on the Jersey situation. By rejecting the amendment that Deputy Dorey placed, sir, we are in danger of moving closer towards the Jersey situation. In Jersey, they took the deliberate approach... The policy was to significantly grow the population and there was a reason for that. They tried to grow the population, or they did grow the population, in order to grow the economy, in order to increase revenue into the public purse. Clearly, sir, that has not worked, because what they are doing now is they are making drastic cuts to their administration and to their services in order to save money. They are doing that because they are facing shortfalls of hundreds of millions of pounds. So that formula for their population growth, sir, clearly did not work. The very thing they tried to achieve, to bring extra revenue in to fund public services has actually not worked and they are now making drastic cuts in their administration in order to try and make up for that shortfall. Clearly that population policy has not worked. And of course they have GST as well.

2695 I would urge the Policy Council please, please, take that sobering lesson on board. We cannot go down the Jersey route. That has not worked. Their revenues are falling short. They are facing massive deficits and ironically they are cutting the administration. They are cutting services and

2700 they grew the population in order to increase revenues into the public purse. I do not know how clear it can be, so please do not go down that route.

As Deputy Dorey said this morning and again when he responded to debate, we have to take a very smart approach otherwise, as Deputy Brouard said, we are on the treadmill; we create a vicious circle and where will that take us? Nowhere! Nowhere, whatsoever and it will be to the detriment of this Island and for the population of this Island.

2705 Sir, I agree with some Members that Deputy St Pier made a very forceful and powerful speech in response to the amendment, but I do not actually think he was responding to the right amendment. I do not think he had read the text of the amendment that clearly actually. He was saying there was no flexibility, but I think we need to read part of that amendment again:

'That, as far as practicable, Guernsey's working age population should not increase from its current level and be kept at the lowest level possible to achieve the following from...'

The Bailiff: We are no longer debating the amendment, Deputy Queripel.

2710

Deputy Laurie Queripel: I know, sir, but I am just making this point, that Deputy St Pier was missing the point and Members are now going to agree to something and they have misunderstood. He was missing the point. (*Interjection*)

2715 There is flexibility within that wording, sir. On top of that, the safeguard of course is the Statement of Aims that we are going to sign up to. The Statement of Aims: what does it say?

"The Statement of Aims" in this Plan:

the government of Guernsey aims to protect and improve:

The quality of life of Islanders

The Island's economic future

The Island's environment, unique cultural identity and rich heritage

It recognises this requires:

Sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

The safeguards are already there. If we sign up to this – and we have already actually via the first amendment that was placed – the safeguards are there. I do not think that Deputy St Pier understood that when he was responding to the amendment. I really do not.

2720 Secondly, sir, I agree with the Policy Council when they say, 'Whatever we do with the existing population and the existing workforce, we will not achieve what we need to achieve in order to have a sustainable economy and to achieve economic growth'. But actually there is nothing in this Report that tells us what we need to do or what we should be doing in order to optimise the contribution that the current working population can make to the economy and to States' revenues and I think that is where we should start. That is where we should start before we talk
2725 about population growth and bringing people into the Island. I understand where we will need to do that but the starting point should be making sure we get the contribution from the current working population.

2730 There are all sorts of things we can do, sir, from making affordable premises more available for local businesses, sir. Particularly within the construction industry, there is a mass of what I call 'underemployment'. It is not unemployment; it is underemployment, sir. The construction industry, in particular, for a couple of reasons: number one, because we are not really commissioning any capital projects in order to give the construction industry a boost, sir, but because of the competition they are facing from outside contractors. It might shock Members to hear, sir, that in the last three years, 700 vehicles have been seen in this Island: trade vehicles that are non-local
2735 vehicles. 700 vehicles: trade vehicles that are non-local tradesmen, sir. That is clearly biting into and taking away income from local traders which in turn is restricting their opportunity to make greater contributions towards tax revenue, sir.

There are a number of things that can be done, even before we consider growing the economy. We need to find ways to assist our local businesses and the existing local workforce.

2740 Sir, I say to the Policy Council – and I hope they are all listening, whether in here or not – please bear in mind the Jersey lesson. It is a sobering lesson. We must not go down that road. We have to be smarter than that. That is the first thing.

Please put in place or bring to this Assembly policies that will encourage and help us to achieve the potential of the existing local workforce. (**A Member:** Hear, hear.) And of course, as I said, in Jersey the only way they can think of trying to make up for the shortfall is to make drastic efficiencies within their administration, sir. Deputy Soulsby mentioned this yesterday or the day before: that is something that we can look at as well, of course. That is something we have looked at via the FTP, but I do not think that was a particularly smart vehicle in order to achieve those aims, sir. I think we also need to be looking to a certain extent at our administration, particularly in regard to pay costs and salaries at the higher end, sir. That would help a little bit. I am not saying we should go down the Jersey route of making all these drastic cuts in services, but we should be looking at pay cost, particularly at the higher level sir.

2755 So there are a number of things that immediately I think we can do to help the situation. Let's help and support local businesses. Let's not go down the Jersey route of just growing the population and then dealing with the problems at a later stage and finding out actually we are on a treadmill. And we need to look at smart ways to make efficiencies with our own administration, sir.

I leave those thoughts with the Policy Council. I hope they take them on board.

Thank you, sir.

2760

The Bailiff: Deputy Green.

Deputy Green: Thank you, sir.

2765 Yes, very briefly, I think this is, certainly for me – I cannot speak for anybody else – probably one of the most intellectually challenging areas in terms of policy that we face as an Island. I do not think it is surprising that we have had quite a robust set of exchanges in the debate on this today. Some of us spoke before about the clash of philosophies and there certainly are some legitimately different views on this.

2770 The issues at hand are not simple. They are incredibly complex and I was perhaps a little disappointed about the size of this Billet as well, though I understand why a somewhat abbreviated policy letter was acceptable. It is an interim step, so I do not necessarily make any criticism of the Policy Council for that, but there can be little doubt that what we are grappling with here are some extremely complex economic, social, environmental and other issues and it is an issue that exercises the Guernsey-man a great deal.

2775 Not surprisingly, particularly in the light of the very challenging dependency ratio that we have and the mere fact that we are an Island of only 25 square miles which, absent of any further reclamation, will still be the case going into the future.

I just wanted to make two particular points from the Billet. Paragraph 5.6 talks about:

'... employers in both the private and public sectors should be thinking about their own policies and procedures in terms of introducing family-friendly policies...'

2780 I was pleased and content to see that indication from the Policy Council because that has not always been the case, certainly in the past and earlier on this term. We do not do well in terms of family-friendly policies and I think it is absolutely key that part of the agenda in the future, of making sure that we are competitive as a jurisdiction. It is not just simply in terms of economic competitiveness, but it is also in terms of being a family-friendly jurisdiction for working people to actually want to live here.

2785 We have made very halting progress on the family-friendly policies in this States. It has taken quite a long time for us to get pre-school education through and we did earlier this week and I was very pleased about it. The progress we have made on maternity and paternity rights has been quite halting as well. We have got somewhere, but we are still a long way to go on that.

2790 Flexible working is something that I also think we have a long way to go on. I have been supportive of a statutory right for employees to request flexible working arrangements for a long time. I see no evidence at the moment that that is supported by anybody else in this Assembly. Of course it is about encouraging the private sector to adopt more family-friendly and flexible working arrangements, but I sense that the progress being made on that in this Island at the moment is very slow and it needs to be much quicker.

2795 The other point I want to make is in relation to paragraph 5.7 of the policy letter. I only raise this because I do not think – I might be wrong; I might stand to be corrected on this – anybody else has expressly referred to this in the debate so far, because it raises something which should not go through without comment. I quote 5.7:

'In addition, it might be timely to revisit the concept of restricting access to services that was raised in the Policy Council's June 2013 Billet... on Population Management. That report suggested that, possibly, restrictions should be placed on who can and cannot access public services, for example health care and social benefits, based on, for example, the reason for – and duration of – their residence in the Island.'

2800 I wanted to make sure that that was expressly articulated, because I think that should be debated. I think that is something that probably is justifiable in the circumstances and has some merit, but it is controversial and I think that should be raised and clearly understood by Members before we come to vote on this.

Generally speaking, sir, given the failure of the amendment moved by Deputy Dorey, I think in the circumstances I will be supporting the Propositions.

2805

The Bailiff: Members, there is another amendment that is about to be laid. It is just in the process of being copied. I understand that the Policy Council wish to have a five-minute adjournment so that they can consider the amendment. I think perhaps rather than call any other speakers in general debate, the appropriate... The amendment is being copied now, so I propose that we rise now so that the amendment can be circulated and considered.

2810

*The Assembly adjourned at 4.08 p.m.
and resumed its sitting at 4.18 p.m.*

POLICY COUNCIL

Maintaining Guernsey's Working Population – Debate continued – Propositions carried

The Bailiff: Deputy Ogier do you wish to lay the amendment that has been circulated?

Deputy Ogier: Yes, please sir.

2815

The Bailiff: Perhaps, would you like to read it or would you like the Greffier to read it?

Deputy Ogier: I do not mind reading it, sir.

Deputy Ogier read the amendment.

Amendment:

To insert a new Proposition 6 as follows:

"6. To agree that the future Committee for Employment and Social Security, in accordance with its responsibilities for equality and social policy, and the future Committee for Home Affairs, in

accordance with its responsibilities for population management policies, shall consult with other relevant committees as may be necessary and shall jointly report to the States by no later than September 2017 setting out their opinion, together with any recommendations considered necessary, on policy initiatives, including family-friendly policies, which would be capable of encouraging an increase in Guernsey's fertility rate and would be as close as possible to the natural replacement rate as described in paragraph 3.6."

2820 **Deputy Ogier:** Following on from this morning's speech, it occurred to me that it would be best to give further consideration to family-friendly policies which could be applied, which could or should lead to an increase in the birth rate to move closer to the replacement fertility rate.

I do not want to go into the details this afternoon on measures which may or may not have been used in other jurisdictions with a variety of success or failure as the case may be. That is not our role. Our role today is either to task Government or not to give serious consideration to what we can do to improve our replacement fertility rate and for those entities that we task to bring their opinion and other recommendations before this Assembly for our consideration.

2825 Deputy St Pier, in his speech, said that even if we begin tomorrow it will of course be 16, 18 years or so before we begin to see any benefit, which is of course partially true but the sooner we begin the sooner we will see any benefit. Of course, family-friendly policies will enable more fathers and/or mothers in charge of young children to enter the workplace anyway, so there will be additional benefits in that regard.

2830 I do not want a long... Well, what I want or not is immaterial, but I do not expect a long debate here this afternoon. My understanding is that the Committees that have been tasked are broadly supportive of this and the Policy Council are raising no objections. It is a workstream designed to give consideration to a variety of options which we may be able to use and to report back in due course.

2835 I ask the Assembly to support this amendment.
Thank you.

The Bailiff: Deputy Burford, do you formally second the amendment?

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Deputy Burford: I do, sir, and I reserve my right to speak later.

The Bailiff: Deputy St Pier, do you wish...? Or Deputy Langlois? I do not know who is going to speak for the Policy Council.

2845

Deputy Langlois: Sir, although I am.... Which hat am I wearing, sir? It is a just a question.

The Bailiff: Well, it is just that you are wearing the hat –

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Deputy Langlois: This is Policy Council?

The Bailiff: – on behalf of Policy Council. You could respond to the amendment either now or later in the debate on the amendment.

2855

Deputy Langlois: As Policy Council. As Deputy Chief Minister, I will reply later in the...

The Bailiff: You will reply later.

2860

Deputy Langlois: Thank you.
However, sir, do I get a go as Social Security?

The Bailiff: No.

Deputy Langlois: Oh, well fine. Okay.

2865 **The Bailiff:** You get one go, unless Deputy St Pier of course is going to reply on behalf of Policy Council. No, you are replying.
Deputy Bebb wishes to speak.

Deputy Bebb: Thank you, Monsieur Le Bailli.
2870 Right! Once we have realised who is speaking.

The amendment seems on the face of it fairly acceptable, but I simply cannot support it. That is because family-friendly policies will require some form of financial incentives. Let's not imagine that it does not. If I remember correctly, in the Personal Tax and Benefit Review we came to a conclusion that child allowance was going to disappear. We have just taken £2.40 off it in order to pay for pre-school education. We know that child allowance will disappear in due course and therefore I have to say that one of the most child-friendly policies and family-friendly policies of child allowance... It seems that we are bringing it back through this amendment. This is circular and we are not tying up exactly where our policies are.

2875
If we are to get rid of Family Allowance, we should have done that in the knowledge that it might have an effect on the fertility rate. I do not think that anybody could have said otherwise. However, as a person that actually stood for the election wanting to remove Family Allowance, I made that commitment during the election. I have been constant in my calls to actually remove Family Allowance. I think that it is now disingenuous of me to vote for this amendment which would seek to have that type of arrangement reintroduced.

2880
2885 Thank you.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, sir.

2890 I will support this amendment. I have been worried for quite a long time about our falling fertility rate. I think it is a threat to us as a community and we need to bring our fertility rate back up and not, as a community, just rely on people coming in from the outside. We need to maintain the Guernsey people and I think that is by bringing the fertility rate up. I fully support this.

2895 I, for a while, have thought that when we look at policy letters we look at them against the various criteria. We look at the financial criteria; we look against good governance, but we should be looking at policies against family-friendly... They are the building block of society and we should ensure that our policies are family-friendly.

2900 Deputy Bebb says it will affect Family Allowance, but as Deputy Ogier has said, we are not discussing the solutions at this point, we are discussing the need to have policies which enable us to increase our fertility rate. That might involve Family Allowance; that might not. It might involve other things. We should not make the judgements now.

I will give way.

2905 **Deputy Bebb:** Could I ask, does Deputy Dorey agree though that any introduction of any family-friendly policies will require financing? Therefore, merely agreeing to their policy letter to be drafted will in effect mean that financing will be requested of the States?

2910 **Deputy Dorey:** The investigation will involve, no doubt, some cost but presumably as they have not identified any costs, they expect it to be done within existing resources. But the cost of the policies when they come back would have to be considered – just as the cost of any policy when it comes back – alongside that report. But it might involve more expenditure. We might find a different way that has worked effectively in other communities which increases our fertility rate.

For one, I believe that we cannot ignore this problem. We cannot continue just to have a falling fertility rate and have a balance of our community. We need to bring it back up to – as is

2915 mentioned in 3.6, 2.1. That should be our aim. We cannot do that without coming back with a policy to fix the problem.

Thank you.

The Bailiff: Deputy Kuttelwascher.

2920

Deputy Kuttelwascher: Thank you, sir.

I am going to oppose this amendment on a principle, if you like. What I do not like about it: this amendment is charging a future committee, which is yet to be elected, after a general election, to do something. Now, we can do that. I have got no problem with having work in progress transferring to another committee after an election, but I just think this is an unwise thing to do. Why on earth wasn't it drafted to charge the current Committees responsible for this to start now?

2925

I just do not like the principle of trying to dictate to future committees yet to be elected after a General Election to do anything. So I am going to oppose it just on that basic principle. I do not like this being done.

2930

Thank you.

The Bailiff: Deputy Fallaize:

2935

Deputy Fallaize: Thank you, sir.

If Deputy Kuttelwascher feels that way, I am afraid he better not bother coming to any more States' meetings (**A Member:** Hear, hear.) between now and the end of the term, because the States have already been, for the last several meetings and inevitably will be between now and March, directing successor –

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Deputy Kuttelwascher: Point of correction.

I have just said that is fine. It is not just the successor committee, it is the current Committee and its successor. All I am saying is that for an amendment just to direct a successor committee only without starting the work now, I find unwelcome.

2945

Deputy Fallaize: That is a very odd reason not to support this amendment. (**A Member:** Hear, hear.)

I think it is worth supporting the...

I am sorry. I will give way to Deputy Dorey.

2950

Deputy Dorey: A committee does not need a States' Resolution to start an investigation into something. Any committee can start at any point an investigation into something under our current system. This gives a direction from the Assembly, but if the current Social Security Committee want to investigate it, they can.

2955

Deputy Fallaize: The bit of the Report that is relevant here to what Deputy Kuttelwascher has said is that there will be a report laid before the States 'by no later than September 2017'. Now, the Home Department and the Social Security Department will not exist by September 2017. What it actually says is:

'To agree that the... Committee for Employment and Social Security... and the... Committee for Home Affairs... in September 2017...'

2960

– will lay a report before the States. Well, that is because that will be the titles of the Committees by then. That really is not a reason to object to this amendment.

I think it is worth – even if we were not debating population policy – voting in favour of this amendment simply because – Deputy Parkinson has referred to this – there is a deficit in the

2965 family-friendly nature of our policies. I do not think there are too many States' Members who disagree with that and this kind of investigation, even if it perhaps does not lead to anything which increases our natural replacement rate, could very well lead to identifying family-friendly policies in a more general sense.

2970 Therefore, I think it is reasonable for the States to set that kind of direction, in particular because the sponsoring committee of the present Report, the Policy Council, is not opposing it. I cannot see any reason why the States would not vote in favour of this by a very substantial majority.

The Bailiff: Deputy Le Clerc.

2975 **Deputy Le Clerc:** Thank you.

I am happy to support this amendment. Three of us on the current board of Social Security, have not got any children at all. I find that quite ironic really and we will be tasked with investigating this.

2980 I think there are already some... We are moving forward on some of the things such as we have got a paper next year coming on parental benefits. I think that will have an impact on how people will plan their families. I think this week we have agreed pre-school education. Again I think that will go some way towards... Okay, we might be removing Family Allowance, but again I think that might have a significant impact on people's planning of family: whether they have one, two or possibly three children. I think again when we have a look at family-friendly policies, us as States' Members, we are self-employed; we have no maternity benefits as States' Members. I think these are things worth considering.

2985 I think the other thing – and I mentioned this to Deputy Gollop – if we are comparing with the UK or other parts of Europe, they have got a high immigration. My understanding is – and this is only anecdotal; I have not done any investigation – actually their fertility rates have been affected by their immigration policies and actually a significant number of the increase in fertility rates is a result of their immigration policy.

2990 I am happy to go along with this amendment and support it.
Thank you.

2995 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Yes, as my colleague, Deputy Le Clerc, said, it is very difficult and not particularly helpful always to compare us with other places, whether they be France, United States, the United Kingdom or so on.

3000 I remember – I am sure Deputy Ogier will remember this too – back in the day, in the 2004–08 States, to which we are revising the population policy from, there was a movement of about eight or nine States' Members, of which I was a fellow traveller rather than a prime mover, which was to encourage a higher local birth rate and to focus on family-friendly ideas then. It did not really get anywhere in terms of achieving a measured report, but I think now is the opportunity to do that, because we know from the time of the pension puzzle or even before that, that we on Guernsey have rather a low birth rate. It is not the time to speculate on the reasons for this, but it has to be linked to the equality agenda. It has to be linked to the dynamic nature of our workplace. It is also linked to the availability of affordable rented and housing to purchase. I am sitting here right in front of my colleague, Deputy Parkinson, who I think in recent weeks has made that point very thoroughly: that the housing situation has led to house prices being a multiple of couples' incomes, far greater than was the case a generation ago.

3010 I suspect, if this workstream is going to go anywhere, it will have to look at the provision of housing, both rented and for purchase or part purchase. It will also have to look at the package of welfare benefits available. I think we would all agree that Family Allowance is a bit of a lump and blunderbuss. I think we would also agree that, if it was designed in the dim and distant past to

encourage people to have lots of children, it has not worked. So we do need policy revision on that front.

3020 This, as far as it goes, is a useful workstream, but I think we do need to think very carefully about what legal measures, what fiscal measures, what economic measures and what infrastructure and cultural measures too we would have to take in order to become perhaps less of a retirement-friendly States and more of a family-friendly States and to ensure that we retain and enhance our desirability for families with children who wish to move here for jobs that we need to be filled, to ensure that we have a competitive offer as well.

3025 **The Bailiff:** Deputy Burford.

Deputy Burford: Thank you, sir.

3030 When this policy letter arrived in my board pack for Policy Council, there were two things that stood out at me on first reading of it. The first one, in fact, was what is part of Proposition 3, to achieve the lowest practicable population in accordance with the 'economic, social and environmental objective' through the States, because I rather think that if we were to apply that to the environmental objective of the state then the optimum population would be zero.

3035 The other part of it was this particular part about the fertility rate. I think the policy letter effectively dismisses the chance of improving the fertility rate in Guernsey and I think this is short-sighted. Of course it would be a long-term strategy, but that should not be a reason for ignoring it because this whole population issue and the demographic changes are also a long-term issue.

3040 If we look at developed countries with much better fertility rates than Guernsey, then two things are evident: firstly those countries have much better sex equality policies and family-friendly policies. Secondly, interestingly, those countries have much higher rates of female representation in Government.

Women generally do support social and environmental policies more than their male counterparts. If we look at this past week: funding the biodiversity was supported by 80% of the women in this Assembly and 55% of the men; same sex marriage was supported by 100% of the women in this Assembly and only 70% of the men. (**A Member:** Hear, hear.) (*Interjection*)

3045 An increase in the fertility rate is actually, in these countries, a bi-product of greater equality between men and women and family-friendly policies. Of course there is a cost to such policies but this needs to be looked at in an analytical way in the round with the benefits that come from that increase.

3050 This is a high-level Report and therefore I understand the very limited analysis, but I consider the conclusions in relation to fertility rates to be dismissed too strongly. I think it is a viable tool in the box for managing our population and I think this element should certainly be taken forward as a Resolution for further evaluation.

That is why I am happy to support this amendment.

Thank you.

3055

The Bailiff: Deputy Trott.

Deputy Trott: It came as quite a shock there, sir.

3060 A fertility rate of around two, which is what this amendment is requesting, is clearly highly desirable. One of the most, if not *the* most – I forget which category China falls into these days... It has realised the error of its ways by having a single child policy, as the demographics have shifted in a way that is causing them concern to the extent that they have now relaxed that policy and indeed are, I believe, encouraging families to have more than two children.

3065 The truth is though, sir, there are some unintended consequences and they need to be considered, because in the short-term at least it is likely that such a policy will have a negative effect on our GDP insofar as productivity will fall. Productivity will fall due to maternity leave and other issues associated with pregnancy. The cost of the public sector will rise as a result of the

education and care provision costs arising as that – for 21 years or so – unproductive element of our population grows and is nurtured.

3070 Clearly, sir, long term, this is a very good policy but I repeat a key message and that is that if we are able... if we are determined to keep these – I will call them baby boomers, for want of another word – if we are successful in raising our productivity rate and the number of young people in the Island rises, it is absolutely essential we keep them, otherwise we go to all the cost (A Member: Yes.) of educating them, only for them to then go and work somewhere else. And
3075 how do we keep them? We keep them by keeping our economy strong. Never lose sight of that. That is *the* most important thing this Government can do.

Thank you, sir.

The Bailiff: Deputy Parkinson.

3080

Deputy Parkinson: Yes, sir. I am happy to support this amendment, although I think it sits uncomfortably within what was a relatively high-level document on Guernsey's control of population.

I support it simply because, as I said the other day, I am very confident that in the next
3085 Assembly, the demographic problem will be one of the key themes around which policies will develop and this will contribute towards solving that problem. But as Deputy Gollop says, the birth rate is only part of the problem. There are many other aspects. For example, the high cost of housing which is not only forcing couples to postpone having families, sometimes until it is too late, but it is actually, in some cases, driving couples away, forcing them to leave the Island.

3090 Our personal tax system is no longer competitive. There is a whole panoply of issues that will have to be looked at. Getting the fertility rate to improve will help, but it is not of itself a solution.

As I say, I do not strongly object to this. I just think it sits awkwardly in what was otherwise a high-level, blue sky thing about what size of population we should have. But I am pretty sure this work will need to be done. It is part of a much bigger picture and I have no objection to it going
3095 through.

The Bailiff: Deputy James, then Deputy Burford. Deputy Soulsby, sorry. I am getting... Deputy James.

3100 **Deputy James:** Thank you, sir.

I do have some difficulty with this. Throughout my professional career I was also staff representative and there was one thing that I promoted for many, many years and that was more family-friendly policies to encourage nurses back to the workplace after having children. Not surprisingly, I was not very successful. What I was looking for was more flexible work patterns and
3105 certainly affordable childcare. There has been some slight movement on it but not necessarily enough. So I would support anything to promote more family-friendly policies in the workplace, not just for nurses but for *any* mother or father that wants to increase their hours and have more flexible working.

The part that I have a problem with is looking to increase Guernsey's fertility rate and you have
3110 already heard from Deputy Le Clerc. Certainly, the Social Security board members are not going to be able to contribute towards that.

But seriously, I am not sure that one would necessarily follow the other. We can introduce more family-friendly policies, but that would not necessarily result in an increase in the fertility rate. Why do people not have more children in Guernsey? I think, quite simply, when you look at
3115 house prices – and there is every likelihood that, given that we introduce more family-friendly policies and people can work more hours, they would continue to enjoy their additional affluence. So one would not necessarily follow the other.

So, sadly, I do not feel that I can support it.

3120 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Yes, I was just going to follow up something Deputy Gollop said. I do not know if it might actually help Deputy James. Deputy Gollop was talking about all the importance of housing – and Deputy Parkinson as well – and that stopping everything... A lot of issues for families... Members should not forget that a few months ago, we agreed to review the local housing market. I would hope all the information that comes out of that could well inform the purpose of this amendment.

I do accept a lot of what Deputy Trott says and we can see actually the dependency ratio increasing as a result. If what the plan of this gets into effect and it is successful, we would see an increased dependency ratio for a few years.

I am happy to support the amendment and just see if that might change Deputy James' mind.

The Bailiff: Deputy Conder.

3135 **Deputy Conder:** Thank you, sir.

I would just like to follow up on what Deputy Trott said, which I thought was very powerful. I started off feeling I was going to oppose this amendment, not fully understanding what its purpose was, until I heard the speeches – which I suppose is what our Government is about and this Assembly is about. I will now support it.

I would say, however, we do need to remember it is an amendment to a Policy Council Report that says maintaining Guernsey's 'working population'. So the purpose of this is to generate a high level of births within the indigenous population, ultimately to maintain Guernsey's working population. Of course, Deputy Trott is absolutely right. It is one thing to find ways of increasing our indigenous population; it is another thing to keep them here and offer them great careers when they are here.

Of course another part of that is not just the thriving economy, which is certainly a very good card, but it is also offering them fabulous educational opportunities, which prepare them for that work and being part of Guernsey's working population; offer them the skills by which they will be able to compete with the world at large and most certainly with those who might come onto the Island, so that there are less unfilled vacancies.

And of course – you will not be surprised to hear me say this – the most important part of that is to offer them tertiary education on Island, which we are now about to do, which allows them to study to the highest level on Island, undertaking courses which would allow them to prepare themselves to be part of Guernsey's working population. We know that when young people study on Island, they stay on Island. When they study off Island, 50% tend to stay away. So I would just add that, which is probably a bit of a cheeky plug for the tertiary institution, but never miss a chance! It was a natural cooery to Deputy Trott's quite correct statement about needing to maintain the economy.

So yes, this debate has persuaded me to support this amendment, which was not where I expected to be.

Thank you.

The Bailiff: Deputy Lowe.

3165 **Deputy Lowe:** Thank you, sir.

Sir, I will support this amendment, but I do have concerns that we have such a major issue as population – and it has to be the biggest report that we have to discuss any time, whatever term of office it is because everything stops and starts around population – and we have got our 13-page States' Report from Policy Council today.

This amendment by two Policy Council Members against their own Policy Council Working Population Report does beg into question really what due diligence was really given to Policy

Council's own Report at the time, that this was not actually included. Because to have this amendment at the eleventh hour on a Friday afternoon when it has been in circulation for some time is disappointing to say the least.

3175 Following on from the theme – I thought I was going to stand up and say I did not need to speak because I thought Deputy Conder was going to cover the area that I was considering. He touched on it a little bit – and that is regarding education, because we welcome having the youngsters coming into our population because they are our future, but the primary schools... We have been closing primary schools and moving across to St Martin's, etc. We have just gone
3180 through a process which I hope will be finalised soon for building new schools. There has been all that malarkey and shenanigans about playing around with numbers, because it has to be the right size school. Yet we have got here an amendment which will be part of another strategy – it has ticked the box.

At least we have managed to get you on another one before Christmas – to actually come up with having a look at family-friendly policies, which I support but it is the ramifications of it all. It is just this vicious circle going round and round and the knock-on effect, which, as I say, I really do welcome, but I hope when Education come back with their report we are not going to be faced with, 'Well, let's wait for the next Policy Council report', which will be more than 13 pages, with a bit of luck, explaining about the ramifications of a family-friendly policy and that this States will
3185 support Education to continue the progress of building the new school at La Mare, both primary and high school.
3190

A Member: Hear, hear.

3195 **The Bailiff:** Deputy Sherbourne

Deputy Sherbourne: Not to miss an opportunity, sir, I agree with the comments just made by Deputy Lowe, but I really stand to say how nice it is at this stage, even this late in the day, to hear us talking about family friendliness where in fact we spend most of our time considering business
3200 friendliness.

As far as I am concerned, they are linked – very, very closely linked. I think it is right that we get that in balance. So I welcome this amendment. I think we have shifted a little bit from the main debate that we started this afternoon. It seems as though this is the way we work: when opportunities for people to bring their own particular interest to the fore... that is how we get the
3205 extended debates.

I must admit, just finally, I read the policy letter – the letter that we were debating – as purely a holding management issue. Yet we have ended up debating minutiae of actual policy regarding population. So it has extended the debate much longer, I think, than it should have done.

I shall be supporting the proposals and I shall be supporting this amendment.

3210 Thank you.

The Bailiff: Deputy Hadley.

Deputy Hadley: Mr Bailiff, I could not disagree with Deputy Sherbourne more. The reason I was going to oppose this amendment were for the reasons articulated by Deputy Conder. This has
3215 got nothing to do with the working age population. I also, like Deputy Lowe, do not like eleventh hour amendments thrown in at this late time of the day.

I thought it was very interesting, listening to Deputy Trott saying it was a virtue to increase the fertility of the population, with all the costs associated with that, when in fact it is much cheaper to bring people into the Island to increase the population, because they are already educated and we save costs. Also it worries me that sometimes the insular nature – almost xenophobic nature –
3220 of this Island... What is wrong with immigrants coming into the Island? Being an immigrant

married to a local, I sometimes feel that I am treated (*Interjection and laughter*) like a second-class citizen.

3225 Bringing new blood into the Island enriches the Island. If it really was a community of 60,000 with nobody coming in and out of the Island – and we know that is not the case, because even the very local people like Deputy Domaille is married to a Canadian lady and his children are born in Canada.

3230 It is of great benefit to the Island, bringing people in. So to espouse an increase in fertility when the population...

I am not giving way, sorry.

To increase...

Oh, go on then! (*Laughter and interjections*)

3235 **Deputy Fallaize:** He is so kind, I might not say what I was going to say! (*Laughter*)

I agree with everything Deputy Hadley has just said about inward migration and I think he would agree that there is no one less nationalist, if that's the right word, than I am, but I do think that it is outrageous for him to link this amendment with xenophobia. (**Two Members:** Hear, hear.) I would ask him not in any way to detract from the very good points he has made after using that word. Would he perhaps give consideration to retracting the link he has drawn between this amendment and xenophobia?

3240

Deputy Hadley: Oh all right then. (*Laughter*)

I still come back to the fact that in a world which is trying to decrease the growth in population, we should be doing our bit. We are all going around saying how much we should recycle, how much we should reduce our carbon dioxide emissions and it seems bizarre to be encouraging the population to have more children when there is an equally good alternative of accepting highly-educated professionals to come in and enrich the Island.

3245

So I do oppose this.

3250

The Bailiff: No one else is rising.

Deputy Langlois, do you wish to speak at this point?

Deputy Langlois: Thank you, sir.

3255 Yes, I think it is quite clear that this particular amendment has touched the spot in some way and has raised a lot of interest. (*Laughter*)

The immediate reaction has been mixed, certainly among my board, for various reasons, but nevertheless I think it does add something to the party here. I hope that people will support it.

I must say I am shocked that the Mother of the House should try to deny Policy Council Members the right of introducing a late amendment: (**Two Members:** Hear, hear.) a tactic which has been used by a number of Members on the floor on many occasions.

3260

Deputy Lowe: Point of correction, sir.

I do not deny anybody bringing an amendment. The point I was making was that I thought things were discussed thoroughly at Policy Council and I would have hoped that would have been included at the time. (*Interjection by Deputy Langlois*)

3265

The Bailiff: Deputy Ogier will reply to the debate.

3270 **Deputy Ogier:** Thank you, sir.

We have not agreed that Family Allowance will disappear entirely. What we have agreed is that the universality element of Family Allowance needs to change and what we will be doing is that there will still be Family Allowance to those who require it, but there will be some readjustment in the numbers of people who receive a form of Family Allowance in the future.

3275 I give my thanks to Deputy Le Clerc for outlining some of the policies already underway, which
was heartening. I am not going to go into the detail of any proposals which may or may not be
made in future. There may be more expenditure required but it may be balanced by savings
elsewhere. For example, if fewer keyworkers need to be brought to the Island, with fewer elderly
3280 relatives, filling fewer places and long-term care or fewer keyworkers requiring fewer relocation
packages, etc. it is not beyond the realms of possibility that there may be a saving in producing
more of our keyworkers in Island. It may be 'spend to save', but as we have heard, family-friendly
policies would do much to redress the gender balance as a side effect which would be a welcome
side effect.

3285 Deputy Trott tells us productivity may fall as more children arrive in our Island. That may be,
but more family-friendly policies may give parents a greater flexibility to enter the workforce, so
that may be counterbalanced.

3290 I did actually want to weave in the production of policy designed to attract our home-grown
talent to return to the Island, but I was unable to within the form of this amendment. I would hope
that should be being done already – including tertiary education, as Deputy Conder adds. It is
something that we need to address. I would welcome policy being developed into this
amendment to ensure the people brought up by this Island, educated on this Island, who go away
for some reason are not enticed to return to the Island.

3295 As Deputy Parkinson says, there are many other factors to be considered. This is one and it
should form part of our deliberations. Perhaps it could be seen to fit a little awkwardly with the
high-level nature of the Report, but the Report goes into it in some detail within its pages and I
think the Report effectively discounts this from preceding in this Report, which is why I brought
this amendment: to continue our deliberations on this with a little more impetus.

3300 Deputy James warns us that we might introduce family-friendly policies and they may not lead
to an increase in Guernsey's fertility rate. So I apologise once again for the last minute nature of
this amendment. The deliberations of the Committee are specifically to develop family-friendly
policies and bring them before this Assembly which would be specifically designed to lead to an
increase in fertility rate, not just family-friendly policies.

3305 Deputy Hadley says, 'This is nothing to do with working age population', but it is clearly within
the Report and home growing some of our keyworkers in this Island is definitely part of improving
the working age population. He maintains that it is cheaper to bring people into the Island, but I
have not yet been convinced that is the case. Quite clearly, I am not saying that we should stop
bringing people into the Island. I understand completely that we need at least a net migration of
200 people. I welcome the people that want to come here and make a positive contribution to our
economy.

3310 All that remains is really for me to thank Members very much for the support. Let's go to the
vote.

Thank you.

3315 **The Bailiff:** We vote then on the Deputy Ogier/Deputy Burford amendment. Those in favour;
those against.

Members voted Pour.

The Bailiff: I declare it carried.

We can continue with general debate.

Deputy Trott.

3320 **Deputy Trott:** Sir, Deputy Fallaize, earlier when speaking in general debate, made reference to
the 2000 amendment placed by former Deputy Roffey. I think it is fair to say that that amendment
was and has been completely unsustainable and consequently largely, if not totally, ignored by

two successive Assemblies. That, for me, tells the story. It simply was not appropriate and that is why it was not enforced.

3325 Sir, clearly the sustainability level is determined by a number of factors not only the number of dependents, but as I alluded to earlier, the level of their dependency. When Deputy Brouard posed a question – ‘What is a sustainable policy?’ – I came to the same conclusion at that time as I have on all previous occasions. It is impossible to be certain because of the extensive number of variables. We cannot control birth rates. In fact, just a few moments ago we approved an amendment that is hoping to encourage an increase in those fertility rates. We cannot control death rates. In fact, we do not want to. What we have often said in this Assembly: we like the idea that our life expectancy rates are increasing.

3330 The sustainable population level is determined by a number of unknowns. It is not only the number of dependents, as I have said, but the level of their dependency. A child of school age, of good health may cost £7,000 per annum. An octogenarian may cost a multiple of that number. Both are important members of the community but both demand public services at a level that it is extremely difficult to predict; although we do know that the longer we live the more demand there is at the end of our lives.

3340 That is why it is so important that flexibility is inherent in any population policy, because without it we make a rod for our own back that could be our undoing.

Thank you, sir.

The Bailiff: Does anyone else wish to speak in general debate?

Deputy Dorey.

3345

Deputy Dorey: Thank you, Mr Bailiff.

Deputy Fallaize earlier referred to dependency ratio. The figures are interesting and I will compare the same quarter because otherwise you get the quarterly variations affecting it.

3350 If you look at the quarter one in 2007, the population was 61,175 and the dependency ratio was 0.49, but the population increased by 1,500 to quarter one of 2014 up to 62,711 and the dependency ratio was 0.53. That just illustrates the fact that, if you – as people have said in the debate on my amendment – want to keep the dependency ratio low, the population is going to have to grow at a fantastic rate because of the demographics.

3355 I did mention in my summing-up speech about the quality of this Report. I went as far as I could in relation to my amendment, but to bring a report from the Policy Council on such a fundamental issue as population without any public consultation when we seem to have public consultation on the most minor of matters just proves what a poor quality report this is. For such a fundamental issue, we should go out to public consultation. The 2007 report had public consultation on its proposed policy.

3360 There is no analysis of the cost of the effect on the Island, which any good report will have. It is such a poor quality report that I cannot support it.

I will vote against Proposition 2, because I believe that this Report is so bad it is not fit to replace that population policy and I wish that population policy to continue. Yes, I know that the word, as I said, ‘approximate’ has been stretched since then, but it is better than what we have.

3365 It is interesting that a number of people were critical about my amendment because it did not give a lead to the Housing Department in terms of compassionate licences, which was totally irrelevant, as I explained. But where population policy is relevant is in relation to employment licences and where they can use that as a means of saying no. This effectively gives them no lead to judge licences against, because how can you judge? Population should, long-term, be kept at the lowest level possible because you cannot argue about it. There is no number to argue with. Anybody can interrupt that as they want. I think it is actually very dangerous in terms of our Housing Licence applications and the Housing Department to make a decision.

3370

I will ask Members to actually vote against Proposition 2.

Thank you.

3375 **The Bailiff:** No one else is rising.
Deputy St Pier will reply to the debate.

Deputy St Pier: Thank you, sir.

Deputy Fallaize asked what dependency ratio would be delivered by this policy. *[Interruption]*
3380 Sorry. Siri is trying to give you the answer, sir! *(Laughter)* **(A Member:** Ah!) For those who missed it, Siri said, 'Sorry I missed that.' Yes, sorry.

Deputy Fallaize was asking what dependency ratio this policy letter would seek to deliver. Sir, I think he was doing 'a Trott' in the sense he was asking a question that he knew the answer to. He knows that this policy letter is not designed to do that. It is designed to provide us with the flexibility that we spoke about during the previous amendment.
3385

Deputy Brouard, did he use the word 'unbalanced' to describe my previous speech? I think it might have been 'unbalanced'.

Deputy Brouard: If it helps the Minister, sir... Normally you are very balanced. This time you were struggling to...
3390

Deputy St Pier: Thank you.

I made the leap of association to, if I am normally balanced, therefore I was unbalanced. It was what he was clearly trying to say.

3395 The Mother of the House has also told me off for being **(Deputy Lowe:** Don't say it!) angry and not my normal sunny disposition, as Deputy Perrot would normally say.

Deputy Brouard asked, 'What is sustainable?' I would add to the comments that Deputy Trott had made, that the answer to what is sustainable for our economy is going to very much be driven by the level of public services that we want. Those two things are inexorably linked. I think
3400 Deputy Parkinson was making that point yesterday in relation to the discussion of biodiversity and additional funding requests: that the more funding issues that we have then there is a clear link there between the level of public services and finances that we need and therefore the size of the economy that we need in order to be able to deliver those. So the policy decision is going to be very much around the level of public services we want, our community wants.

3405 Who are we doing it for? Well, self-evidently, we are doing it for our community and hence the link back to what they want from their Government.

Deputy Domaille described this as a 'casual' report. I think others have said that it was too thin and there should have been a lot more in it, but I think some others, some who have spoken, did recognise that this was merely a holding operation. Policy Council were very keen that this
3410 Assembly did have an opportunity to debate population policy at some point during this term, that commitment had been made. Therefore, that was the reason for the approach that has been taken.

Deputy Laurie Queripel said that we should learn the lessons from Jersey and I would absolutely agree. In fact the Chief Minister, listening from his recovery at home, on painkillers, has
3415 let me know that in his view this is all about us being smarter than Jersey and I would agree with that. We will have greater flexibility than perhaps Jersey has with a rather blunter weapon.

I think most of the issues really were discussed in the debate on the amendment and so it leaves me merely to ask Members to support the Propositions.

3420 **The Bailiff:** Members, I remind you that there have been two successful amendments to the Propositions. So the original Propositions that are on page 3779 have been amended by a replacement of Proposition 3 with the Proposition in the Deputy Langlois/Deputy Luxon amendment and the addition of a Proposition 6, added as a result of the successful Deputy Ogier/Deputy Burford amendment.

3425 Deputy Dorey has indicated he wants a separate vote on Proposition 2. Does anyone else require any other Propositions to be voted on separately? No.

In that case I suggest we take Proposition 2 first and then take the other five Propositions together. There is no request for a recorded vote. We will go *aux voix*. I am asking you to vote on Proposition 2. Those in favour; those against.

Members voted Pour.

3430 **The Bailiff:** I declare it carried.

We now vote on Propositions 1, 3 as amended, 4, 5, and 6. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

Billet d'État XXIII

TREASURY AND RESOURCES DEPARTMENT

XI. Guernsey Electricity Limited – Annual Report and Accounts – Proposition carried

Article XI.

The States are asked to decide:

Whether, after consideration of the policy letter dated 26th August, 2015 of the Treasury and Resources Department, they are of the opinion to note the Annual Report and Accounts for Guernsey Electricity Limited for the year-ending 31st March, 2015.

3435 **The Bailiff:** In the running order we would normally come to the Home Department's policy letter on Domestic Abuse Strategy for Guernsey and Alderney next, but as it is now nearly ten past five, I suspect we are not going to conclude that debate today.

What I suggest is that we deal with the two policy letters from Treasury & Resources Department containing the Annual Report and Accounts of Guernsey Electricity and Guernsey Post Limited. Then when we have done that we will have to take a vote on when we return to deal with domestic abuse.

3440 So we take next Article XI, Greffier.

The Senior Deputy Greffier: Article XI, Billet d'État XXIII, Treasury and Resources Department – Guernsey Electricity Limited – Annual Report and Accounts.

3445 **The Bailiff:** Deputy St Pier.

3450 **Deputy St Pier:** Sir, the first thing I should say of course is these are not Treasury & Resources' accounts. These are the accounts of the company and these of course have now been tabled in a form that enables them to be debated, as a result of changes following the input from Deputy Soulsby and previous discussions on this issue earlier during this term, sir.

I would merely make a couple of comments in relation to the accounts and then I will attempt to deal with any questions that I can, but it may well be that I am not able to, given that they are not Treasury & Resources' accounts.

3455 Much comment is of course made in the media in particular around the pensions issue for the commercialised entities and the same comment will apply in a moment to Guernsey Post. Of

course, I would remind Members that there are broadly two valuations in relation to the pension liability: the actuarial valuation which is based on the assumptions that are applying to the employee population, as known. Then there is the FRS17 valuation which is in order to comply with an accounting standard.

3460 The purpose of that accounting standard is to enable the ready comparison from one entity to another, but it does use different assumptions to those that actually apply in any given situation. Of course, as the FRS17 valuation changes then that results in a movement in profit as a result, up and down and that is reflected in the accounts. Of course, this point has been made before, sir. The low interest rate environment that we have experienced for a number of years means that we
3465 have extremely low annuity rates, which pushes up the cost of a defined benefit scheme such as this and of course as interest rates normalise then that cost will reverse. You would expect that to come back as a positive return through the FRS17 process.

I should say that the shareholder and the management recognise that this pension scheme is unsustainable and that the reform of the public sector pension scheme clearly helps that situation,
3470 but management do need to continue to review the sustainability of the scheme and the shareholder, during this term, has frequently emphasised the need for them to continue to do so and keep that under review.

Sir, the other comment I would make is in relation to the balance sheet of the company. On page 3700 Members will note that there is a very low gearing ratio for this company. That will
3475 change over time, particularly if the company does move to develop GF1, the direct Guernsey/France cable which may have a price tag of £80 million or so and that would be debt funded. Of course, that links back to one of the purposes of the issuance of the States of Guernsey bond.

Of course, a return on capital employed for a business such as this – in other words the
3480 legitimate and reasonable return on taxpayers' investment... If we were broadly to say that for a utility business that could be, say 4%, then that would amount to a return of roundabout £4 million a year. But of course that need not necessarily be in terms of cash dividend returned to Treasury. That could also be in terms of the increase in the value of the business held by the shareholder. Of course, it may well be that seeking a return of capital of, say 4%, that actually
3485 there could be a lower cost of capital available to the business. So that links us back to the comments I have made before in this Assembly, sir, about the need to look at the sensible debt equity structure for a business such as this.

The final point I would make, sir, in relation to that return on capital employed issue, is we have not had a return in the last couple of years and of course that is because of the well
3490 published issues with GJ1, the cable between Guernsey and Jersey and the associated extraordinary costs of dealing with the initial repair and then subsequently the preventative repair. Of course the shareholder has been, as you would expect, a very supportive shareholder to management in not seeking and expecting a return in that period, but I would expect that to change now that those costs are out of the way. Therefore I would expect to be seeing
3495 profitability return to this business and indeed a return to its shareholders – in other words, the taxpayers.

On that note, sir, I will sit down.

The Bailiff: Deputy De Lisle.

3500

Deputy De Lisle: Sir, the Report also indicates that in April the States voted to remove Guernsey Electricity as well as Guernsey Post from price regulation by CICRA. It mentions also that T&R would be putting in place a supervisory sub-committee that would exercise control over company operations as a shareholder including future price changes. I would just like the Minister
3505 to update the States with respect to that: whether that supervisory sub-committee is up and running and to the degree that it has taken control of the situation of the costings and the financial responsibilities.

The Bailiff: Deputy Soulsby.

3510 **Deputy Soulsby:** Yes, I will be brief.

I just think it is useful that we have got both the Guernsey Post and Guernsey Electricity accounts at the same time. Deputy St Pier was talking about of course what interested people most was the pension scheme, but I would be interested just to hear the Treasury Minister's thoughts on the different approaches taken by the two different companies.

3515 Guernsey Electricity talked about how it is probably unsustainable: the pension scheme, whereas the Chairman's statement in Guernsey Post goes much further than that. He states:

'The pension deficit is overshadowing what are very positive trading results for the business, achieved in difficult circumstances. The imperative for change, driven by issues beyond our control is now so great that the Board does not believe, under any circumstances, it can wait for the outcome of any mediation or legal resolution between the States of Guernsey Public Sector Remuneration Committee and their respective Trade Unions.'

That is a very different attitude to that of Guernsey Electricity and I would just be interested in the Treasury Minister's thoughts.

3520 **The Bailiff:** Deputy Gollop

Deputy Gollop: To note, too, the issues relating to the pension costs that are large with Electricity but even larger with Guernsey Post and to seek clarification whether that will be an emerging trend year on year; that there will be a re-evaluation upwards? Because we were told at one time that the position would get better because both organisations trimmed their staff significantly in the last decade.

3525 The other point I would make is, unlike most, if not all, States' committees, depreciation is factored into the accounts. I note that with Guernsey Electricity they have 40-year life for buildings; five-year life for vehicles and so on. What is the basis for this because some of them seem quite conservative, I would say – some of these figures?

The Bailiff: No one else is rising.
Deputy St Pier.

3535 **Deputy St Pier:** Thank you, sir.

With regard to price regulation, Deputy De Lisle's question, sir, of course the Assembly did approve the deregulation of both Post and Electricity. That legislative process of course is one which his Department are dealing with. I believe there is a report due before the end of this term: February, I think is the current timeline in which to formally switch off the price regulation through the legislative changes that will be required.

3540 With regard to the supervisory sub-committee, yes, sir, the supervisory sub-committee was established a couple of years ago now. Of course that has very much informed the States' Review Committee's proposals, now approved, for the establishment of the States' Trading Supervisory Board. So it has been up and running. It is the precursor to that and it will be superseded by the States' Trading Supervisory Board from 1st May next year.

3545 Deputy Soulsby's question in relation to the pensions was a very good one. I was obviously going to make comments on Guernsey Post's pension scheme when we came to that particular report, but I can perhaps address those comments now.

3550 Yes, there has been a different position taken by the two managements, reflecting to some extent they do have different workforces; they do have different priorities and they are different businesses. The Guernsey Post management are further down the road towards pension reform and I will make further comments on that when I get to speak on their accounts, sir.

Deputy Gollop's point in terms of the pension position improving: yes, certainly in actuarial terms that is and has been the case for a number of years, but the FRS17 position is subject to the

3555 vagaries really beyond the control of management or anything else, which I think is very much the
issue which Guernsey Post's management recognise and indeed many other businesses. As a
result they have simply found that their defined benefit schemes are simply unsustainable, not
least because of the operation of that standard. So I would not expect the position in relation to
the benefits or the costs of this scheme to improve really until we have a more normalised interest
3560 rate environment that I referred to earlier.

Sir, in relation to the detailed depreciation policy that Deputy Gollop asked, I think that very
much does then stray into a question that I am afraid I am simply not in a position to answer on
the hoof. That is a matter for the management of the business to determine what is appropriate
for them but no doubt that is a matter that could be taken up if Deputy Gollop wished to pursue
3565 it, sir.

The Bailiff: Members, we vote then on the Proposition to be found on page 3719 inviting you
to note the Annual Report and Accounts of Guernsey Electricity Limited. Those in favour; those
against.

Members voted Pour.

3570 **The Bailiff:** I declare it carried.

TREASURY AND RESOURCES DEPARTMENT

XII. Guernsey Post Limited – Annual Report and Accounts – Proposition carried

Article XII.

The States are asked to decide:

*Whether, after consideration of the policy letter dated 8th September 2015, of the Treasury and
Resources Department, they are of the opinion to note the Annual Report and Accounts for
Guernsey Post Limited for the year-ending 31st March 2015.*

Greffier: Article XII, Treasury and Resources Department – Guernsey Post Limited – Annual
Report and Accounts.

The Bailiff: Deputy St Pier.

3575

Deputy St Pier: Sir, Guernsey Post Limited is a rapidly changing industry, perhaps in contrast
to Guernsey Electricity. Over the last few years – as again Members are very well aware – there
have been significant changes in the markets for Guernsey Post: the loss of much of bulk mail,
with the loss of LVCR to the Island; the significant reduction in traditional post and of course the
3580 significant increase in packet deliveries.

Sir, the same position, same comments really apply in relation to pensions generally but, if
Members look again at the balance sheet of Guernsey Post on page 3737, they will notice that
there is a significant cash balance there of £11.5 million. Now, this is not a capital intensive
business, sir. Apart from a few vans and the odd sorting machine, it does not require the same
3585 level of capital as Guernsey Electricity would require, for example, huge pieces of generating kit or
cables. Of course that cash balance in essence represents the shareholders' accumulated return on
capital over a number of years in terms of undistributed profits.

Members will of course remember at the time of the Budget that we did forecast dividends of
£10 million or so coming into the Capital Reserve this year and I would expect, sir, a fair chunk of

3590 that to come from Guernsey Post Limited from that cash balance which is there. But to do so will
require a resolution of those long-term pension liabilities of the business and that is something
which, as is alluded to in the Chairman's statement, is being actively worked on. The shareholder is
obviously being kept well apprised of that, particularly keeping in mind the objective of being
able to sensibly be able to return some of that accumulated cash back to Treasury in due course,
3595 sir.

The Bailiff: Any debate?
Deputy Trott.

3600 **Deputy Trott:** Thank you, sir.

I note from reading the accounts that the Chairman of Guernsey Post has... It is announced
within the accounts that he will not be offering himself up for re-election. He has done a
tremendous amount during his (**Several Members:** Hear, hear.) nine or so years' tenure – I forget
how long. It is good to hear the response of the Assembly because he should be thanked for his
3605 service. I am sure everyone joins me in so doing.

Thank you, sir.

Several Members: Hear, hear.

3610 **The Bailiff:** Deputy Sherbourne.

Deputy Sherbourne: Yes, sir. Deputy Trott as usual steals thunder. I wanted to add my
congratulations, not just to the Chairman but for the Chief Executive and the staff at Guernsey
Post, because they are really a truly good example of a nimble organisation, proactive. They have
3615 had to change. They have had to be adaptable and they have done extremely well in the process.

I put it down, from my knowledge of the company, to good industrial relations. I think that that
needs to be registered by the States. They are exemplary and an example to every company in
this Island. So I would like to register my thanks and hopefully the rest of the Assembly will do the
same.

3620

Several Members: Hear, hear.

The Bailiff: There is no one else.
Deputy St Pier.

3625

Deputy St Pier: Sir, I think obviously both of those comments are aligned and obviously the
sentiments of the Assembly have been heard. I think it is also perhaps a good opportunity and
prompted by those comments, to note the contribution also of the non-executive directors of all
our trading businesses actually, sir, (**A Member:** Hear, hear.) because they do give good service to
3630 those businesses at non-commercial rates, recognising there an element of community
contribution which those roles involve. We should not underestimate the commitments which
they do take on in order to serve those roles. So in addition to the thanks for the Chairman, from
Deputy Trott and quite rightly for the Chief Executive and others and all the staff as Deputy
Sherbourne said, I would add the non-executives as well, sir.

3635

A Member: Hear, hear.

The Bailiff: Deputy Hadley.

3640 **Deputy Hadley:** Mr Bailiff, I was just going to add also that of course we have also to thank the Chairman of Guernsey Post for being an excellent non-States' member of the Housing board where he also provides excellent service.

Several Members: Hear, hear.

3645

The Bailiff: We vote on the single Proposition on page 3753. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Procedural – Order of business

3650 **The Bailiff:** There is one Article that we have not debated and that is the Home Department's policy letter on Domestic Abuse Strategy for Guernsey and Alderney. I understand there are something like five amendments that are going to be circulated. I do not know how long that is going to take, but I suspect it is going to be close to a full day or thereabouts.

3655 We need to decide when we come back. I am going to suggest that we come back around mid-January. I know there are some Members of this Assembly who would like me to interpret the Rules very strictly on occasions and a strict reading of the Rules would suggest (**A Member:** Strictly.) we come back on the second Wednesday which would be 23rd December (**A Member:** Sir.) and we could continue on Christmas Eve and Christmas day.

3660 **A Member:** Sir, sorry to interrupt. I thought we had already decided that at the end of November's meeting.

The Bailiff: Ah, I was not here at the end of November's meeting. So have we decided?

Deputy Lowe: Yes we decided.

3665 **The Bailiff:** To come back when? (**Several Members:** Wednesday 13th.) Right, in that case the Alderney Representatives were not aware of this either, because the Alderney Representatives approached me at lunchtime to say that the States of Alderney will be meeting on 13th January. It is in the evening. They were hoping they might be able to go back mid-afternoon but the mid-afternoon flight is full. So if we meet on 13th January, they will not be able to attend and they feel
3670 the Domestic Abuse Strategy is a matter that is of relevance to Alderney and one where they would like to attend.

They would like me to put to you the Proposition – it is a matter for you – that instead of the 13th January we meet on Thursday 14th. Some people may wish to consult their diaries just to see what commitments they have – I do not know. I will pause for a moment while you do that.

3675 I will put to you the Proposition that instead of 13th January, we come on 14th January. Those in favour; those against.

Members voted Pour.

The Bailiff: In that case, I am sure that the Alderney Representatives will be very grateful that you have given this consideration. We will resume at 9.30 a.m. on 14th January.

Christmas wishes

3680 **The Bailiff:** In the meantime, I wish you all and your families a very Happy Christmas and look forward to seeing you all in the New Year, relaxed and refreshed and ready to go; *(Laughter)* full of enthusiasm for the last few months! *(Applause)*

3685 **Deputy Lowe:** Sir, on behalf of Members of the States, may I wish you and your family a very Happy Christmas and if you would be kind enough to pass the same greeting to the Deputy Bailiff and his family, **(The Bailiff:** I will indeed.) who has sat here and taken a lot of pain during this last year, listening to us.

3690 Also to express our thanks as well to Her Majesty's Procureur, Her Majesty's Comptroller, the Greffier, the Sherriff and the Court Ushers. Added to that, all the staff, because all the States' employees are part of the team that enable us to be able to do our job. It is important we pass our thanks to all of the staff and their families, through a very difficult year that they have had, through this restraint. We wish them all, as well, a very Happy Christmas on behalf of the States.

The Bailiff: Thank you very much. Thank you. *(Applause)*

The Assembly adjourned at 5.30 p.m.