



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 19th July 2018

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Present:

Sir Richard J. Collas, Kt, Bailiff and Presiding Officer

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, J. Kuttelwascher, D. A. Tindall,
B. L. Brehaut, R. H. Tooley

St Peter Port North

Deputies, J. A. B. Gollop, C. N. K. Parkinson, L. C. Queripel,
M. K. Le Clerc, J. I. Mooney

St Sampson

Deputies L. S. Trott, P. R. Le Pelley, J. S. Merrett, G. A. St Pier,
T. J. Stephens, C. P. Meerveld

The Vale

Deputies N. R. Inder, M. M. Lowe, L. B. Queripel,
J. C. S. F. Smithies, S. T. Hansmann Rouxel

The Castel

Deputies R. Graham L.V.O, M. B. E, C. J. Green, B. J. E. Paint,
M. H. Dorey, J. P. Le Tocq

The West

Deputies A. C. Dudley-Owen, E. A. Yerby,
D. de G. De Lisle, S. L. Langlois

The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez,
P. J. Roffey, R. G. Prow

Representatives of the Island of Alderney

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

The Clerk to the States of Deliberation

J. Torode, Esq. (H.M. Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur);
Deputy M. J. Fallaize (*relevé à 9h 47*); Deputy M. P. Leadbeater (*relevé à 10h 29*);
Deputy A. H. Brouard (*absent de l'île*); Deputy V. S. Oliver (*indisposée*)

Business transacted

Billet d'État XIX.....	1475
V. Review of Air Transport Licencing – Debate continued – Propositions carried as amended.....	1475
VI. Revised Waste Management Plan – Debate commenced	1510
<i>The Assembly adjourned at 12.30 p.m. and resumed its sitting at 2.30 p.m.</i>	1513
Revised Waste Management Plan – Debate continued – Propositions carried.....	1513
VII. Regular Statements by Presidents of Committees and nominated Alderney Representative – Propositions carried as amended.....	1518
VIII. Local Market Housing Review and Development of Future Housing Strategy – Propositions carried	1521
<i>The Assembly adjourned at 5.30 p.m.</i>	1553

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

Billet d'État XIX

COMMITTEE FOR ECONOMIC DEVELOPMENT

V. Review of Air Transport Licencing – Debate continued – Propositions carried as amended

The Greffier: Billet d'État XIX, Article V, Committee for Economic Development – Review of Air Transport Licencing; amendment 2, proposed by Deputy Yerby and seconded by Deputy Dorey.
5 Continuation of debate.

The Bailiff: It is for Deputy Yerby to reply to the debate.
Those who wish to may remove their jackets.

10 **Deputy Yerby:** Thank you, sir.

After Deputy Parkinson's *magnum opus* yesterday evening I think the brevity of my summing up is going to be a little underwhelming.

15 There were a number of material points made during debate, the first and furthest reaching perhaps made most potently by Deputy Prow but also by others such as Deputy Lowe and Deputy Fallaize which was the point that we are having the wrong debate, or the right debate in the wrong order, or only a part of the bigger debate, and of course they are absolutely right. The licencing regime and whether or not it should exist is only a fraction of the answer to the question of how do we ensure good connectivity to these Islands.

20 In this I would suggest that the balance is nevertheless in favour of those who want to retain some form of licencing regime, limited or light touch, because on the one side of the coin if you want open skies then you are also going to need, as Deputy Graham pointed out, the lengthening of the runway to make us a more attractive destination to low cost carriers, those two things are part of a pincer movement towards the market solution of improving connectivity, and I would suggest that the lengthening of the runway is still a very long way outside our reach. Whereas on
25 the other hand if you want some form of licencing regime then of course the other tool in your

box is the PSO or various forms of Government support and we are on the cusp of dealing with that for the Alderney route we have the ability to deal with that on other routes and so we are in a far better position to ensure good connectivity with a degree of Government support than we are ever to reach in the sector's market solution.

30 So although I agree that we are only having part of the right debate now and I would rather have taken more of the debate together, I think that given the position that we are in the better option is to support a limited licencing regime in the form set out in the amendment.

Deputy Tindall and Deputy Smithies talked about uncertainty and the fact that we do not understand the full impact of the amendment. This is the case to a certain extent, but it is also reflected in the way that the amendment is drafted. Because I have been quite clear that it is for the Committee *for* Economic Development to take the direction of the States in this regard and to redraft the policy statement in order to give us effect to it. So I have not come up with a final form of the policy statement and said, 'Here this is the thing that you have to implement,' that would have created all sorts of pitfalls and goodness knows what, and it would not have been fair to foist that on the States at the last minute, but because you are sending the Committee away to do work on it and to find the best way of giving it effect you have the space to iron out those pitfalls. So you are not giving them a fully crafted and, goodness knows how, risky solution to just have to go and live with, you are giving them policy direction and a space within which to work to find the optimal solution. So it is not reasonable to say on the basis of this direction we are leading Economic Development down goodness knows what path, we have shaped the path but it is for Economic Development to figure out how to walk it.

Similarly Deputy Fallaize made a point about the list of destinations that we consider to be lifeline routes being perhaps a little bit more instinct than science. Well it is instinct, but I think it is good instinct, it was reflected in the fact that when I spoke to Deputy Parkinson and Deputy Tindall before the debate they said, 'But those are Alderney and the four best routes for the carriers,' which to me was instantly a flag for these are the routes that would be most tempting to be cherry picked if we left them to the market. If they were cherry picked they would do the most damage to us.

But although it is an instinctive position there is still space for the science because, as I say, it is now down to the Committee *for* Economic Development to work out the final form of the policy statement, which will come back to us for sign off, so there is space for the science for thoroughly grounding this, for making sure that the process is robust as they do that.

Deputy St Pier said that he did not like giving responsibility to the States instead of the Committee *for* Economic Development to determine what is a lifeline route. I would suggest to him that if that is his principal stumbling block to supporting this amendment that he put his anxieties on hold for a moment, support the amendment and then come up with the necessary form of words just to change that first Proposition. I think it sits rightly with the States, but I think the overall content of the amendment, the overall direction compared to what the policy letter offers is preferable enough that he should take advantage of it.

Deputy Leadbeater said that we cannot carry on as we are, and that was endorsed by Deputy Ferbrache and Deputy Prow, and I agree, we do not need to carry on as we are. But this amendment leaves space for new routes, and I would suggest that there has been a real tension in this Assembly, although it has not perhaps been fully explored between those who want open skies because it will provide competition on existing routes and the imagined benefits that might bring, and those who want open skies because it will allow us to open up new routes, what have been called development routes. I am certainly sympathetic to those in the latter camp and Deputy Parkinson made the case for that pretty well.

As I said, the policy letter protects fewer routes than I think it is right to protect, we have got a good core of five lifeline routes through this amendment that we need to secure that are not going to benefit from competition on the routes because we know that that will lead to cherry picking, we know that will lead to the ultimate attrition of those routes, we know that that will put us in a worse position in the end than we were when we began. But this amendment, particularly

6(a), if Members want to choose that option leaves plenty of space for experimentation on development routes beyond those routes.

80 Deputy Graham asked if the benefits are not there until we can accommodate low cost carriers the benefit of open skies is not the same true of the risks. If that were the case then I think I would have been more or less [*inaudible*] about bringing this amendment or rather not bringing this amendment, but sadly I do not think that is the case.

85 The evidence that we have seen in the past is that there has been competition between existing carriers where there has been an option on the routes, and in fact it is existing carriers that are more likely to want to serve. They know the Island, they are capable of running a decent operation here and they are going to be the first who want to complete on say the Gatwick routes, if that were to be opened, or any of the other routes that we propose to make lifeline routes. So that for me is why our core needs to be protected, because although there is a threat of
90 cherry picking from low cost carriers at the stage where they might be able to access the Island runway, the more imminent risk is a competition between our existing providers.

Deputy Green made a point that was inimical for Deputy Parkinson when he pointed out that we run the risk of increasing Aurigny's costs, and I am not going to expand on that point except to say that whatever we do with the licencing regime it is going to hit the Government in its
95 pocket one way or another. It might hit us in the pocket through its impact on Aurigny; it might hit us in the pocket through, for example, its impact on the Southampton route, if ultimately we see fares increasing – because remember the Committee for Employment & Social Security is paying a large chunk of the fares on that route when people are being sent over for treatment through the travelling allowance grant – it might hit us through PSOs if we see routes begin to
100 weaken and we need to step in and intervene. What I am trying to say is if the Government is going to spend money propping up its air connectivity and it is one way or another that is inevitable, then let's spend it intentionally towards good outcomes for Islanders.

Deputy Parkinson framed this as a debate between free market enterprise capitalist and regulators. I sit on one committee that has a non-voting member who is what I would call a pure
105 capitalist, and the one thing that I have learnt from him is that you do not throw good money after bad propping up ineffective businesses or ineffective markets. Our air connectivity – no I am sorry I am not going to give way, I am summing up – our air connectivity is never going to be a completely free market; because of that there is always going to be an element of Government spending one way or another, let us spend it wisely.

110 There were a number of comments from Deputies who were desperate to overturn Deputy Dorey's point about fare comparisons from Guernsey to Jersey – sorry the fare comparison that he made between Guernsey to Southampton and Jersey to Southampton, where he noted that all the Jersey options bar one, I think, were more expensive. Regardless of whether the fare comparison is different on different days, that alone is sufficient to prove that open skies do not uniformly
115 have the benefit that they are said to have. Furthermore I was passed a note telling me that Flybe is the only operator from Jersey to Southampton so evidently the open market is not bringing competition in on that route. Open skies are not bringing competition in on that route and the benefits of open skies are not being realised any more than they would be here.

The most widespread point for Members who oppose the amendment was a desire for
120 completely open skies, and I am afraid I cannot help them there, there is nothing really I can say to bridge the gap between us. But perhaps I can say to those on the Committee for Economic Development or those who would like to support the Committee's proposals that if this amendment fails what we are going to face in the end is a decision between fully open skies and the *status quo*. I do not think that there are many Members in this Assembly who want to retain
125 the *status quo*, but I think there are fewer still who want fully open skies, and I would suggest that this amendment treads a far better compromise path between the two.

On that note, Deputy Tindall and Deputy Dudley-Owen were keen to emphasise that this was –

Deputy Tindall: Point of correction, sir.

130 **The Bailiff:** Yes, Deputy Tindall.

Deputy Tindall: The original Propositions in the policy letter do not give just those two options, there are three options and that is open skies, *quasi* open skies and the current regime.

135 **Deputy Yerby:** Sir, that is immaterial. The decision that the Assembly will end up making is between open skies or the *status quo*, I am confident that is the tension that will emerge during general debate and the way that votes will ultimately end up being.

But as I said, Deputy Tindall and Deputy Dudley-Owen were keen to emphasise that this was a carefully crafted policy letter based on sound advice from officers and legal advisers. I have of course, as a Member of the Committee for Health & Social Care and a Member of the Committee for Employment & Social Security, seen earlier drafts of this policy letter both by the current Committee and the previous Committee because of course, as has been well established through this debate, health travel is an important element of air connectivity and there was a need for consultation there. What I can say of course is that earlier versions looked different to the current version and presumably those versions were also based on sound officer and legal advice. I also think it is somewhat audacious of the Committee to say that this is the only version of events that is acceptable and possible when half the Committee would like to see full open skies. We have already two different options from the Committee itself, so to suggest that a third option cannot come in from outside and be at least equally viable if not better just cannot be reliable.

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150 Moreover, one's officers do not give one the definitive answer, there are no definitive answers out there. The role of officers is to help you find a legally sound and workable way of achieving what you want to achieve. If this is what the Assembly wants to achieve then I have no doubt that the officers of the Committee for Economic Development will help us to get to that point.

Deputy Parkinson, in his summing up, said it is a triangle and you can have two of the three points. You can have frequency, quality or cost, any two but not all three. Well if he said to me you can have good health care and short waiting times but it will cost you an arm and a leg, or you can have it cheaper but it will be rubbish, we know that that is only part true, we know that from the customers' point of view you can have affordable health care that is both good and rapid if the Government helps to deliver it. The tension between the three points of the triangle can be mitigated if we see our air connectivity as a public good and if we behave towards it accordingly.

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165 Now what I want to do is protect the core of decent connectivity for Islanders, to protect the basis of the Alderney PSO that the Committee are bringing forward and to leave some room for experiment around the edges, on routes that are less critical to Islanders but have potential for tourism. This amendment, in my opinion, does so far more effectively than the policy letter and I ask Members to support it.

Deputy Fallaize: Sir, may I be relevé?

The Bailiff: Deputy Fallaize, you wish to be relevé.

170 We vote then on the amendment. Amendment 2 proposed by Deputy Yerby and seconded by Deputy Dorey –

Deputy Yerby: Recorded vote please, sir.

175 **The Bailiff:** – with a recorded vote as requested.

Deputy Lester Queripel: Sir?

The Bailiff: Yes, Deputy Lester Queripel.

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Deputy Lester Queripel: Can we have a separate vote on Proposition 1, please?

The Bailiff: No, because we are voting on the amendment *en bloc*. (**Deputy Lester Queripel:** Thank you, sir.) If it then passes, the Propositions in the amendment will become the Propositions, we will go into general debate and there will be an opportunity at the conclusion of general debate to vote on individual Propositions, but at the moment we are just voting on whether to replace Propositions 1–10, the original Propositions 1–10, with the Propositions in this amendment *en bloc*.

Deputy Lester Queripel: Thank you, sir.

There was a recorded vote.

Not carried – Pour 16, Contre 21, Ne vote pas 0, Absent 3

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy Prow	None	Deputy Oliver
Deputy de Sausmarez	Alderney Rep. Roberts		Deputy Leadbeater
Deputy Roffey	Alderney Rep. McKinley		Deputy Brouard
Deputy Brehaut	Deputy Ferbrache		
Deputy Tooley	Deputy Kuttelwascher		
Deputy Gollop	Deputy Tindall		
Deputy Lester Queripel	Deputy Parkinson		
Deputy Le Clerc	Deputy Mooney		
Deputy Trott	Deputy Le Pelley		
Deputy Fallaize	Deputy Merrett		
Deputy Laurie Queripel	Deputy St Pier		
Deputy Hansmann Rouxel	Deputy Stephens		
Deputy Green	Deputy Meerveld		
Deputy Dorey	Deputy Inder		
Deputy Yerby	Deputy Lowe		
Deputy Langlois	Deputy Smithies		
	Deputy Graham		
	Deputy Paint		
	Deputy Le Tocq		
	Deputy Dudley-Owen		
	Deputy de Lisle		

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The Bailiff: Well, Members, the voting on amendment 2, proposed by Deputy Yerby, seconded by Deputy Dorey, was 16 in favour and 21 against. I declare the amendment lost.

We therefore open general debate for those who have not already spoken in general debate on the original Propositions but with the additional Proposition 11 inserted by amendment 1.

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Deputy Roffey first.

Deputy Roffey: Thank you, sir.

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I think it is a shame that yesterday this debate was portrayed as just a battle of ideologies. I think that that claim was first made by Deputy Fallaize and then it was doubled down on by Deputy Parkinson later on. I do not think it is true, and I think there is far too much name calling in politics, far too much stereotyping, you are either a leftie, or a greenie, or a nationalist, or whatever, and I do not deny, I do not deny that we all have a bit of a personal political DNA and that has to be a factor in any decision we take. I really do not want to be too much in denial about that because that would sound like protesting too much, a little bit like, oh, let me think, Deputy Ferbrache constantly telling us he is no Tory bot – but seriously I am sure all Members try to approach each issue that comes before this Assembly on the basis of what I genuinely believe is in Guernsey's best interests, (**Several Members:** Hear, hear.) rather than whether it fits my personal political credo.

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Indeed as far as free markets are concerned, I am largely a convinced free-marketeer. I think that in most circumstances the market finds a better solution than government. But I accept that

when it comes to essential services I believe that the extent to which you can just leave it to the market does depend to some extent on the size and fragility of that market. For example, if I was a politician in the UK I would completely support a free market in electricity supply, thinking that that would tend to drive down prices, I am not sure I would go as far as the USA with their free market in health care, but certainly electricity in the UK I would. In the Guernsey context I do not, I do not have a different ideology when I am one side of the Channel to the other, I just try to respond logically to our unique circumstances which are different to some other communities. (Several Members: Hear, hear.)

Likewise if I were in an island that had 163,000 souls living on it rather than Guernsey that has just 63,000, I think I would favour open skies. I would go further than that: in those circumstances, I would not want to own an airline. As I said when we bought Aurigny, owning an airline is probably the last thing that any government should aspire to. But sometimes circumstances make it absolutely essential that we do the counterintuitive. I still believe that buying Aurigny was one of the best decisions that this Assembly ever took, (A Member: Hear, hear.) and owning it today remains absolutely essential, and we have to make it work. (A Member: Hear, hear.) Nor should we be wearing sack cloth and ashes over the fact that we have a state-owned airline.

Yesterday Deputy Parkinson, rather unfairly to my mind, castigated Deputy Green for effectively saying that we should be trying to do nothing that wilfully damaged Aurigny. He felt it would be viewed as unacceptably biased externally. Well as someone who certainly wants to retain air route licencing – and I can tell Deputy Yerby there are some in this Assembly that do support the *status quo* – I certainly want their licencing regime to be fair, but I also want its guiding principle to be Guernsey's strategic best interests, and if some companies see that as unacceptable then frankly they can go whistle.

Now we come to the main argument I heard yesterday in favour of open skies and to paraphrase it, and we heard it from Deputy Leadbeater and Deputy Prow and others, the public want action on connectivity and just doing the same old thing will result in the same old outcomes. Well, two things I want to say on that. I too want to improve connectivity; I too would like cheaper flights, even though they are actually far cheaper in real terms than they used to be, I accept that compared to other routes where the real cost has dropped even more sharply, we are an expensive place to get to and as far as Guernsey people are concerned to get away from.

But I think there are reasons why we are more expensive and I think we need to be realistic and I think we need to manage expectations. I keep hearing us compared with Jersey. Well the reality is that their market size will always tend to deliver better and cheaper connectivity than ours will, it is an unpalatable truth but it is the truth. Unless of course we go for huge revenue subsidies on our air links and I have heard hints that that might be the background to some people's thinking and I look forward to seeing those proposals and their affordability. So managing expectations I think is important.

Secondly, Members may well be right in saying that doing the same thing is likely to result in the same outcome. But what they did not explain yesterday was their leap in logic to suggesting that doing something different will result in a better outcome. It may result in a different outcome but it is very far from certain that it would be better.

Now I hesitate to counsel along the lines of you should always hang on tight to nurse for fear of finding something worse, but we do need to be guided by experience. While we have never had open skies, we have at times used our licencing regime as if we did, and the results have always been very bad indeed. I think we need to learn the lessons of recent history and bear in mind Einstein's definition of insanity. But I am not suggesting that we just do what we have always done. It is not that I want to stay just where we are now, I want to retain the licencing regime, but I am not saying that we should not try something new to improve connectivity.

We kept being told yesterday that the main driver of open skies was to encourage new routes rather than competition on existing routes. Personally I am very cynical over that. I think the far more likely outcome will be less frequent, more seasonal but maybe slightly cheaper services on our existing routes. But I will take the open skies advocates at their word and accept that this is

really all about stimulating new routes. That is great. Again let's manage expectations in our community. There are only so many routes that a community of 63,000 with a vital but modestly sized tourist industry can support.

I will deviate here slightly and say as far as Deputy Queripel's contribution yesterday when he felt that having lost the whoopee floats we stand no chance now of bringing anybody to Guernsey, then I think it is a bit of a chicken and egg situation. You can only support attractions if you have got the numbers of tourists; and tourists of course, to attract them you need the things for them to do when they get here. So I look forward very much to seeing the tourism blueprint when it comes forward in the future.

But the reality is there are 63,000 of us and a very important but relatively small size tourist industry, so let's not believe suddenly we are going to have 101 destinations being served from Guernsey because we are not.

That said, I am all in favour of new routes, particularly when they serve genuinely new areas rather than airports adjacent to existing links. But I would go in the opposite direction to open skies to try and achieve that. I would offer any airline wanting to open up genuinely new routes a package. I know we already offer reduced landing fees for a period of time, and maybe that financial assistance should be beefed up. More importantly, I would use our precious licencing scheme to offer them say five years exclusivity on that route in return for a basic service level agreement.

We heard Deputy Parkinson correcting Deputy Hansmann Rouxel yesterday in saying our present licencing scheme we cannot actually demand that they do so many rotations a day or that they keep going during the winter.

Deputy Parkinson: Point of correction, sir.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Under our licencing scheme we can demand that they do a certain number of rotations and we do. What I said was we cannot dictate the price or cap fares.

Deputy Roffey: I remember that, I also remember him saying that in some cases people have not stuck to the licencing regime and there was precious little that they could do about it. That is the point that I was making.

I give way.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you to Deputy Roffey for giving way. It was a point of correction, as I started to say.

I was going to say that there is something that can be done in respect of a licensee that does not actually comply with the conditions of the licence, but it is rarely done.

Deputy Roffey: I accept that there is a limited number of people wanting to come to Guernsey and people not queuing up to take over the route if you put sanctions on the existing operator we are not in the strongest position. The point I was trying to make was if we went in the opposite direction gave a financial package and a period of exclusivity it would give us a few more levers to try and get the basic service level agreement that the Island would expect.

To close, sir, I do not want to go on and on, I do not think I am going to convince too many people, I think we are at real risk today of shooting ourselves in the foot and failing to learn the lessons of history.

Yesterday Deputy Graham portrayed this debate as being all about whether the potential risks outweigh or otherwise the potential benefits. He was right. Certainly with our current runway the

315 potential benefits are small and I think if anybody went to the Frontier Economics presentation
that was absolutely emphasised how limited the potential benefits would actually be. With our
current runway the potential benefits are small while the potential risks remain very significant. By
the way, that should not be taken as a sign that I support a runway extension but nevertheless I
think that is the truth. Rather the most likely result ... rather than resulting in new low cost carriers
320 opening up a golden age of air travel from Guernsey if we open up our skies the far more likely
result will be the owners or turbo props, for example, Flybe, offering perhaps again, for example,
one lunchtime rotation to Manchester maybe only seasonally and as a result taking off too much
of the cream and driving off the incumbent. Now if that comment sounds protectionist of Aurigny,
fine, it is actually not an airline I am trying principally to protect, it is a service.

325 Nor is it an attack on Flybe. Actually I want to promote them for a second. We keep hearing
about our limited connectivity, they provide great connectivity for Guernsey to a whole range of
destinations including the Edinburgh and Glasgow and everything we were mentioning yesterday,
yes you might have to stop for an hour or two in Birmingham or Southampton or Exeter, but
actually I would recommend that people actually look at their website and where they can get to.
330 So it is not an attack on them, but it is just accepting that in open skies they would be plum daft
not to cherry pick on our existing routes. If I was on their board of directors I would strongly
support them doing so because it would make financial sense to them. But Guernsey's
connectivity, make no doubt about it, would be worse as a result.

335 Sir, today we should be very careful what we wish for. I suspect that sometime in the not-too-
distant future we will all be lecturing Alderney, telling them to be realistic on what connectivity a
community of 2,000 can really expect. Well I think we all know exactly, we do, I think we should
take a moment – sorry, through you, sir, I think the aside was correct, I think we do already do
that. Well I think we should take the moat out of our own eyes; we too need some realism.

340 If we go for open skies today I really hope that I will be proved categorically wrong and that it
results in better connectivity but I am personally convinced not by ideology but by a mixture of
logic and recent history that it will have absolutely the opposite effect and so I will be voting
against Proposition 4.

The Bailiff: Deputy Trott.

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Deputy Trott: Sir, I align myself with almost everything that Deputy Roffey has just said.

350 Sir, Members may have noticed that one of Guernsey's best known left-wing socialists voted
for the Yerby amendment, and you may ask why did I do that? Well it was because, sir, on a risk-
based approach the evidence as currently presented does not support the conclusion of the
States' report.

355 Now I believe, and I know most others do, that we should always make evidence-based
decisions and this is where the evidence from our state-owned airline is extremely relevant. They,
Aurigny, urge caution. Now, sir, they have no axe to grind as their future is preserved due to the
policy on Gatwick, and a very sensible policy at that. Now during the course of yesterday morning
I handed Deputy Parkinson a number of questions that I intended to ask him in general debate,
there were six in total. I think he partially answered the first but I shall ask it again anyway because
I think it links in to the next five. I gave him those questions, sir, for two reasons, (a) to give him
his Committee and maybe advisers time to reflect on them overnight, and also because I think it is
important that in a debate of this nature we extend that degree of courtesy. I notice that during
360 recent question times of Presidents some technical questions around statistics and the like have
been asked where in all reasonableness a President should not be expected to have such
information at their fingertips and maybe Members might wish to extend more widely the
courtesy that I believe I have shown Deputy Parkinson.

365 Anyway, sir, the six questions are as follows: One – what evidence does the Committee *for*
Economic Development have to suggest that applying open skies principles to the majority of
routes will encourage developments/innovation rather than fettering the viability/sustainability of

the broad suite of current year round high frequency services for a sub optimal aggregate market of circa 65,000 souls? Now he did, as I said earlier, partially answer that, but I think it would be of benefit to hear the reference to the Isle of Man in particular again.

370 Sir, the second question is which routes would remain financially viable and would continue to be served on a year round basis, if financially damaged by predatory pricing in the summer peak months? I think we all accept, sir, that there is more fat in the summer, that the winter is a leaner period and very often the profits made in the summer, however modest they are, do help sustain a year round service.

375 Three – has there been an, or any, impact assessments of the risks posed to the continuation of existing services? I partially answer that question myself by saying that we know that the incumbent carriers have warned that they may not be able to continue as they currently are, but that is the only evidence that has been presented as far as I can see.

380 Question four – what evidence is there other than a general remark from a low cost operator, the very operator that seeks to prey on the summer peaks of year round regional services, to suggest that the current licencing regime discourages or prevents viable competition? We have seen no evidence other than anecdotal evidence to support that.

385 Five – if completion was introduced on commercially marginal routes, which they all are with the exception of Gatwick, how long would operators sustain losses, what would happen if they were no longer bound by their licence to operate year round services? A point that Deputy Roffey made very well a few minutes ago.

390 Lastly, sir, number six – has the Committee *for* Economic Development assessed whether or not there exists unserved latent demand for new services that have not been tried and subsequently ceased due to the lack of demand? That question is particularly relevant because I think it was Deputy Parkinson himself who referred to Luton. A licence exists for Luton; no one has taken it up. Why? Well I think I know the answer.

395 So, sir, the answers to those six questions are I believe absolutely pertinent to the conclusions and the decisions that this Assembly needs to settle on before being able to support the Committee *for* Economic Development's States' report, and I look forward to those answers.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

400 Like many of my colleagues I am really not sure how I am going to vote today. I hear the arguments for change and to do nothing will mean that we continue on the current path that is unacceptable to many. But voting for this policy paper feels like a leap of faith with the unintended consequences being that we lose far more than we hope to gain.

405 Part of my dilemma is my knowledge for the need of the PSO on the Guernsey/Alderney route and with joint responsibility with HSC for the provision of medical travel between the Islands and an out-of-hours Medevac service, I know that we need to get on with that work and not voting for this policy paper today will delay that much needed agreement with the provider.

410 But I think one of the reasons I have really put together a few words is I just wanted to share an article that Deputy Soulsby found on Isle of Man Today and it is dated May 2018 and it is regarding the loss of Eastern Airways who are to drop the Isle of Man to Belfast route just four days after the conclusion of the 2018 TT Races. This also affects some connecting flights between Isle of Man, Glasgow, Newcastle and Belfast City. So Eastern Airways spokesman told the Examiner, 'Regrettably Eastern Airways will be suspending its service from the Isle of Man to Belfast City from June 12th following the announcement that easyJet will be starting year round flights between the Island and Belfast.' But Eastern Airways were providing a daily flight to Belfast and those connecting services. An easyJet service, which will begin on June 22nd, with two return flights a week on Monday and Friday raises further questions over the open skies policy. The decision represents another fall in daily flights from Ronaldsway as larger planes like easyJet replace smaller regional aircraft on a less regular service. I think that is different to some of the

420 messages that we were hearing yesterday about the Isle of Man, and I think we will find ourselves in a situation where we will have less connectivity as many other Members have spoken about.

Just one final thing, it was announced yesterday that Aurigny are looking to purchase three more ATRs and Deputy Ferbrache has advised through the media that the purchase would more likely come to this Assembly for approval. Well, sorry, sir –

425 **Deputy Ferbrache:** Point of correction.

The Bailiff: Deputy Ferbrache.

430 **Deputy Ferbrache:** I did not say that the purchase would come to this Assembly for approval, because it has got to go through a process first before it is even considered coming to this Assembly for approval. It certainly is not a given that Aurigny will receive the green light either from the STSB or Policy & Resources that the aircraft will be able to be purchased.

Deputy Le Clerc: Thank you, sir.

435 But my main point to make is that it just seems absurd that Aurigny are even considering purchasing three ATRs when we are having a debate today about open skies policy. So they are going ahead, and I do not know whether they have already made some sort of financial commitment, some of the media indicates that they have, and again it just seems absolutely absurd that Aurigny are ploughing ahead with decisions without understanding what the policies of this Assembly are going to be. (**Several Members:** Hear, hear.)

440 Sir, I am going to listen to the debate but I have many reservations about where we are heading and fears that it will not deliver the cheap flights that the majority of people want.

Thank you.

445 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

I did not speak yesterday because I was somewhat bewildered by the amount of speculation and disinformation and misinformation that was being bandied about. It was quite extraordinary.

450 Today I just want to make a few points. Firstly, I attended the presentation by Frontier Economics and I pointed out to them that the length of runway they had on their slide for Guernsey was wrong, which does not really help with trusting what was being presented. The length of Guernsey is 1,463 and they put up there 1,583. They also used Jersey and the Isle of Man as benchmarks, and they are not similar at all. Firstly, you have got three different runway lengths, massive differences: the Isle of Man is more than 2,000 m; Jersey is 1,700 m. Both of them can accommodate airlines like easyJet. We cannot. So why compare yourself with what happens with low cost carriers in these places where it is not relevant to us, and we have just had a comparison. What is the point? It is not relevant.

460 Having said that, I was disappointed, I think Deputy St Pier misled the Assembly a little in that he thinks we have the same length runway as Belfast City or about, and there is a massive difference. Belfast City has 1,829 m, compared to our 1,463 m. There is no comparison. It is longer than Jersey's by more than 100 m. That is why somebody and he mentioned Ryanair, could go there with a reduced payload blocking off seats. What was brought into the conversation, which I found very distressing, was the idea that now value for money seems to be something that is irrelevant, because it was suggested that it might be better to subsidise empty seats, not that Ryanair could come into our runway even with empty seats. I do not think they would be able to fill any of them. (*Interjection*) No, I am serious. It is a 737 800 and I have always said in the past a jumbo jet could land here, not with anybody on it (*Laughter*) and take off in 3,000 feet with 20 tonnes of fuel, quarter of a million pounds of thrust, it could get off there. But that is not what you call a commercial operation, is it?

470

That I found an issue because the argument was put forward should we look at subsidising our air travel continuously through general revenue year in year out, decade in decade out? Where is the value? Because if you look over the next 50 years, which is where we should be looking, we should amortize these costs over a period, and where are we today? Aurigny's accumulated losses are in the order of £31 million. There are about 30,000 Income Tax payers in Guernsey. That is about £1,000 a head that has already been paid by you and me as a retainer for our airline, which is fine, we can do that. If you are a family of four and you look at the figure a different way you can say all right there are roughly 60,000 people here, there is about £500 a head, a family of four is already, if you like putting forward a retainer of £2,000 for the services of Aurigny, before they buy the tickets. So when you compare ticket prices please do not forget this other payment you make through your taxes to subsidise, if you like, or to recapitalise Aurigny to cover its losses to keep it solvent.

My view regarding Aurigny – and it was mentioned as a social service provider, and it is – it should be subject very much to transformation and transition like every other committee, because I think the current model for Aurigny is broken; it could be far more efficient if operated in a completely different manner, and I will give you one example. In my time on Economic Development we talked to two airlines to see if they could provide the Gatwick-Guernsey service and these are airlines that would only be operating Embraers or BA 146s, if they could operate the service, and the term used by airlines is babysitting our slots, and we keep the slots. They could be 'damp leased', which means we could have Guernsey-based cabin crew, Guernsey crew. Let's take the BA 146, you could have six jet rotations a day for roughly half the cost of what it costs Aurigny to provide the service.

We do not currently operate Aurigny as an economic enabler in the sense that I think the cost of travel generally is an economic disabler, and this is why it is being called an economic enabler, that is all it was ever meant to be. We only ever bought Aurigny because we wanted the slots and you have to be an airline to own the slots. What has happened since then? We have mushroomed, airline losses have increased, and indeed whether you believe the actual way losses are apportioned to the cost of the Alderney service is neither here nor there.

I do not believe Aurigny should be running the Alderney service at all. There are other airlines – and I know at least one which when we were in Economic Development offered to do it without subsidy. Why should you want a PSO if it is not necessary? You will need a PSO if Aurigny do it, operating as they do with their aircraft, but what went wrong there? I will tell you what went wrong, people are moaning about the choice of the aircraft, the Dornier. At the time the only reason the Dornier won over a Twin Otter was its crosswind capability and those of you who were in the States in the last term will remember that former Alderney Representative the late Paul Arditti said we do not have a weather problem, we have a crosswind problem. That aircraft can operate in a 28-knot crosswind, which is significant. However, what has happened since? The edges of the runway have crumbled, the runway width had shortened, it is now down to 20 knots as a cross wind limit. That has a major impact on the number of flights that can operate there when they have strong crosswinds. So circumstances have changed. If you want to increase the reliability of service to Alderney just widen the runway to back where it was. If you do not, you will be left with what we have got. It was two meetings back the Alderney Reps were rescued by Waves to come here, they chartered it.

Anyhow, so the other issue if we go down this open skies route, I think it will have minimal impact because the only people who could come here would be operating BA 146s certain Embraer aircraft or turbo props. I know of two possible new services which might materialise if this deregulation is accepted for all routes except the two that are suggested. One is from Southend the other one is from Dublin and they may come very quickly. But you cannot give any more details because all this stuff is commercially sensitive. People say, 'Why should any airline want to start to compete on a marginal route? You would be mad to even try, why should they?' I do not think much will change.

Then we get back to the point of not much will change unless we do something about the runway. Well that is the crux of the matter, isn't it? Will we or won't we, who knows? I think it is possible with some cunning negotiations regarding regulations with the CAA and our new
525 Director of Civil Aviation, who is yet to be confirmed but who I have met, is that we could use as much as 1,570 m of our runway, most of which is sterile, although it is used for take-offs, interestingly, we only use it for altering the possibility. That could accommodate an Airbus 219 with a full load on short sectors to places like Gatwick. Anybody could operate those. I am also very interested in what is now called the new Airbus A220 which was a Bombardier Jet that was
530 developed, the CS300, because that has got better performance than even the Embraers. I think the potential is there, if we are never going to actually extend the runway and we can accommodate what we have got and use what we have got, why wouldn't we want to do that? Aurigny could have these aircraft if you want them to keep these aircraft and fly these routes, but they do not have to, somebody else could do it and we could still own the slots.

535 So the question is what is the purpose of this exercise? To me it is purely and primarily to offer economical ticket prices to the indigenous population. We are two thirds of the market for air travel, you and me, sometimes the odd businessman and whatever. You could double the usage of the airline if you halved the price. I am not saying you could, nobody will know until you try, but you talk about comparing prices. I had a family of four recently compare the price of booking
540 two months ahead out of Jersey to Gatwick and Guernsey to Gatwick and there was a 60% difference 6-0-%. So price elasticity is not 10 or 20%, I am talking about possibly 50% or 60% and that is different.

So where do we go to from here? I am going to support all these Propositions which have not been amended, except I am not going to support the first amendment, because I think this naval
545 gazing and what we do with our Transport Licencing Authority is another waste of time exercise, where they will come back in a year's time. If something materialises that needs changing that will just happen, they will come back, TLA will come back and say, 'Look, we have got a problem here.' We do not need to review the whole process. I mean to come out of here with just another review for next year – ah, I despair sometimes! But never mind, that will most probably succeed, but I will
550 support all the Propositions as they are. I think the impact risks in the short term are minimal and whether or not we can use the runway we have got to its full capacity or whether an extension becomes something that is on the horizon, that will then make the difference, but for now I think it is a low risk situation and I know of one or two possible new services that could materialise if this is passed, because the airline concerned is not interested in going through the flipping
555 process, they are fed up with dealing with Guernsey and that is an issue.

So I hope Members will support all the Propositions except the ... well, whether they want to support the first amendment I do not mind, I mean that is just one of those things, but I am speaking in support of all the Propositions.

The last thing I want to say is if this Yerby amendment had passed I would have said what is
560 the purpose of the Committee *for* Economic Development? I had two years of it, Deputy Ferbrache had two years of it. The rot started back in 2016 when we decided we want to *review*, collect evidence for a runway extension and immediately an amendment was placed. This will continue. The Committee surely comes forward with recommendations and if they come forward with their recommendations then this Assembly decides to chuck them all out and put in this new
565 lot, what is the point of the Committee? What is the point? It comes with recommendations and it is shot down in flames, almost every time. What is the point of the Committee? Fortunately that has not happened today, so it will continue. I mention this in passing for two of my colleagues and apparently it was suggested that the Committee *for* Economic Development, when they were discussing the system of government, it was considered it may not be necessary to have one.
570 Quite interesting. Well I can see why now. The only mistake this Committee has made is that they have come back with a proposal not to have control of the Future Guernsey Plan because now they have still got to go cap in hand to P&R if they want to do anything. They do not have the

capability or capacity to actually do things of their own volition and accept the responsibility. Which I think is a shame. But we will see how it goes.

575 Support what is left.
Thank you.

The Bailiff: Deputy Langlois.

580 **Deputy Langlois:** Deputy Kuttelwascher asked a question that I have been asking for the last two years, but I will not get distracted by that, or even attempt to answer it.

Yesterday Deputy Parkinson amusingly described the supporters of Deputy Yerby's amendment as socialist regulators in contrast to those who have an unswerving faith that a free market will deliver. There is an irony in that 15 years ago it was not, as far as I know, a left wing cell in the States which lost confidence in the free market's ability to provide and so engineered the purchase of Aurigny to secure the Gatwick routes. Neither has it been such a group insisting in the intervening years that the State puts tens of millions of pounds into maintaining indirect public ownership of those slots.

Today the Committee and its loose band of supporters appear to be split between those who are quite willing to take the risk of abandoning Aurigny to market forces on the Gatwick route and those who prefer a pick and mix approach withholding from the market the only route any low cost carrier would be seriously interested in. (**Several Members:** Hear, hear.) At least the former have the courage of their convictions, however misguided, the latter group wrapped in the *quasi* open skies flag might be able to deliver slightly cheaper flights from Norwich but they will not be able to deliver the one thing many Islanders and businesses are expecting from them: £50 flights to Gatwick.

In response to my pointing out that there was at best a very tenuous link between the Frontier Economic summary report and the Committee's proposals, Deputy Parkinson explained the report was quite old and that the policy letter was underpinned by more up-to-date analysis and evidence. That came as a surprise to me, as a week ago at the Committee's behest Frontier Economics gave States' Members a presentation based on their report. If the Committee does have more recent evidence other than hearsay they appear to have kept it to themselves.

As it is, I remain convinced the Committee, mesmerised by the fervent calls for action, clutch at an open skies policy, despite all previous attempts to introduce competition on our sub-scale air routes ending badly, as Deputy Roffey has already pointed out.

Deputy Yerby's amendment would have given us an opportunity to dip our toes in the water. As it is we are being asked to take the plunge without even testing the temperature or the depth of the water first. That might be considered action by some, but I will not be voting for Proposition 4.

610 Thank you.

The Bailiff: Deputy Gollop.

615 **Deputy Gollop:** Thank you very much.

The Bailiff: Sorry, Deputy Leadbeater, do you wish to be relevé?

Deputy Leadbeater: Please, sir.

620 **The Bailiff:** Yes
Sorry, Deputy Gollop.

Deputy Gollop: I find a lot to agree with in both what Deputy Shane Langlois and Deputy Kuttelwascher have said, even if they are incompatible in many ways, but they are both talking from the same dilemmas I think that we face.

625 Now Deputy Langlois raised the prospect of having maybe a cheaper perhaps budget airline flying to us from East Anglia so it reminded me that maybe we will see Live from Norwich the Sale – or the bargain – of the Century, those objects are the best ones, but that one did not fly so much.

630 The thing is we have to be clear what we want to achieve out of this. I felt from the beginning that the *quasi* open skies approach being put forward by Economic Development is not a complete answer to the problem because the answer needs to encompass many other facets of policy and operation.

635 I have always agreed, I think, deep down with Kuttelwascher that if we want to expand the possibility of lower fares, at least in the summer months, the expansion of middle price tourism, and the increase of marketing connectivity of the Island to kick start some of our business community, because I certainly do not entirely agree with the message Deputy Ferbrache or Deputy St Pier put out ... They were putting across two polarities: one saying our economy is in trouble, the other saying our economy is rosy. I think the position is more mixed than that, some areas are doing extremely well and some areas less so, and we cannot argue against the facts that

640 we are seeing a slight decline in our population and a slight decline in air use when Jersey and the Isle of Man and many other places are seeing an expansion.

So the question is we need some way to improve volume of traffic, both from tourism's point of view and indeed perhaps the middle to lower wage elements of our society. Now if you take that view you will want to see some degree of change of some sort. One of those changes is to look sensibly at using the pavements that already exist for the runway as outlined by Deputy Kuttelwascher in the last few weeks, and for the longer term maybe subject to planning and many other factors a runway extension. But that is not on the table today and it could not be achieved tomorrow if it was. I am aware that most other communities in Europe and the world have open

645 skies and they have generally benefited from perhaps more buoyant increases than we have. So there must be something in it.

By the same token I also realise that Guernsey's market, perhaps as the airline operators tell us – the existing ones, is in some respects marginal and sub-prime for many routes. I entirely agree with what Deputy Shane Langlois says that the likely most commercially viable route on the Island

655 is the Gatwick to Guernsey route and it is precisely the one route that would benefit from a degree of competition, and even if we did not see an onslaught of business visitors and high net worth individuals I would bet a pound to a penny that we would see more local people going to London to see a show or something like that, because that appears to be the experience in Jersey.

So to go for this compromise is in some respects the worst of all possible worlds because it sends out a message that in some respect the Island is still protecting Aurigny and they are still protecting Gatwick because we appear to have had a clarification over the last two days that we do not need to have our beloved yellow planes actually flying to Gatwick in order to retain ownership of the lifeline slots, and I would argue it is not so much a service that is a lifeline, it is the slots and the control of those slots. Because my definition of a lifeline route really is more one that is socially, medically necessary from a community point of view. When in the UK we have seen from time to time Dr Beeching and his successors wishing to close down railway lines. Some of them are saved at the last minute by a Minister of Transport or by a community action campaign that influences Whitehall on the grounds they are socially necessary. That is why so many railway lines in the west of Scotland have survived when quite large towns in the East

660 Midlands went without railways.

665 In that context lifeline routes are clearly relevant to the Southampton-Alderney route perhaps and the Alderney-Guernsey route. But I would also say – and I will come on to Alderney a bit more in a minute – but for many people, whether we like it or not, who live in Alderney who have properties in Alderney, Guernsey is not their mainland. There are people in Alderney who have

675 long established social and family links with people in Guernsey and it is an extremely useful link
for civil servants, medical professionals, educational professionals and others, legal professionals,
who need to go from Guernsey to Alderney and *vice versa*, but probably half the population in
Alderney sees their mainland as the United Kingdom, and for them from their perspective
Southampton is the equivalent to our Southampton route or indeed our Gatwick route, and so I
680 think that perspective has to be put on board as well.

Coming back to the meat of this I think I actually do agree with what Deputy Parkinson and
Deputy Fallaize said yesterday, that we do have certain ideologies in the Assembly and I am not
just talking here of simplistic left versus right or free market dreams versus protectionism. It is
deeper than that. I have been around the Assembly for over 20 years and for at least the first 17 of
685 those years an old chestnut that constantly came up before you, sir, and his Excellency's
predecessors was the complicated topic of Sunday trading particularly in St Peter Port. You had
one side who were passionate in their belief that Sunday trading in St Peter Port would liberate
society, would involve a whole new generation in a retail empire that would regenerate shopping,
regenerate the Town, make all the trading businesses viable, reduce our dependence on the
690 internet and be some kind of new community experience. The other half of the States appeared to
believe that it would bring about the end of society as we know it, it would ruin the quality of life
in Guernsey and would be an abrupt denial of people's ecclesiastical, social and employment
rights. When it finally happened not much happened, especially in January and February. In fact it
was a bit of a damp squib; there has been a hive of activity in the odd retail outside of Town
695 serving food, or DIY or garden centres, but generally speaking nothing much happened in St Peter
Port except on cruise liner days.

I think we are facing the same question about open skies. I agree with what Deputy
Kuttelwascher and others have said, that when we approve this policy today, and I will be voting
for it and indeed actually taking Deputy Parkinson's advice in the sense that I think we should
700 actually include Gatwick route in that ... so I wish to have a separate vote on Proposition 3,
whether you can separate Alderney and Gatwick out I am not sure under (a) and (b) but I certainly
think that if we are going for open skies we should follow the same philosophy as Jersey and the
Isle of Man and not pick and choose, which again suggests partiality in some respects.

We need to take this experiment. I happen to believe that open skies will not change much on
705 the landscape, because I think there are many other reasons why we do not get cheaper fares and
more links, linked to declining population, linked to tourism being smaller scale than other places;
linked to growth and the lack of entrepreneurship, maybe to regulation; linked especially to our
runway; linked to our Airport charges.

But actually I have considered overnight there is a lot of sophistication I think in Deputy
710 Parkinson's arguments and the work of Economic Development, because they are saying we need
change. I think we would mostly agree with that, but they say change will have to come in stages
and the easiest and cheapest stage is the open skies. Then if that does not have the desired effect
of the nirvana we all seek of the multiple flights flying to every destination really cheaply then we
can look at the other issues. Because the ideologies that I mentioned that are present in the
715 Assembly are linked to things like there are some Members who believe that we need to have
detailed microcosmic control of every single aspect of air licensing; we have some Members who
will never sanction subsidies to passengers, especially if they are tourists or general holiday
makers, or persons of relative substance who can afford to go away; we have some Members,
increasingly it would unfortunately appear, who do not even want to subsidise our brothers and
720 sisters and mothers or whatever in Alderney; we have some Members who believe the Airport has
to wash its face commercially and therefore it charges what it needs to charge to keep its
bureaucracy and current management structure intact; and we have some Members who believe
that the free market will magically produce many new operators on many routes who will create a
much better landscape for us.

725 Now Deputy Kuttelwascher has indicated there have been confidential approaches to
Economic Development, which may well still be continuing and not available for discussion or

730 general discourse at the moment. If that is the case that is all the more reason to vote for this
today and await developments. See what happens in 2018 and 2019 and perhaps the earlier part
of 2020. Because if we suddenly see an explosion of these operators providing wonderful fares to
every destination in the UK and even further afield then it will show the wisdom of Economic
Development. If that does not happen and indeed things get worse, as I suspect Deputy Dorey
and Deputy Langlois and Deputy Roffey particularly fear that might happen, then we have to step
in nimbly and with sophistication using all of the levers we have got, whether it be a Transport
Licencing Authority or States' Trading Board to act.

735 I welcomed the Yerby/Dorey amendment on the extra Proposition simply because it puts in to
the States' Assembly what has been worked on extensively already on the Transport Licensing
Authority. We considered several times work that Deputy Tindall and other Members – who was a
past Member – have done in looking at how we can perhaps refocus the Board to improve its
working, and eliminate any idiosyncrasies. So I welcome open skies.

740 What is my ideology? Well I tend to believe that transport should be seen as an economic and
a social enabler for both the Island's business community and for the interaction of people who
need to travel for reasons of being students or for health reasons or to see their beloved relatives
or whatever. Therefore we have to see it a bit like we see a bus service as partially a social service
and a subsidised service. I am afraid to say that a degree of subsidy is necessary, and even
745 Members who do not like subsidy might have to acknowledge when the day gets hard that we
already subsidise the airlines, not just with all this capital injection to Aurigny which is very
complicated but in terms of the way we finance the airports, and the way in which we pay
Medevac and Social Security movements for passengers who need health treatments in the UK
and indeed with the magical idea of extending the runway. Because although that is a capital
750 investment it is a form of subsidy, because whether you pay for Johnny to fly on the plane with a
lower price ticket or whether he pays a market rate but the States have expended several million
on a runway extension, it comes to the same thing in the medium term at least. So that is where I
am coming from.

755 Lastly – I hope I have stuck to the topic at least more than usual – but I wish, sir, to be allowed
a little bit of indulgence now to go right off the topic. (**The Bailiff:** No.) Well, Members will not be
happy with me doing that perhaps.

The Bailiff: If it really is not relevant, Deputy Gollop, no.

760 **Deputy Gollop:** Well. (*Laughter*)

The Bailiff: This has been a long enough debate as it is and there is other business to get
through.

765 **Deputy Gollop:** It is long, but the other part is not just perhaps my error in introducing this to
the Assembly but it comes from a lofty source, the Policy & Resources Committee, because they
have written a three-page letter of comment that we all avidly read, and it does not seem to
address at all the issues pertaining to why we have lost the City of London Airport whether we can
improve services to Norwich or Doncaster or Coventry or Blackpool Airport or Belfast, but
770 focusses entirely on the economic and political subtle constitutional issues between Guernsey and
Alderney and the 1948 Agreement.

Now I take some exception to that, particularly as I was a Member in a previous Assembly
which in February 2016 debated at length a report by Policy Council led by the then Deputy Chief
Minister, Deputy Allister Langlois, and Mr McDowell from Alderney and we voted at that point all
775 sorts of agreements to approve changes to allow Alderney to manage itself more, to agree in
principle that the current implementation of the 1948 Agreement be modified such that Guernsey
retains responsibility to fund all transferred services, but leave the States of Alderney as
responsible for funding all other public services.

780 We also approved to direct the Treasury & Resources Department to work with the Alderney
Policy & Finance Committee to progress the further work resulting from ... So in a nutshell we
voted to continue, for an indefinite period, the 1948 Agreement but to allow a degree of rebasing
and rebalancing how income was ... I mean we could have seen, for example, different Excise
Duties in Alderney. We also voted for a review of the Corporate Governance of that Island. We
voted for maybe them having a different Duty Free arrangement. All of which could have helped
785 our economy. None of that seems to have happened, or some of it has happened such as the
publication of the accounts, that is the only thing that ... But we are not seeing a cordial spirit.
Instead we are seeing we have to review it all over again less than two years before an Election,
just as this one was. I consider that unhelpful and I consider that we need to have a better
meeting of minds between Alderney and Guernsey in this respect and that we need to have a
790 fairer view as to how we are in this situation.

Deputy Trott: I am grateful to my friend, Deputy Gollop, for giving way, sir, but I would
remind him that the Policy & Finance Committee, I think it is called in Alderney, have welcomed a
review of the 1948 Agreement. They have welcomed it; it is not as if there is any resistance to it,
795 sir.

Deputy Gollop: Well, perhaps that is a different Policy & Finance Committee from the
previous one that made certain agreements. I will welcome the States of Alderney contribution to
this area as well, but I would also point out that we need to be aware that part of the reason we
800 are facing a mounting deficit on the Alderney account is linked to the air service and part of the
reason for that has been the escalating costs that Aurigny has suffered.

Alderney Representative Roberts: Point of correction, sir.

805 **The Bailiff:** Point of correction, Alderney Representative Roberts.

Alderney Representative Roberts: P&F have not actually discussed the 1948 Agreement.
They are going to discuss it next Tuesday.

810 **The Bailiff:** I think you have made you point, Deputy Gollop, I do not think we want this
debate to become a debate about the 1948 Agreement, interesting though that might be. I think
we need to come back to air transport licencing.

Deputy Gollop: I agree, sir, and I will vote for the Propositions except for Proposition 3.
815

The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

I agree with Deputy Roffey. I do not think it is helpful to present this debate as being a battle
820 of ideologies, and I think Deputy Trott, when he spoke, amply illustrated why that was
inappropriate.

Sir, I am probably in the same place as Deputy Le Clerc on this, and I am struggling with where
we are, and I think the description of being a leap of faith or a leap in the dark, which I think was a
phrase that also Deputy Langlois used is where I feel we are.

825 I did not like the amendment as I spoke on it yesterday. But I also said when I spoke I did not
particularly like the policy letter or some of the Propositions. I thought Deputy Parkinson spoke
particularly well when he summed up yesterday, but that has not changed my view of the policy
letter and the Propositions which are before us.

The P&R Plan has at its heart, one of the actions for this term of the States, connectivity in all
830 its forms, sea, air and digital. I think that certainly plays to the do-something school that we need

to do something in order to deliver against that Government promise, and I think Deputies Ferbrache, Leadbeater, Prow, Inder amongst others would probably be firm advocates of that school of thought. I hold Deputy Langlois' point about well actually even if we do do something of course we will not be doing anything in respect of the largest and most important route, and I think that is a significant point.

Then on the other side we need more evidence and more strategies school of thinking, and I think that in essence is Deputy Trott and Deputy Fallaize's position, as I understand it. I desperately want to support and trust the Committee; as Deputy Kuttelwascher said, that is what they have been elected to do, that is what their predecessors were elected to do, it was to look at this area and bring proposals to us that we can support as having been well thought out.

But I need to be convinced to support Proposition 4, so I have chosen to speak relatively early in general debate in the hope that those Members who will enthusiastically support Proposition 4 can convince me to do so, and perhaps Deputy Parkinson and other Members of the Committee will seek to do so, because I want to understand why it is better to support Proposition 4 now than to wait for the outcome of the Sea and Air Infrastructure Review. Like it or not – and Deputy Kuttelwascher, when he spoke, I think clearly did not like it – but like it or not the States did direct that review. We have contracted PwC at considerable public expense to undertake that work. It is due to report later in the autumn and I am struggling to understand what we would gain by supporting Proposition 4 now rather than waiting for that to inform this debate to give us the greatest strategic foundation for our policy making in this area and we can revisit this whole area in the autumn when we have that information.

So that is the challenge I put down please, sir, to those Members who do support Proposition 4, to convince me why I need to do so now rather than perhaps later in the year with more evidence before us.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I would like to follow on from the last speech and say I will not be supporting Proposition 4 but I do not understand how they can be proposing Proposition 4 and Proposition 6. Now Proposition 6 says:

To agree to amend the Air Transport Licensing Policy Statement by adopting the draft amended Policy Statement enclosed at Appendix 1 ...

Which I presume should mean Appendix 2. If you turn to Appendix 2, paragraph 8 say:

The interests of the users of passenger air transport services may be summarised as follows: for locally-based leisure and business travellers, the requirement is for sufficient capacity on a daily year-round basis to provide for on-demand travel at reasonable cost on services linking the Island with a number of centres of population in the British Isles ...

Now how can they deliver that without a licensing system? It goes on in paragraph 12 to say:

... maintain year-round scheduled services of sufficient capacity to cater for all user categories;

They have set out the needs and user categories –
I will give way.

The Bailiff: Deputy Tindall.

Deputy Tindall: I am very grateful for Deputy Dorey to give way.

I just wish to add at this point that I went through the policy statement myself querying all of these elements and I am assured – and this is where I bow to the expertise of the Law Officers –

that they are a requirement for the particular legislation that we need, and again because the policy statement's status in respect of only being taken into account.

Thank you, sir.

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Deputy Dorey: I still do not understand how that answers the question that if we are going to agree that operators or charters serving all routes apart from lifeline routes be exempt from the need for air transport licence, which is what Proposition 4 is, how can we deliver what is set out in this policy statement. It is undeliverable. So therefore this policy statement, apart from 18 and 19 which refers to Gatwick and lifeline routes, is just a waste of space. So they cannot be proposing this policy statement with Proposition 4, they are totally inconsistent. So I urge Members to, yes, vote for Proposition 6 but not to vote for Proposition 4 because I think we have an inconsistent set of Propositions.

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Thank you.

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The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I rise really because of the comments made by Comrade Leon Trotsky, sorry I mean Deputy Lyndon Trott, (*Laughter*) earlier in relation to that. I agree it is not an ideological divide, although very often in States' debates on various topics there is, whether we like it or not, an ideological divide. But allowing somebody that in financial matters is probably a conservative but in social matters is definitely left of centre.

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But I thoroughly disagree with Deputy St Pier's comments, which if I interpret them correctly were, 'I do not like it, leave it alone, it is not the best option.' As Deputy Leadbeater said yesterday, we are now in a position where we cannot just let things carry on, we have to do something. I do not think that doing what Deputy Parkinson and his able colleagues on Economic Development are proposing is a leap in the dark, or a step off a cliff and not knowing where they are going to land. I do not think it is any of that at all. I think it is a well-researched, well presented document by people who have given it thought. I do not in any way need any kind of credit but it builds on what we tried to do in the previous 18-20 months before he became the President.

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When I met Deputy ... it was a bit like what I used to be in the Court of Appeal in Guernsey and I would say something and the judges would say, 'Well, I think what Advocate Ferbrache meant was so and so.' They said it 53 times better than I ever said it, I wish I was as clever as them. But Deputy Parkinson I do not know whether I was as clever as he is, probably not because I am just a humble Guernsey boy from Charroterie, but in connection with that Deputy Parkinson was expressing the point that this is a considered measure. This is something that because our traffic links, our connectivity, our air connectivity and sea connectivity are seen to be by the world at large, whether we like it or not, as unsatisfactory, and are probably the number one topic for most people in the Bailiwick that we have to be seen to do something constructive, and that is what he and his colleagues are seeking to do in this instance.

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As he explained yesterday, there are three options, there is the capital revenue option, there is the subsidies option, and there is the air licencing option, and this is the one that we can start with. Let us start and do something. Because whether Deputy St Pier likes the word or not, as regards travel links we are in decline. I was talking to one of my very able Members of the States' Trading Supervisory Board when we had a meeting, we called a Ports meeting on Monday, and he said – we were looking at the figures for sea links – and he said it was a crazy decision in the extreme – and I have said it very many times – for the previous States to allow Condor to reduce one boat on the northern route. I do not know who did it, I do not know why they did it, but it puts pressure therefore on other travel links.

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In relation to those other travel links we are in decline, whether we like that word or not we are in decline, and we will in five or six years' time be another 8%, 10%, 15% down. We are very close to that tipping point, and if we do not get our connectivity right, and this is the airline bit of it, then we will be at an economy in decline. Whether we like that phrase or not that is a truism. So

925 we can carry on and do nothing, we can simply let things carry on as they are and we will decline,
or we can do what Deputy Leadbeater said yesterday and do something. It is not going to cause
us to suddenly have another 100,000 people travelling, but it gives us a chance to do something.
Again I echo, but again not as well, the truly excellent speech of Deputy Kuttelwascher earlier this
morning. I am going to vote for all these Propositions except for the very last one which was the
subject of the successful amendment yesterday.

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The Bailiff: Does anyone else wish to speak?
Yes, Deputy Tindall.

Deputy Tindall: Thank you, sir.

935 I had assumed others would be speaking a little more, so bear with me I will just get to the top,
thank you.

Earlier on Deputy Trott mentioned that he took a risk-based approach to the decision. I too,
being that way inclined and a lawyer and a compliance officer, looked at it from a risk based
potential. I identified the risks, I assessed the risks, but then, which is the thing I am not sure
940 people are doing, I considered how those risks can be managed. The risks were identified from
recent history and, as has been mentioned, through reports such as that from Scrutiny, from
experts, from our own officers and from our own research. Comparable jurisdictions have been
used and not just the Isle of Man and Jersey but Bermuda too. Whether they are considered
absolutely the same or whether they are reasonable comparisons has been mentioned. However,
945 it has shown over time that there is net benefit even if frequency, reduced fares and routes on
offer ebb and flow over time.

I also have to add that some evidence has indeed not been able to be shared with this
Assembly, including the full version of the Frontier Report because it is commercially sensitive.
These risks however have been assessed through the experts' reports, mentioning the Bailiwick
950 context, and the summary has been attached to the policy letter.

As I say, then there is whether the risk or risks identified can be managed. Having read what I
have read, I do not see any material risks, but even if Members do not agree with my assessment
of whether the risks are material, the risks I believe can be mitigated and can be managed.

955 As has been mentioned by the President of Economic Development in his excellent reply to the
amendment yesterday, we can review the situation and we can change the designations,
especially as the amendment was unsuccessful. As has been done in the Isle of Man they have had
four reviews albeit they have decided not to alter their open skies policy.

960 However, that said I think the current regime is the greatest risk. It has proven to be disliked by
both current operators and those who have indicated they will give some consideration to
operating routes if it was removed.

965 So for me relaxing the transport licencing regime can encourage operators to operate new
routes, enable those operators who are failing or in the extreme fail to be replaced and create
competition which would lead to cheaper fees and an increase in route options. It will enable, if an
extension of the runway, whatever length extension of the runway, is agreed upon, to bear the
fruits that its supporters have been campaigning for. However, without *quasi* open skies this is
really not feasible.

Airlines, whether they can use our current runway, and many can, or whether they wish to have
a runway extension, are not willing to offer a service to Guernsey without the removal of the
current transport licencing regime.

970 I should also add this is a simple gateway policy we are recommending to start the process of
enabling an improvement, a small step but one that is sorely needed; to enable tourists to visit;
those who want to visit the Island that inspired the film; to encourage those who offer visitor
accommodations to improve their offering, and new offerings to come forward; to encourage
business travellers to come here; to encourage high net worth to move here; to encourage new
975 businesses to set up here to offer jobs that the Bailiwick's children wish to take and so remain on

Island. In fact as far as I am aware this policy is a gateway policy for many policies, which Members in this Chamber have repeated over and over, this is a way of offering these chances without cost to the States. Yes, operators may go bust with competition, but they may also go bust through the poor management encouraged by a lack of competition.

980 For me, sir, the concerns over what could happen, could happen now, could happen under the current transport licencing regime, and that to me is the greatest risk, and on my assessment I think we should take the risk for the benefit of the Bailiwick.

Thank you, sir.

985 **The Bailiff:** Alderney Representative McKinley.

Alderney Representative McKinley: Thank you, sir.

990 Generally I am in support of the review of the transport licensing bill and I would go along in that respect with what Deputy Ferbrache has said just now. But there has throughout this debate been references to two things which are of great concern to Alderney. First of all, is the Public Service Obligation (PSO), and secondly, is the need for lifeline routes; and I would just like to talk very briefly on those two issues only.

995 In Alderney we fought long and hard for the Public Service Obligation approach and we do not want anything to jeopardise the success of this long fought for initiative. I believe that if properly effected and tendered the PSO contract will deliver a more efficient and less costly operation than Aurigny have recently been able to provide, and this will be to everyone's benefit.

1000 I do not want this to become another complaint or become another argument about Aurigny. Mistakes have been made in the past but I believe they are now close to resolving some of their fleet problems and will soon be unburdened by the recent excessive maintenance costs which are the root increases of the operating losses. They too will surely be an important player, Aurigny, in the PSO process.

We need to face up to a hard truth, the States of Guernsey in its focus on preserving the Gatwick route took its eye off the ball when it came to the Alderney route, and the 2017 losses reflect that mistake.

1005 There are dire warnings in the recent policy letter suggesting reductions in airport operating hours and fewer services, and it sounds very much as if Alderney is to be punished for mistakes that have been made I think possibly by Guernsey.

1010 The point of the PSO process is to inject into the market the element of completion that has until now been missing. Throughout Europe PSOs have proved to be an effective means of providing services in thin markets and I am pleased that this approach is now being adopted here. If you cannot have competition within the market PSOs are a way to provide a different sort of competition, competition for the market. The greatest risk to the success of the PSO approach, however, is the state of the Alderney runway. Its current structural condition and sub-standard widths it currently operates under the derogation from the Civil Aviation Authority may cause PSO operators to think twice about tendering. We are therefore pleased that Deputy Parkinson has accepted that link between rehabilitating the runway and awarding the PSO, but we do need to see some action.

1015 Let me just refer now quickly to the lifeline route which is also the subject of comment in the recent Policy & Resources letter. Alderney accepts that PSOs will only work on routes which have been declared lifelines and which are therefore not part of any new open skies regime. Indeed we have previously been informed that the designation of the Alderney Southampton route as a lifeline was entirely a matter for Alderney. Yet Policy & Resources have decided that there can only be one lifeline route by definition. Whose definition I wonder? The reasons why the Southampton route matters so much to Alderney have been clearly identified and the States of Alderney has already declared both the Alderney-Guernsey and the Alderney-Southampton routes as lifelines.

1030 Let me just explain this in simple terms. While Alderney relies on its link to Guernsey primarily
for administrative, medical and social reasons, Alderney's economic lifeline route is
unquestionably to and from Southampton. It is interesting to note that while there was an overall
shortfall in passenger numbers flying in and out of Alderney in 2017 compared with 2016, this
drop was entirely due to a 10% fall in passenger numbers on the Guernsey-Alderney route, not on
the Southampton route. Indeed the Southampton-Alderney route was robust and showed a small
increase in passenger movements of only 1% but an increase all the same. If current business
development trends continue the Alderney-Southampton service will soon be carrying even more
1035 passengers than the Alderney-Guernsey route and these projections have been provided by the
Committee *for* Economic Development.

To put it bluntly, without the direct Southampton service Alderney's fragile economy would die
and the implications for the Bailiwick as a whole would be immense both in cost and in social
terms. We all need to understand the importance of the Alderney-Southampton route and just
1040 how its removal will impact on the Island. Just imagine for a moment that Guernsey were to be
advised that its Gatwick bound passengers ought to be sent to Jersey instead and then on the UK
on either easyJet or British Airways regardless of any economic sense in such a proposition. I
suggest it would not be well received because it would deal a heavy blow to Guernsey's economic
independence and sense of self-worth. Perhaps you can begin to understand why the Alderney –
1045 Southampton route is so important to us.

Thank you, sir.

The Bailiff: Alderney Representative Roberts, and this is of course a maiden speech.

1050 **Alderney Representative Roberts:** Today as a representative of Alderney and a long-standing
local of the Island I welcome this review of the air transport licencing and it gives us a scope to
designate lifeline routes with open arms. We are as a Bailiwick limited by scale, we must embrace
competition and opportunities, but we must also protect essential services, perhaps even more so
in our Island of Alderney. It must be said, however, that since we have had a single carrier in the
1055 last few years in Alderney the service has deteriorated drastically and you cannot get away from
that.

I fully support the need to retain links with Gatwick, just how I support the need to keep our
strong links between Alderney, Guernsey and Southampton, and this has been a topic of
conversation for a long time now. The Alderney route truly is our lifeline.

1060 Now before I continue I just want to say something first: the Bailiwick does not stand alone, it
is made up of all our Islands; we all contribute and we are all meant to benefit from its wealth,
where one fails we all fail. So before I go further I would like you to remember that, Earth,
Alderney and Guernsey must walk together hand in hand before we can even attempt to bring
ourselves back to times before.

1065 As many of you know I worked at Aurigny for 21 years, and I can say without any doubt in all
my mind that without the Southampton route Alderney with our sick struggling economy would
go to the wall, I guarantee it. I guarantee it. This licensing will never come to fruition unless we
have our runway fixed. Not five years from now, not even next year, it needs doing now. It is not
just a personal view; it is the view of the President of the Committee *for* Economic Development.
1070 In his letter to the States of Alderney on February 26th he wrote that:

... it was clear from discussions that the completion of the rehabilitation of [our] runway would be an important factor
in the delivery of any sustainable PSO.

He also added:

I am confident that if we and our colleagues work together constructively we can ensure both projects run on time.

So let's do what Deputy Parkinson is advocating, let's work together; let's work in sync; let's work as a Bailiwick; let's make sure both projects go forward.

1075 I am also reminded of the words that Deputy Fallaize spoke with the Requête in 2014. In his speech he said:

Sir, I know there has been some criticism of the Requête for its rather ambitious timetable of action to be taken in support of Alderney, but what Alderney does not need right now is a whole series of investigations and reports and protracted analysis over the next several years.

1080 He was correct, that was the last thing Alderney needed, but unfortunately his wording turned out to be a prophecy of what exactly Alderney got. Four years later nothing has been done, our costs rise so it is more expensive to do than it was four years ago and money has been lost through that. This is not what we expected, it is not what we wanted and it is not what the States of Deliberation had decided. Our runway is too narrow after regrading, if we were on the UK mainland it would be illegal to operate that runway especially with Dorniers. The surface is breaking up on a daily basis and to think the unthinkable would happen for a pothole to appear in the wrong place at the wrong time the financial impact would be substantial to the Bailiwick not to mention to our people.

1085 We have a local airline Aurigny which is a great airline. It is, it still is. There are losses but some consideration should not be based on these losses incurred by poor management. Those losses should be stripped out of the accounts separated from our results, then and only then will you reveal the true level of support that our air services in fact will require. You will get a true figure.

1090 We all know that that comes partly down to the introduction of the Dorniers, they were taken up without a second thought and in the first instance any replacement of the Trislanders should have had an impact assessment; secondly, the classic old planes that were purchased cost millions upon millions. Aurigny's greatest asset – I am not going to go on too long about Aurigny – Aurigny's greatest asset is without doubt their staff. It is one reason it remains such a great company, that is the one reason I continue to support it. Ask any traveller, any visitor, any local
1095 and they will all agree with you, all of them. I am sorry it is a bit patchy, I took quite a bit out about the PSO.

Alderney after the War came back to nothing, mine and Louis' parents came back to nothing and they formed a communal farm just to exist and start society from nothing. We struggled and lived with barter and sharing. The British Islands was the only communist society formed and we
1100 created an economy from scratch. I am proud of them. Sir, the 1948 Agreement was created. I just briefly want to say that I would support any review of the 1948 Agreement as long as it is chaired by the British Government.

You all know Louis Jean who is unfortunately unable to be here today with us and what you may not know, some of you in here, is Louis is my half-brother we share the same mother.
1105 Alderney families have been related to Guernsey families for as long as we may remember. Indeed in the same way the Islands themselves are related. This is much deeper than balance sheets that we argue about. It is about people. It is not about politicians. It is our survival, so please let's move forward, please forget these attacks on my Island, we are friends, we are family, let us start today with conversations, let us work together to build a mutual future. Let's move on from petty blame,
1110 let's fix ourselves.

I thank you for listening. It has been a great honour for me to speak in this great Chamber.
Thank you. (*Applause*)

The Bailiff: Deputy Merrett.

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Deputy Merrett: Thank you, sir.

I am most pleased this policy paper has finally come to the States for debate. In my opinion it has taken too long, far too long. And as such I did have some sympathy for the Yerby amendment

1120 yesterday although in my opinion timelines and various other issues which I do not need to go into today as I do believe they were covered yesterday ...

1125 What I do believe, sir, is that the Committee *for* Economic Development may continue to face amendments to their policy papers if they fail to engage pre debate with other Members concerns. A presentation from Frontier Economics ... actually the request for a presentation was for the actual Committee to meet with concerned Members and other supporting Members regarding this policy paper.

1130 I suggest that Economic Development should try to be more pro-active and engaging with Deputies as they appear to be as engaging with businesses. I would like to place on record my thanks for Deputy Yerby because she has worked incredibly hard on her amendment. She has a constructive attitude and her ability to try to find solutions is recommended.

Deputy Dudley-Owen: Sir, point of correction.

The Bailiff: Deputy Dudley-Owen.

1135 **Deputy Dudley-Owen:** The Committee *for* Economic Development actually did have the presentation on the air transport licencing policy letter in its diary to present previous to any request that was made and obviously we were just lining up our timetables in order to get that invite out. So the presentation was not prompted by requests, it was actually in the diary already.

1140 **The Bailiff:** Deputy Merrett.

1145 **Deputy Merrett:** It was not a point of correction because Members were not aware of this intent and Members were only advised of the meeting and actually it was only last week when the policy paper was lodged a considerable time ago. So maybe if there is an intent to engage we should actually have that intent recognised and given to Deputies. That is where the communication comes into it and I think that aspect is really important going forward, if the Committee does not want to face such amendments that they are pro-active in their approach to that engagement, and I would just suggest that they try to do that more often.

1150 Going back, Deputy Yerby – her ability to try to find solutions that may be acceptable to Members of this Assembly that may breach gaps in this Assembly and offers options to all I believe should be recommended, although unfortunately on this occasion I could not agree with the majority of her amendment.

1155 As Deputy St Pier said yesterday, I am most disappointed that strategic routes have been removed from the original drafts of the policy papers and would appreciate knowing why Economic Development determined this and request Deputy Parkinson responds to this when he sums up.

1160 Many Deputies have asked what we are trying to achieve. I should think this is quite obvious. What we are trying to achieve, sir, is more passenger movements. We need inward coming passengers to enable our community to fly outwards. I understand our population figures and the reluctance to consider growing our population but what is the reluctance to grow our visitor market. Visitors do not access our essential services, they do not access our schools, if they do access our Health Service they pay for it. They spend money in our economy, they spread the word of our gorgeous Island and they are most welcome.

1165 Has any Member of this Assembly seriously looked to see if any jurisdiction for a holiday – or going on business – has a diving board, a bowling alley, as alluded to by Deputy Lester Queripel yesterday? Maybe in modern terms a laser quest, yes. Things do move on and things do change. Is it not about our culture, our heritage that visitors would probably be more interested in? That is what we need to grow.

1170 We need to be discussing Victor Hugo, we need to be discussing our culture and our heritage. We need to improve our connectivity, our visitor market. I believe this will then help our local

communities' connections. I believe it is time to be bold, time to start using mechanisms to allow growth, competition, we can protect routes with PSOs as and when we need to.

1175 Air passenger movements, passengers in total are in decline – the reverse of many jurisdictions. We must turn this around. We must determine how much we are prepared to support lifeline routes, we must cap the expenditure and be clear via any PSOs what can be expected and why. We need to clearly understand PSOs and what we are trying to achieve and we need to – and this is of such importance – we need to resuscitate our visitor market. We need to try to increase passenger movements for our community, our friends and family who wish to visit our shores, and our visitors, our pure tourist market. We need not to speak about diving boards, 1180 we need to speak about our culture; we need to speak about Victor Hugo; the *fruits de la mer*; our culture; our heritage. We need to say, 'Please come. You are most welcome. We need you. We want you to come.' We need to say to our community we are trying to improve passenger movements more volume, volume drives down costs, we need to stop trying to fly half empty planes, flying air, and we need to actually start flying people.

1185 Thank you, sir.

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir.

1190 So what do we have here? Open skies will be better for the Islands; they will bring in more tourists; make it easier for more people to do business in and on and from the Islands; they will give local people more choice, better links at better prices. Where do I sign? Or open skies will introduce competition which will look good initially and then be a race to the bottom and what we will end up with is a limited service in a *quasi*-monopoly where prices are high and flights are few and far between. (**A Member:** Hear, hear.) I am not so tempted to sign that one. 1195

But we cannot just stand still. So do we step out in faith, take a chance? After all anyone who never risked making a mistake never made anything. But what we are gambling with and this is a gamble – is people's livelihoods and therefore lives and indeed, in the case of those who travel for medical reasons, their actual lives. Should we gamble?

1200 There is a Chinese proverb which says if you must play decide three things at the start, the rules of the game, the stakes and the quitting time. Or to quote Kenny Rogers, you 'Got to know when to hold 'em; Know when to fold 'em; Know when to walk away; Know when to run'.

The policy letter does seem to set out the rules of the game. We all know the stakes. Too high for many of us, and the proposed reviews would seem to suggest options for quitting time. The Isle of Man has had several such reviews and has made no change. But any gambling support group will tell you that while it is hard to walk away from a winning streak it is even harder to leave the table when you are on a losing one. 1205

Deputy Gollop's Live from Norwich Sale of the Century reminiscences made me think of another TV gamble, the number of contestants confident that you could not Beat a Bit of Bully who gambled their safe-but-slightly-uninspiring prizes for a chance at Bully's Star Prize; often even if they won they found themselves with something which was actually of little use to them – a speed boat in a Birmingham Council flat. (*Laughter*) More often after a brief look at what you could have won they left with, and I quote, 'Nothing more than your bus fare home'. But if you never take a risk you lose the chance. So if we take this gamble while potential gains are high the potential losses are devastating, and I am not confident that we would know when to walk away. 1215

To return to the great man in black every gambler knows that the secret of surviving is knowing what to throw away and knowing what to keep. I think ultimately for me this policy letter removes too many of the good cards in our hands, and while I will vote for most of the Propositions in it, unless Deputy Parkinson is very persuasive, I cannot vote for Proposition 4.

1220 Thank you.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, I will brief.

1225 I think I made it pretty clear yesterday where I stood on a *quasi-free-for-all* system, and it is not on ideological grounds because I am not against competition. I have been in business for many years and I am quite happy to work in that environment and it will become quite apparent that I am not against it further on in this meeting.

1230 So no it is simple it is because the size of the market just does not support competition. No route can support more than one operator, and the hybrid system being proposed will perversely undermine the routes that the Committee acknowledge need to be protected.

1235 So as I said yesterday, it is unclear what the policy letter seeks to achieve, but it seems from the debate low fares are out there that people want to see. I completely understand that but the model proposed will not do it. The only way I can see that happening is through some kind of subsidy reduced duties. But I certainly do not think that a *quasi-free-for-all* system will do it.

So, sir, while I can probably vote for other Propositions I have to vote against Proposition 4 and urge others to do so.

The Bailiff: Anyone else? No.

In that case Deputy Parkinson will reply to the debate.

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Deputy Parkinson: Thank you, sir.

Well I do not think many views are going to change in the course of general debate. We have been talking about this now for a long time, and the positions of most Members are pretty clear and have been restated this morning.

1245 But obviously some points have been raised and I will try and deal with them and if I can move the debate forward in any areas I will try to do so.

1250 Deputy Roffey was the first to speak and said that he was going to vote against Proposition 4 and that has been echoed by a number of speakers including Deputy Trott and just now Deputy Soulsby, and even Deputy St Pier was saying that he needed persuading of the benefits of opening the skies apart from the two routes that the Committee *for* Economic Development proposes to retain within the licencing system. I do not know any new ways to explain this, to be honest. I will go through the motions of repeating what was said yesterday but hope that that may satisfy the questions.

1255 To me the benefits of having open skies on all the routes apart from the two routes that we propose to retain licensing on are, firstly, that experience of the aviation market throughout the world, but certainly throughout Europe, has been that liberalisation of the air markets has contributed to increases in economic growth. Secondly, this has been the experience of our competitor jurisdictions, Jersey and the Isle of Man. Thirdly, the existing licence system is very probably part of the reason why Guernsey's air passenger numbers have fallen by about 100,000 in recent years. Fourthly, the cost of getting on and off this Island are a major concern to the population of Guernsey, and the evidence, I suggest, is that granting monopolies on routes into Guernsey has contributed to higher costs, higher prices and comparisons were made in yesterday's debate between the costs of getting to Jersey from Southampton and Guernsey from Southampton and it was demonstrated that typically it is much more expensive to get to Guernsey.

1265 I have even heard it said, and I have to treat this with caution because I have not actually researched this myself, that operators that fly from cities in the UK to both Guernsey and Jersey using the same planes charge more to get to Guernsey than they do to get to Jersey. Why could that be? It is because if they put their fares up on the Jersey route there is always the threat to them that somebody else will come in and compete on the route. On the Guernsey route they are safe. We have granted them a *quasi-monopoly* and they can charge more or less what they like. That is damaging to Guernsey's economy; it is damaging to our social fabric; it is completely a negative factor for the Island.

1270

1275 What else can we say? We have had advice from three firms of well-respected international consultants, some of them, not just the Frontier Economics report, but since then we have spoken to PwC who are actively working on the Island right now. They all say we should liberalise these routes; every single business association on the Island says we should liberalise these routes that *quasi* open skies is the right way to go. I do not know what more evidence we can provide. The reality is every one apart from two of the three incumbent operators thinks this is a good idea.

1280 So moving on, Deputy Trott – well I will try – I was writing as fast as I could, I may not have captured his questions word perfectly, but if I have not got the essence of them he will no doubt correct me.

1285 **Deputy Trott:** Sir, on a point of correction, and with the greatest respect, I gave the President 24 hours' notice of those written questions, so that does not play.

Deputy Parkinson: Well I have tried to note them down and I am going to try to answer them, so I do not know what more Deputy Trott expects me to do.

1290 The first one was something like what evidence is there that open skies will encourage development of new routes rather than compromise existing routes. Well my answer to that is that the experience of our comparable jurisdictions and the advice of the three highly regarded consultancy firms etc. and Guernsey's business associations are all of the opinion that this will be good for Guernsey. In terms of what actually the experience of the Isle of Man is, has been – and Deputy Trott did specifically ask me to refresh the information I provided to the Assembly
1295 yesterday – I can elaborate, Frontier's full report stated that the Isle of Man experience with respect to frequency on existing routes showed that on major routes flight frequency had stayed constant apart from the London Gatwick route. With respect to the Gatwick route easyJet's higher capacity service compared with that of Flybe had reduced the London Gatwick service to two rotations per day on weekdays. However, BA's London City service complemented the easyJet
1300 Gatwick service and frequency had risen. It offered a higher frequency service enabling Isle of Man residents to arrive into London City at 8.20 a.m. and offered a greater choice of return times. Therefore in effect overall the Isle of Man's connectivity to London had been unaffected. There had been some impact Frontier Economics observed on the frequencies of minor routes in that some of those had gone down, Glasgow had actually gone up.

1305 His second question was which routes would remain financially viable on a year round basis. Well broadly speaking my opinion is that all of the routes that operate to Guernsey now are financially viable even if some of them are only very marginally so. The route which is most at risk, if you like, because of its seasonality is Manchester, and that is the one that we will have to watch with great interest, and to see what new steps may need to be taken on the assistance side to
1310 ensure that a year round service is maintained. But apart from Manchester I see no threat to year round services on any of the other routes to the Island.

1315 Has there been any risk assessment of the damage to current operators, I think was the third question. Well we recognise that in a competitive market there can be winners and losers, and the current operators who at the moment enjoy a privileged and monopolistic position may lose out to new incumbents, and that is a possibility. We have said several times we do not think in practice there will be many new operators coming on to existing routes because those routes are quite thin, but we think that the threat that they might come on to those existing routes is actually economically beneficial. The thrust of this report is about developing new routes, but it is also about removing the protection from existing routes.

1320 I think his fourth question was has there been any evidence that the current regime has put off operators or potential operators. The answer to that is yes. We have the word not only of the low cost carrier that he referred to in his question but, as Deputy Kuttelwascher has said, we receive enquiries not constantly but regularly from other operators that would be possibly interested in flying to Guernsey. Deputy Kuttelwascher mentioned a potential operator who is interested in
1325 flying from Southend and Dublin, I think he said. So that answer is, yes, there are people out there

1330 who are interested in operating new services to Guernsey and I believe that we will be able to show some fruits of this policy, if this States adopts our proposals, within the first year. But I cannot stand here and say to you that I am promising that Guernsey will gain immediately new routes out of this, we just think this is the right policy stance for Guernsey to take *vis-à-vis* an aviation market which thinks Guernsey is closed for business.

1335 Have I got to the fifth question? He said if competition was introduced how long will it last? Well I think that is largely academic because I think on most routes new competitors will not come on to the route unless the incumbent operator is abusing their market position to make super profits, in which case it is quite possible that another operator might think, 'Well, hang on that is a juicy plum and I will have a piece of that.' The reality is that the possibility that there could be competition on the route will help to focus minds.

Has Economic Development assessed –?

1340 **Deputy Trott:** There is a second part to that important question, sir, so with your permission, what would happen if they were no longer bound by their licence to operate year round services, having sustained –?

1345 **The Bailiff:** I think you are having a second speech there, Deputy Trott. (*Interjection by Deputy Trott*) It was not a point of correction. (*Interjection by Deputy Trott*) Maybe he did give way to you. Maybe it was a give way.

1350 **Deputy Parkinson:** So what would happen if some of the operators no longer had to provide year round services? I believe on all routes, except possibly Manchester, they would continue to operate year round services. By no means all of the air transport licences provide that operators have to operate year round services, unfortunately as we have seen, and as Deputy Tindall confirmed, even in cases where there are restrictions in the air transport licence in some cases the operators are not complying with the terms of the licence, and then you get to a point if you are one of the people who believe in regulated markets, well what are you going to do about it, are you going to sack the operator, are you going to close that route? Would it not be better to have a summer only service if that is all the operator is willing to provide? You have got two choices, you can have nothing or you can have what they are willing to provide. The reality is it is very difficult to force them to operate uneconomic services in the winter. But we will see.

1360 I will move on to Deputy Trott's last question. I think it was something like has Economic Development assessed that there is unserved demand. The answer to that is we believe there is because we do receive information from industry that there are people out there who would potentially be interested in operating other routes for us. I can think of at least three currently that are on the cards. So we believe there are opportunities for Guernsey to expand its connectivity and we are just trying to put Guernsey in the best possible place to achieve that benefit.

1365 So then I move on to Deputy Le Clerc, I think was next. Yes, she said Eastern Airways have been driven off the Isle of Man Belfast route by easyJet which was operating fewer rotations, possibly, possibly with cheaper fares, I know not, but the information I read out to the Assembly yesterday is that the Isle of Man is served with 11 different UK and Irish airports, five different operators and has a growing air transport market. Last year they had their all-time record year. So the Isle of Man as we heard from – I do not know what his title is actually – Mr Skelly, my equivalent in the Isle of Man are very pleased with the system as it operates. Of course there will be some winners and losers and you may see changes of operators, but that is the nature of a market and that is something we want to benefit from.

1375 She mentioned that Aurigny have committed to buying new ATRs regardless of the results of this debate or indeed of the debate we may eventually have on the runway. That is an interesting point and of course it is no longer my responsibility to answer for that, but the matter has not come before the States and as far as I know it has not been approved by STSB, no doubt Deputy Ferbrache will want to comment on that at some point in another context.

1380 Deputy Kuttelwascher started off by observing that Frontier Economics had quoted the runway length at 1,463 that as Deputy Kuttelwascher will well know is the take-off runway available on runway 27 in Guernsey, the number he was quoting is the landing distance on runway 27 and indeed on runway 09. I was tempted to say they were jumping the gun and assuming that his requête has received approval but ... yes.

1385 He was talking about the runway length and low cost carriers and saying that without extension they cannot operate here, but they can, and this was discussed yesterday. The low cost carriers can operate to Guernsey right now, the only restriction was they would not be able to carry a full pay load. He mentioned the example of Belfast which he is correct has a longer runway than Guernsey but the negotiation that took place between Belfast and Ryanair related to Ryanair's use of Boeing 737 800s which require a much longer runway than an Airbus A320, for example. The principle is still the same, what Belfast did was pay for the back five rows of the plane to enable Ryanair to operate in Belfast. The same principle could apply in Guernsey. It would be possible for us, not obviously with Boeing 737 800 – we would be flying the plane half empty, but with the Airbus A319 A320 series we could do that now.

1390 There is an important debate, it is not this debate, I said there are three general areas of policy that we can affect that could promote better connectivity: (1) we could spend a lot of capital money improving the infrastructure: (2) we can spend revenue money basically buying connectivity in the way that I have just suggested; and (3) we can do things like this which cost no money at all and which help create a more positive image for Guernsey and maybe at the margins start to open up new routes for us. Those other elements are debate for another day.

He had some comments on the Alderney PSO and the Alderney runway etc.

1400 Then I think we get to Deputy Langlois and he said he was trying to sort of sarcastically say that the Committee had a confused position because in some cases we are advocating state intervention and in other cases we are advocating the benefits of the free market. Actually it is perfectly clear and we have tried over and over again to explain the rationale. We believe the definition of a lifeline route includes essentially the element of does the state need to intervene in the market to alter behaviour in that market to benefit Guernsey, and if it does, and we think it does in the cases of Gatwick and Alderney, then there is a case for state intervention through the licencing system. But if on other routes, for example Southampton, where we believe the route would be flown by somebody, no matter what we do, short of banning them, stopping them flying, the state does not need to intervene. It is simply the market will manage that route because it is a 120,000 passengers a year route and lots of airlines would be interested in flying it.

1410 Right, I think he said low cost carriers would only want to operate Gatwick. Well, that is completely denied by, contradicted by, the evidence from Jersey and the Isle of Man. The Isle of Man has five routes operated by easyJet and I think Jersey has a similar number, I have not counted them. It is absolutely not true that the only route the low cost carriers would be interested in is Gatwick.

He said –

I give way to Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy Parkinson.

1420 Is he able to advise the States, and I have no idea of the answer to this question, he may, whether there is any state intervention in relation to those routes that are run by low cost carriers in the other Islands. By state intervention I am talking about subsidies.

1425 **Deputy Parkinson:** Well, the answer to the question is I cannot definitively advise him if there are subsidies and I suspect that there probably are, those are well concealed, if you like, and not in the public domain. So I do not have the information. I suspect if we want to attract low cost carriers here we will have to do a financial deal with them.

Deputy Langlois, returning to him, was rather scornfully saying that I had said there was more recent evidence than the Frontier Economic Report (*Interjection*) and asked what it was. Well the

1430 answer is we have got PwC on the Island right now. I have met them twice. They are gathering evidence even as we sit here talking. So yes of course we are hearing from experts in this industry on a constant basis and with more recent data.

Deputy Gollop said that this is not a complete answer to the problem. Well, no it is not, and I have been saying that all through this debate. This is only one piece of a jigsaw, and unfortunately
1435 for the States of Guernsey the reality is the other pieces are a lot more expensive. But this is something we can do very cheaply and which we believe will produce a positive benefit, not sensational, and I do take his point actually. I think it was very well made that probably not much is going to change when we get to the end of today.

Deputy Gollop made the comparison with Sunday trading, and before the debates and there
1440 were several of them on Sunday trading, there was one half of the States saying the sky was going to fall in, it would be a disaster and another half of the States saying it will not be a disaster, it will be a great boon for the economy or whatever. The answer is actually would anybody today go back and reintroduce Sunday trading? No. Because it has been fine, absolutely fine. The sky did not fall in, social life on Guernsey on a Sunday did not descend into some morass of immoral
1445 behaviour – (*Interjection*)

Deputy Soulsby: Sir, I was just trying to help out Deputy Parkinson there going from open skies to Sunday trading. Just to pick up on – and I thank Deputy Parkinson for letting me stand up just to comment on the issue over subsidies and whether Jersey has provided anything to easyJet.
1450 I did manage – I have been trying to all morning – to dig out what I knew I had seen a few years ago on questions to the then Minister of Economic Development in 2008 when easyJet came in. It was Senator Ozouf at the time and when he gave the information that easyJet were coming Senator Shenton said:

Can I just ask the Minister whether any subsidies have been paid to secure this route?

And Senator Ozouf replied:

The new collaborative way that Economic Development and Jersey Airport work means that there are a number of incentives that have been made to secure this route. But what I will say to Senator Shenton it is done within the existing budget of Economic Development. We are making Jersey's taxpayers' money work better and work better for Jersey's tourism economy, and I ... hope he would agree with me that this is the right approach to take in relation to securing more passengers to the Islands.

1455 **Deputy Parkinson:** Well, that comes as no surprise to me – Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy Parkinson.

Given that point, does Deputy Parkinson –? I think as he has accepted it would be likely that some form of subsidy or States intervention financially would be necessary to tempt low cost carriers, does he not think that the exposure of the taxpayer in the form of subsidies is likely to be
1460 lower if the low cost operator is on a route where they have a protected regime, more of a monopoly than it would be if they are operating in a true competitive open market?

Deputy Parkinson: Well, I cannot possibly speculate on that, and the problem for people like
1465 Deputy Fallaize who want to regulate the routes is you basically have to choose to regulate all of them. If easyJet wanted to fly to Guernsey from Liverpool and we offered them the benefit of a monopoly what good is that to them when a competitor can fly from Manchester, fly passengers from Manchester? So you either regulate none of them or you regulate all of them.

But the reality of the situation is, and let's be under no illusion about this now, that we already
1470 provide subsidies to operators on new routes. We provide them in two forms, through the STSB we provide discounts on landing fees and passenger landing fees, and through Economic Development we will provide them with grants. There are instances now – I will not go into detail – of existing routes in Guernsey which are being subsidised explicitly by the States of Guernsey. So

1475 all we are talking about is a difference of degree, I suspect. There is certainly no difference in principle.

1480 Going back to Deputy Gollop and the comparison with Sunday trading, I just asked the rhetorical question, would anybody now reverse the decision to liberalise Sunday trading? I suspect the answer will be if this comes up again in debate and I am sure when we get round to discussing runway extensions of various scales this issue will keep coming up, but I suspect if the Assembly does as we ask today and approves our proposals I think in six months' time people will be saying, 'Well, what was all the fuss about?' Maybe we will have a couple of new routes to regional airports in the UK. But will any of the existing operators have gone bust? No. Will any competitors have entered into the major routes into Guernsey? Probably not. I honestly think we have got to get out of this habit of over regulating on this Island where regulation is not needed.

1485 Now he said Gatwick could sustain competition. Well that is an interesting discussion we at some point will have to have. The decision of the States is that Aurigny have a *quasi* monopoly on Gatwick, it is not a complete monopoly, for five years and the situation will be put under review. Honestly, at that point in time maybe Guernsey will have a longer runway, maybe we will have other options, maybe as Deputy Kuttelwascher suggested, there will be different ways that the Aurigny model could work, and it might not be them flying with their own planes. But that is a decision for a States in five years' time.

1490 Yes, Deputy Gollop said it is a step-by-step approach. He said we are going to try and do open skies first and then see if that works. No, that is not how it works. It is step by step but we are doing open skies and then we will look at runway length, we will have to look at how much we are willing to pay to get operators to fly routes that would otherwise not be flown.

1495 Deputy St Pier needed convincing on Proposition 4. Well, I have done my best, I hope it is good enough.

Deputy Dorey thinks the policy statement is inconsistent with Proposition 4 and I just do not understand quite how he gets to that. The policy statement, the first sentence of it says:

This policy statement is the Committee *for* Economic Development's published policy in relation to the licensing of Guernsey's air transport services ...

1500 Proposition 4 says:

To agree that operators or charterers serving all routes apart from lifeline routes be exempt from the need to hold a Guernsey air transport licence.

So the policy statement does not apply in respect of people who are not licenced.

Is this a point of correction? Well I am sorry I am not giving way, I have given away enough.

1505 Deputy Ferbrache – I thank him for his support and his wise words, and Deputy Tindall I was particularly grateful for explaining that, yes, there are risks in any new policy. There was a risk in ending the ban on Sunday trading, but the issues are how do we assess those risks against the benefits, and how are those risks mitigated if they turn out to be material?

1510 Moving actually on to Deputy Tooley's rather similar comments where she melodramatically described this as a gamble and said that the potential downside could be devastating. I am sorry I think this is just hyperbole. She referred to specifically the need for the Southampton route for medical transport, and nobody is denying that; the Committee *for* Economic Development is fully aware that there absolutely has to be a Southampton link. What we are saying is the States do not have to intervene through a licensing system to procure it. We are saying this is a route with 120,000 passengers a year and the industry will fly that route. As I said yesterday, if for some extraordinary reason there ceased to be an operator on that route we recognise that the States of Guernsey would have to ensure that the route was flown, but you do not need a licensing system to do that. Probably the States at that point would direct Aurigny to fly the route if necessary with chartered aircraft until a new operator could be brought on.

1515 Now, so going back to ... thank you Deputy Tindall. Thank you also to Alderney Representative McKinley and his able fellow Alderney Representative Roberts for their insights into the policy

1520 issues that concern Alderney and I have recognised, as Alderney Representative Roberts read out, I think a quote from me that the rehabilitation of the Alderney runway is a primary concern. It is something we need to get on with.

Deputy Merrett asked why there had not been more engagement with Deputies. I think Deputy Dudley-Owen has answered that, and asked why were strategic routes removed? Well I
1525 am slightly at a disadvantage here because I was not actually involved in the meetings or indeed voting when the decision to remove the strategic routes was taken.

I see Deputy Tindall offering to help.

Deputy Tindall: Assuming Deputy Parkinson has given way.

1530 Yes, Deputy Parkinson was not involved in this, and again Deputy Dudley-Owen had an alternative view to this, so I am sure she will also help Deputy Parkinson if I misstate or misspeak. But basically it was about when looking at all of the ways in which the policy letter had evolved over time with all the stakeholders' responses that actually there was no purpose for having this intermediate eligibility, because it really only related to funding which could happen with new
1535 development routes in any case, and therefore it was only required to have a lifeline designation.

Deputy Parkinson: I thank Deputy Tindall for that clarification. But I broadly supported the conclusions of the Committee albeit those were taken when I was not there, but on the basis that the clear logic behind our policy letter is that we should only protect routes where there is a need
1540 for state intervention to secure some behaviour which would not otherwise occur.

While we all recognise the importance of routes like Southampton and Manchester and indeed Jersey, the reality is, as I have said several times now, those routes are commercially viable and there is no requirement for the state to distort the market to obtain those services. On Gatwick we deliberately distort the market by favouring schedule over price, possibly schedule and policy over
1545 price. On Alderney what we are going to be doing is distorting the market by ensuring that there is a service where commercially very possibly there would not be one. So that is the clear logic that underlies our policy letter and actually the strategic route category was just blurring that logic.

Deputy Soulsby thinks the size of the market does not support competition, well Isle of Man has a smaller market than us, and they have a more competitive market. I repeat the point that it is not just competition on a route which benefits the taxpayer, the consumer, it is competition across the whole *piste*, and just because there may only be one operator on a given route does not mean that that operator is free to charge whatever they like because they know (a) that
1550 somebody else could come on the route if they thought there was an opportunity to do so and (b) there could be other routes just down the road which are operated by different operators who price their sales differently.

So I think that is everything anyone raised. All I can do is ask Members to support all of our Committee's Propositions unamended, save if you wish for the air transport licensing review. This is a package that we have worked on and our predecessor Committee have worked on for
1560 probably 18 months now and we genuinely believe this is in the best interests of Guernsey; we believe this is the right thing to do; we believe it will be welcomed by the public of Guernsey and I urge you to support it.

The Bailiff: Well, Members, there have been a number of requests for Propositions to be taken separately. I was proposing that we take Propositions 1 and 2 together and then have a separate
1565 vote on 3 and then a separate vote on 4, and then we will see how we are with the remainder, but I note we have to have a separate vote on 11. Are people happy to take things in that order or are there any other Propositions where they would like a separate vote?

Deputy Gollop.

1570

Deputy Gollop: Can we take Proposition 3(a) and 3(b) separately?

The Bailiff: Yes, we can do that.

Any other requests for separate votes? No, we will take Propositions 1 and 2 together. Those in favour; those against – *(Interjection)*

1575

Deputy Tindall: I was going to ask for a recorded vote, sir.

The Bailiff: Well, we are in the middle of a vote. We will take it orally then if you want to have a recorded vote we will do a recorded vote after that.

1580

Sorry, can I just put it to you again Propositions 1 and 2. Those in favour; those against.

Members voted Pour.

The Bailiff: Do you wish to have a recorded vote, Deputy Tindall?

Deputy Tindall: Not on 1 and 2, sir.

Can I carry on and say which ones I would like recorded votes on?

1585

The Bailiff: Yes.

Deputy Tindall: In particular, 3(a) (b) and 4.

1590

The Bailiff: Right. We will take next Proposition 3(a) which is

To note that the Committee proposes that it will designate the following routes to and from Guernsey as lifeline route:
– Gatwick.

A recorded vote on Gatwick as a lifeline route:

There was a recorded vote.

Carried – Pour 35, Contre 2, Ne vote pas 0, Absent 3

POUR

Deputy Soulsby
Deputy de Sausmarez
Deputy Prow
Deputy Roffey
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies

CONTRE

Deputy Gollop
Deputy de Lisle

NE VOTE PAS

None

ABSENT

Deputy Oliver
Deputy Green
Deputy Brouard

Deputy Hansmann Rouxel
Deputy Graham
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Dudley-Owen
Deputy Yerby
Deputy Langlois
Alderney Rep. Roberts
Alderney Rep. McKinley

The Bailiff: Well, Members, the voting on Proposition 3(a) was 35 in favour with 2 against. I declare Proposition 3(a) carried.

1595 Deputy Tindall?

Deputy Tindall: In the light of that, sir, may I withdraw my request for a recorded vote on 3(b).

1600 **The Bailiff:** Fine. In that case we will not have a recorded vote on 3(b) which is about a lifeline route for Alderney. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare 3(b) carried.

I think we do have a request for a recorded vote on Proposition 4 which is:

To agree that operators or charterers serving all routes apart from lifeline routes be exempt from the need to hold a Guernsey air transport licence.

There was a recorded vote.

Carried – Pour 22, Contre 14, Ne vote pas 1, Absent 3

POUR

Deputy Prow
Alderney Rep. Roberts
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Gollop
Deputy Parkinson
Deputy Leadbeater
Deputy Mooney
Deputy Merrett
Deputy Stephens
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Paint
Deputy Le Tocq
Deputy Dudley-Owen
Deputy de Lisle

CONTRE

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Brehaut
Deputy Tooley
Deputy Lester Queripel
Deputy Le Clerc
Deputy Trott
Deputy St Pier
Deputy Fallaize
Deputy Laurie Queripel
Deputy Dorey
Deputy Yerby
Deputy Langlois

NE VOTE PAS

Deputy Le Pelley

ABSENT

Deputy Oliver
Deputy Green
Deputy Brouard

1605 **The Bailiff:** Well, the voting on Proposition 3(b) was 22 in favour with 14 against and 1 abstention I declare it is Proposition 4. Sorry, Proposition 4 carried. It is Proposition 4 not 3(b). Proposition 4 has been carried.

Deputy Lester Queripel: Sir, can you say the numbers again please; I did not hear them.

The Bailiff: There were 22 in favour, 14 against and 1 abstention.

1610

Deputy Lester Queripel: Thank you, sir.

The Bailiff: I think we can take Propositions 5 to 10 together, except it has been pointed out that in Proposition 6 the reference should be to Appendix 2 rather than to Appendix 1. So we will amend Appendix 1 to Appendix 2. We will take Propositions 5 to 10 together. Those in favour; those against.

1615

Members voted Pour.

The Bailiff: I declare them carried.

Finally, we have Proposition 11, which is the Proposition that was added as a result of the first amendment, the successful amendment from Deputies Yerby/Dorey. Proposition 11 is there a request for a recorded vote or can we do that *aux voix*? We will do it *aux voix*. Those in favour; those against.

1620

Some Members voted Pour, others voted Contre.

The Bailiff: I believe that is carried, but if anybody wants to challenge that.

Deputy Lester Queripel: Go for a recorded vote please, sir.

1625

The Bailiff: We will have a recorded vote.

There was a recorded vote.

Carried – Pour 23, Contre 14, Ne vote pas 0, Absent 3

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy Prow	None	Deputy Oliver
Deputy de Sausmarez	Alderney Rep. McKinley		Deputy Green
Deputy Roffey	Deputy Ferbrache		Deputy Brouard
Alderney Rep. Roberts	Deputy Kuttelwascher		
Deputy Tindall	Deputy Mooney		
Deputy Brehaut	Deputy St Pier		
Deputy Tooley	Deputy Fallaize		
Deputy Gollop	Deputy Inder		
Deputy Parkinson	Deputy Lowe		
Deputy Lester Queripel	Deputy Laurie Queripel		
Deputy Le Clerc	Deputy Smithies		
Deputy Leadbeater	Deputy Paint		
Deputy Trott	Deputy Dudley-Owen		
Deputy Le Pelley	Deputy de Lisle		
Deputy Merrett			
Deputy Stephens			
Deputy Meerveld			
Deputy Hansmann Rouxel			
Deputy Graham			
Deputy Dorey			
Deputy Le Tocq			
Deputy Yerby			
Deputy Langlois			

The Bailiff: This is Proposition 11. The voting was 23 in favour and 14 against, it is carried.

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

**VI. Revised Waste Management Plan –
Debate commenced**

Article VI.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Revised Waste Management Plan' of the Committee for the Environment & Infrastructure, they are of the opinion:-

1. To approve the draft Waste Management Plan, as set out in Appendix 1 to the Policy Letter, in accordance with section 31(3) of the Environmental Pollution (Guernsey) Law, 2004, which is amended from the Waste Management Plan approved by Resolution 1 of 1st August, 2014 on Article IX of Billet d'État No. XVI of 2014 to bring it up to date in particular to reflect -

(a) the changes approved to the detail of the Solid Waste Strategy and to charging for public waste management facilities by the Resolutions of:

i. 16th February, 2017 on Article III of Billet d'État No. V of 2017,

ii. 14th December, 2017 on Article XIII of Billet d'État No. XXIV of 2017, and

iii. 19th April, 2018 on Article V of Billet d'État No. XI of 2018, and

(b) the decisions on the proposals in relation to the strategy for managing inert waste set out in Resolutions 1-4 of 14th December 2017 on Article XIV of Billet d'État No. XXIV of 2017.

1630 **The Greffier:** Article VI, the Committee for the Environment & Infrastructure – Revised Waste Management Plan.

The Bailiff: Deputy Brehaut.

1635 **Deputy Brehaut:** Thank you, sir.

Well, harking back to the last debate, if the sky does fall in you are going to need somewhere to put it.

1640 So under section 31 of the Environmental Pollution Law it is left to me as the President of the Committee for the Environment & Infrastructure to lay before you today a Waste Management Report, sorry Waste Management Plan – I do beg your pardon. It is a statutory plan which identifies the description and quantities of waste for the disposal or recovery for which provision needs to be made, the methods and facilities for that disposal or recovery, the estimated cost and the arrangement for recovery of costs for the same.

1645 Now the waste management debate has evolved over the years, as we all know, initially being in the ownership of PSD then the strategic element of waste management coming over to E&I and then the doing bit, the day-to-day bit, sitting with our colleagues at the States' Trading Supervisory Board.

1650 What this short report does is it brings all the loose ends together, all the threads together, plaits them together and delivers them to you in this brief report, and I am happy to take any questions that arise from it.

Sir, thank you.

The Bailiff: Yes, Deputy Laurie Queripel.

1655 **Deputy Laurie Queripel:** Thank you, sir.

Just a few queries. On page 10 of the Plan in 3.2.3 Future Facilities it speaks about in the – actually it is all one sentence I think, but in the third line it says on 3.2.3, page 10, on the Future Facilities, on the third line:

... it is recognised that the disposal of residual waste at Mont Cuet is likely to cease to be a viable option beyond the end of 2018. Mont Cuet is also the last site licensed under the 2004 Law for the on-island disposal of specially controlled wastes.

1660 Now I assume this is hazardous waste that will need to be put into specially created cells.
1665 Could Deputy Brehaut tell us what sort of life the Mont Cuet site has in regard to being able to cope with hazardous waste and specially controlled waste, because if it is only a few years I would imagine we have got to think about another site that will be able to take that kind of waste in the future, or perhaps there might be an off-Island solution or option. But that does concern me a little bit, because it is not clear to me how many years Mont Cuet has left to receive that kind of waste. So I think some thought needs to be given to that. There needs to be some sort of future plan of strategy to deal with special controlled waste or hazardous waste. I think if I have got this right, if we turn to page 18 once again in the section under Specially Controlled Waste Disposal Site Mont Cuet, it speaks about the fact that engineered cells will control this waste, this special waste. But I really do need to understand better, because the Plan does not make it clear, or the
1670 report, how long the Mont Cuet site has left in order to deal with this kind of waste and what the ongoing plan will be if the answer is, not very long.

One page 13, near the top of the page under the section named Waste Derived Material – 6,000 tonnes, it tells us that:

Approximately 6,000 tonnes per year of waste derived material will be spread on land after treatment.

Then it goes on to say:

The ongoing long term viability of this process and the long term capacity of the island's soils to take up these additional outputs, without adverse impacts to the land and water resources is unknown.

1675 Now that concerns me, sir, because that is going – we have been speaking about assumptions in the last debate – and that is going on assumptions really, and that is not really good enough for me, as far as I am concerned, if actually it is going to do damage to local soils and I think that needs to be more closely looked at and more closely monitored. So I just wonder if Deputy Brehaut could give us some sort of assurance that that will be carefully monitored, will be kept an
1680 eye on, and if it becomes clear that there is damage being caused that something can be done about it, and if something can be done about it once again what are the options, would the only option be perhaps to send that waste off-Island or process it in a different way?

On page 24, sir, under private waste management on land, which is near the bottom of the page, we are told in 33(1)(a) that the disposal of waste can be prohibited in regard to the private
1685 disposal of waste, that is basically what it is saying. Can Deputy Brehaut perhaps tell us if that will include – there are quite a few Islanders that use these little incinerator bins with chimneys on them to just dispose of certain waste or certain types of waste. Can Deputy Brehaut perhaps give us an indication if that kind of waste disposal will be included within that definition, if it is decided that actually certain ways, private ways or ways that Islanders dispose of waste should be looked
1690 at and perhaps prohibited.

Thank you, sir.

The Bailiff: Anyone else?

Deputy Le Clerc.

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Deputy Le Clerc: Yes, thank you, sir.

I think throughout the debates that we have had on waste over the last few years we have very much focused on household waste and the implementation of the charging structure of household waste, but it has come to my attention that we have really neglected some aspects of
1700 the commercial waste. By the commercial waste I do not mean perhaps some of the dirty builders waste etc. but what I would regard as sort of *quasi* household waste and that is where you have

got offices, in schools, our own States' premises. That seems to have been forgotten. I think part of the reason for that has been because actually there is a charging structure in place for the disposal of that waste. However, it has come to my attention recently through some other work
1705 that I am involved in that actually there has been no provision for the segregation of food waste and disposal of that food waste from September when all householders will be expecting to undertake that separation. There is a facility for dry recyclables for commercial businesses.

If you look at page 27 Appendix 2 actually it is very difficult to understand from that under the Commercial Section actually what is black bag waste from the commercial sector. But I checked
1710 with some offices and actually under residual waste compacted that in fact is the black bag waste. If you have a look at that, that is about 4,863 tonnes and household waste is 11,312 tonnes. So about 30% of our actual black bag waste is through the commercial sector, and elements of that will be actually food waste. So what I feel this plan is actually lacking is the ability and some enforcement for businesses really to deal with that food waste. I know that some of the private
1715 contractors deal with the food waste and States' Works themselves have the ability to remove some food waste. But I just want to highlight that this, I think, is some oversight perhaps on our part that we have concentrated very heavily on the disposal of household waste and very little on food separation for commercial entities; and as I say, for other areas such as our schools etc. I would just like to ask the President what the plans are for the future for us as businesses to be
1720 able to deal with that food separation.

Thank you.

The Bailiff: Deputy Stephens.

1725 **Deputy Stephens:** Thank you, sir.

I am grateful to the President for inviting questions.

I am referring at the moment to Appendix 3 which is found on page 29 which is a very helpful waste flow model, but my question is has there been any vehicle mapping work done on projected vehicle movements. There seems to be, according to the waste flow model, the
1730 potential here for a great many vehicle movements associated with this. So excluding predictions on private individual vehicle movements, people going to bring banks, it is the commercial aspect of the vehicle movements that I am interested in. I do appreciate that the President may not have that information here today or be able to access it easily, but I would be very grateful if he could make that available at some time.

1735 Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, thank you.

1740 On page 15 – I have meant to ask it before but have never had the opportunity – the green waste processing sites; I may have these figures slightly wrong but knowing one of the chaps who works down there, he thinks that over the weekend – and I can't remember whether it was the Saturday or the Sunday or both together – there was something like 800 traffic movements going down there. So that is people bringing their shrubberies from Torteval all the way down the Vale
1745 and dumping them there at no cost at all. Would the President, or has the President given any consideration to putting any charges on the green waste because it looks like the only facility which is not covered by costs.

Thank you.

1750 **The Bailiff:** Deputy Gollop, is this a fairly short speech or is it a ... ?

Deputy Gollop: Yes.

1755 I went to the Parish meeting and found it useful and they raised a number of concerns about waste. I would ask the President to consider a few points. The first is to improve management of multi-functional residences which might include, for example, apartments, restaurant or canteen, laundry facilities, and maybe elements of small business. So that is building really on what Deputy Le Clerc asked but is perhaps more social enterprises than purely commercial enterprises or restaurants.

1760 My second question is also about the green waste. There are exciting plans put in about the new household waste recycling centre at Longue Hougue, the community centre, the green waste processing. One would like to have more details on likely provisional dates.

1765 The third point I would ask is although I do appreciate the many points Deputy Brehaut and Deputy de Sausmarez and others have made that we should not talk up, as some perhaps parochial figures have done, the possibility of an increase in waste disposal illegally or tipping or whatever, but nevertheless I think we need to know if there are any contingency plans.

1770 My fourth question relates to, given that there are many points raised on page 11 about kerbside recycling, repair and reuse and the collection of rubbish from September, D Day really, has the Waste Strategy built in the possibility that for some reason the waste or refuse collection service might have logistical difficulties in terms of recruiting or sustaining man power, new vehicles, existing vehicles? That might involve some temporary use of States' Works vehicles, for example.

I just ask for those points to be answered.

Thank you, sir.

1775 **The Bailiff:** Well, it is 12.30 p.m. I see several people rising. We will rise and resume at 2.30 p.m.

*The Assembly adjourned at 12.30 p.m.
and resumed its sitting at 2.30 p.m.*

**Revised Waste Management Plan –
Debate continued –
Propositions carried**

The Greffier: Article VI – continuation of debate on the Revised Waste Management Plan.

1780 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Yes, thank you, sir.

1785 There were a couple of concerns that have been brought to my attention from the public with respect to the standing charge. Actually the concerns all relate to page 14. First of all, with regard to the standing charge to WDA, we were told of £85 per household but I note that that is not stated here, and I take it that if the cost to the WDA is less than £85 after the first year then amendments will be made to reduce that to householders. That is the first question.

1790 The second one is with regard to recycling of black plastics. There are concerns that we are allowing the black plastics in and they are P1s, P2s and so on. They can be recycled; the only problem is that the States have stated that we are not to put the black plastics in the recycling bags. However, in that we are actually collecting money really for the recycling of the white plastics, there is really no reason why we should not also recycle the black plastics if we are allowing them in to the Island. So I would ask that that is reconsidered so that the public can, in fact, recycle black plastics as well as the white, despite the fact that one cannot obtain the revenue from the black plastics that one can from the white.

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1800 The third point is that I noticed a charge per bag but I do hope, and I would like to have this confirmed, that we will still have the half bag option as well that will be available to people because many will find that the cost of the full bag perhaps is too much, others will find that the volume in the full bag is too much for them. So I think the half bag is quite important that we have that opportunity.

Apart from all that I really support the policy letter in front of us.
Thank you, sir.

1805 **The Bailiff:** Deputy Roffey.

Deputy Roffey: One very minor point, sir, on page 11 it makes reference to a rationalised network of bring banks. I always understood they were going to be rationalised, but I just make the plea we are trying to meet 60% then 70% recycling target. There are a number of avid recyclers in this Island, I include myself amongst these, who find bring banks an awful lot more convenient than kerbside collection, so please do not rationalise too far.

The Bailiff: Deputy Tindall.

1815 **Deputy Tindall:** Thank you, sir.

I rise to show my support of these Propositions and the draft Revised Waste Management Plan; however, like Deputy Le Clerc, I wish briefly to mention another effect of the Waste Strategy which gives the Committee for Economic Development some concern.

1820 This is the effect on some of the self-catering providers being treated under the Law as dwelling houses with an increase in charges but not being able to opt out and use commercial waste collectors. This is as a result of an anomaly created because of the use of the same definition of dwelling house in both the Parochial Collection of Refuse Law 2001 and the Replacement 2015 Law. Whilst also changing the underlying charging system, which means the costs of self-catering units has increased disproportionately.

1825 I am pleased to say, however, that having identified this issue we, Environment & Infrastructure and the parties involved, are working on how the situation can be resolved.

1830 I also take this opportunity to expand a little on the role of the Development & Planning Authority as I think it may be useful to highlight what we are doing in support of managing inert waste generally in the design and construction and development. As mentioned in paragraph 2.2.1(r) of the draft plan, site waste management plans form part of Inert Waste Strategy. They were introduced by the IDP and were required for certain applications such as development of five or more houses, one for one replacements, subdivisions, demolition of redundant buildings or proposals involving more than 1,000 m².

1835 One of the proposals of the Inert Waste Strategy debated last December was the provision of guidance to parties involved in construction and demolition on implementation of site waste management plans. As promised, the Planning Service have just published the site waste management plans advice note. The advice note explains the benefits of preparing these plans and provides templates to use at the planning stage, the construction stage and post completion stage of the project. These templates are particularly helpful for the small contractors who need to record what actually happens on site and may not have generated their own record sheets. In fact
1840 we have consulted with the Construction Industry Forum and have received positive feedback on the advice notes and templates.

1845 Importantly, the site waste management plans will also enable the States to collect and compile data on what actually happens on the ground to better establish a baseline and for future analysis as part of the DPA's monitoring. In time, the research should identify how well the Island is doing with implementing the waste hierarchy to construction and demolition waste stream, and if there are areas we could do better. It will help to highlight this and trigger an investigation to see if the States could assist or facilitate improvements in any way.

I thank the Assembly and I again support the Propositions proposed.
Thank you, sir.

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The Bailiff: Anyone else? Deputy Dorey. Oh, well Deputy Leadbeater first then; Deputy Dorey has sat down again.

Deputy Leadbeater: Thank you, sir.

1855

Just going back to a point that Deputy Laurie Queripel made about the specially controlled waste disposal site at Mont Cuet, certain specially controlled waste requires disposal on-Island and will be landfilled in engineered cells at Mont Cuet landfill site. Now, because of direct contact with the sea this method cannot be used in reclamation. Does this mean that once Mont Cuet is at capacity we will need an alternative quarry in order for this operation to continue?

1860

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

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I will just pick up a few points in relation to Deputy Inder's point about green waste. The cost of the green waste processing is currently covered by the fixed charge; effectively it will be covered by the fixed charge which householders will pay – and that came back to the debate we had on charges. Is it not economic to charge for every little element of the waste and some of it is covered by the fixed charge which covers all that and that is part of what is covered? Yes, the WDA, who is ultimately responsible, they could charge per car load for the green waste but obviously there is administration in that and it is whether it is worth that administration for the amount they raise.

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I will give way.

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Deputy Inder: Thank you, Deputy Dorey, for giving way.

It is just a fact through you, sir, Deputy Dorey, that it is something like 800 traffic movements at sort of £2 – I mean that is £1,600 just on a Saturday, it is no small beer.

The Bailiff: Deputy Dorey.

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Deputy Dorey: Yes, I fully accept that is one Saturday but it might be on a Tuesday afternoon, there might be very few and if you have the administration and the costs of collecting that money, it is whether it is worth it or not. Or you cover it by a fixed charge. It is just like the bring banks etc. and the collection and the processing of the non-black bag waste, that is what the fixed charge covers. But obviously there could be a change in the future but that is currently how it is paid for.

1885

Deputy de Lisle mentioned about the charges for bags. As I understand it, there will be two sizes of bag a 90-litre and a 50-litre bag, and the 50-litre will be just over half the cost of the 90-litre so that there will be two separate sizes of bags. Again, the WDA will charge for that and, as I understand, in the future they will monitor the amount of waste they get and they will adjust the charges in future. We know there was a premium added because they did not know how much waste they would collect or what the public reaction will be to the charges. Obviously they will take that into consideration when they set the charges in future years.

1890

Deputy Roffey spoke about the rationalisation of bring banks. I sit on the project board; that is why I have probably got a little bit more knowledge as a Member of E&I. As I understand it, the plan is to monitor the usage of the bring banks once we are collecting the glass from the kerbside and to see how much they are used, and then there will be a decision made on if we need to keep all the bring banks or not. They obviously are quite an expense in keeping them and some of them, particularly on the coastal sites like Vazon, there has been criticism in the past about it is not an ideal site for a bring bank. So I think we just have to monitor the usage of them. But I think

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1900 it is accepted things like cardboard that if you buy big white goods or televisions or something,
that size of cardboard is not really for you to put into your kerbside and you need to have
somewhere to take it. We cannot just rely on the new Household Waste Recycling Centre which
will be at Longue Hougue so there needs to be some other sites on the Island. But I think the plan
is to monitor the usage of it and the decision will be made what rationalisation will take place.

1905 Thank you.

Deputy de Lisle: Sir?

The Bailiff: Deputy de Lisle, you have already –

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Deputy de Lisle: I did ask with regard to black plastics –

The Bailiff: Well, he is not replying to the debate.

Is there anyone else?

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Deputy Brouard, do you wish to be relevé?

Deputy Brouard: Sir, thank you.

The Bailiff: No one else. Deputy Brehaut will reply to the debate.

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Deputy Brehaut: Thank you very much, sir.

The first point raised by Deputy Laurie Queripel, and again repeated by Deputy Leadbeater,
was the issue of the life of Mont Cuet. Now certain types of toxic waste do go into Mont Cuet.
Mont Cuet is a dynamic thing; it has not settled and will continue to settle, so that means there
are engineering solutions to bury toxic waste, we think, for about 20 years. Mont Cuet is
predominantly asbestos; other toxic waste is stored at Longue Hougue. Now I remember from my
time I think at Health & Social Services, you can get a licence obviously to export toxic waste, so
not all toxic waste will end its life on Guernsey, it can go to other places.

1925

The two questions that the staff have responded to, that were asked by Deputy Laurie
Queripel: water resources are continually monitored and nutrient levels on farmland are also
monitored. The WDA does not foresee any issue being caused by the routine application of soil
conditioner that is produced from processing green waste and that is in answer I think to water
run-off from land that has that substance deposited on it.

1930

Your third question, Deputy Queripel, in relation to section 3.3.1 of the Law; that relates to the
commercial disposal of waste on private land and therefore does not cover private use by
households. However, the only thing that should be burnt, of course, in an incinerator is dry
garden waste and it is important to get that message over to people because we were hearing in
the waste debate that people were running out to buy incinerators so they could burn their
recyclables in the back garden in the incinerator; when the Law is in place they will not be able to
do that. As much as people may not want to do it, it is something that has to be monitored and
ultimately reported.

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Deputy Le Clerc raised a very good question and I think it is fair to say from what everyone
involved in dealing with waste became something of an oversight because the focus for so long
was on the disposal of household waste as opposed to commercial waste. So of course schools
produce commercial waste or waste at commercial volumes that they get collected by a private
contractor. So they may separate out paper for archiving, they may separate out paper and cans
for recycling, but the kitchen waste and other such things will be scraped into a bin, emptied and
up until now would go into the back of a compacter; that compacter would go to Mont Cuet and
it would be tipped in Mont Cuet. Now Mont Cuet will not exist so that then has to dictate the
behaviour of commercial waste operators.

1945

1950

1955 Now of course waste from a school and waste from an office block – wet waste as it is called which is predominantly tea bags, apple cores and other bits and pieces – that is sort of okay up to now because it was taken to Pointes Lane, it could be bended in with refuse derived fuel. So wet waste in your light commercial waste would go to Pointes Lane. They produce refuse derived fuel. It would be lost in the blending of the waste that would be exported. However, when you have restaurants throwing out, by some volume, food waste that has to be dealt with in a fundamentally different way.

1960 So the States' Works Department intend to collect food waste and actually this revision of the Law covers that, of course because we are exporting the food waste, so the food waste by volume will be collected by States' Works Department but nobody, I would suggest, in their right mind who is making refuse derived fuel wants to blend wet food waste in and compromise the product in that way.

1965 Deputy Gollop asked a question, if he does not mind me saying so perhaps a tad operational, through you, sir. If you think about what we do now we say to people ... well we say to people, people sort of do this, don't they, they scrape their food waste in the bin in the kitchen and there it sits for a day possibly, we then say, 'Scrape your food waste into a black bag and just deposit it on the kerb and it will disappear.' So what is being proposed actually is better and it is not that radical, we are saying separate your food waste into a food caddy, it will be collected and as the question answered by Deputy Dorey broadly from Deputy de Lisle, is that the new regime, the new waste collection regime – I am sorry I have lost my thread now, sorry I was just going to make a point, I have forgotten what it was. Sorry.

1970 Yes, with regard to the charging, which is the other question that Deputy de Lisle asked, if we recall the charging regime is – sorry that was the question, I do beg your pardon – on the two size bags, one large bag at 90 litres and one at 50 litres. So that would be a charge that people have got control over.

1975 With regard to the other question you were asking I think this was the cause of debate, wasn't it? As to what was the fixed charge and what would people pay, we arrived at a fixed charge. Now I think Deputy de Lisle was suggesting that if people produced less is that charge then impacted, but the fixed charge is the fixed charge, isn't it?

1980 With regard to the black plastic, most black plastic, or all black plastic that is thrown out will find its way into refuse derived fuel when it goes to the waste transfer station. We just encourage people broadly, other than sacks just not to buy any products with black plastic simply because the black plastic cannot be recognised by initial sorting machinery at this time so it does end up in landfill or will end up blended off into refuse derived fuel.

1985 Deputy Stephens asked a question on movements, traffic movements. I thank her for that. All I can say is that the staff were listening in and she will have a more full and complete answer than I can give at this time.

Thank you, sir.

1990 Oh I beg your pardon, I think the bring banks questions may have been answered by Deputy Dorey, that Deputy Roffey asked. The centralised collection point, which opens I believe near 5th April, where people can take their recyclates, there will be some quite spectacular bring banks that people can access there but the short and honest answer is there will be fewer bring banks than there are now.

Thank you.

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The Bailiff: Members, we vote then on the Proposition. There is a single Proposition. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

**VII. Regular Statements by Presidents of Committees and
nominated Alderney Representative –
Propositions carried as amended**

Article VII.

The States are asked to decide whether, after consideration of the policy letter entitled "Regular Statements by Presidents of Committees of the States and the nominated Alderney Representative" dated 4th June 2018, they are of the opinion:

1. To agree in respect of the twelve-month period beginning on the 1st September, 2018 that statements under the provisions of Rules 10(4) and (5) shall be made by the Presidents and, in the case of the States of Alderney, the nominated Alderney Representative according to the following rota:

<i>States Meeting 2018</i>	<i>Committee/s/States of Alderney to make Statement</i>
<i>26 September</i>	<i>Policy & Resources Committee</i>
	<i>Committee for Economic Development</i>
<i>24 October</i>	<i>Development & Planning Authority</i>
	<i>Committee for Education, Sport & Culture</i>
<i>6 November (Budget)</i>	<i>n/a</i>
<i>28 November</i>	<i>Committee for Home Affairs</i>
	<i>Overseas Aid & Development Commission</i>
<i>12 December</i>	<i>Committee for the Environment & Infrastructure</i>
	<i>Committee for Health & Social Care</i>
<i>States Meeting 2019</i>	<i>Committee/s/States of Alderney to make Statement</i>
<i>30 January</i>	<i>Committee for Employment & Social Security</i>
	<i>The States of Alderney</i>
<i>27 February</i>	<i>Scrutiny Management Committee</i>
	<i>States' Assembly & Constitution Committee</i>
<i>27 March</i>	<i>Policy & Resources Committee</i>
<i>24 April</i>	<i>Committee for Economic Development</i>
	<i>Committee for Education, Sport & Culture</i>
<i>22 May</i>	<i>Committee for the Environment & Infrastructure</i>
	<i>States' Trading Supervisory Board</i>
<i>4 June (P&R Plan)</i>	<i>n/a</i>
<i>25 June (Accounts)</i>	<i>n/a</i>
<i>26th June</i>	<i>Committee for Employment & Social Security</i>
	<i>Transport Licensing Authority</i>
<i>17th July</i>	<i>Committee for Health & Social Care</i>
	<i>Committee for Home Affairs</i>

2. To amend the Rules of Procedure of the States of Deliberation and their Committees with immediate effect by replacing the rota set out in Schedule 1a to the Rules, entitled "Rota of statements by Presidents of Committees of the States and the nominated Alderney Representative.", with the rota for the period 1st September 2018 - 31st August 2019 as set out in Proposition 1.

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The Greffier: Article VII, States' Assembly & Constitution Committee – Regular Statements by Presidents of Committees of the States and the nominated Alderney Representative.

The Bailiff: The President, Deputy Roffey will open debate.

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Deputy Roffey: Thank you, sir.

2010 This is an extremely routine policy letter. It sets out the schedule of presidential Statements to be made at States' meetings for the year commencing straight after the summer recess that we are all looking forward to in a day or so's time, and it pretty much reflects the sort of pattern that we have used over the past two years since this whole system was brought in.

We are, however, having to bring an amendment which I can go on to now if you like at the same time.

The Bailiff: Please go on to the amendment, yes.

Amendment:

To delete the rota set out in Proposition 1 and replace with the rota below:

<i>States Meeting 2018</i>	<i>Committee/s/States of Alderney to make Statement</i>
<i>26 September</i>	<i>Policy & Resources Committee</i>
	<i>Committee for Economic Development</i>
<i>24 October</i>	<i>Development & Planning Authority</i>
	<i>Committee for Education, Sport & Culture</i>
<i>6 November (Budget)</i>	<i>n/a</i>
<i>28 November</i>	<i>Committee for Home Affairs</i>
	<i>Overseas Aid & Development Commission</i>
<i>12 December</i>	<i>Committee for the Environment & Infrastructure</i>
	<i>Committee for Health & Social Care</i>
<i>States Meeting 2019</i>	<i>Committee/s/States of Alderney to make Statement</i>
<i>30 January</i>	<i>Committee for Employment & Social Security</i>
	<i>The States of Alderney</i>
<i>27 February</i>	<i>Scrutiny Management Committee</i>
	<i>States' Assembly & Constitution Committee</i>
<i>27 March</i>	<i>Policy & Resources Committee</i>
<i>24 April</i>	<i>Committee for Economic Development</i>
	<i>Committee for Education, Sport & Culture</i>
<i>22nd May</i>	<i>Committee for the Environment & Infrastructure</i>
	<i>States' Trading Supervisory Board</i>
<i>12 June</i>	<i>Committee for Employment & Social Security</i>
	<i>Transport Licensing Authority</i>
<i>25 June (Policy & Resource Plan (progress and review) and Accounts)</i>	<i>n/a</i>
<i>17 July</i>	<i>Committee for Health & Social Care</i>
	<i>Committee for Home Affairs</i>

2015 **Deputy Roffey:** It is the most technical of technical amendments and there is a very good reason for it.

2020 When we submitted this policy letter we were suggesting if you look at the bottom of the first page of the Propositions that both the President of Employment & Social Security and the President of the Transport Licencing Authority would make a Statement at the States' meeting of 26th June next year. Well since we submitted this policy letter the States have decided to slightly change the dates at which they meet so there is not a States' meeting on 26th June and it would not be very sensible I think for us all to troop in on a non-States' day. Although I am sure there would be very interesting Statements from Deputy Le Clerc and Deputy Paint, I do not think it is worth a one-off occasion, so we are suggesting moving them to the meeting that is now going to be on 12th June, which did not exist at the time that we submitted this policy letter. So that is the sole reason for the amendment.

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The Bailiff: Deputy de Sausmarez, do you second the amendment?

Deputy de Sausmarez: Yes, sir.

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The Bailiff: Is there any debate either on the amendment or on the policy letter? I think we can take them both together.

Deputy Gollop.

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Deputy Gollop: Thank you very much, sir.

Some of us perhaps are regretting we accepted in haste an amendment last year to change the dates because it turned out it has caused certain problems for budgeting and the ESS and so on. But the point is that I still hope and pray that we do one day get to a situation where we have more management of our meetings so that there are not some really busy three to four days and others half days. But nevertheless we are where we are.

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My main reason for standing now apart from supporting it and supporting the amendment, is I think generally speaking the new idea, the developing idea of Statements from Presidents and other parties is working and getting more and more interesting, but I am wondering if that could be extended to perhaps for the future, I do not know, Vice-Presidents? Certainly Deputy Tindall often answers questions I cannot recall the answers to, but maybe lead Members because increasingly some committees are following the lead set in Alderney on one point whereby you are having in certain key Principal Committees; and maybe even Policy & Resources, you are having lead Members for some areas of our policy and it might be interesting from time to time to have a different Member other than the President answering the questions, but I just put that for consideration as an idea.

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The Bailiff: Any further debate?

Deputy St Pier.

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Deputy St Pier: Sir, I would raise a point. I have received a letter today from the President of SACC in relation to the regular Statements which it has been the practice for P&R to make in relation to the financial state of the States and whether it should be incorporated into this programme.

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Obviously the Committee will need to consider that and give a response in due course, but this is as good an opportunity as any to express my own personal view which is that has become established practice. I do not see the point in making a rule for rules' sake. I would have thought the time to introduce that rule would be as and when P&R do not provide the update and the States feel that they should.

So, as I say, I mention it given that it is related to this particular Schedule in due course.

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The Bailiff: I see no one else rising.

Deputy Roffey will reply.

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Deputy Roffey: Thank you, sir.

I think the first point raised by Deputy Gollop is really one that he needs to address to our next policy letter coming in September, which is the Future Schedule for the next year of States' meetings. This deals purely with the question of Statements.

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The regular update Statements, I think, do probably have to come from the Presidents, because while they may be limited in their content the question time is on anything under the mandate of that Committee, so you may have a lead Member on a particular aspect of your work but that may not be what people want to question you about. So most certainly the Presidents of the Principal Committees, and one or two others including SACC, get a pay uplift for their jobs so I think it is their job to be the front of that Committee and to do it.

2080 But of course the update Statements are not the only Statements that can be made. There are other Statements that are required to be made. If a Committee has a Statement to make on something specific then they are free to do so. But it is an interesting idea and I will mull it over and I am sure my other Members will as well. Whether there will be any output from that mulling I have no idea. *(Laughter)*

2085 Deputy St Pier – he is right, he is extremely good at making quarterly updates on our finances, but he may not be the President of P&R in two or three years' time. So yes I agree we should not have rules for rules' sakes but his successor may be far more recalcitrant about coming forward and telling us how the Island is doing between annual budgets. So I would take the point we are not just making rules for individual incumbents we are making them ... do we want quarterly statements on our finances? If we do and want to ensure them then they should probably be built
2090 into the Rules, but that is not something we are proposing today, it is something that is under consideration for the future.

I hope people will pass the amendment and the main policy letter.

The Bailiff: Well we vote first on the amendment. Those in favour; those against.

Members voted Pour.

2095 **The Bailiff:** I declare it carried, and unless anybody wants any general debate on the amended Propositions, we will go straight to the Propositions. There is the amended Proposition 1 and a Proposition 2. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

VIII. Local Market Housing Review and Development of Future Housing Strategy – Propositions carried

Article VIII.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Local Market Housing Review and Development of Future Housing Strategy', dated 30th May 2018, they are of the opinion:

- 1. To note the report by KPMG entitled 'Guernsey Housing Market Review';*
- 2. To agree to change the terminology from 'States Strategic Housing Target' to 'States Strategic Housing Indicator';*
- 3. To agree the States Strategic Housing Indicator be set at creating 635 new units of accommodation between 2017 and 2021, with a plus or minus variance of 149 new units to give the flexibility to react to market changes, equating to an annual average of 127 additional units of accommodation with a plus or minus variance of 30 new units of accommodation¹;*
- 4. To agree to separate the States Strategic Housing Indicator into an Affordable Housing Indicator set at creating 178 units of Affordable Housing over the next 5 years with a plus or minus variance of 32 new units to give the flexibility to react to demand and market changes and a private market housing indicator of 457 new units of accommodation with a plus or minus variance of 117 new units of accommodation for the same period;*
- 5. To agree that the States will reset the States Strategic Housing Indicator at least every 5 years;*

6. *Notwithstanding proposition 5, to note that should the Island's housing requirement figures change to such an extent that they go beyond the variances agreed in propositions 3 and 4 above, they will be returned to the States for endorsement;*

7. *To endorse the Programme of Works, including the development of a Housing Strategy, and to direct the lead Committees identified for each work stream identified in this Policy Letter to prioritise those work streams alongside their current workloads;*

8. *To note that Committee for the Environment & Infrastructure will include, as part of its 2019 budget submission, a request for specific funding for the resources required for delivery of the Programme of Works.*

2100 **The Greffier:** Article VIII, Committee for the Environment & Infrastructure – Local Market Housing Review and Development of Future Housing Strategy.

The Bailiff: It is Deputy Brehaut again to open debate.

2105 **Deputy Brehaut:** Thank you very much, sir.
Members, I come to this debate on housing as something of a veteran having joined the Housing Authority in 2000 as a non-States' member. The issues then were not so different to those we are facing today. At that time the call for self-build or to release former vinery sites to allow first time build was perhaps higher in the mix than it has been more recently, but the issues remain largely the same.

2110 In 2000 the then Housing Authority owned about 2,200 States' houses; they now or rather ESS oversee approximately 1,600. We have seen of course the emergence, the introduction of the Guernsey Housing Association, and that is welcome but that has come at a price, the price of grant funding these projects, the release of land, and of course the release on occasion of incompatible States' properties. Progress has been made but in truth progress has been made far too slowly.

2115 In 2000 the landscape was very different in as much as the then Housing Authority were essentially coasting. The housing stock was in a poor state of repair; rent arrears were significant; too many families were in the wrong properties; not enough properties of the right type; and I will be candid here a tenancy section that had an adversarial relationship with what these days we might call clients; the housing waiting lists were long; Sarnia Housing who provided emergency housing were looking for the States to release properties that they themselves could use to assist families in crisis.

2120 But over the past 18 years things have changed. Things have moved on by a Committee that wanted to see changes and those changes were informed by the reports produced by Mike Parr who explored the housing market in the type of detail we had not seen before then, and incidentally I do not think we have seen since.

2130 But in passing I just really want to thank Deputy Bernard Flouquet. There are times when I am afraid he is airbrushed out of political history but he was the person, and we should not forget that, he was the Housing Authority, as it was, who drove through the Guernsey Housing Association; he drove that through and he drove through the partnering programme because States' houses were in a parlous state and it was Deputy Flouquet who said we need to do something radically different and introduce partnering, and look at the condition of the housing stock we have around us now, and Deputy Flouquet had an incredible work ethic and drove the then Housing Authority forward and of course it then fell into the very capable hands of Deputy Dave Jones or myself and Deputy Dorey, incidentally.

2135 Following the review of Government of course, E&I own the overarching housing policy and our colleagues at ESS own the social housing element and boy have they been busy over the past few weeks and months with regard to the revision of benefits and amalgamating them with the very complex rent rebate mechanism.

2140 But whether 2000 or 2018, the remedy for the perceived failures within both housing policy
and the housing market was or is, you guessed it, a report. I make no apology for placing on
record my disappointment with the authors of the report, KPMG. I always envisaged they would
promote this piece of work; that they would launch the release of the document; that they would
even encourage debate; stimulate community engagement; discuss the document through the
2145 media; talk through the findings at length perhaps at a presentation. But we have seen none of
that, and it was left to Deputy Le Clerc and myself to speak to and interpret their report.

I would also add the length of time it took to produce the document was unacceptable and
that delay led to a criticism of ESS and E&I with accusations we were dragging our feet and letting
the first time buyer community down. I perhaps at this point should remind Members the report is
2150 entitled the Local Market Housing Review, but the narrative around the report for some time
really has become how do we assist first time buyers, and although even in my own manifesto I
did give a nod or approval to the concept of assisting first time buyers with a deposit, I think what
this report tells you is that it is the availability of credit for people which is the real stumbling
block and we know that since the report has been published that we anticipate, well we know one
2155 lender has certainly changed their criteria which has made it easier for people to get mortgages,
and we believe that two other banks will be entering the mortgage market.

But I would like again to thank Deputy Le Clerc for rolling up her sleeves and dealing directly
with the authors of the report and chivvying them along at times. You can interpret 'chivvying' in
any way you wish to.

2160 The report itself, despite the glacial pace of its production and its slow emergency into the
light of reality, does leave us in a better place, better informed, better placed to deal with and
react to changes in the market place. Note I say 'react' for, as Deputy Parkinson said yesterday
evening, I do not think this Assembly want to be socialist market interventionists.

The context of the report beyond the successful Soulsby amendment became dominated by a
2165 call from some developers and lenders to assist first time buyers. Of course the report advises
against that and I have to say I am surprised because some of those who welcomed the report
and believed the report would deliver a first time buyers' deposit scheme, it did not do that, yet I
think some developers regardless still gave a lukewarm reception possibly to the report.

We now have a more accurate housing indicator as opposed to target, and crucially that
2170 indicator breaks down the tenures and identifies the type and nature of properties we have to
build. We now have a programme of work, including the development of a housing strategy with
a co-ordinated approach from my Committee, E&I, ESS, Health & Social Care, the DPA, P&R and
the GHA. I mention P&R because some of the remedies that the public, the community and the
report have identified, such as a bond fee holiday and charges levied at first time buyers, is
2175 something that will be investigated, looked into by P&R.

We have identified the need also to deal with key worker housing provision. There have been
numerous attempts at this before, I sat on a key worker housing group some years ago, possibly
actually with Deputy Langlois, sir, Deputy Shane Langlois, and it is not a joke I think people
struggled to identify exactly what a key worker was, and at that time the criteria was considered
2180 that possibly someone who had an essential housing licence was a key worker, perhaps that is the
criteria we should use. So there is a discussion still to be had there.

Crucially we have identified the need to adequately resource the strategy and I want to stress
the need to do that. The KPMG Report and our recommendations will come to nothing if we do
not have the resource and the staff, the people on the ground to do it.

2185 I would make another observation with regard to the production of reports by third parties,
consultants or whoever. They take up a great deal of staff time because the information they need
is in the ownership of the ESS, is in the ownership of E&I, is in the ownership of P&R, so when we
take on external consultants to write these reports they become dependent on working closely
with our staff and taking up the time of civil servants to produce the type of report that we have
2190 in front of us today.

Another aspect that cannot be overlooked when a conversation is driven by the need to first time buyers is the private rental sector and one piece of work that is long overdue is legislative protection for private sector tenants and landlords and I passionately believe that that is long overdue. We have kicked that can down the road for too long with regard to legislation that protects the tenant and legislation that protects the landlord too. Also I would still, and this is a personal view because it is not dealt with in any detail in the report is the provision for a deposit scheme, because far too many young families give over very large deposits to landlords then struggle to get them back when they really do need the money to move on. (**A Member:** Hear, hear.) So we do need something like an independent deposit agency and that can deal with that.

In general I believe it is important to manage expectations; there are things that government and policy writers can do, but there are also elements of the complex housing dynamic that governments cannot do. Markets, all markets, go up and they go down, external influences can impact on the Local Market and that unfathomable thing known as confidence can be lost or dented; even perhaps when politicians claim the economy is in decline, they may just unwittingly influence other decision makers.

However, there is room for optimism and I believe that in supporting the Propositions we will be in a more informed place to influence and intervene in a proportionate manner in the future.

The last page of my speech, sir, actually was the detail from the policy letter, so I would just refer Members to page 1 of the policy letter that details the Propositions.

Thank you very much.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Sir, I have a few questions I would like to ask about this policy letter.

Before I do that I just want to ask colleagues to please not misinterpret my intention. I do feel sometimes that things I say in my speeches are misinterpreted by colleagues, on occasion. An example of that of course was yesterday when Deputy Ferbrache said that my speech on air licensing almost reduced him to tears, (*Interjection*) but all I had said, sir, was that I thought we needed to look at the issue holistically and not in isolation. He said that my speech reminded him of a song by Momma Cass called '*Make Your Own Kind of Music*' and when he said that, sir, it reminded me of a song that was a hit for the Animals in 1965 called '*Please Don't Let Me Be Misunderstood*.'

Of course, sir, before I say anything else I am mindful of the fact that we have not been elected into Government to merely nod things through, we have been elected to question and challenge should we feel the need to do so. In relation to this issue before us, I do not quite understand why we are being asked to endorse a programme of works as requested in Proposition 7, but the actual programme of those works is details on page 7 and 8 and repeated later on on pages 34, 35 and 36, because if we look at the principle objectives of the current housing strategy on page 44 we see that the work that is detailed under Programme of Works surely it has already been done, therefore if we agree to adding two additional policy officers to the Civil Service for two years, as stated in paragraph 1.17 and also at the bottom of page 7, I have got a concern that we could be agreeing to a duplication of effort. So my questions in relation to that, sir, to Deputy Brehaut are as follows.

Why are these two additional policy officers needed and what exactly will they be doing for two years? Why will it take two years to complete the work? How much money will E&I be asking for to cover the salaries of those two policy officers for two years? Will these two policy officers be new employees of the Civil Service or will they be seconded from another department? If they are to be new employees of the Civil Service what will happen to them at the end of those two years?

Sir, a moment ago I said it seemed to me as if the work detailed in the Programme of Works has already been covered. I just want to focus on that for a few moments because that is where I may be making a fundamental mistake and I apologise to colleagues, I do not want to waste their time

but I do have some genuine concerns. Because if we look at all the objectives on page 44 we see that number 1 reads:

To ensure that all persons legally resident in Guernsey have access to housing accommodation to meet their reasonable needs.

2245 And I applaud that objective and I think it is important for me to recognise at this point – Deputy Brehaut already alluded to this – all the great work done by former Housing Departments, especially the late former Deputy Dave Jones when he was Housing Minister, because he said to me once in 2008 that one of his intentions as a Minister was to, in his words, rid the Island of social housing slums, and he went on to tell me that at the top of his list was the slums at the Bouet which are now long gone and a distant memory, thankfully.

2250 But my concern about these objectives and the possible duplication of effort, surely all of the current building regulations, environmental health Laws and IDP policies cover objective number 1.

Number 2:

To meet housing needs in a sustainable manner in the long term interests of the community as a whole, making prudent use of all resources and recognising that investment in housing must be prioritised and compatible with strategic policies and the wider programme of public expenditure approved by the States.

2255 On the issue of making prudent use of all resources, we the politicians as well as our civil and public servants are already doing our utmost to make prudent use of all resources. On the issue of recognising that investment in housing must be prioritised. Well I presume we are talking about social housing here because the States has no influence or control over the investment made by private developers. So if we are talking about social housing surely ESS and GHA are all over that already, and I have every faith that they ensure that the investment is kept compatible with strategic policies and the wider programme of expenditure approved by the States. So it seems to me as though objective number 2 is also covered.

2260

I will move on to number 3, which is:

To ensure that there are measures in place to limit any growth in population through immigration in order to manage housing demand in accordance with the principles of sustainability.

Well don't our current population management Laws cover that? Plus we are reminded in paragraph 3.9 that P&R are already leading a review of the Population Management Law.

2265

Moving on to number 4:

To provide the community with a range of housing options ...

It seems to me, sir, that estate agents, landlords, developers, States of Guernsey, GHA are already providing a range of housing options. The Committee themselves tell us in paragraph 4.21 that:

The IDP policies now provide the mechanism for the States to expect development to provide the type of housing required ...

And that includes first time buyers' housing. Also that:

The existing land use policies are flexible enough to provide for ... FTB housing as and when it is [required].

2270

We are also reminded in paragraph 3.10 that those land use policies:

... recognises the importance of striking the right balance between housing supply and demand ...

And that:

... SLUP requires Development Plans to provide scope and flexibility for a sufficient quantity of housing provision to meet all ... needs.

Well I will not go through all the objectives, sir, but I just want to focus on objective number 6:

To enable the provision of supported accommodation for persons with special housing needs including accommodation for older persons, young people, persons with a learning disability, persons with a mental illness, ex-offenders etc.

My understanding of that objective, sir, is that ESS and HSC are already all over it.

2275 So I am just wondering why – my confusion, my dilemma, I hope will be allayed by Deputy Brehaut when he responds, but I just wonder why – this current Housing Strategy is considered to be out of date, because surely if the intentions are the same intentions which are:

To maintain and improve the quality of housing in Guernsey across all sectors bearing in mind the impact of housing conditions on the health and well-being of the community.

Then what will an updated strategy seek to do that the current Housing Strategy is not doing?

2280 I particularly have a concern about Proposition 7 of course, because that is where we are asked to approve a Programme of Works.

There are a few other things that I would like to mention where my concerns about duplication might ring true. I will start with the issue of credit provision for the housing market because we are told in paragraph 4.52 that there are already:

... existing forums for stakeholders to advise on issues affecting the mortgage market and there has been recent dialogue with members of the AGB and the Commercial Bar.

We are also told:

... the CfED provides a monthly forum for all stakeholders (including the GFSC) to advise on issues and developments affecting the finance sector generally, including the mortgage market ...

In paragraph 4.56 we are told that an ongoing policy priority of Economic Development is:

... to continue working with Guernsey Finance and the GFSC to identify potential new lenders ...

2285 So once again, sir, it seems to me that a lot of that work has already been done.

In paragraph 4.71 we are told that E&I:

... recognises that a work stream is required to consider the requirements for elderly tenure housing, including assessment of [specialist] housing and extra care housing needs, in order to examine the likely future requirements and the options and mechanisms for delivery and the costs and impacts involved.

Yet in the same paragraph we are reminded by the Committee that the:

... Supported Living and Ageing Well Strategy ... sets out how the States will plan and provide for the long-term care needs of islanders ...

And the provision of appropriate housing for an ageing population. So again I am confused. Do we need a work stream to do what SLAWS is already doing?

2290 I have a question about what we are told in paragraph 3.7, the last sentence of that paragraph tells us that:

... steps will be taken to reduce the misallocation of social housing units.

But we are not actually told what those steps will be, so can Deputy Brehaut please tell us what those steps will be when he responds, sir? Because I presume we are talking about transferring tenants into more appropriate accommodation as soon as it becomes available as opposed to evicting them. So I would like clarification on that please, sir.

2295

I think it is also important for me to say that:

... the DPA [is now monitoring] housing planning permissions... in terms of number of bedrooms and that will provide for a more refined analysis of the 'pipeline supply' of housing permissions.

– which in turn will then be fed into the Guernsey annual housing stock bulletin.

By actively monitoring activity in the market this data ... will remain up to date and provide a reactive mechanism so that policy making decisions in the future are in relation to the market at the time.

Colleagues will find all of that, sir, what I have just said, in paragraph 4.44 on page 24. So once again it seems to me that a vital piece of work is already being done there.

2300 I realise of course that we are all reminded in this policy letter, in paragraph 1.4 on page 4, this is one of the 23 priorities of the P&R Plan. But as some of my colleagues have said in speeches in this Chamber in the past, sir, it makes a bit of a mockery of our saying something is a priority. We do not have the resources in place to progress it, but actually saying that it is a priority.

2305 Little did I realise that when I supported a motion to reduce the amount of Deputies in the Assembly under the reforms of Government that further on down the road I would be asked to support increasing the number of employees in our Civil Service; and this is not the first time this Assembly have been asked to vote in favour of increasing the number of employees in our Civil Service, and I do not think it will be the last. That concerns me greatly because on the one hand we are saving money and on the other hand we are being asked to spend more.

2310 As I said earlier, the slums that the late Dave Jones referred to are now long gone and if there are people in our community living in conditions that they consider to be a health hazard then I would urge them to contact Environmental Health on 711161. I am only too aware that we have Islanders out in our community who fall between the cracks, especially those who own their own homes but cannot afford to maintain them. Some of them cannot even afford to heat them. But for their own personal reasons they do not want to leave them. We already have initiatives in place to support those people, plus ESS already do their best to help them, as do charities such as Guernsey Welfare and Age Concern, for example. So a lot of work has already been done by Government and the third sector out in our community.

2315 Oh and just to add to the list of what Government is already doing, HSC are currently undertaking a needs assessment for people over 55 years of age which will include looking at their housing needs. So that is another example of the good work that is already being done, and another example of why I am so concerned about possible duplication of effort.

2320 Oh and just to add to the list of what Government is already doing, HSC are currently undertaking a needs assessment for people over 55 years of age which will include looking at their housing needs. So that is another example of the good work that is already being done, and another example of why I am so concerned about possible duplication of effort.

2325 Sir, bearing in mind all I have said, I hope my colleagues in the Chamber and our fellow Islanders listening on the radio can understand why I am struggling with this one. I have expressed genuine concerns throughout my speech. I have not criticised anyone as far as I am aware, I have not undermined, or belittled, or ridiculed anyone as far as I am aware. If any of what I have said has come over in that way then I apologise for not articulating and relaying my concerns effectively.

2330 Before I finish, sir, I just want to emphasise that I most certainly want every resident of Guernsey to be housed appropriately and it seems to me as though all the work that needs to be done in order to attain that objective and aspiration is already being done, and will be done by 2022, which looks like it is the same time the updated strategy will be delivered if we employ two additional policy officers.

2335 So, sir, I will need my concerns allayed during the course of this debate if I am to vote in favour of what appears to me to be a duplication of effort and also vote in favour of spending taxpayers' money to pay the salaries of two additional policy officers for two years to work exclusively on what appears to me to be a duplication of effort.

Thank you, sir.

2340 **The Bailiff:** Deputy Stephens.

Deputy Stephens: Thank you.

2345 Sir, I would like to focus on the future and the developing strategy. If the strategy is to continue to promote the 2003 objectives of sufficiency, sustainability, variety and choice, enablement and accessibility for all, and to constantly improve the quality of housing then there are some aspects of the market I think it should explicitly report on if it is to be holistic.

So it is sufficiency and supply and establishing the extent of need in terms of housing that is one of the issues I want to speak about, but also I want to raise the relationships between the housing market and infrastructure development and the market and the Strategic Land Use Plan and the IDP.

2350 Now as a Member of the Policy & Resources Committee I have some shared responsibility for this project and I will do what I can to promote the issues that are raised, but to be clear I am speaking this afternoon as an individual. At the outset I want to say that I have ambitions for this strategy.

2355 Now the KPMG Report is heavy on discussion of supply and demand factors. So one indicator of usefulness of the future strategy might be seen as a question of classic economics but for members of the community and for Members of this Assembly of course it is more than that, it is more than classic economics. What the strategy needs to assist decision makers to establish is what, for the Island, is an acceptable and understood gap between supply and demand for homes? Not what the gap is but what that difference should be.

2360 Now the Strategic Land Use Plan and the IDP allocate responsibilities to monitor and report on supply, but what I would favour is an extension of that so that there is wider consultation on what levels of risk in the market the community wants to take. The housing market is recognised at 1.8 in the report as an area where Government has difficulty exercising control, and this is a matter that affects all residents whatever their housing ambitions might be, so there is I think a need to establish a balance of opinion over supply and demand across all those who have an interest.

2365 Now some of the issues around potential oversupply are usefully set out in the GHA letter of comment, where there is discussion of the need for them to address their building programme to maintain a waiting list of applicants otherwise properties will stand empty. But in general oversupply of all categories of housing does not appear to be a challenge at present, but of course it may well be in the future.

2370 A question for the strategy to answer is what tension between supply and demand should be maintained to allow activity in the market and to tune and supply property to existing and future requirements.

2375 I think if the number of builds are to be indicated then more information about that supply and demand gap is needed to sustain those projections. Of course I am noting that this activity would align with the Strategic Land Use Plan and the IDP.

The second point I want to make is also related to the supply and demand and touches on builder and buyer behaviour and what information the strategy might offer if a deeper dive is taken into what drives builders and buyers to take action.

2380 Here I am moving from theory to practice. I have until very recently and probably for 40 years had arms' length connection – well breakfast table width connection anyway – with the local construction industry and I have bought and sold a good number of houses and land and been involved in some small commercial builds.

2385 Now the KPMG Report at page 44 outlines factors that influence the price of new homes and therefore affordability. The issues of land price, build quality, and I have allowed here square meterage cost, affordable housing, quotas and infrastructure, bank interest and availability of credit, sub-contractor rates and insurances. These are issues that quite rightly occupy a builder's mind. Then there is the matter of planning permission.

2390 From the buyer's point of view, affordability and credit facilities at all levels of purchase is a consideration, but also the desirability and attractiveness of the location are important factors. Including considerations like the density of building and particularly at the entry end of the market the condition of the building. Also important to purchasers is infrastructure provision.

2395 In St Sampson's Parish my colleague Deputies and members of the Douzaine will know that there is rising concern expressed at surgeries and elsewhere concerning the perceived overdevelopment of some areas in the parish, and also a perception that as a Government we are failing to deal with infrastructure issues.

Now I understand that E&I are working on an infrastructure report and perhaps in summing up Deputy Brehaut might like to give us an update on the progress of that.

2400 The facts of the residential development activity is available in the IDP quarterly monitoring report, but I am grateful to planning staff who have talked me through the figures relating to St Sampson's and the Vale combined, and to St Peter Port. It shows in the period 2013-17 that permissions for residential units in St Peter Port totalled 525 or 34% of all permissions in that period. St Sampson's and the Vale combined totalled 624 or 40%, and the rest of the Island, 385 or 26%.

2405 So we do have the data, but what the strategy could usefully interrogate is the perception of overburdening of some areas and the impact of the Strategic Land Use Plan and the IDP, and relate that to builder and buyer behaviour, and to existing and future plans to developing infrastructure. The quarterly monitoring report on the IDP might usefully underpin comment in the strategy on the cumulative effects of actual and projected permissions in particular areas, which leads me to a further point.

2410 Because I also want to comment on pipeline permissions and the relationship of that to indicative number setting for the supply of homes, and again from data supplied by planners, the number of residential completions over the past five years is St Peter Port – 166 completions out of a possible 525, and St Sampson's and the Vale combined 90 completions out of a possible 624.

2415 In the pipeline and using St Sampson's and the Vale combined as an example, there are 165 permissions existing where work has not started, 303 outline permissions, and 65 projects under construction which give a total of 533 possible units of which 412 are those related to the existing Leales Yard Plan. I think on the basis of this data that the strategy needs to maintain a focus on the volume of permissions in existence at any one time and the rate of progress to completion of existing permissions and relate this to the strategic housing indicator. It is the cumulative potential effect of all types of existing permissions that needs inclusion in the pipeline information that supports the strategy.

2420 Now there is no doubt in my view that the proposal to develop the strategy is a sound proposal, but immediately I have to say that while there may be evidence to support some Government involvement in the provision of some categories of housing, many of which are listed in the report, I am very wary of Government intervention in the housing market, but of course the stable door is open. If there are any unintended consequences arising from any interventions then the strategy should highlight these as it unfolds. My guess is that any action or any intervention will later be balanced by equal and opposite action and it might be better to leave the market to operate as freely as it possibly can without interventions, as it is clear from the KPMG Report that the strategy will need to be tuned to changing conditions which may prove difficult if Government intervention is heavy handed.

2425 One example in the report that worries me is the emphasis on the responsibility that planners may have to focus on the delivery of different types of property to meet particular needs when dealing with planning applications. That seems to me to be one way of achieving oversupply and skewing the market and might be contrary to the Strategic Land Use Plan requirement of development plans to meet all identified needs.

2430 Better leave the commercial decisions about what to build to builders who when informed by the strategy will make their own decisions. They will not build what they cannot sell, or they will not often build what they cannot sell. They will invest where there is an obvious identified need and a market.

2440 So, for me, to add value to this strategy there needs to be an extension of existing work done on data collection, an extension of work on monitoring pressure points on development and

2445 infrastructure to relate it to the permissions, and as little Government intervention as possible, but very careful analysis of any that takes place.

I would like to conclude by suggesting that sufficiency plus quality, plus amenity, plus affordability equals significant influence on the quality of life. So Government does have a role to play in collecting and analysing data and mapping future action, and being aware of conditions influencing the market, but how big a part and how Government keeps the right side of interference is a question that I think the strategy should answer.

Thank you, sir.

The Bailiff: Deputy Inder.

2455 **Deputy Inder:** Sir, we were invited to a meeting, it was hosted by Environment & Infrastructure where there was a presentation by Skipton International. There was a sort of Q&A. It was a rehash, in their own words actually – so I am not being unkind – of their 2016 presentation, where they thought the questions were still pertinent today. It was a useful meeting indeed so I am grateful for E&I for hosting that, there is no two ways about that and I think attended there were some 16 or so Deputies – all of E&I plus 11 or so more. Out of that meeting the clear message was availability of credit and affordability, and one of the other messages that came from that presentation – there was an element of do not do an awful lot now because there are more lenders coming into the market and things are basically going to get better, and I think that is a real summation of the meeting.

2465 What stood out to me though, and I think I probably already knew it but it is only when you see it down on paper sometimes, is the difference between the UK and Guernsey. I am really going to focus more on the young couples, the young families, not us lot that have been through it – those that are sort of coming up through the ranks. In the UK I think it was 75% of first time buyer applicants relied on – I beg your pardon, in Guernsey 75% of first time buyer applicants relied on a dual income, whereas in the UK its it 31%. I think that is fairly stark and I suppose is a testament to the success of the economy over the last 45 or 50 years, but I do not think it is necessarily serving those that are coming up through the ranks as well as we have all done. When I look around the Assembly I see the well-born, the well-off, the well-married, the done-well and the likely to be well-inherited, and yes I know there are exceptions and I am sorry about that, Deputy Ferbrache, but you cannot be included in absolutely everything.

2475 What concerns me about the report and the sentiment is it does not address the population issues of losing far too much of our young local talent and it seems to be looking after our landlords, mortgage lenders, buy to letters and the rental market. It is not much of a report. I think it is what we already knew, but there are not any social solutions to what is coming up behind us. Most of us in this Assembly have done fairly well over the last 40 years, and the only reason we have done well is because we breathed earlier than everyone else. No one is particularly clever here, our houses went up through ridiculous changes. I remember my house, I bought at £44,000 within five years it went up to £260,000. I did not even know that. Now for someone who bought his first time buyer house at 22 I was brought up in a world where house ownership was a legitimate aspiration. The house was a doer upper, I worked hard, took no holidays, washed outside – I still do! – and I had to labour to build my own house and I am still doing that now. But since then we have seen the expansion of the rental sector and the expansion of the buy-to-lets, and the creation of the GHA and the wholesale expansion and I find this wholly depressing is generation x. This is generation x, whose only future is likely in the GHA, in the rental market or leave the Island. I do not think that is a particularly positive message.

2490 Now we have got couples locked into expensive rentals, living at home, those of us who walked the parish, again I had to do it twice. There were a number of occasions where I saw young couples living with their parents trying to save their deposit. Okay, it is not the end of the world, but there was more of it than I had seen in an awful long time. I do not see a lot of young hope

2495 for the families from these documents. I do not see anything that is going to say this is what we are going to do in the next five years and this is what we need for our young economy.

You will all know a lot of it is anecdotal, but anecdotes sometimes are fact, that you will know that many of our post-graduates are not returning to the Island, because those that have done well out of Guernsey, we are basically house blocking their return, and they are just not coming back to the Island. We are really doing our young families a great disservice here. I do not think the solution to that is either in the Skipton presentation or E&I's policy letter, although maybe I am not reading it correctly, but I personally wanted to see that front and centre.

2505 Now I have got some ideas, and they might need a bit of fattening out, and it does involve the release of Government land, and the lease of land possibly to these families, and it is really related to first time buyers. Many of us in this Assembly have done all right over the past 30 years, but I have real concerns about the talent drain out of this Island. I genuinely do.

2510 Now again I am repeating myself but I do not think this report does much for it. But personally I would like a younger, more vibrant Island where our children have a future. I do not see this report as it. I really do not. I may need a bit of help but over the next few months maybe I will contact the DPA and the STSB and I may propose some different solutions to our current housing problem, but I wish that is what we were focussing on, not those who have done all right, not those who have done well, not those who are in the sunset. I just wish that we were looking more at the rising sun than the sunsets.

Thank you, sir.

2515

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

2520 Yes, I have done well over the last 30, 40 years out of the property market and I have to 'fess up my starting point on it was the Home for Workers Loan Scheme. I think it is long lamented, I think it was an absolutely excellent scheme that did help exactly the sort of people that Deputy Inder was actually talking about.

2525 Housing is a massive subject but I do not have a massive speech, not only because it is getting towards the second of two very long, sticky days in this Assembly, but because this report, I do not find gives me the template to actually really get under the skin of this issue in the way that I would like.

2530 It is a pale comparison with the Parr Report that has been referred to earlier. Now I was not in the States when the Parr Report came out but I read it from outside the Assembly. It was impressive. I did not agree with everything in it actually but the analysis, the study of the market how it interlinked was really impressive. By comparison this really is quite feeble.

2535 However, I do have a few points to make. Certainly can I just flag up in advance that when in the autumn – I am no longer on the Scrutiny Committee but I am still involved in the production of the report that they will carry forward – the report of relative poverty comes forward housing will have a fairly significant role in that report, for the very simple reason that actually housing costs are probably the prime cause of in-work poverty in Guernsey.

2540 Put simply, if you are earning a fairly modest income and paying 40% of it on your housing costs you are probably just surviving. If on the same income you are paying 50% on your housing costs then you are tipped into poverty and you cannot afford a whole range of things that the rest of the Island would expect to be able to access. So affordable housing is absolutely key. But I will not pre-empt what we are going to say in that report obviously.

2545 Affordable housing is dealt with on page 22 of the policy letter, not of the KPMG Report but of the policy letter. There is a table there and it is all predicated on trying to reduce the waiting list for affordable housing to 40%-60% of what they were at the time the report was produced. There are a number of houses or units that they feel are needed. Now that is fine except the eligibility for affordable housing has shrunk considerably over the years and as a result it is very easy to reduce waiting lists if you actually tighten the eligibility.

I found it fascinating when I, as a part of the poverty review, spoke to Steve Williams of the GHA and he pointed out to me that their eligibility for housing at the GHA has not changed since the days when Deputy Bernard Flouquet encouraged the setting up of that Association in 2002. I do not mean not changed in real terms, it has not changed in cash terms. Since that time there has been about a 40% change in the value of money, so there is a whole swathe of Guernsey people who would have been eligible for GHA assistance and housing back in the early part of the last decade who are now excluded and have to go into the general rental market if they cannot afford to buy. That is crazy if we are trying to tackle the sort of people that Deputy Inder was talking about, the people who are looking round Guernsey saying, 'How can I afford to be here?' Not because they cannot work or get a reasonable income, but that reasonable income is not enough to really house themselves and their family unless they have access to affordable housing and currently they do not. But more of that in the autumn.

I really welcome a couple of bits of this. I do welcome very much the looking at an elderly tenure, if you like, I think that is a looming problem. I was slightly shocked to find out that the definition is 55-plus, but nevertheless, and I think maybe we should be looking at something further up than that, but nevertheless I think that is something that is very important.

We are talking mainly rental here but talking about obviously we know a lot of Guernsey people always have aspired to be home owners. I have to say I am absolutely torn by this issue of deposit assistance, to help people get on to the housing ladder in that way. On one hand I absolutely accept that any additional assistance will distort the market and probably increase prices because people bid what they can afford to pay if they are trying to get a house, maybe slightly less so in the current strange market where there seems to be surfeit of houses on the market, but normally basically the level of housing price will depend on how much money people have access to. Certainly if you have 100 people after 99 properties it will be driven up by people having more money.

So that side of me says we should not get involved in any kind of assistance for providing deposits. But the side of me that thinks that we ought to encourage social mobility thinks absolutely the opposite, because you could have two Guernsey couples and both on fairly good incomes, enough to afford to pay their mortgage once they have bought, similar jobs – the ones from a better off background have got mum and dad who can help them pay the deposit, get a footing on to the housing ladder and away they go; the ones that do not have that do not have access to that. Yes, I know there are 100% mortgages being introduced now, but that needs a guarantee by and large from mum and dad in order to access it.

So I think I would, even though I understand the deleterious element and that it would distort the market slightly, I think we ought to consider actually for those people who can clearly afford mortgage payments but living in expensive rental accommodation will never be able to put aside the money that they need to pay the deposit to think of some inventive way to help them. I think that is more or less what Deputy Soulsby was saying when she put her amendment that led to this whole report.

I know it is interventionist and that is the second time we have mentioned interventions today – sorry, Deputy Parkinson, but in this particular case I think there is a case for a limited scheme.

I have to say I do agree with the GHA here, that if we are going to change the partial ownership scheme they are suggesting not going to stair casing to 100%, as suggested by the consultants, but only going to 90% to make sure that they retain basically the housing units, and recycle them. I think that is right, but I think they ought to go to 90%. I think with the cost of buying a house it is too big a leap to find the extra 20% and the cost of moving on. So I really welcome the idea of them moving to 90% as the top of the staircase and look forward to that happening.

There is enough comment ... well there is comment about the huge number of empty rooms that there are in Guernsey properties, and there are some inventive ideas about having younger people living with them. Well that works quite well in university towns, I think, so maybe if Deputy Parkinson is successful that is something that we might be able to do in future. I do not know

2600 culturally how well it would work in Guernsey. What I want to put down a marker on now is I will not be a part of trying to prise, through financial measures, older people out of the properties they love because we think that they should not be in such a large house, we think that they should be released. They will be released, they will die sooner or later. Let them stay in the property which they have become attached to, do not tax them out of it on the basis that they should go to families. Over my political dead body, maybe not my literal dead body, will that happen. *(Interjection)*

2605 Finally, sir, - sorry I missed that aside – *(Interjection)* Yes, exactly to some extent if it keeps going and going. There is a Catch-22 here that housing is always slightly more affordable in depressed economies and it always becomes very much more expensive in buoyant economies and we want our economy to be buoyant and therefore we want something that is likely to lead to expensive housing. All the more reason to make sure that where we intervene for social housing we make sure it covers a proper tranche of people, which takes me back to where I started from. We have to do that.

2610 If there is going to be one shortage in this Island in future it is going to be a shortage of workforce, it is going to be a shortage of young people, it is going to be a shortage of the human resources to drive this economy. We have to look after the upcoming generation and I really believe that. I mean I am going to vote for this, but I hope that in the review that follows we will really look at the definition of affordable housing and being able to encompass a wider section of our community.

2620 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

2625 Yes, well previous speakers have, I think, put their finger on the nub of the problem, affordable housing. But the issue is constantly being addressed from the demand side, and Deputy Roffey has just spoken about intervention by the States to assist people to get on the housing ladder in terms of perhaps assistance with their deposits or whatever. That is certainly one part of the solution, but actually the supply side is in my opinion even more important at the moment, and it is really very poorly addressed, I think, in this KPMG Report. It must have full attention when this new States' Housing Strategy is developed. It is something that really cannot go on being neglected.

2630 We have a situation where the average Local Market house price is 13 times average earnings. Which basically means that for average people housing is just unaffordable and £430,000 is something like the average and the average UK house price would be sort of half that number. So some local people are leaving this Island to go and acquire homes, set up home on the mainland. We see also that owner occupation is declining, more and more people are now forced to live in rented accommodation – people who would prefer to be home owners but who cannot get on the ladder. The supply side is full of knotty little problems which the States can intervene to help and I believe we need to give some thought to that.

2640 We issue a lot of planning permissions for development which developers do not use. There is evidence that developers are hoarding development land and that is a problem that I think we need to think about. The supply of land is also to some extent in our hands because the States is the biggest landowner on the Island, and in my time on STSB we worked hard to clear the Fontaine Vinery site so that that site can be developed for housing by the GHA. But hopefully the States' plan, which the STSB are going to be working through over the next two years, will throw out other sites which are not needed for the purposes of government and which we can release into the market to allow more housing to be built – if necessary as a policy matter releasing that land perhaps at sub-market values. That needs consideration.

2645 We also know that the construction industry in Guernsey is quite inefficient, construction costs here are much higher than they are on the mainland, and KPMG touch on that briefly but then do not really go into any analysis of why is that. I know because we in Economic Development

engage with the Construction Industry Forum and they tell us that the structure of the industry in Guernsey is very different, for example, to the structure of the industry in Jersey.

2655 In Jersey you have a number of large firms that employ considerable numbers of tradesmen and they will take on a project and deal with the development from, as it were, start to finish. In Guernsey we have this enormous plethora of sub-contractors, white van man, and as one of the people in the Construction Industry Forum put it to me when you see a building site and five or six white vans parked outside it you have to understand that all those vans have got to be paid for. Every one of those sub-contractors is adding on their percentage of profit into their piece of work.

2660 Somehow or other the net effect is that our building costs here are much higher than they are even in Jersey and certainly vastly higher than they are in the UK. That is a problem the States needs to get involved in. We need to try and understand why the construction industry in Guernsey is set up this way and to understand whether we can do anything to help it be more efficient.

2665 Deputy Leadbeater, I give way.

Deputy Leadbeater: Sir, I thank Deputy Parkinson for giving way.

2670 I just want to give one indication of why the construction industry is kind of more heavily loaded with sub-contractors in Guernsey than it is elsewhere. A lot of the larger companies prefer not to employ staff, when they get their lean times they have not got to pay them, so they prefer to operate that way. There is one large company that I can think of, for example – I am not going to mention their name but – they employ about half a dozen staff and they take on multi million pound projects, they constantly use sub-contractors. That is just something that has happened in Guernsey over a period of time and I think the larger contractors prefer it that way because when
2675 the lean times come they have not got to pay their staff.

Deputy Parkinson: Well, that may be part of the reason and we need to think about actually is that a good thing for the economy and is there anything we could be doing to encourage the industry to become more efficient.

2680 Another thing that we could possibly be doing to reduce the cost of housing is permitting different types of construction techniques. There are nowadays various forms of sort of prefabricated houses which can be built very much cheaper than conventional construction techniques, and yet I am not sure how acceptable they are in the planning system, or what we can do to make it more likely that people will take advantage of modern construction techniques.

2685 So there are a load of things I think we should be focussing on on the supply side, as well of course as thinking about what more can we do to help on the demand side.

This report in particular I think is very light on that side and KPMG recommend six areas for further work. None of them seem to me to have very much to do with the supply side and I hope that despite that sort of neglect in the KPMG Report when we produce the new housing strategy that consideration will be given to all of those issues and to try and set a target of making a supply of houses available, not at £430,000 but at £230,000, and if we do not tackle that end of the problem we will not solve it.

2695 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, it is really following on from comments made, very refreshingly I may say so, by Deputy Brehaut about the report – how long it took and really developing the point that Deputy Roffey made, because I found the report completely underwhelming. It gave us some statistics but it did not really give us any practical solutions.

2700 Other than health and family etc., housing is the most important thing that people look for. We have got 25,000 units or thereabouts of accommodation in Guernsey. All but about 1,700 of those

are Local Market and, as Deputy Parkinson said, the cost of the average house is about circa £430,000 which is a heck of a lot of money by anybody's standards.

2705 It is paragraph 4.6 page 15 of the actual report, I think that in itself I am going to turn it up so I can just quote from it and it talks about paragraph 4.6 on page 15:

The KPMG Report finds that FTB's [first time buyers] as a group can act as a key stimulant to the market, so any assistance provided is likely to benefit the wider market in the short-term. Affordability ratios ... are worst at the lower end of the market quartile (approximately 15 times). FTB's will also suffer higher mortgage interest rates due to higher Loan to Value requirements. The level of deposit required is a challenge for FTB's (deposit of 10% and transaction costs <4%), rather than the ongoing cost of the mortgage.

2710 Although we are different ages we both happened to buy our properties at the same age; Deputy Inder said he bought his first property at 22 and so did I at 22, although I expected to be able to buy. Even coming from a background here you expected to be able to buy in early course a home; that was your expectation and you expected to be able then to move on from that and move up the housing market.

2715 Now again the danger of using people who perhaps do not understand the Guernsey market as they should – despite the fact that they took 10 months to produce the report; they signed their letter of engagement I think in October and they did not produce the report until August, that is far too long in this context – is when they refer to flats and say, 'Well, you have not got enough flats in Guernsey.'

2720 Now again, quite rightly, Deputy Brehaut payed homage as it were or certainly gave credit where credit is due to Deputies Flouquet and Jones and I can remember when Deputy Kitts and I left the States at the same time – voluntarily, I hasten to add – in the Spring of 2000, Deputy Jones was saying – he was going to be Deputy Jones then and he was saying, 'I am going to make a difference,' and there was a lot of scepticism saying, 'Well, I do not think you will make a difference because nobody has over the years.' Well Deputy Jones made a considerable difference. But there was another person, because the reason we do not have that many flats and that would change is because for years and years and years – and I do not know why the Law Officers took so long but they did – there was a difficulty about drafting the relevant legislation over flying freeholds and so you could buy a loan against flats. It was actually pretty simple so I do not know why the scales suddenly fell from somebody's eyes, and that was the credit for pushing that through, was Deputy Perrot both as an advocate and as a Deputy. He said, 'This is a ridiculous issue. They do it elsewhere, we can 'bloney' well do it' – perhaps he would have used a different word, because his elocution is slightly different to mine – we can bloney well do it in Guernsey, and we bloney well did do it in Guernsey, but we have got to catch up.

2735 When you look again and it is on pages 98-99 of the report, the KPMG Report, where it deals with cost of purchase various scenarios from, I think it is, £250,000 to £800,000 and in each instance Guernsey is the most expensive. It is a bit more marginal at £800,000 because the UK Stamp Duty is quite high, but if you are an average – sorry to use the terminology, if you are an average – working class couple with an income of £30,000 to £40,000, you are a young couple, you are going to get married or you are just married. You have got £30,000 to £40,000, perhaps even £45,000, how on earth do you live, how on earth do you pay your rent, how on earth do you save up a deposit of perhaps £30,000 to £40,000?

2740 Now there has been a fall in real terms, I think 18% or 19% if you take away inflation, in the actual cost of property over the last seven or eight years, but we have still got a fair way to go. But we have got to be more realistic we have got to be more pro-active and I am sure there is a good reason that this report was received on 23rd August and it has taken until July to bring it before the States, of the following year. I am sure there is a good reason for that, I have not heard it yet but I am sure there is one. But it is like when we come before – I was an advocate I sat in and listened to the submissions made to the planning inspectors which gave rise to the IDP and there was, 'We have got to have 300 units, we have got to have 300 units, we have got to have the facility for 300 units of residential accommodation per annum to solve the housing crisis.' Yet less

than two years later we are looking for less than half of that per annum. We have got to be more realistic.

2750 I think we have got to do something to help the first time buyers. I would not stand up today and say what I think all those things should be, we have got to do something to help them, because unless you give people that aspiration which I had at 22 and Deputy Inder had at 22 and lots of other people had at that age, you are going to create a different kind of environment, a different kind of cannot do society not a can do society that we grew up in. Now there is no easy
2755 answer to that because the price of property has gone up. Before the crash it was something like 8% per annum from the 1980's through to 2007 and 2008, which is far more than average wages here.

So as I say there is no instant answer but there has to be some answers because GHA has made a great contribution to Guernsey, it has brought down certain ratios, certain housing needs
2760 by you never won that game but at least it has done a fair bit to do it. As I say, people like Flouquet, Jones and Perrot also made their contributions, as have others.

But we could do some easy things, we could get rid of something, we have got something called Strategic Land Use Plan (SLUP) of 2011 that is now seven years old why on earth do we need a Strategic Land Use Plan anyway. Get rid of it, it is a complete impediment to progress, it is
2765 a brake rather than an accelerator and in situations like this we need accelerators. Keep the rules to minimum, help the market, but help the market to unlock the first time buyers, because if you unlock the first time buyers you make it easier for people to come into the market initially, the first time buyer becomes a second time buyer and so on and so on.

I absolutely agree with Deputy Roffey, it is an insult to say to people simply because their family have gone and they live in a four-bedroom house and there is only a couple or perhaps a
2770 person on their own, you should be pressurised in some way by the state to move out. You move out when you want to move out. You should have houses and flats to move out to if you want to, if you want to downsize and free up some of your capital but you should not be pressurised by the States, by increased TRP, by increased other things. (**A Member:** Hear, hear.)

2775 Against all that, I was reminded, my good friend Deputy Lester Queripel talked about the – he does not want to be misunderstood but what he was saying reminded me of another Animals song, which is '*There is a House in New Orleans they call the Rising Sun*'. It reminded me in Guernsey what I would like to see putting into a Guernsey context is there should be nice houses in Cobo where you can see the setting sun. I would like us to create an environment which gives
2780 people today and people tomorrow that.

So there is no criticism of Deputy Brehaut and his Committee, but I think we have got to do more, but we have got to be like Floyd Patterson used to be and Muhammad Ali – we have got to be fleet of foot and we have got to be able to move much more quickly than we do, because there is always a reason for doing nothing, here we have got to do a lot.

2785 **The Bailiff:** Anyone else? No.
Oh, Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

2790 Firstly, I wish to declare an interest and as a shareholder in some rented properties I did not participate in any of the discussions. I did not see any of the papers in relation to the private ... and it is mentioned at the bottom of the report and I obviously need to declare that interest before we vote because we are voting on a general policy direction and not specific, so I cannot even not vote on any particular Propositions.

2795 Just in relation to first time buyers, I think it is interesting to look back at actually the history of house prices. I am using the information on the States' website. If you look at the median average for apartments only, the 2018 quarter one was £234,000. The last time that it was at that level or below that was in quarter one 2010 at £215,000. So that is the extent of what has happened to the housing market ... in fact there has been effectively, if you bought your house post that quarter

2800 you have seen a devalue of your property that you have bought. So there has been a major effect
on the housing market by the financial situation, and it is the same if you look at the mixed
adjusted average of all residential properties, it is quarter one 2018 it was £407,000 and the last
time it was below that was in the second quarter 2010 at £396,000. So there has been a
2805 considerable change in the housing market over the last seven years, which of course has
benefited new entrants into the market and new entrants now because they are paying
considerably less because obviously those are nominal prices and inflation has effectively meant
that the devalue of properties has been greater. So it is important that people look at property as
a place to live.

Just picking up on some various comments, Deputy Parkinson talked about sub-market value
2810 supply of land, well that is effectively what the States did in the Passée when they built that estate
and they sold them off at below market values. What happened? The first purchaser of them
bought them at that lower value and then they sold them on at a later stage and they made up
that difference between the market value when they bought it and the actual market value plus
any investment improvement in the price since that date, so they made a nice profit on behalf of
2815 the States.

So that was why the whole thing about partial ownership ... and I really think that is the way
forward. I am pleased to have been part of the Housing Department committee at that stage
which proposed partial ownership, because I think that is the right way forward and it gives
people an opportunity to buy equity, increase the equity in a house, and I think that is the right
2820 way forward, and it has enabled a lot of young people to invest into the housing market, and I
passionately believe that is the right way forward, and there is no other way forward without using
that which is fair both to the taxpayer and to the person purchasing it, and it means that that
house is available; when the person wants to move on into the private market that house then
becomes available for another person who can buy it at 40% and that is the right way forward and
2825 it gives an opportunity for people to move out of rental market into that market, because
effectively they have a discount on the rental part that they have not got equity in.

I would just like to concentrate on one area which is mentioned in terms of policy
development and perhaps picking up from Deputy Laurie Queripel's: why is a policy officer
needed? Well I was on the Housing Department when we brought a key worker housing report, I
2830 think it was in 2007, and it was an extensive study that was done and it looked at where the States
was failing in key worker housing, the real cost of key worker housing to the taxpayer, and how
we could be so much better in supply of key worker housing. We have done that and we have
touched on it at various stages but we have never really taken it forward. That is why unless you
have the staff to do it, these things just sit on the shelf, they gather dust and you do not take
2835 them forward. I am pleased that reality has been seen that you just cannot do these things
without the necessary staff. So this is based on having the staff that is necessary to take some –
and as I have said, I have just picked up one element of it, key worker housing – so we can actually
take it forward and do something which will benefit the community in terms of key workers. So I
urge Members to support it, support the report to enable us to take that forward.

2840 Deputy Parkinson mentioned also about using different building techniques. Well I am
involved in a project currently to build and we got separate quotes to do different types of
building and actually using block was the cheapest way to do it. We have built before using other
techniques of build, using panel build, but it was more expensive than building with block, so that
is what we have done.

2845 Deputy Leadbeater has talked about the use of specialist contractors, white van man, as he
mentioned, but I have seen the benefits in projects where we contract with a major contractor to
build it but those sub-contractors have specialist skills and specialist equipment, which I think has
made them do the projects more efficiently than a general builder. So I see benefit from using
specialist people to do specialist jobs.

2850 Those are the points I wanted to cover.
Thank you.

The Bailiff: Deputy Trott.

2855 **Deputy Trott:** Sir, I rise really to make two points. The first is to confirm what others have said about the fact that there are two mortgage lenders who are very likely to touch down here before the end of the year. I have been working with them closely and not only as a delegate from Policy & Resources but also through Guernsey Finance and it is all looking very positive, and that will go some way towards making it easier for borrowers to get the right product for themselves.

2860 However, I do not think any debate about the housing market is complete without us looking at the dynamics of what has been happening over the last few years in an attempt to find the solutions.

2865 I think the KPMG Report draws out some key issues around behavioural change: 2,500 properties – I think it was Deputy Roffey touched on this – have at least two spare bedrooms, which means that we could accommodate another 5,000 people assuming that there was one person in each of those spare bedrooms without seeing any additional housing stock. Now I live in the real world, I know that is unlikely but the point is that there is that capacity there.

2870 Now why is that fundamental? Well it is fundamental for this reason: because the average household size has fallen from 3½ in 1951 to 2.3 in 2015. And since 2010 that has accelerated and accelerated rapidly. It has fallen from 2.4 in 2010 to 2.3 and you may say well, 'That is only 0.1, what is he on about? Well this is what I am on about: that increment of 0.1 led to an increase in demand of 1,100 units – 0.1 change in occupancy 1,100 units and guess what the total number of units that we built during that period was – 1,135. So whilst it is not completely linear, that analysis, the point is that that change in behaviour, that tiny change in behaviour resulted in very significant increased demand. So clearly demand is being fuelled by behavioural change not by population growth.

2875 As a consequence, I disagree with Deputy Ferbrache who in an ideal world would not want any sticks, only carrots. The truth is as I see it there is no solution to this problem unless we are prepared to influence behavioural change where, I am not suggesting for one moment we force people to downsize, but we draw people's attention to the fact that if they are rattling around in a five- or six-bedroomed house as a sole occupant they may want to reflect on the inevitable decision of downsizing for most, maybe a little bit earlier than they currently do.

2880 So that is all from me, sir.

Thank you.

2885 **The Bailiff:** Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

I do not know quite where to start actually. I should really be speaking on behalf of the Committee, but I have got some personal views that I want to make first.

2890 I supported the Soulsby amendment way back in 2015 – and it is way back in 2015 – and then through the changes of mandates I became responsible for part of this report, and I had a meeting with KPMG at the end of 2016 and I walked out of that meeting. I just knew that the report was going to disappoint, and I think it is fair to say from some of the responses that we have had today that the report has disappointed.

2895 My Committee tried to manage my expectations over the period saying, 'Michelle, I think you are expecting too much out of this report,' but I pinned my hopes of having some really good ideas, particularly on the first time buyers, particularly as I supported that amendment, and really there have been no bright ideas that have come through. I think that I am in agreement that market intervention and Government intervention with first time buyer's schemes has in the past put inflationary pressure on house prices. So I do acknowledge that, but I was hoping that there would be some magic solution that would come up in this report and even listening to some of the comments in the Assembly today, I am not sure that anybody has got anything significant that will change and offer first time buyer schemes.

2900

2905 However, one of the things that I am still keen to pursue, and Deputy Dudley-Owen and I are
working on this behind the scenes, and that is a first time buyer ISA, now it is not the full answer
because actually the amount that people will be able to put by and save is probably not as
significant as needed for a deposit for a house in Guernsey, but I think there are some ways
working with Government and working with local businesses that we could perhaps look at some
of these schemes that might even help towards bond fees and things like that. So I am not giving
2910 up completely on first time buyer, but needless to say I have been disappointed.

But I would ask the Assembly to support this report. Why do I ask you to support the report? It
goes back to some of the questions that Deputy Lester Queripel made, because we do not have
sufficient resources. It is like everything else, we approve strategies and we approve work streams
but we do not put any financial resources or people resources into this and that is why this report
2915 has been delayed because we have not had the staff resource to put into bringing this report back
to you. Yes, KPMG produced the report but we have to come back with some substance around
that report and the recommendations, and that is partially the reason why it has taken so long, as
well as KPMG themselves actually taking a considerable amount of time. I know it is a small point
to make but actually when we had the original report there was not one picture of a house in
2920 Guernsey, there were all houses in the Mediterranean, how bizarre is that. I said it is a report
about houses in Guernsey, but anyway that is just an aside.

So yes, Deputy Queripel, I ask for your support because actually to fulfil the recommendations
of this report and to ensure that we just do not stand still because I think that is what we have
done over the years we have just stood still, we have stood back and said, 'Yes, that is great. We
2925 have done the GHA. Well done, pat on the back. We do not need to do anything else.' But
housing moves, it is dynamic, the population changes, the economy changes, we need to look at
all that and to enable us to do that we need the staff resources.

Deputy Queripel talked about SLAWS again. We have not really got sufficient resources for all
the recommendations in SLAWS. I cannot remember how many there were but there were a huge
2930 amount of resources. We are just doing the essential things that we need to do, and at the
moment that is looking at the sustainability of the Long Term Care Fund and the interaction with
the social care and nursing care that is required, but we have got no extra resources to look at the
over-55s tenure, and we know from our own housing waiting list I get at least one call a week
from someone saying to me, 'I am in social housing and I need to move to a property either on
2935 the ground floor or where there is accessibility because I have got mobility issues.' So we have got
40 or 50 people on our waiting list just for that, and those are only the people that we know that
are in our social housing. So that is why we do need the resources because we are not able to
pursue this work.

I would just like to say that on the partial ownership scheme I think it is really important that
2940 people do move on, and some of the latest statistics from the GHA are that we have had 56
properties that we have bought back, so that is people that have moved on for various reasons,
but a large percentage of those have moved on to full home ownership; so those 56 houses have
come back to the GHA and we have been able to start that process again, so that has really been
useful. The Committee does agree, or disagrees with the KPMG Report, that we do not believe
2945 that we should go to 100% of ownership because we will never have people moving on.

Moving on to key workers, we are working at the moment with Health & Social Care on the
development of 22 units at the Old Priaulx Garage site, but again there is much more work that
needs to be done on that and Deputy Dorey has touched on that.

I have touched on elderly tenure, but really just to conclude, sir, I just would ask people to
2950 support this policy paper, allow us to come back with a proper housing strategy and housing
policy, but we need the resources to do so.

So thank you.

The Bailiff: Deputy Soulsby.

2955

Deputy Soulsby: Sir, I would like thank Deputy Le Clerc for that. Poacher turned gamekeeper, I think.

2960 As a person who is responsible for having led to the review although not the choice of review, I suppose it is incumbent on me to speak to this policy letter, but I have to say, as with others, I do so with very little enthusiasm. I think I agree with what Deputy Ferbrache said: it is a very underwhelming report that we have in front of us, and indeed I think another local law firm in their own update said that is exactly what they thought – it lacked both decisiveness and focus, and I do not disagree.

2965 The Parr Report it is not, and really there was no excuse for that, because as Deputy Le Clerc will remember on that day in, whenever it was, 2015 when we spent two hours putting together the necessary amendment. Thanks to Deputy Dorey at the time who had the Parr Report with him, we actually used that report, the terms of reference for the Parr Report, to define what the terms of reference were here. We actually amended it slightly to take into account partial ownership and the GHA which is now in existence, so there is absolutely no excuse for this report being what we
2970 could call under Parr! *(Laughter)*

I hear Deputy Brehaut's criticisms of the review and Deputy Le Clerc, but I think people need to remember this was a choice of the Housing Department and I should point out that I, along with a number of others, made a different suggestion at the time which was ignored, but then they did not want a review in the first place, did they, and no more on that. I think it is important, this
2975 point, and useful to give some background here.

The amendment I laid with Deputy Le Clerc was a culmination of a campaign I started when I stood for election in 2012 to support first time buyers and update the Housing Strategy and in my manifesto I said how the Housing Strategy needed updating then as it was nine year old. Times had changed and it was outdated, and it appeared to me that the Housing Department appeared
2980 to have no desire to do anything about it and it became more and more apparent during that last term. So battle commenced, they just would not engage or acknowledge they needed to change, despite evidence to the contrary.

So I actually think one of the best changes in the Machinery of Government which was made in 2016 was to actually change and get rid of the Housing Department, spread it across both
2985 Employment & Social Security and Environment & Infrastructure.

They told us at the time that Jersey regretted their help to buy scheme and they were concerned because it had been inflationary. Now this was, at the time, something that was contradicted by their Housing Minister who I contacted and said they were really delighted about it and in fact this was proven – you could not make it up – but the day after we had our debate in
2990 2015 Jersey announced they would do a new round of the scheme because it had been such a great success.

The Housing Department would not budge from a 300 per annum housing target when it was plain as a pike staff that it was nonsense and sadly it needed an amendment and a third party review for that to be acknowledged. So that is the context of the 2015 amendment.

2995 Since then the housing market has fallen further, year-to-date true sales are down from 456 in 2017 to 430. So against all that background – let's move on to the policy letter.

What I do not like is the perpetuation of the myth that a first time buyer scheme will be inflationary or possibly that is a bad thing in the current climate, the benefits are: it will stimulate the market by freeing up and getting first time buyers into the market that will free up the chain.
3000 These are all the comments I made at the time. I am not going to rehash it now. Clearly it is not happening here but hopefully we can do something else and I will move on to that in a minute.

Now we had a presentation from a local mortgage provider that Deputy Inder mentioned earlier which gave their own perspective, of course it gave their perspective and it is a unique perspective. Actually I have not heard that their views are shared by other mortgage lenders, to be
3005 honest with you, but clearly it was their view. I was concerned that it gave opinions on areas where they were not experts, and in particular their comments about the behaviours of developers which were not exactly evidence based. It was about developers not willing to reduce prices and

3010 comparing one price for a flat to another, but that is not ... a couple of years ago, yes, developers were criticised for not altering their prices to adjust for market conditions but really that is old news (**A Member:** Hear, hear.) and we have got examples of 30% falls in prices since then. It is a fact developers have taken big losses and moved on, being another reason why they are not re-entering the market as that continues to display instability and decline.

3015 On the development front I was disappointed, as Deputy Parkinson has raised, on there being no recommendation in here on the issue of construction costs, and as Deputy Parkinson pointed out, which so have I, that they acknowledge they are high and say it is predominantly due to the cost of materials which they put down to lack of economies of scale, shipping costs, high labour costs *and* what we were talking about earlier today – a lack of competition locally in certain materials, and between builders and contractors.

3020 Now they say costs are 50% higher than the UK, okay, but also 10%-15% higher than Jersey, I find that astonishing. Now we did have a debate the last two days on competition. If there is an issue of competition here surely this is something that should be referred to SICRA. Isn't that their job? I mean are they looking at costs of cement, the cost of those materials coming over? Is it right? Is it something that needs to be looked at? So I think for me it is a key part of this, it is not addressed here but I think it is something that I think needs to be followed up. I am glad Deputy
3025 Parkinson raised that as well.

I was disappointed just to see some legacy of the Housing Department here and what bothered me in particular was a sentence on page 16 where it says, and this is relating to the deposit guarantee scheme:

... whilst remaining cautious about any steps which could result in a long-term increase in [house] prices ...

3030 Now I will give them the benefit of the doubt here because I do not think that is actually what they meant. I think they are more concerned about intervention leading to inflationary rises. I would hope they are not thinking that we should not have rising house prices, because at the moment we have static declining house prices, and is that what we want? I mean how on earth do they believe developers will want to enter a market and why would anyone want to be able to, or want to sell their property? Particularly when we know that we have got negative equity issues at
3035 the moment.

But I do not want to be totally negative about this, honestly, (*Laughter*) I am trying to be balanced. I am pleased that Environment & Infrastructure will be developing a housing strategy, albeit we will not see it for another two years, by which time the current strategy will be 17 years old, same age as my youngest son, so this has lasted the whole of his lifetime. At least we have a
3040 more realistic target albeit now an indicator, although I do not understand that. I really do not understand what it is for? (*Interjection*) It is converting planning permissions to new build that is needed, not the granting of more planning permissions. (*Interjection*) There is nothing on how to tackle that in this report either.

3045 I do support the idea of a deposit guarantee scheme and welcome the work on that as the problem, as identified in the report, is not so much house prices it is the deposit.

I hear what Deputy Le Clerc says about an ISA. I think that probably will have quite limited benefits given the current interest rates and tax breaks on that, but hey-ho, every little helps as they say in the retail industry.

3050 Just to look at two points, I welcome looking at the key worker housing. I certainly do not want the strategy to delay future developments. Deputy Le Clerc mentioned the Priaux Garage site. I think that was the best day that I have experienced as a States' Member. That day my inner Dave Jones came out and I was allowed to operate a digger to knock down part of a property. That made it for me! We want to see more of that. I want to be able to see more of those developments and we know that what we have got now is, well the quality of the accommodation
3055 is not great in many instances, but we have not got enough and particularly for family homes, more two- and three-bedroom houses. People seem to think of nurses, they have got this old fashioned idea of nurses as single young women coming in; they are not, the average age of

3060 qualified nurses is in their 30s and they have families with them and really that is a good thing. We are bringing qualified people. Often we might bring one or two nurses, two health care professionals. I think that is something that needs to be very much considered in the strategy, but please do not let it be held up for that.

3065 The other thing is about elderly tenures and I have got to say I hope Deputy Graham will agree with me on this, this idea that we get to a certain age, 55 well I will give more on this in a minute, but it should not be based on age it is about need and we have fit elderly – I will not call them elderly – fit people of a more mature age, like Deputy Graham, and some younger people who might have more of a need than those elderly people. So I do have a problem with looking at just because you get to a certain age you are now going to need stuff, although we do know that with age is more likely to come greater need. But I just think that this terminology is a bit of an issue.

3070 But I welcome what we are doing here. Please talk to Health & Social Care and particularly, as Deputy Lester Queripel mentioned, the Joint Strategic Needs Assessment being undertaken by the Director of Public Health who has been over to Alderney recently and is really enjoying the work that is currently being done to actually look at the needs of older people, which I was horrified to find out when we discussed this at Committee a couple of weeks ago, is not for the over-55s it is for the over-50s. So I think it is all in the context of 50-plus, 18-30, and between 30 and 50. But hey ho.

3075 But we do need to focus resources on that particular issue because it is something that falls well into the SLAWS things that we are looking at with Employment & Social Security and how do we deal with long-term care issues. It is all wrapped up in that and we know that we are definitely going to need more sheltered housing and support for more people in future years.

3080 Now, sir, I could go on but I think I have said enough already and really this is not the item to do that. That will be when we have the strategy.

3085 But the only thing I would say is I do support the extra resources. Environment & Infrastructure, when it comes to the amount of people it has got on there it is a dinghy compared to the oil tanker which is Health & Social Care; and I do know that they have got very few people in that department and I want this done properly and it is really important that we have it done and it is not just cobbled together by people who can just fit it in, or by external consultants now I think. (**Several Members:** Hear, hear.)

3090 I am disappointed by this review as nothing is proposed here that will make a difference to people tomorrow. (**A Member:** Hear, hear.) But I will be hoping to see something put forward in the Budget that will make a difference and if not I will seriously consider, yet another amendment in this area, that will make a difference and really get the market moving.

Thank you.

3095 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

3100 I mean there are a few comments that have been made today which I share, I really do share, and you can tell the frustration in this Assembly this afternoon. Which is not great because it has been going on for years, as many of us will know about the frustration with housing. It makes it even worse when we have actually paid a consultant to produce a report that actually is poor. Now we paid for that. I do not think I would be paying if I was the individual customer, so sorry you have not done a very good report, terms of reference whatever that was, come back look at the terms of reference and come back with recommendations.

3105 But we are where we are as they always say. But it is disappointing the States have accepted a report that is of poor quality, and as for pictures of the Mediterranean, as one of my colleagues said, do we pay them in euros, because if we are going down that route they want to be like Mediterranean's well let them get on with it.

I rise as well because it is the lessons learnt thing, and it is a horrible expression but it is so true, in a few areas really that have been discussed today, and Deputy Trott reminded me when he

3110 was talking about the very small percentage and that could be over 1,000 as he was actually
talking about there. It went back to when we were talking about redeveloping Longue Rue and
Maison Maritaine and having this sheltered housing down there, and there was this wish by some
to have two bedroom places even though most of them were going to be occupied by just one
person or the double room with the two, which made it a very expensive development, and a lot
3115 in there are only using the one bedroom. So looking at Deputy Trott's analogy we could probably
accommodate an awful lot, probably a couple of hundred more people just in sheltered housing
alone on those two developments if they had just one bedroom instead of the two. There are a
couple with three, I accept that.

The age thing, and I can remember again this is probably about eight or nine years ago, for
3120 sure, there was one of the reports that came through and it actually said 55 on it then, and we
said, 'Look people retire at 65, and it ought to be 65.' Now we are asking people to work until they
are 70 and we are looking at a 55 when we are actually expecting the public to be capable and
able to 70. But I agree with Deputy Soulsby it is really on the need rather than age. But if we are
going to put an age let's put a realistic age, 50 or 55. I mean for goodness' sake, that is just an
3125 embarrassing low age, because if we felt that age was necessary we should not be asking people
to work until they are 70, it is as simple as that for me.

The rising house prices, we are fully aware of how they shot up quite considerably, but what
we have seen is, yes, there has been some negative reaction to that as well in negative house
prices, but equally we must recognise the market is now moving, and the market is now moving
3130 because people are asking a realistic price rather than these silly open cheque book type prices
that a lot of people could not afford to do. So I think that has to be welcomed. I know many in the
Local Market have been delighted with that because they have been able to get on to the housing
market where just two years ago they could not do that, so that as well is a knock on effect. Some
of it is through development, some of it is obviously people just reselling to move on to
3135 somewhere else. So it has not been a bad thing, I think it has been good for some people.

Developers, as we know there is an awful lot of land sitting there that is not being developed. I
think I would like to kick it into a quicker action route by saying if you have not started
development in a year then that application falls. We used to have it at three years. I don't know
what the current time limit is that permission dropped after three years. It was five years; one time
3140 it came down to three, but certainly if they are not going to develop it they should be rescinding
that permission, because it gives a false picture of how many properties, or potential properties,
should be on the market.

But like others we cannot do anything else but support this and try and get some true and
realistic data for the future with a proper strategy, but the biggest disappointment for me is that
3145 we have paid for a really poor report.

The Bailiff: Deputy Graham.

Deputy Graham: Thank you, Mr Bailiff.

3150 Just two points from me. The first one is on the subject of principally helping first time buyers.
There has been a lot of talk about it this afternoon. Of course it is only one element of many in the
equation here but it is an important one. With that in mind I was rather encouraged to hear I think
it was, more than a broad hint from Deputy Trott that there is potentially good news on the
position of mortgage provision work on the horizon within the States, and I hope that is so.

3155 One of the things that was very apparent to me when I was campaigning for election two years
ago was the problem particularly for those who are already renting in private accommodation to
get a deposit together as well as pay the mortgage. Most of them felt they could afford the
mortgage but could not see their way to getting a deposit.

Of course we are all unhappy about this reliance on the bank of mum and dad and it was with
3160 that in mind that one of the points I campaigned on in the 2016 Election was the creation of a
Guernsey Savings & Loans Bank which I was briefed at the time had been successful in Gibraltar

3165 which is a comparable jurisdiction really. But once I was elected and sounded the elements of P&R out about that, I got the impression there was no political appetite for that but really was invited to watch this space in the hope that there was better news, and I hope what Deputy Trott hinted at earlier on is part of that response. I shall continue to watch that.

I have only got one point to make that has not already been made and it is going to sound rather negative and I do not want it to give the impression that I am not actually full square behind the whole business of having a housing strategy, but I am really deeply sceptical about the significant role in all this of the States setting arbitrary targets.

3170 I am not really fooled by the fact that we have changed the word 'target' to 'indicator'. I had five years on the IDC back in the 1990's where each year we spent time after time setting or considering numbers of units that would be created each year. They were never built, not one year out of the five or six that I can remember did we ever succeed in doing that. I think the United Kingdom have had the same problem. They have set annual targets for years and years, and it is almost like setting immigration targets in my view. I think they are unrealisable and I certainly think they are a crude measure and a crude indicator for the likes, for example, of the Development & Planning Authority in terms – and particularly over a five year period. I think a hint of their weakness lies in the fact that they have inbuilt in them a variance of 25% either way anyway over the five-year period.

3180 So I do ask myself what purpose do these indicators actually set. I would be disturbed really or worried if anybody really was going to place undue reliance on those figures. To me, none of them are particularly justifiable by the evidence, but I think the strategy has other merits and will survive that and therefore I shall support it.

3185 **The Bailiff:** I see no – oh Deputy Tindall.

Deputy Tindall: Thank you, sir.

I was just adding a little bit to respond to a comment just been made.

3190 Sir, when considering the Propositions I feel somewhat disappointed, as are many, that we have not yet seen substantive changes to assist with the concerns raised by many, not just on affordability of purchasing Local Market housing but also renting in this sector.

3195 I concur with Deputy Roffey's points, he mentioned many aspects of the report that I too agree with, although I would say that obviously people should not be pressurised into moving, but I do think older people should be helped to move out of homes which they consider too large if they so wish.

As did Deputy Stephens, I too have some involvement in how to take the recommendations forward due to my membership of the Development & Planning Authority and so have considered it from that perspective.

3200 I particularly support Proposition 7 and the programme of works including the development obviously of the housing strategy. In particular I am pleased to note the work on bond fees and Document Duty as well. I also endorse the direction to the lead committees to prioritise these work streams alongside their current workloads and I hope there will also not be any further delay to this important programme of works.

3205 Having noted the report by KPMG entitled Guernsey Housing Market Review, I support the sensible suggestion to change the terminology from States' strategic housing target to States' strategic housing indicator. In particular I recall the use of the word 'target' did not assist Members during the debate on the Island Development Plan, so I am sure this will help.

3210 However, when I took a look at Propositions 3 and 4 I have some difficulty in seeing their effect. Whilst I note the statistics and projections in the report and see the reasoning behind the indicator being set at 635 new units of accommodation between 2017 and 2021 with a plus or minus variance, what does this actually mean? Currently we have 1,177 extant planning applications for new units of accommodation, sufficient to meet both the current target, 300 per

year, and the new proposed target or indicator. In fact we do not need to approve any more planning applications before 2022 at all, so what does setting the indicator at this level achieve?

3215 My first thought, sir, when I read the report was to ask our officers at the Development & Planning Authority if any changes need to be made to the Island Development Plan. When asked, the answer was no, as the purpose of this indicator was to identify the need for further sites to be allocated for housing. There is no mechanism for allocating fewer sites and that is simply because it would entail a wholesale rerun of the selects needed to introduce the IDP in the first place. No
3220 sites allocated as housing sites can be reallocated other than primarily for housing simply by revising an indicator, and anyway what other designation would we give them, we would have to investigate. So any benefit perceived or otherwise would, in my view, only be achieved at the five-year review of the Island Development Plan.

That said, does the indicator actually help in real terms? This is where Proposition 4 is helpful as it requires the indicator to be separated into an affordable housing indicator and a private market housing indicator.

The definition of affordable housing is familiar, especially to Members of the DPA as it was one that was drummed into us in order to go through the IDP debate. However, private market housing is also defined in the glossary in the IDP, which says that it is in general terms owner-occupied housing and higher cost private rental accommodation housing. So basically it is the rest.

However, the number to be created over the next five years as stated in the Proposition, late 2018 to late 2023 is the same as that in Proposition 3 for the period from 2017 to 2021, namely 635 units. So unfortunately there is a disconnect between the two Propositions, but I am sure we will work it out, what that actual figure is when we come to apply it in practice, but it would be helpful if we were comparing apples with apples in this regard.

As mentioned by Deputy Lester Queripel, the DPA has produced its first annual monitoring report which will go to E&I for consideration. It contains much useful information which analyses the applications, those which are commenced, completed and those which lapsed, if not commenced, within three years.

With regard to the numbers of affordable housing built, it does not contain figures in the report broken down to assess delivery against housing need in terms of affordable housing and private market housing. But in future it could and will provide that information, subject to this debate, provided there is also a robust data gathering model introduced.

3245 Despite this information not being in the report, I am very grateful to the Planning Service who have just advised me that they approved in 2017 planning applications for a net gain of 47 affordable housing units and 19 units of these were commenced. As I have said, we do not currently have the ability to gather robust data so are unable to provide the number of units completed. But just on that, the aim of creating 178 units of affordable housing over the next five
3250 years seems to be achievable. I should add that not one single one so far, however, in 2017 or indeed since November 2016 when the IDP was introduced, has been created as a result of policy GP11 whereby affordable housing units need to be built where the development is for 20 or more houses. So all affordable housing built so far has been paid by the taxpayer in one form or another. I am afraid that was an opportunity missed.

3255 But surely one of the issues is not the number of homes being built but the size and type of homes. However, whilst I agree with the need to split the indicator, it is only an indicator. I would have split it also into the size of unit and the type as well. We are aware of the needs of Islanders in respect of the number of bedrooms in the property they need, and ever since I saw the original draft report produced by KPMG I asked the DPA to identify this information in the planning
3260 applications, and as Deputy Lester Queripel said, this data has indeed been collected. It will only be in future annual monitoring reports that these figures can be broken down further and this information will be highly beneficial.

I also note that as the indicator will be reset at least every five years the setting of variances on these figures will assist.

3265 Before I finish I must just comment on Deputy Ferbrache's statement and his wish to get rid of the Strategic Land Use Plan (SLUP). As the fundamental building block of the Island Development Plan is the SLUP and therefore without it there would be no IDP, I cannot agree, but perhaps that is also what Deputy Ferbrache seeks.

3270 So, sir, I look forward to the outcome of the programme of works which I sincerely hope is prioritised so we can provide some hope for all those who are not as lucky as most of us in this Assembly, for those not in homes that they would wish to live in.

Thank you, sir.

The Bailiff: Deputy Le Tocq.

3275

Deputy Le Tocq: Thank you, sir.

I will be very brief because others have said many of the things that I agree with and I particularly concur with those who are disappointed by the KPMG Report which I found to be, yes, of very little constructive use and not very creative at all.

3280 But there was one element of it in terms of the research that in fact has been referred to by Deputy Trott and I want to underline it, and it is found on page 49 of the KPMG review and page 210 where it talks about average household sizes. Now Deputy Trott pointed out how since the 1950's average household sizes in Guernsey have decreased significantly and of course that is in line with the UK and the rest of Europe, what has been significant in the last five to 10 years is that
3285 Guernsey is now below the average household size in the UK. That is of concern because there probably are many people, like myself and my wife, who find ourselves now that most have flown the nest – although one is coming back soon – that we are in a house with six bedrooms and at the moment there is just two of us in it. I think whilst we could and we have considered selling the property, if average household sizes are that small then obviously there are not very many people
3290 around looking for six-bedroom properties of that sort, so it does not really solve the problem. I do encourage the Environment & Infrastructure and indeed the Development & Planning Authority to be very sympathetic to those that want to redevelop or to convert such properties into more usable houses for our household sizes.

3295 There is another issue linked to this and I think it is linked to our population in general, and that is I believe we do need to encourage greater house use and larger families, because if it continues in this direction much longer, and I do hope it will plateau out like it seems to have done in the UK, but if it continues to do so there is a limit to how many properties we can have with empty rooms and bedrooms available and I think that is totally inappropriate for our Island and the sort of community and culture we want to have on our Island.

3300 Thank you, sir.

The Bailiff: Deputy Gollop.

3305 **Deputy Gollop:** I agree with much of what Deputy Tindall has said and would endorse the points that the Island Development Plan can certainly encompass the changes in targets or whatever it is called now, States' strategic housing indicators, and indeed from a personal point of view it could make my job a bit easier because it will put less pressure on the need to develop high density development briefs.

3310 However, some Members have suggested that by taking away planning permissions after three years or maybe a greater or lesser time has lapsed will resolve some of these problems. Of course it does not, because as the plan is legally based and policy based according to generally rational considerations, the development briefs for areas and the zoning of the land will mean that some areas will be possible to develop in ways that others are not. I think that point needs to be reinforced.

3315 I probably have more sympathy than Deputy Tindall does for reconsidering in the fullness of time the Strategic Land Use Plan because I think our system of planning is quite complicated for

an evolving and changing situation and there may come a point when we have our next revision that we can integrate what amounts to a strategic and corporate plan with a development plan framework, and I would personally wish to see a revision of SLUP, if not necessarily in this term starting perhaps before 2020, so that we are in a position to adapt to a changing economic landscape. Whether that is possible given our resources is another matter and we can discuss that further.

3320 We heard from Deputy Lester Queripel about the irony that as we reduced in size as a States – we had 57 Members when I started we are now down to 40 – the number of policy making or shaping rather, researching civil servants has increased. I will not go into all of those issues because they verge on parliamentary scrutiny and how much Members are paid and resourced all of those things. But I suppose you could argue would the public rather have a hard working able knowledgeable and specialist civil servant or another Deputy or two. I do not know what the answer is to that, but that is another question.

3325 We have talked about Parr and under par, I feel a bit below par today, so I will carry on regardless.

I sit on Employment & Social Security and of course Planning, and in the past Housing, and I was pleased to hear the long overdue tribute to much of the work that former committees under the leadership of the late and very lamented Deputy Jones and also Deputy Flouquet had achieved. They took a situation which was flat lining and was really coasting on policies of the past and transformed it in many areas. One of the fruits of this was the Corporate Housing Programme; another was the extra care housing that I benefit, amongst other people. But there were downsides too. The Corporate Housing Programme contained within it not a subversive policy exactly but a covert policy that became States' thinking but never really seeped down into the public. We know that because Deputy Soulsby and Deputy Graham have just said that indicator – that their poll topping election performance might have been partly linked to the fact that they made manifesto commitments to help the first time buyer.

3335 Now the change in thinking in the States about 15 years ago was that the States would have to put out the message that buying properties was not for everybody and we needed a robust social housing or share ownership scheme. The problem is many of the public have not accepted that, and in some cases I suspect anecdotally have left the Island and moved to pastures new rather than accepting the limitations of trying to borrow 13 times income. That is a problem that we have not addressed on many levels.

3340 The report has not made the big breakthrough we all wanted to see – that is obvious. I personally, unlike Deputy Stephens and Skipton and many other parties, favour an overtly interventionist approach. I listen often to the speeches Deputy Fallaize has made about evolution of our social and other policies, and Deputy Roffey today also gave us an interesting lesson into the successes in the past of the Homes for Workers Loans. I would say curiously enough the States' Members of the 1970's, 1980's and 1990's were more interventionist in the housing market than we are, and they were more focused on engineering society in some ways.

3355 Deputy Ferbrache made a very shrewd point in saying that the change to a culture whereby people have to accept that they cannot own their own home because of the limitations of properties being available could actually radicalise our society, or perhaps atrophy it and make people less entrepreneurial and more accepting of high taxes or lack of activity or whatever. I do not know. But we have to really consider how to cope with this because interventionism is not always socialist, it is done by governments of all political colours across the world. I would argue that Gibraltar, Jersey, sometimes the Isle of Man and many other places are more interventionist than we are.

3360 I would also point out – and this is the important point – that I think we have seen, whether we like it or not, a degree of market failure in the past few years. I mean we heard the news only this meeting from Deputy St Pier that despite a relatively rosy picture in some areas of our economy, we have seen a 12% decline in revenue from Local Market sales. That is not very optimistic and

contradicts some of the perhaps media soundbites from the estate agents we were hearing last year, and is partially reflected in this incomplete report.

3370 We also know that, despite the good words of Deputy Trott today, we have seen a reduction in the number of mortgage providers and a reduction in some cases in what they are offering. So we have not seen the volume of providers or the volume of loans that was a factor in the 1980's, 1990's and Millennium era.

3375 So we have a restricted market. We never got anywhere with the Guernsey Credit Union or the Guernsey Savings and Loan Bank which were ideas being floated about politically at a senior level just a few years ago.

We know that developers feel depressed despite their apparently high margins. They are not developing sites.

3380 I get annoyed when Planning gets criticised for frustrating economic development, because actually that is one thing we have not done. We have not only had a more flexible approach generally but we approved major schemes, particularly near The Bridge for example and other areas. Also we brought to the States the idea of affordable housing within the pepper potting sites as Deputy Tindall reminded us and the States turned that down. So the opportunity particularly highlighted in this report for more partial ownership, more affordable housing or social mix – not just the £400,000 properties but the £200,000 – was not taken.

3385 The problem is that the market is not moving and when we restructured Government, although probably Housing had run its course as an independent unit because we were changing the nature of the Housing Law and all sorts of things, it mutated into a curious octopus that was partly under Employment & Social Security, partly under Environment & Infrastructure, with feed in from the Development & Planning Authority. That made consideration of this report very difficult. To give an example, I saw the report in its various drafts, not because I am the President of Planning but because I happen to be an ordinary Member of ESS, and I could have participated in a workshop on that basis but not wearing my planning hat. As it turned out, I missed the workshop because I think I got stuck in Alderney as the plane did not go.

3395 The other point I would like to make is that Deputy Soulsby and others were somewhat annoyed at the finished product, the way it came out of the sausage machine at the other end, from what had been a useful amendment based upon I think some original ideas being floated around and they could still be energised today. But it was the victim of our governmental system. We went for all change back in 2016. We reduced our numbers; we got rid of Ministers; we got rid of the Policy Council –

3400 **Deputy Inder:** Point of order, sir.

Is this really relevant? I just wonder if this history has got anything to do with this report.

3405 **Deputy Gollop:** Well, it points out why the report is as it is because actually I remember it being commissioned by one department and it turned out another department was doing it at a time when we were still being called as committees. The point I am making is we need to act smarter, we need to get a grip on this, and actually come up with some workable ideas.

3410 I will support, I think, independently Deputy Soulsby with some ideas for the autumn. I hope various other Members of the States will consider them, maybe members of the Islanders Association or any other Members, to consider how we can improve the market come up with affordable homes, environmentally friendly homes, properties that may be cheaper to build, maybe ways of structurally reducing our building costs and maybe ensuring that we do not suffer any further population decline of younger adults particularly of working age.

3415 I also agree with what previous speakers have said – Deputy Le Tocq, for example – that we have a gap in our family policy and anecdotally I would say that there are probably many people in Guernsey who would like to have larger families but they are reluctant to do so because generally speaking unless you are below a certain income level or above a certain income level at

3420 the other end of the income spectrum, having extra children in Guernsey, given the costs of housing and given the costs of going to the GP and other costs, is very difficult.

I think too we have to consider the whole holistic nature of social policy, as Deputy Roffey indicated a few hours ago, and how we can make the Island more family friendly. What worries me is at its worst we appear to be drifting into a state of stagnation or stagflation, because we have the paradoxical issues of, on the one hand, having extremely high house prices which even
3425 apparently put lenders off from increasing their percentage of the market or coming in because of the theoretical risk of exposure; and on the other hand we are having a situation where the population is clattering at best and there is a sense that the market is not moving and that the customer is dissatisfied, and it is also a barrier to employment, because I think Deputy Parkinson has said in the past, and other Members have too, that you cannot encourage too much new
3430 employment on the Island because housing availability is an issue that constrains the mobility of the market.

So I believe that this report is a disappointment and we need to encourage more of a culture maybe in all of the committees – Employment & Social Security, Policy & Resources, Environment & Infrastructure – to have a little bit more sympathy for interventionism because I am the kind of
3435 person, although I am restrained by Deputy Le Clerc and others, who is a bit like the Bugs Bunny character in the cartoons who wants to press the red button and see what happens.

I think we do need to take a few more risks and be more experimental because we have had 15 years, with the exception of partial ownership, of letting the market sort itself out and they have not been the most vintage years for Guernsey home buyers or the success of our
3440 construction economy.

The Bailiff: I see no one else.
Deputy Brehaut will reply.

3445 **Deputy Brehaut:** Thank you very much, sir.

Deputy Lester Queripel opened up the debate. I think did he use the expression, sir, did he say misallocation or inappropriately allocated properties, and he also mentioned the slum – other people's use of language, I appreciate – that was the Bouet; and the two oddly enough are connected. Now personally I do not accept the word 'slum', I do not think the Bouet was ever a
3450 'slum'.

I think housing policy and housing criteria whereby it was earnings-based led to the most peculiar social experiment where you had some very predominantly, if we can be candid, young mothers living with very young children. Where else would you find in a street in Guernsey 40 or 50 people of that nature living adjacent to one another? It was never a 'slum' but there were some
3455 social issues associated with it. But what we did do because there was pressure to do it at the time – I was not a Member of the Housing Department, I had left by then – was to demolish the Bouet.

Now we demolished the Bouet, then what happened? Where did we put those people, those small families? We put them in three- and four-bedroom homes in other places and created another type of problem. So while there was pressure to deal with the Bouet because it became
3460 the talisman for change people wanted to see housing moving forward. Commitments were given to demolish the Bouet, the Bouet was demolished. Where did those people go? It put pressure somewhere else in the States' housing market which was unfortunate at the time.

Incidentally, the Grand Marais at the Bouet were very nice houses and liked by the people who lived in them. The classic 1930's keyhole design doorway, the dining room as you went in, the
3465 kitchen and three generous bedrooms, not a box room, they were nice States' houses and people liked living down that area in the Bouet.

The mistake in the 1970's of course was to do the prefab build with reverse reception houses, if that is the term, and then over the years because of the housing policy the situation arose that meant there was a deterioration for a lot of people in the general living conditions.

3470 Now Deputy Queripel posed the question: are these people permanent? Will they be there for
two years and will they go? What my Chief Secretary is keen to do is to get people together for a
limited period of time working on projects and delivering on strategies; and the question is also
3475 related to a point raised by Deputy Stephens, and that is that the infrastructure programme which
we would love to press forward with is being slowed down at the moment because the team are
working on renewable energy, hydrocarbons and the mechanics of any revision, if I can put it that
way, on motor tax. That team of three people is working solidly. When they are freed off possibly
3480 those people can be moved into other areas. But the idea is we have people, a pool of people,
who can one moment be writing housing policy and doing the strategy extremely well and then
be used in other areas, and I think it is a way of working which I hope the States will adopt and
stick to.

All the aspects that Deputy Queripel mentioned with regard to SLAWS, ESS, the GHA, all of
that, is wrapped up into the strategy. All of those loose ends, sorry for that cliché, will be pulled
together by the team at the centre. So yes the themes are out there, we know that these themes
crop up in the States' Strategic Plan in the mid-term plan, there we have acknowledged them, but
3485 the delivery bit is tied up in ensuring that we have people resourced at the centre to do it. So we
need that cohesive team pulling it all together.

Deputy Stephens asked some very good questions and of course what I was not able to do
was to refer her to the KPMG Report which should have answered every one of them for her. The
points she made which I thought were current and live and we deal with at E&I now, we are more
3490 than aware of, through you, sir, is the issue of amenity and because you are right, people in the
north of the Island, what do they get in return? So there is pressure to build in the north, we know
statistically there are more applications, so for people who often choose to live in St Sampson's
and the Vale and the north more broadly, what do they get and we have to ensure that the
infrastructure works for them and the amenity value can never be undervalued. I just underscore
3495 that point again with regard to the infrastructure plan. Realistically I suppose it may be within the
budget provision of 2019 but it is not going away.

Deputy Inder referred to the meeting put on by Skipton. They offered that to us at E&I and we
extended that invite to States' Members. I have to declare an interest: I have a mortgage with
Skipton, there was no connection other than they approached the Chief Secretary and suggested
3500 that they put a presentation on. Their view, and it is from where they sit, they are saying that the
market is – they said at that time that the market is correcting, and they did make an observation,
or gave one example that a house that was for sale for £580,000 and of course they see all the
people coming in to loan on that property to acquire it and that property I think was eventually
sold for £520,000. So they were saying that developers were simply wanting too much, and if the
3505 developers were more realistic the community would be and the expectations on loaning would
be more realistic.

The things that are changing, and it is good news, I was hearing today perhaps even later this
month we will have a new lender on Island which will mean we would have two new lenders. But
the more significant thing is that Barclays, as I mentioned earlier on, significantly have changed
3510 their criteria whereby if you went in to get a mortgage from Barclays you had pretty much to meet
the UK criteria, the UK is a different market. Guernsey people do buy a litre of milk at press and
pay their mortgage and generally die. In the UK people do not always do that, they default. I do
not know when we had the last *Saisie* proceedings on Guernsey for a house repossession but it is
(*Interjection*) decades ago, I am being told by my right hand man.

Now what I want to make clear is well this is a point of view I have which I think we need to
change our own expectations and those of the community because I do not think there is
anything wrong in renting because Deputy Inder, quite rightly, referred to when he was
canvassing, referred to people living in environments with family that were far from ideal, but
people's wants and needs are very different. Some people want a States' house and need a States'
3520 house. Some people would never move into a States' house, for whatever reason through the
negative association, these people – no pun intended – would want to be hopefully in the

Housing Association, and there is nothing wrong with renting a States' house or being within the Housing Association over a longer period of time.

3525 What I do not want to happen is for people that are moving into the GHA and feeling happy and content living in the GHA, we then say to them, 'Come on, get up to 80%, get up to 90% and then move on up.' It is not all about home ownership. So if people are content and happy then they should be able to remain.

3530 Also along with that I think is improving the quality of the private rental sector. If you deal with those three things you just take a little bit, a tiny bit of the heat out of the bottom possibly. Really this is not meant to sound patronising because it concerns me a great deal; I worry with 13 times, 15 times that we lead some people to believe that house ownership is possible. There are some people on incomes that are really going to struggle, aren't they? Really it is all hands to the pump to get the mortgage, your first child comes along, you then struggle with childcare. So if we have good quality rental for longer, then that can assist people too.

3535 Deputy Roffey referred to the Parr Report, as I did, and there were two Parr Reports and of course he did at the time deal with an area of Government intervention in the marketplace which was rent control, and perhaps some Members have forgotten about rent control. But there were a number of properties on the Island that were rent controlled by the *Cadastre*. I was actually a non-States' member on the *Cadastre* and I thought the process was absolutely wonderful, whereas a landlord said, 'I am going to put up your rent,' the tenant said, 'I am not happy you are going to put up my rent. We want to talk about that,' and the *Cadastre* would mediate to find a level for rent that was appropriate and affordable and kept the respective parties talking to one another. I do not know now if any houses are under rent control. Perhaps oddly there could be one or two that have completely slipped under the radar.

3545 Deputy Parkinson rightly spoke of the supply side: the mistake made by the Housing Authority – now I hold my hand up because I was there for long enough – is we should have kept building States' houses, (**A Member:** Hear, hear.) we should have kept building them, because the last States' houses were built ... Mahaut Gardens were 1928 possibly, the Rue Jehannet was 1958; Sausmarez Mill was the 1930's; Le Hurel was the late 1950's or 1960's; Les Genêts, yes thank you ...
3550 It feels like a TV programme, higher or lower, which do you want to go?

3555 But we stopped building houses and I think that is a mistake, because we should have had ... '1990', says Deputy Roffey and we will close it there. I am taking no more bids on the houses, we will square it off at 1990. But we stopped building houses, and the most popular houses we built probably were Rodley Park and that showed that if you vary the tenure you get the situation and the build quality right and it is States' houses that people want to live in.

Also Deputy Parkinson referred to being forced to live in rental. I know what he is saying, but I would like to move away from the forced to live in rental because I keep saying if we get it right then it is something people may want to do.

3560 Now my office, my Chief Secretary has contacted CICRA because I went to the AGM of the Co-op and I believe it was Connor McCloud told those gathered that concrete prices on Guernsey were 50% higher than Jersey – why is that? There will be a letter under my signature going to CICRA asking that they look at why concrete on Guernsey is so expensive. I think when the Airport was resurfaced they brought their own batching – or hatching, is it? – batching plant over with them and they made it, so that must be a consideration, something we need to look into.

3565 I like the idea of alternative build, I like the idea of historically the Housing Department ... I am referring to remarks made by Deputy Parkinson with regard to prefabs. I like the idea of prefabs, I like the idea of alternative build and the States' Housing Department were lobbied for quite some time with first time buyers perhaps using viney sites. The problem with that of course is properties do not always get finished because people cannot secure the money on them when
3570 they are building them themselves all of the time. But Guernsey is still a curious place, we build petrol stations that have to look like fishermen's cottages, so we have got a way to go yet with real contemporary design and we need to do a bit more to assist people to buy a house that is great to live in even if your neighbour may sneer at it for the first year or two.

3575 Deputy Ferbrache said he wants to get rid of the SLUP. He might just be *'California Dreaming'*, but I can tell him on *'Monday, Monday'* if that is okay. (*Laughter*)

3580 But he asked for the timeline and why the report was tabled so late to the States. Guernsey Housing Market Review published by KPMG August 2017, Committee for E&I and ESS had a workshop to consider the recommendations in October 2017, E&I meetings with stakeholders October 2017, E&I sought views and responses from the Guernsey Housing Association, the Committee for Education, Sport & Culture, the Committee for Economic Development, P&R in November 2017 – sorry that is probably Employment & Social Security isn't it? Responses from all parties received in March 2018 and the publication of the policy letter was on 11th June. So that was the process, but I do take the point that it did take quite a period of time.

3585 Deputy Trott mentioned new mortgage lenders. I have touched on that and that does seem to make the difference.

I have been slipped a note by somebody informing me that there could possibly be sursis – (*Interjection*) plural, current sursis, okay. (*Interjections*) *Saisies*, I do beg your pardon, yes. No, I am used to sursis, it is okay. *Saisies* are something I am less familiar with.

3590 Yes, so the arrival of new mortgage lenders will make the difference and be helpful to people.

3595 Interestingly on this 55 and I will name the person because they are no longer employed by the States of Guernsey and have moved on but the lead civil servant at the time was Lois King leading on elderly housing and she came up with the elderly tenure. She said we have arrived at 55 years of age and Deputy Flouquet said, 'What do you mean? I am 55 so it is far too low' – we know these days if 50 is the new 60 then 55 was clearly too young and I am surprised it has not changed since.

3600 Deputy Graham is optimistic that something will be done with regard to first time buyers through P&R and it clearly is the intent of this Assembly to do that, and he was sceptical regarding the target becoming an indicator and I understand that too, but we were giving ourselves targets that we never met. But even with indicators if we are looking for a bit of fluidity within that the 635 new units, that is plus or minus 149, 127 new plus or minus 30 and the affordable housing indicator, 178 plus or minus 32. So there is movement within the indicator, it is not absolutely set in stone.

3605 I thank Deputy Tindall for her perception, her view point as a Member of the DPA and for pointing out the discrepancy with the 635 figure, the indicator figures. We will look back at that and correct it.

3610 Deputy Le Tocq is now rattling around in a very big house with six bedrooms. I need to tell him I am not a big eater (*Laughter*) so if he has room if he is looking for a lodger then possibly he would consider ... But there is a serious point within that of course because the size of the family these days is governed, controlled influenced by people's financial commitments and, as I said earlier, if you have got a big mortgage then the correlation between high mortgage and big families is not going to work, is it?

3615 I thank Deputy Gollop who is looking for a good idea. He is one of the longest serving Members of this Assembly. When he has a good idea could he please tell me? (*Laughter*) He says he is keen to share it.

3615 But I thank Members for their contributions, sir, and I hope Members approve the report.
Thank you.

3620 **The Bailiff:** Well, Members, there are eight Propositions. Deputy Lester Queripel indicated he had some reservations about Proposition 7 but apart from that I have not heard anybody suggesting they want any separate votes. Are you calling for a separate vote on Proposition 7, Deputy Queripel?

3625 **Deputy Lester Queripel:** No, but I would like a recorded vote on all the Propositions *en bloc* please, sir.

The Bailiff: Right. Well, nobody has requested any separate votes so we will vote on all the Propositions 1-8 *en bloc* with a recorded vote.

There was a recorded vote.

Carried – Pour 38, Contre 1, Ne vote pas 0, Absent 1

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy Inder	None	Deputy Oliver
Deputy de Sausmarez			
Deputy Roffey			
Deputy Prow			
Alderney Rep. Roberts			
Alderney Rep. McKinley			
Deputy Ferbrache			
Deputy Kuttelwascher			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			
Deputy Gollop			
Deputy Parkinson			
Deputy Lester Queripel			
Deputy Le Clerc			
Deputy Leadbeater			
Deputy Mooney			
Deputy Trott			
Deputy Le Pelley			
Deputy Merrett			
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Fallaize			
Deputy Lowe			
Deputy Laurie Queripel			
Deputy Smithies			
Deputy Hansmann Rouxel			
Deputy Graham			
Deputy Green			
Deputy Paint			
Deputy Dorey			
Deputy Le Tocq			
Deputy Brouard			
Deputy Dudley-Owen			
Deputy Yerby			
Deputy de Lisle			
Deputy Langlois			

3630 **The Bailiff:** Well, Members, the voting on the Propositions was 38 in favour and 1 against. I declare them carried.

It is now 5.30 p.m. We will rise and resume tomorrow at 9.30 a.m.

The Assembly adjourned at 5.30 p.m.