



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 30th July 2014

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Present:

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

Law Officers

H. E. Roberts Esq., Q.C. (H.M. Procureur)

People's Deputies

St. Peter Port South

Deputies P. A. Harwood, J. Kuttelwascher,
R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, M. J. Storey, E. G. Bebb, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M. J. Fallaize, L. B. Queripel, M. M. Lowe,
A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
B. J. E. Paint, J. P. Le Tocq, S. A. James, M. B. E., A. H. Adam

The West

Deputies R. A. Perrot, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
F. W. Quin, M. P. J. Hadley

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and R. N. Harvey

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. Comptroller)
Deputy B. L. Brehaut (*relevé à 9h 33*), A. H. Brouard (*relevé à 9h 45*),
D. B. Jones (*indisposé*), M. G. O'Hara (*indisposé*)

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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 XVI

**XVII. Requête –
Island-wide voting –
Debate concluded –
Propositions not carried**

The Greffier: Billet d'État number XVI, Article XVII. Island-wide voting. Continuation of debate.

The Bailiff: We continue the debate on the amendment proposed by Deputy Gollop, seconded by Deputy Wilkie. Does anybody wish to speak in the debate? No. Deputy Inglis.

5

Deputy Inglis: Thank you, Mr Bailiff.

Just a footnote to everything that has been said because a lot of what I wish to say was actually covered by Members in the Assembly.

On reflection going home last night I too suffered from the tedious day that we dealt with but I think there is a lot of merit in what Deputy Gollop has brought forward.

10 We have come full circle in respect of how we used to be and that is using 25% or thereabouts of the Assembly being voted by the people. I am not a fan of everybody being voted by the people. Deputy Burford brought forward the concerns that I had in respect of proportional representation could suffer and Deputy Langlois and Deputy Conder intimated that it could be the start of party politics which, let us face it, is not the Guernsey way. We would not really progress any further than where we are today.

15 So I think that what has been said is the right way to go forward in respect of this voting and I would ask Members to support Deputy Gollop's amendment.

The Bailiff: Deputy Lester Queripel.

20

Deputy Lester Queripel: Thank you, sir.

Voting in favour of this amendment will result in partial island-wide voting on the basis that only a quarter of the Assembly would have been voted in island-wide, but that is not what the people who I speak to, who favour island-wide voting, want. They want to be able to elect all their Deputies on an island-wide basis.

25

Someone yesterday used the word 'distorted' in his speech. I think it may have been Deputy Storey. Well, when people are telling you they want to vote for *all* their Deputies on an island-wide basis and then they are told they can only vote for a quarter, how distorted is that? How undemocratic is that?

It really has not been made clear to me what the Members who oppose comprehensive, all-encompassing island-wide voting are so afraid of. I really wish somebody would tell me exactly what it is they are so afraid of.

30

I cannot possibly support this amendment on the grounds that it will result in partial island-wide voting which, as I said yesterday, will be as ineffective as partial scrutiny and also, as I said in a speech yesterday, will not nurture an inclusive society, but will instead perpetuate an exclusive society. This is not quite the

35 same tacky psychological ploy as the Deputies Ogier, St. Pier and Luxon amendment, but it is not far from it.

The people who want island-wide voting want comprehensive, all-encompassing, full island-wide voting. So why are some of us so afraid to even try it – try for island-wide voting for 2016 and see how it goes? If it does not work then return to the current system in 2020. *(Laughter)* How do you know it is not going to work unless you try it?

40 I really do feel, sir, that some of my colleagues are being extremely pessimistic regarding the issue of full island-wide voting. They are making mountains out of mole hills. They are not only anticipating problems, but they are creating problems. They are focussing on the dynamics, practicalities, costs, the inability of Islanders to read so many manifestos etc and all I hear are excuses.

45 I have not yet heard a justifiable reason for not introducing full island-wide voting. Somebody even said in debate yesterday that the staff in the Civil Service and the Douzaines will struggle to do all the work that is needed –

The Bailiff: I am not sure where you are going with this, Deputy Lester Queripel, *(Laughter)* but you are in danger of straying into general debate. **(Several Members:** Hear, hear.) Can you confine your speech to the amendment that is before the Assembly at the moment?

The Procureur: Sir, he cannot be straying into general debate because he has already spoken in general debate. *(Laughter)*

55 **The Bailiff:** Well, that is why I am warning him, *(Laughter and applause)* Mr Procureur.

Deputy Lester Queripel: Sir, I have been rumbled. In that case, sir, I had better dispense with the next page of my speech.

60 The way I see it, sir, voting in favour of this amendment will be tinkering and pussy footing around and it will result in us being a quarter of the way there and we will not even have the toe in the water that Deputy Green referred to yesterday in this Chamber. I really do feel that we are now going in circles, debating permutations again, whereas I felt that, after the Deputy Queripel and Deputy Le Lievre amendment that was passed yesterday, we were on the right path and knew exactly where we were going.

65 Now here we are with another re-run, of another re-run, of another re-run of an old movie – as Deputy Laurie Queripel said yesterday in his speech – and I cannot but wonder, sir, how many more amendments are going to be laid if this one fails. We could spend the whole four days debating amendments, *(Interjection and laughter)* when what we should be doing is moving to general debate, *(Interjection and laughter)* with the Propositions amended as they are now and make a decision one way or another.

70 With that, sir, I shall have to dispense with another page of my speech and sit down and leave my thoughts with the Assembly.

The Bailiff: Deputy Kuttelwascher.

75 **Deputy Kuttelwascher:** Sir, I would just like to propose what is commonly known as a guillotine motion and we go straight to the vote **(A Member:** Yes.) on this amendment. Unfortunately, I do not know the reference. I did not have enough room in my briefcase to carry the booklet. *(Laughter)*
Thank you.

80 **The Procureur:** 14(1).

Deputy Kuttelwascher: Thank you.

85 **The Bailiff:** We need to put that motion to the vote and it will have to be an oral vote because we need to see whether there is a two-thirds majority.

Deputy Fallaize: Sir, can I ask that it be established whether there is actually anyone else who wants to speak because if there is not we do not need to go through that process, we can just go to the vote?

90 **The Bailiff:** Does anyone else wish to speak on the amendment? Deputy Wilkie, the seconder, and Deputy Hadley. Do you wish to still pursue the...? And Deputy Langlois.

Deputy Kuttelwascher: I will be happy as long as more speakers do not turn up as we go along, *(Laughter)* which often happens in the past. So if we...

The Bailiff: I think we will go ahead with the 14(1) vote –

Deputy Kuttelwascher: I will continue with the motion.

100 **The Bailiff:** – because there can be no guarantee that nobody else will not speak later. So I put the request to the vote and, as I say, it will have to be an oral vote.

The motion is to close the debate. That is what you are voting on. If you wish to close the debate now you vote Pour. If you wish the debate to continue on the amendment you vote Contre. The motion is to close the debate.

105 Greffier.

There was a recorded vote.

Not carried – Pour 18, Contre 25, Ne vote pas 1, Absent 3

POUR

Deputy Le Lièvre
Deputy Collins
Deputy Le Tocq
Deputy James
Deputy Adam
Deputy Perrot
Deputy Sillars
Deputy Luxon
Deputy Quin
Alderney Rep. Harvey
Deputy Harwood
Deputy Kuttelwascher
Deputy Robert Jones
Deputy Storey
Deputy Bebb
Deputy St Pier
Deputy Stewart
Deputy Ogier

CONTRE

Deputy Fallaize
Deputy Laurie Queripel
Deputy Lowe
Deputy Spruce
Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Paint
Deputy Wilkie
Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Hadley
Alderney Rep. Jean
Deputy Brehaut
Deputy Domaille
Deputy Langlois
Deputy Le Clerc
Deputy Gollop
Deputy Sherbourne
Deputy Conder
Deputy Gillson
Deputy Le Pelley
Deputy Trott

NE VOTE PAS

Deputy Lester Queripel

ABSENT

Deputy David Jones
Deputy Brouard
Deputy O'Hara

110 **The Bailiff:** Well, Members, the result of the vote on the motion to close debate was 18 in favour, 25 against and so it did not secure the two-thirds majority that it would have needed. So debate continues.

Before we move on, Deputy Brouard has entered the Chamber. Do you wish to be relevé so you can participate in the next vote? *(Laughter)*

115 **Deputy Brouard:** I am not sure, sir, but yes, please. *(Laughter)*

The Bailiff: We know that Deputy Wilkie and Deputy Langlois wish to speak in debate. Deputy Wilkie, do you wish to speak next? Deputy Wilkie, then Deputy Langlois.

120 **Deputy Wilkie:** Thank you, sir. I will be brief if I can. I think the time of long speeches is over. **(Several Members:** Hear, hear.)

This amendment is the sensible option. It is the option that we know works. We have had 12 years of this, with no solution. We have got a situation at the moment where if we throw out the Requête we are going to end up with three days of debate and no progress whatsoever. If we do vote for the Requête I think we are going to give an option of people to vote for a referendum where they have got an unworkable island-wide voting system facing no change at all and I do not think that is fair.

125 So I think this very simple amendment is a sensible option which will give the people the opportunity to put this to bed once and for all. So I would ask everyone to vote for this amendment.

Thank you.

130 **The Bailiff:** Deputy Langlois.

Deputy Langlois: Thank you, sir.

I thought by the end of yesterday we had heard it all and then when Deputy Lester Queripel started his speech this morning I thought, yes, we have definitely heard it all (*Laughter*) because we have heard all this before and then he did come out with something new, 'Let's give it a go and see how it goes. (*Laughter*) Give it a try! It is only the Government of the Island after all! You know, we cannot do any damage in a four-year term elected by some absurd system.' A slight paraphrase of what he said, (*Laughter*) but roughly that was the gist of it.

Sir, we cannot go with the Proposition in the original Requête. This amendment ticks all the boxes. It ticks all the boxes because it takes due and proper regard of the Electoral Reform Society analysis and the previous analysis from SACC in the past.

If we stay with the original Proposition and defeat that, this debate will not go away. Crikey, there is probably time for two more of these before the Election and that is too short. It will not go away if we simply defeat the original Proposition, because the same old arguments will be trotted out in the media and by the supporters of this system.

If we accept this amendment then we are able to make a balanced judgment on the final vote. We have also got written in there the referendum idea. I have my reservations about that but, nevertheless, it is in there and that is definitely the lower risk option and when it comes to the Government of our Island and my Island, of Guernsey, I would prefer to take the lower risk option.

The Bailiff: Deputy Bebb.

Deputy Bebb: Thank you.

What Deputy Langlois has said is exactly why this is fairly dangerous. Let's cast our minds back to yesterday's debate and the points made by Deputy Dorey.

Deputy Dorey made it quite clear this is a return to the former Conseiller voting system and Deputy Dorey, in his figures, made it very clear that voting for the Conseillers was consistently lower than for Deputies.

You are inviting a system that will disengage the people. It seems attractive for the simple reason that it is the only workable island-wide voting system but the Conseillers, after 12 debates, were removed as a part of this Assembly. We are in danger of re-inviting the problems of the past. The solutions are not found in the past.

Please reject this amendment and reject the Requête. This is lunacy and for us to think that we are going to engage with another debate like this would just bring more disrepute on this Assembly and anyone who would think it suitable to do so before the next Election really does only invite disrepute.

Please reject the lot.

The Bailiff: Deputy Burford.

Deputy Burford: Sir, I cannot vote for this two-tier system and it is a fine example of loss aversion theory to say we must vote for something purely to show a return on our investment of three days of debate. (*Laughter*) That is nonsense. I still consider the *status quo* the best option on the table today.

Please reject this amendment. (**Two Members:** Hear, hear.)

The Bailiff: I see no one else rising so, Deputy Hadley, do you wish to speak as the lead requérant?

Deputy Hadley: Yes, sir.

Mr Bailiff, this Assembly has now voted for full island-wide voting, subject to endorsement by a referendum. (*Interjections*)

A Member: No, it has not.

Deputy Hadley: Yes, it has. (*Interjections*)

Deputy Quin: Oh, no, it has not. (*Laughter*)

Deputy Hadley: The amendment we have passed does just that (*Interjections*) and then it will go to a substantive vote. (**Several Members:** Ahh!) We will vote on the substantive motion, that will become part of the substantive motion and we will vote again.

Our system of Government has not been set in stone, but has evolved over the years to give more people more say in the way this Island is governed and our provisional decision to continue this process by introducing full island-wide voting for the first time.

Even more ground breaking, for the first time in the history of Guernsey we are going to have a referendum, so that people can decide whether a major change in the way the Government is elected has their approval. (*Interjections*)

As Deputy Trott says, 'Wow!' and I would say that if the amendment becomes a substantive motion and it is passed by this Assembly this really will be a historic day for this Assembly. But of course it will probably never happen because we are now asked to consider what it probably the first of the spoiling amendments.

If this amendment is successful, though I am sure my colleagues will be able to say, 'Well, of course, I did vote for island-wide voting, but Deputy Hadley's Requête had flaws in it so I voted for this amendment or that amendment and what is the point?' It is to preserve the link with the parishes.

Now, the parishes are an important part of the fabric of the Island and will continue to be so. The link with a particular Deputy is not core to their existence. Any Douzaine will still be able to ask local Deputies to their meeting or indeed any Deputy in Island. In fact, they will be able to demand the presence of the Deputy they feel is most appropriate – perhaps the President of the appropriate Board.

It has been suggested that party politics will evolve from island-wide voting. Now, I do not think for a minute that we will ever see party politics in Guernsey and I would just like to know who would join a political party that I was a member of! (*Laughter*)

For Deputy Langlois to rubbish this as a 'let's give it a go' type of option, well, I do not see that this is the point at all. I really do believe that however flawed you might think island-wide voting is, there will still be a majority of able people elected to this Assembly.

So I would urge Members to reject this amendment.

The Bailiff: Deputy Gollop to reply to the debate.

Deputy Gollop: Yes, sir.

Well, I am always tempted to go to any party and if Deputy Hadley formed a Guernsey Democratic Party, I might be tempted.

But, more seriously, Deputy Hadley in his rebuttal was making the point that the States have committed itself to achieving a referendum on the contents of the Hadley Requête. In fact, of course, as we all know, that has yet to happen and I have to consider the options yesterday and I considered, having had long experience in the States, that it was more likely than not that the States would have rejected at least part of the Requête and therefore the referendum would not have happened.

I also had to bear in mind that if tactical voters or whatever stayed with the amended Requête and we did get a narrow majority in favour of the referendum then a consequence of that would be that there would be one option put before the public, which would be keep with the *status quo* of electoral districts or go for all members – 45 or however many – elected island-wide.

I think, given that binary choice – despite what Deputy Lester Queripel has said – you would not easily see a majority of the public on the Island supporting such a radical change. As Deputy Sherbourne has said more than once in the Assembly, Guernsey does not do radical change – and that would be a seismic change. You would be going completely from a system still largely based upon parochial boundaries to one of a multi-choice ballot sheet with numerous candidates, many manifestos and an unknown result at the end of the day.

Actually, if nothing else is left I will vote for the Hadley Requête and I happen to believe that on the balance of probabilities we would see a successful election. I believe that, not just because of the reasonable sense of the electorate, but because we have just a few miles away in Sark seen elections where 28 winners out of 56 candidates achieved a result. All of them were elected easily and there were not problems. But that is a separate issue.

What this amendment does is it gives the Assembly three choices. The first choice is to hopefully vote for the amendment and put a Proposition in the referendum, once supported, that the Islanders vote, basically on a simple principle: do they wish the current *status quo* – as Deputy Burford wants – to continue or do they want approximately one-quarter of Deputies elected on an island-wide basis? Effectively, it opens the door for a partial island-wide – a reconstitution of a former system – but I will come to that in a minute.

At one-quarter it is hardly a radical change. It is not even a third. Three-quarters of us would still be elected by the districts or parishes. It would be simplicity to operate. The merits of it are clearly that it gives the island-wide option, that many of us have heard from the electorate as a popular choice, its best possible chance, because I am sure that if you went to the electorate today and you asked them, 'Would you prefer island-wide elections to the current system?' probably two-thirds would say, 'yes'. But it is a bit like the reform of the House of the Lords which started in 1910 and still has not been completed. If you then drill down and say, 'Well, what island-wide system would you prefer?' you would hear from everybody, as you

have heard from Members of this Assembly, ‘Oh, some of us would go for the golden vote, some of us – all island-wide, some of us – partial island-wide, some of us – a list system’ and so on.

What we need is to establish the principle, first of all, as to whether the public want island-wide in either a radical or conservative form. If this referendum occurs – as Deputy Langlois, the Deputy Chief Minister, pointed out, ‘the lowest risk option’ – and we have a referendum along the lines of this amendment, it is up to people like Deputy Lester Queripel and former Conseiller Tony Webber and others, who argued for all island-wide, to make their case and to tactically vote for partial island-wide because clearly partial island-wide is better than none and also it opens the door for further development of island-wide when we find the process does not frighten the horses and may actually improve the selection of candidates and the politics and government of this Assembly.

But on the other hand, if we just leave it to a simple vote on Deputy Hadley’s referendum, we are left with the serious possibility that we could hold a referendum next year, put the Law Officers and St. James to a lot of trouble in constructing it, and the parishes, and find that 25% of the population support all island-wide, 75% do not, because many of those 75% in fact would prefer some continuing parochial or district representation. That would be a waste of time and, moreover, a disappointment for the island-wide moderate faction.

Going through the specifics of the speeches that we have heard, Deputy Storey is a little bit of a fundamentalist, like some of the other Members against island-wide. He made an intriguing point in the debate yesterday when he suggested that there had been gross over-spending in Jersey island-wide senatorial elections.

That may have been true in the past but I have reason to believe that Jersey now has a more robust electoral expenditure law and Guernsey would of course retain an electorate expenditure law, so I do not think you would see too much prospect of candidates buying their way into office. (**A Member:** Hear, hear.)

One Member suggested Deputy Gillson was being both repetitive and tedious, but the Deputy Presiding Officer said he certainly was not being tedious. He made the case extremely well yesterday that some people have curious reasons for wishing to vote island-wide.

That is true but we should give the public the opportunity to have the opportunity to select at least some of their representatives, who I would suspect will be the more high profile candidates – some of those seeking a strong scrutiny or leadership role – to be elected island-wide. And we would see whether the system actually worked or not.

It is interesting to observe in our neighbouring sister-island of Jersey that every single Chief Minister and Chief Minister candidate has emerged from an island-wide election.

Deputy Lester Queripel says the entire public want 45 elected island-wide. I do not believe we have heard that today. We do not hear that from the parishes; we do not hear that from representatives; we do not hear that necessarily –

Deputy Lester Queripel: Sir, point of correction, please.

I did not say that all of the electorate want that. I said that those people I have spoken to who have said they want island-wide voting, want to be able to vote for all the Deputies.

Thank you, sir.

The Bailiff: Thank you, Deputy Queripel.
Deputy Gollop.

Deputy Gollop: Thank you.

Deputy Wilkie mentioned this is a sensible option and I entirely endorse my seconder’s comment. It does work, if we can prove it works.

In a way, States’ Members have a simple choice today between three options, which is the beauty of the amendment. If they support the amendment we create a partial system of island-wide of a quarter to be put in a referendum to the public. If the public say ‘no’ to it that, at least for a while, is the end of the story. It is a low risk option; it is a moderate option; it is a sensible option, as Deputy Inglis and other Members have suggested.

If my amendment loses then we revert to the Propositions, as amended, in the Hadley Requête and if the States vote then for the referendum amendment, together with the body of the Requête signed by the seven Members, then we will have a referendum based on a simple choice between the *status quo* and all 45 Members elected island-wide. That is choice two.

Choice three is Members can throw the whole lot out today and we have no referendum and no island-wide for the immediate future. I do not want the third choice. The second choice I am sceptical about because I do not believe that the public would vote for it in the referendum. I believe island-wide would lose and it is also riskier. It might work. The election of 45 might work perfectly or it might not or it might

315 produce perhaps 10 Members at the bottom of the list who did not really have a mandate and were somehow detached.

There are risks in it. I am not saying they are not ‘overcomable’ but I think that a more cautious States would give the opportunity for the public to make a choice based upon an option that is likely to win, that is likely to succeed, rather than a kind of nuclear, failsafe option.

320 There is another argument – a very serious argument – that two Members have raised, which I think needs to be dealt with. Deputy Bebb has effectively said that we are going back in time to an option that did not work and would not quite work and Deputy Dorey has brought out the lack of electoral turnout in the past for the Conseiller elections and that we are returning in a kind of time-travel machine to the bad old days of the 1990’s.

325 I think we haven’t time to drill down the rationale of that era, but I think it is a rather false argument in some respects. We remember, for example, the late lamented Conseiller Walters was a poll topper island-wide; he got something like 10,000, which is a very impressive total. That was in 1994.

The 1994 Election saw 26 candidates competing for 12 seats. The 1997 Election for six seats was more disappointing. Only 10 candidates stood. Now, the difference here is interesting. It is not the same system I am proposing, because that system – and, of course, Douzaine Representatives were still part of the Chamber as well and there was a different number of Deputies in different districts – but the 10 candidates, Deputy Lowe being one of the successful six, were all existing States’ Members, because the rule was that nobody was allowed to stand island-wide unless they had served 30 months as a States’ Member.

330 That limited the candidature and it also made it inevitable that six incumbents would be returned to office. Not surprisingly, some Members of the electorate did not see that as a real election (**A Member:** Hear, hear.) and the four Members who were defeated – if I can call it a defeat; who were not successful, to be kinder – all got in as Deputies the following month and so all 10 were successful. It is a bit like a ration election in the old days. (*Laughter*) You know, you have five candidates successful than defeat. (*Interjection*)

340 Then we had a bi-election the following year where the only candidates allowed were people who were incumbents or defeated States’ Members and just two stood for one place and of course the turnout was very low – 10%.

The restriction on candidature and the double election, whereby a selection of Members were elected a month before the big day of the Deputies’ General Election, were two minuses. Jersey do not have either now. Jersey have an island-wide election on the same day as the Deputies’ General Election and they also have a freedom of candidature so anybody – retired judges, senior advocates, businessmen, radicals, people who reformed Jersey, whoever – can all stand and they all have a chance of success. In fact I could prove, if I had enough time, that about half of Jersey’s senatorial candidates who get in are actually new to the States.

350 So I am saying this is the best possible chance to give the public voice to support a new – not renewed – system of island-wide election by voting for my amendment. It gives the maximum possibility that the people who are worried of risk, the people who like their parishes, the people who want geographical representation in every part of the Island will be content, whilst we have a number of our Members elected island-wide.

355 Give this a chance because if we lose the opportunity today we will go out of here defeated and disappointed people and the public will be upset as well. (**Several Members:** Hear, hear.) (*Applause*)

The Bailiff: Deputy Quin.

360 **Deputy Quin:** Point of information, sir.

Is the Deputy suggesting that the elections are held on the same day or is this a separate election for the quarter?

The Bailiff: I think that is a detail that will have to –

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Deputy Gollop: That is not specified in it, but I would envisage the same day would be the core concept.

Deputy Hadley: Can I ask a point of clarification?

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The Bailiff: Deputy Hadley.

Can you switch your microphone on first?

Deputy Hadley: Sorry.

375 This amendment calls for a quarter of the Deputies to be elected and for every elector to have the same number of votes, no matter which parish they reside in. Now, surely this will mean that either in the smaller parishes people will have more votes than candidates or in the larger parishes they will not have as many votes as there are candidates.

380 **The Procureur:** I think Deputy Hadley has made his speech, sir.

Deputy Fallaize: Sir, can I...? In response to that, clearly the States Assembly and Constitution Committee will have to propose a redrawing of electoral districts, because at the moment there are some districts where voters have six votes and some where they have seven votes. So if there has to be an absolute equality of votes as well as introducing the partial island-wide voting, there will have to be a redrawing of electoral districts, clearly.

The Bailiff: The thing is, as you say, all the detail is something you will have to look at. At the moment all that is being asked for is a vote in principle, in effect, but anyway...

390 Can we vote on the amendment proposed by Deputy Gollop, seconded by Deputy Wilkie? Those in favour; those against. We will have to have a recorded vote.

There was a recorded vote.

Not carried – Pour 19, Contre 26, Ne vote pas 0, Absent 2

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

395 **The Bailiff:** Well, Members the voting on the amendment proposed by Deputy Gollop, seconded by Deputy Wilkie, was 19 in favour, 26 against. I declare the amendment lost.

We return to general debate. Is there anyone who has not spoken in general debate who wishes to speak? I see no one rising.

400 We therefore commence the closure procedure. I believe it is for the Chairman of the States Assembly and Constitution Committee to speak next.

Deputy Fallaize: Thank you, sir.

405 One thing that was noticeable in the latter stages of general debate was Members saying, 'We have already voted to have a referendum' things like that. Now, clearly we have not. I think the Members know that, but it does not do the Assembly a service for Members to say things like that because it leads the public to believe that if, for example, Deputy Queripel's amendment is successful and then the substantive Proposition is lost... it leads people to believe the States have somehow done a U-turn.

410 Now, we have not done a U-turn. We are in the process of debate. We may be changing the substantive Proposition as we go along. The States will not have decided anything until we have actually vote on the

substantive Proposition at the end. So I do not think Members should be influenced in the vote they are about to cast by the votes that have already been taken. This is a separate vote on the substantive Proposition.

415 Now, unsurprisingly perhaps, after not 12 years of debate, as Deputy Wilkie said, but after more than 20 years of debate, the States' Assembly and Constitution Committee has not changed its mind from the advice that it gave to the States back in March and that I repeated when debate was opened yesterday.

420 The Committee is of the opinion that the present electoral system, certainly in a jurisdiction without political parties, is likely to be the best electoral system we can have or at least is the least imperfect, for many of the reasons which were outlined, I thought, quite superbly yesterday in Deputy Gilson's speech and in Deputy Dorey's speech and in the speeches of other Members.

There are real practical problems in a system of full or indeed partial island-wide voting without political parties. That is why the Committee believes the present electoral system, which was hammered out after dozens of debates, is the most appropriate for Guernsey.

425 The difference perhaps between Deputy Dorey and Deputy Gilson and other Members who will now oppose the Proposition, as amended, is – I am content to put this question to a referendum. I suspect that in the referendum campaign the arguments that have been put in this Assembly – in my view, far more successfully by the Members who are opposed to island-wide voting – will resonate with the electorate but if they do not and if the electorate believe there should be full island-wide voting, I do not believe that we should stand in the way of that on this single issue of the electoral system, because it is such a building block of democracy I think as far as possible we should – as Deputy Sherbourne indicated in his speech –

430 we should facilitate the electoral system the public believe in.

I will happily give way.

435 **The Bailiff:** Deputy Langlois.

Deputy Langlois: Sir, whilst agreeing with a lot of what Deputy Fallaize is saying, I would like him to explain where what he has just said fits with your endless mantra – if I can call it that – of sovereignty of the States? It is the States that decide about things. I thought I heard you say, 'No, a referendum allows the people to.'

440

The Bailiff: Deputy Fallaize.

Deputy Fallaize: My constant mantra, which was a generous way of putting it, is that the States are sovereign over their committees. Clearly, the States are not sovereign over the people.

445

I am in sympathy, as I said yesterday, with the argument that we ought to use referendums as sparingly as possible. I cannot envisage any circumstances in which I would support the putting of policy questions to referendum, but I think major constitutional change in terms of the Island's relationship with the UK or Europe and the electoral system are two subjects which it is not unreasonable to put to a referendum.

450 But I suppose at this stage... I mean all of the arguments for and against have been put. At this stage of the debate, really what I want to do is to try to impress upon the States the practical implications of voting in favour of the Proposition which is now before the States, because they cannot be underestimated.

One thing, first of all – I think it was Deputy Langlois who said this – I agree entirely that any system of island-wide voting is bound to run the risk or offer the promise, depending on one's point of view, of the political parties or electoral blocs. That is inevitable.

455 The way it would start, I suggest, is that because... Candidates in island-wide elections cannot canvass the whole island, so I might be canvassing in the Vale and I might say to a Deputy who is reasonably like-minded, who is going to canvass in the west, 'Will you please take my manifesto around? I will take...' – no, it probably would not be Deputy Langlois – (*Laughter*) 'I will take your manifesto around in the Vale.' That is, I suspect, where it would start. That is where electoral alliances would begin.

460 Now, some Members might say, 'Well, we would be better off with a system of political parties and island-wide voting may be a way to promote that.' Others would say, 'Actually, the consensus system we have – not having political parties – is much better for a small jurisdiction.' I think Members should bear that in mind when voting on the Requête, as amended.

465 Now, the practical implications. First of all, timing. I would say to Members, if you are going to vote in favour of the Proposition, be absolutely certain this is the scheme you want to put to a referendum, because last week I was meeting with H.M. Procureur, already to start discussion about the detailed legislation that will need to come back to the States in preparation for the 2016 Election under the present system.

470 We are really up against it if we are going to come back to the States with the necessary proposals, including legislation to hold a referendum and have the referendum campaign and then put further proposals to the States for the detail of the 2016 Election on the basis of the referendum result.

I said yesterday and I reiterate I am not giving the States a guarantee that it can be done. I think it can be done. The Committee will do everything in its power to make it happen if that is the will of the States, but we really are up against it in terms of time but, please, when the Committee comes back – if the Requête is successful – in a few months' time with the referendum question and proposals for how to run the referendum, if Members have any intention at that time of saying, 'Actually, let's not put that scheme to a referendum, let's put another scheme to a referendum', there just will not be time. So be absolutely certain this is the scheme you want put to a referendum.

The second thing is I have had drawn to my attention something produced by the Venice Commission, which is the code of good practice of referendums, and it makes for very interesting reading; and clearly if the Requête is successful the Committee is going to have to familiarise itself with some of these principles and some of the advice. But it does demonstrate how onerous a task it will be to propose a framework for carrying out a referendum.

For a start, there has to be an equality of opportunity for two campaigns – probably two officially recognised campaigns; now, how we get to two officially recognised campaigns will be difficult enough... but for two officially recognised campaigns – yes and no – to have equal access to the media and equal access to promoting their arguments before the public.

Now, that is going to involve the distribution of campaign material. Certainly it is going to have to involve some kind of constraint on expenditure and that is not going to be easy to frame. It is quite possible that we are going to have to propose some sort of commission to oversee the referendum. Now, that may not necessarily be as complicated as it sounds or as costly as it sounds but the States, as we know, are the Government and it may not be reasonable for the oversight of a referendum campaign of this nature to be directly in the hands of the Government.

The Registrar General of Electors is a statutory position and it is he who oversees general elections but the rules under which this referendum campaign is forged, as it were, are going to have to be given very careful consideration.

Deputy Gollop: A point of order here, sir, and it is this: actually this came up a little bit in chat yesterday, but Deputy Fallaize is implying that there could be a cost to the Government in putting into effect the amendment that we have already supported as an amendment regarding the referendum; but that was not covered in a previous debate and is it not too late to cover it now because the States have already over-ridden the rule that we should actually not consider items that create a potential extra cost?

Deputy Fallaize: With respect, sir, that is just nonsense. (*Laughter*) The States have not overridden any rules whatsoever.

Amendments have been considered which have amended the Proposition. We are now debating the substantive Proposition and I am being asked to reply on behalf of the Committee and I am setting out the practical implications of the States voting in favour of the Requête, as amended.

I am not implying that there may be costs in holding a referendum. I am saying there are *definitely* costs in holding a referendum (**A Member:** Hear, hear.) and they are unquantifiable and they may be reasonably significant. I do not know and, incidentally, although I take Deputy St. Pier's point about Rule 15(2), I say quite brazenly, do not expect SACC to comply with Rule 15(2) because SACC has no money to organise a referendum.

We will have to liaise with T&R. The money would have to be found from somewhere – probably the General Budget Reserve; this year and next year's possibly – but our report clearly will have to outline the costs of a referendum, but the money is not coming from SACC.

So they are some of the practical implications. Having said all of that... Deputy Bebb, I think, is asking me to give way.

The Bailiff: Deputy Bebb.

Deputy Bebb: I thank Deputy Fallaize for giving way.

Could I ask Deputy Fallaize to also outline that SACC are currently under States' mandate to deliver a few other pieces of work that this Assembly has demanded to it? Could I ask him to outline what he feels the effect of voting for this Requête will have on those excellent pieces of work?

Deputy Fallaize: Well, there is one piece of work on another crucial subject of simultaneous electronic voting. That will probably not be affected because we are quite close to having a report submitted for debate at the October States.

I think the one area of work which will come under most pressure if the Requête is approved is the changes that are necessary to the Rules of Procedure and the Committee Rules pursuant to the changes in

the Machinery of Government agreed by the States, because that is quite a significant body of work and it will have to be back before the States early next year.

So I am not convinced that we can run this simultaneously but obviously we would do our best. But that is the one piece of work that would probably be under most pressure.

535 But I am not arguing against the Requête. I do accept... I personally appreciate and I am minded to agree with the principle that it is reasonable to put the electoral system to a referendum, but if we are going to do it let's do it with our eyes wide open. There are practical implications.

Thank you, sir.

540 **The Bailiff:** Next to speak will be Deputy Le Tocq, both as Chairman of the States' Review Committee and, of course, as Chief Minister.

Deputy Le Tocq.

Deputy Le Tocq: Sir, I will be as brief as I can.

545 I do not believe the Policy Council or the States' Review Committee would change in its opinion and advice that has been already published in the Billet in response to the Requête on the basis of the amended Propositions before us.

I will not rehearse the excellent arguments that have been put forward already by Deputy Fallaize. Personally, however, whilst I am sympathetic towards the idea that putting this proposal, in the form of a referendum, to the wider community in Guernsey – to the voting public – could have the benefit, at least superficially, of putting this issue to bed once and for all, either way or other. I do not believe it would because we would be asking, effectively, one question and if the answer was 'no' in any way, there would be further attempts to ask different questions in future.

555 I will not pre-empt what I would imagine the Treasury Minister would say, but just at this juncture I think it is probably inappropriate to be spending the sort of resources on this and trying to rush it through, because it does seem to me that it is going to take far more in way of staff resourcing to produce this in a way that will benefit the States in being able to make that decision on the basis of whatever the result of the referendum would turn out to be.

560 So I cannot add anything more to what has already been said and I shall be voting against the Propositions.

The Bailiff: Deputy Hadley – Sorry, Deputy Storey.

565 **Deputy Storey:** Sorry, I tried to stand when Deputy Fallaize was speaking but –

The Bailiff: Well, he did not give way to you so unless this is a point of order...

Deputy Storey: I have a question that you might be able to advise me concerning... I believe that Deputy Fallaize said in his speech that the wording of the referendum question would come back to the Assembly for approval before the referendum was held.

570 I do not believe that he mentioned how the result would be interpreted. In other words, would the result be based on a simple majority of those who voted or a simple majority – ?

575 **The Bailiff:** Well, he did not. Are you making a further speech, Deputy Storey?

Deputy Storey: No, sir, I am asking a question. I am asking a question which I think is relevant to the answer because this does have an impact on our views on the Requête, as amended, in relation to the referendum.

580 **Deputy Fallaize:** Sir, I can deal with that.

The Committee will have to come back to the States as urgently as possible. When I say, setting out the question, I mean the question is encapsulated in the Proposition, but of course it will need to be tarted up a bit so that there are the various link words that would be necessary actually to put it into a ballot paper, as it were.

585 But in that same report the Committee will have to propose to the States – and that is all it can do; propose to the States – expenditure limits and consideration of whether there should be a *de minimis* turnout in order to make the referendum result valid and the States will be able to debate those proposals and obviously Members will be free to lay amendments.

590 We may have a debate in a few months' time where the Committee recommends the *de minimis* of 50% and someone lays an amendment saying, 'No, it should 25% or it should be 75%.' We are going to have to

go through that process because that is the only way of the Committee receiving the endorsement of the States for the legislative framework which we will need to govern the holding of the referendum.

Deputy Storey: Thank you, sir.

The Bailiff: Mr Procureur.

The Procureur: I just, for the record, observe that I am not convinced that ‘tarted up’ is parliamentary language. *(Laughter)*

The Bailiff: It is your department that will be asked to do it. So there we are.
Deputy Hadley.

Deputy Hadley: Thank you, Mr Bailiff.

I think I first of all need to start at the end, because it was interesting to hear Deputy Fallaize talk about how SACC has not changed its opinion and he said also that SACC had spent many hours or a long time looking at this question of island-wide voting. But it was really the previous Committee in the last parliament that did all the ground work and he was a Member of that Committee.

That committee says, when they brought the report to the States, that:

‘The States’ Assembly and Constitution Committee recommends the States to agree that 45 people’s Deputies should be elected in a single island-wide election with effect from the General Election to be held in 2012 and that the manifestos of candidates in island-wide elections shall be distributed at the expense of the States by means of an election publication, the cost of which will be borne by the candidate.’

Now, that was the opinion of SACC after spending a very long time looking at the question of island-wide voting. He was a Member of that Committee and supported that recommendation at the time.

Deputy Fallaize: Deputy Hadley is misleading the States. I did not. I have never supported island-wide voting in any form. It says by a majority in that report and Deputy Shane Langlois and I consistently opposed it.

The Bailiff: Deputy Hadley.

Deputy Hadley: I stand corrected, but at least a majority of the Committee at that time did support *(Laughter)* island-wide voting.

I am somewhat disappointed that Deputy Fallaize now draws the attention of the Assembly to the difficulties he sees in implementing this resolution for the next Election, because only yesterday he and H.M. Procureur made it clear that it was do-able. So I think we need to proceed on the work basis that it is doable.

Now, if Deputy Dave Jones were to be here today, he may well be saying, ‘Why do we always have to have someone from the UK come to Guernsey and tell us how to run our Island?’ This being in reference to the Electoral Reform Society and I would echo that view.

Some 35 years ago, the Pharmaceutical Society of Great Britain took their advice and changed their elections to a single transferable vote. Now, this is a system I actually approve of. However, it did not work for the Pharmaceutical Society and after a number of years they changed the way their elections were conducted.

So, Members, please bear in mind that, eminent though the Electoral Reform Society may be, they do not always get it right. Indeed, following the debate a year ago I spoke to someone at the Society and it became very clear to me that their opinion was not as cut and dried as their advice appears to be. It was very much a case of no one has tried the system, therefore they are not sure it would work; and in the case of Guernsey I do not believe they have got it right.

Members should also remember that this Assembly has approved in principle, I think, that the number of Deputies will be reduced from the present number of 45 which of course would make island-wide elections more feasible.

Again, the issue of canvassing has been brought up and I would suggest that if there was an island-wide election the new candidates would start campaigning a year or two before the election and this in fact gives them an advantage over sitting Deputies who do not have time to do it.

Indeed, this is the practice in constituencies in the United Kingdom where candidates do start years before an election. I think when I stood in West Worcestershire for the first time I started canvassing four years before the election and did call on every household. You do do things in a rather different way, however.

Hustings, again, could be arranged in a rather different way. You obviously would not have them all at one sitting. I mean, it might be that you still arrange the hustings on a parish basis and those Deputies that are standing island-wide, but live in a particular parish attend those hustings.

650 Manifestos I think, again, would change. I think anybody who was serious about getting elected would make sure that an initial paragraph hit the salient points that they were putting forward as their policies, rather than the elector having to read through the whole manifesto to find out what they were going to be up to.

655 In answer to Deputy Conder, yes, it would be the first past the post system. He asked what about candidates who got no votes, I think. I was not quite sure what he was going to get at. I mean if somebody gets no votes they do not deserve to be here, because they could have voted for themselves. *(Laughter)* I mean one would have hoped they would get... and one would have hoped they would get the support of wife, partner, children and anybody that was a relative on the Island.

660 I do not see that this would, as I have said before, cause us to evolve into political parties. This Island does not want political parties. Anybody that follows the proceedings of this Assembly would, I think, probably agree with me that it makes no sense, because we vote with each other on some issues but not others. We find it very difficult to construct any party political raft of policies.

665 Now, I come back to the initial point about this: Deputies in here do not think it will work. Well, ask the Island. This is such a major, important electoral change, the people of Guernsey should decide in a referendum rather than this Assembly throwing out an opportunity for a real move forward in the democracy of this Island.

So I urge Members to vote for this substantive Proposition.

670 **The Bailiff:** Members, we vote on the Propositions –

Deputy St. Pier: Sir, just as point of order –

The Bailiff: Deputy St. Pier.

675 **Deputy St Pier:** – I am not sure all the Ministers have been invited to comment.

The Bailiff: Those who were consulted have been and Treasury & Resources were not consulted on the Requête.

680 **The Procureur:** No, those who were consulted... It does include Education and Home, but I suspect –

The Bailiff: But Education and Home did not –

685 **The Procureur:** – that their Minister did not wish to.

The Bailiff: – did not wish to, is my understanding.

So we come to vote on the Propositions, as amended. The Propositions are on page 1984. There are two.

690 **Deputy Hadley:** May I request a recorded vote, sir?

The Bailiff: Yes. I remind you that Proposition 1 has been amended by the successful Deputy Laurie Queripel/Deputy Le Lièvre amendment, by including at the end of Proposition 1 the words, ‘subject to approval in the referendum to be held as expeditiously as possible.’

695 There is a request for a recorded vote. It seems to me that both Propositions can be taken together, but does anybody wish to vote on them separately? No.

So you are asked to vote now on the two Propositions, as amended – as they are found on page 1984, but as amended.

There was a recorded vote.

Not carried – Pour 18, Contre 27, Ne vote pas 0, Absent 2

700

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

The Bailiff: Well, Members, the result of the vote on the Propositions on Article XVII of Billet XVI, the Requête, there were 18 votes in favour; 27 against. I declare it lost.

POLICY COUNCIL

VI. Managing the Size and Make Up of the Island's Population – Long Term Residency – Debate commenced

Article VI.

The States are asked to decide:

Whether, after consideration of the Report dated 2nd June, 2014, of the Policy Council, they are of the opinion:

1. To agree that if a person is born in Guernsey and his or her parent and that parent's parent were born in Guernsey, the person will be defined as a Permanent Resident, will acquire the right to live in Local Market accommodation in the Island permanently if he or she so chooses, and be entitled to hold a Permanent Resident Permit at birth, instead of after 14 years' lawful residence.

2. To agree that if a person is born in Guernsey and his or her parent is, or becomes, a Qualified or Permanent Resident, the person will be defined as a Permanent Resident, will acquire the right to live in Local Market accommodation in the Island permanently if he or she so chooses, and be entitled to hold a Permanent Resident Permit, after a minimum period of 8 years' lawful residence, instead of 14 years' lawful residence.

3. To agree that if a person is born outside Guernsey and his or her parent was born in Guernsey and is, or becomes, a Qualified or Permanent Resident, the person will be defined as a Permanent Resident, will acquire the right to live in Local Market accommodation in the Island permanently if he or she so chooses, and be entitled to hold a Permanent Resident Permit, after a minimum period of 8 years' lawful residence, instead of 14 years' lawful residence.

4. To agree that for any person who is born in Guernsey, or is first resident as a minor with his or her parents, the required residence period of 8 years or 14 years need not be continuous, such that shorter periods of residence can be combined so long as, overall, a period of 8 years' residence is achieved in a 28- year period, or 14 years' residence is achieved in a 34-year period.

5. To agree the Policy Council should return to the States with further detailed recommendations during the development of the new Population Management system.

6. To agree the Policy Council should take into account the effect of the above decisions on other areas of the Population Management system as further development work continues and that the relevant changes should be reflected when next reporting back to the States.

7. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

705 **The Greffier:** Billet d'État XVI, Article VI. Policy Council – Managing the Size and Make Up of the Island's Population – Long Term Residency.

The Bailiff: The Chief Minister will open debate.

710 **The Chief Minister (Deputy Le Tocq):** Mr Bailiff, Members of the States, right about now 'Team Guernsey' will be cheering on some of our top track athletes at Hampden Park as another big day for Commonwealth Games athletes' events unfolds in Glasgow. Now, I take this opportunity to wish every member of our team well.

715 If Team Guernsey were here today I would like to think that they would be encouraging us as we head into the final straight of what feels to me like our own very long distance track event – but maybe we have just had that – encouraging us to make the decisions before us today, decisions that we need to make on behalf of Islanders, decisions that we need to stick to, that will allow us to move on to developing the detail of our new population management system.

720 We must face the fact that it will not be possible for us to come up with long-term residency proposals that will suit every eventuality and we cannot keep delaying and attempting to do so in the vain hope that we might please everyone.

I think this fact has become very clear in some of the recent public consultation presentations that we have done where there are a number of people who would like us to legislate for every single eventuality. That is just, not only not possible, it is very unwise to do so.

725 In June last year this Assembly agreed a set of proposals regarding long-term residency that were designed to ensure that the problems we experience with the Housing Control Law today, in terms of Human Rights issues, are minimised and, perhaps more importantly, that the system can be made far less complex.

730 During the last year, however, it has become very apparent that, while the concept of keeping the new system as simple as possible is welcomed, the consequences of that simplification are perceived to be lacking in acknowledging those who will be born in the Island and those with long-standing Guernsey ancestry.

The new proposals presented today, when combined with those debated last year, recognise that children born in the Island and children born to Guernsey families should be given favourable qualification criteria over and above others who come to the Island to live.

735 The Policy Council has listened to the public, has listened to States' Members and we believe that what is presented today forms a coherent package that provides the balance required to serve us well in the future – and I would underline that word 'balance'.

740 Before we go into debate this morning I would like to remind you of some of the things that were mentioned in last year's debate. There was talk of social engineering, of conditioned thinking and of discrimination.

745 It does have to be acknowledged that our minds probably will have been conditioned by more than 60 years of living with the Housing Control Law, but I think we have all come a long way in the last few years in realising that not only did many of us lack a full understanding of the true complexity of the current law, but many of us had certainly not previously appreciated the consequences of some of its outdated provisions.

However, we should not beat ourselves up too much about that. It is an extremely complex piece of legislation that was invented in a different age, for a different purpose and that has been tinkered with on so many occasions, all depending on the particular objectives of the States at that particular time.

750 We have heard it said many times there is no science in this. There is actually no right answer to be found. One of the workshops for States' Members to discuss this subject was held on February 14th this year – a day emblazoned with images of hearts. How apt was that! Why? Because so much of what we will discuss today is about how people feel and people feel strongly and passionately about these issues. What feels right? How will it feel to treat two people differently because of a particular event in their history that maybe they had no control over? It is our job today to make those difficult political judgments on behalf of our Island.

755

Mr Bailiff, I ask States' Members to think beyond the Housing Control Law, beyond what has been accepted in the past, beyond our own personal experiences and approve the recommendations in these Propositions.

760 **The Bailiff:** I have been made aware of one amendment. It is proposed by Deputy Dorey.
Deputy Dorey.

Amendment:

In Proposition 4 to delete 'a 28 year period' and 'a 34 year period' and substitute: 'an 18 year period' and 'a 24 year period' respectively.

Deputy Dorey: Thank you, Mr Bailiff.

765 This amendment is concerned with Proposition 4, which proposes that a person born in Guernsey or first resident as a minor does not need to do a continuous period of eight or 14 years' residence, as appropriate. They can do a shorter period of residence which totals eight or 14 years in a set period.

The proposals are that that period is 28 years in which to achieve eight years' residence and 34 years in which to achieve 14 years' residence.

770 This amendment, which is seconded by Deputy Fallaize, reduces the period from 28 years to 18 years, to achieve eight years' residence and reduce the period from 34 years to 24 years, to achieve 14 years' residence. This is consistent with the existing Housing Control Law which has a similar system which allows the individual 10 years, plus the qualifying period.

It is important at this point to remember that these proposals are fundamentally about who is allowed to live in Local Market houses.

775 The title of this Report is 'Managing the Size and Make Up of the Island's Population and the objectives of the regime, as was agreed last June, is that the regime should be as effective as possible in enabling the States to manage the size and make-up of the Island's population.

780 Mr Bailiff, I would like to ask the following question to Members about the proposals in Proposition 4: would they enable the States to be more able to manage the size and make-up of the Island's population? The answer of course is, no, as they are far too generous. They are more generous than the existing Housing Control Law which we are told does not enable the States to manage the population.

785 One of the other objectives of the new system is to keep it simple and avoid the complexities of the Housing Control Law. One of the reasons why the Housing Control Law is so complex is because it has been amended over the years. These amendments cannot be retrospective so the Law has various clauses, such as, if you are born after a particular date, this happens and so on.

790 To minimise such change in the future we need to get it right from day one. We should not overreact to a current lobby, which may result in the Law having to be changed in the future. I believe that overreaction is exactly what the Policy Council has done in moving from the Proposition last June, when you had to live here for 14 years continuously, to allowing a period of 28 years to have lived here for eight years. I do not believe that the proposals in Proposition 4 will stand the test of time as they are too generous and if the amendment is not supported today then it will be amended at some point in the future.

795 The 2013 report includes details about the periods of residency that will enable individuals to set down roots and develop a sense of belonging to the Island. If someone takes 28 years to clock up eight years' residence, how can that person have a sense of belonging to the Island when they have spent 20 years in that 28 years period living elsewhere?

I believe that my amendment – giving them 18 years to clock up eight years' residence – is more than adequate and the 28 years is, in my view, plainly ridiculous, particularly when the proposals include on page 1501 'Agreed absence provisions'.

I would just read them out because I think it is important that Members are aware of them:

'There will be situations when an individual can spend some time off Island and the Policy Council proposes that in some specific circumstances their residency will be considered to be continuous and unbroken. Some of these circumstances are listed below. However, this list if not intended to be exhaustive. Any period of time in full-time education; a gap year, additional to the time spent in full time education; time spent in the services of H.M. Forces; time spent off Island for medical reasons; time spent off Island for welfare reasons; periods of time necessary to gain work-related training or experience not available in the Island and off-Island work places and secondments.'

800 So you can see that it is possible for a person to spend a number of years off Island for the reasons that I have listed, but they still be counted towards the eight years of residence on Island. This just reinforces the point there is no need to be as generous as recommended in Proposition 4.

805 Let's look at a possible example. A child is born in Guernsey and their parents leave when that child is one. The parents return when that child is 16 and he goes to school for two years. He takes a gap year working in Africa. He then goes to university for four years.

He would have completed his eight years in 23 years. That person can then return at any time in the future and live in the Local Market. The person could come back when they have a young family or come back when they are retired. Will allowing the above enable the States to effectively manage the size and make up of the population? I do not think so.

810 In paragraph 6.4.1 on page 1469 it states that:

‘The Policy Council has been aware that consideration must be given to any consequence or administrative burden.’

This could be significant and include retention of records. My amendment helps reduce the time scale and therefore helps to reduce the administrative burden for keeping records.

815 One of the biggest threats to Guernsey is demographics. The proposals in Proposition 4 will make it possible for someone who has spent only eight years in 28 years to return to Guernsey to retire when they are 65 and occupy a Local Market house, when they have shown so little commitment and made so little economic contribution to the Island.

Please support this amendment. It is still quite generous and is consistent with the existing Laws. It still softens the position from the 2013 proposals which would not allow shorter periods to be combined, apart from the exemptions, without being ridiculously overgenerous.

820 Thank you.

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

Deputy Fallaize: Yes, please, sir.

825

The Bailiff: Does anyone wish to speak on it?

Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

830 Sir, as the Chairman of the Policy Council Population Steering Group – along with Deputies Harwood and David Jones and, latterly, the Chief Minister – we have attended I think every one of the public meetings, parish meetings, workshops and have read all the e-mails and phone calls. On a personal basis, as it is 26 months into this term and I have not been able to support one of Deputy Dorey’s amendments, I am delighted to say that I am going to support this one – or maybe I will not. (*Laughter*)

835 Sir, the proposals that we debated a year ago... Members will remember there were 45 Propositions; there was a sursis to delay; there were 19 amendments – six were successful.

840 What we did approve back then was that the milestone of eight and 14 years would be through continuous residency rather than retaining the aggregation which currently exists under our current Rules. Following the feedback that we had, the Policy Council did decide that one of the Propositions we would bring forward was to offer Members an opportunity to retain an element of aggregate residency qualification period, because there has been a strength of feeling about that.

845 The choice of eight years within 28 years and 14 years in 34 years, giving a 20 year period as opposed to the current 10 now, was simply based on a balance; but it will not undermine, fundamentally, the proposals that we have and, from an officer point of view, whether Members decide to go with the Proposition as is or the amended Proposition that Deputy Dorey is proposing, it will not fundamentally matter either way.

So on that basis I recognise some of Deputy Dorey’s comments about, ‘has it perhaps gone from a particular point to too generous a point?’ and can understand his point.

850 So I just wanted to share with Members the insight from the Steering Group that the Policy Council has been working on.

Thank you, sir.

The Bailiff: Deputy Gollop.

855 **Deputy Gollop:** Sir, as far as it goes, I support the entire thrust of this Population Report and regard it as a pragmatic way forward. It has to be said –

The Bailiff: Are you speaking in general debate or just on the amendment?

860 **Deputy Gollop:** Both, to a degree. (*Laughter*)

Well, it has to be said that some of the amendments that they have put across were mentioned by States’ Members in the debate a year ago by myself, Deputy De Lisle, Deputy Brouard and so on, and they perhaps

were not listened to then, as they have been since. So when I have heard time has been wasted I think that is a touch unfair.

But I think this is the right way forward as a package. I am disappointed we are not discussing other related issues that are contained within the Report, such as the Office of Population Regulator and the impact of the Open Market changes on perhaps the hospitality, hotel and restaurant industries. I think they are very important subjects, but they were not the focus of the first *tranche* of amendments and I do support them.

I listen to the arguments that pundits like former Minister Deputy Roffey has suggested, that one of them is a touch unfair in its potential divisiveness. But I think we have to acknowledge that as a community we do have a separate identity, that we do already, under Protocol 3, have the category of Channel Islanders, which creates a particular group of people and that we should not run the risk of putting across to people of local origins that they belong in Guernsey and that they are not in any way stateless.

I think the issues pertaining to Alderney are controversial too and I will write, I think, to the Housing Minister and the Policy Council in more detail on those issues, but I will not go into them any further today, except that I think all true Alderney people of local original should have more rights than they are currently being given.

On the amendment, I have to argue that I can support some of Deputy Dorey's logic, that it certainly would be easier to control the costs to the state and the population by supporting his amendments. I cannot support it because I think it repeats the folly perhaps of being over protectionist as to who is a local and who is not.

There will be categories of people who have been to school here, who have spent a few years here, but their career, their lifestyle, personal relationships – may be serving the poor people in Africa, I do not know, to give the example of Deputy Dorey – will take them off the Island; and I think they should be given every chance to feel that they qualify as a local person. I indeed know a friend who spent three separate times of their lives in Guernsey in a fragmented kind of way.

I think we cannot use the population regime as an excuse to second guess our social policy. At the recent public meeting the Policy Council held, I was surprised at how many people there who, although generally pleased with the thrust of the report, started to have concerns about the ageing population, about the burden of the elderly in Guernsey.

I do not think we can confuse the two. The demographic issues of healthcare are nothing to do with population and we run the risk of litigation and unfair decisions if we attempt to confuse the two and indeed a paradox is that somebody might not be eligible to live in Guernsey but could move to Alderney – the very people Deputy Dorey talk about – renting or buying a place at the age of 65 and stay there for the rest of their lives and being perhaps partially subsidised by the taxpayers of Guernsey.

So until we are much clearer about where we are going I do not think we should support Deputy Dorey's amendment. It is too prescriptive and it will lead to further potential litigation.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I have really serious concerns about aspects of the proposals that are before the States, but that will be for general debate.

I think, in response to Deputy Gollop's final point, the amendment is no more prescriptive than the Policy Council's proposals. Just because the figures are lower, does not make it any more prescriptive. The Policy Council is prescribing a certain period of time. Deputy Dorey is trying to prescribe an alternative period of time. It is no more or less prescriptive than what the Policy Council is suggesting.

I am seconding this amendment really for two reasons. The first is because I actually voted in favour of the objectives of the new Population Management Regime, oddly enough, because I agreed with them.

The Policy Council seems to be intent on retaining the objectives but, I think, moving away from the agreed regime which was capable of delivering the objectives. But, anyway, I still believe in these objectives and they do include:

'That the new regime should be as effective as possible in enabling the States to manage the size and make up of the Island's population.'

That is the whole purpose of this debate. It was last June and it is or it is meant to be today. The central objective of the regime, the purpose of the regime, is to enable the States better to manage the size and make up of the Island's population and also we agreed that the provisions of the regime should be capable of fulfilling the strategic population policies of the States.

Now, at the moment the strategic population policy of the States is to maintain approximately the same population level. Now, if Members disagree with that strategic policy they ought to bring proposals to the States to get it changed, but while that remains the strategic policy I think the decisions we make today

should be grounded in that strategic policy and I think Deputy Dorey's amendment is more capable... it may not be an enormous difference, if you calculate the number of people who might be affected, but it is certainly better able to deliver that strategic policy or it is better matched to that strategic policy than Proposition 4 which is being put by the Policy Council.

925 The other reason is the Policy Council has really adduced no arguments at all for their proposed change. They tell us why they want to change from the agreed continuous period of residence to aggregate periods of residence. I understand that. I think the Policy Council is right. The States made an error, in my view, in voting for a period of continuous residence. I am happy to go to aggregate periods of residence to establish long-term residency, but there were no arguments put at all for why the aggregate period should not simply
930 be a replica, as it were, of what is currently contained in the Housing Control Order – absolutely no arguments at all.

The Policy Council is saying, 'We want a more liberal regime than we voted for last June so we moved from a continuous period to an aggregate period.' That is fine but there is not a single argument in this Report as to why the regime should be liberalised from that which is currently set out in the Housing
935 Control Law.

I do not say there is anything particularly special or scientific about choosing any number, but I do take the view that we ought to retain the *status quo*, unless there are compelling arguments to do otherwise and what Deputy Dorey is proposing is that the new Population Management Regime should, in this respect, be based on the provisions in the current Housing Control Law; and because the Policy Council has produced
940 absolutely no arguments in favour of any different set of numbers, that is why I am happy to second the amendment.

Also, finally, in response to one of Deputy Gollop's points, whichever authority it is going to be which has responsibility for population does have a degree of discretion. I mean the Housing Department at the moment do not take a hard and fast view of all this. They look at the case. There are people who have been
945 able to establish long-term residency without doing absolutely 10 years in a 20-year period, because Housing have some discretion. They look at it sensibly and compassionately and that will still be the case with whichever authority it is that is going to manage this new regime.

So, for those reasons, I would ask the States to endorse the amendment, particularly since the sponsors of this Report also appear content to accept the amendment.

950 Thank you, sir.

Deputy Luxon: Sir, could I just make a point of correction, please?

Deputy Fallaize said that there were no arguments whatsoever at all supporting why Policy Council have made the proposals, but on page 1469 and 1470, paragraphs 6.40 to 6.45, there are six paragraphs that
955 absolutely explain why it is that the Policy Council proposed the Proposition as laid.

Thank you, sir.

The Bailiff: Deputy Harwood.

960 **Deputy Fallaize:** Sir, that is to do with continuous periods of residence; it is not to do with changing the number of years over which the aggregate period can be accumulated.

Deputy Luxon: Sir, I repeat, in those six paragraphs, Deputy Fallaize will find the logic of why the Policy Council made the proposal.

965

The Bailiff: Deputy Harwood.

Deputy Harwood: Thank you, sir.

970 Like Deputy Luxon, at the end of the day, as a Member of the working group, if the States are minded to approve this amendment then so be it because it does not impact the integrity of the whole system.

But one point I would make and perhaps in response to Deputy Fallaize... One reason why the working group actually have identified it is more sensible to move to a 18/28 or 14/28 – we extended it beyond the limits of the Housing Control Law – is because one of the unintended consequences of the existing system is that people have to make a definite career choice to come back to Guernsey at a very early stage in their
975 careers.

By extending the period with which you can achieve the aggregation, as proposed in the Proposition put forward by Policy Council, actually you are allowing people to be able to build up a career off Island and then come back when the Island can benefit from that career.

980 We have one or two examples of that. I think the recent Director of Water, for example, at PSD is a classic case of somebody who has been off-Island for a number of years, has built up a career and has therefore been able to bring that benefit of that career, the benefit of that experience back to the Island.

If we cut off too early that opportunity is being denied to people. So, whilst I respect the States can accept that we should continue with the current Housing Control Law provisions, I would also urge you to understand and to appreciate that, actually, there are occasions when the existing Law has worked against the benefit of the Island, because it has forced people to come back too early, before they have actually established a career and established experience which can be invaluable to this Island.

So, on balance, I would urge Members of this Assembly to support the Proposition as set out in the Report of the Policy Council, rather than going down Deputy Dorey's seductive suggestion that we should stick to what is said in the current Housing Control Law. The whole essence is we are moving away from the current Housing Control Law. We need to think beyond that.

Thank you, sir.

The Bailiff: Deputy De Lisle.

Deputy De Lisle: Sir, I would support the comments made by Deputy Harwood and also the points made by Deputy Gollop.

I would agree that the amendment is over protectionist and too prescriptive, because some people might return late in life and should not be excluded, as far as I am concerned. So I would like to recommend to Members that, due to the fact that many people might be excluded as a result of serving overseas or in the UK, because even now there is a tendency for candidates for jobs here in Guernsey to be told, 'Perhaps you should get a little more experience overseas first'...

Once a house is bought, children are being educated, it is not easy to turn that situation around then. Very often a career also outside the Island. Yes, there are family in Guernsey. It is a situation that needs time and, therefore, some people might want to return late in life, who might be excluded.

So I would not support the amendment.

Thank you, sir.

The Bailiff: Anyone else? No.

Chief Minister, then.

Deputy Le Tocq: Sir, to pick up a point that Deputy Dorey raised at the beginning, he is absolutely right, the title for this – and I think Deputy Fallaize mentioned it as well – is 'Managing the Size and Make Up of the Island's Population', but there is a context to that and the context is within what is perceived as a fair environment by the population of Guernsey and that is legally justifiable and defensible.

I think it has been said already by Members of the Population Group and the Chairman, Deputy Luxon, that most of us are fairly agnostic about this particular issue because, as Deputy Fallaize himself pointed out, we are not talking about an enormous amount of people here. It is not going to make a huge difference one way or the other, but for those for whom it does make a difference it could be perceived as unfair.

That is why the Policy Council has listened to the arguments and is suggesting what is placed before you today; because, as Deputy Harwood pointed out, there have been instances and there could be instances, for example, under Deputy Dorey's amendment where a child born in Guernsey who leaves at six, for example, under the Dorey amendment, would have to return at 16 for at least a two-year period in order to make up the time required to be a qualified resident and, under that basis, it would seem to be unfair to a child at 16 who is still a minor, effectively, under his parents' care and could not manage to do that.

But, as I say, there is nothing scientific in it. So, to take up Deputy Fallaize's point, there is nothing particularly scientific in the *status quo* either. The reason that we got 10 years at the moment is just because that is the way we do it today and we have listened to arguments that, as Deputy Luxon has pointed out... has pointed out to us and we accept that in the 21st Century our lifestyles have changed and people have different expectations in the way in which they run their family life and which they travel and move around for work. In fact, some of those expectations in the public sector, in terms of work experience, are expected today.

So when the law was first set, the *status quo* was for quite a different set of lifestyles than we have today and, therefore, the Policy Council believes the flexibility is appropriate and in terms of listening to public perceptions of fairness, that what is proposed before you, the proposals unamended, are the most flexible that we can recommend to the Assembly to enable the outcomes that we have already agreed upon and it does not change the substantial thrust of the overall objectives of the new Population Management Regime, because we are dealing with a small percentage of people.

So on that basis I would, on balance, encourage Members not to support this amendment.

The Bailiff: Deputy Dorey to reply to the debate.

Deputy Dorey: Thank you, sir. Thank you, Deputy Luxon for his comments.

1045 Deputy Gollop – most of his points were answered by Deputy Fallaize. Thank you. But he mentioned about Alderney. This is not about Alderney. It is about, as I said at the beginning, trying to protect the Local Market. We know we have an over-populated, very densely populated, Island and that was the reason why we had the Housing Control Laws originally. It is trying to protect it for the local population.

I thank Deputy Fallaize for his support and for his speech. He said it is the same provisions which are in the existing Housing Control Law.

1050 Deputy Harwood spoke about career choices. Well, if a person has not done sufficient number of years on Island and presumably they have not spent their childhood here – because if they had spent their childhood they would either have done eight or 14 years in Guernsey – and, as I mentioned before, if their parents were resident on Island their time in further education will be counted as part of those eight or 14 years. But if they have not done that and they really are important to this Island there is a very good system called an Employment Permit. So it is not for them to decide that they are key to our economy. That is why we have the Employment Permit system, as proposed, so that they can apply to that. I think that covers the point that he has made.

1060 Again, to the Chief Minister, who said that if a child has only spent the first six years on this Island but perhaps the more formative years of its life – 10 years – off Island, I think the parents have to make a decision, that if they want that person to have right to the Local Market, in a crowded Island and be able to be in competition with children who have stayed in the Island and have been committed to this Island and have spent their time in the Island and want to live in this Island, I do not think that is right that they should have automatic right and be given a very long time. They have to make a decision.

1065 If we are going to manage the size and make-up of the population, we have to be prepared to say ‘no’. If we are not prepared to say ‘no’ to people, we are not going to be able to manage. Everybody can say ‘yes’ and I think the proposals are too generous and are too flexible and I would urge the States to vote for this amendment.

Thank you.

1070 **The Bailiff:** Members we vote then on the amendment proposed by Deputy Dorey –

Deputy Lowe: Can we have a recorded vote, please, sir?

The Bailiff: – seconded by Deputy Fallaize? There is a request for a recorded vote.

1075 *There was a recorded vote*

The Bailiff: Members, while those votes are counted I suggest we continue with general debate. Who wishes to speak in general debate?

Deputy De Lisle.

1080 **Deputy De Lisle:** Thank you, sir.

I had strongly supported the protection of the residential rights of the local population in the recent debate in June 2013. As you will be aware, I, with Deputy Gollop, put a sursis before the States to delay the debate on this issue until further public meetings were held, just to give the public a better chance to react to the complex and difficult information contained in the consultation documents.

1085 I also submitted, with Deputy Gollop, three amendments to the report, as I felt the report discriminated against local people. The first aimed to reduce the qualifying period for local children to eight years instead of 14 and the second would have restricted the extended family of incoming workers to spouse, partner and dependent children only. The third allowed the time an Islander and their family spent overseas with the armed forces to be classed as continuous residents in Guernsey.

I had also followed up, sir, later with questions to the Chief Minister in October 2013. For example, whether the Policy Council would review the concerns of Members in their amendments to the new Population Management Regime, not only in the case of amendments won in debate, but also those that, in reality, more or less split the Assembly.

1095 So, sir, I am pleased that changes have been brought forward here, with others coming, as a start to view that individuals who are born in the Island and who have long standing Guernsey ancestry, should be given the status of permanent resident, without the need for any period of residence now, thereby recognising the strength of their ancestral connections.

1100 So I would like to fully support what is being proposed by the Policy Council in this policy letter and I am hopeful that we will continue with further amendments, if you like, or further Policy Council reporting on other issues that were very contentious when they were debated last in June 2013.

I think also that it is all a matter of being born to residents perhaps with long standing family connections with Guernsey, but I sometimes wonder whether the child/parent/grandparent policy falls down in terms sometimes of what Guernsey people consider birth right to mean. I think this is something that perhaps might be considered.

Section 6.7 on page 1463 makes a more generalised statement, I think, that individuals who were born in the Island and who have long standing Guernsey ancestry should be given the status of a permanent resident. That seems to be a more general statement that would avoid the frustration that perhaps some people that have e-mailed Members with respect to having a missing link, if you like, in terms of the child, parent and grandparent situation.

So that is just a comment but I fully support the revisions that the Policy Council is bringing forward in this policy letter.

Thank you, sir.

*Amendment by Deputy Dorey and Deputy Fallaize:
Carried – Pour 30, Contre 15, Ne vote pas 0, Absent 2*

POUR

Deputy Fallaize
Deputy Laurie Queripel
Deputy Lowe
Deputy Le Lièvre
Deputy Collins
Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy James
Deputy Adam
Deputy Perrot
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
Deputy Quin
Deputy Brehaut
Deputy Domaille
Deputy Langlois
Deputy Robert Jones
Deputy Le Clerc
Deputy Conder
Deputy Storey
Deputy Bebb
Deputy Lester Queripel
Deputy St Pier
Deputy Gillson
Deputy Le Pelley
Deputy Trott

CONTRE

Deputy Spruce
Deputy Paint
Deputy Le Tocq
Deputy Brouard
Deputy Wilkie
Deputy De Lisle
Deputy Hadley
Alderney Rep. Jean
Alderney Rep. Harvey
Deputy Harwood
Deputy Kuttelwascher
Deputy Gollop
Deputy Sherbourne
Deputy Stewart
Deputy Ogier

NE VOTE PAS

None

ABSENT

Deputy David Jones
Deputy O'Hara

The Bailiff: Before I call the next speaker, who will be Deputy Dorey, I can just announce the result of the vote on the Deputy Dorey/Deputy Fallaize amendment. There were 30 votes in favour; 15 against. I declare it carried.

Deputy Dorey will be followed by Deputy Green.

Deputy Dorey: Thank you, Mr Bailiff and thank you for the support for my previous amendment.

I wish now to speak on the main proposals. I would just like to remind Members again that these proposals are about who can live in the Local Market houses and the prime objective is to effectively manage the size and make up of the population.

I do not believe that these proposals will enable the States to achieve that objective, as they relax some of the controls that were supported by the States last June. I believe that these proposals can only result in an increase in population with Guernsey being more densely populated and the result is the States being less able to manage the make-up of the population.

On that authoritative source of information, Wikipedia – well, most of the time – Guernsey is listed as the 14th most densely populated in the list of dependent territories and recognised states in the world. By enabling more people to live in the Local Market, this will result in more development in the Island.

On page 1486, in appendix 2, we are informed that three successive housing needs surveys undertaken at five-year intervals have found the supply of housing in the Island is insufficient to meet the housing

demand of residents. So by supporting these proposals we will further increase the demand for housing which will result in more development which in turn will put more pressure on the infrastructure of the Island.

1140 Please do not vote for these proposals if you think they might help our demographic problem. It will not. It will just mean that more people will become permanent residents and potentially return to the Island in later years – adding to, rather than reducing, the demographic problem.

I will now go through the Propositions.

1145 Proposition 1, which I encourage Members to vote against, will enable someone to be a permanent resident and return to the Island at any point and live in Local Market if a grandparent was born here, a parent of the same line was born here and they were born here and their parent was ordinarily resident.

Will this really result in a sense of belonging and commitment to the Island, when it is possible – I accept in an extreme case – for across all three generations to have lived here say for just one year? I do not think so.

1150 It will enable that child to live in a Local Market house at any point in their lives. They would be able to outbid an individual who has lived in Guernsey all their life who wants to live in the same Local Market house. He or she could return at say the age of 35 with a family, when their children are just starting their education or at 70 when he or she might start needing some medical care or social services. He or she might be able to pay for those services but they still put additional demand on the Island. They might even need benefits which, as a community, will we deny essential services to someone who can live in our community because they cannot afford it? I do not think we would. We do not now.

I think there has been an overreaction to a well-organised lobby and there is no need to fast track these people to be permanent residents. Perhaps we could have done this if we were not so densely populated. I urge Members to vote against Proposition 1 so that we can have the ability to manage our population.

1160 Proposition 3 concerns those who are born outside Guernsey to a locally-born parent and they have a fast track of becoming a permanent resident after only eight years as long as at that point a parent is a qualified or permanent resident.

1165 Again, I do not see the need to fast track such a person. If such a person wants to return to Guernsey they can become a permanent resident after 14 years. There is no need to fast track them. I do not believe that person, as described, will have such a sense of belonging to the Island to be fast tracked – particularly when we are over developed and densely populated. It is important that we maintain the quality of life for those already living in Guernsey.

1170 The other reason I think this Proposition is not necessary and I encourage Members to vote against it is if you turn to page 1462 and look at footnote 9. It explains the Policy Council intends to replicate the provisions in the current Housing Law which allows children who are born off Island for medical reasons or other reasons beyond the control of the parent to be deemed to have been born in Guernsey. With this provision, I do not think it is necessary to have Proposition 3 and I ask Members to vote against it.

1175 As I have said, if you are going to manage the size and make up of the population effectively, we are going to have to say ‘no’ to some people and set the bar as near as possible to where that was set in the proposals in June 2013. However, I will support Proposition 2 as increasing the qualification period from 10 years, as it is now, for locally-born children to local parents to 14 years, I think is too long.

I was a Member of the Population Policy Group in the 2008 to 2012 term and I accept that the proposals then were too hard. That is why in the June 2013 debate I supported an amendment to reduce the qualifying period for locally-born children down to 10 years.

1180 I now fully accept that introducing a new period of 10 years further complicates the proposals, as the first milestone is eight years and the second is 14 years. If you are going to reduce it from 14 years, it is better to do 10 years and therefore I support Proposition 2.

Now that Proposition 4 has been amended, thank you, I will support it.

1185 I had drafted three amendments to Propositions 1, 2 and 3 to change them so that the parent had to be a qualified or permanent resident at the time of birth in all three Propositions, rather than the point for 2 and 3 when they become a permanent resident. I was advised that this could possibly lead to a challenge under Human Rights Article 14 so, due to the timetable, I decided not to propose those amendments. But if any Propositions 1, 2 and 3 are passed I will consider amending them at a later stage after doing more work to more fully understand the risk of Human Rights.

1190 I conclude by asking Members to reject Propositions 1 and 3 as there is no need to fast track these individuals to become permanent residents. There has been an overreaction to a lobby. This is a very special Island but it is densely populated and we need to protect it from becoming more densely populated for the population who live and are committed and belong to this Island and that means, unfortunately, sometimes saying ‘no’ to some people. So please say no to Propositions 1 and 3.

1195 Thank you.

The Bailiff: Deputy Green.

Deputy Green: Thank you, sir.

First of all, I think the Policy Council does deserve credit for listening extensively to the feedback that was received following the States' debate in June of last year. We know that the public did not really engage prior to that debate in June, and many subsequently felt rather upset and angry at what was decided – by what some people perceived as something of an attack on their local rights, and we cannot possibly ignore such a perception and such sentiments, whether that was right or not. The policy letter itself, regardless of its merits or demerits for a moment, is I think perhaps a good example of how democracy *post hoc* can work in Guernsey, and it does undoubtedly suggest that this States is capable of listening when required, and that is some sort of progress.

I think it is right for the States to go back to the drawing board, so to speak, and to afford some more favourable qualification periods for people with strong local connections with the Island through birth or otherwise. As the Chief Minister, Deputy Le Tocq, said in his opening statement, there is no great science or objectivity to the proposed rules that are in this Billet in front of us today – but of course that is not really the point. Being born in Guernsey is seen by many as being of particular significance and the new regime, I think, ought to reflect that to some extent. I would categorise that as an issue of social justice, rather than an issue of objective logic or science or any kind of scientific rational argument.

I think we should say very openly that this is undeniably a U-turn of sorts. I forget who said it in the debate earlier, but the original new rules were very much based and predicated on simplicity and on equality, and there can be no doubt that this is moving things on in the opposite direction. This does substantially complicate what was originally a simple and clear set of rules, but at the expense of simplicity and clarity it could be said you have something that may more closely resemble what may approach the gut instinct of many a local person.

I think the difficulty here is that of course with these proposals there are some very obvious oddities and pitfalls which will be generated here if you focus on certain examples of situations where a member of a traditional Guernsey family is not able to fulfil the new criteria. A locally born child may derive from a Guernsey family which is able to trace its ancestry back to time immemorial, but if they just happen to have a parent or parents who were not born here but then very clearly established roots in the Island over many years, why should that child not qualify for permanent residence at birth? You are always going to have oddities like that. There is no doubt that we are creating oddities and anomalies in this.

There are other obvious anomalies, including if a child is born here with a local parent and grandparent but then leaves the Island the next week for many years, they will enjoy the right to return and permanent residency rights regardless of that significant absence from the Island and in the absence of a significant contribution to the Island in that time.

Some may well allege that these new rules could be divisive, and certainly these new rules depart substantially from the principle of equality – and moving away from the notion of equality really is quite a big deal, I think, and is in itself controversial. But even if we want to import some kind of positive discrimination for locally born people, I think the mood music around this is very important, which is that we must continue to broadcast very loudly and clearly that we, as an Island jurisdiction, are an open and tolerant society and that we *are* welcoming to those who come to our Island to enrich our economy by working hard and to support our public services, especially in healthcare and in education. So I actually accept the case for introducing positive discrimination, but it has to be at the same time as making it absolutely clear that we cannot afford to become an intolerant or closed community at the same time.

I think we can value and give weight to the status of local individuals who feel an incredibly strong cultural pull to this Bailiwick and who know of no other home by virtue of their birthright or connections; but if we are going to depart from the equality principle as a notion within the framework, we must ensure that the narrative remains one of tolerance, openness, respect, and not the opposite. I think it is possible to have a Guernsey which is outward looking and is at ease with the world and is at ease with globalisation and the rest of it whilst at the same time giving some proportionate rights to locally born residents and to those with strong local connections. I think ultimately that is what this policy letter tries to do: it tries to strike that balance and I think it does it relatively well.

I do not agree with Deputy Dorey. I do not think this is necessarily an overreaction. I can see the problems in it, but I think probably it is relatively proportionate in the final narrative. Having said that, I did agree very much with what Deputy Dorey said in terms of what it is going to do in terms of population numbers, because I think one particular aspect of these new rules which is of concern to me is the implication this might have for future population numbers and management of those future population numbers. Others have already said the first aim of the new regime that we agreed in June 2013 was as follows, and I quote:

‘To be as effective as possible in enabling the States to manage the size and make-up of the Island’s population.’

I think it goes without saying that some of us are wondering whether the same has now been undermined. Clearly, it has been undermined by this policy letter. The question is to what extent has it been undermined, and really only time will tell on that and the proof of the pudding will be in the eating. But I suspect, like Deputy Dorey, that these modifications will in time make the regime less effective in terms of managing the size and make-up of our population. It is inevitably very difficult to pinpoint what agreeing to these new rules might do to actual population numbers in the future, but clearly these rules may well give us less control over numbers than we have now or we had hitherto before this policy letter came forward.

So I agree with Deputy Dorey. I think in the end these proposals may well only add to the pressure on Local Market housing, and I think we should face up to that, but I am prepared to give credit to the Policy Council for this. I do accept that these proposed modifications are certainly heading in the right direction. I think you can probably tell from the tone of my speech that I do not think they are 100% correct. I am not 100% sure that they are 100% correct, but I think very often the price of democracy is some untidiness in these matters.

In conclusion, I think these rules are a substantial departure from the simplicity and the equality that was originally envisaged. I am fearful about what the impact may be on population numbers in the future in terms of the Local Market and in terms of pressure on the Local Market, but on balance I think I will support all of the Propositions today because I think they do constitute a recognition of sorts that there is a need for a certain amount of social justice for locally born Islanders and others who can clearly establish links going back some time with the Island, and that ought to have been in the regime from the start.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

Again, sir, I would just like to make some comments in my role as Chairman of the Steering Group, but before I do I just want to refer to a couple of points that Deputy Dorey made. Deputy Dorey made some quite bold statements about what he thought would happen if these proposals are passed. Well, they are his opinion but they are only his opinion, whereas the Propositions have been verified, checked and tested by the officers involved in discharging the current arrangements. I just make that point, that when I listened I was hearing definitive statements about what will or will not happen in the future, and I think it is very difficult to forecast that.

An overreaction? Well, if there has been an overreaction, it has not been from the Policy Council Steering Group or the Policy Council. The States Member workshops, at which we brought back the current thinking and the feedback we had had, formed very much where the Policy Council then made decisions. So if it is an overreaction it is by us all, or those who attended.

What we have done is listen to the general public. Deputy Fallaize reminded me that in January 2011 there was a very extensive consultation document and process that was engaged with by very many stakeholders, so we did consult back then and we have continued to listen, and these proposals are refinements to what we agreed a year ago for these Members here to decide whether they wish to support them or not.

Finally, in terms of some of Deputy Dorey's concerns, this framework that we are putting in place is a population management framework. It is a mechanism by which the States of Guernsey will be able to control population size and make-up going forward – for the first time ever. This Assembly has not decided what the population target number should be, based on economic, demographic or indeed social aspirations and objectives, other than the existing policy that stems from the February 2007 debate, where we talk about no more than an annual 200 net immigration from a population that was at that stage about 61,000. So this Assembly, at some point as we go forward, is going to have to make some very difficult decisions about what the size of our population should be, bearing in mind the economic and demographic implications that we are all well aware of.

Sir, these seven Propositions which the Policy Council has laid before us today endeavour to try to deal with consistently shared views across the majority of feedback we received. As Members will know, two ex-Deputies who helped to raise the public interest in the proposed new regime continue to advocate other changes that they personally would like to see us make to the framework. They, of course, are entitled to their views, as we are too. However, after considerable discussion at the Steering Group and at the Policy Council, along with the dialogue through our States Member workshops, we believe we have adopted a fair, robust, equitable and pragmatic position with these Propositions for you today. More importantly, we do need to let the officers and staff get on with the next important stage of preparing the detailed legislation and the vitally important transition arrangements – which in its own right is a major piece of complex work which will take us from where we are now to the new regime, once we have approved or not the Propositions today.

We still hope that it is possible to have this delivered before the end of this political term, although it is fair to say the last six to nine months have cost us some serious time and the workstreams are now going to be very tight.

At no stage have we believed that we would be able to please or appease each and every viewpoint. The whole area of population management and housing controls is a myriad of complexity in which universal approval would be highly unlikely. But we have reached a position where we have listened attentively, challenged our thinking and come up with these four refinements contained within the seven Propositions to the approvals that we gave a year ago. Briefly, sir, they are: first, permanent residency rights at birth for a child born in Guernsey to a Guernsey-born parent and grandparent; second, permanent residency rights to a child born in Guernsey whose parent is or becomes a qualified resident or permanent resident after eight years, rather than 14 years in the approvals we made last year and the 10 years in the current housing control system; third, permanent residency rights to a child born outside Guernsey whose parent was born in Guernsey and is or becomes a qualified resident or permanent resident; and finally, the amendment which Deputy Dorey successfully laid just a short while ago – the aggregate residency, as you will recall.

We believe that these refinements would not undermine or invalidate the framework approved by this Assembly last year and would ask Members to support all seven of the Propositions so we can direct speedy progress to be made on bringing back the detailed reports to this States for final approval.

Thank you, sir.

The Bailiff: Deputy Brouard and then Deputy Hadley.

Deputy Brouard: Thank you, sir.

I would like to thank the Policy Council for the reconsideration and the reflection they have done, especially following the narrowness of the vote last summer when Deputy Ogier and I proposed that we continue... that local people qualify in 10 years rather than wait for 14.

I think what it has also done, and especially the campaign from ex-Deputies Gill and Dudley Owen, is really woken the Island up as to what we actually value. Some of the issues I think which came out in the roadshows were that a lot of Islanders did not know what the actual position was on that day, so we have taken a step – and it is a further step, but I think it is a further step that we had to take. To give Islanders this security and birthright was something that has always been in the background, and I think it is really great that the Policy Council have grappled that particular nettle and taken it forward.

I think it is a fallacy that this particular item alone manages the population. I have said it before and I am going to say it again: while we have – and we are very lucky to have – a buoyant economy, it is the number of houses that we have on the Island that dictates how many people can live here. When we have got 30,000, I believe is roughly the number of qualified Islanders already who could return, it is the price of the houses and whether they want to come back here. While we have that situation, there will always be the pressure. The reality is that those who wish will have every right to work here. The real hurdle is the price of housing, and it is just as big a hurdle for those who are already on the Island to stay on the Island by securing a home, whether it is rented or whether it is purchasing outright. I think that is probably the bigger issue that we need to be looking at, because while we have this buoyant economy we will always have this pressure of people coming into the Island and it is the number of houses that dictates the population.

So thank you Policy Council. I am going to use the words – I have always wanted to do this – ‘I told you so.’ So thank you, and thank you for listening to the Government.

The Bailiff: Deputy Hadley and then Deputy Bebb.

Deputy Hadley: Mr Bailiff, I think I should say at the beginning that these proposals can only be of benefit to me, because almost certainly they would be applied retrospectively. I have grandchildren on the Island who can trace their ancestry for hundreds of years on the Island, and they would become local people.

Having said that I would benefit from this, I have a lot of sympathy with the sentiments that Deputy Dorey made in his excellent speech, and as a member of the Housing Board I do worry if there were to be any impact on the local housing market and indeed on social housing. However, you have to say that what we will be doing with the population... [*Inaudible*] with the proposals is granting Islanders rights which they have never had in the past – and it has never been a problem. (**A Member:** Hear, hear.) Nobody has even known about it. The number of cases where somebody wants to come back to the Island with a parent or grandparent born here and has been denied the right... nobody knows of such a case. So in fact approving these amendments should, in my mind, have no impact whatsoever on the... It certainly will not make the Local Market housing situation any worse.

1375 If Deputies are worried about the Local Market housing situation, I hope that they will give support to the Housing Department when we seek to get the housing target areas released for new housing. (**Two Members:** Hear, hear.)

Thank you, Mr Bailiff.

1380 **The Bailiff:** Deputy Bebb.

Deputy Luxon: Can I make a point of correction, please, sir? Deputy Hadley said that of course these new rules will be made retrospective. Well, that is not the case, as Members will remember; and I imagine Members, if they think it is going to enhance Deputy Hadley's status on the Island, *definitely* would not want to make them retrospective! (*Laughter*)

The Bailiff: Deputy Bebb.

Deputy Bebb: Thank you, sir.

1390 I am afraid that Deputy Brouard's and Deputy Hadley's speeches are exactly why I cannot support this. The problem we have, the problem that has repeatedly been known to us, is the price of housing. I will fully support Housing in trying to release those areas when that comes to us, as long as the conditions are as I would expect them to be, but that is what we have as a *real* problem: people leaving the Island because they cannot afford to live here. The cost of housing is a *real* problem that we have today. It has an effect.

1395 All I see from Propositions 1, 2, 3... maybe less so from Proposition 4, but definitely from Propositions 1, 2 and 3, is the possible exacerbation of that problem. It is unlikely to deal with the real problems that we have, but it is going to alleviate a problem that does not exist – one that exists only in the imagination of the public. As Deputy Brouard and Deputy Hadley said, nobody complained about this for decades. Therefore I would ask Members: do we really want to resolve a problem that does not exist; or do we want to work hard at resolving a problem that *does* exist? (**Two Members:** Hear, hear.)

1400 We have a buoyant economy, which will always be the number-one driver of the population of the Island. I would not want to see that buoyant economy decrease in any way. I want to maintain a buoyant, wealthy Island. Therefore, the only other measure is to try and control the population and increase the housing stock. Increasing more people's ability to return to the Island works completely contra to that aim.

1405 It is emotionally attractive, I do not deny it. It is emotionally attractive to many, when they look at children, to think that they were born in Guernsey and therefore they should have the right to be here – and I understand that. A friend of mine is a psychologist. I asked him, in relation to the debate on the closure of St. Andrew's School, 'Why are people so concerned about the closure of a primary school, but not if we were to propose a secondary school closure?' He said, 'The answer is simple,' and he presented me with a picture of a beautiful girl with pigtails, very young, primary school, in a St Andrew's School uniform. Then he presented me with the face of Kevin from *Kevin and Perry*: covered with zits, 16, 17 years old, less attractive. The emotion wears off when we deal with teenagers. We are fundamentally wired to have that emotional attachment, and that is what we have to be a little bit more cold and clinical about when we are discussing this.

1415 The real problem is our housing situation that needs resolving. What will happen here is that people with no experience of growing up in Guernsey – *no experience*; their whole lifetime experience to date will be off Island – will now have the right to return to the Island. I would counter that those people whose whole life experience is off Island really need to spend the time of qualifying in the same way that they do at the moment, in the same way as the original Propositions did.

1420 I therefore would urge Members to reject Propositions 1, 2 and 3 of this report. They are seductive, as I heard the term used previously. They are emotionally attractive, but they will exacerbate the problems that we already have and they will resolve *none*. Therefore, I urge you please to reject those three Propositions. Thank you.

1425 **The Bailiff:** Deputy Kuttelwascher, then Alderney Representative Harvey.

Deputy Kuttelwascher: Thank you, sir.

I think, as always in relation to anything to do with population, I just have to declare that I am a resident in the Open Market, though it will not be relevant really to what I have to say.

1430 My comments are at a little bit of a tangent but are connected to the report in that they relate to Proposition 7 about preparation of legislation. It is an issue I brought up at the Policy Council which I attended on Monday, and I was suggesting that when we consider legislation relating to this issue we should split the legislation into two laws – one for the Open Market and one for the Local Market – for numerous reasons. That did not receive much opposition in Policy Council, except from a member of staff who had completely misconstrued what I said, but I left it at that.

The reason for this request that the legislation is considered as possibly two laws is this... It was a couple of years ago that I first attended the Policy Council and I brought a little paper forward about the slump in the Open Market. The reason for that was to identify the loss of revenue that the Treasury was suffering. At the time, I estimated just in congé and lost Income Tax on commissions received by those involved was somewhere in the order of £3 million a year. What that did was actually to bring to a head the fact that at that point the whole population policy issue was on the shelf. I wanted it brought back as an active issue, which has happened. That has been my sole input to this whole population policy issue, and I am pleased about that.

If one looks at what is happening, the Housing Control Law will no longer be a Housing Control Law really, but the Open Market is still very much a housing issue. You could have a law which just states what is on the Open Market Register – define parts A, B, C and D – and in fact include what applies from the Housing Control Law in relation to that. That is not an issue particular to part D where multiple occupancy has been an issue, and that can be addressed. And to me, that could bring some stability.

This Open Market slump has persisted now for at least three years. The Stamp Duty that was received in 2011 was £2.1 million; in 2012, it was £2 million; and if you look in the accounts we have before us, it is down to £1.8 million. The number of sales has, on average, slumped by about 60%. That is a slump.

Another issue... It is brought up every time I chair the Construction Sector Group, which I represent in my... It is brought up every time by the construction industry: ‘When are you going to do something to revive the Open Market?’ I have always said that until the legislation is in place with whatever amendments people may bring, not a lot can happen, because you can say what you like but at the end of the day, until you have the new legislation in place you will not have anything like the certainty of what is actually going to happen. To me, the sooner the legislation is brought back, the better.

I have pursued the issue of two laws and asked for advice from Deputy Perrot, a former advocate. He has looked at it and he does not see that there is really a problem with having two separate pieces of legislation. He also kindly gave me all the documentation – which was about a foot thick – which I still have, and I will remember to return it.

Deputy Perrot: Point of order, sir. I gave him a freebie, providing he did not talk about it. *(Laughter)*

Deputy Kuttelwascher: Anyhow, I think it is very much doable and I think it would be a good idea, because then, once and for all, you would have an Open Market law and you would not have what has happened in the past with the Housing Control Law, where you have to renew it every two years. That is no good for the economy. That part of our economy – what I call the ‘Open Market economy’ – is in a slump, and I think to try and at least bring back enough confidence would revive it and revenues would increase, and that is no bad thing.

So I just ask that the group look at the possibility of two separate pieces of legislation when they come back with Item 7 on here, which is to give effect to the above decisions though the appropriate legislation.

Thank you, sir.

The Bailiff: Alderney Representative Harvey.

Alderney Representative Harvey: Thank you, sir.

This, as Deputy Dorey has pointed out, is not an Alderney debate; it is a Guernsey debate. I think it is fair to say that we do sympathise with your problems. We sympathise as the ugly sister with no boyfriend sympathises with the more glamorous older sister who has excessive numbers of suitors and is fighting them off with a stick!

Seriously though, in less than an hour’s time we will be having an Alderney Liaison Group meeting where the economy of Alderney will be on the agenda, and maybe with a bit of creative thinking we can actually start to help your problem slightly in terms of still creating Income Tax for you but without creating an extra requirement for housing. I think some creative thinking there might have an effect, albeit minimal, on your problems.

This is an issue for a very small number of people on Alderney. They are people who have lived there, and very often in Guernsey, for many years. They, for generations, have paid tax to Guernsey. Their children have been educated by and frequently in Guernsey. And they feel some sense of grievance that their children have very little or almost no right to abode here. I think in that respect, although I shall need to take advice on it a lot more closely, I suspect that a change from continuous residency to aggregate residency may be of some assistance to them. So we would like to be able to help, if we can in any way, of course.

Thank you.

The Bailiff: Deputy Adam.

Deputy Adam: Thank you, sir.

I start by just going back and reminding people that executive summary paragraph 1.2 highlights the initial resolution agreed at the time, which was:

‘to reduce the number of different ways in which certain residency rights could be achieved.’

That is to *simplify* the present system. These were conclusions after consultation with the population. We have debated for the last day about Island-wide voting, and accepted initially a referendum, but then rejected it. This Assembly was not all that keen on having consultation concerning that.

In the following paragraph, it states:

‘...while one of the key objectives for the new Population Management system was to be less complex, the consequences of simplifying the provisions in this area were unacceptable to significant numbers of Islanders...’

What is ‘a significant number’ of Islanders? (**A Member:** Hear, hear.)

Deputy Paul Luxon, who has already mentioned this significant number of Islanders, also told us yesterday that there are approximately 63,000 population with 40,000 eligible to vote – 66%. Only 40% of those... the 27,000 on the roll, and only 20,000 voted – at least 20,000 voted. But we do not know what this ‘significant number’ of Islanders is. Yes, we know there were a lot of discussions. There were a lot of meetings held by Deputy Luxon, Deputy Harwood and Deputy Jones. They spent hours replying to repeated e-mails from a percentage of the population, but was that a hundred? Was it 200?

What this reminds me of is that sometimes we get carried along by a very vociferous, active, well-organised group and we start making decisions from the heart instead of from the mind. Have we done that before? (*Interjection*) Yes, I suggest we have. I would suggest that the Island Waste Strategy is a prime example. We went headlong down a route. Yes, there was lots of consultation etc, but it was steered by a very active, well-organised group and it has led us to ending up spending £29 million with a project that has not been verified by Environment.

Therefore, some people say there is overreaction. Well, I actually almost agree with everything Deputy Dorey said. I believe there has been overreaction. Reaction has been very good. We have all received these e-mails – very polite, very persuasive, apart from the one that states that there can be no doubt that some Deputies have already damaged their chances of re-election in 2016. What concerns me is that the proposals are rejected and there will be mass protests and demands for the States. It is a slightly emotive subject, isn’t it?

So, despite the evidence from early consultations, this pressure has, I believe, as Deputy Dorey... tended to overreact. As Deputy Bebb said, what is our problem? It is housing. What was so terribly wrong with the previous recommendations agreed by this Assembly not that long ago?

I do, as obviously I am not local, have a degree of sympathy with recommendation 1. As we say in Scotland, I was ‘born, bred and brought up’ in Galashiels, a small town of 13,000, and I suppose I do not really have any rights to go back there. I can choose to go back there, like anyone who has an UK passport: they can go and live in England, Wales or Scotland – until maybe 18th September! (*Laughter*) What happens on 18th September to expat Scottish people? Will they have any *rights* to go back to Scotland? Not if it is not a member of the EU or a member of the UK. So that is why if not just my parents lived in Scotland, my grandparents, my great-grandparents... I can go back to generations like some people in Guernsey, so I have a degree of sympathy with those who feel that if their parents and grandparents... I assume they lived in Guernsey and they just were not born in Guernsey. It does not say that in this recommendation. In other words, it is fine to say, ‘Oh, my grandparent was born in Guernsey but moved away after so many years, and then we came back and again my parents moved away... just giving something back.’ So I sympathise with that, but I am very wary, as Deputy Bebb and Deputy Dorey said, about the consequences of the other – 2 and 3 – recommendations, and I voted for Deputy Dorey’s fourth. In actual fact, I was going to second his amendments, but H M Procureur said they are not HR compliant.

The other thing that Deputy Green mentioned was ‘intolerant or closed economy’. He has recognised a slight risk. I wrote it down – sir, through you, I just kept it and I wrote it down... If you have discrimination against others, what risk are you putting onto our society? I believe it will be minimal because, as we know, these things do not really affect... but there is a risk factor.

I think one thing that tends to be missed out in these reports is the value of the people giving something to the community of Guernsey. Guernsey will not survive if we start being too prescriptive. We need to have an economy that is a viable, thriving and integrated community, so it is a pleasant place to live. The Population Management Strategy *must* succeed, but also must succeed to ensure that the Island is an attractive place in which to live, work and do business. Deputy Dorey also mentioned the fact that we are already overcrowded – one of the highest density of populations. It is something we have to consider carefully.

1555 Mention has been about the potential risk of drain on its services. I am concerned about this. As Minister of HSSD, I did actually go to the chief officer who was leading the Population... and she said quite simply that it was not an issue, as Deputy Gollop said, for this management, but it should be addressed. We have to address it if people are coming back to Guernsey in the later ages of life, having not contributed anything to the structure of society or to the finances. It may be necessary to bring in various terms, as we have with the long-term care. Long-term care states you cannot access that until you have lived here for five years and you must have lived here for at least one year before actually moving in. So, whether we need something like that... These things will have to be addressed – I accept maybe not at this time.

1560 So again, along with Deputy Dorey and Deputy Bebb, certainly 2 and 3 I will not support. As I say, because of my birth I would tend to go along with the rights of people who were born here to parents who were born here and *lived* here and grandparents who were born here and *lived* here.

Thank you, sir.

The Bailiff: Deputy Burford.

1570 **Deputy Burford:** Sir, I was not going to speak, but I rise to my feet after Deputy Adam and others to defend the pejoratively described ‘vocal minority’. With the exception of lobby groups, who have financial reasons for contacting Deputies, I object to us describing engagement from the general public as the views of ‘a vocal minority’. There is nothing wrong in being vocal – heaven knows we complain when people are silent – and it not for us to know whether those people are in a minority.

1575 I equally detest the phrase ‘silent majority’, usually employed by a Deputy to claim a supposed majority on their side. Of course, no amount of e-mails from the public excuses any of us from critical analysis of the proposals before us, but let us do that analysis, taking into account what members of the public have communicated to us, without criticising members of the population.

1580 For my part, I have listened, but my considered view is the same as that of Deputy Dorey and I shall be voting in the same manner.

The Bailiff: Deputy Harwood.

1585 **Deputy Harwood:** Thank you, sir.

As Members will be aware, I was a member of the Working Group on Population Management and I chaired it until earlier this year. Deputy Luxon is absolutely right: we actually did attend a number of parish meetings; we attended a number of workshops which were for Members of this Assembly. As a result of those parish meetings and as a result of those workshops, the working group did go away and reconsider some of the basic opposition that related to long-term residency. So yes, if one wants to say that they Population Management Group has made a U-turn, fine; but I would argue we have actually listened to the people – and isn’t that part of our responsibility, to listen to the people? It is a shame that the people did not engage in this particular issue, in this particular matter, until after our June debate, because we might have dealt with it at that time.

1590 One of the issues, clearly, as we went around the parishes, was that people in Guernsey were not aware that if they had been born in the Island they did not have an automatic right to become qualified residents as a result of birth. They were ignorant of the fact that there had been a 10-year qualifying period imposed in the mid-1980s, and we were accused – the States of Guernsey, the Policy Council and the Population Working Group – of having removed their birthright as a result of the measures that were brought in last year. That was not the case. There was never an absolute right of birth; there was always a qualifying period. It was against that background that certainly my eyes were being opened that there was that level of ignorance and we needed to address it.

1600 So the concept of the ancestral link started to evolve, and Proposition 1 is an ancestral link. It is recognising there is an inalienable attachment to the Island by virtue of the generation that preceded you, and that is important. For those Members of the Assembly – Deputy Dorey, Deputy Bebb and others – who said we are loosening the ability to control numbers, the only Proposition, I would submit, that actually might arguably do that is Proposition 1, which is the ancestral link. The other two Propositions – Propositions 2, 3 and 4 – really are effectively not necessarily changing the numbers; they are merely, as Deputy Dorey said I think, fast tracking. Therefore, if anybody is arguing that we are opening the floodgates, it is only through Proposition 1 that that argument might find justification.

1610 Sir, to suggest that anybody who has satisfied the ancestral link and has been off Island for 50, 60 or 70 years is suddenly going to come back to Guernsey, to have to face the prospect of having to buy a house in Guernsey – (a) if they can afford it, and (b) if there is availability – I think is, with due respect, living in cloud-cuckoo land. People who have been off Island for any length of time are going to remain off Island. 1615 They will have established roots elsewhere, they will have family elsewhere, they will have commitments

elsewhere and they will have friends elsewhere. So any suggestion that we are suddenly opening the floodgates to people who are going to return to Guernsey in their late 50s and 60s and therefore become a burden on our society I think is nonsense. And if it was a reality, it exists already under our existing Housing Control Review. There are 30,000-plus qualified residents who are off Island. Do we see them all flooding back? I do not think we do. So our only Proposition that really relates to numbers will be Proposition 1, and for the argument I have already stated I do not believe that it will actually create a problem for this Island.

I happen to have at least one parent and one grandparent born on this Island and I was born on the Island, so I therefore recognise that I have certain ancestral links with this Island. Other Members of this Assembly no doubt will feel the same. So I do not believe that we will create a sudden influx and seriously undermine the ability of the new regime to manage the population. It is about managing population. We will have far more information. We will know the numbers. For the first time, under the new regime we will know population numbers. Under the existing Housing Control regime, we only have the means of controlling about 14% of the population through housing licences. So to suggest that these changes that are being proposed now will seriously erode or undermine the management regime I would submit is a falsehood.

It is interesting that Deputy Dorey rejects Propositions 1 and 3, but supports Proposition 2; and Deputy Hadley supports Proposition 1, but rejects Propositions 2 and 3. There is clearly confusion, with respect, amongst some of the Members of this Assembly. (A Member: Hear, hear.)

Deputy Green has made two points which I think are worthy of further consideration. Firstly, there is the question about equality. Yes, by virtue of Proposition 1 you are moving away from the principle of equality because you are recognising a particular link. Propositions 2 and 3 I do not believe are creating such inequality, but I think we do again have to listen to the population of this Island, the people of this Island, and they do want an element of positive discrimination – and it is a very small element of positive discrimination. It is that ancestral link which is the only element of discrimination.

The other point that Deputy Green made, which I agree is of concern... When we put the Propositions to this Assembly in June last year, one of the great arguments and one of the great merits was simplicity. We were moving away from a situation where there were 13 different permutations of the way you could qualify as a qualified resident under the Housing Control regime and we were coming out with a nice simple statement. We had the key milestones of eight years and 14 years. Even with these Propositions you are not moving away from those two key milestones, which are eight and 14. Yes, in a couple of cases you are collapsing from the 14 to the eight, but you are still maintaining the integrity of those two milestones, and that is important. The only other element we are introducing into the mix and the only possible complicating factor is through the ancestral link, which is one of birth, and we can identify people who are born on the Island. That is a statement of fact – it is a matter of registration of births, marriages and deaths. So in that respect I do not believe that we are moving away from the simplicity that we sought to establish when we put forward the Propositions in June of last year.

Sir, I would urge support for the Propositions. I accept the amendment to Proposition 4, and as we said earlier, that does not in any way undermine the integrity of the system, but I would urge all Members of this Assembly to support all the Propositions laid before you. I think it is at least giving a message to the Island that yes, we have listened. It is *not* undermining the integrity of the system.

The Bailiff: Deputy Dorey.

Deputy Dorey: A point of correction: Deputy Harwood cannot say that changing the qualification period to become a permanent resident from 14 years to eight years is not relaxing or changing the management. It *is*. It is relaxing it. He said that Proposition 1 is the only one: well, Propositions 2 and 3 – and 4, in fact – all relax the controls on it, and he is misleading the House saying they do not.

Deputy Harwood: I think I said the effect of 2, 3 and 4 is to fast track.

Deputy Dorey: Which is relaxing the controls.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, Mr Bailiff.

I find myself being perhaps a bit ‘old school’ on these Proposals, inasmuch as I was of the view that the Housing Department, with their obligations under the Housing (Control of Occupation) Law, were not actually doing such a bad job in the first place, and I think when we look at the eight-year qualification, which is where Housing is settled at, that could be evidenced to some degree.

I left the Housing Department because the then Minister of Commerce of Employment, who was travelling at the speed of light, arrived in the Housing Department and left having secured the Labour Utilisation Strategy Group, which had no input... no member from the Housing Department on it. I think later Deputy Dorey became a member of the Labour Utilisation Strategy Group. Why that group was important, or was seen as a new arrival, was that housing licence... and remember... just keep in your mind the image of a finite local housing market resource, because there are not many.

And then you have strong arguments, or people arguing strongly in favour of economic enablers – with the new tax regime we need to stimulate the economy, bring people in, target the housing licence to these areas and let's see some growth – and that had to be balanced against the very pressing needs and demands on the local housing market. I actually think that the Housing Department did that relatively well, but clearly times have moved on and there is this emphasis – and I understand why that has happened – with regard to the economy.

Also, if Deputy Jones were here at the moment, at some stage during this debate or other debates he would have made some reference to Europe. Deputy Jones is on the record as saying the Housing Control Law is no longer defensible in a European Court. Well, actually, in every other area we rage against Europe, we want to make a stand; but when it comes to the Housing Control or an Article 8, politicians seem to be a little weak at the knees. What is the harm in having these cases that are near impossible, that are difficult? You lose one case – this is the precedent: you know that those below it you are not going to court. Within five or 10 years, how many get to that stage anyway and how many do the Housing Department concede before that stage?

The reality is that we are not building enough Local Market housing, we are not releasing enough land, and I do not quite understand why there are so many permissions out there and why people are not building at this moment in time.

But there is a confusion here, I think, in that we believe that the Guernsey Housing Association, in providing what they do, have been a success and provided enough for everyone, and clearly they have not: we have a shortage of houses still in the Local Market.

I also believe, like other Members, that we have been misrepresented by people outside this Assembly. I will not refer to them as a vociferous minority or otherwise, but it came as a shock to some people that their child had to live here for 10 years before they were locally qualified, and it was the belief in the community, as Deputy Harwood has referred to, that we had imposed this restriction on local people – we had removed their birthright and they had to be here for 10 years – when that was always the law, people lived in ignorance of the law, and it actually worked.

One woman who spoke at the public presentation said, 'My grandparents were born here, my parents were born here, I was born here, my child was: we are not going anywhere.' Well, that works. If you are not going anywhere, the 10 years has worked for you, rather than we have denied that child their birthright and removed something.

There is also this over-egging of the complexity of the Housing (Control of Occupation) Law. Yes, it is a burden. Yes, it is onerous. But people's life experiences are difficult and complex, so any law must have due regard for people's life experience and the complexities of that, and I do think that perhaps... A radio presenter said to one civil servant, 'I believe you are one of 10 people in the Island who understand the Housing Control and Occupation Laws.' Really, it can be burdensome, they are difficult, but I think to a degree they have worked.

Actually, we talk down the reach of the Housing Control Laws because people would say, and I have said, it only controls about 8% of the population, and Deputy Harwood said it controls about 14% *and their dependants*, so perhaps the Housing Control Law works in a better way than we thought it did overall.

I am persuaded by the arguments made by Deputy Dorey, but in voting for these proposals I have never been... bearing in mind... and capture that image again of a lack of provision for local families, the way that the Housing Control and Occupation Laws have worked, and what we are doing now, which to me feels far more permissive and it will mean that there will be more of a demand... and I do find I cannot wholeheartedly fall behind the proposals contained in this Billet.

Thank you.

The Bailiff: Deputy Hadley.

Deputy Hadley: A point of correction, Mr Bailiff: there appeared to be the suggestion that, as far as the Housing Control Law, we did not rail against the European Court. Well, of course we do not take issues on housing control to the European Courts: they go before you, sir, or one of your fellow judges. I would like to assure Members that the Department does robustly fight those cases where people seek to stay on the Island in breach of our Housing Control Laws.

Deputy Brehaut: Some cases have gone to the European Court, sir, but very few.

The Bailiff: It is 12.30 p.m. 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.*

**VI. Managing the Size and Make Up of the Island's Population – Long Term Residency –
Debate continued –
Propositions carried**

1740 **The Greffier:** Managing the size and make-up of the population: continuation of debate.

The Bailiff: Who else wishes to speak in this debate? No-one!
Ah, Deputy Soulsby and Deputy Storey.

1745 **Deputy Soulsby:** Sir, firstly, I would like to commend the Population Steering Group for the work they have done recently to put together the proposals we have got here today. They have clearly listened and taken into account the concerns expressed and I think they have come up with a set of workable Propositions.

I emigrated with my parents when I was one, from Cornwall, across the Tamar border, to Devon.
1750 **(Several Members:** Ooh!) *(Laughter and interjections)* Members might find that funny, but for a Cornishman, that is quite a major move. It is akin to a Guernseyman going to Jersey! **(Several Members:** Ooh!) My parents did get a lot of stick from it.

But, I lived there in a small town about a third of the size of Guernsey for 17 years, but I was never considered local. There was no law, but it was made very clear to anybody who moved there, you were not
1755 local unless you had your grandmothers buried in the local churchyard.

Deputy De Lisle: Hear, hear. *(Laughter and interjections)*

Deputy Brehaut: Presumably they had to be dead! *(Laughter)*
1760

Deputy Soulsby: Hopefully! No, they were not that bad in this town.

So, I understand the concerns and the belief in having a right of your heritage, your attachment to the community. It is something I really understand and it did not bother me when I was there, but I think it is important, because of a feeling of your ancestry, your belonging to a place.

1765 I do find it quite ironic that there are people here, within this Assembly, who do not like these Propositions and the concept of the automatic birthright, whereas, myself, not born here, actually thinks it makes a lot of sense. I do not mind that my children will have to qualify over a certain period to become local and their children will have to qualify for a period to become local. To me it makes admirable sense. We have not got that long-standing heritage here. Yes, we feel very close to Guernsey, but we were not
1770 born here and I just think it makes a lot of sense and I will, therefore, be supporting these proposals.

The Bailiff: Deputy Storey.

Deputy Storey: Thank you, sir.

1775 I agree with the sentiments expressed by many Deputies today, that the balance that has been struck in this document in terms of rights of local people has been well addressed and I am happy to support them. I think the thoughts that existed before about discrimination against local people have been addressed properly and I think there is a slight positive discrimination in favour of local people as a result of the work that this Committee has done and I welcome that and I thank the Committee for the work they have done.

1780 The one thing I would like to ask, that the Chief Minister might address in his summing up, though, is not to do with qualifications at all. If I look at paragraph 3.4 on page 1455, it says that:

‘In terms of the specific objectives for the new Population Management system, the States resolved that it should aim to be:’

Then in (g) it says:

‘transparent in its policies, procedures and rules in order that the public understands how and why decisions are made.’

It then goes on to say, in 3.5 – and I think this is quite significant for me –

‘The proposals contained in this report need to be considered in relation to these agreed objectives.’

1785 And the first objective in 3.4(a) says that the processes should be:

‘as effective as possible in enabling the States to manage the size and make-up of the Island’s population.’

And, then, in paragraph 3.4(f), it says, that the process should be:

‘capable of providing regular statistics to allow the States to monitor, and understand how the regime is affecting, changes in the size and make-up of the population in order to ensure that the States is in receipt of as much information as possible when developing the policies...’

1790 Now, I appreciate that this is only an interim report, sir, but what concerns me is there is no mention in this Report about how those particular objectives will be attained. My concern, really, is that I feel quite certain that nobody on this Island knows how many people are actually living here and, whilst I do not have any problems with the rules – if you would like to call them that – that are going to be implemented as a result of this legislation, so far there is nothing about how we are going to actually ensure that those rules are obeyed and complied with.

1795 I am taking some comfort from the recommendations that we are being asked to approve at the end of the Report, recommendations 5, 6 and 7. I hope that the Chief Minister, when he responds to this debate, could answer – not necessarily provide the answers to my question, but provide some sort of indication as to how those answers are going to be arrived at – and whether, and when, a further report produced by the Committee or the Policy Council will actually address those particular problems, because I think it is no good having a set of rules unless you know how you are going to apply that set of rules and make sure that everybody else complies with them as well.

Thank you, sir.

1805 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

1810 Like other Members, I applaud the Policy Council, because in its efforts to refine the framework of the regime that was agreed in June 2013, it has recognised that there is a case, as has been made clear by members of the public, for granting to people born in Guernsey and who build up a strong personal connection and commitment to the Island, additional rights to those which were agreed by the States in June 2013.

1815 One of the decisions of the States last year was, in effect – I know we are moving from the Housing Control Law to the new Population Management Regime – to change the present 10-year in 20-year permanent residency qualification, which time could be made up in aggregate periods, to continuous residency of 14 years. So, we made it harder for people, say, born in Guernsey to become permanently qualified. Deputy Brouard has already alluded to this in his speech.

1820 I think that was a mistake and I think it is right that we should, at the very least, return to the provisions set out in the present Housing Control Law, which will be a 10-year qualification period. Actually, what is proposed in Proposition 2 is to make it eight years and I think that is very reasonable. Actually, that is a proportionate response to the public demand to make it slightly easier for people born in Guernsey to build up permanent residency rights and I will vote in favour of Proposition 2.

1825 I will vote in favour of Proposition 4, as amended, having seconded Deputy Dorey’s successful amendment and I may yet be persuaded to vote in favour of Proposition 3, although I want to listen to more of the debate on that Proposition.

1830 I think that people who spend their formative years in Guernsey should be afforded the maximum possible permanent residency rights, consistent with our overall strategic objectives of managing the make-up and size of the Island’s population. This is all, as Deputy Dorey has suggested, to do with population density. If we were having this debate in the Northern Territory in Australia, not only would we grant everyone birthright, we would be paying people to come and visit us and to stay. But we have a different sort of dynamic in Guernsey, we have to go to quite significant lengths to try to manage the size and make-up of our population, because of the pressure on land and labour and our population density.

1835 Deputy Green said that is right to recognise or grant advantages to children who have lived their formative years in Guernsey, who have never lived anywhere else, and I agree with him. That is established in Proposition 2. That is what Proposition 2 is about.

1840 I cannot, however, support Proposition 1. I am strongly opposed to Proposition 1. I will declare my familial circumstances and, first of all, I feel for Deputies today who were not born in Guernsey, some of whom have spent many years living in Guernsey, who may not be in support of some of these Propositions, because it is very easy for people outside of the States, perhaps, to say, ‘Well, you would say that, because

you are not a true Guern; you are not born in Guernsey.’ I deprecate that sort of criticism. (**Several Members:** Hear, hear.)

I can trace both sides of my family back to sometime in the 1600s. I do not know whether that makes me a true local or not! (*Interjections and laughter*) It is a work in progress, I suppose. My wife and I have two children, one of whom is seven and one of whom is four. They were both born on-Island, but they are not yet fully residentially qualified.

Now, I do not know whether any of these provisions will end up being retrospective. Deputy Luxon stood up earlier today and seemed quite confident that they would not be. Well, I am not sure how successfully that will withstand its first challenge in the courts, but anyway... Whether or not they are going to end up being retrospective, my children or children in those circumstances would clearly be granted birthright under these proposals. They would be beneficiaries of birthright.

Also, there is a close member of my family who was born in Guernsey, has long familial connections with Guernsey, left Guernsey before he established permanent residency rights and now does not have permanent residency rights.

But, despite all of these experiences, I remain strongly opposed to Proposition 1.

This morning those Members who spoke against Proposition 1 argued against it on the basis of the effect it could have on the overall size of our population. Now, one needs to make a great many assumptions in order to suggest that it is going to have a material increase in our population. Deputy Luxon referred to that when he spoke. I suspect Deputy Dorey and Deputy Harwood are probably both right. Deputy Dorey is clearly right in that Proposition 1, indeed all of the Propositions are more liberal. They are bound to put more pressure on population numbers; they cannot do anything other than that. They are not going to put less pressure on increases in population.

I think Deputy Harwood is probably right in that the effects may be marginal. It is impossible to say. I suspect there will not be hordes of people who have been born in Guernsey, leave, spend all their years away and then come back to Guernsey at the age of 70 or 80. For the reasons Deputy Harwood suggested, it is unlikely, but it could happen in some cases and the pressure is likely to be upwards, as Deputy Dorey has suggested. Clearly these proposals, particularly Proposition 1, provide fewer restrictions and fewer controls and therefore are less likely to meet the overall objective of managing the size and make-up of our population.

But that is not my main reason for rejecting Proposition 1. There are two reasons, really. The first is I strongly dispute the importance that the Policy Council’s Report attaches to the concept of ancestry. Their proposal presumes that ancestry is established after two generations. This is nonsensical. My son does not regard his grandpa as an ancestor. (*Laughter*) Ancestry is established over *hundreds* of years, not two generations. Two generations is 40 years. This word ‘ancestry’ has been found by the Policy Council to try to justify proposals which they are obviously placing because they want to respond to their perception of a certain segment of public opinion. These proposals have got nothing to do with ancestry. If it is about establishing ancestral links, we should go back much further than grandparents. (**Deputy De Lisle:** Hear, hear.) (*Laughter*) At least Deputy De Lisle is consistent. Consistently wrong, but consistent. (*Laughter*)

Now, paragraph 6.8 of the Policy Council’s Report... In fact, the Policy Council’s Report makes a very good case for voting against Proposition 1. It sets out four or five very cogent arguments. I am yet to find the arguments in favour of Proposition 1, but I am sure Deputy Luxon will put me right soon.

Anyway, paragraph 6.8 says:

‘others have expressed the view that being able to qualify to become a Permanent Resident should be reserved only for those who have spent a significant amount of time living in the Island themselves, thus personally becoming part of the community.’

Now, I agree with that and I think that those people who have built up these personal connections with the Island should be granted an easier route than other people to gaining permanent residency. But, these personal connections are built up by where you go to school, where you make your friends, where you spend the formative years of your life. They are not built up by where your grandfather was born. The concept that ancestry affects one’s personal connection to a particular place is not justifiable. (*Interjections and laughter*)

I have friends with whom I went to school, who were not born in Guernsey; they were, perhaps, children of first or second generation immigrants. One or two of them may have been born in Guernsey, if they were grandchildren of first generation immigrants. They do not have long Guernsey ancestry but they spent their formative years in Guernsey. They are every bit as much of Guernsey as I am, but Proposition 1 divides us. Proposition 1 says, ‘Well, if you were not born in Guernsey and if one of your parents was not born in Guernsey and if one of their parents was not born in Guernsey, actually you cannot quite get Class 1 status. We are not going to grant you permanent residency at the point of birth.’ That is divisive. I want to grant the easiest route possible to permanent residency for people who have established personal connections in Guernsey, but I want to do it through their own experiences, not through their grandparents’ experiences.

1900 I feel quite... I am not sure 'proud' is the right word, because I will end up sounding patriotic soon and I do not want to fall into that trap. (*Laughter*) I feel attached to Guernsey. I feel quite a deep sense of attachment to Guernsey. I feel innately of Guernsey: its culture, its places, its people. But that is because I spent my formative years here: I went to school here, I built up my friendships here, I played sport here, I got my first job here. It is not because of grandparents.

1905 One of my maternal grandparents was born in the UK, came to Guernsey and married a local man and won first prize in the Eisteddfod for baking Guernsey biscuits and all that sort of stuff. Having that in my family did not make me any less or more of Guernsey than I otherwise would have been. Where is the justification for ancestral rights?

I will give way to the Chief Minister.

1910 **The Chief Minister (Deputy Le Tocq):** I hate to interrupt Deputy Fallaize, because it is very entertaining and we have heard these arguments many times before, and I do not disagree with him, but it is his opinion. As I said in my opening speech, these are *feelings* about people. There are some people that would argue and we have listened to them, that ancestry *has* a greater value than current relationships and Deputy Fallaize, who I understand has great interest in ancient typewriters and the like, might like to think that, if he was back in the time when some of his typewriters come from, the perceptions would be different.

1915 Guernsey has some quirks and some of those quirks are that we regard ancestry as being important. This is a day, probably, when former Deputy De Jersey is quite pleased not to be in the Assembly to debate this sort of issue, because of his surname.

1920 But I would just point out to him that, whilst he is quite right in saying that, as I have said at the beginning, there is not a right or wrong here. There is a different perception for people. Those perceptions are reality for people.

1925 **Deputy Lowe:** Is this a speech...?

Deputy Fallaize: Am I still speaking, sir?

The Bailiff: You are.

1930 **Deputy Fallaize:** Thank you. Right. (*Laughter*)

Yes, I am conveying to the States my opinions. I always think that is the best way to proceed with a speech, to convey one's own opinions rather than everybody else's opinions. (*Laughter, interjections and applause*)

1935 But Deputy Le Tocq clearly is right. There are different shades of opinion on this matter and I respect that he obviously, albeit belatedly, has reached a different judgement to my own.

Now, the second reason I have touched on, paragraph 6.12 says:

'The Policy Council has also received a significant amount of feedback expressing the view that offering favourable qualification criteria to particular groups of people will prove divisive, and will continue the negative aspects of the current system that some people find unacceptable and describe as unnecessary discrimination in a modern and progressive society.'

Well, I did not give my feedback, because I am not terribly fond of these workshop-type things, but I am in sympathy with the people who have provided exactly that sort of feedback.

1940 My son was born in Guernsey, is growing up in Guernsey, has long ancestry in Guernsey and is at the Vale School. One of his best friends is the child of first generation immigrants, but he was born here. He is living exactly the same life that my son is leading, the same experiences through education. But this proposal, this Proposition 1 divides them. That *is* divisive and there is something, in my view, bordering on the distasteful about that. I do not want to live in a society where we try to make these artificial divisions between children who are otherwise, in all areas of their life, living the same experiences.

1945 And, please remember – and I think this has been overlooked in much of the debate I have heard in the run-up to today – that for children who are born in Guernsey, the States are not and have never suggested taking away from them the opportunity to become Permanent Residents. The only people who can do that are their parents. If they are born in Guernsey of qualified residents, then so long as they stay here, they remain living here, they will become permanently, residentially qualified. The States are not trying to take that away from people. Children who are born here of qualified residents and spend their formative years in Guernsey, with or without these proposals, will be granted permanent residency rights.

1950 Deputy Harwood said that what people are concerned about is that their children will not have the right to build up permanent residency qualifications. That is nonsense. They will have the rights to build up permanent residency qualifications and the only people who can interfere with their right to build up those qualifications are their own parents.

But all of us are subject to the decisions that are made by our parents. We do not take the view that, actually, you have been selected for that particular school only because your parents have not invested sufficient time in your education. Therefore, we are going to intervene somehow. All of us are the product of our parents' judgments.

Now, if a parent is especially concerned about ensuring that their children should have permanent residency rights, presumably they will take that into account when they decide whether to remain in the Island or move off the Island. But I am interested in the children who are here and who stay here. I am interested in the children who are living their formative years in Guernsey. It is the housing and the jobs for those people I am interested in, not so much in the children who have been taken away from the Island by their parents to spend their formative years somewhere else.

Finally, sir, on the question of consultation, Deputy Harwood said, 'We have listened to the people.' Well, which people? Not, presumably, the people who responded to the consultation document in June 2011.

I know this was something that happened in the last States, but it was a consultation exercise on the same issue. This consultation document, or the public response to the document tells us, approximately 830 members of the public took the opportunity to attend drop-in sessions and presentations given by the Policy Council. Over 350 written responses were received.

It goes on to say, on this issue effectively of birthright:

'A handful of respondents suggested that somebody born in Guernsey should become a Qualified Resident at birth. A few respondents suggested that there should be no qualification requirement for members of "longstanding Guernsey families".'

That was the response garnered by the Policy Council's consultation exercise, which was a very extensive consultation exercise, during the period of the last States.

Now, I agree with Deputy Burford that we should not criticise people who have bothered to engage. I am pleased that people have bothered to engage. Whether I agree with the views of some of them or not is an irrelevance. We should welcome the fact that people have engaged, whether it is before the debate or after the debate.

But we should try to examine public opinion in the round and I think that the consultation exercise that was carried out in 2011 is of relevance. When Deputy Luxon and Deputy Harwood say they have listened to public opinion, have they taken into account the responses of 838 people and is Proposal 1 framed because of the responses of 838 people? Probably not, because the Propositions that were put before the States last June were framed after consultation with 838 people.

Now, when the campaign against some of the things that the States voted for last year commenced and, indeed, it really dates back into the last States, I was sat two or three seats away from where former Deputy Guille used to sit in the States and I argued alongside him on almost every issue in relation to population management, but that campaign was about tightening up the provisions of the Open Market and it was about trying to ensure that we had a very strong handle on managing the size and make-up of our population and it was about trying to protect local housing and jobs for people who had spent their formative years in Guernsey. It was not about where somebody's grandfather was born and I think that the birthright that is now being put forward in Proposition 1 as a sop, when the real issues are the issues which were raised by Deputy Bebb and have been raised by one or two other speakers about how we are going to respond in the future to the case for ensuring that there is sufficient housing at reasonable cost and jobs available for people who have spent their formative years in Guernsey. These proposals do absolutely nothing about that.

I agree that the 14-year residency qualification for people who have spent their formative years in Guernsey is too harsh. I think it needs to be changed. We could have taken it down to ten years, which is effectively where it is now. I support taking it down to eight years. I make it very clear: I support making it as easy as possible for people who have spent their formative years in Guernsey to obtain permanent residency rights, but I do not support tying those rights to ancestry, because I think a person's connection to a place depends on their own personal circumstances and not on what happened one or two or more generations before that.

Thank you, sir.

The Bailiff: Next Deputy Paint and then Deputy Perrot.

Deputy Paint: Sir, I am rather sad to hear Deputy Fallaize speak in that way. One item he did not speak about is the right of accession. This balance is exactly right with the right of accession, if a person has to prove that his parents and grandparents were not born here to get the right of accession. That is, I am sorry, the benchmark I should think this is worked out on.

The right of accession, I have not got it. I do not particularly want it, because that proves I am a Guernseyman, but this is a benchmark, I believe, it works out from. You have got, I believe, 1,600, 1,700,

perhaps 3,000 people here who have not got the right of accession. So that means that they can go and work in the UK and live in the UK, but without a licence they cannot live or work anywhere else in Europe. So, that, to me, is a very good benchmark.

Well, I can trace my family back to about 1550. The records before that are not here. On both sides of the family it has always been married to locals. So, as a Guernseyman, perhaps 100 years or so *before* Deputy Fallaize's family, (*Laughter*) I think that Guernsey people must have this right. So, I agree completely with what is written in here.

I actually voted against the amendment for 4, because it was being fairer to people coming in here, as far as I can see and there has got to be a balance. Now, we have restricted people who are coming to live in Guernsey by this amendment. So, I am sorry, I believe it is wrong. But it has had its run now, so fair enough, I can live with it.

Number 1 on the recommendations is, for all Guernsey people, the right way to go. That is what people want – you might not all recall, but I had arranged a meeting at Beauchamp's School for the people of the parish who wanted to speak on this and what I said is exactly what is published in here – Guernsey men must come first.

Thank you, sir.

The Bailiff: Deputy Perrot.

Deputy Perrot: After all that, I am not quite sure that I am qualified to speak in this debate. Deputies Fallaize and Paint can trace their ancestry back to the Guernsey equivalent of Abraham. (*Laughter*) My ancestry is mired in obscurity. I think we were quite serious peasants and, therefore, very little trace of us can be found. Although, I think that Members of the House do know that my father was born in Jersey. (**Several Members:** Ooh!) Yes, thank you, the old ones are the best – hence my difficulty in learning to walk upright! (*Laughter*) But anyway, we have got over that.

Let me add, please, to the congratulations which have been expressed to the Population Committee and the Policy Council. They have worked quite extraordinarily hard. They are never going to get it right. They are never going to satisfy people and I think they are wrong in some respects, but one cannot deny that they have really worked very, very hard on this and they have engaged with the public.

I am not quite sure I accept this idea that the public was not engaged at the outset. I think there has been a lot of 'all my eye and Betty Martin' about that and think that there has been quite a lot of comment actually whipped up by, I have to say, I *suspect* a relative few. I do not know, but I suspect a relative few.

There are a couple of reasons why I am on my feet. One is that Deputy Fallaize used the word 'divisive' about Proposition 1. Yes, it is divisive, but I think the word which I would use is that it is just *unfair*.

I do not like this idea that there are somehow second-class children. So, if you have got children of a particular age cohort, I do not think that one set of children should be regarded as having better rights than the others. I accept that certain rights ought to go with being born in Guernsey. We have had that ever since we have had the Housing Control Legislation and that is something which we are all familiar with, we have accepted and I go along with it. There has got to be some starter point whereby you have Local Market qualifications, but I do not think it is right, because of the accident of history, that children ought to have some sort of distinction drawn between them.

It does seem to me – and, again, I am afraid I am repeating something which Deputy Fallaize has come up with – it is up to parents. Parents are the ones who are responsible for the direction of their children's lives and it is up to parents to decide whether they are going to take the risk of leaving of the Island for any length time and they must do so in the knowledge, of course, that if they do that, they can adversely affect their children's chances of being able to live in the Island other than under some form of licencing system.

The second reason why I wanted to say something here is that I know that I will be criticised for these remarks. That is fine. If we are in politics, we do expect to be criticised, but I do believe that we have right to our opinions and I have to say I have found some of the remarks which were made in the e-mail correspondence very unattractive.

I am not going to be bullied by people into going along with their views if I think something else. I think that I ought to vote in accordance with what I consider, however wrongly, to be right, rather than with what plays well with the electorate at the next election. I feel extremely strongly about this and I deprecate the most recent e-mail whereby some people were saying, 'Well, if you do not go along a particular line of voting, we have got your number, *mate*. Not only will you not get in at the next election' – not that it matters as far as I am concerned – 'but we are going to call for some sort of vote of no confidence in the States of Guernsey as a government.' That is not the way in which to conduct a civilised debate.

A couple of other points... Incidentally, talking about whether there is a vocal minority, was it not noticeable that many of the e-mail letters which came around three or four months ago were written in almost exactly the same terms, using the same phrases, actually almost down to the same punctuation? It

2075 does seem to me that there was a fair degree of orchestration there. That is fine. If one is lobbying, that is fine, but at least let us recognise that there may have been some sort of systematic approach to that.

A couple of speakers have mentioned the problem that the Island might become even more densely populated. Actually, one of our problems at the moment, because of our demographics, is that we really, probably do need more people in this Island, generating more income. The older that our population gets, the lower the amount that we are going to receive by way of income taxation.

2080 Finally, may I endorse the remarks made by Deputy Kuttelwascher? I do believe that it would be entirely appropriate for there to be completely separate legislation relating to the Open Market so that once and for all we can see that the Open Market is cemented in legislation, subject to legislation which is not then subject to a ten-year review. The problem, at the moment – the problem which we have had in recent times – in relation to the Open Market is that the Open Market is dealt with by the Housing Control Legislation. The Housing Control Legislation provides for it to come to an end, and therefore for it to be reviewed, and it follows from that that every part of it needs to be reviewed. Unfortunately, that means that in theory there is a review of the Open Market part of it. That is extremely unsettling for people who have chosen to come here, having bought houses on the Open Market.

2090 I do see that that is a natural process now anyway, because we are having population management, rather than pure housing control, for there to be separate legislation, but I do think it would be a good idea, and this will reassure people on the Open Market that they are here, and they are here to stay, and the rights, as it were, which they have bought into are going to be protected.

Thank you.

2095 **The Bailiff:** Anyone else? Alderney Representative Jean.

Alderney Representative Jean: Thank you, sir.

I see and understand the pride that you feel in being born in Guernsey. I want to touch upon the work of my colleague, Alderney Representative Harvey, this morning.

2100 Born in Guernsey; Alderney people born in Guernsey as well and we talk about... Deputy Perrot touched upon the subject of demographics. I am interested in both. We have a problem in Alderney and the problem is there is a shortage of apprenticeships. Many of the firms are weak. Even the public works firms are not taking on apprentices now. This results in a loss of educational skill and a drain on people leaving Alderney and I know I have asked before if consideration could be given to that.

2105 It is a valuable investment that is being lost and, in terms of the demographic problem, which Deputy Perrot touched upon, it is the same in Alderney and the fact of the matter is, if there were opportunities available here in Guernsey for those Alderney people to exercise their skills and having been born here and being Bailiwick citizens, it would help a lot at the moment while our economy is weak, and I would like those of you that are responsible to give consideration to those problems. It would be a great help to Alderney, a great saving in terms of loss of skill, loss of education, loss of investment.

Thank you, sir.

2115 **The Bailiff:** I see no-one... Deputy Le Lièvre, then Deputy Duquemin.

Deputy Le Lièvre: Thank you, sir.

2120 Members of the Assembly, yes, congratulations to the team that put this together, but I was both surprised and disappointed by the fact that the Policy Council has chosen to recognise the significance of the long-standing Guernsey ancestry when assessing a person's residential qualification criteria. It has defined, long-standing Guernsey ancestry as being limited to a parent and grandparent and that makes a long-standing Guernsey ancestry about 40 years, if both parents and grandparents had their offspring at around the age of 20.

2125 Now, in *Time Team* parlance 40 years is yesterday. Long-standing ancestry is some chap coming up the tidal estuary in a longship, ravaging and pillaging. (*Interjection and laughter*) If my two-year-old grandson was able to understand such concepts, I am sure he would also be intrigued by the fact that he often plays with his Lego with his long-standing Guernsey ancestor and not simply his papa.

2130 How the Policy Council reached this somewhat discriminatory definition is, of course, no mystery. It has simply listened to demand from a sector of the population that believes, unfortunately mistakenly, that by somehow defining and rewarding Guernsey-ness we will (a) control the population, (b) help to secure affordable accommodation for their offspring, and (c) maintain the Guernsey-ness of Guernsey and the Guernseyman for future generations. All three beliefs are, of course, complete codswallop.

2135 When I attend the Vale meeting organised by ex-Deputies Guille and Dudley-Owen, the message that came from the audience was very clear. They were concerned that their children would be unable to afford to purchase even the smallest unit of local housing, that the homes their children might have been able to afford were being purchased by people with little connection to the Island, that as a result of these two

issues, their Guernsey-born children were being forced to leave the Island, that too little was being done to protect their children, that something should be done for the Guernsey youth, and that too many outsiders were coming into the Island swallowing up jobs and homes. Birth right might well have been mentioned, but the thrust of the meeting concerned affordable homes, jobs and newcomers.

2140 I think some of those people at that meeting would be shocked by Proposition 1. I suspect they might think it has preserved the Guernsey-ness of the Guernseyman and as a result he or she might be better placed to find affordable accommodation, but of course it will not do any of these things.

This morning, we have been assured it will not affect matters too much, but what we have not heard is, is it going to make life easier for those youngsters already over here?

2145 What it has done, however, is to introduce a level of positive discrimination that we are told might not be a bad thing and I cannot agree with that. Positive discrimination – in fact, *any* discrimination – in an Island of 24 square miles and 62,000 souls is never, *never* a good thing. What we have here, in Proposition 1, and specifically in Proposition 1, is unacceptable. It does not do what it says on the tin. It will not deliver what is expected of it and it creates discrimination based on bloodlines. In fact, it could not be much worse, when you think of it.

I would strongly recommend the Assembly to reject birthright, as currently defined. It will not work. It is not healthy and its very existence will produce untold or unfulfilled consequences down the line.

2155 As for long-standing Guernsey ancestry and the Guernsey family, I would bin such concepts. They have no place in an Island that boasts of its international base and these terms belong to history and not to legislation to be crafted in the first quarter of the 21st century.

Thank you, sir.

The Bailiff: Deputy Duquemin.

2160 **Deputy Duquemin:** Thank you, sir.

Perception and reality are two different things. As Deputy Bebb stated in his speech, arguably we are solving a problem that does not exist. We are changing perception even though, in reality, a problem did not exist.

2165 These new Propositions might change nothing. The Chief Minister said today, we are not talking about lots of people here. We are only talking about a handful of people. Well, I am not worried or comforted by the fact that this change of law will affect just a handful of people. I am worried about how it will affect the oft-mentioned magic number of 63,000 people.

2170 On page 1463, we are introduced to the phrase, as Deputy Le Lièvre has just mentioned, ‘Guernsey family’ and the very fact that it appears in double inverted commas makes it clear to me that we do not really know what it means.

In a previous life, I was always criticised for overuse of double inverted commas, so I am always on the lookout to find out what the catch is. I am not concerned if a family can trace their Guernsey heritage back to 1550 or even trace it back to ten to four. (*Laughter*) I do not want anything that is divisive and I would echo everything that Deputy Fallaize has said. I do not want a ‘them and us’ society to develop.

2175 I am a proud Guernseyman, but I make no apologies for wanting every family that lives here to feel 100% welcome. Even if they have only been here for a year, a month or week, I want the families of doctors, teachers and even lawyers to feel at home in Guernsey. (**Several Members:** Hear, hear.) (*Interjections*)

2180 As I said at the Castel population meeting, when I break a leg, I am not worried about the doctor’s ancestry. I want him or her to be happy to be part of Guernsey life. My worry is that the side effect of solving a problem that does not really exist is that we create, unintentionally perhaps, a much bigger and more damaging problem – not a perceived problem; a real problem and I do not want a ‘them and us’ society.

2185 These new Propositions could change nothing, but they could change everything. Changing perceptions is great, it is laudable, but not at any cost.

Mr Bailiff, in 5.10 on page 1461, six quotes were taken from last June’s debate and one of them was mine. I said:

‘It would be pertinent to look into their eyes, so to speak, and ask them, are they any different...’

2190 I was talking about two school children, like the ones from Castel School that had been in the public gallery that same day last June. Back then, I was talking about two children, both born in Guernsey, one in Local Market, one in Open Market.

Now, the charts on page 1471 of the Billet show that not only we will be treating Local Market and Open Market children differently, we will be treating children living in Local Market accommodation

differently, even if they are both born in Guernsey. Just as Deputy Fallaize said, and I echo everything that he said, I feel very uncomfortable about that.

2195 These proposals are not about birthright. These proposals are about ancestry right and I think that is, to use Deputy Perrot's words, unfair.

To repeat what I said last June, same school class, same football team, same cub pack, same birthday parties, but we are going to treat them differently.

2200 I am listening to the debate which I think, unlike perhaps, the last debate in this sitting reflects well on the States. The tone, the temper of this debate is good. I will continue to listen, before deciding how to vote on all of the individual Propositions, but like many, I am uncomfortable about Proposition 1 and also Proposition 3.

Thank you, sir.

2205 **The Bailiff:** Anyone else? Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

2210 I feel I have to get to my feet after the speeches of Deputy Duquemin and Deputy Perrot and Deputy Fallaize, sir. I cannot match their master oratory, sir and whatever I say about Deputy Fallaize and however much I heap praise upon him as I speak, sir, it will not stop him tutting and chuntering and gurning behind me as I say some things I am about to say. (*Laughter*) So, I will try to qualify the statement and the comments I am going to make, sir, before he might jump to his feet and try and correct me. I am onto a hiding for nothing, really.

2215 Sir, I am going to support the Propositions, as amended. I know that nothing is perfect and that this is a very complex and potentially emotive area. Whatever we try to put in place, it will throw up certain issues and I do think some of those will have to be addressed during the transition period and, perhaps, even beyond there will need to be further refinements.

2220 But what is being proposed here, sir, is certainly a lot better than making children wait for 14 years before they can claim, in effect, citizenship and I actually believe this Assembly made a rod for its back in June 2013 when it took a hard line and put that 14-year rule into place. I think if we had left well alone and, perhaps left the ten-year rule in place or even gone along with Proposition 2 which was eight years for all children, sir, I think that would have been acceptable to the people of this Island, sir, but I think, because we took that hard line, I think that was unwise, sir, and I think we have suffered the consequences because of it and the furore that has come about is because of that. Although I have been quite consistent in my approach, from very early on, regarding a birthright approach, deep down I do still struggle with it and I do have sympathy with the points that Deputy Duquemin and Deputy Fallaize and Deputy Perrot made, sir and I probably could live with the eight-year one, but...

2225 Deputy Bebb, sir, circulated an e-mail to Members recently stating that a number of jurisdictions were reviewing or had removed the birthright status. Now, that may be, sir, but it remains in place in many jurisdictions and I would say that we are still one of the few, actually, on balance, that do not recognise it. It remains in place in countries throughout Europe. Some of the EU's leading lights, who consider themselves to be progressive and enlightened, Human Rights-sensitive and aware, including Holland, Germany, France, still retain birthright. So, for example, a child born to a Dutch national, a Dutch citizen, sir, is granted birthright and that does not have to be traced back to grandparents. It does not go through an ancestral process. It is simply granted to the child of a citizen of that jurisdiction and that is very akin to Proposition 2.

2230 But in the countries I have mentioned, sir, the qualification periods for those who do not qualify for birthright are not onerous. They vary between five years. It is five years in Holland and eight years in Germany, so, broadly in line with what is being proposed in this Report and paying due regard to Human Rights. Now, sir, these are all countries that are acutely aware of their positions within the European and the global community and, in fact, are very willing participants in that community and, as such, they have policies in place that reflect that standing. But, sir, their parliaments and their politicians still acknowledge that they have been elected, first and foremost to look after the interests of their people, so the community, socially, economically, strategically, environmentally and culturally, sir and, as a result, have policies in place that also reflect that position so it is about trying to get the balance right.

2245 Sir, this is not and never has been, for me, about Guernsey people being a special or superior race. This is not about the preservation of an indigenous or native bloodline. Sir, that is very dangerous territory and we all know where that can lead. Thankfully, this is not about persecution, this is not about oppression and it is not about superiority. It is not really about Guernsey-ness and trying to preserve something in amber, sir. We all know that we live in a cosmopolitan society and we accept that. I think most of us appreciate that, sir.

2250 In my opinion, it is about attempting to put in place a well-structured regime where birthright is ascribed some value, where qualification periods are reasonable and human rights are paid proper regard which is

the case, sir, with the other European jurisdictions that I have mentioned. Of course, it is not only about the children. Of course, it is, in part about their parents and their grandparents and their families, but not for any narrow or insular reasons, but to provide a degree of comfort to those children and their families that their roots are in this Island and they have an absolute right to call Guernsey their home, and those facts are acknowledged in law, sir. I think it is reasonable to assign some value to that.

I know have been corrected by my knowledgeable and patient – well, he is not that patient, he was at one time! – but my knowledgeable friend and colleague, Deputy Fallaize, sir and also I believe the Chief Minister when I said under the 14-year rule Guernsey-born children to Guernsey families will be stateless for that period of time and I acknowledge that actually because we are a Crown Dependency and our children are UK subjects and if the need arose they have a right to reside in the UK, I was not correct, sir. Constitutionally my statement was incorrect, but they too, sir, to a certain extent, are missing the point, because there is much more to it than that. This is about sometime far more innate – and I think it was Deputy Le Lièvre or Deputy Fallaize that used that phrase before, sir – and as such it cannot really be captured or be summed up in technical terms. I think that feeling is much more common amongst Islanders than perhaps Members realise.

And, yes, it is somewhat emotional and, of course, it is related to ancestral lines, back through the centuries. But, I do not think that is something Islanders need to be coy about. Where affinity and identity and a sense of belonging leading to a desire to claim Guernsey as one's home and to want the same thing, that same assurance for their children, sir. It is cold comfort for them, for the children, for their families to know that, if needs be, their children have a right to reside somewhere else and that is what I meant by status. It was constitutionally an incorrect phrase, but that is what I meant by it, sir.

Many members of Guernsey families are concerned –

Sorry, I will give way to Deputy Kuttelwascher, sir.

Deputy Kuttelwascher: I have been thinking about what you said about birthright in the countries in Europe and I think you are confusing birthright with the naturalisation process which is available in most countries. They are not the same thing. You can get naturalised Dutchmen after eight years. You can have been born in the middle of Africa. So, I think it is an incorrect comparison.

Deputy Laurie Queripel: That is not true, sir. I have actually checked this. I have done the research on this. As I said, if you are a Dutch citizen or parent born in Holland and you have a child, that child is granted instant birthright. That is the facts. Germany and France are the same, sir.

I give way to Deputy Bebb.

Deputy Bebb: In equal measure, if someone has Dutch parents – well, I will not say about Dutch, but I would say with French parentage or US parentage, even if the child is born outside of that country, then they are still granted that citizenship. It is a very different proposal to what is actually here today.

Deputy Laurie Queripel: Sir, I realise those points. I thought I was making quite a mild and uncontroversial speech, sir, and trying to balance things and bring people together on this, but clearly I am failing!

I realise that we are a Crown Dependency. We cannot compare ourselves to a nation state, sir, but I am just giving those as examples. The birthright approach is not unprecedented. It is quite a common thing. So, sir, it is not about elitism, sir.

I give way to Deputy Hadley, sir. (*Laughter*)

Deputy Hadley: Mr Bailiff, this is nothing to do with birthright. What we are talking about here is preserving a sector of our housing market for people of a defined class. We are all citizens of the British Isles, of Great Britain, and we have a right to go there, people from there have a right to come here. What we are doing is preserving a sector of our housing stock for people that comply with certain criteria which this Assembly defines.

Deputy Laurie Queripel: I think I have acknowledged all those points in my speech, sir, and it is about birthright because that is Proposition 1, so clearly that is appropriate to debate that. So, once, again, sorry to be so controversial, I did not realise...!

Sir, I have got one more paragraph to go. (*Laughter*) Perhaps Members can just exercise some tolerance, sir, and allow me to finish!

Sir, it is not about elitism. It is not as high minded as that. Sir, I would dissociate myself from anything that was stained by negative discrimination. Sir, we need to get a sense of proportion, sir, a sense of balance. So, for the reasons I have given, sir, I can accept a form of positive discrimination as many other jurisdictions have and many other jurisdictions do.

2315 Thank you, sir.

The Bailiff: Does anyone else wish to speak? No.
Chief Minister, do you wish to reply to the debate?

2320 **The Chief Minister (Deputy Le Tocq):** *Nous pourrait dire, p'taite, qué si vous d'visaiz en Guernésiais vous pouvaiz d'meurai ichin!* That would certainly sort out our population problem. I will leave you to work out what I said!

I think Deputy Green made some comments, made a statement that very much resonates with me. He said, I think, 'I am not 100% sure that the Propositions are 100% correct', and I think that is exactly where
2325 we are. There is not a right or wrong about this today. This is all about feeling and as many Members have indicated, quite some strong emotional, passionate feeling and those feelings sometimes can affect our perceptions of what we are being asked to vote on.

There was only one direct question, I think, sir, which came from Deputy Storey, so I would like to try and address that if I can. He was particularly concerned about how the rules will be applied in the future. Of
2330 course, there will need to be legislation that will come in the future to enact the things that we decided last year and this will be part of that. I think his question was along the lines of how we will be able to control population more effectively than we can at the moment. The answer to that really is – and other people have touched on it without asking the question – that under the proposed regime, many more people than currently will have to apply for a permit and as the result of more people needing to have a permit, we will
2335 be in a better position to provide statistics and to manage our population than we are at the moment. I hope that goes to answer his concerns on that.

I have not changed my mind, Deputy Fallaize in terms of this. I think the Population Working Group, of course, I was not really a part of until very, very late, but it has done, as many Members have said, a very good job of seeking to listen to and make opportunity for many, many different people in parish meetings
2340 and, indeed, workshops and it is disappointing that Deputy Fallaize did not come to at least one workshop, because whilst I know they can be tedious –

Deputy Fallaize: Sir, I have been waiting for an opportunity to interrupt, like Deputy Le Tocq interrupted me, and this is the opportunity –

2345 **The Chief Minister (Deputy Le Tocq):** I have not given way, have I? *(Laughter)*

Deputy Fallaize: No, no. It is a point of order. I was not asking him to give way. He is misleading the States.

2350 I think there may have been two workshops most recently and I did attend one at St Pierre Park and I was sat on a table with Deputy Duquemin.

Deputy Duquemin: It was Valentine's Day. *(Laughter)*

2355 **Deputy Fallaize:** It was Valentine's Day, was it? Well, it would have been lost on me, but I am pleased I made such an impression. *(Laughter)*

I did attend the workshop and I have participated and read all of the material from the Policy Council, sir.

2360 **The Chief Minister (Deputy Le Tocq):** I am glad to hear it. Because I think one of things that came out of the workshop for all of us in the workshops was the complexity, firstly, of the current legislation and the increasing complexity with the changes of lifestyle that people have had since the original Housing Law came in years ago and, therefore the difficulty it is to be seen to be acting in a fair way with the current legislation. Then to find something that is more appropriate and at the same time fair and defensible, that is
2365 quite a difficult job. I remember at one of the workshops going round several tables and finding a number of people, including Deputy Lester Queripel, changing his mind several times, because it had come to his attention that it was not as easy or as simple as he first thought.

That is why I said in my opening remarks, there is no right or wrong to this but the Policy Council has sought to come up with a situation that has at least addressed some of the concerns that have been raised
2370 over the last year or so. I, myself, calculated I had slightly under 500 either e-mails or phone calls or letters, not mentioning people speaking to me, and I am sure others are like that. And, yes, there has been a lot of duplication in all that, as Deputy Perrot has said, but there is strong feeling out there.

Now, how you interpret that into what should come about, I do not know, because as I have said before, a lot of these things I am agnostic on. I do not think it is really going to affect the overall proposals that
2375 much and I do not think we are dealing with a huge section of our society, but we are dealing, in some

cases, with some people who have very, very strong views. Maybe ancestry was the wrong term to use, but of course, as we all know, we cannot seek to go back to 1204 to prove. The records were not kept that far back and you have got to draw the line somewhere, so within all the proposals there are lines that have been drawn somewhere in order to make it workable and feasible.

2380 I will pick up on a point raised by Deputy Kuttelwascher on the Open Market and I do not believe we need to wait, sir, until legislation comes in in order to see the Open Market improve. In fact, I certainly intend to, and I know Deputy Luxon and others intend to, do our best once we move on from here to ensure that the signal is sent out that the Open Market is up for business. We have set the direction now and we should see that happen and we need to get the support of estate agents and maybe the legal profession in order to see the Open Market revive. So, I do accept what he is saying: there has certainly been a slump in the Open Market, but we want to see it revive. There is no reason why we need to wait for legislation to see that happen. We just need to find some will and energy and stop complaining that the situation has occurred. There are all sorts of reasons for it. It is not just the ones that first come to mind.

2390 I do believe, sir, that what we are moving into is a system that will be simpler than before, because notwithstanding the fact that we are making some changes that are before us today, we have an overall substantive system that can be better understood. Partly because there have been so many people that have engaged in helping us get to where we are and, if we can continue to do that, so that people can find out, for example, via a simple diagram, via a webpage, where they can fill in the information as to what they are entitled to, what they need to do in order to gain the various stages of residency, that will go a long way to help bring the public with us. We are committed to doing that. This, of course, is a process and there are other things, as a result of last year that we will need to bring back to this Assembly for approval and legislation as well after that.

2395 But, sir, I do not want to go through anything more, because there were not any other questions, I think, on that. Everybody has had an opportunity to express their opinion, again, particularly on Proposition 1, but it is in response to the high level of debate, publicly that there has been on these issues. We believe that it is defensible and also an appropriate response to that and I do invite and encourage the Assembly to vote for all the Propositions.

Thank you.

2405 **The Bailiff:** Having heard the debate, I think we need to take at least the first four Propositions separately and each separate from each other.

So, I put to you, first of all Proposition 1 and I think Deputy Lowe is requesting a recorded vote. Is that right?

2410 **Deputy Lowe:** It is.

The Bailiff: Recorded vote, please. On Proposition 1, which is to be found on page 1502 of Volume 1 of Billet XVI.

There was a recorded vote.

Carried – Pour 26, Contre 19, Ne vote pas 0, Absent 2

POUR

Deputy Laurie Queripel
Deputy Lowe
Deputy Spruce
Deputy Collins
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy Brouard
Deputy Wilkie
Deputy De Lisle
Deputy Soulsby
Deputy Luxon
Deputy Quin
Alderney Rep. Jean
Deputy Harwood
Deputy Domaille
Deputy Langlois
Deputy Le Clerc
Deputy Gollop
Deputy Storey
Deputy Lester Queripel

CONTRE

Deputy Fallaize
Deputy Le Lièvre
Deputy Duquemin
Deputy Dorey
Deputy James
Deputy Adam
Deputy Perrot
Deputy Burford
Deputy Inglis
Deputy Sillars
Deputy Hadley
Alderney Rep. Harvey
Deputy Kuttelwascher
Deputy Brehaut
Deputy Robert Jones
Deputy Sherbourne
Deputy Conder
Deputy Bebb
Deputy St Pier

NE VOTE PAS

None

ABSENT

Deputy David Jones
Deputy O'Hara

Deputy Stewart
Deputy Gillson
Deputy Le Pelley
Deputy Ogier
Deputy Trott

2415 **The Bailiff:** Well, Members, the result of the vote on Proposition 1 was 26 in favour; 19 against. I declare the Proposition carried.

We move on to Proposition 2. Is there any request for a recorded vote or can this be done? You are requesting a recorded vote.

Recorded vote: Proposition 2 on page 1503.

There was a recorded vote

Carried – Pour 44, Contre 1, Ne vote pas 0, Absent 2

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

2420

The Bailiff: On Proposition 2, there were 44 votes in favour; 1 against. I declare it carried Proposition 3. Deputy Lowe?

2425 **Deputy Lowe:** Yes, sir. I make no apology for asking for a recorded vote on 3 and 4, because, to me everything is about population and whereas we call *Pour* or *Contre*, it does not actually show up anybody who wants to abstain so I ask for a recorded vote on 3 and 4, please.

The Bailiff: Recorded vote on Proposition 3.

There was a recorded vote.

Carried – Pour 32, Contre 13, Ne vote pas 0, Absent 0

POUR

Deputy Laurie Queripel
Deputy Lowe
Deputy Le Lièvre
Deputy Spruce
Deputy Collins
Deputy Duquemin
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy James
Deputy Perrot
Deputy Brouard
Deputy Wilkie
Deputy De Lisle
Deputy Inglis
Deputy Soulsby
Deputy Luxon
Deputy Quin
Deputy Hadley
Alderney Rep. Jean
Alderney Rep. Harvey
Deputy Harwood
Deputy Kuttelwascher
Deputy Domaille
Deputy Langlois
Deputy Gollop
Deputy Storey
Deputy Lester Queripel
Deputy Stewart
Deputy Gillson
Deputy Le Pelley
Deputy Trott

CONTRE

Deputy Fallaize
Deputy Dorey
Deputy Adam
Deputy Burford
Deputy Sillars
Deputy Brehaut
Deputy Robert Jones
Deputy Le Clerc
Deputy Sherbourne
Deputy Conder
Deputy Bebb
Deputy St Pier
Deputy Ogier

NE VOTE PAS

None

ABSENT

Deputy David Jones
Deputy O'Hara

2430 **The Bailiff:** Members, in the voting on Proposition 3, there were 32 votes in favour; 13 against. I declare Proposition 3 carried.

Next, we have Proposition 4 which I remind you has been amended by the successful Deputy Dorey, Deputy Fallaize amendment. Proposition 4.

There was a recorded vote

Carried – Pour 45, Contre 0, Ne vote pas 0, Absent 2

POUR

Deputy Fallaize
Deputy Laurie Queripel
Deputy Lowe
Deputy Le Lièvre
Deputy Spruce
Deputy Collins
Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Paint
Deputy Le Tocq
Deputy James
Deputy Adam
Deputy Perrot
Deputy Brouard
Deputy Wilkie
Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
Deputy Quin
Deputy Hadley
Alderney Rep. Jean

CONTRE

None

NE VOTE PAS

None

ABSENT

Deputy David Jones
Deputy O'Hara

Alderney Rep. Harvey
Deputy Harwood
Deputy Kuttelwascher
Deputy Brehaut
Deputy Domaille
Deputy Langlois
Deputy Robert Jones
Deputy Le Clerc
Deputy Sherbourne
Deputy Conder
Deputy Gollop
Deputy Storey
Deputy Bebb
Deputy Lester Queripel
Deputy St Pier
Deputy Stewart
Deputy Gillson
Deputy Le Pelley
Deputy Ogier
Deputy Trott

2435 **The Bailiff:** I can declare the voting on the amended Proposition 4 to be unanimous: 45 to nil.
I think we can take Propositions 5, 6 and 7 altogether. Those in favour; those against. I declare them all carried.

**VII. Policy Council –
The Guernsey Financial Services Commission: 2013 Annual Report –
Proposition carried**

Article VII.

The States are asked to decide:

Whether, after consideration of the Report dated 19th May, 2014, of the Policy Council, they are of the opinion to note the Report and accounts of the Guernsey Financial Services Commission for the year ended 31st December 2013.

The Greffier: Article VII, the Guernsey Financial Services Commission 2013 Annual Report.

2440

The Bailiff: The Chief Minister will open debate.

The Chief Minister (Deputy Le Tocq): Sir, thank you.

2445 I am not going to add to the simple letter of comment that is front of you with regard the GFSC Report. Simply, to say that, with regard to the relationship between the States and the GFSC, a lot of effort and time is going on to improving that relationship, especially since last year's debate. I would like to thank the Commission and many Members as well, who took up the opportunity to attend presentations on the Annual Report, which were hosted by the Commission in recent weeks.

2450 In addition to that, plans are continuing and progress is being made and last year's amendment regarding funding arrangements will be brought to this Assembly in due course.

So, I encourage the Assembly to deal with the recommendation which is to note the Report.

The Bailiff: Deputy Lester Queripel and then Deputy Trott and Deputy Luxon.

2455 **Deputy Lester Queripel:** Thank you, sir.

Sir, I am going to begin by expressing a very real concern and disappointment regarding this Report and then I will conclude with a few words of praise for the GFSC.

2460 Last year, in this Chamber, we, the States of Guernsey, gave the GFSC a much needed wake-up call. I said in my speech at the time that things had become a little too cosy at the Commission and that some serious questions needed to be asked.

In the very real sense, it seemed the Commission had become a law unto themselves. Their expenses were rapidly increasing and nobody was asking why. And, even though I was the first Member of the Assembly to speak in that debate, sir, I was not the only Member to express major concerns.

2465 In order to be able to expand on that concern and disappointment I have regarding this report, sir, I would like to spend a few moment, if I may, focusing on what other Members of the Assembly said at that time, because Deputy Conder was the first to speak after me. Not only did he express his concerns about the

spiralling costs in the Commission, but he also focused on the lack of transparency in term of salaries earned by nine senior staff members. He asked the question, ‘Who regulates the regulator?’. He finished his speech by asking the Assembly to vote against the approval of the GFSC accounts.

2470 Deputy Perrot followed Deputy Conder and he said that the cost base at the GFSC was grotesque. The Commission had clearly lost its way and something needed to be done to correct that.

2475 Deputy Soulsby expressed her concern, sir, focusing on the fact that the Commission were charging the industry over £1 million per month for services rendered which, in her words, was an, ‘eye-watering amount’ and there was nothing in the Report to indicate that any attempt was being made to bring costs under control.

Deputy Collins urged Members not to approve the accounts.

Deputy Dave Jones said that the increasing costs of the Commission were ‘appalling’. He said that in his opinion, it was no longer acceptable to support what was happening at the Commission.

2480 Deputy Luxon told us that costs at the Commission had become unsustainable and that action must be taken to address the ratio of cost to the benefit that it gives.

Deputy Brouard told us he felt the approach the GFSC for the States was one of arrogance and needed to be changed to a partnership with the States.

Deputies Le Clerc and Sherbourne both reminded us that there were many people working in the finance industry who claimed –

2485 **Deputy St Pier:** Sir, point of order.

I just wish to raise a point of order as to whether this is remotely relevant to the issue under debate today, sir?

2490 **Several Members:** Hear, hear.

The Bailiff: Deputy Lester Queripel, I think you have made your point. (*Laughter*) You are in danger of tedious repetition.

2495 **Deputy Lester Queripel:** Well, in my defence, sir, it is extremely relevant, because it is actually laying the foundation of what I am going to say when I express my concern and my disappointment, sir.

The Bailiff: I think you have laid the foundation, haven’t you? I think you have built the first storey as well...! (*Laughter*) Can you sort of wrap it up in a few words? (*Laughter*)

2500 **Deputy Lester Queripel:** In that case, I rather waters down my concern and my disappointment.

The Bailiff: I think what we are concerned about, if you have concerns about the 2013 Report, then that is what we would like to hear about.

2505 **Deputy Lester Queripel:** I do, sir, and that is what I am laying the groundwork for, because my concern is that... I have just got to find the correct page. I am going to have to dispense with the next page.

2510 Not only were there an abundance of major concerns expressed by several Members of the Assembly, but an amendment was also hastily compiled overnight and I am sure Members remember that. HM Comptroller gave an informed and extremely comprehensive answer to your question, sir, which was: what would happen if we were to approve the accounts?

The Bailiff: I think this year you are not being asked to approve the accounts. You are being asked to note them.

2515 **Deputy Lester Queripel:** Yes, sir, that was part of the page that I just had to dispense with. Well, that was one of my points, sir, because this year we have only got one Proposition, but now, I am afraid I am going to be disjointed, sir, so I will have to just carry on.

2520 And yet, sir, after all that happened in this Chamber last year and after all the major concerns that were expressed by my colleagues and myself, there is no reference at all to any of that in this Report. There is no indication at all in either the Chairman’s Statement or the Director General’s Statement that this Assembly gave the Commission a much needed wake-up call. And there really should have been mention of that, sir, in order to be an accurate record of the events that took place, because now anyone reading this Report will not have any idea that this Assembly gave the Commission that much needed wake-up call. And I ask the question, sir, why the reluctance by the Commission to recognise in this Report that during the July 2013 States’ debate, several politicians expressed concerns? I did ask that question at a recent presentation, sir, at the Commission, and I did not receive a satisfactory answer.

2525

So, the States received no credit or recognition at all in this Report, for all the concerns they expressed last year. Although I have to accept I cannot do anything about that, sir, I do not think that is unacceptable and at least I am now on record as actually having said that.

That is why I am concerned and disappointed, that there is no reference whatsoever to that in this Report and it could be said that anyone who is interested could refer to *Hansard*, but that is not the point I am making. Any report should be detailed and as accurate as possible.

I am going to finish, sir, by saying I look forward to hearing further speeches from my colleagues, especially those who expressed their concerns in no uncertain terms in this Chamber last year. Going back to the question, 'who regulates the regulator?', I note at the bottom on the section headed, 'Report on internal controls and corporate governance' on page 1565, that we are told that the annual report required by law on internal control and corporate governance has been provided by the Commission and Policy Council. I apologise in advance, sir, to the Chief Minister in case I have missed something along the line, but could he tell me where I might find that report, please?

I also request, regarding the Report itself, could it please be added in the future as an appendix to the GFSC Report?

In conclusion, sir, I very much want to emphasise I am a staunch supporter of our finance industry. I appreciate it is absolutely vital we comply with all the regulations that are laid down in the international arena, but the cost of regulation is getting out of control and although there is no mention whatsoever in this report of the major part this Assembly played in recognising that last year, I think we can derive a certain amount of satisfaction and fulfilment from the influence we had.

I will close by focusing on one aspect of that influence and praise the Commission for responding in the way they did, because last year I focused on the fact that although there were 17 photographs of members of the Commission, there were no contact details for any of them. So, we knew what they looked like, but we did not know how to get hold of them. There wasn't even a telephone number or e-mail address for the Commission itself in its own report and in the Report this year, sir, on page 1549, we have the names of 12 senior staff at the Commission, but no photographs. So this year, we do not know what they look like, but we do know who they are.

Deputy Brehaut: I think we know where they work, sir.

Deputy Lester Queripel: And the good news, sir, is at the back of the Report this year, there is a telephone number, an e-mail address and also a website. So, I give the Commission credit for at least responding to one of the points I raised in debate last year and although I have had to dispense with three pages of my speech, I can only hope, sir, that they consider at least some of what I have said this year worth hearing.

Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, on page 1504, under the Principles of Good Governance, we are told that this Report complies particularly in regard to:

'performing effectively in clearly defined functions and roles.'

Now, sir, I think it is true to say that this last year the GFSC has performed effectively. That is in no small part due to the efforts of the Commission's Director General, William Mason. Sir, the Commission's Chairman says, in the Report,

'He has made a considerable effort to connect with both politicians and the business community and his efforts are clearly bearing fruit.'

Now, sir, those comments are immediately evidenced on page 1509 where we are advised, with effect from 1st July this year, the Commission closed their final salary pension scheme for the express reason:

'to control the Commission's cost base'

which allowed them to fund essential internal modernisations without significantly raising costs to the firms they regulate. We are quick to reap criticism in this Assembly, sir: it is part of our job. We must be equally quick to reap praise.

Sir, on page 1513, we are shown the Income and Expenditure accounts for the calendar years and fiscal years, 2013 and 2012. The year-on-year comparison of expenditure shows a fall of £1 million year on year

2585 against a static income as a direct result of the Commission's policy of constraining fee rises with a general overall increase of only 0.3%. Real evidence that the Commission has listened to concerns expressed in this Assembly – very genuine concerns that were articulated, I agree with you, somewhat repetitiously and tediously by my colleague Deputy Queripel, but nonetheless that was a historical account of very real concerns just a year ago.

2590 The Commission has clearly reacted maturely and appropriately to concerns expressed about its cost base and they should be commended for it and I am happy to do so.

Sir, in conclusion, I applaud a light touch approach to regulation through risk-based supervision, the policy of the GFSC, and it shows, it clearly demonstrates how a light touch from this Assembly which does not compromise the Commission's autonomy and integrity can also, and indeed has, worked well.

2595 **The Bailiff:** Deputy Luxon, then onto Deputy Soulsby.

Deputy Luxon: Thank you, Mr Bailiff.

Mr Bailiff, if I could offer Deputy Queripel my cup which is half full, he should try drinking from it.

2600 Sir, last year the GFSC Annual Report and Accounts engendered some lively debate. I will not focus on some of the points that Deputy Trott has already covered, but this year has shown some marked changes. The States' Members briefings that the GFSC Chairman initiated recently were useful in clarifying certain matters contained within the accounts and it gave a chance for those Deputies who chose to attend to ask specific questions of both the Chairman, Director General and the CIO, which is very helpful.

2605 It is clear that the DG, with Commission approval, is moving ahead with a modernising and restructuring programme to achieve better effectiveness and cost efficiency. It was good to hear the tone of adopting a proportionate regulatory regime here in Guernsey for our financial services sector by the Commission and DG, recognising that slavishly being the very best in class across the piste in this regard does not always enable Guernsey to compete on a level playing field. This is a sound, pragmatic and important acknowledgment in my opinion.

2610 Key highlights from the accounts for me were: the senior management reorganisation strategy to a focused, fit-for-purpose body; a remuneration review process, which is important as this cost base still remains too high; cessation of the defined benefit pension scheme to a defined contribution model – an excellent move, as Deputy Trott as said; the £1 million turnaround, although slightly distorted by the GTA for £440,000 cessation of subsidy support, but nevertheless still a very good financial performance, and the fee strategy, again as Deputy Trott has mentioned.

2615 The GFSC needs to help maintain our excellent reputation for financial services globally at a sustainably cost effective level, but at the same work with the finance sector to enable economic growth and diversification. Sir, innovation, speed and first-to-market capability are equally as important as compliance of compliance and regulatory robustness.

2620 I am happy to note the report and accounts for the year end to January 31st 2013 but do look forward to further improvements in the ratio of costs to income in the year ending 2014, as the Commission continues with its transformation strategy whilst supervising a proportionate regulatory regime within the Guernsey financial services sector.

2625 Guernsey needs its main economic sector to find growth, to provide increasing tax revenues to fund important public services which the States of Guernsey provides for our Island. The GFSC can play a key part in this process, and I hope it does, and I am sure it will.

Thank you, sir.

2630 **The Bailiff:** Deputy Conder.

Deputy Conder: Thank you, sir.

2635 Sir, last year, I did make a fairly lengthy and critical speech of what had gone on before over the previous years at the Guernsey Financial Service Commission. This year my speech will be both much briefer and very much more supportive. I am delighted to see the Director General, Mr William Mason, in the public gallery today. I have had a number of meetings with him and endorse what Deputy Luxon and Deputy Trott has said about the Director General and his team's efforts to address the cost base. I will not repeat them all, but clearly the keynote one is addressing the issue of the pension scheme. They have also introduced a number of initiatives, not least to protect the consumer, which I think are very welcome and are exemplary examples of what the Commission should be doing.

2640 I have to say, sir, that in no way do I expect nor do I think this Assembly should look or seek praise for any actions or comments it made. It is not the role of politicians to seek praise. It is our role to act as a check and balance and, frankly, I think it is ludicrous to expect the Commission to make any comment about any effect we may or may not have had in debate last year. I certainly do not seek it, but I do applaud

2645 the Commission for its efforts during the past year, which I suspect were already underway before our speeches last year, because I believe a new broom intended to make those changes.

I will make a few observations, if I may. They are not critical – they may sound critical, they are not intended to. They are simply to put on the record one or two points. Deputy Luxon did allude to the GTA funding and you will not be surprised, knowing my antecedence, I would want to refer to it and perhaps
2650 correct what I perceive to be a slight inaccuracy or – and I would not describe it as a misrepresentation for a moment – but a comment about GTA university funding.

Now, if the fees collected by the Commission over the year 2012-13 were stated in page 27 of their accounts as only having increased by 0.3%, now that is the gross fees, but I think we have to recognise that their net income derived from fees which used to include the funding for the GTA actually went up. If we
2655 add back the £440,000, their fees actually went up, their net fees, by 3.4%. I think we have to be open and I believe the Commission has been open about that, because I had a meeting with the Director General and there is a comment about that within the accounts. But I do think we need to recognise – and I want to put it on the record, it will be the last year that I mention it, because it will go out of the accounts next year – their net fees, the fees that they attracted or collected for their own use increased by 3.4% by virtue of them
2660 retaining the £440,000 which the finance sector in previous years had directed to the GTA.

I would like just to refer on page 27 – I use the numbering of the Commission's accounts, which is at the bottom right and on the top there of our Billet – it said that,

'the Commission discontinued its financial support of the GTA at the end of 2012 on the basis that the provision of funding for an external training institution was not a core function of financial service regulation',

2665 and they describe that as a grant. Historically, that is inaccurate. Historically, what was then the Finance Training Agency was set up in partnership with GIBA, and the finance industry to create a training institution, and the Commission was simply the conduit by which the funding of the finance sector was transposed from the finance sector to the, what was then the Finance Training Agency, and the Commission was simply the conduit by which that money went to the GTA, or FTA then.

2670 I am going to use harsh language now, but that funding was sequestered by a previous regime for its own purposes, effectively at the end of 2012, which placed the funding of the now GTA, put that funding in the hands of the taxpayer. So, the funding that was previously provided by the finance sector, not by the Commission, to fund the GTA now has to be found by the taxpayer, so that is an additional burden the taxpayer takes. That sounds harsh. I do not intend to dwell on it. I just want to put it on the record. I know
2675 that Director General and his colleagues recognise that. It will go out of the equation from now on. It is in the past and it is done and dusted, but I think we just need to recognise that. The taxpayer, through C&E does now fund the whole of GTA.

In terms of salaries, pension costs and staff recruitment, again there has only been an increase – this is on page 32 of the Commission's accounts – of 5.1% this year. I say, 'only' – that is significant, but that is
2680 certainly less than in previous years. I think we also, again, need to recognise, colleagues may not have 2011 accounts in their hand, but in actual fact, if we look at 2011, compared with 2013 there is an increase of those two years of 16.5% in salaries, pensions, staff recruitment and training. Again, I do not criticise that, but that is significant cost over two years and I know the Director General and his team are working very hard to address that. He has got a pay freeze in place – as I have already said, they are addressing the
2685 issue of pension scheme – but, again, just for the record – and I know this move to control costs will continue – over two years, there is a very significant increase in costs.

Just in terms of these accounts, sir, I would just like – as I did last year – to allude to the statement of number of staff by salary band on page 56 of the accounts. I draw a comparison – the problem is the same as last year and again the Director General wishes to be more transparent and open, and I suspect we will
2690 see a change in future years – but, again, it is very opaque in terms of salaries above £120,000. It simply says nine members of the staff are paid more than £120,000. Now, if you compare that with our own accounts, which we will be looking at later in this debate, there is absolute transparency in the States' accounts. Indeed, very often through the media, the States gets beaten up over this, but the States' accounts show it right the way down to one individual being paid, in this case, actually 32 individuals being paid
2695 £250,000. That goes in bands of about £20,000 right from £70,000 to £250,000. So, I think that the Director General would make the case – he cannot speak for himself and I hope I am being accurate – that there is the need to protect salaries in terms of the competition for the Commission, protect information. I accept that point, but again, I think, in terms of transparency, I would look forward to greater openness, perhaps, in future accounts.

2700 So, my last point, as I said, I did not intend this to be critical. I just want to put these on the record, because I applaud, absolutely applaud, the openness of this organisation. Every time I have asked for a meeting with members of staff at the GFSC, that has been accommodated and there has been complete openness with me and with colleagues. The presentations that Deputy Luxon, and I think Deputy Trott,

alluded to have been extremely useful and I think we are now looking at an organisation that has turned a corner. It has quite a lot still to do. We have all had a letter from the Chairman of GIBA in terms of his concerns. We cannot expect a change overnight or a change in one year, but it seems to me that the direction of travel is absolutely in the right direction. So, I congratulate the Director General and his team. There are still one or two things that concern me, but I feel much more relaxed, certainly than I did this time last year.

Just a last point, sir, if I may to the Chief Minister: we had quite a flurry of concern last year when it appeared possible that this Assembly might chose not to note these Annual Accounts and effectively we were told, as an elected Assembly, 'you are not allowed to vote against it' and I found that utterly bizarre. I do not see how an elected Assembly can be told it cannot vote against something. So, I find this term 'note', particularly in terms of these account an anachronism and it is there again this time. We are invited to note but we are not allowed not to note.

Deputy St Pier: Sir, point of correction. Last year we were asked to approve the accounts.

Deputy Conder: I stand corrected then. So, this year, we are invited to note them.

I suppose my point is still the same and I apologise if I misdirected, if I gave misinformation. I guess we are still in the same position that we either note or we do not note and I seek guidance on whether or not we are allowed to vote not to note it. I thank Deputy St Pier. So, well, movement has been made so I thank him for that.

So, sir, in summary, I think this is a good set of accounts and there are good issues both in terms of their presentation and in terms of one or two of the figures, but, clearly a determined effort has been made to grasp the cost base of the Commission and I look forward to seeing that progress again next year.

Thank you.

The Bailiff: Procureur, do you want to comment on – ?

The Procureur: This is annual treat for me, sir. I will put it slightly differently this year. *(Laughter)*
The effect of the Rules is that:

'A proposition the effect of which is to note the report shall be construed as a neutral motion, neither implying assent for, nor disapproval of, the contents of the report concerned.'

So, I imagine that not to note – and certainly the Assembly can vote not to note – would be to both assent to and disapprove of the contents of the Report. *(Laughter)*

The Bailiff: Deputy Soulsby and then Deputy Stewart.

Deputy Soulsby: That was very enlightening.

Sir, over the last two years myself and others have made comments in this Assembly about the inexorable rise in costs and fees at the GFSC. It was not just last year, Deputy Queripel. Though it has taken time, I do believe that the Commission has listened both to this Assembly and to industry and is now taking steps to control its expenditure.

I agree with Deputy Trott and others who say that credit has to be given for closing the Defined Benefit Scheme. Whilst it will never be popular amongst the Commission's employees, had this not been done, there would be increasing pressure to impose higher fees on an industry which has been closing its defined benefits schemes over the last 20 years. This was a disconnect that was unsustainable.

Now, it is apparent that the only real savings for the year under review relate to a reduced consultancy fee arising from one-off costs in 2012. However, I do appreciate from the various meetings that I have attended at the Commission that several changes have been actioned in the last year whose full financial effects will not become apparent until the 2014 accounts are prepared and I therefore think next year will give us a better indication of how things are going, although it looks now that they may be moving in the right direction.

Like Deputy Conder, I think it is worth Members noting that the Commission did make a profit of £525,000 last year, which would be sufficient to cover the £440,000 contribution it paid towards the running the GTA until 2012, a sum now being picked up by the taxpayer.

Finally, Deputy Conder and Members might like to know that the Public Accounts Committee has been in contact with the GFSC regarding disclosures of senior GFSC staff salary levels, and work is ongoing in this area.

The Bailiff: Deputy Stewart.

Deputy Stewart: Mr Bailiff, I rise to congratulate the Commission for containing their costs, which from the accounts and other Members have noted, are very clear to see. It is important that we send out the signal that Guernsey is a competitive jurisdiction for financial service providers to operate from and, do you know what, I think we are achieving that.

Although there was news today that Royal Bank of Scotland will be losing three posts, it is far, far less than Jersey or the Isle of Man. Kleinwort Benson, through restructuring, are actually increasing posts on this Island. And Citco, the fund managers, I was very pleased to open their offices: 36 more jobs there in the finance sector. So, it is important that we keep up this message that we are open for business.

The Commission, in common with Government, does have massive challenges to deal with, both from the international regulatory perspective but also just in keeping up with new types of financial products. And, if we look at international regulation, the sort of things we are having to work with the Commission on – and I will roll out the acronyms and you can look them all up, but they are big pieces of work, it is MiFID, it is AIFMD, it is ICB Vickers – are massive, massive pieces of work. As well as the Commission having to look at their enforcement and making sure that they are doing that. So, it is two-fold. And then, keeping up to date with the innovation which we are trying to drive at Commerce and Employment: new products, peer-to-peer lending – how do we regulate that? – crowd funding, and dealing with what is very difficult but a new and exciting area, these are not threats, these are opportunities, virtual currencies.

This is a huge amount of work and certainly the resources of both Commerce and Employment, Policy Council and the GFSC are under intense pressure to deal with what could be perceived as threats, but often we manage to turn them round into opportunities, and brand new opportunities that financial technology brings us.

So, I would like to thank the Director General and the Chairman of the Commission who have worked very, very closely with members of the Fiscal and Economic Policy Group, particularly myself, the Chief Minister and the Treasury Minister over the last year and, of course, with the Financial Sector Forum which involves the Large Industry Group, which meets monthly and, actually, up until the incumbent DG, very often the Commission did not turn up at those Financial Sector Forums. Now, we get several members of the Commission turning up at the Financial Sector Forum once a month; specialist officers coming in to brief both Government and industry, and we are coming closer together.

Now, the path to economic success in the finance sector... The one thing that we all agree on is to have proportionate, risk-based regulation delivered in a timely and cost effective manner. I do think that Government, industry, and the regulator are working closer than ever to deliver this for Guernsey business.

I note these accounts and I also thank the Commission for their work over the last year.

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I too, of course, offer praise for progress made. I would not say everything in the garden is lovely. I too, like Deputy Conder, would draw Members' attention to what amounts to page 58 of the Report, which is the pay scales. I am not going here to go into them in depth, Members can see for themselves, but just as a comparison to us or many of the less paid parts of the public sector, there are 107 employees, of whom 91 are full time, and a calculation might suggest that up to 71 of the 91 are paid significantly more than all but Ministers in the States. So, it is not a low paying employer, so it is a cost to business and it is a cost that affects the bottom line and the staffing of the GFSC is on a level with the Jersey equivalent, where you would expect it actually to be proportionately quite a bit smaller.

Having said that, of course, significant progress has been made overall on pay. Maybe that is partially due to reduction of the pensions deficit. Well, pay actually went up by £½ million, I should say, which was quite a big hike, but the other part of the equation did drop. But it still should be pointed out that there was an increase in bare remuneration that I do not think a States Department would have easily been able to put before the States.

I turn to the Chairman's Statement and it says:

'I have also commented in the recent past on the burden which the financial services industry faces as a result of regulation, with its inevitable consequence of limited growth in the developed world's economies. To a large extent, the industry has bought this upon itself, in particular in the banking sector, albeit assisted by a lack of effective regulation, resulting in unacceptable risk taking.

The balance between risk and reward was out of kilter for most of the middle of last decade. The subsequent and inevitable demand by politicians for banks and insurers to carry more risk capital has had the, not inconsiderable, side effect of reducing the capital available and necessary to restore growth. I expect it will take a while before we see a workable balance between reduction of risk, reflected in high solvency ratios, and the need to fund the growth.'

Well, of course the wider context of the GFSC wishing to put forward a model of effective regulation, admittedly now, perhaps, more of risk-based model, has the side effect of dampening down the economic growth of the Island. They are in a difficult position, because, in sense they both play for Team Guernsey

and they have to maintain an objective standpoint. But, sometimes, one thinks that the balance is sometimes a little too hard in terms of regulation and also there does not appear in Guernsey to be an effective counter weight for, say, the Treasury & Resources Department or the States as a whole in order to ensure that the model that we have is the best possible for maintaining jobs and economic growth.

2820 I say that, because a little known, perhaps, part of these reports towards the back end of the document talk about the total number of investment funds at the year end and it is quite interesting that, if one looks at the overall picture, one had in 2007 851 Guernsey funds and 271 non-Guernsey funds. By 2012 it had gone down to 840 and 274. In 2013 it was 824 and 264. There has been a gradual reduction in funds. That is true, also, with banking licences and other bodies. We are seeing, maybe, consolidation, but reduction in some areas and reduction of capital, and I think that is an area that the States in its role of being an economist should take notice of.

2825 We are not doing badly. Deputy Stewart has raised the flag again, but we cannot be over-confident that we are growing in those fields.

2830 **The Bailiff:** Does anyone else wish to speak? Deputy Rob Jones and the Deputy Sherbourne.

Deputy Robert Jones: Thank you, sir.

2835 I was grateful to GIBA for circulating their letter earlier this month in relation to their perception for last year in terms of the GFSC and the way that they have addressed the industry concerns. It was pleasing to see that GIBA were pleased to see that the GFSC had taken on board their concerns in relation to costs, but what has not actually been mentioned is GIBA's comments on the C&E report, which is long awaited and as the Chairman of the Scrutiny Committee, I am waiting with baited breath to see that particular report.

2840 What we need to highlight, really, is what some of the other points that GIBA have highlighted. One of their main points and, if you could just bear with me, was that they noted the Chairman's recent public recognition and I am quoting from the letter:

'The GFSC's main responsibility is to work with industry and government to ensure that the Bailiwick retains its position as a respected and effective member of the international business community while remaining a good place to do business.'

2845 Now, they need to do that within our regulatory framework and that is part of what I expect the C&E report to address and GIBA have also highlighted that whilst the GFSC is key part in the Island's economic environment and strategy the States has the responsibility for the Island's economic welfare and international reputation and what it basically says is we have to have control over the GFSC to ensure that we maintain that. So, basically I would like to see how this going to be addressed in the C&E report. We all know that oversight of GFSC operations on a day to day basis must be made outside of the States, but they must operate within a regulatory policy framework and I think, at the moment, there could be a void in that particular area and that is the responsibility of the States.

2850 I, with GIBA and other colleagues, look forward to the C&E report.

The Bailiff: Deputy Sherbourne.

Deputy Sherbourne: Thank you, sir.

2855 Fellow Deputies, I stand to speak as one of those Deputies who, last year, expressed some concerns about the direction of GFSC and their control of its funds.

2860 I too would like to add my congratulations to William Mason for the very substantial improvements that have been made this year. However, like most situations, when a new broom takes over, ripples are generated. It is not surprising to me that the industry recently have observed their concerns about the actual loss of some senior staff at the GFSC of late. So, I look forward, over the next 12 months to seeing a period of stability there which would be welcomed by all involved.

Thank you.

The Bailiff: Deputy De Lisle.

2865 **Deputy De Lisle:** Sir, new controls over the Commission's cost base, allowing funding of essential internal modernisation efforts is commendable, as is the establishment of new teams in innovation and risk. However, given that new jobs are difficult to generate due to the current economic circumstances, the loss of finance jobs to outsourcing, jobs overseas in South Africa, Malaysia and India particularly and the effect that that is having on the local job market, I believe that the Commission's guidelines on outsourcing are too liberal and need strengthening – something that I have pointed out to the Commission – particularly strengthening in relation to risk and job losses.

2870

But having said that, I appreciate the efforts made by the Commission to hold very detailed briefings and discussions and their efforts to answer questions that I, and other Members of the States, have posed to them.

2875 Thank you, sir.

The Bailiff: I see no-one else rising. Chief Minister will reply to the debate.

2880 **Deputy Le Tocq:** There is not a lot to reply to. Most of the questions or issues raised have been addressed by others in debate, particularly Ministers, but I will just take up the point that Deputy Lester Queripel started with. He asked a question with regard to the Internal Control of Corporate Governance Report which is provided annually to Policy Council. I am sure you must realise that some things are not appropriate to publish for obvious reasons, because the regulator must remain operationally independent. Because of that, like with law enforcement, we have a means of interface but the same conditions apply – I think particularly of when I was Minister for the Home Department – with regard to operational independence with law enforcement as to the regulator. So, we can certainly look into whether he can have access to that information, but I think it is inappropriate for it to be in the public domain.

2885 I think he was too quick to rise and make the comments that he did and I thank other Members for noting the fact that there was been a change in culture and direction in the Commission. Myself, along with other Ministers particularly on the FEPG, have worked and are working hard to enable us to work together because we are effectively working for the good of Guernsey along with industry. That has been noted, I think, particularly by the Chairman at the end of his opening remarks, where he talks about the Bailiwick operating:

‘...within the purview of these large economic blocs, it is inevitable that we need to stay abreast of, and respond to, the global regulatory developments in these jurisdictions. It is one of the responsibilities of the Commission, working closely with Government and industry...’

It has been heartening, as Deputy Jones said, to note the comments that GIBA have made recently.

2895 We have turned a corner, I believe, but we are not at the destination yet. I am glad to say that working with the Chairman and Director General, I believe that we are heading in the right direction now. Certainly with the reports yet to come in terms of the funding arrangements, but also Commerce and Employment’s report on 21st century regulation, there will be opportunities for this Assembly to debate and look at the way in which we can, as a small jurisdiction, achieve the goals that we all want. Some of those are involving what we can already witness, which is a changing, reforming, restructuring of our main industry, the financial services industry. That gives opportunities as well as, of course, some messages which are sent out when you hear of jobs being lost. But, we must look at the whole in that, because as Deputy Stewart mentioned, there are some encouraging signs in terms of new industry and new jobs coming the Island.

2900 We are living in difficult times. The Director General has made it very clear that the job of the regulator is not going to get easier as time moves on. If we wish to retain and develop the sorts of industry that we have enjoyed and the sorts of results we have enjoyed, particularly in terms of employment in the future, then we need a regulator that can operate effectively in that environment.

2905 At the same time, it is good and heartening to acknowledge that the regulator has listened, and is listening, to Government. We are seeking to find the right interface, whilst remaining and maintaining that the regulator has to have operational independence, when we can discuss the policy that we want, and the type of risk environment that we want, and is appropriate for the season that we are currently in as a jurisdiction.

So, I do encourage Members of the Assembly to note, in the most positive way possible, this Report as an improvement from the previous years, but as I said, as part of a journey that we are currently on.

2915 Thank you, sir.

The Bailiff: There is a single Proposition is to be found on page 1568. Those in favour; those against.

Members voted Pour.

2920

The Bailiff: I declare it carried.

Billet d'État XVIII

TREASURY & RESOURCES DEPARTMENT

I. The States of Guernsey Accounts 2013 – Debate commenced and adjourned

Article I.

The States are asked to decide:

Whether they are of the opinion:

1) To approve the States of Guernsey Accounts 2013

2) To sanction the overspending of £306,412 by the Health and Social Services Department, such sum to be funded from the General Revenue Account

3) To approve the following 2013 Accounts:

i. Ports

ii. Guernsey Water

iii. States Dairy

iv. States Works

4) To note the following Accounts:

i. Social Security Department Consolidated Contributory Funds

ii. Elizabeth College

iii. Ladies' College

iv. States of Alderney

2925 **The Greffier:** Billet d'État XVIII. Treasury & Resources Department. The States of Guernsey Accounts 2013.

The Bailiff: Deputy St Pier will open debate.

2930 **Deputy St Pier:** Thank you, sir.

Sir, I am pleased to present to Members of the States the 2013 accounts for the States of Guernsey. They are, of course, a factual record of the financial performance during 2013 and a snapshot of the States' financial assets at the end of the year.

2935 But I thought I should start by reminding Members that although Treasury & Resources lays before you the accounts for all Departments and Committees of the States, of course, the mandates of each makes them responsible for managing and accounting for their own resources. If, therefore, there any questions in relation to any individual Department or Committee accounts, then these will, of course be best answered by the committee in question. I know that both the Education and Public Services Ministers do have some comments on their Department's accounts which they will raise in debate and I, of course, welcome those contributions.

2940 It is also worth remembering that we are asked to approve not just the General Revenue Accounts, but also those for the Ports, Guernsey Water, the Dairy, and States' Works which have been prepared and approved by the Public Services and Commerce & Employment Departments. We are also being asked to sanction an overspend by the Health and Social Services Department in the year which totals some
2945 £306,000. Of course, as I state in the Minister's foreword, this overspend occurred after increases to that Department's authorised budget during the course of the year, totalling over £2 million.

2950 We recommend that the overspend is sanctioned, having worked closely with the Department over the course of the year including, of course monthly ministerial meetings to monitor performance, progress with delivery against the financial recovery actions, sign off against FTP targets, and with the implementation of agreed actions as part of their financial management improvement plan.

But we have witnessed the progress being made towards these challenging targets and note the difficult circumstances under which the Department is operating. We are pleased that the Department has shown a commitment to working within its budget and we are working together, constructively, to achieve that.

2955 I should also like to note that my Department has used its delegated authority to sanction a small overspend of the Housing Department for 2013 caused by a shortfall in housing control fee income against budget.

Considering General Revenue as a whole, there are of course many positives to take from the picture presented by these accounts. For instance, they do show that in real terms, the total net revenue expenditure by Departments and Committees fell over the period by 0.2%; so remaining within the States' policy of a

2960 real terms freeze on aggregate States' revenue expenditure. This is after allowing for the cost of one
severance scheme run during the year which totalled over £4 million. So, after removing this one-off cost,
the real terms reduction in expenditure amounted to 1.4%.

Of course, this reduction is due to continued work across the States to deliver against FTP targets with
approaching £16 million signed off during 2013. That brought the total of annually occurring savings as a
2965 result of the programme by the end of 2013 to £23.5 million, a total which has since risen to almost £27
million.

The programme has made a real and lasting impact on the overall financial position by reducing the
deficit and, therefore, of course, reducing the needs to call on the contingency reserve. However, it is, of
course, disappointing to have to report that the overall deficit deteriorated in 2013 over the previous year
2970 and the call on the Contingency Reserve was almost £8 million higher than originally budgeted. This was
due entirely to lower revenues rather than higher Government spending. It is, of course, a sign of continued
sluggishness of the economy, with Income Taxes and Document Duty falling short of estimates. Of course,
this experience is echoed in the Social Security Department's consolidated contributory funds accounts at
page 72 of the miscellaneous accounts, which show the contribution income approaching £4 million, or 3%
2975 short of budget. The numbers for both employed and self-employed were down by 0.4% and 0.7%
respectively.

So, this experience will also, of course, need to be reflected in our budget planning for 2015. Which, by
the way, is also going to need to take account of some significant funding requests submitted by some
Departments, and to which we are almost certainly have to apply some kind of prioritisation before making
2980 recommendations to the States in the Budget Report in October.

It does, of course, also reinforce the challenge we face in funding our public services from a shrinking
tax base, and it reinforces the need for us to ensure that our tax base is as broad and robust as possible in
order to reduce the correlation between falls in incomes and falls in Government revenues. Also it does
validate the challenges set out the recently published Personal Tax Benefits and Pension Reviews Principles
2985 and Issues Report.

Whilst it was necessary to withdraw nearly £25 million from the part of the Contingency Reserve
earmarked to underpin our Corporate Tax Strategy, due to an investment return of over £14 million the
overall balance for the whole reserve was only reduced by just over £11 million to £207.6 million. The
investment return was 7.4% and the substantial real terms return is partly a result of the changes made in
2990 recent years in the Investment Strategy.

I am pleased to report that the number of full time equivalent staff paid from General Revenue fell by 72
to 4,391 in 2013. Of course, just to reiterate, this is full time equivalent staff, not actual numbers employed,
which will be higher. There should be a fall, again, in the number of full time equivalents in 2014, as the
impact of the severance scheme is fully realised and which demonstrates that the States is tackling its
2995 largest cost.

In respect of the senior employees gross cost analysis, at note 5 on page 19, it is important to note that
the cost relates to the full cost of employment which includes Social Insurance and Pension contributions
and, of course, exceptionally in 2013, also included any severance costs, which has distorted the picture by
artificially inflating the number of people in the over £70,000 band. Also, the numbers in this category will
3000 increase a little each year in any event, as additional pay bands fall within the criteria following pay awards.

I must advise Members, sir, that as a result of the work undertaken in responding to Deputy Domaille's
e-mailed questions to me, it has come to light that the 2013 number of employees included in this table is
slightly understated. This is because the non-taxable element of the severance costs, which, of course, is not
normally a material issue, but was in 2013 because of the voluntary severance scheme, were inadvertently
3005 excluded from the calculations. The net effect of this is to increase the total number of employees whose
gross costs is in excess of £70,000 by eight and there are some changes in the numbers of employees in
each band.

Turning to the accounts of our trading bodies, which are before us for approval, it is worth noting that
the cash reserves held by these now totals over £22 million. Regardless of whether our trading entities are
3010 States' run or are commercialised, we should be seeking to maximise the value of our investment and
ensure that they do generate appropriate returns. Therefore, my Department intends to work with the
Commerce and Employment and Public Services Departments to assess the working capital requirements
and seek to agree an appropriate model for the future and to bring proposals to this Assembly as part of the
Budget Report due to be debated in October. This is, of course, a similar dialogue to that which my
3015 Department has in relation to the commercialised entities for which we are currently responsible.

So, in concluding my opening of the debate, I would like to repeat an extract from my quote within the
press statement released when the accounts were published.

'We are controlling expenditure and making our assets work harder. We are continuing to make progress across the board, but we
do need to stay focused on closing the deficit, and we have concerns over the sustainability of our revenue. Overall we are in
pretty good shape, but we need to continue to get into better shape. In particular, moving towards zero-based budgeting is an

important step in further improving our financial management; developing a Government Service Plan and a process for prioritising services are essential disciplines; and HSSD, as our largest department, is making progress on its “financial improvement” actions arising from various reports commissioned last year, but still has work to do which will require time, support and resources to complete this as soon as practicable. There is no cause for complacency, but we can be optimistic that we are moving in the right direction.’

Sir, I ask the Assembly to approve the 2013 accounts.

The Bailiff: Deputy Hadley.

Deputy Hadley: Mr Bailiff, the Treasury Minister has just referred to an overspend of the Housing Department, which he attributed to a loss of income, but I think I would like to flesh this out a little bit.

The actually shortfall on Housing Control Fee Income for 2013 amounted to £100,000. But, as a result of close budget monitoring during the year, action was taken to minimise the overall impact of the potential shortfall by cutting costs wherever possible; by managing staff vacancies, saving on office consumables, and bringing forward any FTP savings. But there were limited options when the only other budget within Housing that could be managed was residential homes. The residential homes budget was also under pressure because of the future closure of both homes in preparation for Extra Care Housing, which resulted in ever reducing income from the diminishing number of residents. The expenditure savings, which were achieved in 2013 were in addition to Housing’s FTP efficiency saving in these areas, all of which were delivered.

Housing Control Fee Income budget is near impossible to control as it is largely dependent on the number and type of external applications for licences from business and is, therefore, susceptible to local and global economic changes. Income was less than budgeted, even though the volume and complexity of licence applications has not materially reduced year-on-year. Members must realise that applications from other States’ Departments are, indeed, not charged. The balance of non-chargeable applications to chargeable applications as a whole has changed, but in total the application numbers are broadly static. It would not be appropriate to charge for the administration of non-employment-related Compassionate Housing Licence applications which are, by far, the most onerous to determine, because of the circumstances in which they arrive.

So in conclusion, to some extent, the Department should perhaps be congratulated, because the effect of a reduced number of licence applications means that we issue fewer licences, which means fewer people coming to the Island, which is in line with States’ policy. Again, when you consider that with a £100,000 shortfall in income, we actually only had an ‘overspend’ of £37,000 shows that our staff have reduced our costs by some £63,000 and should be complimented on this excellent performance.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

I would like to some comments, both on the overall States of Guernsey accounts for 2013 and then on the Public Services Department’s segment specifically, including the Ports, States’ Works Department and Guernsey Water Accounts, as presented in the Miscellaneous Accounts 2013 Billet.

The Treasury & Resources Minister summarises the key points in his foreword well. It is good to see we have achieved the policy of a real terms freeze on revenue expenditure for the year and that the States delivered a £15.7 million FTP saving in 2013 and £23.5 million to date, leaving £7.5 million to achieve this year to attain the full five year £31 million FTP target.

However, with an annual deficit stubbornly remaining at circa £20 million to £25 million, regardless of FTP savings and the real terms freeze targets on revenue spending, we still have a troublesome fiscal problem to resolve. The Minister states that we must continue to focus on expenditure restraint, but also, and importantly, to ensure that the tax base is as resilient as possible, something with which, I am sure, we can all agree. But I hope that he too recognises the vitally important need to strive in partnership with the private sector commerce groups for economic growth.

Cost constraint and cost management is key, but, without economic growth, real and significant social service cuts will become a reality for our Island over the coming years. We all know that, generally speaking, Government is not best placed to drive the economic well-being of a jurisdiction and, in fact, usually gets it badly wrong when it tries to, but Governments can develop an environment of economic stimulus to enable and facilitate businesses to expand and diversify. Would he agree that it is this dynamic which the States of Guernsey must also place at the heart of its fiscal thinking in addition to cost constraint and tax resilience?

Sir, he also mentions that many Departments underspent their authorised budgets in 2013, which is encouraging. It will be interesting to hear how the process has gone in 2014 year-to-date regarding the retention centrally of long-term recurring budget savings, principally in staff costs, which Departments had

3075 applied to their 2014 budgets by T&R. Have those savings, which by memory were circa 5% of total salary costs, actually been saved or are they now being consumed through fuller levels of staffing posts being filled across the States by Departments?

It will be interesting to see if the three main drivers causing our lower than anticipated income in 2013 from lower levels of tax receipts from the extension of the 10% rate, and low income tax from individuals, 3080 and Document Duty decline have rectified themselves during this year. No doubt the budget debate in October will clarify that, but it will be helpful to perhaps hear today whether the trend in those three specific areas have improved year-to-date in 2014. I certainly hope so.

Sir, moving to the PSD accounts on page 70, there are six business units within the Public Services Department with an annual turnover of £55.8 million and 550 full time equivalent working, across 11 main 3085 locations. It is a significant group of commercial operations, delivering vital public services in Guernsey.

Over the last five years, from 2009 to 2013, PSD's General Revenue expenditure allocation fell from £8.4 million to £4 million, a decrease of 53% or £4.4 million in cash terms. With the decrease in 2013 from 2012 of just under £2 million, with an underlying like-for-like reduction of 17.3% and below the authorised budget allocation by over 10%. So, in fact, the true gross allocation was just under £10 million net of the 3090 waste water subsidy – which I will mention later.

Sir, the transfer of the waste water operation into Guernsey Water has resulted in not only a reduction in General Revenue allocations of £2.5 million per annum but also a reduction of approximately £2 million in routine capital costs too. These costs are now being picked up through the merged Guernsey Water business operation since 2012.

3095 PSD's FTP five-year target was to save £1 million, which may not sound much compared to the larger Departments, but was actually more than 13% of its total annual budget. However, to date, the actual FTP savings have actually amounted £1.4 million, an over-achievement of plus 40%.

Headcount reduced by 7 FTEs or 15% and the actual pay costs reduced by 12.2% year on year, with only 36 FTEs now within the PSD central function, including Alderney Airport staff. By 2016 on a like for 3100 like basis, but after the setting up of the Waste Trading Account which will remove any need for GRE cash allocation and, after including the transfer in of the Met Services budget from the Environment Department at circa £330,000, PSD will receive just £6 million from GRE. This total PSD requirement will then have fallen from the 2009 cash allocation of approximately £10 million to £6 million in 2016-17, a mere £4 million reduction overall. This is a good performance in freeing up funding for other Departments.

3105 PSD will, however, be bringing a States' report to this Assembly after discussions with T&R for an increase in the current Guernsey Roads' Department budget for 2015 onwards. Deputy Soulsby wants us to sort all the potholes out so she does not have any further bike crashes. This is to uplift the existing highways maintenance and repair spend to better deal with the condition of our Island roads in line with public demand and as a responsible asset custodian. It will be a relatively modest request within the scheme of 3110 savings that we have achieved over the last five years, but one that will have real payback returns to justify the investment. A charging system to all utility companies is also being considered to possibly share the burden. We hope for a favourable response as we would be spending to save.

Sir, moving to the miscellaneous accounts covering the Ports, Guernsey Water and States' Works Department, the Ports including the Airport and both Harbours receives no General Revenue expenditure 3115 account allocation and had income overall 1% lower than the previous year. Airport income was plus 2% and Harbours was minus 5%, due to the lower leg in imports for the Airport Project and the demise of Huelin Renouf, the major low-load shipper.

Expenditure increased by £1.6 million as a result of three exceptional factors: £609,000 for ongoing PFOS costs at the Airport; airport security equipment purchase of £172,000, to comply with new EC 3120 requirements; and £327,000 of reallocated internal met income costs, but on a like-for-like expenditure increase by RPIX only. Airport costs were therefore over £1.1 million higher and Harbours were £462,000 higher, due to the maintenance spend.

The net result was breakeven versus a surplus of £1.2 million on the previous year, with the Harbour surplus balancing out the Airport deficit. However the net result versus budget for both Airport and 3125 Harbours were significantly better than budget with routine 'capex' also lower than planned by £1.6 million.

Future rolling business plans for our Harbours indicate net surplus generation to assist with capital requirements, while the Airport Plan looks to achieve breakeven and also moving the surplus generation as a result of three main new drivers: cessation of any further PFOS costs, an implementation of the new 3130 Airport trading policy review, and the appointment of a commercial manager to drive new income growth. The Ports Holding Account balance stands at £2.8 million as a result of the year-end for future capital requirements.

Sir, moving to Guernsey Water, which also received no General Revenue expenditure cash allocation, had income year-on-year, just ahead, once restated for the removal of the grant received against capital

3135 investment in the Belle Greve Waste Water Centre. This expenditure was £700,000 higher, as full waste water costs were absorbed following the transfer of this business into Guernsey Water during 2012.

3140 Surplus for the year was £2.4 million which will be used to part fund the ten-year capital plan to bring the waste water infrastructure up to fit for purpose, as has now been done for the fresh water infrastructure over the last ten years, under the supervision of Andrew Redhead who recently left, having retired. I thank him for the work that he did over the last ten years to bring Guernsey Water into a very viable and sustainable business model.

Another good year for Guernsey Water with the utilisation of the surplus reserve and anticipated borrowing of up to £15 million being used as we go forward to fund the ten years capital plan requirements to reinvest in the antiquated waste water network.

3145 Sir, States' Works Department, which received no General Revenue cash or any expenditure cash allocation either, had an income ahead of budget by 6% and ahead of 2012 by 9% as a result of new contracts. Expenditure was just 2% higher with the surplus generation of circa £1.3 million to fund capital expenditure over future years. Capex in the year was below 2012 and budget of just £621,000, invested in vehicle replacement.

3150 Contracts within the States constitute circa 85% of the revenue within States' Works Department with 15% from external contracts. Reduced costs to other Departments through negotiated service level agreements continue to be negotiated to try and deliver the same or better service, but at a lower cost to the other nine Departments.

3155 Sir, as I come to a close, the PSD board and senior management team continue to challenge the cost base of these functions for which we receive any General Revenue cash allocation and, as said earlier, we have delivered a significantly reduced draw on the General Revenue spent year on year and as a consistent trend. Our four trading entities: Airport, Harbours, Water and States' Works receive no General Revenue expenditure cash allocation at all and each of these businesses have to generate a surplus to build a Capital Reserve to fund its own capital investment requirements, other than for the major strategic infrastructure asset such as the Airport runway which has just been completed.

3160 Trading strategies, robust cost based challenges, and ten-year capex planning is underway for each entity to maximise value for money across these essential utility service delivery business units on behalf of the taxpayer. Customer service satisfaction and operational efficiency targets are high objectives for the PSD going forward.

3165 My board has completed its work and review on the future trading environment for Harbours, Airports and Guernsey Water as an outstanding item from the previous Assembly in February 2012. We are, however, holding bringing that the States' report to this Assembly in dialogue with the Treasury & Resources Department and Minister until the States' Review Committee Review has been completed and T&R's own review of the States of Guernsey Future Strategic Capital Funding Options has also been completed. As soon as those two workstreams have been finalised, the Public Services Department will bring its commercialisation proposals as a States' report forward as soon as possible. I hope these summary comments of the 2013 accounts provide Members with a helpful insight into the financial performance of the Public Service Department Business Unit.

3175 I apologise for taking up so much of your time, but at £55.5 million of revenue, I believe it is appropriate that I should share with you the highlights from the previous year.

Thank you, sir.

The Bailiff: Deputy Domaille, then Deputy Le Clerc.

3180 **Deputy Domaille:** Thank you, sir.

I actually rise to question whether or not the accounts are as informative as they should be. In doing so I actually recognise the difficulty in presenting financial information in a full, yet clear and understandable form and I do not want to be seen in any shape or form as a strong criticism of... I appreciate the difficulties involved.

3185 Members will have received a copy of my questions to the Treasury & Resources Department concerning number and costs of staff. Members will also have received a copy of the Department's response to my questions and I thank the Department for those responses. They were difficult to prepare and I am very grateful – although I am not yet sure whether or not I understand the response. *(Laughter)* I need more time.

3190 This is not a criticism of the quality of the responses actually. It is rather a reflection of the fact that it is not a simple matter to prepare accounts year on year where figures for a particular area vary depending on which report you refer to. This is compounded by the fact that narratives are not as informative as they could be.

3195 By way of example, the information provided regarding the senior employees' gross cost analysis, to which the Minister has already referred, on page 19 of the accounts, shows a 25% increase in numbers of

staff, costing over £70,000 a year. The reader needs to look at the Treasurer's report to see a reference to additional salary scales falling within the criteria, which is one of the principal reasons for the rise, but no quantitative information is given. The reader has no idea as to how many staff have been included because of the annual pay rise and how many are promotions or additional posts. I consider that information of this nature should be included in the accounts.

Similarly, while, on page 19, there is a statement of voluntary severance schemes payments are included, there is no quantitative information. In fairness, the Treasurer's report and the Minister's foreword gives the total cost of £4.1 million. However, the accounts are silent on the numbers involved. The Department's responses to my questions tell us it is somewhere between 25 to 30 staff were involved. This is the sort of information that should be provided.

Incidentally, the average voluntary severance cost per staff member included is approximately – according to my calculator – £160,000. Sir, I ask the Minister to comment on my points in his closing speech – unless of course he is adopting the Deputy Treasurer's tactic of confuse and conquer.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

There is always a danger, speaking at this time of night, that everybody is fed up and just wants to go home, (A Member: Hear, hear.) (*Laughter*) but I thought I would give my speech, because, if not, I will have to go home this evening and start tweaking it and I would rather be out with my dogs on the common today! So here goes.

Working through the accounts, I have noticed some recurring themes: not only the tax receipts down from budget forecasts, but other small nuggets in these accounts give me cause for concern about our economy. The problem with looking back at 2013, when we are already halfway through 2014 is that life and the economy have moved on. But I think we should still be concerned and, if possible, I would like some reassurance from the Minister that the optimistic budget forecasts made last October are on schedule.

I highlight a couple of areas that I have noticed from the accounts. The first one was Housing's overspend of just over £37,000 and I have written down, it is not huge, but it is the reason for the overspend that was giving me concern – but now Deputy Hadley has spoken in saying that it was actually £100,000 deficit in the fee income, I am now even more concerned and it will illustrate my point.

I see it as a warning to all Departments who rely on fee income to balance their budgets. Too many Departments are relying on income to balance their books and for their FTP initiatives. This cannot always be guaranteed, as we have seen by this example and in previous accounts where HSSD income from private patients affected their budgets. Another way of illustrating this is the over-reliance of Culture and Leisure on the income from sales of lottery tickets. They have had £150,000 additional income in 2013 from the sales of lottery tickets, which increased their subsidy to Beau Séjour to £550,000. But if sales were to fall, they too would find themselves in deficit at the year end, so it is just that word of warning that we are all looking at fee income to balance the books.

The other areas of concern is the drop in the revenue for the Guernsey Registry and we can see that there was a net decrease in income from company fees of over 4% from 2012. Again, I just do not see this indication of growth and it concerns me about the economy.

Deputy Luxon has mentioned about Document Duty receipts being down and in the Minister's update to the Assembly in May this year, he advised that Document Duty was down again in the first three months of this year. Has the Minister got an update on the current position that can give us some indicators of some growth in the economy?

The Bailiff: Deputy Hadley.

Deputy Hadley: Mr Bailiff, I cannot quite understand the Deputy's concern about the position the Housing Department. She, as a chartered accountant, must realise that any business who are charging for the services they are providing, which indeed is what the Housing Department is doing – it is charging for application fees when people apply for licences – if your business coming in goes down, you cannot always get your costs down as rapidly as the fee income coming in.

Deputy Le Clerc: I agree and I was not particularly picking on Housing Department. All I am saying is that many Departments are dependent upon fee income and in times of turndown in our economy, we cannot guarantee that. As you have said, you have managed to find the income or take cuts in other areas of your Department – there might not always be the ability to do that. So, that is my concern overall. It was not picking on any particular Department. It is just a general warning that we have all relied upon fee income.

Deputy Domaille has spoken about his concern about the rise in salaries and I too am concerned about rising salaries and incremental pay awards made to staff as well the cost of the superannuation scheme and I would just like some reassurances from Treasury & Resources that they will put some pressure on Policy Council to get these issues resolved as a matter of urgency. So, we are two years into this term and I just feel that this seems to be a no-go area and we all know that that is the ‘elephant in the room’ and it is the biggest part of our expenditure in the States.

Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

That is just a timely sequence of standing to answer some points that have just been made. The Treasury Minister has mentioned the quantum reduction in overall expenditure achieved in 2013. I think, within that, – and, as Deputy Domaille pointed out, before the sums got too difficult so he had to not be here to hear my response, as he pointed out – especially when you are dealing with labour costs, this is an extremely complex issue.

I share Deputy Le Clerc’s concerns about incremental patterns of pay. That has been there for a long time in all employment groups and it is on a very long list of what must come into control eventually. But with the ongoing pressures on budget deficits, both in General Revenue and in contributory funds managed by SSD – some points which we will return to in the uprating report in October – we should acknowledge that there has been a great contribution made in 2013, and I can reveal in 2014 as well, by our employees’ restraint in accepting below-inflation pay rises.

As you know, sir, pay negotiations are and should be confidential between employers and employees. It does not always remain that way, thanks to our avidly enthusiastic local media and some of our employees’ willingness to discuss things in public, but that is their choice. It is absolutely right and proper for us, Policy Council as employer, to maintain our professionalism in this and refer to only general rises. But with the 2014 pay round now largely completed, I can now report that the vast majority of our employees have accepted below-inflation pay rises over 2013 and 2014.

The Policy Council would like to thank all employees for their restraint, at a time when most employees in the private sector have also experienced real term reductions in their incomes. So, please do not jump to conclusions. Where there have been increases in total labour costs, that is as a result of pay rises.

The Bailiff: Deputy De Lisle.

Deputy De Lisle: Thank you, sir.

One can gain some satisfaction with respect to the net revenue expenditure decrease in real terms and the cut in staff through voluntary severance to give recurring savings of approximately £1.5 million a year, and also the saving delivered from the FTP, which total £15.7 million during 2013. But disappointment, however, that the overall 2013 deficit totalled £25 million, to compare with the deficit level of £20 million in 2012, due to the retraction in the economy, due to the recessionary conditions.

This underlines the necessity for the States to focus on expenditure restraint and for more rigorous management to eliminate the current deficit. This must be reflected, I believe, in a reduction, also, in the amount transferred into the capital account. Appropriations to the Capital Reserve total £34.5 million in 2013. I would hope to see a significant lesser amount being transferred this year. Austerity, sir, must apply to capital and revenue accounts and I look forward to more robust financial control measures taken as part of the 2015 Budget Report.

I note the comments with regard to broadening the tax base, but income taxes remain the way forward to the fairest way to collect taxes and I note that income taxes collected from companies, including banks, increased by 9.5% to £44 million, from £40 million due to extension of the 10% rate to insurance and the fiduciary businesses.

Can I ask the Minister, in closing and in summing up, what can we derive from the extension of the 10% income tax rate consistent with what is currently being done in Jersey? As I understand it, we still have some leeway there in terms of what Jersey is doing with its 10% income tax rate to businesses.

Thank you, sir.

The Bailiff: Can I just have an indication how many more people wish to speak? There are quite a few. It is very close to 5.30 p.m. I suggest we rise now and resume tomorrow at 9.30 a.m.

The Assembly adjourned at 5.30 p.m.