



**OFFICIAL REPORT**

**OF THE**

**STATES OF DELIBERATION**

**OF THE**

**ISLAND OF GUERNSEY**

**HANSARD**

**Royal Court House, Guernsey, Wednesday, 30th September 2015**

*All published Official Reports can be found on the  
official States of Guernsey website [www.gov.gg](http://www.gov.gg)*

**Volume 4, No. 26**

**ISSN 2049-8284**

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

**Present:**

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

**Law Officers**

Miss M. M. E. Pullum, Q.C. (H.M. Comptroller)

**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

**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. H. Brouard, 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,  
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

**Representatives of the Island of Alderney**

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

**The Clerk to the States of Deliberation**

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

**Absent at the Evocation**

H. E. Roberts Esq., Q.C. (H.M. Procureur);  
Deputy B. L. Brehaut (*relevé à 9h 42*); Deputy E. G. Bebb (*relevé à 9h 36*);  
Deputy L. C. Queripel (*relevé à 9h 52*); Deputy D. B. Jones (*indisposé*)

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# States of Deliberation

*The States met at 9.30 a.m.*

[THE BAILIFF *in the Chair*]

## **PRAYERS**

*The Greffier*

## **EVOCAATION**

### **Public Sector Pension Reforms – Statement by the Deputy Chief Minister**

**The Bailiff:** Members of the States I have given permission to the Deputy Chief Minister to make a statement under Rule 8.

Deputy Langlois.

5 **Deputy Langlois:** Thank you, sir,

Sir, I am extremely grateful to you for allowing me, at very short notice, this opportunity to address the Assembly to explain the latest development in the long running issue of public sector pension reforms. What I have to say will be brief.

10 Members may recall that in April this year this Assembly took a number of important decisions with regard to reforming the pension arrangements for its employees.

There were two key decisions. The first was to implement new arrangements for any employee appointed on or after 1st May 2015. The second was to give the Policy Council and the various public sector unions a further short period in which to reach an agreement over new arrangements for the future service of the 5,000 or so existing scheme members.

15 Three months later, at the States' July meeting, I was able to advise the Assembly that there had been something of a breakthrough in our talks with the unions in respect of existing members.

20 What I explained then was that the Policy Council and most of those unions were now prepared to support a package of reforms which would change the pension arrangements for their future service.

Since July each union has been making its own arrangements to ballot members on those recommended reforms. The last of those ballots closed yesterday.

25 This morning the Chair of ASEO, the umbrella organisation for all public sector unions on pension matters, let me know the outcome of those ballots. I am very pleased to inform this Assembly that members of unions with negotiating rights for at least 56% of our workforce have now voted to accept those reforms.

30 Given this situation and in accordance with the terms of the proposals, officers from the Policy Council will now be taking the steps necessary to apply the new arrangements to all scheme members from the beginning of next year. That work will, of course, include drafting the detailed scheme rules which give effect to that agreement.

In due course the Policy Council will be putting those new and very detailed scheme rules before this Assembly for final approval.

Thank you, sir. (*Applause*)

- 35 **The Bailiff:** Does anybody wish to ask any questions arising from that statement? No. Then in that case we will move on with the debate that was in progress. Deputy Bebb wishes to be *relevé*. Deputy Bebb may be *relevé*.

## Billet d'État XVI

### HOUSING DEPARTMENT

#### XIV. Review of the Strategic Housing Target – Debate continued – Propositions 1, 4 and 5 approved; Propositions 2 and 3 lost

- 40 **The Bailiff:** And having done that, we will move on with the debate that was in progress when we adjourned yesterday evening, which is the debate on the Housing Department's Review of the Strategic Housing Target.

Deputy Sherbourne.

- 45 **Deputy Sherbourne:** Thank you, sir. First of all I would like to apologise to the Assembly for standing up at 5.31 yesterday with a 35-minute speech. Forgive me.

- 50 Thankfully, reflecting overnight I decided that a more brief presentation would be appropriate. I find it very difficult actually reading speeches, but I thought I ought to be a little bit more careful with some of the things that I have said so that I do not digress, which I something I know from time to time I happen to do, and move off *piste*. Certainly the pressure on other boards at the moment obviously is a focus on my mind.

- 55 Fellow Deputies, I struggled yesterday to understand how rejecting the Housing Department's proposals would help us solve our current housing shortage. Setting housing targets is not a defined science, and the explanation for maintaining the current figure was given in the Deputy Minister's opening speech. In total there are 470 current applications on all waiting lists, and it is calculated that 1,500 additional units, not necessarily new builds, but additional units, will be required in the next five years.

- 60 There is a criticism that all our eggs are in one basket, and there is a need to diversify through the private sector for the provision of what is known as affordable housing. The GHA has a proven track record and as a 'not for profit' organisation returns any surplus back to the States through future investment in the stock. They build to high standards, and the only criticism that could be levelled against them, in my mind, is that they do not build enough to satisfy demand. To a certain extent this is out of their control, in that the supplier of States' owned land is severely limited and States of Guernsey initiatives, like SAMP, have not yet been able to identify and release land for housing purposes. If there are private developers out there who wish to enter a dialogue with Housing the door is always open, and in fact, the officers are proactive in sounding out the private sector in possible ways forward.

- 65 Initiatives like the Environment Department's building covenant proposals have not yet been agreed by this States, so that that possible avenue is unavailable at present. Members will have

70 the opportunity to discuss this proposal when Environment lay their policy letter, but it is irrelevant at this stage.

Removing targets through the rejection of proposals 2 and 3 in this Report will not solve our problem, and I do not see, at the moment, any constructive amendments on the table.

75 I agree that Housing needs to be proactive in finding the solution to the problem, but that can only be done through a concerted effort of the three boards mainly involved in this issue: T&R, Environment, and Housing. If all three departments share a common aim, progress will be made.

80 You are being asked to note this Report, that is all, and to agree with the current target, the extension to the current target, and the proportion of social housing that is included in that target. That is all. The Housing Board is aware of, and shares, the frustrations being felt by many of you, and will be empowered by the strength of feeling expressed in the speeches so far. Please remember this is a co-ordinated approach of the main committees involved in the process. That is required. Sadly, some of the speeches made by Members of T&R so far have not been exactly helpful in that regard.

85 Members, please note the Report, agree to the interim proposals, as you have already amended the arrangements with regard to the review, and let Housing get on with the job of providing more homes for the most vulnerable in our society.

Thank you.

90 **The Bailiff:** Deputy Brehaut, you have been in the Chamber a while, do you wish to be *relevé*?

**Deputy Brehaut:** Yes, thank you, sir.

**The Bailiff:** Thank you very much.

Deputy Paint, then Deputies Conder and Gillson.

95 **Deputy Paint:** Sir, I first would like to declare an interest in that I am an owner of a small rented property.

100 Sir, yesterday, I was absolutely shocked hearing two of the Members, in particular, speaking about the States having to build more houses themselves. This 'Corbynite', locally known as 'Roffeyite', form of government will eventually fail, as it has in all the world around us, everywhere. Where the sort of interference with government has happened here, it has failed, just look around you.

105 So, what we have to do is look at what Housing has done in the past four or five terms. Housing has renovated just about, and maintained, just about every property it owns. The GHA has done very well in not costing the States anything at all. Sure they got deigned land from the States but that land will still be owned by the States if the GHA ends up in a future fail, so nothing is lost there to the Government, or to the people of the Island.

110 The real problems are, in my view, the amount of land available; the obtaining of mortgages; the risk to potential buyers at the moment. Obviously, the price of property is slowly falling and who can blame people for not wanting to take the risk to take on a mortgage, if they can get them, now when the price of property might still drop. We have had a bubble of cost rises for many years now and it had to pop at some time, and it has popped, and it is likely to go down a little but further. I think this is what worries people more than anything else. We are not making progress at all in the sale of property for those very reasons.

115 Thank you, sir.

**The Bailiff:** Deputy Conder.

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

120 Sir, this area is not one that I would claim any expertise in, and like Deputy Perrot yesterday, I have listened to these speeches with great interest, and I think there have been some really good

presentations. I was sorry I was not able to get to the Housing Department presentation on Friday, it clashed with a meeting of the States Review Committee, I think that would have been really useful to help me to understand just what we are trying to achieve here, but as Deputy Sherbourne has said, a large part of the Propositions are to note rather than any change in direction.

So my speech is by way of questions to the Deputy Minister, which I hope he will respond to, and those questions have come out of the speeches I have heard, and many of them have been excellent. In particular I think both Deputy Spruce and certainly Deputy Kuttelwascher raised the issue of land planning covenants, and I think Deputy Kuttelwascher said builders would walk away if they were in place. I think that is an issue of great concern, it might be relevant for a later debate on another day, but I would be very grateful if the Deputy Minister in his winding up speech would actually express his views on the issue of land planning covenants, the impact upon builders, and whether in fact they would inhibit the likely development of additional properties, but I though both those speeches by Deputy Spruce and Deputy Kuttelwascher were very influential in terms of my view of this report.

Finally, again for the Deputy Housing Minister, I am very conscious through my discussions with constituents that there is an acute lack of specialist housing for elderly people, their needs, of course, will become greater both in terms of numbers of elderly people and their needs for special housing, and I wonder to what extent within the numbers that are allocated for public sector housing that there will be a special provision, if there is any intention of the Department to focus particularly on the needs of those of the elderly people, such as the need for different types of bathroom, no steps, those sort of things, which I know I am dealing constantly with with my elderly constituents who are unable to get into public sector housing that suits them.

So, thank you, sir, and thank you too, colleagues, particularly from the Housing Department, for this Report, which I found very helpful.

**The Bailiff:** Deputy Gillson.

**Deputy Gillson:** Sir, I am making a speech, if I may, I am running a risk of – I may be completely wrong, and I may be shot down by the Minister in flames afterwards, but I will make the speech anyway. Yesterday I arrived here in two minds about the resolutions. I listened to some of the speakers, and I leaned towards supporting the resolutions, then listened to others, and I leaned towards not supporting them. Having thought about it overnight, I have come to the conclusion that basically it does not really matter whether we support them or not. They are pretty well pointless. The conclusion that we need a housing target of whatever number of 300 in the structure that we have does no good pretty well whatsoever.

The only benefit of having a target is if it can be used to achieve an outcome. So we consider a housing target of 300. So what is it used for? Well, the answer to that is on page 2018 paragraph 1.2 – you do not have to get to it – it just basically says that the result of the target is Environment Department has to ensure that at any one time there is a pipeline supply of planning permissions sufficient to create two year's supply of housing. Great. But what really does that mean? What levers do the Environment Department have when applying planning policies to achieve this?

Now, I may be wrong, so I am happy to be shot down in flames, but my understanding of the planning process is that there are a number of planning policies in existence which will be applied to each application, and if an application complies with those policies it will be passed. If an application does not comply with those policies it will not be passed. But, as part of that process they do not look and say, 'Well actually, we have already approved 150 this year so we have got scope to approve another 50', or 'We have done 300 so we will now reject the next one.' So you get to October, every application is to be rejected because you have got 600 in abeyance, or you get to November and 'Oh, we are way under target – should we be more lenient with planning policies to try and hit the target, or should we revisit some we have rejected?' Of course, that does



not happen – hopefully that does not happen – that would be wrong, so the target as its only use is useless. So it is not really any good.

175 Now this is a good report in that the housing survey is a good survey it produces a lot of good information, and I can see the value of that survey being used when we develop the overarching strategic policies on land use, and those planning policies, to be able to allow a number of houses we need more or less on a strategic level, but on an annual level having these targets, I really do not see the point of them, so when you look at the four resolutions: the first one, to note the findings of the Housing Study – great.

180 To agree a strategic housing target: I do not see the use of it. It is nice. If anything, I think I agree with... I think Deputy Fallaize said it can give the wrong impression, because we can leave here thinking, 'Oh great, we have agreed a housing target, we have done something to help solve the housing crisis in Guernsey.' Well, we have not. We have set a target that we will never hit and actually we have got no levers to hit. So I need convincing on that.

Subdividing a target: I am not convinced on the targets so the next one is silly anyway.

To agree a Housing Needs Study: yes, I agree they need to be done, so that is okay.

The next one is to 'note' so yes, great, wonderful. So really I do not see whether it makes any difference whether we approve these or not.

190 I am tempted to vote against them, because I do not like the idea of supporting something to give the impression to the public that we have done something, when actually we have done something that means nothing. (**A Member:** hear, hear.) I stand to be corrected as to whether I have got my understanding of planning completely wrong, or whether there is a different use for this number, but I think at the moment I am likely to vote against everything, and I will take some convincing to change my mind.

**A Member:** Hear, hear.

**The Bailiff:** Deputy Soulsby – and Deputy Lester Queripel, do you wish to be *relevé*?

200

**Deputy Lester Queripel:** Yes, please, sir.

**The Bailiff:** Yes. Deputy Soulsby will speak next.

205 **Deputy Soulsby:** Sir, Deputy Hadley is not going to like to hear this as I have a bit of management speak for him – SMART. SMART is an acronym used to ensure goals, objectives or targets are specific, measurable, attainable, realistic and timely. Well, I think what we have here is a DUMB target – dangerously unachievable, monstrously big target. I set out in my previous speech about the problems of having a target that is overinflated with valuable land resources abrogated to the Housing Department away from developers, land owners, and other States' departments, and that is why I cannot support Propositions 2 and 3.

210

**The Bailiff:** Deputy Inglis.

215 **Deputy Inglis:** Thank you, sir.

Deputy Gillson clearly raises a clear point here, when we talk about targets that are unachievable. The one thing that is good that has come out of our discussions so far is the desire to hold this housing survey earlier than we expected. I am hoping that the data achieved from this survey can be bolted on to our rolling census, because that clearly is a product that will help us make good decisions further on down the line. Because when we talk about emigration out of the Island we are talking about 300 people, and nobody at this point in time knows what the makeup of that 300 people is. It could be 200 earners with 100 children, but at the moment we just have it as 300. That is not good evidence for making good decisions.

220

225 Can I remind Members that the sole problem around housing is the cost? The cost is astronomical, why do we have a big cost in terms of housing on this Island? Well, if we go back to 2008, 2009, we went through catastrophic economic downturn, and people, investors, just were not making money, so investors invested in their property, it was a quick fix further on down the line that reaped great benefits that was untaxable. So they did the right thing, I am sure a lot of us did that. They built new bathrooms, they had fitted wardrobes, they built extensions, and it kept  
230 part of our economy very busy, and we have never heard any moans and groans from the small builders, because they have been very busy. So, that was a good thing, but, of course, when people come to sell it creates a major problem for the first-time buyers, and a lot of the development has been in property that has been easy to acquire and therefore spending money on them can easily be a good benefit. So, we – through an unintended consequence – have got a  
235 problem in that is everything is very, very expensive. Yes, house prices are lowering at the moment, because reality is setting in, they cannot sell them, so they obviously need to think constructively as to how they pitch in the market place.

It is very noticeable to me when talking with people that a lot of people want to live in the parish of their birth, so young people in certain parishes most definitely do not have a chance and they are then drawn to parishes such as St Sampson, such as the Vale, because of the nature of the developments that are going on there, and, of course, it is very important, and I strongly believe even from a western parish that building should be in those parishes. (**Several Members:** Hear, hear.) They should be more community focused. Torteval now has just lost a key community centre. We now have a full classification of being a national park, we have a pub and we have a café and that is it. So we are slowly, slowly losing that identity of being a community focused area.  
240 The people within the parish are going to work hard at developing that and, of course, the Douzaine is working hard on that, but planners need to think about how they can effect good housing at an affordable price within the community.

In the Billet we talk about 171 new dwellings per year on the affordable housing target, and  
250 129 in the private market housing. As Deputy Gillson has clearly identified those numbers could not really happen if we do not take action to make the opportunities, especially for first-time buyers more achievable.

Deputy David Jones, who as we know is not with us today, but I am sure he is listening, he and I have been great advocates of restrictions on Local Market Licence Holders and what they can do with their developments, because they are taking houses out of a certain sector that was very  
255 achievable for young people, and then maybe after five, seven years, they are gone and that was moved out of the ability for young people to afford.

So, in conclusion, I would implore that Treasury & Resources, and maybe Policy Council, start talking locally to the money lenders. We need to have more input from their presence in the  
260 Island, as opposed to central decision making that clearly is not helping people here.

So please, please let's get... although we have got to note this Report, I strongly support the idea that we carry out the housing survey and let's move, because I do not want this to be dragging on and on and on, and we never achieve targets. Let's change the parameters of what people need to do to attain housing.  
265

Thank you, sir.

**The Bailiff:** Deputy Ogier.

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

270 Just briefly, Deputy Gillson tells us that it may not matter too much whether we have a housing target set or not. Of course it does, because other States' policy is driven as a result of the housing target area, tracts of land are made available as potential target housing areas, there are three in St Sampson's at the moment. There are planning inquiries, upset residents, it sets a lot of hares running, having a target housing of 300. So it does have an effect. It has an effect on the people  
275 of the parishes that are affected, if we do not need that then we should not have it.

**The Bailiff:** Deputy Le Lièvre – sorry Deputy Gillson, yes.

280 **Deputy Gillson:** I think Deputy Ogier misunderstood what I said. I did specifically mention that in terms of the strategic documents, like the document you are referring to, the housing target areas are created, a housing target is needed, and that is why the work done in the survey is very good, but just having arbitrary annual target is a pointless exercise.

**The Bailiff:** Deputy Le Lièvre.

285 **Deputy Le Lièvre:** Thank you, sir.

Let's get the good news over first. Housing have done a brilliant job in the renovation and maintenance of their stock. They have eradicated some of our worst estates, and rebuilt them with new efficient, good quality accommodation. That is to be applauded. They continue to do a good job.

290 However, I think this policy letter does them no service at all. In 2002 there was a housing needs survey, I played a part in that, and it reached a target, a suggested target of 179 dwellings. I think the Strategic Land Use Plan at the time was 250 dwellings, and Housing said, 'Well, let's make it 300 and build up a bit of a buffer, and in the first year following that they actually achieved a figure far higher than their target, but then thereafter for the 11 consecutive years they  
295 failed to meet, or the Island failed to meet the targets that it was supposed to meet, and it is only in 2014 that the target was once again exceeded, and then only because of the number of large single or double two bed units created in the Maison Maritime and Longue Rue redevelopments.

Now we have got a 2011 Housing Needs Survey which says we should build 451, and we are saying 'No, we are not going to do that, because we do not quite believe some of the figures, we  
300 are only going to build 300. We are not going to change the target.' Well, we did not meet it for 11 consecutive years, and I suspect as things go we probably will not meet it in the next 11 years. Who knows?

So the first thing I would question is why bother with a housing needs survey? Why if we are going to spend £60,000 a time employing experts to produce reports and then to ignore them,  
305 consistently, why bother to spend that amount of money? The reason I say that, is that I believe that housing has the knowledge itself. It knows who is on its waiting list; it knows who it has been able to house; it knows its turnover rate; it knows the age of its tenants; it knows what their needs are. Who best to actually produce a figure from in-house quality information than Housing itself. Why waste money on getting expert advice, then ignoring it, not meeting the targets that you  
310 have set for yourself, when you have got the knowledge in-house. It seems a bit of a nonsense to me. I sit at home, and last night in particular, I got very annoyed: there I was trying to work out possibly whether a person was dependent or non-dependent, whether they were in receipt of benefit, or whether they had an occupational pension, or old age pension, whether they were employed in order to provide figures for SWBIC, and I was thinking 'why bother?' Why am I going  
315 to this precise detail when Housing say, 'Well we have had a target of 451 – we will ignore that it is rubbish, we will go for 300.' Why bother?

There is another worrying factor. Let us assume that Housing meets its target of 100 social rented houses per annum for the next five years. We would add 500 units of social housing to our existing stock of 2,222 – which I should point out is only 80 above that figure which existed in  
320 1996. In 20 years, Housing increased its stock by 80 units, four a year. Now I go back to what I said at the beginning, it has also done an incredible amount of work in knocking down poor quality and rebuilding good quality accommodation, so that is a fact, but nevertheless the volume of housing stock overall, in relation to the population of the Island, and in relation to their needs of the Island, hardly changed at all.

325 If we are going to build another 500 units of social housing, then those people that occupy it would then expect to have a need for support benefits, for sure – we do not know what the proportion is, but I would probably say 60%. We will add to the level of people who already

require supplementary benefit, or rent rebate, or the combined version of the two, in the future should the States accept SWBIC's proposals. Now, that is fine. I fully support that if there are people in need, we should meet that need, but please recognise the fact that if you do so the demand for benefits will increase. It is up to this Assembly to ensure that those benefits increase at an affordable rate. If we build social housing in additional numbers, large additional numbers, the cost of benefits will rise. I would hate to see this Assembly say, 'Well we have to actually pin that benefit level down because what you will be creating is accommodation occupied by the poor and even poorer people. That is not a good thing. If this Assembly says yes, we like the idea of building 500 houses over the next five years, then let it acknowledge the fact that it is going to provide a benefits system of adequate size and proportion to meet the needs of those people. It is no use building quality accommodation and then asking people to live on less than that which is required.

So, I am not going to support many of the recommendations here, because I think they are unnecessary. Housing has the detail; it knows the people; it knows its people; it knows who is on the waiting list; it even knows who is on the partial ownership waiting list. There is no committee better placed to predict its own future, and yet this policy letter seems to avoid that completely.

There is no mention in this policy letter of the needs of the people already on the waiting list, what do they look like, are they families, are they single people, are they elderly, are they you are they sick, are they fit, are they unemployed? We know nothing. Yet, Housing knows, but it has not told us. I think they have done themselves a gross disservice.

I would strongly recommend that most of these proposals are rejected, and that instead Housing comes back, utilising the information it has got, to inform this Assembly of the right way forward at no expense. We do not need to employ specialists; we have the information, let us use it for the good of this community.

Thank you, sir.

**The Bailiff:** Deputy Burford.

**Deputy Burford:** Thank you, sir.

Well, by now, most Members of the Assembly will know my views on targets and their general uselessness or worse. However, from Environment's point of view what we really need is robust data on the likely demand for housing in the future. Realistically development plans are only thoroughly reviewed and replaced once a decade or so with interim reviews. The Department therefore needs to designate sufficient land for development to meet projected need when plans are replaced and reviewed. As I outlined yesterday we therefore need data on projected demand to ensure availability for possible likely development.

Thank you.

**The Bailiff:** No-one else is rising. Deputy Hadley, do you wish to reply to the debate as Deputy Minister?

**Deputy Hadley:** Thank you, sir.

I would certainly like to thank everyone who has contributed to the debate, particularly, of course, my own board. I had a feeling that this would become more than a simple debate on the strategic housing target, and turn into an opportunity for Members to air their views on all aspects of the Island's housing situation.

I was particularly heartened to hear Deputy Brehaut say that the Housing Department has come on leaps and bounds in the last 12 years, as Deputy Jones has been the Minister for the last 12 years, I am sure that will help speed his recovery and he will be rapidly back again to take over and put me back in the box.

You will know from my response to Deputy Domaille's amendment that the Housing Department is already committed to carrying out a housing needs survey in 2016 rather than

380 2019, so I do not feel it necessary to respond to comments on the need for up to date information, or the unacceptable gaps between surveys. At the end Deputy Le Lièvre has been telling us that Housing Department can supply the information and does not need a housing survey. So at this point it is worth saying that the Department does this under a Resolution of the States; we do not have the choice as to whether or not we do a housing needs survey.

385 Deputy Fallaize was one of a number of Members who indicated that they would vote against Propositions 2 and 3. In other words, they would vote against keeping the strategic housing target at 300, and against the target being sub-divided to create an affordable housing target and a private housing target. Now, I am not sure if Proposition 2 can be rejected without a new target being agreed in its place, but assuming it is, the States will be without a target between now and next summer when the Housing Department, or its successor, asks the next States to consider the findings of the 2016 survey. I hope the temporary absence of a target does not undermine the Environment Department's decision to use the 300 as a basis for the allocation of developable land under the new Island Development Programme.

390 Some Members are saying that housing need is overstated, while simultaneously criticising planning covenants because they hurt developers. I hope those Members appreciate that a re-drawn Island Development Plan based on the lowest strategic housing target will reduce the amount of land currently zoned for development, and as a consequence developers may come off worse – this, of course, is the point I think that Deputy Burford is referring to.

400 Deputy Fallaize and Deputy Brehaut both commented that we should build more States' houses. That is, they should be built by Government and not by a housing association. I totally agree that the Island needs more social housing, but I am at a loss to work out why anybody would want the States to start building again, when it is demonstrably the case that the Guernsey Housing Association can build the same properties, the same product, at less cost to the taxpayer, but again, perhaps that is outside the scope of this debate. I do know that my Minister would like me to tell him where he thinks these dedicated States' houses would be built and where the full costs of these developments would come from. Architects, surveyors, builders and site management, and all future maintenance costs would become the responsibility of the taxpayer. The present model using the GHA means that the States –

410 **The Bailiff:** Deputy Brehaut.

**Deputy Brehaut:** I thank the Member for giving way – I almost said 'giving up' unintentionally!

415 Can I just ask that the Housing Association model works because land is gifted, properties are gifted with a significant sum of grant funding, so to imply that the States are getting something for nothing, when the States had something and gave it to the GHA is just a little bit misleading. Thank you.

**The Bailiff:** Deputy Hadley.

420 **Deputy Hadley:** Thank you.

I think the point is that the model we have enables the Guernsey Housing Association to reinvest the money it saves to do the work more efficiently, and they are outside the political control of the States to a considerable extent.

425 Deputy Fallaize also pointed out – oh sorry – sorry, I have lost my place – the present model using the GHA means that the States only supply a fraction of the cost of the development. For example the Cour du Parc development did not cost us any money at all. We supplied the building, and because it was built under budget we actually received some money back from them.

430 Deputy Fallaize also pointed out that the target of 300 has only been met once in the last 11 years. Perhaps when the next States considers the 2016 housing needs survey, it should discuss the purpose of the strategic housing target. As it stands, the target is used principally to

determine the amount of land that can be developed for housing. That is all housing, not just affordable housing, and in turn dictates how many permissions to build are granted each year. It is not the States' responsibility to provide that many houses. That responsibility is shared with private developers.

435 Where the States does have sole responsibility and where we can, and should, take a more direct approach, and where the Housing Department, in particular, must be held to account, is in connection with the provision of affordable housing, and that is why I am dismayed that Members rejected the creation of a separate affordable housing target.

440 Deputy Fallaize made reference to the Guernsey Housing Association's business plan making provision for less than the 171 homes that makes up the proposed affordable housing target. This is one of the reasons, he said, why the target would not be met. He was referring, like T&R in their letter of comment, to GHA's 2015 business plan, which was obviously drafted and costed and agreed last year before the debate we are having today. If the States agrees the affordable housing target GHA's 2016 business plan will reflect that, and in anticipation they have already submitted to Housing and T&R a new plan, yet to be agreed, which shows that with a degree of extra funding from the Corporate Housing Programme, and borrowing more of the proceeds of the States' bond, they can afford to build 171 homes a year

445  
450 Deputies Kuttelwascher, Spruce and Perrot, all spoke out against the proposed introduction of planning covenants. I do not think now is the time –

**Deputy Kuttelwascher:** Point of order, sir.

455 **Deputy Hadley:** – to mount a defence of planning covenants, Members will have the opportunity –

**Deputy Kuttelwascher:** Point of order, sir.

460 **The Bailiff:** Deputy Kuttelwascher.

**Deputy Kuttelwascher:** He has made a statement regarding myself which is totally inaccurate. All I did regarding planning covenants was put forward the views expressed at a construction sector group by the members of the building trade. I did not speak personally against covenants.

465 Thank you, sir.

**The Bailiff:** Deputy Hadley.

470 **Deputy Hadley:** Members anyway will have an opportunity to accept or reject them when the Island Development Plan is debated next spring. I will take this opportunity to reiterate the Housing Department's support of planning covenants, and to thank Environment Department for being bold enough to propose them.

I was asked the question by Deputy Conder, as to whether or not I had a view on whether development covenants actually put people off. Now I am going slightly off message now, which is what happens when you get a Deputy Minister speaking without a civil servant behind, as the Minister would have, to refer to the development in St Martin's, which is by, what I still call Le Riche's Store, but it shows how long I have been on the Island, and the field there. There is an application for development of that land for housing. It is opposed by all my fellow Deputies from the South East. **(Several Members: Hear, hear.) (Laughter and interjections)** And this in fact is a development driven by the very covenants that a number of people are questioning saying it will stop. That site can only be developed because it is very close to social housing. That development will enable –

480 **The Bailiff:** Deputy Perrot.

**Deputy Perrot:** Point of order. (**The Bailiff:** Yes.)

485 Is it within the Rules for a States' Member to be discussing an extant application from the Environment Department? It seems to me to be unfair, if a Minister is speaking in favour of a particular application, and if he is doing it for that then other people ought to be able to speak in this Assembly in respect of other extant applications. It seems to me to be just against the rules of natural justice.

490

**The Bailiff:** I am not sure – there is nothing expressed in the Rules that prohibit this, but I take the point that it would be unfortunate if in this Assembly extant planning applications were debated. I think the most that Deputy Hadley might be able to say is that as a matter of record a planning application has been submitted which includes a mixture of social housing and other housing, and I think he has to leave it there. I do not think he should be seeking to express a view as to whether he favours, or does not favour, because as you say that may then create an impression that he is seeking to influence the outcome of the decision.

495

I am sure it would in no way influence Members of the Environment Department, but nevertheless that might be the perception that members of the public listening to the debate might receive from it, so I think he has made the point that an application has been submitted. I am not sure that, as I say, he should be expressing a view in favour or against it.

500

Deputy Soulsby?

**Deputy Soulsby:** Sir, notwithstanding what you have just said, Deputy Hadley did just make a statement of what he had stated as fact, that this was a development right next to existing social housing. Well, there are at least two fields and a road in between, so I do not think you can say it is right next to social housing.

505

**The Bailiff:** I think you have made your point about that development, Deputy Hadley. I think perhaps you need to get back on message. You said you had gone slightly off message, I suggest you get back on message.

510

**Deputy Hadley:** Right.

Partial ownership policy states, and I want to emphasise this because Deputy Lowe reported allegations that GHA was somehow in some way poaching first-time buyers, under the Partial Ownership Scheme only first-time buyers who are unable to buy a property through any other means will be eligible for help. Of course, we will look into the point that Deputy Kuttelwascher made yesterday, about someone putting £200,000 cash deposit, because that does seem odd, but I can only say we will certainly look at that.

515

Deputy Laurie Queripel said that he knew of private developers who were keen to provide affordable housing. Well, that is great, we would like to see them. I would love them to get in touch with the Housing Department.

520

Finally, Deputy Burford, I have to say again, thank you for corroborating our account of the conversations that took place between Housing and Environment prior to the drafting of this policy letter. Housing was doing its utmost to act corporately in moving to synchronise the procurement of housing information with the review of the Island Development Plan.

525

A number of people said that the target is pointless. I would like to remind Members at the end of June, 250 people were on the waiting list for social housing, while 219 were waiting for partial ownership. And I hope Members who have spoken do share the Housing Department's belief that the Island does need to provide more housing for its poorest families, and for those who cannot afford to buy. The creation of an affordable housing target, set at 171 initially, and revised in line with the results of the 2016 housing needs survey is long overdue.

530

So I do hope Members will support the policy letter.

Thank you.

535

**The Bailiff:** Well Members, there are five Propositions printed on page 2126 and, of course, they have been amended as a result of the successful Deputy Domaille/Soulsby amendment, so that there are now in effect six Propositions.

540 **Deputy Soulsby:** Can we have a recorded vote on 2 and 3, please?

**The Bailiff:** Right. What I was going to say is I think we probably need to take all the Propositions separately. I think it is difficult to run them all together.

545 So, we will start with Proposition 1, which is to note the findings of the 2011 Housing Needs Study. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** I declare Proposition 1 carried.

550 Then we will have a recorded vote on Proposition 2, which is to agree that the strategic housing target remains 300 new dwellings per year. A recorded vote please, Greffier.

*There was a recorded vote.*

*Not carried – Pour 19, Contre 23, Ne vote pas 3, Absent 1*

**POUR**

Deputy Harwood  
Deputy Langlois  
Deputy Gollop  
Deputy Sherbourne  
Deputy Conder  
Deputy St Pier  
Deputy Stewart  
Deputy Le Pelley  
Deputy Trott  
Deputy Duquemin  
Deputy Paint  
Deputy Le Tocq  
Deputy Adam  
Deputy Brouard  
Deputy Burford  
Deputy Sillars  
Deputy O'Hara  
Deputy Hadley  
Alderney Rep. McKinley

**CONTRE**

Deputy Kuttelwascher  
Deputy Domaille  
Deputy Robert Jones  
Deputy Le Clerc  
Deputy Lester Queripel  
Deputy Gillson  
Deputy Ogier  
Deputy Fallaize  
Deputy Laurie Queripel  
Deputy Lowe  
Deputy Le Lièvre  
Deputy Spruce  
Deputy Collins  
Deputy Green  
Deputy James  
Deputy Perrot  
Deputy Wilkie  
Deputy De Lisle  
Deputy Inglis  
Deputy Soulsby  
Deputy Luxon  
Deputy Quin  
Alderney Rep. Jean

**NE VOTE PAS**

Deputy Brehaut  
Deputy Bebb  
Deputy Dorey

**ABSENT**

Deputy David Jones

**The Bailiff:** Well, Members, the voting on Proposition 2 was 19 in favour, 23 against, with 3 abstentions. I declare Proposition 2 lost.

555 That begs the question as to what we do about Proposition 3. You have rejected the Proposition to agree that the strategic housing target remains 300 new dwellings per year. It seems rather pointless to agree that a strategic housing target that no longer exists should be split in any particular way.

560 Deputy Hadley, do you wish a vote to be taken on Proposition 3? Is that of any assistance to your Department?



**Deputy Hadley:** What I think really worries the Housing Department is that there is no direction as to a target for social housing, and I think that is very regrettable. I do not whether any vote on that would rectify that.

565

**Deputy Fallaize:** Sir, Housing could come back, couldn't they, with a different Proposition? But Proposition 3 can stand on its own, can't it, because it could be a stand-alone – ?

570

**The Bailiff:** The strategic housing target could be sub-divided if it is said that there be a target of 129 or 171 affordable housing units.

**Deputy Fallaize:** But if the whole thing is read together, if the States voted for it then the strategic housing target would be the component part of the thing that is in the second line, wouldn't it?

575

**The Bailiff:** Madam Comptroller, what is your view on that?

**The Comptroller:** Sir, I agree with what you have just said. The wording of the Proposition is very clear: to agree that the strategic housing target remains 300. No. 3: to agree that the strategic housing target be subdivided, it clearly refers to the one above. I agree with what you have advised.

580

**The Bailiff:** The only answer would be to amend 3 perhaps.

585

**The Comptroller:** Yes, that is the only other answer.

**Deputy Fallaize:** But, sir, the strategic housing target must remain, because there is an extant States' Resolution which establishes a States strategic housing target, which is still an extant Resolution.

590

**The Bailiff:** I will check.

**The Comptroller:** That target has not been rescinded, but this clearly refers to 300 new dwellings per year and it is the Proposition 3, is referring to the one above.

595

**The Bailiff:** Yes, well the other one is 300 per year, it is –

**Deputy Fallaize:** The extant one is 300 a year –

600

**The Comptroller:** The best thing would be for Housing to consider it –

**The Bailiff:** Well let's take a vote on it, and then the Department can make of it what they will. *(Laughter)* Let's have a vote on it. So, I put to you Proposition 3 to agree that the strategic housing target be sub-divided into affordable housing and private housing targets of 171 and 129 dwelling per year respectively. Recorded vote. We have had a request for a recorded vote from Deputy Soulsby. **(Several Members:** Aux voix) I think Deputy Burford is requesting a recorded vote.

605

**Deputy Burford:** Yes, please, sir. Thank you.

610

**Deputy Ogier:** May I seek clarification, sir? Say one did not wish for the housing target to be set at 300, but one was happy in the division, how would one send a message to the Housing Department that one is happy with the division as proposed but not with the target. *(Interjections)*

**Deputy Soulsby:** Sir, the wording states 'target'.

615

**The Bailiff:** If that was what you wished you would have had to have proposed an amendment that would have expressed it as percentages. We are faced with what we are faced with, and the debate has closed, so it really is too late to have any amendment. So I think we have got to vote on Proposition 3 as it is. Greffier, a recorded vote on Proposition 3.

*There was a recorded vote.*

*Not carried – Pour 18, Contre 26, Ne vote pas 1, Absent 1*

<b>POUR</b>	<b>CONTRE</b>	<b>NE VOTE PAS</b>	<b>ABSENT</b>
Deputy Harwood	Deputy Kuttelwascher	Deputy Dorey	Deputy David Jones
Deputy Brehaut	Deputy Domaille		
Deputy Langlois	Deputy Robert Jones		
Deputy Gollop	Deputy Le Clerc		
Deputy Sherbourne	Deputy Bebb		
Deputy Conder	Deputy St Pier		
Deputy Lester Queripel	Deputy Stewart		
Deputy Le Pelley	Deputy Gillson		
Deputy Ogier	Deputy Trott		
Deputy Paint	Deputy Fallaize		
Deputy Le Tocq	Deputy Laurie Queripel		
Deputy Brouard	Deputy Lowe		
Deputy Burford	Deputy Le Lièvre		
Deputy Sillars	Deputy Spruce		
Deputy O'Hara	Deputy Collins		
Deputy Hadley	Deputy Duquemin		
Alderney Rep. Jean	Deputy Green		
Alderney Rep. McKinley	Deputy James		
	Deputy Adam		
	Deputy Perrot		
	Deputy Wilkie		
	Deputy De Lisle		
	Deputy Inglis		
	Deputy Soulsby		
	Deputy Luxon		
	Deputy Quin		

620

**The Bailiff:** Well, Members the result of the voting on Proposition 3 was 18 in favour, 26 against with one abstention. I declare the Proposition lost. So whatever it might have meant if it has been approved is now academic. It has lost anyway.

625

We move on to Proposition 4, which, of course is the new Proposition 4 that was substituted as a result of the successful amendment, and I just remind you it reads to direct the Housing Department and its successors to undertake an objective housing needs survey not later than 30th June 2016. I propose to go *aux voix* unless anyone requests otherwise. So *aux voix* (**Members:** Pour.) and those against?

630

*Members voted Pour.*

**The Bailiff:** I declare it carried.

635

Proposition 4(a) which is the new Proposition 4(a) to direct the Housing Department or its successors to develop priority-based banded waiting lists that take account of applicants' needs, such waiting lists to be published quarterly. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** I declare it carried.

640 Then finally, Proposition 5, which is as printed in the Billet, those in favour; those against. Sorry  
do people want to have an opportunity just to read it? To note the next review of the strategic  
housing target will take place before the Environment Department carries out its five year review  
of the housing land supply element of new Island Development Plan. Those in favour; those  
against.

645

*Members voted Pour.*

**The Bailiff:** I declare it carried.

## TREASURY & RESOURCES DEPARTMENT AND HOUSING DEPARTMENT

### XV. Joint Report on First-time Buyers Scheme – Debate commenced

*Article XV.*

*The States are asked to decide:*

*Whether, after consideration of the Policy Letter dated 22nd July, 2015, of the Housing  
Department and the Treasury and Resources Department, they are of the opinion:*

- 1. To note that the Guernsey Housing Association's Partial Ownership Scheme is the preferred  
means by which the States assists first-time buyers.*
- 2. To note that the Housing Department and the Treasury and Resources Department will  
continue to work together to expand the Partial Ownership Scheme by facilitating the release of  
appropriate sites, either by releasing suitable States owned sites or by using the Corporate  
Housing Programme Fund to purchase privately-owned sites.*
- 3. To note that, with a view to further assisting first-time buyers, the Treasury and Resources  
Department will continue to progress work in relation to a review of document duty and will  
consider, with the Commerce and Employment Department, ways of encouraging new mortgage  
lenders to operate on the Island.*

650 **The Greffier:** Article XV – Treasury & Resources Department and Housing Department – Joint  
Report on First-time Buyers Scheme.

**The Bailiff:** Who is proposing to open this debate? Is it the Deputy Minister of the Housing  
Department, Deputy Hadley? Yes.

Deputy Hadley then. Can you switch your microphone on?

655

**Deputy Hadley:** Well, after defeat on the previous policy letter, I am certainly approaching this  
with some trepidation, because the policy letter does not contain what many people will want it to  
contain. However, this policy letter does, I hope, try to tell the truth about the Island's housing  
situation – an inconvenient truth perhaps – but one which we all need to acknowledge, that house  
prices have risen at a pace that is simply unsustainable, and the best thing that could happen for  
everyone is for prices to come gradually down.

660

First-timer buyer schemes based on offers of financial assistance are fundamentally  
inflationary, by giving people money so they can afford to pay otherwise unaffordable prices. By  
doing that you help to sustain those prices. In fact you help drive them even higher. You help  
some people but you will hurt far more.

665

Now, let's remind Members how we got here. Last year Treasury & Resources, along with  
Housing, was directed to investigate the feasibility of introducing, or reintroducing, one or more

670 first-time buyer assisted schemes. Now, I must say there was reluctance on my part to do this, because we had already gone through this exercise at the instigation of my fellow board member Deputy Paint. However, as we were under a States' direction Housing and T&R reviewed a range of first-time buyer schemes. Beforehand we made a number of assertions and by building on these assertions we created a set of criteria against which we measured the merits of each of the schemes under consideration, and the assertions were, that there is a Guernsey housing bubble; that housing ownership is desirable because of its benefit to the Island, and that the States would not want to intervene in the market if as a result of intervention house prices go up. For a scheme to have merit it has to satisfy three key criteria.

675 First, it could not be inflationary. If we pushed house prices up directly or indirectly what was the point.

680 Secondly, it could not help a few at the expense of many. Any scheme involving the offer of financial assistance will help some people and not others. Finance is finite, not everyone who applies will be helped. You want to avoid a situation where helping some people actively disadvantages others.

The third criterion, again, not very controversial, was that the benefits of any scheme should outweigh the costs.

685 The two Departments looked at a help-to-buy scheme, a direct loan scheme, a deposit assistance scheme, and an assisted mortgages scheme. None of them met all of the key criteria. Some were less damaging than others, but we could not in good faith recommend any of them to this Assembly.

690 The Report is impartial; it just looks at the facts of the schemes, and states what the likely outcome would be. Provided that Members are satisfied that these three criteria are the right ones, then the report ought to explain why we are recommending that now is not the time for the States to channel funds into a new scheme. I cannot imagine anyone in this Assembly taking issue with the assertions we have made in the policy letter, or the criteria used to judge the schemes. They are all logical, they all derive from notions of good governance, and they all align to orthodox economic principles, and yet, I predict in the course of this debate we will hear time and time again that economic arguments are all very well but something must be done. I completely understand why you might feel that way. Indeed, we have just heard there is a need for more affordable housing, but if we can agree that first-time buyers' schemes are inflationary, and all the evidence proves that they are, then we cannot argue for the creation of such a scheme.

700 If the States is to tackle unaffordable house prices, it cannot pretend that there are quick and easy solutions that satisfy everybody. It cannot continue to pretend that our dysfunctional housing market, where the average house costs 15 times the average salary, can be fixed by throwing a lot of money at a few lucky households. That is not a responsible position to take, however tempting, however superficially attractive. It is short-termist, and damaging, it props up a system we must all surely recognise as being flawed and unsustainable. It is like pumping more air into the housing bubble even though you know it is going pop and covering your ears when someone warns you what is about to happen.

710 The creation of a new scheme now will end in one of two ways in five years' time. Either we bring the property bubble to bursting point, or the next States has this debate all over again. Yet something must be done, something must be done to help first-time buyers get on the housing ladder. I agree. Deputy St Pier agrees, the Treasury & Resources Department agrees, as does Housing. Something must be done, and something is being done. Action is already being taken and it does not ignore the economic reality of the situation.

715 The best way to make house prices more affordable, the best way to help first-time buyers is to increase the supply of housing. Now this is not about forcing prices to drop off a cliff, it is just allowing the free market to work as it should, and for prices to match buying power. There must be a gradual levelling off, and perhaps even a gradual reduction over time to more realistic asking prices. But that is in the best interests of the majority of our Islanders. An increase in supply will over time dampen house prices, again an inconvenient truth, but we must be brave about this and

720 we must be honest. When people say my house is an investment, I want house prices to keep going up so I can get the best return on my investment, and then go on to say it is not right that my children cannot afford their own place, we need to say, 'Well, I am sorry, you can't have it both ways.' (**Several Members:** Hear, hear.)

725 It is with a view to increasing supply that Housing and Treasury & Resources are advocating the continued expansion of the phenomenally successful Partial Ownership Scheme. The Partial Ownership Scheme is a first-time buyer's scheme by another name. If it did not already exist this policy letter would be recommending its creation. It is the only way for the States to intervene in the market in a way that helps people now, and does not have wider negative consequences later. It might not have the distinction of being new, but it works well, very well, and with your support  
730 we can build on its success and make it work ever better for the good of all first-time buyers.

At the present time we have 164 partial ownership properties, with a further 46 under construction, and a waiting list of 219. Already, I think, 27 people have sold their partial ownership properties back to Guernsey Housing Association and moved into the private market. It works.

735 Before I present the policy letter for discussion, I want to talk briefly about negative equity. Now any home owners listening to this speech might take issue with what I have said about increasing supply and dampening down prices. They might say I did not buy a house to make money out of it, but I do not want the States to do anything that leaves me out of pocket. Well, of course, negative equity is a risk faced by any home owner, but we must not overstate the risk. Negative equity is not an inevitable consequence of a fall in property prices, and it is certainly not  
740 a risk if prices merely flatten and stabilise. Negative equity was a problem faced by UK home owners during the recession, when a surge in unemployment left many people unable to pay off their mortgages, lenders moved to repossess these properties. Because prior to the recession in the UK lenders were offering huge mortgages on only a small percentage of the value of the property as a deposit, say 2% or 3% in some places, prices did not need to fall much for the home  
745 owners to be left owing more than the value of their asset. Now Guernsey has weathered the recessionary storm better than most, and as we have seen house prices have only fallen by a small amount. The risk of negative equity, such as it is, relates to those who have re-mortgaged their property in the expectation that it will continue increasing in value, and those who very recently bought property. But the latter group only face a problem if they need to move.

750 Let me be clear, Housing and T&R are not suggesting that the price of property nosedives. Ideally, expanding the Partial Ownership Scheme and increasing supply generally will cause house prices to level off. As wages increase the two become more balanced, and we will no longer have a situation where a house costs 15 times your salary. I focused on the economic theory underpinning these recommendations and the merits of the Partial Ownership Scheme, but I want  
755 to emphasise that there is scope for the States to remove certain barriers to home ownership, particularly where these barriers relate to costs outside of a mortgage. The Treasury Department have already committed to reviewing Document Duty as part of the Personal Tax Pensions and Benefits Review, and separate to that with the help of Commerce & Employment Department they are looking at ways of encouraging more lenders to operate on the Island.

760 So, I will close by reminding the Assembly that there is already evidence of the housing market beginning to correct itself, and home owners are beginning to lower their prices to secure a sale. First-time buyers will begin to benefit from that, but a lot more needs to change if we are to have a property market that offers our young people the hope of one day owning their own home.

765 **The Bailiff:** Deputy Trott.

**Deputy Trott:** Thank you, sir.

Sir, the current downturn in the housing market creates many implications and consequence –

770 **Deputy Soulsby:** Sir, I have laid an amendment, sir.

**Deputy Trott:** You have not laid an amendment.

**The Bailiff:** Sorry, you have laid an amendment.

775

**Deputy Trott:** She has not laid it at all.

**The Bailiff:** Sorry, there is an amendment, I am sorry. *(Interjections)*

780

There is an amendment from Deputy Soulsby to be seconded by Deputy Le Clerc. Deputy Soulsby.

*Amendment*

*To insert two new Propositions after Proposition 3 as follows:*

*'4. a) Notwithstanding Proposition 1, to direct the Treasury & Resources Department to investigate the use of a proportion of the bond proceeds to provide seed funding for a Partial Ownership Scheme for first-time buyers. Such a scheme shall;*

*i) be structured so as not to compete directly with, but be complementary to, the Guernsey Housing Association's Partial Ownership Scheme; and*

*ii) be available for private sector new builds and existing properties.*

*b) To direct Treasury & Resources Department to include, as part of their investigation in Proposition 4a), consideration of whether such a scheme is best operated by the States directly, or through a third party, or a combination of both.*

*5. To direct the Treasury & Resources Department (and its successors) to report back to the States with their findings and recommendations in respect of Proposition 4 no later than the end of July 2016.*

**Deputy Soulsby:** Sir, I will read out my amendment. *(Laughter)*

*Deputy Soulsby read out the amendment.*

**Deputy Soulsby:** Sorry, it is not going to be a short speech.

785

Sir, firstly I would like to say what a shame it is we do not have Deputy Dave Jones with us for this debate today. Whilst we are on different sides in relation to this matter, I think the debate will be lesser without his contribution and hope that if he is listening what I am about to say does not affect his recovery. I am sure we all wish him a speedy return. **(Several Members:** Hear, hear.) *(Interjection)*

790

Before I start, and before anyone stands up and says they do not want a loan deposit scheme, can I just make it totally clear we are not proposing such a scheme in any shape or form. We had two ex-Deputies a couple of days ago accusing me of being naïve for proposing such a scheme before they had even seen the amendment. So deposit scheme no, partial ownership scheme yes. Now I should make it clear that I am totally supportive of the GHA Partial Ownership Scheme, and Members will note that this amendment does not impact on that, it definitely has a place. However, it is not the only solution. What this amendment does is recognise that the GHA scheme itself is not enough and I will explain why.

795

800

Now let's look at today's reality, which others have already made clear. House sales down; house prices down; new builds down; Document Duty down; if anyone wants evidence to demonstrate that the housing market is not in a healthy state then they only have to look at income from Document Duty, whether you like it or not. In 2007 the States took £24 million from house sales, this year it is predicted we will take £12 million. That is a halving in eight years. Even since 2012 it has fallen £5 million. This just reflects the fact we have had the lowest number of property transactions on record. That is today's reality, and it is that reality that is not addressed in

this policy letter. That is why we cannot just accept it as presented and that is why I am laying this amendment today. As Aldous Huxley said, facts do not cease to exist because they are ignored.

805 Deputy Le Clerc and myself have spent some considerable time since this report was published speaking and listening to various people with an interest in this matter. Yes, that includes developers and the construction industry, finance providers, and other experts, but also members of the public currently in limbo as a result of the position we are in today. These discussions have informed our views and led us to this amendment. In essence, what we are seeking to do is to create a modern day successor of the States' Workers Loan Scheme, by taking the partial ownership model and applying it to the private sector. Again, I repeat, it is not a loan deposit scheme in any shape or form.

810

Now, I would expect the Housing Department to support this amendment, as according to the first slide in their presentation on Friday they stated and I quote:

'Except for partial ownership, schemes are damaging.'

815

It also meets the criteria set out in the policy letter which will become evident during my speech, and which I will summarise at the end.

We believe that at this present moment in time there is a place for a scheme that complements rather than competes with the GHA. As good as the GHA's scheme is, it has limitations and extending it too far could have adverse consequences. I will give a few examples.

820

Firstly, at present there are people who fall out of the qualification criteria for a GHA home but cannot get on to the private housing market. I know a teacher who with her husband has been on the GHA partial ownership list for two years for a one-bedroom property, but wanted to change this to a two-bedroom property as they were trying for a baby. However, she was told she would not qualify for a two-bedroom property and was taken off the list. They are therefore now stuck in the overinflated rental market, and something Deputy Le Clerc will speak about later. Now that is just one case, but it does illustrate how there are potential first-time buyers who fall outside the criteria but cannot get into the private housing sector.

825

Secondly, and according to the Strategic Housing Target Report, only 117 partial ownership houses have been built by the GHA, I believe there are more now, but still less than 200. We read that, and I quote:

830

'None of the cheaper land types are in such plentiful supply to be sufficient to enable the Department to meet its recommended affordable housing target.'

The Policy Council in its letter of comments states its concern that

'the policy letter does not identify any specific sites that will enable the delivery of such properties in the immediate future.'

The GHA reaches its target of – an original target that would have been of 80 properties they would have been well below the Housing Department's target of 171. The Housing Department is desperately looking for sites that are suitable – this at a time when we are told in the Strategic Housing Target Report that sufficient numbers of planning permissions have been granted each year to consistently meet the housing target. Whilst there is merit in finding appropriate sites on States' land, the salient word is *appropriate*. Should the most valuable prime sites be used for subsidised housing? What land is suitable? This at a time when, as Deputy Kuttelwascher said yesterday, there are already a lot of empty properties not selling.

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Thirdly, the GHA partial ownership model applies to specific houses, built as affordable housing. Such homes may not suit all families, especially those who want their own home. Members should also be aware that the GHA homes are provided on a long leasehold and have to be sold back to the GHA when the occupants move. Indeed no Document Duty is paid on such homes as their long leases are not freehold purchases, so for every affordable home being built by the GHA zilch goes to the Treasury.

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850 So, as has already been made clear by others, we currently have a scheme that whilst working well on a small scale has its limitations. It is these limitations that we are seeking to address: firstly through using a partial ownership model people will buy what they can afford. Secondly, such a scheme is not linked to specific houses, if the first-time buyer meets the necessary criteria, which will be developed to ensure they do not overlap with the GHA they can take partial ownership of the house they want and can afford. Thirdly, by enabling more people to buy their own homes there will be less dead money going into the inflated rental sector, which should also stabilise. Finally by enabling this scheme to be applied to private sector new builds, this should encourage developers to start building again. After all, we have enough planning permissions to meet the strategic housing target.

855 The problem is there is no confidence in the market to build. Deputies Perrot, Spruce and Kuttelwascher have already said planning covenants are likely to stifle new builds. This scheme would negate the need for them. By balancing new and existing properties, in other words, adding to supply at the same time as supporting first-time buyers, any possible inflationary effects will be mitigated.

860 On that front, I would like to focus on the wider economic issues here, as I think there have been some pretty simplistic statements made by the Housing Department on this front that need addressing. In the presentation from the Housing Department on Friday, where we were told that house prices are not affordable so home owners needed to reduced their asking prices and then people can buy them, now it is important to consider this point as it does underpin the approach the Housing Department is taking, which is that the only solution is the GHA Partial Ownership Scheme. The Department claim that house prices are unrealistically high and any scheme would only make people afford unrealistically high prices. But if house prices are unrealistically high then what is a realistic price. If the hope is that prices will be such that the GHA Partial Ownership Scheme was not required the prices would have to fall by 50%. That would be disastrous for existing house owners and the wider economy.

870 Now, recently the Housing Minister, in an e-mail to a concerned father whose son could not sell his flat for what he bought it for, stated, 'You take a risk when buying a property.' But in the next paragraph he states that 'the GHA partial ownership model is an excellent scheme as people take their equity and buy in the private market.' Well, sorry, that is all well and good, but not when prices are falling, they do not.

875 Deputy Hadley just said there are those who have moved from partial ownership to the private sector: yes, courtesy of increased house prices. Deputy Hadley talks about the UK experience. Well, this is Guernsey, not the UK. There is not the churn of people in and out here that would have the same effects. When prices fall people sit tight.

880 The Housing Department also claim that feeding a property market risks a dangerous increase. Well, let's go back to what I said at the start, and what has already been made crystal clear by others yesterday. The market in 2014 was the worst on record. 2015 is even worse. Talking to those in the industry, house prices have fallen 10% to 15% in the last 18 months already. Professional valuers are valuing today 20% below last year's actual prices. 20% cut is not slight pressure, just to remain inflation neutral there would need to be a 20% upward movement in current price aspirations. A falling market weakens the wider economy that benefits from properties being bought and sold, for carpets, curtains, home furnishings, electrical goods, builders' merchants, all types of tradesmen, DIY stores, and all the related employment and taxes that all these provide. I say we are at a position where we need to intervene in the property market simply to restore stability before a modest growth might be seen. The Housing Department has to be careful what they wish for, as there is evidence that a sustained fall in house prices can play a crucial role in causing an economic recession. (**A Member:** Hear, hear.) Putting in place a scheme that supports first-time buyers will give greater stability to the market not cause rampant inflation.

895 Now in terms of using the bond proceeds, I have heard some members of T&R might object to using it now. Well, hold on, the whole reason why this was suggested in my original amendment



900 was because of paragraph 7.14 of the 2015 Budget, when T&R said there were merits in using the  
Bond proceeds for a first-time buyers scheme. Now some might say that you can get cheap loans  
from the high street bank, just look at the adverts. Well, I would say you are not living in the real  
world. What is advertised is not always what you can get, just like an airline ticket to Australia for  
£50. There are so few lenders here who understandably do not want to be overexposed to the  
market, and go through phases of lending and not lending to manage their risk. Yes, we need to  
get more lenders here, but when is that going to happen? In any event, interest rates are not  
905 relevant in this case. We are aiming at people who can afford mortgages, indeed are forking out  
high rents at present, but cannot get a mortgage full stop.

Finally, I think it is important just to recap how such a scheme meets the criteria set out in the  
policy letter. Criterion 1: it is not inflationary. There is no evidence to suggest the scheme will  
contribute to further increases in house prices. By helping first-time buyers have access to the  
910 property market they would not ordinarily, it could be inflationary. However, this can be mitigated  
by balancing provision of new builds and existing properties. As I just spoke about the current  
economic climate, whether it would be inflationary I would question.

Criterion 2: it does not help a minority of buyers in a way that causes harm to the majority. I  
say creating more confidence in the market, as this scheme will, will help everyone, not least the  
915 developers who will see the benefit of building again, and boy, do we need that! Deputy  
Sherbourne said as much yesterday. Deputy Laurie Queripel spoke about how developers wanted  
to get involved in creating affordable housing, but they were getting nowhere with the Housing  
Department who are wedded to one model. I do wonder whether the GHA believe they are the  
only solution. I suspect that they would actually welcome it, certainly given the gap between their  
920 target of 80 builds per year and that that the Housing Department were hoping for of 171.

Criterion 3: on balance, based on all available evidence, the costs of implementing any scheme  
are outweighed by the benefits it brings about. This scheme will increase revenue, enable  
affordable housing without grants or subsidies, encourage people to stay rather than leave  
Guernsey, and hopefully entice back our home-grown graduates back to the Island, something  
925 that is not just a benefit but essential for the future of this Island.

This scheme passes on all counts and so deserves further investigation. The proposals we  
would like T&R to investigate will not only complement the GHA scheme, but will provide various  
additional advantages and halt the current decline in the housing market, as well as benefit the  
wider economy.

930 So, in summary, yes GHA scheme has a place but it cannot be, and is not the answer to  
everything. On that basis we need to ensure we have an alternative that gives the market more  
confidence and stability, and I urge all Members to support this much needed amendment.

**The Bailiff:** Deputy Le Clerc, do you formally second the amendment?

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**Deputy Le Clerc:** I do, sir, and reserve my right to speak.

**The Bailiff:** Thank you.

940 Does anyone from either the Housing Department or the Treasury & Resources Department  
wish to speak on the amendment at this stage in the debate? You have the right to do, but you  
will not be able to speak later if you speak now.

**Deputy Kuttelwascher:** Sir.

945 **The Bailiff:** Deputy Kuttelwascher, Deputy Minister of T&R, yes.

**Deputy Kuttelwascher:** Interesting. This is a classic example of an on-the-hoof amendment. I  
first read it on Monday evening. (*Interjection*) I did, the board had no opportunity to discuss it.  
Yesterday evening four of us managed to get together for about five minutes, and there was not a

950 consensus at the time. We managed to get all five together this morning for about three and a  
half minutes, and that lack of consensus remains. Therefore I am going to ask a number of  
questions which may just try and clarify what this amendment is all about.

955 So, firstly, the added Proposition No. 4 is totally non-compatible with Proposition (a) in the  
report. So I would have preferred to have seen it as a replacement for Proposition (a) because you  
cannot support Proposition (a) and then go on to support this amendment because Proposition  
(a) comes out with a recommendation which obviously the amendment does not agree with and  
would like to see an alternative.

**The Bailiff:** The Propositions are on page 2144 and they are 1, 2 and 3, when you referred –

960

**Deputy Kuttelwascher:** Sorry, I was looking at – but you are right.

**The Bailiff:** You are looking at the recommendations rather than the Propositions I think.

965 **Deputy Kuttelwascher:** Yes, my mistake – I have got them now.

So as regards the amendment in particular notwithstanding Proposition 1 and Proposition 1 is  
totally opposed to what is proposed in this amendment. It says:

'to investigate the use of a proportion of the bond proceeds...'

970 My question is what proportion, because it is significant. Because if you were to say £10 million  
or £20 million, you have got to realise that if such a scheme was introduced, that scheme would  
be time limited, and when the Bond funds are exhausted it will come to an end. Yet the  
administration of the scheme will continue while any of these partial ownership mortgages are in  
place. So it is important to decide what proportion, because the smaller the proportion the less  
effect it would have. I would like to know what proportion is proposed. That is not clear in this  
amendment.

975 Also, I would still like to see, or like to hear, what the two proposers of this amendment  
consider to be first-time buyers, because it is a significant issue, because I brought up a case  
yesterday where somebody bought shall we say into the middle of the property market on a  
Partial Ownership Scheme which is not what I would call a first-time buyer. That is why I  
supported the idea of actually publishing these lists, and I suspect there are many people who are  
980 on the lists for Partial Ownership Schemes who could, who could, buy privately, but it would be far  
more favourable to do the Partial Ownership Scheme of the GHA. I know that, and that is an issue  
for me. So the demand for partial ownership may not be as great as is actually presented, because  
it is in direct competition to the private sector, and that particular point of view, again, has been  
expressed through my relationship, or chairmanship, of the Guernsey Construction Sector Group,  
985 they say that is part of their problem. They cannot compete with the Partial Ownership Scheme,  
and that is why, they say, there are so many unsold houses or flats at the bottom end of the  
market. So what do you mean by first-time buyer? That is a question I would like answered.

The next thing is, it says:

'...such a scheme should be so structured as to not compete directly with the GHA.'

990 Now like it or not the GHA is a scheme underwritten by the Government, and here we are  
going to propose another scheme underwritten by the Government, which cannot compete with  
the scheme underwritten by the Government. Now I find that a little bizarre, because the only way  
you could do that is if you actually had a scheme which lent on exactly the same terms as the  
GHA. If they were more favourable you would be competing, if they were less favourable you  
could presume that nobody would want to do it. So I do not see how that can actually function. I  
995 find that requirement actually a little bit bizarre. But there we go. I would like to know what they

mean by not competing directly. To me how it could be complementary when you have to provide the same product. I do not understand how that can be done.

1000 Now, the next bit, I have got some sympathy for, only in the idea of existing properties, because one of the things I have suggested to the Housing Department is 'Why don't you, on a partial ownership scheme basis, actually look at buying up existing empty new properties?' 'No that is not our policy.' But the issue is not a lack of supply. The supply is there. The issue is they are empty. Now, I would seriously like to see the Housing Department review their policy, and at the present time they could buy into new properties that have already been built for partial ownership. I do not understand why that cannot be considered as a possible change in policy, and that would, if you like, satisfy the last part of this. Why do we need to create a new scheme to do that?

1010 The other thing is section (b) it says whether the States – operated by the States should be done directly or through a third party. Well we have already looked at a third party option. If you go down the route of somehow providing funding to a private organisation, then you will in effect be funding their profitability as well. With the GHA that is not the case. So, I do not personally like the idea of suggesting that this could be done through a third party private organisation. We have looked at one particular case. It was rejected. Now whether you think that should have been rejected or not is something that will come out in the debate on the report, but that has already been rejected. So what this amendment is attempting to do is, shall we say, attempt to engineer a different outcome from what the report has decided upon. Now that is fine. I do not know with all these different rather vague requirements what it is that the actual signatories to this amendment would like to see. What scheme is it that they would want? My view is that they must have some scheme in mind. It should have been presented as a requête in good time to instruct the review of a particular scheme, because what we have now is nothing more than a lot of rather vague aspirations if you like, use the Bond fund but we will not tell you how much, you could possibly use a private supplier of the service, what is a first-time buyer? What about how do you not compete directly with something that is already funded by the States? Most of these issues have already been addressed in the report, and obviously the result of the report is not something that is really accepted, or has been wished for by a number of Members, but that is where we are. In fact, if this amendment was to be accepted we could almost come back and present the same report. I am not saying we would.

1020 Now the good news is that they are only asking Treasury to do this. This particular Report was actually commissioned so that both Treasury and Housing would present the report, and most of the research work and information was supplied by Housing, and we were basically looking at and advising on the financial aspects of it, but this would leave it in our ball park, which in a way would give us some more freedom. But what would be the outcome? Are we going to contradict what we have already stated in the Report? I think it is highly unlikely.

1035 The last thing is this business of coming back no later than the end of July. Now that is the next term. If you go back three months that goes back to the beginning of May, which is when the new States will be sitting. So if we were to come back in April to submit the report which three months hence would be presented to the new States, somebody on Policy & Resources will be presenting the report which was prepared by a previous committee. Now I think that is unsatisfactory, so the pressure would be on for T&R to actually see this report, if this was accepted, brought back and debated by the beginning of April because that is when the last meeting of the States is. Which means – (*Interjection*) sorry March, wrong month. March, oh yes, so that gives us roughly a couple of months to sort this out. Three months. Now I find this rather an unrealistic time scale. This is why I say, far better that such an amendment is not accepted. If the supporters of this amendment have some particular scheme they want to bring forward, they should do so by a requête, and then that particular scheme could be evaluated. So I am not saying I am voting against this, because to me it is one of these amendments which at the end of the day is almost pointless, and I would like answers to these questions before the summing up. You want me to give way – I will give way to the mother of the House.

**The Bailiff:** Deputy Lowe.

1050 **Deputy Lowe:** Thank you for giving way.

It is just that while you are on your feet, and you have asked that question. I thought it might help us –

**The Bailiff:** Through the Chair.

1055

**Deputy Lowe:** – as it is a joint report and you are a member of T&R why you signed up to using the term in recommendation 3 ‘to note’. I notice all of this Report actually says ‘to note’ so it does not mean whether you have got our support or not, because that is the crazy way you have gone down asking. Under the Rules it does not mean to agree or disagree. But anyway, No. 3 it says:

1060

‘To note that, with a view to further assisting first-time buyers...’

So you have already signed up to first-time buyers, so what is your definition of T&R of first-time buyers, which may be slightly different to theirs? I would like to know yours.

1065

**Deputy Kuttelwascher:** That is why I asked the question. Because I want to know what the – *(Interjection)* Sorry – no, no, this is why I have asked the question of the people laying the amendment what they understand to be first-time buyers, never mind what is in the Report, because – *(Interjections)* No, no –

**The Bailiff:** Can we have through the Chair, please, there is debating across the...

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**Deputy Kuttelwascher:** It is our Report but it is not our amendment and they use the word first-time buyers, and that has different connotations for different people. I want to know what the definition – how they regard – maybe they do not accept what is in our Report. What is a first-time buyer to them? That is it. It is quite reasonable.

1075

With that I will close my comments, sir.  
Thank you.

**The Bailiff:** Deputy Lester Queripel.

1080

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

Sir, I am going to support this amendment, despite what Deputy Kuttelwascher just said, because I am a great believer in doing things in tandem, wherever possible, rather than isolation. Not only is this amendment seeking to work in tandem, it is also seeking to complement. I resonate completely with that approach, sir.

1085

Just to pick up on some of the wording of the amendment, for the benefit of fellow Islanders listening on the radio who may not have seen the amendment, I would just like to repeat part of 4 (a) (i) and (ii) which tells us, such a scheme should

‘...be structured so as not to compete directly with, but be complementary to, the Guernsey Housing Association’s Partial Ownership Scheme’

And also the part of the explanatory note which tells us that

‘...the release of sites for new developments under the GHA Partial Ownership Scheme will take time to materialise, it is evident that further initiatives need to be developed to assist first time buyers...  
This can be achieved through the creation of a modern day successor to the States Loans for Workers Scheme...’

1090 As I have already said, sir, I resonate with that completely, especially when I look back and think of friends who benefited from the original Loans for Workers Scheme, because that scheme enabled them to get on to the property ladder, and prior to that they had no hope whatsoever of owning their own property. That scheme gave them the opportunity to do so. In a very real sense it transformed their lives, it visibly lifted their spirits, and it generated a much needed feel-good factor. It made them feel good about themselves, and it made them feel good about their Government. It was a win-win situation.

1095 Just to expand on that point in closing, sir, the majority of this Assembly signed up to the States' Strategic Plan, and that plan has a statement of aims, and the number one objective of that statement of aims is 'to improve the quality of life of Islanders'. Well, sir, it seems to me as though this is a perfect opportunity for us to go some way along the path of doing just that, and attaining and achieving that number one objective.

1100 Now, I would like to finish by elaborating on why we not only need to provide Islanders with choice but surely we have responsibility to do so. Because the definition of affordable housing was laid out in paragraph 4.3 on page 2022 reads as follows:

'Affordable housing is for households who cannot afford to purchase a property or rent a private property, and who are therefore reliant on social rented housing or partial ownership housing provided by the... GHA.'

1105 Well, sir, that is absolutely wonderful for those Islanders who want to sign up to a partial ownership agreement, but what about Islanders who want to accelerate proceedings by way of having the opportunity to be able to look forward to having total ownership of their home? As Deputy Soulsby has already said, sir, they are in limbo. There is no help, or support, currently available to them. Supporting this amendment will provide an opportunity for that help and support to be made available to them.

1110 Thank you, sir.

**The Bailiff:** Now, I think Deputy Trott wishes to speak on the amendment. Is that right Deputy Trott?

1115 **Deputy Trott:** Thank you, sir.  
You are very kind.

1120 Sir, the current downturn in the housing market creates many implications and consequences, most of which are obvious and quantifiable, but also some which are less obvious and only properly identifiable, I would argue, by those working in the industry. Sir, with this in mind a number of longstanding estate agents asked me to meet with them, and this is what they said:

'The current housing market is frozen or freezing from the bottom upwards. Many people make reference to older people with larger properties downsizing and not needing a mortgage, but they are as stuck as anyone else, because their potential buyer is part of a chain, which is frozen at the bottom, usually because of a lack of funding.'

They go on to say, sir, that

'...advertising would suggest that 90% to 95% loan to value mortgages are freely available to young buyers.'

The reality, they say,

'...is that those mortgages are very hard to come by, and mostly dependent on parental underwriting, usually in the form of a bond against the parents property. In practice most parents are unable, or unwilling, to accommodate this idea. In addition, most of the higher loan to value mortgages available have extremely high interest rates, which impacts on the affordability assessment which the lenders use, which is income versus outgoings, and quashes the mortgage offer in any event. Historically most people who have owned and outgrown a small starter home would be in a good position to re-sell that property after two or three years of ownership, thus keeping the supply of starter homes replenished. Many people who purchased in the last three years, particularly taking their purchase related fees into account, will now already be in negative equity, and therefore unable to consider selling and moving up. If the trend is allowed to continue the supply of starter homes will slow down at best and dry up at worst. It has been suggested that a solution to the starter home issue would be to increase the supply of affordable (subsidised cost)

housing. Whilst this would appear to be an obvious solution, increased availability of this type of housing will only worsen the plight of existing starter home owners who wish or need to move on.'

Also, the estate agents, I would remind the Assembly, say:

'Why increase the supply when there is an existing supply that simply needs unlocking. Now there are many people who are wanting to sell and move on who have homes in the middle bracket, which apparently is the £450,000 to £550,000 band who are discovering that their property is worth less than a valuation they had a year ago are sitting tight and hoping that the equity debt balance will be restored. They are also waiting to see, what, if anything, will be done to unlock the bottom of the market to provide buyers for their middle section of the market.

With regard to the perceived shortage of starter homes developers have become nervous about building lower value homes because of lack of funding for their would be purchasers. The result is a lack of interest from developers for sites which are currently for sale, inevitably this will lead to an undersupply in the next few years if the trend is not reversed.'

1125 They conclude, sir, by saying that:

'many of the unhealthy trends referred to previously will continue to deepen and become more difficult to reverse.'

Now, sir, I am fortunate, some may say, in mixing in circles where there are a number of highly qualified economists, and I thought I would ask their view, and this is what they said. They said:

'We need to stimulate demand to get the market moving again. The multiple of house prices to earnings reflects a structural change in the market following lenders decisions to lend on higher multiples of joint earnings than in the 90's...'

The data within the report certainly supports that view. They say, sir, the economists:

'We should not have allowed it. That is how we created the bubble that we have to deal with today.'

1130 Now, these are my words, sir. Our challenge is how we handle the manner and speed at which this bubble deflates, and it must be done with extreme caution or the unintended consequences will be material.

Now, sir, on page 2142 of the Billet, paragraph 72 is particular relevant to the discussion today and particularly relevant to the discussion on the amendment. That paragraph says:

'There is perceived to be a shortage of lenders.'

1135 No, there is not sir, it is not a perception; it is a reality there is a definite shortage of lenders. We have witnessed the market contracting significantly over the last few years. There is a shortage of lenders in the Guernsey market which is suppressing competition in lending.

'The Treasury and Resources Department intends, in conjunction with the Commerce and Employment Department to review any barriers to entry, and measures that could encourage new entrants, and the merits of the savings and loan type institution being established in Guernsey.'

1140 Now sir, if I got undertakings today from particular the Treasury & Resources Department that those discussions were significantly more advanced than I believe them to be, then in my view there would be no need for the amendment. But I am not convinced that is the case, because I am a member of the Commerce & Employment Department and I am aware of no initiatives coming cross our desks that would suggest that this work stream is advanced.

Sir, the concern I have about providing a soft landing for the housing market is absolutely essential, because if we do not, I share the views of others that the consequences will be very significant indeed.

1145 Thank you.

**The Bailiff:** Deputy Fallaize and then Deputy Hadley.

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

1150 I just want to follow on from some of the things that Deputy Trott said. There is no question  
that the price-to-earnings ratio has gone off the scale. If one goes back 30 years, you would find  
that the average price of a local market home was probably not more than four or five times  
average earnings, and now we are advised that it is around 15 times. There are two things which  
1155 have contributed to this. The first is the change in the family model from a one-person income  
household to a two-person income household, and the second change is the one which Deputy  
Trott's economists refer to, which is the liberalisation of lending policy, both in terms of lenders  
being prepared to lend on the basis of joint income, rather than single income, which was the  
convention for a long time, and the falling interest rates, and lenders being prepared to lend on a  
1160 higher loan to value ratio. They are the causes of the challenges that we now face in the housing  
market.

My reluctance to vote positively for anything in respect of this debate is that I do not believe  
that we are in receipt of anything like sufficient information to enable us to intervene wisely in the  
housing market.

This policy letter does what it says on the tin, in a sense, and it does what the Deputy Soulsby  
1165 amendment of October 2014 asked it to do, but what it does not do, in any way, is provide the  
States with a rational comprehensive analysis of the condition of the housing market, and an  
analysis of the causes of the conditions of the housing market, or an analysis of the possible  
solutions. We are just not in receipt of that information. We spoke yesterday in the debate on  
public service reform about the need for – or I did – about the need for the States' Members to be  
1170 in receipt of better information, and more information, when making policy. Here we are being  
invited to make policy with a blindfold, and we cannot know whether any intervention we make  
would be wise. Now, I am in favour of market intervention generally, although I was amused at  
Deputy Paint's reference to a 'Corbynite' approach because then the Deputy Minister of the very  
Department that Deputy Paint sits on said that the Housing Department's aspiration was to drive  
1175 down house prices in the market. I thought, 'Well, that is intervention in the market on a scale  
which I certainly would not contemplate, (*Interjection*) although Deputy Paint may have been  
talking about former Deputy Len Corbin. I know that. (*Laughter*)

But if one looks at paragraph 12 in this policy letter, we are advised of the breakdown of some  
of the figures of people who have taken advantage of the existing Partial Ownership Scheme.  
1180 There have been 153 units of accommodation made available through the scheme in the last 10  
years; 28 of the 153 units have been resold. Now that is less than 20%. In 10 years of the scheme.  
Now one has to ask what is the purpose of the scheme? If the purpose of the scheme is to allow  
people to get on to the property ladder as first-time buyers and then move up through the  
ladder, it is not working, because more than 80% of the people who have taken advantage of it  
1185 are not moving up through the housing ladder. Some of the people who are purchasing through  
the Partial Ownership Scheme are not first-time buyers in the conventional sense of first-time  
buyer, they are, some of them are, older people who are taking advantage of it. Some of them are  
people who have exceeded the social housing tariff, so they have been pushed in to the private or  
partial ownership arrangement, because we are no longer prepared to provide social housing for  
1190 them. Some of them, picking up a point I made in the previous debate, and I know this is a  
controversial view, some of them are people who should still be in social rental housing. We have  
pushed too many people who ought to be in social rental housing into the private sector, which  
has also contributed to driving up the cost of housing.

What we need to do is to define what our objective is, because if the objective of the Partial  
1195 Ownership Scheme is to, or if our objective is to unlock the first-time buyers area of the market so  
that people can move relatively swiftly through the housing ladder, well the evidence is that the  
Partial Ownership Scheme over the last 10 years is not doing that. To extend it further is not  
necessarily going to fulfil our objective. So, I think the words of the economist that Deputy Trott  
quoted from we ought to heed. Even those of us who generally are prepared to accept  
1200 intervention in the market must accept that we should intervene wisely. It is no good just  
intervening indiscriminately, because we may cause even bigger problems than exist already. We

cannot possibly intervene wisely on the basis of the policy letter that is before us today. What is needed – whether it is from the Housing Department or from elsewhere, I am relaxed about – is a comprehensive analysis of the economics of the housing market. We do not have that, we never have had that, and I fear that previous interventions in the market have been unwise, and that if we try today to make further interventions they will be equally unwise. For that reason, sir, I think I will have to vote against the amendment and against – I know the Propositions are only to note – but frankly against them as well, because I do not want to intervene, use policy levers to intervene, on the basis of a complete lack of analysis and evidence.

Thank you, sir.

**The Bailiff:** I said I would call Deputy Hadley next, and then Deputy Le Clerc.

**Deputy Hadley:** Mr Bailiff, Deputy Soulsby said that the Housing Department should be really pleased with this amendment, well I am pleased to see that she recognises the value of partial ownership scheme over other first-time buyers' schemes that we considered when drafting the policy letter. She is so enamoured by the scheme, in fact, that she hopes the States' Bond can be used to create more partial ownership across the Island. But if I understand her correctly the new partial ownership scheme would turn pre-existing private properties, largely, into partial ownership properties. Although she did refer to new build properties as well. In other words the expansion of partial ownership will no longer be reliant just on the Guernsey Housing Association wishing to build more homes.

If the proposed scheme was to involve the States funding a third party, a private for-profit organisation, to operate the scheme then the Housing Department would argue against it, on the grounds that such a scheme sounds identical to the assisted mortgages scheme that was evaluated and found wanting in the first-time buyers policy letter.

If such a scheme was to involve the States buying pre-existing properties outright and then selling a proportion on to first-time buyers, in other words replicating elements of the GHA scheme, then the Housing Department would still have three main reservations.

Firstly, such a scheme would do nothing to increase the supply of housing across the Island and so would not help to prevent further increases in house prices.

Secondly, unless the States was to place restrictions on the new partial ownership properties being extended, as happens with the GHA, then the next generation of first-time buyers might find them unaffordable when they are put on the market at an increased value.

Thirdly, a newly built GHA property sold via the existing Partial Ownership Scheme makes a small profit, and the difference between the build costs and the sale price can be reinvested in the provision of affordable housing and that helps reduce GHA's dependency on capital grants from the States. There would be no such profit element when the States bought pre-existing properties.

So Deputy Soulsby's scheme, on the face of it, would do nothing to stop rising house prices and would expose the States to greater risks than the existing Partial Ownership Scheme.

I do agree that the Island needs more partial ownership properties, but any additional funding from the States' Bond should be directed towards the existing scheme and not a pale imitation.

Now, to deal with some of the points raised by Deputy Trott, where he was saying that estate agents had advised him that the market is stuck, and the market needs stimulating to enable the whole chain to move. Well, we agree, and he said we should intervene, or achieve that, with extreme caution, and incidentally, I was no way suggesting that housing prices should fall off a cliff, or that we were aiming to drive prices down. Now, I think Deputy Soulsby's amendment is too risky because it does risk inflating the price of houses.

Deputy Fallaize asked me... seemed to suggest that the Partial Ownership Scheme is a failure because over 10 years only a small proportion of the houses has been re-sold to enable people to move on into the private sector. Well, what we have to remember is that over that 10 years starting at a small number, the number of partial ownership houses has increased, so it is not right, as he surely must understand, to take the final figure at the end and a percentage of that as an



1255 indication of the success of the scheme. But the other issue about people not moving in to the  
private sector is that as we know the market is stuck. So that people cannot move in to the private  
sector with the risks that are entailed on a falling market, and I think what is likely to happen is  
that when the market does eventually start to move, as it will, then at that point I think we will see  
move people moving from the Partial Ownership Scheme into the market. But the other reason  
for having – yes –

1260

**The Bailiff:** Deputy Fallaize.

1265 **Deputy Fallaize:** I thank the Minister for giving way. Would he not agree with me that what he  
has just said... well, it seemed counterintuitive? The problem with... I did not say the Partial  
Ownership Scheme is a failure. I am saying I do not think its objectives have been very well  
defined. But if one of its objectives is to move people initially into a sort of co-private sector, if  
you like, then to get them on to the next rung of the housing ladder, it should become easier for  
them to move on to the next rung of the housing ladder when prices stabilise, or fall, as they have  
been. So when Deputy Hadley says when the market becomes unstuck and prices start to rise  
1270 again we will see people moving out of the Partial Ownership Scheme that seems to me  
counterintuitive. It would be more difficult for them to move from partial ownership into owner  
occupier, would it not?

1275 **Deputy Hadley:** Sorry, he is right. Sorry, I am getting muddled up now.

I suppose what we are waiting for is, and as I said we do not want house prices to fall  
massively, and realistically what we are talking about is waiting until inflation causes an increase in  
people's wages, so it is going to take time, but we cannot wait for that to happen. Because, let's  
argue it through, if housing prices did fall dramatically that would be damaging to the economy,  
as people have said. If on the other hand what we are really saying is that we are waiting for  
1280 inflation and peoples rising wages to enable houses to become more affordable, which is the  
likeliest scenario, then we have to wait for that to happen, and for the market to then start  
moving. So people are going to be stuck in the private ownership properties for a considerable  
time. Once the market starts moving then people, I think we will find an exodus of people from  
the partial ownership scheme into the private market. That is what I would hope.

1285

**Deputy Fallaize:** Only if wage inflation exceeds the inflation in the capital value of housing  
surely. Now, can Deputy Hadley point to any period in the last several decades when that has  
happened?

1290 **Deputy Hadley:** No, but perhaps Prof. Conder will. *(Laughter)*  
The other two points about the Guernsey Housing Association –

**The Bailiff:** Deputy Kuttelwascher.

1295 **Deputy Kuttelwascher:** Sir, I just want to answer that, something that Deputy Fallaize has just  
said. If you look at the open market that has happened in the last five years and a lot of the  
properties have halved, so depends which market you are looking at.

Thank you, sir. *(Laughter)*

1300 **Deputy Hadley:** Back to the Guernsey Housing Association Partial Ownership, there are two  
other very good reasons for wanting the partial ownership model. It enables more money to go  
into the building of houses, because if somebody can buy a section of a property then obviously  
some of the funding comes out of the person living in the property, rather than just the Guernsey  
Housing Association, and I refer to Cour du Parc where the States provided the property, but did  
1305 not actually have to provide any money, and one of the reasons why we actually got some money

from the Guernsey Housing Association is because they managed to sell more partial ownership flats than they expected, and this helped the finance of that and it has helped the finance of the States.

1310 The other big reason, of course, for building partial ownership houses because on the previous policy of the States there were too many people who did not qualify for social housing because their income levels were above that, and too in partial ownership does deal with people on the next level up, because there are a difference set of criteria. So there are a number of things about partial ownership which I think are very good. In the short term it gets some of the people into better housing. We have got 273 people also waiting at the moment, and if we did deal with all of those then I am sure more people would move in. So we are dealing with the housing problem at the moment by providing social housing, providing partial ownership housing, and in time one hopes that this sector of the market, the private sector, will fill some of the gaps for people who cannot afford housing at the moment.

1320 But I come back to the point that the States' money that goes into the Guernsey Housing Association is not at risk. At the end of the day we own the Guernsey Housing Association, however you wrap it up. It is our asset; it reverts back to the States if ever the Association became a problem. Any scheme lending money elsewhere puts the States' money at risk, and there are so many disadvantages to any other partial ownership scheme. I have mentioned the covenants and everything else.

1325 It is the Housing Department's view that States' money is put into partial ownership housing to help people who cannot afford to buy their own house.

**The Bailiff:** Deputy Le Clerc, then Deputy Paint.

1330 **Deputy Le Clerc:** Thank you, sir.

I am afraid my notes are very disjointed now, but I will have a go, and I will try and answer some of Deputy Kuttelwascher's questions.

1335 I will start with my pre-prepared speech. Sir, I spent some time away from Guernsey and when I returned in 1992 I decided that I would purchase a house. It was a struggle at first on a single income, but over the years I have paid off the mortgage, and would not have stood for election in 2012 if I had not had the stability of owning my own house, and not in a position to have to worry about finding the rent if my political circumstances change. I am telling this preamble as I completely identify with those Islanders who want to purchase rather than rent a property. Rental is dead money; we can look at *The Guernsey Press* you are looking at something like £1,200 per month for a one- or a two-bedroom property. So this is not enabling people to save for a deposit, and we are suggesting that there are better ways that people can use that money, and it can be used to pay against a mortgage therefore breaking the rental trap. I think if you look at page 2132 of this Report, the two Departments actually acknowledge, in paragraph 21, that people want to own their own property and I will just read it:

'At the core of this report is an assumption that there is little political will to move to a more European model, where renting a property is at least as common – and acceptable – as owning one.'

1345 I am supporting this amendment because I feel that the Report presented to us today just gives up on first-time buyers. My belief is that this is not what the public of Guernsey are expecting from us. They want us to find a solution. Listening to the debate yesterday and today I believe that this Assembly also wants to find a solution and look at some options.

1350 We need to retain our skilled young people. We need to ensure that those who want to stay in Guernsey are provided with an opportunity to purchase a property, if they want to. With an aging demographic we need as many people in work as possible, and I know Deputy Dorey questioned some of the statistics on the aging demographic, but the graph he was looking at yesterday in the Housing Needs Survey assumed a net migration of 200 a year, so we have to – I do not think we are going to achieve that, so looking at that aging demographic is still a worry from my

1355 perspective, and some of the department work and committees I have been on recently. So we  
need to encourage Guernsey people with essential skills to come back to Guernsey to live and  
work. Those people who left Guernsey to either pursue a higher education, or to increase their life  
skills, and who want to return are finding it increasingly difficult to return to high property prices  
and to get on to the property ladder.

1360 Like many other speakers this morning I acknowledge that we have the GHA Partial Ownership  
Scheme, and it has been a good scheme, but in my opinion this is not enough. We need a scheme  
to complement that scheme. Why? Well, to start with we have 153 houses for partial ownership, as  
indicated in the Report, but I think Deputy Hadley today said there are 164. That is since 2005, and  
I think Deputy Fallaize has already commented on this. That is 16 per year, it is totally insufficient  
1365 to meet demand and the target that we previously had set by the Housing Needs Survey. It will  
take another 10 years to fulfil the current waiting list of 250 people on that list, so we are nowhere  
near where we should be.

As I say, we are not providing a variety of options and we need to do this. I know that Housing  
is saying that we should look at the affordable housing policy, but that needs to be approved in  
the Island Development Plan, and again listening to the debate yesterday, I am not sure that those  
1370 proposals will actually succeed.

If I can go on now to some of the questions that Deputy Kuttelwascher asked. This was not an  
on the hoof amendment, Deputy Soulsby and I have been looking at this for some time, but it has  
just taken time to pull it all together, with the summer break and just meeting up with people it  
has been difficult. So I do apologise that it appeared last minute, but it was quite complex and we  
1375 just needed that time to pull our thoughts together.

With regard to the question one that it would replace Proposition 1, I do not see any problem  
with Proposition 1, the GHA. We can still have the GHA Partial Ownership Scheme as the preferred  
Scheme, but this is another option. This is complementary to that Scheme, so I do not see that  
1380 there is any issue with that.

What proportion would we be looking at? Well I think something like £10 million, £20 million,  
£25 million. There would be a limit to what we would be proposing that would be available, and  
one the options that we have spoken to someone with more experience and knowledge of this  
than we have is there may be an opportunity to refinance, and again the people that we have  
1385 spoken to have said that they would have some people that would be interested in that  
refinancing. Now myself and Deputy Soulsby are not experienced in this field of mortgage lending  
and credit etc. – (*Interjection*) no, we are not – so that is why we are asking Treasury to go away  
and have a look at it and come back at the alternative.

The first-time buyer definition, there is a definition already in existence, it is on the GHA  
website, and it is very simple, and it may be something we adopt or maybe something that we  
look at as a basis and extend, but it is a locally qualified person and have not previously owned  
your own home, so that is their definition of a first-time buyer. Very simple, may be the reason  
1390 why we have got people with substantial deposits Deputy Kuttelwascher. Sorry, sir.

It will be competing, the scheme that we have looked at, but I am not saying that this will be  
1395 the scheme. It will not be competing directly with the GHA, it will be looking at a possible fixed  
25-year mortgage. The most important thing is that the GHA scheme is only available to  
properties on the GHA sites, this one we would hope to expand to private developments, and to  
existing properties, and we would expect there to be a target split between that which should  
help reduce the inflationary aspect of some market intervention.

1400 So, I think this is very different from what has been proposed. It would actually help the  
property market as it is at the moment. We have got a lot of newly developed homes that are not  
selling, so one would hope that that would start to move some of those new homes. So it is going  
to be different to the GHA scheme.

With regard to the third party option, I think when Deputy Soulsby and I spoke about the  
1405 amendment we thought we did not want to limit the report, or the findings, or Treasury &

Resources, to just looking at a private option, so we felt by putting in a third party option a private or public partnership that we were expanding the scope of what could be looked at.

1410 With regard to the date, we would have liked to have asked the Treasury & Resources to bring back for this term, but we just did not feel it was realistic that they would have the time to bring back a suitable report, and to do the work that needs to be done, so we felt by extending it to June 2016 that that was a more realistic date. Every department will have work in progress that they will be handing over to the next department or the next committee. So I do not see that as a problem.

1415 With regard to intervention, I know Deputy Trott and Deputy Hadley have spoken about intervention. I do not think doing nothing is an option. At least if you approve this amendment it brings it back to the table, it is having another look at it. I do not think we have all the solutions in our amendment, but we just want somebody to do something for the young people of Guernsey and those first-time buyers of Guernsey. So please, please support our amendment.

1420 **The Bailiff:** Deputy Paint, then Deputy Conder.

**Deputy Paint:** Sir, I am talking generally not just on the amendment.

**The Bailiff:** I think most people are talking generally.

1425 **Deputy Paint:** I hope everybody can hear me today.

To say that the Housing Department is doing nothing, that is far from the case. There needs to be some thinking out of the box here, which I have been doing for three years with very little success until this week. I proposed something to the board about three years ago that they were not very keen on. Now that has changed because of the situation with housing.

1430 When I had no success there I also took it to SWBIC, no response from there, I am afraid, but there we are. Last Monday I proposed something, I talked over something with the officers, a very clever girl that we have got in Housing, and she saw great merits in that, so we are not just doing nothing.

1435 A brief outline of it is part of the problem with people moving on out of States' houses and partially owned houses, another thing that is partly financed by the States, is that there is a cap on people's earnings. Yes? Now under certain circumstances that cap could be kept in place but a bigger allowance made for people working overtime or extra money that could be saved on their behalf. This is not a very short-term policy, it would take several years, but it would have many benefits. The board will discuss it as soon as the paper is written, and I am sure it will be feasible to do it, and it will come before the States at a later stage. I am happy to discuss this with you privately, if any of you want it.

1440 It is made clear in the policy letter that the first-time buyer's scheme which simply uses taxpayer's funds to enable house owners to meet unrealistic asking prices is going to damage the Island. We appreciate that it is not an easy situation to accept. Any one of us would be grateful to have a silver bullet, a quick fix, to resolve the problem for everyone, but we have to accept that there is no silver bullet.

1445 Housing and Treasury are not suggesting that there is absolutely no way that we can help the constituents, instead we are doing more to support the valuable Partial Ownership Scheme, which is operated under the Guernsey Housing Association. We are not just suggesting that we pursue the Partial Ownership Scheme instead of any other equally efficient measure, it is simply the case that right now it is the only weapon we have in our arsenal which we use to help this situation immediately, without causing further problems in the long term.

1455 Of course, we are not suggesting that to take lots of young buyers out of the private market. The Partial Ownership Scheme is just for people who used to have no option but to rent for the rest of their lives. They have to be eligible to access the part ownership scheme. Your income has to be below a certain point. The existence of the Partial Ownership Scheme does not really affect

1460 the private sector. It might help because it will at least mean that small numbers of households  
who are eligible for partial ownership could maybe afford the very bottom of the private market,  
1465 may choose to leave for the private market. The small number of potential buyers might just  
convince sellers to drop their prices. It does not struggle at the bottom end of the market, there  
are households who would much rather own their own home and try to profit by renovating it,  
they cannot do that with a GHA property. So why do we want to keep the support in the Partial  
Ownership Scheme? Well, it is something we know is beyond doubt helping to improve things for  
1470 our Islanders, people who never before would have a chance to own their own property finally  
have the opportunity to do that. It makes it possible for them to build equity, and we know that  
some of them have already moved on buying a home in the private market. It used to be the case  
that you either had to spend a small fortune buying a property, or you lived in social housing,  
rented housing, or you had no option but to rent in the private market. It is for the last group that  
1475 partial ownership exists. It lets them do something meaningful with their savings, it gives them a  
stake in their own home, and it means that they are not just paying rent, hand over fist, without  
getting a return.

1475 Partial ownership costs about £70,000 per unit. The States retain ownership of each home, and  
it helps to meet some of the significant housing needs. I know that there are young Islanders who  
desperately want to be able to own their own home, and there seems to be a little hope for them  
there. Partial home ownership provides that hope.

1480 In my view anyone who cares about the interests of our first-time buyers must support the  
vision for affordable housing. This means not standing in the way of developments which could  
benefit the Island. Even if it is on occasion such developments are happening on our doorstep.  
Partial ownership is a great scheme, and it is by far the most effective thing that we have to help  
our young people. I trust that the talk we have today and how important our youngsters are to  
our future, will translate into supporting the policy letter and affordable housing generally.

1485 Sir, I am firmly of the belief that the more people we can get to own their own houses the  
better the Island will be.

1485 Thank you.

**The Bailiff:** Deputy Conder.

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

1490 I would just like to speak on the amendment, and specifically to ask Deputy Soulsby if she  
could kindly enlarge on paragraph 4(a). In doing so I run the risk of my friend the Treasury  
Minister describing me as a Jeremiah again – he is probably right, of course – but my question  
relates to the use of a proportion of the Bond proceeds to provide seed funding. We learnt, or  
were reminded, yesterday that the coupon rate on the Bond is 3.375% and colleagues may recall  
1495 that when this Assembly approved the Bond there was a clear undertaking that the £80 million  
which was not attached to the public sector privatised utility companies and so on, the  
£80 million, which in effect was not attached to that, would only be utilised where there was a  
clear income stream. Now I assume the income stream from these proposals in the amendment  
would be from the mortgages or the rent, however you describe it, that the first-time buyers  
1500 would pay. But there is a fixed rate of 3.375% that the Bond is costing. Could I ask Deputy Soulsby  
what would be the position if mortgage rates for example fell below 3.375%. Would the use of the  
Bond require the new mortgage holders to pay above or at 3.375% which could in a declining  
market be well below the extant mortgage rate, and that would be a requirement in order to meet  
the requirement we placed upon ourselves that the use of the Bond would always generate an  
1505 income which would meet the cost of the Bond. So it is a very specific question. I think I heard  
Deputy Le Clerc talk about a figure of £25 million, that is a significant proportion of that  
£80 million, forgive me Deputy ... that hangs around our neck like a millstone, that is just my dig  
again, sorry. But that is a very significant proportion of that Bond, and I wonder to what extent if

1510 this amendment was approved and implemented we could be sure that we could meet the requirements of generating an income greater than the coupon Bond.

Thank you, sir.

**The Bailiff:** Deputy Laurie Queripel, and then Deputy Harwood.

1515 **Deputy Laurie Queripel:** Thank you, sir,

I think I will be speaking just on the amendment. Firstly, I want to thank Deputy Soulsby and Deputy Le Clerc for bringing this amendment. In a way I sort of pre-empted this when I spoke yesterday on the review of the Strategic Housing Target Report. When I spoke yesterday this was the kind of thing that I was thinking of, other ways, mechanisms, to help first-time buyers on to the property market, and to complement what we already offer. What I really like about it, sir, is it is a scheme that will utilise existing properties, not just rely on new builds. It is not the Guernsey scheme, it is not simply offering a deposit, it is smarter than that, and it should not have a significant inflationary effect.

1520  
1525 In the meantime, as Deputy Lester Queripel spoke about working in tandem, in the meantime the work of the Guernsey Housing Association and the Housing Department, their partnership can go on increasing the supply of new affordable housing.

Now, sir, Deputy Lowe spoke yesterday about the missing data, the missing information, the information we do not have, and Deputy Fallaize, of course, said a similar thing today. There is lots of information that is missing to help us to inform our choices, and I appreciate that.

1530 Deputy Lowe was speaking about the amount of empty houses around the Island, and we do not know the amount estate agents will have on their books, and how many will fall into the affordable category, and I think that is a piece of work that is worth doing, and I will support her in asking the Policy Council to carry out that piece of work, and that actually could all, if this amendment is approved, that work could actually be combined with the work to develop this scheme that Deputy Soulsby and Deputy Le Clerc want to instigate.

1535 Actually, Members may remember when we had a debate a few months ago, I actually brought this up, because I read in the *Jersey Evening Press* that there was roughly about 2,000 empty properties in Jersey that have been lying empty for a long, long time, and the Jersey Government were looking at ways to try and bring those properties back into circulation, so they could be used. I remember when I said that Deputy Perrot said that he would look into that and perhaps ask T&R to have a look at what Jersey are doing to see what we could do about that. I have heard nothing since, but Deputy Perrot took note of that and he did mention he would bring it up at T&R. Clearly there is lots of information missing in regard to the information that Deputy Fallaize was talking about, and the information that Deputy Lowe was talking about in regard to empty properties. But, I think actually if this amendment was approved that work could go ahead, so it could inform the kind of scheme that Deputy Soulsby and Deputy Le Clerc want to bring into being.

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1545  
1550 Clearly, there is a lot of detail to work out, but in principle this is what I was alluding to yesterday, finding a thoughtful way to attack this housing problem from more than one angle, and hopefully, actually, to add to the variety and type of properties available and the location of those properties as well.

I did not vote for the Bond when we debated it some months ago, I am in the same camp as Deputy Conder on that one, but now we have got it I want to make use of it, sir. (*Laughter*) I am what they call an opportunist, and I want to make use of it (*Interjection*) I want to make use of it in a tangible way, a way that would provide real and visible benefits, a distinct way. We often hear, we look at the accounts and things, and we see that we have all these investments in various places, and we hear about their performance and how much we have invested, and I am sure, I am sure that works to the benefit of Guernsey, but we do not see that in any sort of distinct or clear way, and this I think is a way that we can show, if we have an investment we can show in a tangible very clear and visible way that we can use that investment to benefit the people of

Guernsey. As I say I did not vote for it, but now we have got it I would like to see us make a really good use of it, and I think this is a very good way of making use of what that Bond brings to the States.

1565 So, sir, like Deputy Hadley, he is a man who likes to see things get done, he likes to see results, and I like to see results, and I believe, as I said, there is a lot of work to be done here. I know Deputy Kuttelwascher raised a number of questions, but surely all that information, all that detail, can be teased out if we approve this amendment, and then this scheme goes on to be formed and shaped. Surely, that can all be teased out when that happens.

1570 I will be voting for this amendment. I say well done to Deputy Soulsby and Deputy Le Clerc, and I say let's just get on with it.

Thank you.

**The Bailiff:** Deputy Harwood.

1575 **Deputy Harwood:** Thank you, sir.

I confess that as this debate has developed I have become more and more confused, because I am not sure whether the purpose of the amendment is genuinely to tackle first-time buyers, or whether it is actually an attempt to prime the property market in general. Certainly Deputy Trott, I think, probably was suggesting support for the amendment on the grounds that he wants to prime the market. Others, I think, are more concerned about the affordability issue, and therefore relating to first-time buyers. So I am confused.

1580 I am confused particularly because the amendment suggests that the shared ownership arrangement would apply not only to new builds but to existing properties, and it is the reference existing properties that particularly causes me concern, because if this amendment was approved, and if the scheme was implemented in order to implement the proposal, it does not necessarily add to the housing stock, all it would take is take existing properties that are available. The States of Guernsey and the figure that has been suggested of £25 million would effectively be the States of Guernsey putting £25 million into the property market. Now, sir, I have just done a quick calculation based on if one assumes the figures on page 2131 talk about average house price of £449,000, allow an average house price of £400,000, £25 million will only buy you six properties at today's inflated prices. Now, there may be deals to be done whereby you can buy in properties at a discount – (**A Member:** 60.) (*Interjections*) 60 sorry, even my calculation works that out. But even at 60 it is not going to make a huge difference to the first-time buyer. All it will do, sir, is underpin existing inflated prices it will not address the affordability issue. Of course, the estate agents that Deputy Soulsby and Deputy Le Clerc have talked to, and Deputy Trott has also talked to, well they would rub their hands with glee if the States of Guernsey was suddenly to hand over to them £25 million, they would be getting considerable commissions on sales that at the moment they cannot achieve.

1595 Sir, the other point that I think causes me concern is that partial ownership, as it is structured, depends upon the re-purchase structure; that is the whole essence. We have heard that there have been 24 people who have had partial ownership where Guernsey Housing Association has re-purchased, when they have moved on. Now, sir, is anybody seriously going to suggest that there are developers out there who will hold property for about 25 years, whilst the shared ownership process proceeds, no they will not, they will require the States of Guernsey – and I come back to the figure – the States of Guernsey to buy outright the property and then for the States of Guernsey to take on the risk, and the financing cost, of the entire shared ownership project. Of course, the States of Guernsey having bought the property at £400,000 having entered into a shared ownership, even if the first-time buyer can actually afford their part of the equity, the States of Guernsey would then be required, and obliged, to buy back the property when the person moves on through the shared equity process at then inflated prices. Now the reason why the shared ownership scheme works at the moment is because through the symbiotic relation between the States of Guernsey and the Housing Association the cost per unit that is put into the

shared ownership is affordable. I come back to this issue that the amendment that has been put forward does not address affordability, it is merely underpinning today's highly inflated prices.

1615 Sir, Deputy Lester Queripel referred to loans for workers, and yes that was a scheme that was needed in the 1950's and 1960's in order to encourage people (a) to develop properties when there was a shortage of properties anyway, to aid them to get on to the property ladder, but to Deputy Lester Queripel, I would ask him would he seriously be encouraging today's workers to take out loans in order to fund property at 15 times the median earnings, is that responsible government to encourage that degree of debt. No. (*Interjections*) I would also suggest that if we refer back to history, the property bubble that we have seen caused a global collapse started very much by governments encouraging, particularly in the United States, states encouraging property ownership at prices that people could not afford, and taking loans that people could not afford, and therefore that was one of the reasons why we got into global crisis.

1625 Deputy Trott has talked about our property bubble: yes, there is property bubble, 15 times is not sustainable. What has caused that property bubble? Yes, it has been the lenders who took advantage of very cheap credit, and were able to over-lend, and over-extend, it also was attributable to the fact, and again I think it was Deputy Soulsby or Deputy Le Clerc who referred to refinancing, that rings alarm bells, because the way the bubble developed in the United States was the fact that the banks who were lending were then passing on the lending into collateralised debt obligations which then went viral into the investment markets. The idea you can just re-finance actually is not the panacea. Yes, we need a soft landing for the property bubble we do not want property prices to fall off a cliff.

1630 One other contributor, and Deputy Fallaize referred to the fact that banks were lending on a multiple of joint income which certainly did not happen in my early days, the fact that also people have looked at property as an investment. Property is basically bricks and mortar to give you shelter. It is a home, and it should be viewed as a home. It is also, and this again is where the banks are largely to blame, when it is now easier for a buy-to-let investor to get finance to buy a property and therefore they are also helping to outpace the availability for first-time buyers, and also add to the inflationary effect of property prices.

1635 So sir, for various reasons I would strongly urge the Assembly to reject this amendment. We have a partial share ownership scheme which works, I do not believe that we can come up with an alternative scheme to run aside it that could work without exposing the States of Guernsey to considerable financial risk and adding to the property inflation.

1640 Thank you, sir.

**The Bailiff:** Deputy Dorey and then Deputy Brehaut.

**Deputy Dorey:** Thank you, sir.

1650 I again, declare an interest as having a shareholding in a company that owns a number of privately rented properties. I was not going to contribute to this debate but some of the points that have been made I think are so far wide of what is happening in the rental market that I feel I need to say something. I have heard inflated rental market, high rents, even quoting rental levels. The numbers I do not recognise, they might have been numbers of yesterday, but they are not what is the current rental market, and they do not describe the current rental market. There is downward pressure on rents, just as there are on house prices. New tenants are quite happy to negotiate which was a point not there in the very recent history, they need high quality kitchens, bathrooms etc. to attract them. The rental market is very different to what it used to be. As I said, there is an oversupply in the rental market just as there is in the housing market. It is interesting if you look at the States' monitoring report which has a KPI about the price to earnings ratio, the rents to earnings ratio, and there is a graph which goes back to 2004. It quite clearly shows that house prices have increased relative to earnings, while rents have decreased relative to earnings over that period of time That goes up to 2013 and I think if you plotted beyond 2013 you would see it falling even further.



1665 I agree that you need to be extremely careful before we intervene in the market. If you go back  
to Mike Parr's Report in 2002 that was the message that we should not be intervening in the  
market. He was critical of giving tax relief on mortgages and said we should have ended it then, it  
is only now 13 years later that we have actually embarked on that. I think if we are going to do  
1670 anything we need to, as others have said, understand the market. I do not think we have got any  
understanding. Some of the speeches I have heard today give me a very clear indication that  
people are not understanding what the market is out there. So if we are going to intervene, we  
need to have a proper report first. (**A Member:** Yes.) Without that I would not intervene at this  
point in time.

1675 Finally, people have been very critical of the rental market, but I remind you that landlord's pay  
income tax on those rents at 20%, irrespective of where they live, whether locally or non-locally,  
they employ tradesmen who do their work, they do not basically use the DIY market, so I think  
you need to get a balance into the economic value of the rental market, as well as the social value  
to it. So I would urge you not to support this amendment.

Thank you.

1680

**The Bailiff:** Deputy Le Lièvre – oh sorry, Deputy Brehaut first, then Deputy Le Lièvre.

**Deputy Brehaut:** Easily done. Thank you, sir.

1685 Firstly, I need to congratulate Deputy Paint for discovering a new mineral, 'Corbynite',  
(*Laughter*) which sounds very attractive – probably to be found to the left of the planet, we can  
assume.

1690 Do you know, I will say this and assume that somebody out there is throwing bricks at that  
radio, but this has been and the debate before it has been very open, on both of the Housing  
policy letters, open debate, and a debate that has been probably long overdue. Because as I have  
said consistently in the past, the Housing Department have done very well with regard to  
refurbishing properties, introducing the GHA – and then what? And the 'then what?' has never  
been explored, and has not been explored for some time.

1695 It may be because we imbued the Housing Minister as being the oracle for housing, even when  
we talk housing – when the Housing Minister gets to his feet and talks about housing – of course,  
the Housing Minister only has control of a relatively small proportion of the housing market  
generally, but yet we imbue all that somehow into Housing, the Department, when their control in  
areas is fairly limited, if we are honest. So, it is the 'then what?' we have not dealt with, and there  
just may be today just a couple of bemused chickens looking for somewhere to roost.

1700 When I went to the budget presentation the other evening I asked the Treasury Minister, do  
we fully understand what is happening with the housing market? Deputy St Pier was good enough  
to – if he does not mind me saying so – have a fairly long stab at an answer, because it was one of  
those questions that was a fairly broad one because it is a complex issue. There are so many  
factors that impact on the housing market that we do not quite understand, and it is that not  
understanding that is the issue here,.

1705 In summary, I think that the proposer of the amendment and seconder have come up with a  
panacea for a cure for a condition that they do not fully understand. I think they have the  
medicine, but they are not entirely sure what condition they are trying to treat, and I do not think  
many of us in this Assembly – and I thought Deputy Trott's speech was excellent in dealing with  
the complexity in that regard – we know instinctively as politicians when the community is saying  
1710 'my children cannot afford houses', that cannot be right. But getting that emotion, and getting  
that sense of people being wronged, into an amendment like this is a laudable thing to do, and it  
is admirable, but I think it is missing the point. Because we simply do not fully understand and  
appreciate what is happening with the housing market, and that this type of intervention could  
have impacts that we perhaps do not foresee here and now.

1715 Just in closing before I sit down, I met a friend who works for an estate agent who was valuing  
a property to rent, they said some months ago the property would have been on the market for

1720 £1,200. The message they would have to give to the landlord would be to expect £900 or even  
£850. So that is quite – and as Deputy Dorey has just said, there is no shame in renting if you can  
find the right landlord, at the right rent, and the relationship is good, and I think we should talk up  
the potential to rent, because property ownership is great, but in owning a property you lose  
other... generally the mortgage is the biggest payment, then there is a great deal of secondary  
borrowing, then if we look at the age that women now have children, people have to eat into their  
mortgage before they can start a family, so it is great to be a home owner and, I suppose, we  
encourage that. However, good quality long-term rentals are something we should perhaps talk a  
1725 little but more about.

Thank you, sir.

**The Bailiff:** It is getting close to 12.30. Do you wish to speak now, Deputy Le Lièvre, or wait  
until after lunch?

1730 **Deputy Le Lièvre:** I shall try and fit it in three minutes, sir.

**The Bailiff:** Well done.

1735 **Deputy Le Lièvre:** One of the problems in car sharing with Deputy Fallaize is that none of the  
ideas you come up with of your own you manage to express them yourself. No, that is not actually  
true, but certainly conversations sometime – well, leave it. *(Laughter and interjections)*

**Deputy Fallaize:** This Friday he can find his own way home. *(Laughter)*

1740 **Deputy Le Lièvre:** Right, okay.

It is quite clear to me that we are groping around in the dark. More and more of the speeches  
are making reference to the fact that the housing market is an extremely complex beast and that  
if you mess with it in one area you are likely to create problems in another, and so on and so  
1745 forth.

We need another Parr Report. It is quite clear to me. I was there at Housing when Mike Parr  
produced his report, and an excellent report it was too. We have referred to it, Housing and  
Treasury have referred to it, in their policy letter. They have not actually taken it as far as Mike Parr  
went, because he produced a house price affordability index and that has not actually been  
1750 applied on page 2130. They have got the key figures there, but they have not applied the  
affordability index. If they had done so, they would not have made the sweeping statement that  
getting on the first step or the rung of the ladder is significantly more difficult now than it has  
been in the past, because that patently is not true.

In Mike Parr's day, 1989 to be more specific, the affordability index hit the ratio of 130, and the  
1755 reason is we had high interest rates, the housing market had already started to boom and the cost  
of a loan in relation to earnings had started to make the whole thing totally unaffordable. It was  
now to pay off the interest on a loan was greater than the earnings of the person concerned. That  
is one of key issues. We have swapped interest-related unaffordability for capital-related  
unaffordability. I do not know how that computes into how you mess with the housing market to  
1760 actually bring that back down. What we did have in 1989 was a high figure, which was then  
followed with five or six years of housing stagnation. Whether that will occur now, who knows?  
But we do not understand the housing model at all.

There is another factor. Housing have worked wonders with the quality of their  
accommodation. Why, if you are a social housing tenant, would you want to move out of a well  
1765 maintained, good quality, centrally heated home where the landlord is willing to do anything you  
want at any time.?

The two person working model has helped to create this huge increase in capital.

We do not understand the private rental sector as Deputy Dorey has said.

1770 Mortgage interest tax relief is going to be removed. We do not actually know what impact that will have.

Deputy Fallaize provided me with something, which is a very valid point. In 1984 the price to earnings ratio was about 4 – in actual fact, it was 4.7 – but it is now 15 plus. But in 1984 there was one social housing unit for every 27 residents. Today there is one social housing unit for every 31 residents. We do not even know what impact the provision of social housing is having within Guernsey, and we do not know what the impact of having another 500 social housing units will affect the housing market.

1780 So there are literally more than a couple of handfuls of unknown factors which will impact the housing market, and we are groping around in the dark. We need a proper report on where we are. Now whether that is produced in-house or whether we go outside is entirely up to this Assembly, but the fact of the matter is, I cannot vote in favour of this amendment, and I begrudgingly will vote in relation to the recommendations or proposals at the end of T&R and Housing's report because they do no harm. They are actually saying, 'Just stay where you are for the moment, but in the meantime we must get a better grasp on where we are.'

1785 We have no idea of what impact the proposals in the amendment would have, and we do not really know what we are doing. There is a great void in our knowledge and we are just taking a stab at anything. So I would implore this Assembly, or Housing, or T&R, or somebody to come back with a proper report, a full blown report, which looks at all of those areas which we have great uncertainty in, otherwise we are never going to get anywhere.

1790 Thank you, sir.

**The Bailiff:** Members, we will rise now and resume at 2.30.

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

**Joint Report on First-time Buyers Scheme –  
Debate resumed**

**The Bailiff:** Deputy Soulsby.

1795 **Deputy Soulsby:** Sir, yes. I would like to seek to withdraw the amendment currently in front of Members. Deputy Le Clerc and I have got a replacement amendment to circulate.

**Several Members:** Ohhhh!

1800 **The Bailiff:** Right, well the provisions in the Rules dealing with withdrawal of a motion do not apply to amendments, but the normal practice would be for the Assembly to vote on whether it grants leave to withdraw an amendment.

1805 So, as you have heard, it is the wish of the proposer and the seconder that the amendment that you have presently seen is withdrawn and they will then lay a further amendment. The motion I am putting to you is that the existing amendment be withdrawn. Those in favour; those against.

*Members voted Pour.*

1810 **The Bailiff:** Right, well that amendment is withdrawn. You are then wishing to lay a new amendment. Has that been circulated?

**Deputy Soulsby:** It has not yet been circulated, sir, the Departments concerned have not seen it yet. We are just waiting for copies to be circulated. I do not know if the Departments will want an adjournment.

1815

**The Bailiff:** I imagine the Departments would wish to have the opportunity to consider it properly before we... and it is about to be circulated, is it? Shall we rise then for... I put to you that we rise for 14 minutes. Those in favour; those against.

1820

*Members voted Pour.*

**The Bailiff:** We rise for 15 minutes.

*The Assembly adjourned at 2.33 p.m.  
and resumed its sitting at 2.50 p.m.*

**Joint Report on First-time Buyers Scheme –  
Debate continued –  
Propositions carried**

1825

**The Bailiff:** Deputy Soulsby, you wish to lay your revised amendment.

**Deputy Soulsby:** Sir, I do.

1830

**The Bailiff:** Do you wish to have it read, or are you going to read it, or do you not require that?

*Amendment:*

*To insert two new Propositions after Proposition 3 as follows:*

*'4. To direct the Housing Department and the Treasury and Resources Department (and their successors) to carry out a broad-based review of the operation of the Local Housing Market in Guernsey and to identify and assess measures that can be taken to mitigate house price inflation and influence supply and demand within the market.*

*Such a review to be by way of an independent report, of which the terms of reference shall include, but not be restricted to:*

*a) A broad based review of the operation of the Local Housing Market in Guernsey including:  
Identification and assessment of the factors which drive supply and demand, including the influence of population change and household size;  
Identification and analysis of the factors influencing the prices of houses, including external influences (if any) and the first-time buyer market;  
A review of private sector rental costs and their relationship to other sectors of the housing market.*

*b) A review of current housing finance mechanisms, including:  
An assessment of how house purchases are financed by the 'average' household;  
Mortgage lending policies;*

*An examination of ratios of house prices, in relation to borrowing capability;  
The impact of the Guernsey Housing Association partial ownership scheme.*

*c) An assessment of the role of property prices and of the costs associated with property ownership on inflation*

*d) An appraisal of the various options available for Government intervention in the Housing Market including what effect the various measures may have on housing affordability and housing availability*

*5. To direct the Housing Department and Treasury and Resources Department (and their successors) to report back to the States with their findings and recommendations in respect of Proposition 4, annexed to which is a copy of the independent report, referred to in that Proposition, no later than the end of July 2016."*

**Deputy Soulsby:** I will read it.

*Deputy Soulsby read the amendment.*

**Deputy Soulsby:** Sir, if I can find my notes after all.

1835 Sir, I apologise for laying this amendment so late, but frankly this did come out of debate, and I think it was an absolutely really riveting debate and listening to people's comments. From that came out of it was people saying where is the evidence, 'Well, we want to do one thing; we are not sure whether it is the right thing to do,' and I think Deputies, Harwood, Brehaut, Le Lièvre, Fallaize if not more, made those points. I think Deputy Le Lièvre used the phrase 'scrabbling around'. I think he is correct.

1840 The reason why Deputy Le Clerc and myself laid the original amendment was because we wanted to make sure that things did not just end with the Report that was put in front of us today. We felt that if that just went and things would be as they were and we are in real danger of a position where we did not know what the right thing was but were pursuing a course of action which basically dates back over 13 years, and that takes me to what this amendment is. This amendment is really what they call, and Deputy Dorey mentioned it today, the Parr Report, which was commissioned in 2002 by both Housing and what was Advisory & Finance, so hence my amendment here is Housing Department and T&R Department on the operation of the housing market in Guernsey. A report to the States of Guernsey Housing Authority and Advisory & Finance Committee.

1850 What we have done within this amendment is to take Annex 1 of that original report. Annex 1 sets out the terms of reference, and we have taken that and applied that to this current amendment, sir, to the Report that we want here today. I just think we need something where we have evidence, that is what I say, I stand up here so many times and say we need evidence on which to make proper policy decisions, and at the moment we really do not know that. We do not know where the rental market is at the moment. Deputy Dorey said he thinks one thing; we have got other people who think something else. People say their sons and daughters cannot get on the housing market, whereas other people say well that is not the problem we have got the GHA that can sort that out. We really are in a... we do not know where we are. The situation we are in now is so very different from 2002. We should be saying what is right for Guernsey now. What is right for the people of Guernsey so we have a housing market that works properly?

1860 I urge Members to support this amendment.

**The Bailiff:** Deputy Le Clerc, do you formally second the amendment?

1865 **Deputy Le Clerc:** I do, sir, and reserve my right to speak.

**The Bailiff:** Yes, thank you. Yes, Deputy Fallaize? I see Deputy Hadley is also rising. I do not know if he is wishing to exercise his right to speak or whether he is going to be challenging this in some way.

1870 **Deputy Hadley:** I would like to speak, Mr Bailiff, if that is all right.

**The Bailiff:** Right. Fine. Yes, some people had raised with me the fact they considered the amendment goes further than the original Proposition, so I just wondered whether anybody was challenging it on that ground. But nobody is.

So Deputy Hadley.

1875

**Deputy Hadley:** Mr Bailiff, I mean this is information that it would be lovely to have, and if it was a relatively easy thing to do, and as it says in the bottom 'no substantive financial implication', then I might be in favour of it.

1880

However, Mr Bailiff, it is nonsense to say that this has no substantive financial implications. This is a massive piece of work. I cannot imagine how many thousands it would take to do this. We certainly have not got the resources to comply with this Resolution in the Housing Department. I think it is very bad when departments do not carry out Resolutions of the Assembly, but this is something that just could not possibly be done. Even if it could be done, Mr Bailiff, what would you do with the results? We have already said, a number of speakers have said, in the Assembly that it is not our job to interfere in the housing market anyway. So if this Resolution were to be passed it would cost the Assembly many thousands of pounds, and when we have got the results of the survey we would not be able to do anything with it anyway.

1885

So the Housing Department, I think, firmly oppose this amendment.

1890

**The Bailiff:** Deputy Fallaize.

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

1895

That is a bit odd, I think. The States have a Housing Department. The start of its mandate says 'to advise the States on matters relating to the Island's housing strategy, and a corporate housing programme to meet identified housing needs.' Well, what has come before the States today from Housing and T&R is a policy letter, which by, I think, common consent there is woeful information, insufficient information certainly, to enable us to make the kind of policy decisions to help to resolve, or mitigate, the challenges which exist at the moment in the housing market.

1900

My view of what Deputy Hadley is saying is it is not reasonable for the States to require the Housing Department to carry out its mandate. Now, I do not have any truck with that, I think that if the Housing Department need to apply for more resources to carry out the work that is set out in this amendment, then they need more resources generally, because if they do not have the resources to advise the States on matters relating to the Island's housing strategy, what are they doing?

1905

I agree with this amendment in the sense that it effectively deals with the criticisms that many of us were making this morning, that we are being asked to make policy without adequate information, but there is one problem with the amendment, which I think is the reporting back date. Now, Proposition 5 directs the independent report to have been commissioned, all of the work to have been carried out, the report to have been written, for it to have been received by not just one but by two departments, for them to put together a policy letter containing recommendations, and then for it to be submitted to the Policy Council at least 11 weeks before it is submitted in a Billet in July 2016. Now that means that it will have to be finished by, in effect, the end of March.

1910

I find it difficult to believe – we are debating here today a policy letter which directed a tiny portion of this work to be carried out, just in respect of using the proceeds of using the Bond to investigate support for first-time buyers, and that Resolution dates back to the end of October last year, now it is September it has taken 11 months for that work to get before the States, and the timeline set out in this amendment aspires to this work being done in a shorter period of time of that, that I think is a problem.

1915

1920

The second problem with it is, I know that there will be some work that is left hanging over from the present States and will have to be picked up by our successors, but I am a little bit concerned about setting up the successors to the Housing Department and the Treasury &

1925 Resources Department to have to present to the States in July, what will be the third normal  
States' meeting of the new term after the election, a report which will have been produced by  
their predecessors. They will not have the opportunity to influence that report at all if they are  
going to meet the timeline. I just think this is such a huge – and I agree with Deputy Hadley this is  
a huge piece of work, quite clearly. It needs resourcing, it needs careful thought otherwise it is just  
going to result in an equally ill-informed debate in July of next year. I think that probably a  
1930 timeline of something like the end of 2016, or the early months of 2017, would have been still  
reasonably ambitious, but much more realistic. I know if other Members feel the same way I think  
there would be merit in amending the date on this amendment because I think that directing the  
department to do this work before the end of this term is unlikely to lead to the kind of  
comprehensive, and informative, report that many of us feel we need.

Thank you, sir.

1935

**The Bailiff:** Deputy Langlois, and then Deputy Trott.

**Deputy Hadley:** Just on a point of order, sir.

1940 If this does not comply with 15(2) – and Deputy Fallaize and I certainly do not think it complies  
with Rule 15(2) – can it proceed? (*Interjections*)

**The Bailiff:** It is proceeding. As I understand it is proceeding on the basis that it does not  
involve any additional expenditure, otherwise it offends Rule 13(2). So, in other words it is  
proceeding on the basis that it is a report to be done internally without incurring the costs of  
1945 employing an external consultant.

HM Comptroller?

**Deputy Hadley:** I think that defies common sense, sir.

1950 **The Comptroller:** Sir, yes it states that it is not expected to have any substantive financial  
implications. Obviously they have not been quantified, and that is not something that certainly I  
can advise on myself, but that is what it states in respect of Rule 15(2).

1955 Rule 15(2) requires that any amendment includes an estimate of any financial implications to  
the States. Obviously if it is considered that the costs are more than substantive, something that I  
am not in a position to judge, then Rule 13(2) would be relevant, sir.

**The Bailiff:** Well, Rule 15(2) does not include the word 'substantive'. It says an estimate of the  
financial implications.

1960 **The Comptroller:** Absolutely, sir, sorry, I was referring to the wording in the amendment.

**The Bailiff:** Yes, yes. So, as it stands it is something that has got to be done without incurring  
any expenditure or it offends Rule 13(2), but it is proceeding on that basis.

1965 **Deputy Dorey:** Sir, it says independent report. So it cannot be done in the Assembly.

**The Bailiff:** Well, maybe it is expected somebody will do it without charging the States?  
(*Laughter*) I do not know, otherwise, as I said, there are Rules that it offends.

Deputy Langlois.

1970

**Deputy Soulsby:** Sir, point of correction.

Yes, there will be a cost, we have not been able to quantify it, but we are just stating 'not  
substantive'. We have said what we think the costs are, but we are saying that we do not think  
they are substantive.

1975 **The Bailiff:** In that case it offends Rule 13(2). (*Interjections*)

**The Chief Minister (Deputy Le Tocq):** Sir, I think bearing in mind the comments that Deputy Fallaize has made, the fact that those who laid the amendment have not been able to work either with Treasury, or with Policy Council, to find out what the resourcing requirements are, I think it is important that we do take a vote on that Rule 13(2).  
1980

**The Bailiff:** Well, it is not a question of taking a vote on it.

**The Comptroller:** Sir, might I suggest the alternative might be that the States wish to consider suspending the Rules, as they have done on a number of occasions. That may be another alternative way of proceeding – albeit it is not on the face of this amendment.  
1985

**The Bailiff:** Right, if we go down that route of suspending the Rules, if the States' Members vote to suspend Rule 13(2), then debate can continue. If they vote not to suspend Rule 13(2) then it has either got to proceed on the basis that some external person will do it without charging the States or debate terminates at that point and –  
1990

**The Comptroller:** That is correct, sir.

**The Bailiff:** – the proposers would have to apply to withdraw.  
1995

**The Comptroller:** Yes, sir.

**Deputy Fallaize:** Sir, with respect, how can we have a motion to suspend the Rules to allow an amendment to be debated when we are already three speeches in to the debate?  
2000

**The Bailiff:** In that case we continue on the basis that somebody externally will do it without charging the States – which would be ridiculous.

That is the trouble when amendments are laid at the last moment, without complying with the Rules. That is why the Rules are there, so that things can be properly considered, but we are in a situation where – (*Interjection by Deputy Lowe*)  
2005

**Deputy Trott:** We are in a position where we can quite legitimately proceed as you have suggested and if, in the weeks and months ahead, the Treasury & Resources Department considers that additional resources are necessary, there are numerous opportunities for them so to do, including, sir, one month from now, when we debate the budget, so this should not be an impediment to getting the information that we need to make this informed decision. It is far too serious to mess around with.  
2010

May I, while I am speaking, sir, make one point. If I have a criticism of this amendment it is the fact that it does not include the word 'deflation' in the opening paragraph as well, it might be worth amending it, a simple amendment, to ensure that it does, because right now that is our problem. Our problem is deflation and that must be arrested in a sensible and proportionate manner.  
2015

**The Bailiff:** Well, let's just pause for a moment.

The amendment has been laid, debate has opened, the amendment, it appears, does not comply with the Rules. HM Comptroller, you are going to assist.  
2020

**The Comptroller:** Sir, I do not wish to cloud the issue further, but the Rules can never cover every situation, as we know very well. But there has previously, I believe, I recall been some debate about the exact wording of 13(2) because, of course, if it is to a Proposition relating to expenditure, whereas actually clearly here we are inserting two new Propositions, so there is  
2025



2030 potential for saying this does not relate to a Proposition relating to expenditure. Clearly, it is an issue. It is an amendment which if an independent report is to be prepared, how that is to be prepared is a matter for those who prepare it, but it is not necessarily, strictly speaking, relating to a Proposition relating to expenditure.

2035 This is a new Proposition being put to the States. But, we have debated this before as I recall in the States, and I am not sure we came to a firm conclusion either way. I raise that simply because, strictly speaking, this new Proposition is laid in the context of other reports, and points for the Assembly to note. It is asking for a broad based review, it is mentioning an independent report, costs are not quantified, whether it then relates to a Proposition relating to expenditure is also a moot point in that regard.

I just raise that because I recall it being raised before, but it probably does not help us.

2040 **The Bailiff:** Well, I did raise at the outset that it goes beyond the original Propositions and nobody wished to challenge it at that point. I think perhaps the answer –

**Deputy Hadley:** I will challenge it on that –

2045 **The Bailiff:** Well, it is too late now. It is too late now, the opportunity was there at the start of the debate on this amendment to challenge it on the basis that it went beyond the original Propositions. No challenge was made. I think the answer is we are now into debate, and I think that we should continue with the debate rather than...

2050 **Several Members:** Hear, hear.

**The Comptroller:** Yes, sir, and I would add to that, just because nobody has challenged it does not mean that it is out of order in that sense, so that is consistent with what you have just advised.

2055 **The Bailiff:** Yes, so Deputy Langlois, if you wish to speak next, you did want to speak.

**Deputy Langlois:** Are you sure, sir?

**The Bailiff:** Yes, we will continue with debate.

2060 **Deputy Langlois:** I thought I was in a peculiar position before all that started, but now I don't know where I am.

Sir, I find myself in a remarkably peculiar position here, of partially agreeing with Deputy Hadley, and almost fully agreeing with Deputy Fallaize, simultaneously.

2065 On Deputy Hadley's input, he is absolutely right about resources, and the resource issue is a major one here. Whether it is done internally, externally, I would not discount the possibility of an independent review without certainly major expenditure, because we are always being told there are experts in this Island, in all sorts of fields, who are prepared to help the States in certain areas, and I am not quite sure why, on occasions, we do not use them. However that is a little bit of a sideshow.

2070 As far as Deputy Fallaize's comments are concerned, there is only one... well he did not quite miss it out, not surprisingly because of his involvement with a little committee called States' Review Committee. There is another aspect to the time span, and that is that it does span a change of status for the Housing Department, assuming the third report goes through, that means that it will be incorporated into a department that I have some association with at the moment, or will be combined with, or something, and called a committee, and all of that has got  
2075 to happen, and that is very real. It is very real for what we were talking about yesterday in terms of the Transformation Programme, in terms of the organisation of structure and so on. So, you add

all that lot together, and I am sorry, I am not quite sure where the July 2016 date came from, but there is no way that is an achievable date, and so on.

2080 I think that if the proposers of the amendment are prepared to shift that date then I would support the amendment, and I think that the ground that it covers – it did emerge from debate this morning, let's not recycle the whole debate from this morning just to justify what was justified to make the new amendment. So let's get on and vote, but we will have to change the date.

2085 **The Bailiff:** Deputy Domaille.

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

I will be brief. I agree entirely with the comments about the timescale. If we are going to do a meaningful piece of work instead of having something put in front of us, and I am sorry to have to say that I do not think this report is particularly well founded. Certainly, if they have the information, it is not in the report. I think it would be very helpful to me at least, if I could have some sort of comment, or assurance, from the Housing Department and from Treasury & Resources, they actually support the principle of getting a detailed comprehensive report on the housing, I call it, situation in Guernsey, including all the things that have been talked this morning, and I think if we have that statement from departments, that all least will go some way to ensuring that at lease something will come out of this.

2095 Thank you, sir.

**The Bailiff:** Deputy Dorey, then Deputy – you have already spoken, Deputy Trott – Deputy Dorey (*Interjections and laughter*) Deputy Dorey.

**Deputy Dorey:** I support this review, I think the timetable is achievable, I think if you get an independent person you need to go out to tender and commission. I think that could be done during thus term, and yes by the time the report comes back it will in the next term, but I think we should move on with it as soon as possible. I think we need this information. The housing market has got serious problems. I think it is achievable, if we move fast, in this period of time.

In terms of financing it, we have the Corporate Housing Programme Fund. It is expected that the balance in that account will be over £30 million at the end of this calendar year, and £14½ million at the end of next calendar year, so I think there is a source of funding for it, which is the right source of funding, the Corporate Housing Programme Fund.

2110 So, I think we should move ahead with this and support this amendment.

**The Bailiff:** Deputy Gollop.

2115 **Deputy Gollop:** I prepared a speech for one amendment and then the main debate and now this amendment, but the points remain really about the same.

I think this amendment will be useful, because as Deputy Soulsby said, you have to have greater flexibility in the market.

One or two Members in the earlier debate were kind of suggesting that the proposer and the seconder did not have a fantastic amount of knowledge. Now they are actually wanting an expert report that could be done in-house or out of house. It could be done by any one from an academic person doing a PhD, a law firm, a firm of economists, all kinds of people could get involved. I think we should give praise where praise is due, and actually Deputy Le Clerc and Deputy Soulsby are expertly placed to put this amendment, with long significant careers in accountancy, and at the sharp end of banking. They see things from a practical and liberal point of view, not to mention their cooperation together on the Public Accounts Committee for several years.

2130 I think we have to bear in mind that what might be on offer would be different possibilities for the market. We are institutionalised to think in terms of coupons on Bonds floating, but fixed rate mortgages might be a different approach.

2135 I was musing actually that there is actually one department of the States that potentially could help the first-time buyer by offering them the full amount of money to get on to the ladder. You are going to say which one is that, and I am going to point to Deputy O'Hara and say it is Culture & Leisure. I am thinking laterally here, because Culture & Leisure run a lottery and if somebody happens to get very lucky at Christmas time they would perhaps win enough on the golden ticket to either part pay, or pay in full, for a property. I say that to make the point that in certain curious ways we do intervene with markets.

2140 I sometimes frustrate Deputy Langlois, and other Members of the States, by wanting to go on about history lessons of the past, but the States has a very long involvement in this sector. Post War there was the Homes for Workers, many Islanders of a certain age and stage bought their houses in that way. It was an extremely effective vehicle. Then we had, effectively, the States' Loan Scheme. That when I sat on Housing was still very much being implemented at least at the level of administration, although a decision had recently been made to cease it.

2145 Deputy Dorey will remember those times and, of course, Deputy Dorey has served on a number of Housing Departments, not just the one that Deputy Jones is Minister of as Deputy Minister, but I believe he sat when a former Deputy Chief Minister, Deputy Flouquet was Chairman of Housing. I remember those days quite well because along that time the Parr Report had been commissioned and published, there had been a change of Chief Officer and personnel, and there was some new thinking. Deputy Jones had just been elected, partly on a housing mandate, and  
2150 along with other new Members, possibly Deputy Quin, definitely Deputy Trott, presented in their first day in office a petition to the then Bailiff to get something going. The year 2000 was a crisis of a different kind to today, because the finance sector was at its peak of exponential growth, and prices were rising at a very worrying level. We had anecdotes of people sleeping in cars and so on, because of the shortage. Funnily enough this was before the era of the Housing Associations and  
2155 the wise political sages – I will give way to my colleague, Deputy Trott.

**Deputy Trott:** Thank you very much indeed, Deputy Gollop. *(Interjections and laughter)*

2160 Sir, can I ask through you whether Deputy Gollop would agree with me that we have a construction industry that is crying out for work, we face a climate of likely interest rate rises, no reprieve from the ever tightening credit market, falling Document Duty resources, and a timeline that would ensure that nothing meaningful will be done until at least September of next year i.e. one year from now, and does he agree with me that we simply cannot afford to wait that long?

2165 **Deputy Gollop:** I entirely agree with the economic lecture that Deputy Trott has given, and would say that we should heed his words from a position of experience, not just in the architectural field, but with the business model, and the economic model for the construction industry, that again goes back 13 or 14 years.

2170 Now during the, I will call it the Flouquet era, the Housing Board decided that past thinking had been perhaps overdone in terms of encouraging the Guernsey population to buy their own property, even when they could not necessarily afford it, and the idea was to make renting and social housing more fashionable. You could say that was a disconnect between the chattering political classes and the populace at large, because as we know from our e-mails, letters and associations, the overwhelming demand from the population is towards home ownership rather than being tenants. But, nevertheless, there was a shift politically. What I do recall from that era, as  
2175 well, when Advocate Langlois presided over Housing for many years, was there was initially a structural resistance to looking at housing associations. The argument was the States' Housing would do the job itself. Eventually that battle was won, after visits to Winchester and elsewhere. And now we have gone in the other direction, of course, whereby the idea of the State running social housing directly is not popular.

2180 We cannot ignore the fact that many Islanders, especially the young skilled, entrepreneurs,  
artisans, craftsmen and women, and professional people, still have the aspiration of acquiring  
wealth and being property owners. The look across to the United Kingdom where ever since  
Baroness Thatcher's era there has been a right to buy social housing, which may be extended  
2185 further, and they look perhaps askance at the attitude here which has become non-intervention in  
the market. I cannot believe that is a wise course of action, especially, as Deputy Trott has  
reminded us, in a deflationary era, but I will come to that in more detail in a minute.

Deputy Harwood explained the difficulty of deflation, but mentioned that is it wise for the  
States to continue to pump money into a market where properties are 15 times earnings  
compared to eight in 2000. The issue now is that prices are not rising, it is a new agenda, there is a  
2190 plateauing, if not a decline. We can tell from really all of our lobbyists that the housing, property  
and construction sectors and the real estate, estate agency area as well need some kind of a kick  
start, so we have actually got a double problem. We have got stagnation in the property sector,  
and a problem of first-time buyers acquiring affordable homes. It is rare to get the combination,  
but it is a worrying aspect of our current situation that we are in this situation. We need economic  
2195 brains, we do not want to be economists of managed decline. The problem to a degree though, as  
has been said by others, is finance and risk.

Now, it is interesting that the first amendment did not get the kind of hearing I thought it  
would from the Assembly. It talked about seed funding, now looking at Deputy Le Tocq and his  
regular theological sermons I was listening to, it reminds me of a parable of the secret seed that  
2200 secretly grew that nobody knew about until it flowered. It has to be said that the first amendment  
that was placed was not based on a cup of coffee between the two Deputies. There are some very  
interesting, experienced and credible people on the Island, who would assist buyers, and would  
assist the States if they were given the chance. We need that kind of stimulus.

I entirely agree we would not go back to the days when we had a form of States' building  
2205 society which gave people 100% or 80% loans, because that could inflate the market. But, now we  
are in a deflationary situation anyway so the dangers of that would be reduced. It is a bit like we  
had a debate a few years ago about whether we should remove the Dwellings Profit Tax, and all  
the naysayers said it would be disastrous because it would lead to horrible speculators pushing up  
the price of property. In fact, of course, the reverse has happened. But, we need to balance though  
2210 an unbalanced market by targeting the right people. Actually, certain kinds of people we do assist  
in their endeavours. We remember the holiday for Document Duty, but also we give relocation  
expenses to certain employees.

What we lack is a good solid intermediate market in between social housing and perhaps the  
current partial share ownership, and the pure private sector of aspirational housing, which is  
2215 based perhaps on being a second-time, or third-time buyer. I believe that we can develop the  
Partial Ownership Scheme in the private sector and an alternative could be developed, amongst  
other things. We need more choice, we need competition, we need something to stimulate the  
developer and, of course, one of the issues the Environment Board has faced is permissions for  
many sites have been allowed, or granted, but they have not been developed. We have to ask why  
2220 that is. I would suspect it is something to do with market risk, and the prospect that may be  
property prices could fall. Now, what we have heard from Deputy Hadley, and other members of  
Housing, and other senior Members of the States, both today and in our presentation, has been  
that they are almost happy to see a fall in the house price, but the consequences of that, to feel  
good, to lenders, to the high street banks and building societies, the consequences of that to the  
2225 property market to people who have just bought on the property market, and people who want  
to buy, and even those who want to sell, could be horrendous. If you think the property you want  
today, at 15 times your income could only be 12 times next year, you are going to wait, and we  
cannot afford that kind of attitude. We are not looking at a possible scenario; we know out there  
we may well be looking at population growth policies for the future. We certainly know some  
2230 business lobbyists want to see that. We know we may see building layoffs and yet prices are still  
unaffordable. We rely on possible growth from Commerce & Employment businesses suggested.

What we cannot afford is for the property market to decline without intervention. Over-provision of property would be a far better scenario than under provision because that in itself might encourage returning Guernsey people to come back and growth in the business sectors.

2235 We are in danger of having the economics of a corporate estate which does not invest sufficiently in public housing or offer a remedy to market failure. On top of that it could be argued that maybe, if it is true, as Deputy Dorey has said, that rents in the private sector are becoming more competitive, we should look to reduce social housing rents as well, so there is further work for the Housing Department to do.

2240 So when you look at all these competing views about what impact State intervention of any kind has upon the housing market, and a wider economy, let alone the construction sector, and the ability of businesses to grow in terms of attaining and recruiting the right kind of people to work in them, we have to go for a high quality economist report as soon as possible. To do nothing is the irresponsible option.

2245 So I urge you to support this amendment.

**The Bailiff:** Deputy Perrot. Deputy St Pier, do you want to speak now or do you want to exercise your right to speak immediately before Deputy Soulsby replies to the debate?

Deputy Perrot.

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**Deputy Perrot:** Can I say that I sympathise with the idea behind this amendment. In fact I did discuss it with Deputy Soulsby in the Royal Court Library before she laid the amendment. I had not expected quite so much wordage. We had the first chapter of the book of Genesis here, and I had not entirely expected that.

2255 My real problem with it is, as others have mentioned, one of timing. Irrespective of whether some nice person is going to come up with an independent report – and that would be absolutely terrific, wouldn't it? – quite irrespective of that, I cannot speak for Housing, but there would be an enormous amount of work to be done by the staff at Treasury & Resources, and frankly that sort of work cannot be done in the timescale envisaged, given all the other work which is going on. Very often Treasury & Resources have to react to the policy letters which are coming in from other departments, and it is simply unfair, and wholly unrealistic, to expect senior staff, and it will require senior staff, to look at this. Now, quite how we get around that, I do not know, but although I agree with Deputy Trott that we have got to do something quickly. If this is what we are going to do, we cannot actually do it as quickly as Deputy Soulsby and Deputy Le Clerc would like.

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2270 There is one other thing which I would wish to say about this. It is that I am not quite sure what will be achieved by this. I think we do need to have the information, but I worry that the States given information then have a light bulb moment, they think, and then wish to interfere with the market. If that is the outcome of all of this, I would like to place on record – I will not be here when this all comes to fruition, if it does – but I would wish to have no part of it whatsoever. Government when it interferes with free markets invariably makes a complete Horlicks of everything. There is a complete distinction between interference in markets and the giving of assistance.

2275 So for example, I thought – Deputy Fallaize laughs in that boyish way of his – (*Laughter and interjections*) but I do stand by that. For example, I thought that the Homes for Workers Loan Scheme, the old one, the one which really came to into being immediately Post War, that that was a brilliant scheme. That actually did not have an adverse effect on inflation at that time, and did allow people to get on to the housing ladder, when they could not otherwise get on to the housing ladder. The same thing is true of the effort put by the Housing Authority, as it was, and now the Housing Department, into the efforts of the Guernsey Housing Association. These are ways of providing assistance without unduly interfering with the market. Interference in the market, at least in my lexicon, is one where the States try to alter something to do with either rent or with the price of houses in the market, or brings in quite unnecessary taxation, for example,

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2285 Dwellings Profits Tax was an utter and complete disaster, it was a knee jerk, and a quite  
unnecessary knee jerk, reaction in the mid 1970's to the fact that people were speculating on the  
property market at that time, and it had a completely adverse effect on the market, and it did not  
stop speculation as intended. What it did do was actually to stultify the market. Equally when we  
had rent control in the 1970's and 1980's under the Rent Control Law we had ridiculous rents  
2290 which were then being set by the Rent Tribunal. That, in my view, was a wrongful interference in  
the market.

We also have to beware of the dichotomy as Deputy Gollop says between those who think that  
the free market house price rise is a good thing, which I do, with those who want it reduced,  
because if you actually have a sudden reduction in house prices that will certainly have a knock-on  
effect throughout the whole of society, as people see that they have negative equity.

2295 So, where do I stand on this? I do not know how to get out of this bind, because I really would  
like to do something which supports the intention of Deputies Soulsby and Le Clerc, but at the  
moment I cannot do it, because it is imposing, anyway, a ridiculous extra valve on to the pressure  
cooker under which our civil servants, our senior civil servants, are working at the moment.

2300 **The Bailiff:** Deputy Bebb.

**Deputy Bebb:** Thank you, Monsieur Le Bailli.

I will keep this very brief. I fully concur with what Deputy Perrot has just said. I believe that the  
information called for in this report is reasonable, and I have qualms with what is being requested.

2305 I am concerned that having debated the Tax and Benefit Review, and having seen the reaction  
on the Island, initially, to the proposals of reducing mortgage interest relief, and that we have not  
seen the effect of that even start on the housing market. The budget debate is going to be  
debated next month, and we will see the beginnings of the removal of mortgage interest relief. By  
removing Government intervention in the housing market in that respect we are already removing  
2310 Government from the market to some extent, and if I may, some of the points that Deputy Gollop  
made were completely incorrect in stating that the Government does not intervene in the market.  
Well, I cannot imagine a greater means of intervention than the Housing Associations that we  
support. If that is not an intervention in itself, and the partial buy scheme is not an intervention in  
the market, I do not know what is. (**A Member:** Hear, hear.) So, the idea that we are not involving  
2315 ourselves in the market is false.

At the moment I am torn, I am very much torn, and I look forward to hearing from Deputy St  
Pier, and Deputy Soulsby, at the end of this debate, because realistically I want to understand if we  
are to have this report, undoubtedly there will be a call for something to be done. Realistically, it is  
to understand, are we actually wanting to involve ourselves further in the market. Is the general  
2320 consensus that Treasury & Resources, and the proposer of this amendment envisages an  
involvement in the market greater than what we are at the moment, despite agreeing that we are  
going to remove mortgage interest relief, or is it that we are wanting the information for some  
other reasons? That realistically is what it comes to.

2325 The question with regard to the timing, I hate to say this, there are so many reports that are  
due to be back into this Assembly by certain dates, and we rarely get them back in time. I am sure  
that if any department felt it impossible to meet the deadline, a statement would be made at  
some point in this Assembly, and we would be advised of a later laying of the report.

The other point in relation to deflation, I think that anybody looking at the... I agree with what  
Deputy Trott said in relation to that. However, I am rather convinced that anybody looking at the  
2330 market today would need to take that into account, any report that did not simply would not be  
worth the paper that it was written on.

That is the problem that I have, and I look forward to those two comments, because otherwise  
I am concerned that we will call for a report, which in my opinion, will come with costs, whether  
that is internal costs, or external costs, it is costs, and whether we are actually doing it with the  
2335 intention of intervening or not. That is the question that I think this hinges on. Thank you.

**The Bailiff:** Deputy Le Clerc.

**Deputy Le Clerc:** Thank you, sir.

2340 I am not going to say very much, I do agree with Deputy Bebb on the date of the report, I think if we just pushed the report out it will just delay it further, so I would prefer to have a shorter deadline, because I do think we do need to do something now, and as soon as possible, and have the facts in front of us. So, I would like to keep with the July date. However, if that is not possible then the committee comes back at that time and explains why.

2345 Getting back to what Deputy Perrot has said about interfering with the market, and really again to pick up on what Deputy Bebb just said, I cannot predict what the report is going to say. That is the whole point of having a report. It will make recommendations, and it might suggest that some interference in the market is needed. It might suggest that no interference is needed. That is the whole point of having a report. So that is why I ask you to support this amendment, and make yourself proud and vote for this amendment today, because the people of Guernsey want to see  
2350 some action. Yes they do. *(Interjections)*

**The Bailiff:** Well, no-one else is... Does anyone else wish to speak before I invite the Minister of Treasury & Resources Department to exercise his right to speak immediately before Deputy Soulsby replies? No.

2355 Deputy St Pier then.

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

2360 In relation to Deputy Bebb's question, I am not sure that I am best placed to answer that, I think that really is probably the responsibility of those that are moving the amendment to give some kind of indication as to their expectations as to what might follow, which I think, in essence, was Deputy Bebb's question.

2365 Sir, perhaps a little bit like Deputy Perrot, I have some sympathy with the need to gather this kind of information, and there were some speeches in relation to the previous amendment that was withdrawn, that I think clearly articulated how it might be of assistance to have this. However, it feels to me a little bit like a nice to have, this level of detail for our relatively small public service to be able to gather that information and produce a report of this nature. This is an extremely comprehensive report that is being asked for, and in relation to the comments about deadlines, and Deputy Bebb has suggested a statement would need to be made, well, I think we can make that statement now. This will not be achieved by July next year. It is an impossible deadline, in my  
2370 view.

In terms of the funding costs, and we did have a little bit of a discussion around this. Undoubtedly there will be cost implications in the preparation of this report. I am totally unable to advise the Assembly as to what those may be. It feels like a multi-thousand pound project, but I cannot really give any greater guidance to the Assembly than that. In terms of the source of that  
2375 funding, clearly in the absence of it having been provided for, it would need to either come from the budget reserve or the Corporate Housing Programme Fund.

I think because of the deadline, and because of the unquantified costs, sir, I will, and I believe both boards, in their entirety, do not feel able to support this at the present time.

2380 It feels to me, sir, much more like the topic for a requête for those who feel that this information and some further direction is required, if you like, and that would enable proper consideration to be given by the departments and responses prepared to a requête that would enable the Assembly to be making an informed decision about the timelines, and the cost implications, of following this.

2385 So, on that basis, sir, I and as I say, I do believe I am speaking on behalf of both Boards, do not feel able to support this, even though there is some personal sympathy given the issues that have been discussed by others, sir.

**The Bailiff:** Deputy Domaille.

2390 **Deputy Domaille:** Sir, I did ask if perhaps the Treasury Minister could say whether in principle the Treasury Department perhaps actually agree that this sort of information is necessary.  
Thank you.

2395 **Deputy St Pier:** Sir, I think all I can say is repeat, there are a number who have some sympathy for the need for this information, but I do not think that it necessarily represents the unanimous view of both departments.

**The Bailiff:** Deputy Soulsby will reply to the debate.

2400 **Deputy Soulsby:** Sir, yes.

As I said earlier, I do apologise this is last minute, but that is because I believe something has to be done. We have made no decision today, other than just to accept the first-time buyers report. What message does that send out to the wider public? As Deputy Trott just said, this is far too serious just to be bothered about whether a department will meet a deadline or not. I just think that is a real pathetic excuse not to do this report.

2405 Deputy Hadley said this will be lovely to have, he actually said it will be lovely to have, but at the same time he could not do anything with it. Well his Department did in 2003 when they produced a report on the back of the Parr Report, so why couldn't they do anything now?

2410 Okay timing, yes perhaps it is tight, but then you set the dates further ahead, how many times have we accepted a date that is in a report and said, 'Oh yes, report back by then'? How on earth do any of us know whether that is achievable or not? Clearly we do not, because at least more than one Minister has stood up in the last three and half years to say, 'Oh well, we have not met our deadline.' So why is it extra special this time round? This is far too serious just to worry whether you can make a procedural deadline or not. If they cannot do it within that time come and say. That is better than not doing this report at all.

2415 The terms of reference people talk about, 'Oh, it is Genesis', as Deputy Perrot said. Well, if you look at the original Parr Report the terms of reference, it is very similar to that, and that is what I was trying to put across here. We need something to work on, which is not 13 years old, that dates back to a time when our economy was in a completely different place than it is now. We need to reflect the changes that have happened in that time to be able to make decent policy decisions. Housing say they do not care about it, we have sympathy with it. T&R say we have sympathy, but oh we do not think we could do it in this time. I am absolutely astounded by that response, I have to say. Not being able to make a deadline. You have a deadline and the time the report takes fits the time available. It is just like my son in the morning, I say, 'You have got 15 minutes to get ready and get out the house.' He always does it in 16. It is just the way it is.

2420 Deputy Perrot talks about intervention, but you see that the amendment actually refers to possible Government assistance or intervention. This work is essential. We are going – if we are going to reject it just because we do not think departments are going to meet the deadline, I just, as I say, I am astounded. Of all the comments, those seem to be the only reason why people do not want this report. I just think do you not understand the whole basis of what this report is about.

**Deputy Perrot:** Point of correction, sir.

2435 I was not saying expressly, or by implication, that Deputy Soulsby wished there to be intervention, I said that it could be construed as that.

I would advise Deputy Soulsby against getting over excited about this.

**Deputy Soulsby:** You are not going to say 'calm down, dear' (*Laughter*)



2440 **Deputy Perrot:** Calm down, dear.

**Deputy Soulsby:** To go back to Deputy Bebb talking about what are we expecting to come out of this. Well I think Deputy Le Clerc summed that up very well. It is not for us to predict this report, and that is the whole point. That is how we ended up with the amendment today, because we had Deputies Brehaut, Le Lièvre, others, Deputy Fallaize saying, well we are scrabbling around, we do not know what should be done, we need expert advice to say where are we at the moment to decide what we need to do now. There is no pre-conceived view this is what we are expecting in this report.

2445 So, no, this is not a nice to have. As I said it follows the terms of reference 13 years, and just finally, to say that we should have a requête is nonsense. I would take three months at least to get a requête to this place, and then more delay, and then we definitely will not make even 2016, 2017, it probably will not be 2020 at this rate. We will have another States' Assembly deciding whether we should be doing something.

2450 So, I just urge Members, please support this amendment, because the implications of not doing so, I think, could be disastrous.

2455 Thank you.

Can I have a recorded vote, please, sir?

**The Bailiff:** A recorded vote. Members, it is a recorded vote then, on the revised amendment proposed by Deputy Soulsby, seconded by Deputy Le Clerc.

*There was a recorded vote.*

*Carried – Pour 35, Contre 10, Ne vote pas 0, Absent 1*

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

Deputy Quin  
Alderney Rep. Jean  
Alderney Rep. McKinley

**The Bailiff:** Well, Members, the result of the vote on the revised Deputy Soulsby/Deputy Le Clerc amendment was 35 in favour, 10 against. I declare it carried.

2465 We can therefore go into general debate, for those who have not already spoken generally.  
Deputy Fallaize.

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

2470 I just want to speak briefly on the Propositions as amended in two respects. First of all I want to pick up on something in Deputy Perrot's speech. He said that he was totally opposed to interference in the housing market. He did not want to see interference in terms of trying to affect pricing or supply or demand. He went on to say though that he was fully in favour of the States issuing cheap loans for home buyers, through the Homes for Workers Loan Scheme. He was fully in favour of the provision through Housing Associations of social housing at prices under market value, and he was also a member of T&R which, of course, ran reductions in Document Duty for a period of time in order to try and stimulate demand in the housing market. So, I share Deputy Perrot's philosophy on economics, which is that you say that you are wholly opposed to interference but actually you support various measures to interfere in the market. *(Laughter)*

2480 **Deputy Perrot:** Sir, the point that I was making during my speech if I may –

**Deputy Fallaize:** Is this a point of –

2485 **Deputy Perrot:** I correct Deputy Fallaize, thank you so much for sitting down. *(Laughter)* The point that I was making was that I drew a distinction between positive interference in the market when one is dealing with prices and rents and the giving of assistance. Those were the actual words I used. In fact I did not use the words which Deputy Fallaize quoted me on, which was to refer to supply and demand. Those words did not appear. If he would like to check on *Hansard* they did not actually appear in what I said, but otherwise, a good effort on his part, sir. *(Laughter)*

2490 **The Bailiff:** Deputy Fallaize.

2495 **Deputy Fallaize:** Well, sir, there is not an economist in the world who would recognise Deputy Perrot's view of being opposed to intervention in the market, but being in favour of assistance in the market. *(Laughter)*

2500 The other point that has to be made on this issue of interference in the market is, can Deputy Perrot say that the housing market at present is working efficiently? Because we have the Housing Department Deputy Minister who referred to dysfunctional aspects of the housing market, I think quite correctly. We have had for many years quite rampant house price inflation, which is referenced by the price to earnings ratio in the policy letter. We now have quite sudden reductions in the average price, we still have huge unaffordability of people at the lower end of the housing market, and we also have hundreds of properties which have been developed which cannot be sold. So that is a dysfunctional market. That is the market which Deputy Perrot does not think needs to be interfered with, or regulated, by the Government.

2505 It is market failure, and there is a former Treasury Minister who will probably be joining us again soon, who has articulated this view, and I am sure will, in the weeks that he may well be in the States before the election. This is a classic case of market failure, and the States has an obligation to intervene. Now, of course, Deputy Perrot, if what he is saying is the States has to intervene wisely, he is right, but that was the very purpose of calling for the report, which will now be produced, as a result of Deputy Soulsby's amendment, to allow the States, if it does intervene, to intervene wisely.

2515 Finally, a point has to be made about what this report, this independent report, could lead to, because Deputy Trott is right when he dismisses the timeline in this amendment. I do not think it can be done in the period of time set out in the amended Propositions. I do not think we will see a meaningful report before the States until the early months of 2017 quite frankly. That report is necessary because the States must have this information before them when they determine housing policy in the future. But, let's not pretend that the report that we have just decided to commission is going to resolve the challenges which exist in the housing market today, and have existed in the recent time. We still have those problems, and they are very real. I think there is going to have to be further intervention, beyond anything that we have been debating today, but it is within the mandate of the Housing Department to work with the Treasury & Resources Department, without needing, necessarily, the approval of the States, to work within their mandate to try to resolve some of the challenges which exist in the housing market today, and indeed to work with the Environment Department. So I really very much hope that when the States seek to explain what has happened today, that we do not in any way suggest that the report that has been commissioned is some kind of panacea or even a credible response in the short term to the problems and challenges which exist in the housing market today, because any solutions which arise out of that report are probably two years away from being implemented, at least a year away from being implemented, probably two, and would take some time, perhaps more years than that, before they actually affected the housing market. So if we are interested in intervening now, we are going to have to do things above and beyond what is set out in the Propositions today.

Thank you, sir.

2535 **The Bailiff:** Deputy Trott.

**Deputy Trott:** Sir, I am allowed to speak?

**The Bailiff:** I do not think you have spoken generally.

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**Deputy Trott:** Sir, I am not going to enjoy ... well, I may well *enjoy*, but I am not going to *join in* the Deputy Perrot baiting, as much fun as it may be, (*Interjection and laughter*) other than to say that when it comes to market intervention there is only one thing worse than too much credit in the market; it is not enough credit. That is why the UK government pumped £375 billion into the economy to try and unblock the credit difficulties that the UK economy was experiencing. A very sizeable chunk of that, of course, went directly into the housing market.

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My reason for rising though is to say that I will almost certainly move an amendment at Budget time. It is only a month away, in order to provide the necessary funding for this report to be carried out independently. I accept the arguments by my friends on the Treasury & Resources Department that resources at Civil Service level are not only scarce but probably insufficient, in order that this report can be accelerated. Because, if we do not have that information in front of us before we break in March of next year, this issue will become an election matter, of that I am certain, without the necessary facts in front of us to make informed decisions, and that is the worst possible outcome. So, I hope that Members who have seen fit to support the amendment today will also see fit to support that amendment in a few weeks' time.

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Thank you, sir.

**The Bailiff:** Deputy Domaille.

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**Deputy Domaille:** I will just be very brief, sir.

Actually, I totally endorse what Deputy Trott has said. I think we have to have a proper piece of work here and I think it has to be done speedily. I would just add one other reason that is now going through my mind as to why we should have an independent report, which is that both

2565 Housing and Treasury seem to be extremely reluctant to do it. (**Several Members:** Hear, hear.) As such, I think that we had better move it into independent hands so that we can progress it quickly.

2570 Just as a small aside, I think I am actually just a little but concerned about this report because it seems to be basing its argument on information I am not at all sure is entirely relevant. In that it refers to individual salary rather than household income as Deputy Le Lièvre said this morning we are in a different world. Why they have not referred to household expenditure and income survey, why have they not referred to household incomes I do not understand.

2575 One other point, they seem to be making rather light of the fall in property prices in that on page 2131 they refer to the quarter one 2015 figures showing a 1.6% drop in prices, when in fact yesterday in my speech, which I cannot find now, we have had two quarters drop, and it is not one quarter we are making light of, it is two quarters, and actually we have got the lowest number of transactions since figures began. So, I am finding this report, I am afraid rather light. It might have proper information but I think it has got some information that perhaps is not entirely relevant, and I actually find it rather disappointing because I know the Housing Department has got a wealth of figures, and it has got excellent staff. I agree with everything Deputy Le Lièvre has said.

2580 So I am actually going to struggle, although I supported the amendment, with actually supporting this as well.

Thank you, sir.

**The Bailiff:** Anyone else? No.

Who is going to reply to the debate? Is it you, Deputy St Pier?

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**Deputy St Pier:** I will sir.

**The Bailiff:** Deputy Hadley wishes... well, Deputy Hadley has already opened so which one of you is replying?

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**Deputy Hadley:** Yes, sir. (*Laughter*)

**The Bailiff:** Deputy St Pier thinks he is replying.

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**Deputy Hadley:** Well he told me I had got to do it. I wish he would make up his mind. (*Laughter*)

**Deputy St Pier:** I told him he had to reply to the amendment, sir, not to the debate. We had agreed that I would respond to the debate.

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**The Bailiff:** Deputy St Pier will reply to the debate.

**Deputy St Pier:** I shall keep it brief, but there are a few questions which have been directed at me in particular, or the Treasury & Resources Department.

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Actually, from the last debate Deputy Inglis urged that we did talk to the money lenders, I think was the phrase that he used, and I thought it would be useful just to spend a few moments explaining what has happened there.

2610 Deputy Stewart and myself have met with a number of the lenders on a number of occasions in recent months and before, and indeed Deputy Perrot and myself have also met with the lenders. As Deputy Perrot referred to in his speech yesterday, the local lenders, in essence, advise that they are not subject to – this is a generic statement – not largely subject to restrictions from group outside the Island, but I think the real experience is clearly the impact of the new affordability criteria in the UK clearly is having some impact. Indeed, as Deputy Perrot referred to, the limitations of market share, particularly following the withdrawal of a significant lender last year, is also having an impact. But that dialogue is ongoing, and is taken very seriously and, in

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fact, I heard yesterday that one lender has advised that it is reviewing its criteria, because its rejection rates for mortgage applications are greater than their historic norms, and they feel that does need to be addressed, and redressed, so that is positive. But there is a lot of work going on with Commerce & Employment with a view to trying to seek to identify whether there are any other potential lenders who could perhaps move to, or would wish to set up in the market.

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I will talk a little but more about the issue that Deputy Trott referred to in his... he picked up from the report in a moment.

Of course, housing is an unusual and unique market and asset class, in that, of course, if prices go up it is a problem, and if prices go down it is a problem. If prices go up then people cannot get on the property ladder, and of course, construction starts to overheat, and if prices go down then we talk about negative equity, low transaction values, people being unable to move and construction layoffs. So, I am sure somewhere in between those two, there is some kind of Goldilocks rate of change, neither too hot nor too cold, but I doubt that anybody could agree on what that is in any event.

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It has been interesting in this debate that those who might normally argue for intervention have been arguing that there should be none, and those who would normally argue against intervention have been arguing that there should be some. So there has been an interesting reversal of many people's positions. But, clearly, it is a delicate balance needs to be trod and Deputy Fallaize referred to that in his comments on one or other of the amendments, that we do need to be cautious in relation to market intervention.

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I think, I probably agree with Deputy Laurie Queripel in that there is probably more than one angle, I think was the phrase he used for this, there is not a single silver bullet solution to this. I think we do need to do more to encourage more lenders into the market, as I referred to in response to Deputy Inglis question, or comments.

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I think the question which Deputy Trott picked up in paragraph 72 of the report was in relation to the reference to the work between Treasury & Resources and Commerce & Employment on Savings & Loan, and he was really asking how far that had got, and particularly as a member of the Commerce & Employment Board. I think it is fair to say that it is only at a preliminary stage, which, of course, is very much as Deputy Trott was probably aware. But I think everybody would acknowledge that increased urgency is required into looking at that issue. I think it is fair to say I cannot give Deputy Trott, or Members, any kind of indication of the prospect of success of that, but I think we do need to seriously pursue whether there is a role for us to establish our own Guernsey Savings & Loans type institution, but we should all recognise that that would be a radical change in policy, with a radical need to look at risk in a very different way. It would, of course, need the support of this Assembly. So there would be an awful lot of work to do in relation to that.

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The other issues I think have really been dealt with through the debate on the two amendments, sir, and I would urge Members to support the Report, obviously which is now subject to amendment.

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**The Bailiff:** Members, I remind you we now have five Propositions, the first three are as printed on page 2144, and then Propositions 4 and 5 have been inserted as a result of the successful Deputy Soulsby/Deputy Le Clerc amendment.

Perhaps what I will do is put 1 to 3, the original Propositions to you first, together, and then put separately Propositions 4 and 5. Deputy Domaille?

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**Deputy Domaille:** I am sorry, sir, could I just ask that Proposition 1 be taken separately. I am not happy with the word 'preferred', sir.

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**The Bailiff:** So you would like 1 separately. So we will take 1 first, then 2 and 3 together, and follow that by 4 and 5 together.

So we are voting first on Proposition 1 as printed on page 2144. Those in favour; those against.

*Members voted Pour.*

2670 **The Bailiff:** In my view, that is carried. Unless anybody wishes to challenge that? No. that is carried.

Propositions 2 and 3. Those in favour; those against.

*Members voted Pour.*

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**The Bailiff:** I declare them carried.

Propositions 4 and 5, the new amendments inserted by the amendment. Those in favour; those against.

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*Members voted Pour.*

**The Bailiff:** I declare those carried.

## COMMERCE & EMPLOYMENT DEPARTMENT

### XVI. Regulation of Sunday Trading – Debate commenced

*Article XVI.*

*The States are asked to decide:*

*Whether, after consideration of the Policy Letter dated 2nd July, 2015, of the Commerce and Employment Department, they are of the opinion:*

*1. To approve the removal of restrictions on the opening of shops on Sundays as set out in section 9 of that Policy Letter.*

*2. To direct the preparation of such legislation as may be necessary to give effect to the above decision, with an intended implementation date of 11th December 2015.*

*OR, if Propositions 1 and 2 are not approved:*

*3. To approve the revision of the Sunday Trading Ordinance, 2002 as set out in paragraph 10.9 of that Policy Letter.*

*4. To direct the preparation of such legislation as may be necessary to give effect to the above decision.*

**The Greffier:** Article XVI – Commerce & Employment Department – Regulation of Sunday Trading.

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**The Bailiff:** The Minister, Deputy Stewart, will open the debate.

**Deputy Stewart:** Mr Bailiff, comrades. *(Laughter)*

2690 On my return from conference, thank you so much for your warm welcome this morning, on my return. *(Laughter)*

2695 Just to put this debate into context for members of the public who are listening, and to remind perhaps some Members, the reason we are debating this today is, I gave as Minister an undertaking on behalf of the board, when Deputy Hadley brought his Requête on Sunday trading, that I would return with a proper report, fully briefing States' Members around the subject of Sunday trading, and I believe that is what you have in front of you today. I would like to thank staff members, and members of the board that have put a fair amount of work into this.

2700 It is, as Deputy Fallaize I am sure will agree, quite an unusual report, because this is binary choice. I felt that was necessary, and we agreed on this as a board, that when we walk away today, or tomorrow, or whenever we finish this – November – that we actually end up in a better place regarding Sunday trading from where we are now. I think all of us can acknowledge where we are now there is confusion, there is a mish-mash of the Law being applied slightly differently by some parishes than others, a lack of understanding around the Law, and a certain amount of red tape that could be done away with, whichever option we go for.

2705 This is going to be an unusual debate, because I do not think there actually is a right or wrong answer to this. I do not think there is any real compelling economic reason to vote one way or the other in this, and that is why we have given you two proposals. First proposal that sits before you Proposition 1 is for de-regulation, and that is the preferred proposal for the majority of the board of Commerce & Employment as detailed in the Report.

2710 The second one is basically to take a look at the current laws that are in place, and look at a way of making those work better, without having any regressive steps, and also I suppose, the other reason was to try and avoid too many amendments round this, because first of all we have to make sure that our employment protection for Sunday workers is in place, and robust, and anything that is in that Report properly takes account of that, and secondly to have any unintended consequences. So on Proposition 2 I would like to thank Deputy De Lisle and Deputy Brouard who will speak about it from the work they have done with the officers of my department to try and look holistically at what we have in place now and to do a tidying up exercise.

2715 As I said, the majority of the board is in favour of de-regulation, and that is my position. From my view it is less government, it is about treating our public in an adult fashion. It is about can people make their own decisions on what they want to do on a Sunday, and from my point of view, I think if I was a shop keeper I would like, in a world of ever increasing competition, the internet, and that ability to go on your iPad and start ordering things at the weekend. Indeed the Home Minister made the argument how crazy it is with regard to gambling, we only voted on this at the last session, that people can bet on line and they can bet in a pub, but they cannot walk into a betting shop. We voted in favour of the change of the Law. So from my point of view this is about personal freedom. It is the freedom of the shopkeepers to open, it is about competition, and yes there will be a small saving, not great, but it is a saving nevertheless, and it is probably about £30,000, but guess what, if every department could do that then we have saved £300,000 off our budget.

2725 So, from my point of view, I am going to vote for de-regulation. I will ask Members to vote for de-regulation.

2730 I do not intend to make this a long speech, because I think all of us could stand up and anecdotally talk about what we do and what we do not do on a Sunday and how we organise our weekends. I do not think the debate is about that. This is purely and simply do we feel, and I cannot give you any compelling economic reasons, I think this is more about should Government rightly interfere in what people want to do in a mature democratic society in 2015.

2735 So I would ask you to support proposal 1, but I would at the same time thank the other members of my board. We have had some very mature discussions around that. It has been very organised; it saved a huge amount of time to be able to present the report in this way with two Propositions.

2740 Thank you, Mr Bailiff.

**The Bailiff:** Deputy Bebb.

**Deputy Bebb:** Thank you Monsieur Le Bailli.

2745 I am pleased to hear that there have been mature discussions around the Commerce & Employment table, (*Laughter*) it seems to be the fashion in relation to politics these days. However, it will not come as a surprise to Members to note that, of course, I will not be voting for option 1, neither will I be voting for option 2. Many people will actually think that that is not

2750 surprising for a number of reasons. I have actually always struggled with Sunday trading, and  
actually, I am drawn by the idea of less regulation. I am drawn by the idea of less Government  
involvement, and that has always been my adjunct position, but when it comes to Sunday trading  
for some reason, it may well be because of my religious affiliations, that I am opposed to it. But, it  
has never been something that I thought was just fundamentally important, until this year, when it  
2755 was a Sunday that I think there was a seafront Sunday, I cannot remember what it was, but I was  
walking around Town and I actually took a trip to walk around the whole of the Town, and there  
was a cruise ship in. I was astounded as to the number of shops that were open. Let's not imagine  
that we do not have Sunday trading, we have a large number of shops that open on a Sunday  
when there are cruise ships in, but on closer inspection those shops that were open were virtually,  
every single one of them, UK chain stores. Every single one of them were not local companies. Of  
2760 course, that is where we come to the question as to what Government involvement is.  
Government does have a role in protecting its people, and the question that I ask is, whether or  
not we are actually by de-regulating, giving an undue advantage to those companies that can  
more easily absorb the costs.

I was astounded that of all those representations made to me that not one local shopkeeper,  
2765 not one local retailer, was in favour of de-regulation. In that context it feels very much as though  
the endless desire, and the rather huge support that I see from the consultation that was made, it  
feels as though we have consumers who have gotten used to the instant gratification of the  
internet. They feel that if they want to have an album, it is very easy to go on to iTunes click  
download and within seconds it is there. The idea that this 24/7 culture exists. There is a difference  
2770 between online shopping and physical shopping, and I think that is goes much into the culture of  
this Island.

One of the things that I was surprised at is a Christmas Day in Guernsey where I walked out of  
the house, I needed to get to a friend's house, and I was surprised as to how quiet the whole  
Island was, that very serene calmness. It is something that you notice that actually we have lost  
2775 from Sundays. It used to be the case that virtually every single Sunday I remember on this Island. I  
have lived here for over 20 years, so every single Sunday used to have that very, very quiet  
calmness to it, and that has gone already, because of greater activity on a Sunday. (*Interjection*) If  
we were to de-regulate completely I am convinced of the fact that it would be further eroded  
from where we are at the moment.

2780 But more than anything I think that the mean reason to actually vote not for complete de-  
regulation is that very firm argument that our local retailers feel that they would be compelled to  
open on a Sunday in order to compete with those others that are not local retailers. I have yet to  
have a single local retailer that has approached me and told me that they wished to see de-  
regulation. Therefore I think it is very important that we hold that in mind. That, as a Government,  
2785 if we were to actually de-regulate we would be, according to those very people, disadvantaging  
their case, and therefore the local retailer.

The reason I am not attracted to option 2 is slightly easier. I do not believe that if we... I have  
heard a number of Members actually who have said, I am not in favour of de-regulation but I  
think that there is a case for tidying up the Laws. In a world of plenty I would agree with that. I  
2790 think that that makes absolute sense. No problem with it whatsoever, but, of course, we are not in  
quite that perfect world, and I asked and I thank HM Comptroller for supplying me with a list of all  
the current outstanding legislation that is sitting at St James Chambers, and it runs to 13 pages of  
headlines as to what legislation is currently outstanding, and what stage it is at. Commerce &  
Employment themselves take up the first two and a half pages in relation to the legislation that  
2795 they have got outstanding.

Now, I see here that we have got from Commerce & Employment certain things such as  
Genetically Modified Crops legislation to regulate, but they have also got next to it, 'not urgent'. I  
see that we have got Trademarks Geographical Indications which they have got 'draft with the  
department'. If we look at other things we have got Guernsey Renewable Energy Commission and  
2800 that is waiting information from DEFRA. I see that we have got Limited Partnerships Re-enactment



of the 1995 Law with miscellaneous amendments, 'draft with the private bar for comments' since June 2014. It seems to me that Commerce & Employment have rather a lot of legislation which we have already demanded of them. They have rather a large amount of legislation that needs to be done. Much of it very, very important.

2805 I am concerned that the easy option vote for cleaning up the legislation, because that feels nice, doesn't it? Because voting for the *status quo*, we can all agree that actually currently the regulations concerning Sunday trading are a little bit messy, it is not quite [*Inaudible*] enough. Let's just get some legislation to tidy it up. But when we prioritise everything, we prioritise nothing, and I would counter that any single person who cares to look at the legislation that we have outstanding, and even if we just look at the legislation that is outstanding for Commerce & Employment, I would say that Sunday trading does not factor into the important rate.

2810 Therefore, I have to ask Members to think very carefully about option 2. Do we honestly believe that utilising yet more St James Chambers' time in order to draft more legislation, which in all honesty will do very little to change the current arrangements, is really a good use of our resources as Government?

2815 Personally, having sat on the Legislation Select Committee, and having seen the amount of work that is done in St James Chambers, I look at the total list here of 13 pages of legislation, and I have to say Sunday trading does not factor as being something that is important enough to amend. I believe that there are far greater things that are already outstanding, there are some items here that I personally would also remove, but they have already been decided upon. Therefore, I would ask Members to think carefully about de-regulation, but also to think carefully about tidying up. I do not believe that that is a good use of our legislative time, and I would ask Members to therefore reject both Propositions.

2820 Thank you.

2825 **The Bailiff:** No-one is rising to – Deputy Domaille... sorry, Deputy James, I said I would call you next, then Deputy Domaille.

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

2830 Sir, I would like to echo and support Deputy Stewart's position  
I note from this Report that, I think in 1911 I think it says that

'In the interests of the community and the morality and wellbeing of the rising generation of the Island some steps should be taken to restrict the sale of goods on Sundays.'

2835 I am beginning to worry about my morality, and particularly my association with Deputy Hadley as I signed his Requête, and I remember what the media did to him, and I think Deputy Soulsby betrayed him with some horns sticking out, so maybe this is at my peril. But I do support totally de-regulation.

I noticed that way back in the early 1990's, Deputy Pat Mellor asked, or highlighted, the ridiculous anomalies as they stood then. So I think that everybody in this Assembly must realise that things cannot, and should not, stay as they are.

2840 I am going to apologise for telling a little story because some of the Assembly Members have heard me say this but, after three months of being out of hospital I had an opportunity to take my husband out on a trip and he is an avid reader. Sunday is a day where I am able to go out with him, I asked him where he wanted to go, he can no longer access the library, there are very, very few bookshops left in Guernsey, so I asked him where he would like to go, and he said he would like to go to the Friquet Flower Centre, because they had a fairly small range of books, but it had been the first-time in six months that he was able to look and pick up books in a shop. So we went on the Sunday afternoon, and he managed, although the selection was very limited, he was absolutely thrilled to be able to buy three books.

2845 So two weeks later – we had some tea, sandwiches etc. and then two weeks later, Sunday again, I said where would you like to go, would you like to go somewhere different? No, said he, I

2850 would like to go to the Friquet Flower Centre to get some more books, so off we go to the Flower Centre and when we get there, lo and behold, there are all the tapes around the books, and he is surprised, and I am surprised, so I ask the assistants and they say it is the Sunday Trading Law. I said, 'But we were here two weeks ago.' So that is the nonsensical situation.

Needless to say he has not been out since, but never mind. So I believe that tinkering with the current legislation will be a minefield. I really do. Deputy Bebb has already highlighted the amount of legislation in the offing, and I just think that that will add to an already overburdened group of law officers. So I do really believe that it should be regulation.

When you look at the average age profile of the staff working at the Friquet Flower Centre, they are all very young people, mostly students I would think, so I see the expansion of work and job opportunities for people on this Island if we do offer Sunday working.

I think when I spoke at the Requête when Deputy Hadley submitted it, a couple of months ago, or however long. I reminded the Assembly the regulations at Social Security were reducing the age of the child whereby a mother would be expected to seek work, and we were looking at a potential 200 to 300 women that would suddenly be coming on the jobs market, so I was interested in the potential employment. It does expand the opportunities for more employment, and I would say particularly for women that have children that have greater opportunities of family members to look after their children.

One of the big arguments against it, of course, is it is a family day. Well, yes it is, but anybody that has been into any of the big supermarkets in the United Kingdom that have restaurants, these places are full of families, many, many of them having breakfast together on a Sunday, having lunch together on a Sunday. So I would suggest that perhaps it encourages more family cohesion.

So I would ask you to support this – support option 1, sorry.

2875 **The Bailiff:** Deputy Domaille.

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

I think many arguments for options 1 or 2, or perhaps sometimes people say revert back to what it used to be, have been so well aired that I think they have all been heard and whatever, so I am going to keep this short.

I agree entirely with Deputy James.

I actually would point out I think Deputy Bebb is right and he is wrong. He is right in saying that option 2 tidying up the Law is actually a waste of Law Officers' time in my opinion – probably would never happen. In fact, it is probably a way of keeping the *status quo*. So I could not support that. I would also say that under the present arrangements, of course, retailers as Deputy Bebb has said have got the freedom of choice, and they do exercise that choice, some open some do not, and that is fine, and the only people, organisations, that are not allowed to open is restricted on size of their building, which is an arbitrary arrangement anyway.

So it seems to me that the overriding principle here is the great majority of people, we know that from the consultation document, want Sunday trading. I think you are going to have to see it with your own eyes. Nobody is suggesting going back not being able to buy petrol on Sundays. If you go into – I will not mention the name because I am not going to advertise – but there is a shop in St Martin's that is quite busy selling food, on a Sunday afternoon, (*Interjection*) and it just seems to me the argument against letting people decide what they want the do in this case are so flimsy as to be not worth arguing, so I do urge Members to support total de-regulation.

Thank you, sir.

**The Bailiff:** Deputy De Lisle.

2900 **Deputy De Lisle:** Sir, I have to first of all indicate that I have interests in the retail trade.

With total de-regulation, sir, Guernsey would lose something special. The small owner-run business needs the day off, and de-regulation will contribute to inflationary spiral locally.

2905 In the Commerce & Employment Board I have argued for keeping things as they are, while agreeing to address a few anomalies that have been causing frustration Island-wide. Hopefully, this Assembly will opt for this considered second option, or opt to retain the existing system.

Sir, in France, Preston Holland faced open revolt over Sunday trading from his own socialist party as his government tried to allow shops to trade on 12 Sundays a year, when only five were permitted. The Mayor of Lisle called Sunday a precious time that must be devoted to family and friends, volunteer organisations, culture and sport.

2910 It should be noted that the design of the consultation methodology that was run, and that Deputy Bebb mentioned, was simple with no measures being taken to ensure a randomised sample of the population, and it was possible for individuals to submit multiple responses to the questionnaire.

2915 Sir, in an Island of small independent businesses the risk is that total de-regulation will threaten small Guernsey-run independent businesses to the benefit of a few larger multiples. It is all about market share at the end of the day. De-regulation benefits the larger retailer.

2920 In the UK, large stores are allowed to open six hours on Sunday. The proposed suspension of Sunday Trading Laws here would allow opening 24 hours on Sunday, which amounts to total unregulated trading, 24/7. Now that would be a major change for Guernsey, and would threaten small businesses, and throw up more competition from the larger retailer. It would also mean that perhaps Easters would go by the by, Christmas and so on and so forth, because then you are introducing 24/7 and total de-regulation. I think those days are particularly special, and I think the threat to that is quite concerning to many Guernsey families here locally.

2925 The problem with de-regulation in the current difficult economic circumstances also, is that it does nothing to generate new business. It only saddles small businesses with new problems. We have to be seen promoting business and not undermining any part of it.

2930 The current Law needs tidying up, but Guernsey will lose something special if it goes for total de-regulation. Our heritage is six days' work and one day's rest. So I appeal to Members to tidy up the existing Laws, if you must, but do not change the way of life enjoyed by Islanders, and envied by outsiders. In option 2 existing anomalies regarding garden centres, pet shops, fuel outlets and cruise liner Sundays will be addressed.

So I ask Members to please vote for the *status quo* or option 2.

Thank you, sir.

2935 **The Bailiff:** Deputy Adam, then Deputy Brehaut and Deputy Green.

**Deputy Adam:** Thank you, sir.

2940 I will be brief because, as Deputy Stewart said, this has been around the circle on numerous times, and those like Deputy Quin and myself who have been around this Chamber for some time have heard all the arguments. Again, Deputy Stewart said there is nothing right and there is nothing wrong, it is a matter of opinion.

2945 I am not in favour of complete de-regulation, because I do not understand what that means. Deputy De Lisle said exactly that: does that mean they can open from midnight to midnight, or from eight until eight, or will they be limited to four hours or six hours? There is nothing about it. (*Interjection*) I think that is what the problem is; you must have some sort of regulation.

2950 The other thing Deputy Stewart said, well it might have savings of £30,000 or thereabouts, but then Deputy Stewart was not here, and it is not his fault, he was meeting his comrades. Earlier on in this States' Report we had an interesting short debate that was no debate, and it was changes of the Public Functions Law. An interesting little law that was actually addressed by the committee which Deputy Domaille was on, and Deputy Shane Langlois at that time, which was looking at broken laws.

2955 This recommendation states that changes are going to be made in this Law to allow the States, from time to time, by ordinance to transfer appropriate functions from the States to the Constables or Douzaines. Now, the reason for this Law was nothing to do with Sunday opening but to do with Waste Strategy, so they could transfer the functions from PSD, etc. to the Douzaines, but they can apply just as well to this, and Deputy Bebb the ordinance for this is going to take about two months. So you can see that the Law Officers can put in place things much quicker than some people think.

2960 Deputy James mentioned Le Friquet Garden Centre. Well, this was one of the situations whereby the Castel Douzaine tried to interpret the spirit of the Law, and the Commerce & Employment tried to enforce the letter of the Law, and therefore Deputy James one week books were open, two weeks later it was closed. As Deputy De Lisle has said that is one of the areas that we must have clarification. Now it is not going to mean that Le Friquet's opening ability will change. No, it will mean that others will change and there will be on an equal footing. Therefore I believe that the reviewing of that situation it will clarify it all, make it easier to keep a track of it, and it should be passed back to the Douzaines and stop the States meddling in it, and therefore you also save your £30,000, roughly speaking, because they will not have to that work.

2970 So, sir, other aspects, cost to smaller shops, definitely, size of the cake, how many people have said if we only have so much money to spend, if you spend it on Sunday or Saturday you maybe not have it to spend on the rest of the week. You will divide it up accordingly. Just because the shops are open longer on a Sunday does not mean to say we have extra money to spend, and therefore retailers are going to find people spend the money on a Sunday and then maybe they can close on a Monday, Tuesday or Wednesday, whichever. That is something that has been shown in the past.

2975 Now, employment: Deputy James – I apologise, obviously, Deputy James but maybe it is because I was listening to what you were saying. Deputy James was saying about women will get jobs and in the next breath she was saying 'but it is a family day'. Well, when women are working they cannot go to the shops shopping.

2980 I agree with Deputy De Lisle. I agree with what he says, I think it has all been said before, so I trust this will be a fairly short debate.

Thank you, sir – but you must support option 2.

**The Bailiff:** Deputy Brehaut.

2985 **Deputy Brehaut:** Thank you sir.

I would quite like to spend a Sunday in Deputy De Lisle's house, it sounds ideal with, I do not know Mrs De Lisle perhaps doing her embroidery, the children playing Ludo, Deputy De Lisle playing with model aircraft and EMARSS (*Laughter*) and wondering why with the EMARSS the aircraft does not quite reach the sideboard, but perhaps ... (*Laughter*) – but this is the sort of ideal that people hold, and I am guilty of it, because I think when a society is changing so rapidly like Guernsey is, that you are drawn to the past just a little bit, because we loved our parents, and that ties us in to the past, and we look to the past and the Guernsey that they enjoyed.

2995 But, please do not tie me in to somebody else's past for ever. That is what the existing legislation does. I fully respect the rich Methodist tradition we have on this Island. I fully respect the Christian tradition that is on this Island, and people are welcome to practise that, and we embrace that, and obviously, we tolerate it because people have the freedom of choice. What really brings me to my feet is this idea that in some perverse way, my family life could be dysfunctional. Because as long as I can remember – (*Laughter*) by the look of them, I can tell that Deputy Sandra James has been intercepting my mail again. (*Laughter*) No, but my wife has worked weekends for ever. I cannot see that the parents ... being home with Dad and doing something different, well it is different to being a home with Mum and Dad, but it works, and I think that modern family life is better than how it used to be for a lot of families on Guernsey. I get a little vexed at the notion that my family life is different, and to some degree – I am trying to... okay I

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3005 am scrabbling around for words – but to some extent that, I will not say depravity, but in some way that our family unit is eroded to the detriment of the family, or will be, because people will be out working on Sundays, or that because my wife is working and I am with the children that we are not a tight family unit. It is not right.

3010 When we – if we do – relax legislation in this area we must have due regard for people who work on Sundays, and Deputy de Lisle also focused on local businesses, and I do not know whether local businesses have a sign on their door saying ‘This is a local shop for local people only’, because I can only assume that it is local people that shop in the English shops in our High Street when they are open. I do not want to be tied in to the past forever, but if we do have people working on a Sunday they need to be protected. We have done that with the Minimum Wage Legislation and, if there are inadequacies with the Employee Legislation then we need to do something about that. Society is becoming more secular, people believe that with moving forward we are losing something, I do not share that view. I think we should just remain the Guernsey that we are, a tolerant Guernsey, respectful of other people’s views – and do I rob Deputy Ellis Bebb of the opportunity to give way? (**A Member:** Yes.) I will leave it there, sir. (*Interjections and laughter*)

3020 **The Bailiff:** Deputy Green, then Deputies Lowe and Le Tocq.

**Deputy Green:** Sir, thank you.

I will be brief.

3025 As others have said, I do not think there is a wrong or a right answer to this, and I think for me this is very much a head-over-heart issue, because I think my head tells me that we should go for de-regulation option 1, my heart tells me that perhaps there is some merit in option 2, or the *status quo* as Deputy De Lisle said a moment ago. I think ultimately I will probably come down in favour of voting for option 1. That is my natural instinct to vote in favour of complete de-regulation.

3030 I think there is a moral philosophy that underpins that, and it has been said before, but it is worth reiterating, that this is about the liberty of the individual, and if you do de-regulate, no shop will be compelled to open on Sunday, no worker will be compelled to work on a Sunday against their will. No consumer will be compelled to shop on a Sunday. It is about giving people, the individual, the choice, and from the public consultation that appears to be where the majority of people who answered that consultation appear to want to go. Now, I know some people have complained about the results of the consultation, presumably because they do not like the fact that 60-odd percent of people who were asked responded that they would prefer de-regulation. But those are the facts. That is what we have in front of us. I have got no reason to criticise the methodology behind that consultation. I do not think we can disregard that without some pretty firm reasons for doing that.

3040 The reality is that many businesses will determine over time in a de-regulated market that it is simply not worth their while to open on a Sunday in any event. Many of them, perhaps, will have a trial period where they will open see what the level of profit is, and then take a view. It will be run in terms of what profit there is in it. If the business case stacks up then the shop may choose to open, if it does not stack up they probably will not. The market will find its own level. That is what my head tells me.

3045 It is difficult – I think it is easy to exaggerate the kind of apocalyptic implications of total de-regulation, but I do have some sympathy, and this is where the heart comes in, so I do think there would be inevitably some impact on family life. Some impact on those employees who perhaps decide that in reality that they would have to work on a Sunday. There would be an adverse effect, perhaps, on some of the smaller businesses, some more small and medium-sized shops who would feel perhaps under pressure to try to compete, even if they probably cannot. There is merit in having one day of the week which is reserved for a certain serenity, a certain quietness. We live in a very busy world. We work a hell of a lot of time. Five days a week, six days a week in many

3055 cases. Sunday is a protection from that. We live in a very materialistic world, we live in a very consumer-orientated society, and de-regulation probably would only exacerbate that.

But I think at the end of the day, for me, it does come down to a head-over-heart question. I do think that de-regulation on balance is a better way forward. I do not think that the implications of it are quite as drastic as some people think; I think there is a philosophical justification for de-regulation. There is a lot of unnecessary bureaucracy that can be swept away. I am content that the Employment Law is sufficient to mean that workers will be protected if they do not want to work on a Sunday. There is that remedy in place.

So, I will in all probability be voting for option 1.

3065 **The Bailiff:** Deputy Lowe.

**Deputy Lowe:** Thank you, sir.

I have always supported de-regulation, and the matter of choice.

3070 I was having a look the other day to just have a look at what was actually said last time, and then I looked at the date and I thought that is not the last debate that we had, and when I looked on my computer, I think I have got about five different speeches for different times it has come up, and I have just jiggled it and put the word 'requête' twice, and I have put 'amendment' another time. So I am just recycling speeches from year dot really when I first came into the States, because this has always been around, this debate, since I came in the States, and it is still here again today.

3075 What concerns me – well, not concerns me, but I just sort of hear – I have heard already again today, we must leave Guernsey as it is because of family life. I am a great supporter of family and that is absolutely right, but the people that are saying that have not brought an amendment to close down the existing people that have to work already on a Sunday in the shops, the garages that are open, the builders stop doing trading on a Sunday, the plumbers, the electricians. There are all sorts of people who work on a Sunday. It is their choice. But at no time has anybody brought an amendment here to say nobody else must work on a Sunday unless it is emergency services.

3085 We are talking here about retail, but we are not actually doing anything about the rest and rightly so, because they have got their privilege to be able to work, run a business seven days a week if they wish to, work for a company seven days a week if they wish to. That again is their choice. When they took on those jobs, more often than not they were made aware that that is the case. Of course, now we have protection anyway from Commerce & Employment with the Law to look after people to make sure that they are not actually forced to work on a Sunday. They have got that protection.

3090 Then you have the element where Sunday being a religious day, yes that is right for some, but of course, some religions they have it on a Friday, a Saturday and a Sunday, so it is not always on a Sunday depending on your religion. Other people, Friday is a very important religious day for them, but we are not saying we should close on a Friday. Again it is choice isn't it?

3095 So, where we are we? It goes back to the old thing really, nobody is being forced to open. Deputy Bebb said, he went into Town a few weeks ago and there was a cruise ship in and it was really busy. I went into Town on Sunday and there was a cruise ship in and hardly any of the shops were open in Town on Sunday, which I was disappointed about, because in actual fact, you saying the shops were busy that is great, isn't that what we want? Do we not actually want the shops to be busy, and if it is on a Sunday –

3100 **Deputy Bebb:** Point of correction.

**Deputy Lowe:** – is that not telling you what the public want anyway?

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**Deputy Bebb:** Point of correction: I said that the shops were open, it was busy on the seafront; it was not busy in the shops.

**Deputy Lowe:** Thank you.

3110 Well, again that is the commercial decision of the person who is running that business to make that decision whether they open or not. It is not for us to make that decision for them. They chose to open, if they were not busy that is probably why they were closed this Sunday, because there was a cruise ship in on Sunday and there were very, very, few shops open on Sunday when I was in Town. So, it goes back to their choice.

3115 I mean, we have this ridiculous Law that I have always called it the 'Tape Measure Law' we have encouraged businesses to thrive, most businesses start off small they expand and then they get so far and then wham we close them down on a Sunday. They have been opening seven days a week until then, until they had that extension because they were popular, they were doing a great trade and then the old 'Tape Measure Law' kicked in and whack, bang you cannot open on a Sunday,  
3120 and they are penalised. Is that the sort of discrimination that we want for businesses?

We are trying to get businesses to thrive, so I do not think actually there should be a Law which is very discriminatory, and in certain cases it is protectionism. Most of the – a lot of people always talk, it is the supermarkets that this actually affects. Well it does sort of, although if I want to buy a dress on a Sunday, I cannot unless I go on the internet. So, it is not only supermarkets  
3125 that you are talking about for a Sunday. But that is the main thing that people actually talk about. It is the supermarkets. Now is that right that we actually favour particular companies to the detriment of the one or two others that are larger stores that cannot open, and I just think that is wrong. That is immoral. The States should not be doing that to any company. If you are able to trade you should be able to trade. So, let the big shops open if they choose to do so, that is their  
3130 commercial decision.

We have even had the nonsense as well, that one day about – how old is my car? – about four years ago, we happened to bump into somebody who said, 'Oh the garage where were going to look at a car they were open', and I said, 'Oh I forgot they were open on Sundays, I will go and have a look.' So I went in and they were open, and I said, 'Oh I am glad you are open. Can you tell  
3135 me ...?' He said, 'Don't talk to us, we are not allowed to talk to you, it is Sunday trading. You can come in you can walk around the showroom, we are only here to make sure you do not damage the cars, you are not allowed to ask us anything about the cars. Sunday Trading Law, we cannot give you any information about it.'

How daft is that! How stupid is that! I mean it is *embarrassing*, (*Laughter*) some of things that we have got in this Law are embarrassing. In fact, when you read the Law the supermarkets that are open, it was designed that you could have a small shop, but you are not allowed a big family shop. It tells you in there, you are not allowed a big shop, it is only for small shopping, so do not come out with a large basket, because there might be somebody after you when you come outside and say you are not allowed to do a full shop, the Law actually says it is just for  
3145 convenience, convenience stores only. So keep an eye out over your shoulder if you do that.

There was another time in one of the other debates that we had in the States where we had one Member who stood up and he was totally against Sunday trading, and we should not be doing that, it is so wrong, so wrong. He had egg all over his face when he was reminded of three Sundays prior to that he had been seen coming out of the supermarket down at L'Eree which he had been into, yet he was telling us it should not be open! (*Interjection*) So I ask any of those here that actually say we should not be opening on a Sunday, how many of you can put hand on heart you have not actually been in a shop on a Sunday? Because if you have been in a shop, do not be hypocritical. You made that choice to go in there and leave other people to make that choice if they wish to go in a shop on a Sunday as well. (*Interjection and laughter*)  
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I do not think I have got anything else to add, sir, really, on just that it is an embarrassing Law, let's get rid of this 'Tape Measure Law'. I was in Le Friquet again on Sunday and you can buy fresh flowers which are there, you cannot buy the artificial flowers that are there. You cannot buy the

books anymore on Sunday, but you can buy the other little gift thing that is there. It is ridiculous, it is absolutely ridiculous. Stop all of that. Let a shop trade and make that commercial decision and stop us bringing embarrassment for those that actually do wish to go into a shop on a Sunday by allowing those who made that commercial decision to open to do so.

Also, I have never actually agreed that it should be just cruise liner passengers that we favour on a Sunday, why should we do that? Why should we encourage just the shops to open on cruise liner days, when we are complaining over and over again about how many people are using the internet? You have only got to go down to Guernsey Post any time you like and look at the masses of parcels. You all went a little while ago when you first came into the States to the Open Day. They are swamped with parcels from people buying on line. Again, this is where somebody will say, 'Well if they open, I will have to open because that is what they do.' I can go and buy a television at seven in the morning and I can still buy a television at nine o'clock at night, and yet the television shops are not open in those hours. It is not standard opening hours right across the Island, rightly so. It is competitive and the choice again of what you want to do.

So nobody is forced to open long hours, nobody is forced to open on a Sunday. Just let people make up their own mind how they want to trade.

**The Bailiff:** Deputy Le Tocq, then Deputies Fallaize, Gillson and Conder and Lester Queripel.

**The Chief Minister (Deputy Le Tocq):** Thank you, Mr Bailiff.

Sir, it is not very often that you will hear me say that I am agnostic about something (*Laughter*) But this is Assembly has heard me say before that I am agnostic about Sunday trading. The reason for that is, it may be that there are religious people, religious individuals, who want to keep Sunday special in that way, but there is certainly no Biblical Christian New Testament argument for doing so. In fact, if the Assembly will indulge me – I do not want to get into sermon mode (*Laughter and interjection*) but the Apostle Paul actually says this in Romans 14 (**A Member:** Ahhh.)

'One person esteems one day as better than another, while another esteems all days alike. Each one should be fully convinced in his own mind.

The one who observes the day, observes it in honour of the Lord. The one who eats, eats in honour of the Lord, since he gives thanks to God, while the one who abstains, abstains in honour of the Lord and gives thanks to God. For none of us lives to himself ... therefore let us not pass judgement on one another.'

Now he is talking of course, to believers but that was because, sir, it was not until the fourth century that any regulation, any standardisation in the Roman Empire, certainly in Christendom as it was then, came about. It was true that the majority of churches would have met on a Sunday, but some chose to meet on a Saturday, or indeed other days. There is evidence of that. Those, of course, who were choosing to meet on a Sunday at that time were meeting on a working day. It was the Emperor Constantine, and I think I went into that last time. So, I will not go over that again, who brought in regulations on that –

**Deputy Fallaize:** Which committee was that?

**The Chief Minister:** I will not go into the State Church and all of that stuff, but I do feel there is certainly no argument to be said from a Biblical Christian point of view to standardise Sunday for everyone, and enforce it on the whole of society. I do not abide by that at all.

Deputy James, sir, quoted the comments which were in the policy letter from 1911, and I will just quote them, because I do think they are interesting in terms of where we are today, and these were comments that were made by the Dean of Guernsey at the time, along with a group of Parish Constables, and I quote:

'That from time immemorial shopkeepers and the sellers of goods have acted in harmony with public opinion by abstaining from business on a Sunday.'



That there are however some, and their number is increasing, who neglect to observe this custom. That in the interests of the community and the morality and wellbeing of the rising generation of the Island some steps should be taken to restrict the sale of goods on Sundays.'

I thought it was interesting, sir, that Deputy Green mentioned morality in a different context than the Dean did here, actually. But the Dean, sadly, did not know his Christian history very well in that 'time immemorial' obviously started with Constantine and not the (*Laughter*) 300 years prior to that, but nevertheless from my point of view, whichever way we vote, it is not going to make a lot of difference, because you are not going to force shopkeepers to open. The shopkeepers that Deputy Bebb mentioned, the local ones that were not open at the moment on a Sunday when UK chain stores were, could open at the moment under current legislation on a Sunday, if those chose to do so. I really think in some ways it is a bit of a non-argument. If we were talking of having no work at all on a Sunday on the one hand, and on the other hand that would maybe the case.

Now, of course, the Dean in 1911 was arguing – because the culture at the time in Guernsey was such, whether it was because the majority had been certainly Christian, the majority probably in the Methodist Chapel, at that time, I think, from censuses that were taken around then – that he felt that because the majority felt that way that they should bring in a law to impose that and make sure that minorities did not break that rule. Now, it goes to show that there was not a law before that. There was no need for a law on Sunday trading because the majority of people did not want to do that on a Sunday. It was because a few had begun to do that, that he and a number of others brought in this initiative to bring in the first regulation law. Certainly, he goes on to talk about the general wellbeing and the public – what is the quote here – the public opinion. I do think that has changed quite a lot since 1911. I think we have to bear that in mind. I think, therefore, we do not want to make a bigger issue of this than it needs to be.

However, having said all that, I do think there is an argument for a community having a day in the week that is generally a day of rest, a day off, a day different than the rest. I think communities that have chosen not to do that often struggle as a result. They struggle with social issues and other issues, and families struggle, families, particularly, at the lower end of the social spectrum, and I have got sympathy with that.

Now, the question is, should Government be involved in trying to enforce that upon the whole of the community? I would prefer not to do that. I prefer to argue from the point of view of other institutions, and to try and persuade people to choose to do that, in the same way that I think were we in a position today, not to have any regulation at all, that you would probably find that people would still choose a general day off, a general day that was different than other days. Where societies have tried to differ from that, in the case of the French and the Revolution where they tried a nine-day working week with one day off to try and get more out of the economy, it fell apart, because generally speaking people were more tired. In fact, even the animals got more tired. So we are living I know in a different era but nevertheless, I think it is wise to do that.

Now, the sorts of things that Deputy James, and others, have said that they would like to do on a Sunday I agree with, and I think we would choose to do that. It is nothing to do with whether you go to church or not, because churches will meet at any sorts of times, at any sorts of places, if they want to. That is completely separate. I do think in terms of society, in terms of our wellbeing, it is a good reason to do so. It is not about what you can buy or cannot buy. I bought a couple of theological books last Sunday, because we had a couple of newcomers at church, came home for lunch, he recommended something, I ordered it on Amazon as we spoke, (**Several Members:** Oh!) and one of them arrived on Monday at lunchtime. (**A Member:** Tut, tut!) Because, I would not be able to buy them here anyway. (*Laughter*) They are too exclusive, no shop would stock them.

But the point is this, we live in a different era, and I really do not think that we are going to make much difference here. Whilst I might have greater sympathies with a 'Burkian' idea, because Edmond Burke is my hero at the moment, and in terms of institutions and culture change, he would have argued for gradual reform rather than a sudden change to things, I really do not think

it is going to make a huge difference. Those that think that by complete de-regulation suddenly they will be able to choose to shop wherever they like on a Sunday are going to have a big shock, because some people will not choose to open on a Sunday. They do not want to do that.

3255 So, I am still agnostic at the end of my talk. Well, I have not persuaded myself to vote either way yet, so I am more like Deputy Gollop than I have ever been before, sir, but having said that, I do think we need to realise that there is an advantage – there is an advantage – to have a general day that is different than others, and it should not be criticised. We should not criticise those who choose to do that, and our society is the richer for it.

3260 **The Bailiff:** Deputy Fallaize.

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

3265 Maybe if the Dean of 1911 could come back today he would feel that he was right about the need to address the morality of the rising generations, but whether that is linked to Sunday trading or not is another matter entirely.

It seems to me that, I am in a curious position actually, because I do not particularly want to shop on Sundays, I do not particularly like the thought of shopping on Sundays, I do not particularly like the thought of shopping any day actually (*Laughter*) and I sort of feel in sympathy with the points that Deputy Le Tocq has made about a community which takes some time for reflection, and some time away from commercial activity. Probably, if I could go back 40 years, or longer, and the States were faced with proposals to de-regulate trading on a Sunday I would probably vote against it.

3275 But the position as far as I can see is that the horse has bolted, if I can use that *cliché* and it happened in the late 1960's and early 1970's. It is explained in this policy letter that the 1973 Law gave the powers to, or clarified, that the Constables in the Douzaines had the power to give special dispensation to people who applied to open on a Sunday for, as it was in the Law at the time, exceptional reasons. But, over the period of the next 15 or 20 years it was applied inconsistently, and there were many shops which would not have been opened previously, which were permitted to open.

3280 So, by the time we got to the early 1990's we had what has since been described, very accurately, as a dog's breakfast. There was so much inconsistency and we have the argument now, and we heard it from Deputy De Lisle, keep Sunday special, as if we do not have Sunday trading now. There are shops open wherever you go in Guernsey now, you only have to drive more than three minutes, I shouldn't think, anywhere, other than perhaps one or two of the more remote areas of the West perhaps, and you will find shops open. There are hundreds if not thousands of people working on a Sunday, our parishioners, who are working on a Sunday. There are 13 categories of Sunday Opening Licence which can be applied for, so let's not imagine, let's not have this debate as if there is no Sunday opening now, or as if we only have the chemists open for an hour or two on a Sunday morning to sell medically essential goods. We have shops open in all sorts of categories.

3290 Actually, our legislation as it is at the moment precludes some small shops from opening who may want to open, and permits large shops to open and those shops may be much more profitable than the small shops which we preclude from opening. We do not allow pet shops to open. Small pet shops cannot open, but fruit export can open and sell stuff for your pet. Well that has not kept Sunday special. All that has meant is that a large retailer is able to sell goods which the poor bloke down the road, who is trying to run a much smaller outfit, is not permitted to sell. Now, that is what happens when you try to interfere in an inconsistent way.

3300 The problem I have with option 2 is not so much the philosophy behind it, I am not arguing anything here on the basis of the liberty of the individual. The Government impose restrictions on the liberty of individuals in all sorts of areas, but the problem with option 2 is that it takes a basket of inconsistent decisions that have been made for 20 or 30 years and it simply replicates that sort of problem. In fact, somewhere in this policy letter when it describes option 2, yes, it says:

'That option 2 follows previous approaches by the States to changes to this Law...'

Well it is the previous approaches to the changes to the Law which have lead us into the dog's breakfast that we have today.

3305 Now the supporters of option 2, Deputy Brouard and Deputy De Lisle, tell us that if we support option 2 we can bring a degree consistency, and sanity, to Sunday opening. Well, of course, we cannot. We absolutely cannot. We are told that under their option pet shops will suddenly be permitted to open. Well, what role is it of the Government to decide whether a pet shop can open on a Sunday or not. (*Interjections and Laughter*) We are told at paragraph 10.9.4 that there would  
3310 be some amendments to category C to allow fuel outlets to sell a wider range of goods. However, it is eager to go on to say

'...this will not extend to be able to sell motor vehicles.'

Ooh now, that really would not make Sunday special. I mean Sunday is special if we only allow them to sell fuel and packets of crisps and engine oil that is fine that will keep Sunday special, but if we allow them to sell cars that certainly will ruin Sundays. (*Laughter*) Well, this is a nonsense. It is  
3315 an utter nonsense, and that is the problem with option 2. If we were 40 years ago, I am sure I would be against de-regulation. I can understand the arguments about protecting a day that is special for family life, where the community is quieter, but that is not where we are. That is not everyone's experience of a Sunday. There is a certain demographic in Guernsey for whom that is the experience. But that is the not the experience – and that demographic may well be – and I  
3320 apologise if I offend anybody in the States – overrepresented in this Assembly, (*Interjections*) but that is not the experience of everybody in Guernsey. There are many hundreds or thousands of people in Guernsey for whom that is not their Sunday experience. (**A Member:** Hear, hear.) At the moment it says at paragraph 4.3:

''The law restricts what goods shops can sell.'...'

'Generally, in order to be granted a licence the shop must have certain goods as its predominant range, but ... There are three exceptions ... Plant and Garden Centres ... may not sell some goods on a Sunday but they may sell these during the week. Fuel outlets ... may only sell fuel or lubricants on a Sunday.'

I think it means on a Sunday fuel outlets may only sell fuel or lubricants, because I think they  
3325 can sell fuel or lubricants Monday to Saturday.

'Additionally, shops within a designated place of particular interest ... may only sell goods with a close thematic connection with the place or of particular interest to tourists...'

I mean this is ridiculous. Let's be honest about it, this is absolute nonsense.

We also have this issue about the serving of customers. That some outlets can be open, they can have their goods on display, but they must not serve customers who even want to talk to the retailer about the goods that are on display. How is that keeping Sunday special? I do not  
3330 understand that.

So, I think the issue is that we really have to apply a degree of logical decision making. Deputy Le Tocq spoke about his hero Burke who may prefer a more gradualist approach, but I think it could be argued we have had a gradualist approach, we have gradually moved over the decades away from having no Sunday trading to having a little bit of Sunday trading, we now have a lot of  
3335 Sunday trading actually.

We have some retailers who are publicly campaigning against the de-regulation of Sunday trading in one parish, who open stores they own in other parishes on a Sunday. Now we have to apply a degree of logical decision making to this. If the alternative option was to say we will have no restriction of what can be sold, and no restriction on who can sell it, but we will only allow it up  
3340 until 12 noon, let's say, because we want to have – we want to protect one afternoon a week which is where the community is different, where there is no commercial activity. In a sense, I think that that could be defended on logical grounds, but to say that some retailers can be open but

3345 some retailers cannot be open, and some retailers can sell certain goods, but other retailers cannot sell the same goods, is just so self-evidently nonsensical, that we really must not allow this sort of regime to be maintained for any longer. Now the only option that is before the States today which allows us to tidy up the legislation is option 1.

3350 Deputy Brouard and Deputy De Lisle pretend that option 2 is what tidies up the legislation, but actually what tidies up the legislation in a logical way is option 1. So, I think, although I have no great desire to see Sunday trading, this report is not entitled making Sunday trading compulsory. I think it would be a very good thing if people voluntarily choose not to trade on a Sunday, or on one day of the week, but I do not think it is the job of Government to come up with a wholly illogical, and incoherent, and inconsistent regime to force certain types of behaviour on one particular day of the week.

3355 Thank you, sir.

**The Bailiff:** Deputy Gillson.

3360 **Deputy Gillson:** Sir, it is very easy to point to inconsistencies in the Law, and make a humorous speech, because ultimately either total opening or total closing are the only clean ways. To have anything in the middle you are going to have anomalies, and you are going to be able to point to anomalies, and we are all going to have a good chuckle over those anomalies. But it does not necessarily mean that having anomalies is a bad thing.

3365 Now, as you may be gathering, I do not support de-regulation. I think that our community and our culture is precious. Guernsey is different on a Sunday. Guernsey is quieter on a Sunday. I agree with Deputy Le Tocq that there is sense in having a day which is different. So, I think that I could not support option 1 of total de-regulation. It is interesting how it is even further than the UK, because even the UK has limited the shopping on a Sunday, and to go from where we are now to straight de-regulation concerns me. How many times do people stand up in the Assembly and say, 'Oh we have got to be careful – unexpected consequences, I warn you, unexpected consequences.' Well, making such a step from where we are now to total de-regulation. If there is not scope in there for unexpected consequences, I do not where is. So I am really uncomfortable.

3375 But I think as a lot of people have mentioned about freedom of choice for shops to open. That is true to a degree. I have spoken to some shopkeepers they will not want to open, but if their competition does they will have to, because the total sales in the Island are not really going to increase. It is just going to spread over different days, and they could end up losing market share, so they might feel that they have to open.

3380 But there is also a lot of freedom of choice for other sectors of the Island. Those people who to live near shops which do not open now but are very likely to open. Some of the supermarkets for instance. We have some areas where the only time the roads are quiet near the supermarkets are a Sunday because they are closed. We had an e-mail from one family a few weeks ago, saying that the only day they get peace and quiet in their garden is on a Sunday, because they live next to a supermarket. At coffee break times they have the people on the other side of the wall, not being unsociable, but just using language that they do not like their children to hear in their own garden, and on a Sunday they know they will not have to put up with that. If you bring this in then that changes for them. So yes, you give some people freedom of choice but you invariable take away other people's freedom of choice. Where this total de-regulation is making such a change so fast, I think it is wrong.

3390 Now option 2 it is not perfect. It is going to have a number of anomalies, but I think it is less bad than option 1, and this is a situation where I think option 2 is better than where we are, it tidies up a few things. It is not perfect, but it is certainly the less bad option.

So, I think, in the same way as – I see Deputy Trott smiling – in the same way as I described Zero-10 as the less bad of the options that we faced. Zero-10 was not a good option; it was the less bad option. Here is the less bad, and it is the less risky, and I urge people to opt for the less bad option. Thank you.

3395 **The Bailiff:** Deputy Conder, then it is Deputies Lester Queripel and then Deputy Gollop, and then Deputy Le Pelley.

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

I speak unequivocally in favour of total de-regulation and freedom of choice.

3400 I think there are a number of aspects I would like to bring to bear in this discussion without hopefully repeating too many of the comments already been made.

Like Deputy James, I have experienced the nonsense of a certain large garden centre in the middle of Castel. Where indeed you can, unlike Deputy Fallaize, you can buy a guinea pig, or a rabbit, or a gold fish, or a budgerigar, but you cannot buy a book to tell you how to keep them.  
3405 *(Laughter)* Utterly bizarre. They are probably dead because you have got no guidance for them.  
*(Interjection)*

Also, like Deputy Fallaize, I do understand, I am father to two daughters, that people like shopping, in fact it is a hobby for some people. As I have said, I think, in this Chamber before, I would rather go to the dentist than go shopping, but I do appreciate that shopping is a pleasure.  
3410 Actually, it can on many occasions be part of a family day. It is certainly something that people enjoy doing. So why would we deny them in a 21st century democracy, the opportunity to do something that they actually enjoy doing.

There is another aspect to this. Working lives are very different now than they were 40 or 50 years ago. Forty or 50 years ago people could contemplate shopping during their lunch break,  
3415 possibly even at the end of their working day, but many of our professional members of this community work incredibly long hours. They cannot get to the shops, actually, during what is commonly called the working week. They might well be working on a Saturday anyway. If they enjoy shopping why should they be denied that opportunity during those periods when they are not actually confined to their desk, and working in front of a computer.

3420 So, certainly I know my daughters who work incredibly long hours in the City of London, do enjoy going into Oxford Street, and elsewhere, to shop on a Sunday, it might be the only chance they have.

I would like to turn to something else now, sir, if I may, and I know it has been floated, a number of colleagues have said the size of the economy is limited, if you open for a seventh day,  
3425 there is going to be no economic growth. I would challenge that. First of all, as I think Deputy Lowe indicated, or suggested, actually if you do not have the choice to buy from your local provider chances are you will go somewhere else, and that somewhere else is the internet. So give our shops the chance to take some of that, some of that retail growth back from the internet. So, actually, it is not a closed loop. Some of our retail opportunities are leaking out away from these  
3430 shores, simply because our community cannot take the opportunity of buying what they want within the Island.

There is another part in terms of our economic growth and again I do not think it is a closed loop that so many opponents of Sunday shopping have made. When we were discussing almost  
3435 *ad nauseam* the issue of cruise liners and the number of cruise passengers coming on to our shores I asked Deputy Scott Ogier, and he will correct me if I am wrong, the size of that community, or the size of the number of people coming ashore, and it is well over 100,000 – I think it was 120,000. I think he gave me a figure of about £3 million potential market. He is not nodding now, if I have misquoted him I apologise, but clearly there is a potential market there, and that is additional revenue. We know, again Deputy Lowe highlighted earlier, that whilst there  
3440 is a theory that cruise line passengers coming ashore do not spend very much. They do spend something, and they will certainly spend a great deal less if their main retail outlet in St Peter Port is basically closed to them.

I will just give a little anecdote. I first came to Guernsey in the late 1980's, somebody was foolish enough to ask me to come and speak at a conference, so I thought I would bring my  
3445 family over, we rented a cottage and I suppose, foolishly, I thought Guernsey was a bit like a seaside resort, it was the summer, and of course, it is in some places. So, I thought, 'Oh we will go

3450 into the main Town on a Sunday and the children can spend their pocket money and so on.' So we came in to St Peter Port parked, lots of car parking so I thought that is good, car parking is easier and it is free. So we went into the High Street and there was nothing. Actually there was something – the only movement in the High Street was the tumbleweed bowling down the High Street. *(Laughter)* There was just the four of us, so we wandered up and down looking at the closed shops, and the closed windows, and they went home with their pocket money still in their pockets.

3455 Now that could have transformed the economy of Guernsey. But actually there is a serious point there. Deputy Stewart quite rightly, and his Department, are trying to encourage tourism. Tourism is also about wanting and expecting that when you are on holiday that you can actually go and spend, you can actually browse the shops and spend money. If one day a week you cannot and you are here for a long weekend, well that money is going to go back to the UK wherever it came from.

3460 Just one last point. Deputy Fallaize was alluding to what it was like 40 years ago and others have eulogised the idea of the Sunday, the special family day. Well, I was there in the 50's and the early 60's in those special family days on a Sunday, nothing open yes sitting at home playing – I have got to tell you it was really boring *(Laughter)* Sir, I remember there was something on the Light Programme called 'Sing Something Simple'. *(Laughter)* I would not encourage you to go back to then. Even for me, if the choice was to go shopping or sit on a Sunday listening to 'Sing Something Simple', I would probably go shopping. *(Laughter)*

3465 So colleagues, freedom of choice. Shops do not have to open, you do not have to go shopping, but why should we deny the shops the chance to open, the shoppers the chance to shop, and the economy the chance to grow. **(Several Members: Hear, hear.)**

3470 Vote for de-regulation.

**The Bailiff:** I was going to call Deputy Lester Queripel next, are you going to make a very short speech Deputy Queripel, or would you rather wait until the morning?

3475 **Deputy Lester Queripel:** It is about six minutes, sir, so I would rather wait until the morning, please.

**The Bailiff:** Wait until the morning. Deputy Gollop, are you going to be very quick?

3480 **Deputy Gollop:** I will be very short.

**The Bailiff:** Two minutes. *(Interjections)*

**Deputy Gollop:** I will be very quick.

3485 I think if one gets to the second option that Deputy Gillson, and others, is saying is the least bad, I have certainly got concerns about it on many levels. We talked a lot about pets, and guinea pigs, and dog's breakfasts, it makes me think my colleague has two dogs, and they probably get a better breakfast than me. *(Laughter)*

3490 But, moving on from that, I just think that the second option is full of anomalies, and we would create more, as Deputy Fallaize has pointed out. What I do not like about the second option is not just the extra cost and time, but there are two real punch lines in it. The first is it takes the parishes out of the equation completely. I suspect that will inevitably happen, but at the moment this is the wrong time to do that. It is contrary to what we were told by, perhaps, Commerce & Employment personalities, some parishes do resist that. We certainly found at St Peter Port Douzaine meeting only two or three of the 20 odd Douzeniers were in favour of that move, and that concerns me.

3495 The other issue is, if one looks at what is in the full report, if you like, I can't find it now – well I will have to quote this 10.9.10 on page 2165

Greater clarity regarding the meaning of certain terms such as, "open for the serving of customers"; "predominant range of goods"; "items of a type likely to be of particular interest to tourists visiting, or other visitors to the vicinity..."

3500 Now, I am not going to ask HM Comptroller to argue how they could be redefined legally. But it would be an extremely lengthy, and tedious, and not particularly helpful piece of work. So let's throw out the compromise option. (**Several Members:** Hear, hear.)

3505 Now, when one looks at the more basic philosophical question, it is obvious that the overwhelming majority of shopkeepers, interested parties, and people who have contacted me, want Sunday to stay more or less the same as at present. I have to say that for the lobbyists who want to shop 24/7, they not only have the opportunity through the internet, which could even be a Guernsey based internet business, but they could shop, as Deputy Lowe said, from seven in the morning until nine at night, in some cases. Now why is it more High Street shops close at 5.00 or 5.30 or 6.00. Tumbleweed in the High Street frequently after six o'clock every evening. I would say it is lack of economic demand, and the lack of customer base in Guernsey, and because of that it would be extremely unwise to oblige retailers to open on a Sunday as well, when they are already struggling with existing hours.  
3510

### Happy birthday to Deputy Sillars

**The Bailiff:** Now Members, just before we rise, I am sure you are all aware that one of your number is celebrating a big birthday today, and I am sure you would wish to wish him well for the evening. (*Applause*)  
3515

**Deputy Sillars:** Thank you, sir.  
I cannot imagine being anywhere better than here at the moment. Thank you. (*Laughter*)

**A Member:** Can we give him the bumps, sir?  
3520

**The Bailiff:** What a happy way to spend your birthday, Deputy Sillars!  
We will rise and return tomorrow morning.

*The Assembly adjourned at 5.33 p.m.*