

STATES OF JERSEY



INTERIM POPULATION POLICY: 2014 – 2015 (P.10/2014) – SECOND AMENDMENT

Lodged au Greffe on 26th March 2014
by Deputy R.G. Le Hérisier of St. Saviour

STATES GREFFE

INTERIM POPULATION POLICY: 2014 – 2015 (P.10/2014) –
SECOND AMENDMENT

PAGE 2 –

For the words “as outlined in the accompanying Report of the Council of Ministers dated 30th January 2014” substitute the words –

“and, in order to achieve the objective of limiting inward migration, to further request the Chief Minister -

- (a) to bring forward for approval appropriate amendments to legislation to provide that, from 1st January 2015, the current 5 year period required to obtain “entitled to work” status is extended to 7 years;
- (b) to review the current procedures and legislation relating to the issuing of registration cards to those with ‘registered’ status with a view to restricting, by 1st January 2015, the validity of the cards to one year and to provide that the grant of a registration card will restrict the holder to work only in a designated sector or sectors;
- (c) to review, no later than by 1st January 2015, all licences to businesses where 50% or more of employees are permitted to have ‘registered’ status with a view to restricting to a target agreed with each employer the number of ‘registered’ employees able to be employed.”

DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR

REPORT

Introduction

Immigration is undoubtedly the most serious and sensitive political issue which we face, largely because it spills over into all areas of Island life and policy.

It is notoriously hard to manage, in that some maintain that it is an essential part of economic growth and that to halt or seriously retard immigration is to impede such growth with serious economic consequences. There are others who maintain that to bring in economic migrants on the grounds that they have to finance the care of the elderly and redress the ageing bias in the population amounts to no more than a Ponzi scheme. They will age and they will need a younger group to provide for their retirement. All the while, there is never-ending pressure upon the infrastructure.

I would like to emphasize that my proposals do not seek an end to immigration. Rather, they seek to deal with the very porous system which we have at present. Furthermore, they are a compromise, given the absolute right of EU citizens to enter the Island and our inability to operate an immigration policy based upon citizenship or nationality criteria.

There is no doubt that the massive and unexpected population growth of the 2000s (by 10,700 from 2001 to 2011) convinced many that the States did not have the situation under control. There is a growing feeling that there are infrastructural limits in a small society, and that well-intentioned statements from people like the Minister for Housing ('just give me more plots and I will be able to solve the housing crisis') are too much like re-arranging the deckchairs on the Titanic. I would assert that while immigration runs at a high rate and while there is an imbalance between housing demand and supply, that there will be never-ending pressure to increase the public housing stock with the well-rehearsed impacts such as using scarce land and high private sector rents which are alleviated by large government subsidies.

It is very difficult to point to data which explains the push-pull factors, and it is equally difficult to have mechanisms which can control immigration with precision. If one reads the proposed Interim Population Policy, one comes away with the feeling that, hitherto, our controls have often been ineffective.

We are told that with better data collection, available under the new Control of Housing and Work Law, we will be in a better position to control matters.

I would argue that, at best, the current policies are porous, and that a system which purports to meet specific economic needs has morphed into an open immigration policy, certainly at the 5 year point. I have not sought to vary the numbers proposed under the cap, partly because I agree with the view, often expressed by the business community, that a single figure cannot be easily controlled. That is not an argument for removing controls; rather, it is an argument for examining whether the existing controls are working. In my view, they are not.

Furthermore, we are considering an Interim Policy and I have sought to strengthen areas where controls are loose or ambiguous, and where urgent action is required until a stronger policy is in place.

One of the aims of the new Control of Housing and Work legislation was that it would eliminate the farce whereby essential employees (the old “(j)”s) were often subject to enormous hurdles while immigration in the Registered category brought in hundreds of people who, at 5 years, move into the open labour market. Meanwhile, individual applications like that of the horse-trainer currently in the news, still struggle to get permission. I have no doubt that other one-off applications receive excessive attention while the legacy licence system for registered work sails on. Such a disparity also exists in respect of how non-EU citizens are vetted in comparison to EU citizens.

As the Proposition of the Council of Ministers discusses, there is also issue of why industries like cleaning and hairdressing still need imported labour. Is it because importing people is the default solution to labour shortages, irrespective of the long-term implications?

What can we conclude about the nature of immigration in recent years?

Unless strong government policies are put in place, it rises in periods of economic growth.

Although difficult to verify, it appears that the ability to transfer from registered status at the 5 year point and become “entitled” encourages a lot of migrants to accept relatively low wages and, at times, poor accommodation for 5 years on the promise of open access to the full labour market at 5 years and to the crucial benefit of rental support. Furthermore, it allows for income top-up and leads to a situation where, sometimes, the States are subsidising low wages. It has been difficult to obtain precise data. Because of difficulties in analysing data, Social Security have tentatively estimated that “where the claimant has recorded between 5 and 9 years of residence, there are approximately 65 claims in the 5 year bracket, rising to 110 claims in the 9 year bracket”.

“Weekly IS costs for these claims show an increase from about £200 per claim at 5 years to about £250 per claim at 9 years.” (Communication from Policy and Strategy Director).

The 3 most identified sectors are retail, hospitality and miscellaneous (such as hairdressing). It appears that the numbers are not as large as publicly thought, but it is nevertheless an issue, and it could be argued that if below 5 year jobs are restricted, so these jobs could migrate to the open labour market.

We have allowed the development of a large low-paid labour force because we want to support hospitality, agriculture, retail and, to a lesser extent, construction.

We are told that, if they cannot import labour, the industries will collapse. However, there are some inconvenient truths associated with the acceptance of this argument. First, some employers, particularly in hospitality and retail, are much better than others at training and employing local people. It is clear, even from the general figures (see page 29 of P.10/2014) that some employers resist the policy of training-up local labour. The granting of group licences to employ registered persons is one of the main culprits leading to the immigration levels we currently experience. The granting of licences not linked to individuals, and which allows movement between sectors within the 5 years, has proved a totally porous “system” which is dysfunctional in that it relies on a continual stream of imported labour. It also exacerbates the unemployment

situation. Unfortunately, this particular situation can only be more effectively controlled by a system of work permits. Although not entirely satisfactory, I am hoping the same end can be achieved by tighter monitoring and control of job licences, and by confining persons deemed as registered to the economic sector for which they were recruited. Unfortunately, the data presently available does not show movement between sectors in the registered labour market and, other than anecdotally, it is difficult to measure the extent to which this movement exacerbates immigration pressures.

Furthermore, the insistence that we can only keep certain industries alive through low wages means that government subsidies have to be provided and/or we rely on people accepting low salaries, on the implicit grounds that these exceed salaries in their home countries.

By generously granting such licences, we have built up a large group of permits where some employers continue to recruit outside of the Island. Because the public want an overall cap, it is difficult to shift to a much more selective policy. I would also maintain that it entrenches low wages and adds yet a further challenge to enticing local people into these industries. The supreme irony is that the States, at the 5 year point, ameliorates and further entrenches this situation by paying relatively generous income support top-ups and rental subsidies.

Unfortunately, if we are to retrieve this situation and bring back some semblance of control we have to impose further and more targeted controls.

Not only did we fail to control numbers in the 2000s, but the policies that were meant to provide for labour substitution have (e.g. training programmes) been ineffective. Importing low-wage labour was too often the easy route. There has often been a similar absence of training and succession planning at more senior levels, with the States being a major culprit.

I do not deny that we are going to require a major cultural change if we are to substitute local for imported labour, and it will not work in all cases. I believe my suggestions, coupled with long-term plans covering training, coupled with the cutting of the umbilical cord so that persons recruited for temporary purposes do not stay beyond those purposes, could gradually shift thinking and change the nature of the labour market. I am not naïve enough to think that all immigration can and should be stopped. Obviously, there is a need for specialised staff, we must if we are serious about diversification, make special provision for entrepreneurs and we must realise that industries like agriculture will never be sufficiently attractive to local people. However, the various 'Back to Work' programmes run by Social Security are starting to show good results, even if we can never totally remove the need for outside labour, and even though they are likely to be masking issues like graduate under-employment.

However, the most deleterious consequence of our present system is that it builds up large numbers who transfer at 5 years into the open labour market. At around the time of the last Census (March 2011) and assuming the trends for staying in the Island seen over the previous few continued, at the time of the 2011 Census approximately 800–900 workers were moving from “registered” to “entitled” status. For example, of the 1,010 and 1,140 non-qualified persons who respectively arrived in 2006 and 2007 (Source: 2011 Census) around 1,000 of these were around at the 5 year point. Assuming the trends seen around the time of the 2011 Census, approximately

800–900 non-qualified persons move to “entitled to work” status. Note that a number do not move into work, and that the figures do not include children aged under 15 years.

Obviously, there are intervening variables which affect a person’s or household’s decision as to whether or not to stay and, depending on these, the figures can go up or down (e.g. the state of the economy, the inducements available, such as better jobs). Furthermore, they remain approximations without detailed information on inward and outward immigration.

We must also realise that if we abandon the current “Ponzi” scheme used to justify the need to care for the elderly, we may be faced with a reduction in our standard of living. To take an obvious example, can we keep building to meet the needs of a growing population to the extent that we destroy the very environment which attracts people and is fundamental to our quality of life?

I believe the amendments I am moving must underpin the main proposition or (my preference given a choice of ‘least worst’ options!) the proposition as amended by P.10/2014 Amd. of Deputy G.P. Southern of St. Helier.

I hope they will slow up immigration materially and send clear signals out that the Island is moving to a new policy.

The proposals

Urgent review of job licences

I am told that it is not possible to review all outstanding licences but, assuming this aspect of the policy is approved by the States, it is vital that all employers holding licences and who employ 50% or over of registered employees have their licences reviewed, and that a review takes place urgently so that a new regime is in place by 1st January 2015. It has to be made clear that we must, where possible, cease “importing unemployment”, and that companies will face a reduction in granted licences and will need to provide evidence of active recruitment and training programmes. It would be unfair to require each employer to reduce by the same amount. However, clear targets should be set, and consequences made clear if they are not met. Industries like agriculture will struggle, and should be subject to, for example, short-term permits.

Annual renewal of Registration Cards

I envisage that the Registration Card be used as a *de facto* work permit.

Unless exempted as an essential employee or entering as an entrepreneur, the Card will only be granted to a maximum of one year, subject to renewal. Indeed, I understand permission in Guernsey is granted for specific periods which could well be under a year.

Given that the underlying assumption of immigration policy should be that a person is admitted for a specifically defined need, it is important that people are tracked and if, for example, the need expires, then the registered status is withdrawn. Parallel to this, there will continue the allocation of job licences for special needs, but it will be

expected that applicants demonstrate that they need skills unobtainable from the within the local labour force. There has been a degree of thinking that says – if a money-making industry like finance asks for more employees, then the licences must be granted. One would expect rigorous tests to be applied as to whether the appropriate skills can be found on Island, perhaps after appropriate training.

I am aware this is official policy, but have to be convinced that it is rigorously applied.

Granting of entitlement at the 7 year point

This is the most difficult, as we try to run 2 different immigration policies – one which essentially allows persons to enter specified, low-wage work and then morphs into open immigration, and one which focusses on high-value immigrants.

The first places considerable pressures upon the infrastructure and, in my view, is partly kept going by generous States subsidies and by the legitimate hope of the greater rewards that are available in the open labour market.

I am not a believer in restricting access to services once an immigrant arrives. I am also concerned that, for years, we have tolerated 2 accommodation sectors with an implicit assumption that the unqualified/registered workers sector is both very expensive and sometimes poor. For this reason, I welcome the Minister for Housing's initiative to ensure standards are the same across the board.

I struggle with the question of whether income support and rent subsidies should be granted at the 5 or 7 year point. Unfortunately, I think that it would be confusing to grant income/rental support at a different point and therefore ask that it be synchronised at the 7 year point.

It will be much harder to move industries to the status of “reasonably paid”, but we need to examine the ways in which this could be done, and we need to understand whether States subsidies are essentially acting as life support for businesses which would not otherwise survive or prosper.

Timing

If approved, I wish to see the implementation of these changes by the end of the year and any associated legislative changes/Regulations approved by the end of this Session. While I am impressed by the discussion of immigration issues in the Proposition, I am very concerned that, yet again, we will await further study before acting on crucial issues. This situation has drifted for far too long and led to a deep cynicism amongst the Public that, despite the Control of Housing and Work Law, we are unable and/or unwilling to act.

Conclusion

These proposals do not slam the door on immigration. However, they tighten up areas where we seem to have lost control, and they support the aim of the Council of Ministers to move to high-value immigration.

They are not a substitute for a full-blown immigration policy. That long-overdue debate is still awaited. Hopefully, their rigorous implementation will provide a

breathing space and demonstrate that the States is, at long last, serious about controlling immigration and implementing a policy which allows for more selective immigration and places clear responsibilities upon employers. These proposals are not intended to be an anti-immigration policy.

Financial and manpower implications

I do not anticipate any major additional expenditure or requirement for staff resources, as my proposals simply call for existing mechanisms to be applied more rigorously and, in the case of reducing the numbers of job licences, the process examining where the issues are is already well underway.

APPENDIX 1

Extract from P.10/2014 (page 19)

Analysis of migrant employment by sector and residential status (ordered by number of migrant workers employed) (as at 31st December 2012):

	Licensed	Registered	Total Registered and Licensed	Entitled /Entitled to Work	Total private sector
Hotels, Restaurants & Bars	20	1,870	1,840	3,270	5,160
Financial and Legal Activities	720	690	1,420	11,060	12,470
Wholesale and Retail Trades	60	720	780	7,560	8,350
Miscellaneous Business Activities	80	490	570	3,340	3,910
Education, Health and Other Services	150	410	560	5,280	5,830
Agriculture and Fishing	0		300	1,230	1,530
Construction and Quarrying	30	190	220	4,670	4,890
Transport, Storage & Communication	60	130	200	2,380	2,580
Other	50	100	150	2,140	2,290
Total staff	1,180	4,910	6,090	40,930	47,010

The above analysis is as at December to avoid seasonal distortion, but it is worth noting that in June employment rises by approximately 2,000 – 2,500, half of whom are registered workers.

APPENDIX 2

WRITTEN QUESTION TO THE CHIEF MINISTER BY DEPUTY R.G. LE HÉRISSIER OF ST. SAVIOUR ANSWER TABLED ON TUESDAY 5th NOVEMBER 2013

Question

Would the Chief Minister state the number of employment licences still in use, by economic sector, and clarify whether such licences can be withdrawn before their expiry date and, if not, can he identify what steps he is proposing to prevent such licences exacerbating the unemployment situation?

Answer

As at end December, 2012 (showing actual permanent “registered” staff employed by sector and permissions for registered staff in each sector):

Registered Staff - December 2012 Analysis				Actual Staff	Permissions
Agriculture and Fishing				300	267
Manufacturing				40	71
Electricity, Gas and Water				20	41
Construction and Quarrying				190	397
Wholesale and Retail Trades				720	1,190
Hotels, Restaurants & Bars				1,870	2,151
Transport, Storage & Communication				130	116
Financial and Legal Activities				690	1,393
Computer and related activities				40	43
Miscellaneous Business Activities				490	591
Education, Health and Other Services				410	628
				4,900	6,888

The number of licences has reduced from just over 9,000 at the beginning of 2010.

Alongside this, requests for over 1,000 additional “registered” staff have been refused in the last 3½ years, with employers being directed to the “back to work” team instead.

Permissions for “registered” staff under the new Control of Housing and Work (Jersey) Law 2012, can be withdrawn at any time, so long as a person is not employed against that permission, i.e. permission cannot be withdrawn if the effect is to make someone lose their employment.

In addition, conditions can be applied such that any new recruit be an “entitled” or “entitled for work” person.

The “Interim Population Policy” currently under development will, among other things, outline in detail practical steps to promote the employment of “entitled” and “entitled for work” staff using the new Law. The “Interim Population Policy” is expected to be lodged in December.

NEWS FOCUS

Population – how do other islands control it?

By Julien Morel

jmorel@jerseyeveningpost.com

WITH the population likely to exceed 100,000 this year or next, should Jersey have greater control over who lives in the Island?

It is an incredibly emotive issue and considering the global population is multiplying more rapidly than ever before, it is questionable whether anyone has the answer.

But individual nations have attempted to influence the numbers. With a one child policy in place since 1979, China is expected to achieve zero population growth by 2025. Iran has succeeded in sharply reducing its birth rate in recent years by running mandatory contraceptive courses for couples before a marriage licence can be granted. And in India, grants are available for couples who volunteer for sterilisation. And that is before any mention of immigration controls.

But there is a strong counter-argument – that with increased urbanisation, improved education, access to birth control and better economic prospects, birth rates tend to fall anyway, as they are in Scandinavia.

But in a wealthy island like Jersey the population is only going in one direction, mainly because of an acceleration of immigration since the war.

In an effort to better control its population, Jersey has recently brought in a new law to regulate where people work and live. As of last week anyone who moves house or job will need a registration card which details the holder's residential status.

The law is not explicitly a population policy and the States want to run an exercise later this year to see what level of population the public want. But how are other islands like Jersey tackling the thorny issue of who works and lives in the limited space available?

Guernsey

Population: 63,085 (at end of 2012). Increase of 170 (0.3 per cent) on year before.

Area: 30.12 square miles

Density: 2,094 people per square mile
Average property price: £447,628

Working: Like Jersey, Guernsey has just changed the way it controls who works and lives in the island, although the fundamentals have not altered significantly.

Guernsey will issue three types of permits to non-locals: long, medium and short. Long-term permits will be issued when there is a 'persistent and enduring skills shortage'. Valid for eight years – the point at which the person will be considered an 'established resident' – the individual will be allowed to have their immediate family live with them.

Medium-term permits will be valid for five years and issued when there is a skills shortage in the island that can be met in the 'foreseeable future'. Once expired, that person will need to leave the island. Like long-term permits, they will be allowed to bring over immediate family.

Short-term permits are designed to meet manpower shortages in a job that does not need highly skilled workers. Valid for up to a year, they can be reissued up to three times. No family members will be allowed. The time period to become a 'permanent resident' will increase from nine years to 14 for people born in Guernsey and down from 20 years to 14 years for immigrants.

Housing: There are no controls on who can buy or own property in Guernsey, but there are controls on who can live where.



Gibraltar (above) where, like Jersey, EU nationals do not need a work permit. In contrast, Bermuda (below) requires work permits, which are rarely renewed once expired



Property is divided into two categories: the Local Market and the Open Market. As a general rule, anyone who is born in Guernsey and has spent at least 14 years of their childhood there, or is married to a locally qualified resident, may live in a Local Market property. A few notable exceptions to this rule are 'licence holders', those deemed 'essential workers' such as finance industry specialists, doctors and teachers.

There are about 1,700 Open Market properties in Guernsey and they are all listed in a register. There are four types of property including private houses, hotels and lodging houses. Controversially, the States have recently agreed to limit the amount of time someone can live in a lodging house to five years. After that, they will have to leave the island. Because of the small number of properties, Open Market accommodation comes at a premium.

Isle of Man
Population: 84,497 – an increase of 5.5 per cent on the 80,058 recorded in the 2006 census.
Area: 221 square miles (around 33 miles long and 13.5 miles wide)
Density: 382 people per square mile.
Average price of a house: £275,000.

Isle of Man

Population: 84,497 – an increase of 5.5 per cent on the 80,058 recorded in the 2006 census.

Area: 221 square miles (around 33 miles long and 13.5 miles wide)

Density: 382 people per square mile.

Average price of a house: £275,000.

Work: Anybody wishing to work in the Isle of Man must have a work permit, unless they hold 'Isle of Man Worker' status or work in an exempt

occupation, which include Crown appointments and doctors.

To be classed an 'Isle of Man Worker' you must meet at least one of the following criteria:

- have been born in the Isle of Man
- have lived there for at least ten consecutive years

- have lived in the Isle of Man for at least five consecutive years and not lived elsewhere more than once in the following 15 years

- be married to an Isle of Man worker

- have been married to an Isle of Man worker, have lived in the island for at least three years immediately before becoming widowed or divorced and continue to live in the island thereafter

- be a child of an Isle of Man worker who was serving in the armed forces at the time of the birth

- be a child of a parent who was born in the Isle of Man, provided that the parent lived in the island for their first five years

- received full-time education, either in the island or elsewhere, while normally living in the Isle of Man and continue to live in the island thereafter

Nationals from the European Economic Area are normally free to move to the Isle of Man and take up residence without the need for permission. However, to work they must obtain a work permit. Work permits are issued for varying time periods dependent upon the seniority of the position, the duration of the work and

the current employment climate. It is not uncommon for work permits to be issued which need to be renewed annually, although people taking up more senior posts may be issued a five year work permit after which they would become Isle of Man workers.

For individuals from outside the EEA, the Isle of Man uses a points-based system, which mirrors the UK and is not too dissimilar to the Australian model. Applicants must achieve a minimum level of points in order to qualify. Points are awarded for age, professional and academic qualifications and previous earnings. Applicants have to be sponsored by an employer. Permit exemptions include police officers, Crown appointments, clergy, dentists, doctors, teachers and 'self-employment of a purely cultural nature'.

Housing: There are no restrictions on who can buy or rent a house in the Isle of Man.

Bermuda

Population: 64,268 (2011 census)

Size: 20.54 square miles

Density: 3,129 people per square mile

Average price of a flat: \$653,000

Average price of a house: \$930,000 (£610,000)

Work: Work permits are granted for anywhere from one year to six years and renewals are rarely allowed. They apply to all non-Bermudian 'guest'

workers, regardless of rank or seniority or professional or other qualification, when approved after consideration by the Bermuda government and their respective employers – in that order – to live and work in Bermuda. One will only be granted if there is no suitably qualified Bermudian.

Even though Bermuda is a British Overseas Territory, non-Bermudian Britons still need a permit to work. For certain professions, a work permit will never be issued. They include any junior, lower or middle management in administrative clerical, technical or management fields. They include all construction workers, allied trades and specified jobs including carpenter, salesman or taxi driver.

Housing: Non-Bermudans are more or less unable to buy land or property, other than houses with an annual rental value in excess of BM\$177,000 (£116,000).

Gibraltar

Population: 29,752 (2011)

Area: 2.6 square miles

Density: 11,443 people per square mile

Average property price: People tend to rent in Gibraltar or 'buy' on long-term leases as most land is owned by the government. A new villa will cost £5,000 to £6,000 a square metre while air-conditioned apartments will sell for about £3,000 a square metre. Town houses will sell for about £3,500

Work: Like Jersey, if you are a citizen of a member state of the European Union you can work in Gibraltar without obtaining a work permit. All other non-European nationals are required to obtain permits to work in Gibraltar. The success of the application depends on the employer and the job you will be performing.

Housing: Although an offshore centre, Gibraltar has a certain amount of flexibility in that it isn't an island. It means that around 5,000 of its workforce can live in Spain and commute across the border each day. Many live in one of the high-rise blocks of nearby La Línea de la Concepción. The border crossing can take a while if the police are feeling belligerent. To live in Gibraltar you need a permit of residence, which is issued with an ID card. To get a permit there is a requirement to show proof of intention to remain in Gibraltar i.e. the purchase of property or a signed 12-month lease.

There are no restrictions on foreign nationals buying property in the territory although those without residency permits or work permits will need to go through an application process with the Gibraltar government. Anyone with £2 million net assets who buys an approved property for their exclusive residential use and hasn't lived in Gibraltar within five years may qualify for the prestigious Category 2 status, resulting in paying no greater than £24,500 on their worldwide income.

Jersey

Population: 99,000 Increase of 900 (0.9 per cent) on year before.

Area: 45 square miles

Density: 2,200 people per square mile

Average price of three-bedroom house: £477,000

Jersey does have a system of work permits for non-EEA citizens. Unlike the Isle of Man, it is not a points-based system and each application is made by employers to the Home Affairs Minister, who delegates responsibility to a team at Customs and Immigration.