

STATES OF JERSEY



POPULATION POLICY: PROVISION OF INFORMATION AND ALTERNATIVES

**Presented to the States on 8th February 2005
by the Policy and Resources Committee**

STATES GREFFE

REPORT

Reason for the report

In response to a proposition (P.40/2003) lodged au Greffe on 15th April 2003 by Senator S. Syvret, the Policy and Resources Committee agreed to present to the States a comprehensive background report on the policy options that were considered and the expert advice that was received, by both the previous and present Policy and Resources Committees, when presenting a final proposition for a new migration policy for Jersey.

This report addresses the questions raised by P.40/2003 in the following order –

1. response to the report entitled '*Jersey into the Millennium: a Sustainable Future*';
2. impact upon that section of the housing market presently described as 'qualified' of enabling participation in the housing market of all people resident in the Island from a given date;
3. the different population policy options considered by the previous Policy and Resources Committee, setting out the advantages and disadvantages of each, the factual data and expert advice used throughout and the Committee's reasons for rejecting the different policy options;
4. the different population policy options considered by the present Policy and Resources Committees, setting out the advantages and disadvantages of each, the factual data and expert advice used throughout;
5. the environmental and sustainability implications of the population policies considered by both the previous and present Policy and Resources Committee.

The first two and last headings are dealt with briefly, whilst parts (3) and (4) receive comprehensive treatment in respect of the policies of both the previous Policy and Resources Committee and the present Committee, including:

- the background policy developments;
- sources of expert advice and data to inform policy decisions;
- policy options considered;
- a summary of the advantages and disadvantages of the policies and reasons for rejection.

This report also provides a brief bibliography of some key documents that have contributed to the policy development (Appendix 1).

The report outlines the evidence and rationale for the previous policies, and does not consider the current migration policy proposals which build on the earlier work and are set out in a separate report and proposition to the States.

The Policy and Resources Committee trusts that this report will enable all States Members to better comprehend the final proposals and will allow them to make an informed choice for the Island's future. The Committee also hopes that the report will assure Members that the final recommendations are the result of a lengthy and comprehensive consideration of all the feasible options and alternatives.

1. Response to the report entitled ‘*Jersey into the Millennium: a Sustainable Future*’

The Policy and Resources Committee has previously made it clear to the States that its response to ‘*Jersey into the Millennium: a Sustainable Future*’ is the *Strategic Plan 2005 – 2010*. The earlier report made the first, and most important, contribution to the debate on environmental sustainability in Jersey. Since then the debate has been further developed across a number of areas, including the social, demographic and economic sustainability of the Island, as follows:

- Given the major shifts in the international and domestic environment, the original plan has moved on to include additional concerns. Important issues, including the E.U. savings tax and O.E.C.D. processes, together with demographic changes and ageing of the population, have demanded a new approach.
- Whilst the report placed considerable emphasis on environmental issues, there was less attention to social policy and population except in the environmental context. Further work has now been carried out to strengthen these important economic and social policy perspectives.
- The report recognised that difficult questions would need to be answered in order to identify the right way forward for Jersey. Further progress has involved making strategic decisions, through the ‘*Imagine Jersey*’ public consultation and other occasions, about the overall direction for Jersey’s sustainable future.

The *Strategic Plan 2005 – 2010* is the current framework for sustainable development. It follows through the ideas flagged up in ‘*Jersey into the Millennium*’ and makes choices about the balance between social, environmental, economic and population issues. The Strategic Plan picks up all the sections of the previous report, and presents a balanced response and proposals for action.

2. Impact upon that section of the housing market presently described as ‘qualified’ of enabling participation in the housing market of all people resident in the Island from a given date

P.40/2003 was supported by the Policy and Resources Committee before the States decided upon P.102/2003, which directed the Committee to devise a new migration strategy based on the principle of continued regulation. The concept of “enabling participation in the housing market of all people resident in the Island from a given date” did not constitute part of the proposal and has not therefore been explored further.

The present proposals assume that regulation of the housing market will continue to apply, based on eligibility related to a period of residence (to be reduced from 15 years to 10 years over time, providing that a full consideration of the housing market and benefits system demonstrated benefit from a reduction) or linked to the employment of the individual.

Since the current proposals do not entertain the possibility that everyone resident in the Island at a given date might become eligible to participate in the housing market, it would not be the best use of time and resources to carry out a detailed analysis of the policy implications. However, if this policy were to be considered, it is clear that such a detailed analysis would then need to be carried out. As part of a review of residence requirements, the Housing Committee has considered the implications of a reduction below 15 years in the period of residence required for participation in the housing market. This analysis is presented in Appendix 2.

3. The different population policy options considered by the previous Policy and Resources Committee, setting out the advantages and disadvantages of each, the factual data and expert advice used throughout and the Committee’s reasons for rejecting the different policy options

The present and previous Policy and Resources Committees have considered a number of options for a population policy, including options put forward by the preceding Committee. These have been set out below, along with detailed justification as to why they options were rejected and the expert advice received.

It should be noted that both Committees looked not only at different overall ‘options’ for population control, but also the mechanisms that would enable such options to be realized. Only by considering the mechanisms for population control could the Committees gauge the feasibility and wider implications of each option.

3.1 Previous Policy and Resources Committee – policy development

The previous Policy and Resources Committee had 2 starting points for their work on population policy –

- The first was a view taken by the States in 1997 that the long-term objective should be a resident population no greater, or less, than in September 1995, when the level is generally reckoned from census data to have been about 85,000.
- The second was a number of broad mission statements, most of which were set out in the 1995 strategic policy document, ‘2000 and Beyond’. These broad policy objectives (save that relating to inflation, which came later) were given equal weight by the States in 1995. This position was confirmed when a proposition in late 1999 for the population objective to override all others was rejected by the States.

Given that the starting points were based upon decisions made by the States during a former Committee’s term, the previous Policy and Resources Committee also took stock of the work carried out by that Committee and took note of its key conclusions.

That former Committee had reported in some detail to the States in October 1999, in Report and Proposition P.175/99, on various actions and initiatives that had been instituted or put in hand in the 2 years after 1997 in the light of the stated policy objective and sought to offer a considered analysis of the pros and cons of, and inherent difficulties associated with, a range of possible course of action.

The way forward identified in the October 1999 report was essentially as follows –

- To keep with the 1997 population policy as an objective, certainly until the implications of various possible options for seeking to achieve it could be tested analytically. The economic model then being prepared by Strathclyde University was seen as a potentially important tool in this regard.
- Generally to continue with then current policy on the application of the Regulation of Undertakings and Development (Jersey) Law 1973 (RUDL), but to look at ways of easing the constraints it felt to be imposing upon Island businesses, by for example, reviewing the ‘5-year rule’, thus supposedly widening the pool of labour.
- To look at ideas such as residence permits as a possible means of seeking to exercise control over net immigration of non-economically active people, in the context of the development of a ‘smart card’.
- To continue to seek to contain growth in public sector employment, notwithstanding demand-led pressures for expanded public services, especially in areas such as health and education.
- To continue to seek to drive and support public and private sector investment in information technology and to aim for ‘business growth without people growth’.
- To continue to encourage both private and public sectors to explore the possibilities for moving low value or non-core activities off-Island.
- To focus on potential for improved productivity, recognising however that this objective was more likely to be realised if there were greater competition and flexibility in the Island’s product and labour markets, and on fiscal policies designed to encourage effective use of labour.
- To continue research into the economic issues arising from the population question, using such tools as economic modelling.

Following long consideration of the issues involved, however, the outgoing Policy and Resources Committee in 1999 suggested that the new Committee take fresh stock of all the issues, recognising their intrinsic difficulty and

complex inter-linkages, and the need for better information.

The previous Committee therefore, building on this recommendation and on earlier work carried out, sought to deepen their analysis and understanding of all economic factors surrounding the issue and especially the linkages between the level and structure of the population on the one hand and the performance of the Island's economy on the other. The purpose of this was to ensure that there was good information about the consequences of any given approach to the whole issue.

They argued that although there had been no shortage of possible approaches or strongly-held opinions on the subject of population, they tended, on all sides, to be mostly qualitative and their potential implications, in particular their economic implications, were not necessarily subject to rigorous analysis.

To this end, the previous Policy and Resources Committee sought to draw out and analyse other information and considerations, including –

- the most recently available projections of the population by the UK Government Actuary's Department, which was later informed by the 2001 Census;
- factors arising from ongoing work on a wider sustainability strategy for the Island;
- the linkages with the position on housing policy and the Regulation of Undertakings Development (Jersey) Law 1973; as amended (the 2 micro-economic instruments in practice available to seek to influence the total number resident in the Island);
- the practical and legal constraints upon any changes or adjustments to immigration rules if these were to be contemplated as a possible policy option for tackling the issue;
- other work in train, such as the 'smart card' project, which was seen as a mechanism for better monitoring of the total number of people in the Island at any one time;
- the continuing attempt to keep down numbers employed in the public sector through, for example, outsourcing.

Once a process of study had begun, with work commissioned on RUDL and on inflation by the Industries and Finance and Economics Committees respectively, it was noted that there was a need for more comprehensive economic advice generally that could create a stronger foundation for policy-making across the whole range.

During the term of the previous Committee, a number of key factors are worth highlighting –

- When the Industries Committee took over responsibility for RUDL in January 2000, it soon understood that any policy development would need underpinning by economic analysis.
- Concern about inflation grew rapidly in early 2000, leading to the important review mentioned by the Finance and Economics Committee to attempt to establish why the rate of inflation in the Island was about twice that of the U.K., with the differential seeming to be persistent and, if anything, getting wider. This review was conducted by the same economist whom the Industries Committee had commissioned to look at RUDL. It readily emerged that a key, though certainly not the only, factor in inflation was the tight labour market in the Island, to which RUDL itself was held to be a contributor.
- Careful note was taken of work done for the Training and Employment Partnership to audit the skills base in the Island, based on research carried out in 1999. The findings of this were worrying, suggesting that a significant proportion of the Island's labour force was without formal qualifications. This research pointed to the importance of ensuring a continued inward flow of skilled labour to maintain the Island's economic base, as well as the need to tackle local training issues, including employer complacency.

- Work was put in hand by the Housing Committee to analyse the housing market in the Island. As far as population policy was concerned, this illustrated in some detail some of the linkage between population levels and household formation decisions over the last half-century. This analysis enables the point to be drawn out that immigration by non-residentially qualified persons was unlikely directly to impact on house price inflation until such persons were in a position to choose to purchase, generally after completion of the 20-year qualification (this was then reduced to 19 years). The Report showed that the supply of dwellings had simply not kept pace over many years with the growth in residentially qualified household formation, a trend influenced by States policies themselves and perhaps exacerbated in the second half of the 1990s by a reduction in completion rates for new dwellings compared with the first half of the decade.
- The importance of reviewing demographic trends in as exact a manner as possible from the most recent data and the need for expert help on this.

The previous Committee published a detailed Interim Report in June 2001 (R.C.21/2001) and an update to that report in June 2002. Work carried out throughout this period led to the availability of important new data and analysis.

Information of the kind that emerged from OXERA's and Strathclyde's work about the impact of given population levels or demographic profiles was not available when the population policy objective was set by the States in 1997, or for example during the sustainability strategy consultation process.

3.2 Policy options considered by the previous Committee and reasons for rejection

In summary, the 3 main policy options considered^[1] were –

Option One:

Long-term objective for resident population no greater or less than in September 1995 (when the level is generally reckoned from census data to have been about 85,000)

The previous Policy and Resources Committee looked to work that had already been carried out as a starting base for the development of a new migration policy. The starting point was that the population should be no greater or less than in September 1995.

The Committee realised, however, that 'population' as a policy issue certainly could and should, not be viewed in isolation from wider issues of economic and fiscal policy. An analytical framework was urgently needed. This would be equally important for assessing eventual outcomes from the consultative process on sustainability.

Although the Committee was sympathetic to widespread concerns about the additional infrastructure burdens and environmental pressures placed upon the Island by an increasing population, it also realised that the social dimension was highly relevant. Statements at the time from the Citizens Advice Bureau highlighted the potentially serious implications of a population policy that failed to address the challenge of dealing with an ageing population and the need for the Island to have an active working population sufficiently large and skilled enough to generate the wealth needed to pay for essential services.

In its report update P.101/2002, the Committee the Committee rejected 'Option One' and concluded that the 1997 population policy objective should be dropped and that it should not be replaced by any other aggregate numerical target. This was for 3 main reasons –

- The 1997 objective was not realistic although it is recognised that the population could well fall back to that level, or even further, through adverse market forces;
- any 'target' was undesirable as a policy objective: (a) because the States can have no control over the main components of any given change in the population level; and (b) because it would take no account of the crucial question of demographic profile; and

- the essential need to ensure that the Island has access to the skills it needs to meet economic, social and environmental objectives.

Option Two:

Net inward migration of up to 200 persons per annum, to be reviewed after five years (with licensing scheme)

The previous Committee stated that there needed to be a basic assumption for policy planning purposes. To start with, the Committee suggested that this should be based upon net inward migration of up to 200 persons per annum, to be reviewed after 5 years.

The Committee presented its final proposition (P.205/2002) to the States in November 2002. It did not differ greatly from the Committee's proposition P.101/2002 which had not been adopted following a tied vote in the States in July of that year.

Option Three:

Single licensing scheme to govern all newly-arrived persons with a policy planning assumption (net annual inward migration) to be decided upon later and eventually underpin the scheme

The previous Policy and Resources Committee's proposition, P.205/2002, recommended that endorsement should be given for the new Housing and Economic Development Committees to start work in 2003 on detailed work on a new, single licensing scheme to govern all newly-arrived persons.

The question of an appropriate basic assumption for policy purposes (i.e. the annual net inward migration) could be dealt with at a later date, as could the implications of an ageing population and the projected decline in the size of the workforce.

Conclusions of the previous Committee

P.101/2002 was debated in July 2002 and, as a result of there being an equality of votes, the proposition was not endorsed by the States.

There was, however, a high degree of consensus in the States during the debate that it was essential to tackle the inequities that were arising from the '2-tier' housing market, and that work therefore needed to be put in hand on a new, single licensing scheme to govern all newly-arrived persons who seek to occupy property or work in the Island.

There also was a degree of unease on the part of some Members about the proposal to introduce an assumption of allowing, for policy planning purposes, an average annual net inward migration of up to 200 persons.

The Committee therefore lodged a new Proposition on 5th November 2002 entitled 'Population Policy Report (P.205/2002)' which, with a much shorter summary statistical report, proposed that the most immediate task was to seek agreement in principle on the strategic objective of ending the 2-tier housing market over time and to get endorsement by the States for a start to be made by the new Housing and Economic Development Committees on detailed work on a licensing scheme to facilitate that objective.

3.3 Sources of expert advice and data considered by the previous Committee

The expert advice received by the previous Committee is set out below. All of the advice and data provided was taken into consideration and does not necessarily relate to a single option.

3.3.1 Government Actuary's Department – population estimates and projections

As part of the previous Committee's investigations, the U.K. Government Actuary's Department (GAD) was asked to make 3 projections of population to 2030 based on the assumption of: (1) nil net migration, (2) ne

inward migration of 200 per annum and (3) net inward migration of 400 per annum. This work was based on the mid-2000 estimates, excluding seasonal elements.

An important aspect of GAD's work was to look afresh at the likely age structure of Jersey's population projected forward. The results (see p. 6/16 of R.C.21/2001) demonstrated some clear and considerable implications for public policy including the continued sufficiency of the Island's revenue base and the impact on inflation from labour shortages, and the generally greater demand that they imply for local services (e.g. health, leisure and personal services) arising from an ageing population.

GAD also gave consideration to projected changes in the proportion of people aged over 60 and over 70. By 2030, GAD estimated that the number of people in the Island aged over 60 would increase by 68% and that the number of people over 70 would increase by 82%. The report recognised that the figures were open to influence by variables.

The previous Committee stated that it would be seeking to refine further the various estimates and to keep them under review. It also intended to rework the estimates from the 2001 census data.

New population projections were commissioned from the U.K. Government Actuary's Department as soon as the first Census results became available on 23rd October 2001.

3.3.2 OXERA – the economic policy analysis

The previous Committee recognised that insufficient analysis of the linkages between population and areas such as employment, housing and inflation had been carried out. Furthermore, evidence was building up of real constraints in the Island's labour markets, both public and private, because there were simply not enough people to fill the vacancies that existed. Not only was this probably stoking up inflation, but also it was leading to worries about the impact on business profitability and hence on the future tax yield, which is extremely sensitive to the health of the corporate sector because of the Island's relative dependence upon direct taxation upon business.

The conclusion from these discussions led to the decision that 'population' as a policy issue certainly could, and should, not be viewed in isolation from wider issues of economic and fiscal policy.

These factors led to the decision to retain Oxford Economic Research Associates (OXERA) as economic advisers, after a contest among 5 leading consultancy firms that was concluded in September 2000, after 2 rounds of interviews.

- In November 2000, the Committee invited OXERA to develop a short-run model in order to demonstrate quantitatively, to the extent practicable, the main linkages and trade-offs in the Island economy consequent upon given population levels and structures. The aim of this work was to show how population, anti-inflation policy and fiscal policy, and the housing market, are likely to interact with each other in the short to medium term.
- The main modules of the OXERA model covered the way key factors interact with population. In particular, OXERA looked at housing, immigration/ emigration flows, the Island's skills base, the drivers of demand for financial services and the impact on tourism and agriculture through changes in average wage rates.

The OXERA model was intended to be complementary to, and to build on, the work already done by the University of Strathclyde.

3.3.3 Strathclyde University

Two work projects were commissioned by the previous Committee –

- The first analysis covered Jersey's national accounts for 1998 and endeavoured to build up a 'snapshot' of

the Island's economy for that year and the wealth generation attributable to the different economic sectors.

- The second was entitled '*Simulations on the Economic and Environmental Impacts of Population changes.*' This is the outcome of the development of the large macro-economic model of the Island on which Strathclyde have been engaged since 1998.

Work carried out by both OXERA and Strathclyde focussed on the economic and environmental aspects of the four different models.

The Strathclyde economic model was an important new analytical tool allowing economists to calculate the Island's GNP and to measure aggregate economic flows with greater exactitude than ever before.

3.3.4 Industries Committee: Review (relaxation) of RUDL 5-year ruling

A report was commissioned in 2000 by the Industries Committee on the economic implications of the RUDL. Together with the debate that it generated, the report was a key driver towards the emphasis on beginning to seek a deeper understanding of the workings of the Island's economy and the economic implications of policy choices.

The Industries Committee indicated that it was keen to ensure that its work on RUDL was in step with the Policy and Resources Committee's wider work on population policy, and there was close consultation between both Committees.

3.3.5 Housing Committee: Review of the housing market and housing policy

The previous Policy and Resources Committee saw housing policy, along with RUDL as one of the key mechanisms of population control.

It was recognised that the Housing Regulations are not aimed at preventing people coming to Jersey but govern who in the Island may live in what type of accommodation. They have the potential to create a disincentive upon people to come to live and work, even if vacant jobs exist and there is a high demand for labour.

The Housing Committee commissioned a report on Housing in Jersey (October 2000) which helped to inform the policy proposals.

3.3.6 Customs and Immigration

Consideration was given by the previous Committee to the implications of the United Kingdom Immigration Act 1971, as extended to Jersey by the Immigration (Jersey) Order 1993. Key conclusions were –

- The linkage of immigration and the relevant legislation with any approach to 'population' policy is overt. Any move by Jersey towards an 'immigration policy' within the normal meaning (that is, control at the frontier) would be impossible to contemplate to the extent that it was or might be outside the current U.K. and E.U. legal framework.
- Similarly, because of E.U. enlargement, the practical scope for work permit regimes in respect of non-European nationals who do not have right of entry into the U.K. is also reduced.

The view that has emerged, for example from the sustainability strategy/process that a 'policy of population regulation' should be a key component of such a strategy, must be looked at in the context of immigration legislation. It means in practice that any new or continuing measures that aim to constrain the size of the Island's population will have to be directed, as now, principally at intervention in the local economy, with the aim not of stopping people coming to Jersey, but of deterring those who might come to the Island or incentivising them not to wish to stay through action directed at limiting their options for housing and employment. One is then back to seeking to measure the economic and social costs of such actions in relation to any identified benefits, and vice versa.

3.3.7 De La Rue Consultants

During 2000, the previous Policy and Resources Committee commissioned De La Rue to advise on how a Smart Card scheme might be developed in Jersey. The Committee was due to bring a report and proposition to the States by the end of September, inviting them to decide whether the project should be taken forward.

It was proposed at the time that Smart Cards might present a potentially effective means of helping to ensure that good information on population is available to the States. However, the proposal was not widely accepted and the Committee did not take the matter further.

3.3.8 Training and Employment Partnership (TEP)

Considerable thought was given by the previous Committee to possible ways of improving the available supply of labour from existing on-Island resources.

Major stocktaking was undertaken by TEP of the skills problems in the Island at that time and arrangements for vocational and skills training of all kinds. The starting-point for this was evidence of a worryingly low level of skills in the Island's working population compared with the United Kingdom and E.U. countries.

The overall message was one of considerable concern, given the importance from the population perspective of seeking to ensure maximum effective utilisation of the local labour force at a time when the Island's economy was constrained by a shortage of labour. The relatively weak position on skills also made it hard to contemplate the development of new, high-skilled business sectors, with special reference to e-business, without importing such skills and ensuring a favourable business environment.

3.3.9 Jersey Child Care Trust (JCCT)

The JCCT 5-year strategy had an objective of increasing the number of high-quality child care places available in the Island and ensuring that every working parent could afford such a place.

Discussions also took place between the Policy and Resources Department, the Industries Committee and the JCCT about the role of women in the workplace. Clearly, the development of further child care provision, increasing the opportunity for more women to enter employment, would enhance the capacity of the Island to meet the labour demand from within the existing population.

3.3.10 Private sector – Public sector manpower

The previous Committee considered the view expressed by some in the private sector that the public sector should be subject to disciplines on manpower numbers not dissimilar from those that the private sector faces.

There was enhanced focus on modernisation, technology and increased efficiency in the public sector as well as the notion of dispensing with or contracting out non-core activities. Outsourcing was also addressed.

3.3.11 Legal advice – work permits

The previous Committee's interim report also touched upon the case for and against a work permit scheme. The issue of work permits had been raised in a proposition lodged in the States by Senator (then Deputy) Paul Le Claire. A full report of the Policy and Resources Committee's comments on the matter can be found in P.107/2000), which was lodged in the States on 9th October 2001.

Legal advice was received to the effect that although the work permits scheme in principle did not conflict with the provisions of the European Convention on Human Rights it would need careful consideration. The previous Committee concluded -

- that work permits could not be seen as a realistic means of seeking to limit population growth and would

be counter-productive in the situation of full employment and labour shortages with which the Island is confronted;

- the legal position surrounding work permits, as set out in the report, was not straightforward;
- that the main arguments against a work permit scheme are economic, coupled with uncertainty as to whether the concept as defined, regard being held to all circumstances, could actually attain the objectives expected of it.

It was recognised that work permits are normally associated with seeking to protect local employment and not generally as a means of population control.

If the reason for the introduction in Jersey of a similar scheme was indeed population 'control', then work permits would fail –

- (a) because they have no fully causal relationship with residence (and in any case the number of Jersey residentially-qualified people world-wide is clearly very large); and
- (b) because their main effect would be to impose a bureaucratic burden on business and government in a situation where the current economic pressures were unchanged.

The arguments against work permits remain as they were, but with one crucial difference. The world outlook is now far more difficult than was perceived in the boom of the late 1990s when this aspect of policy was last assessed. The risk factors affecting Jersey's economy, which is heavily dependent on exports, whether finance, tourism or agriculture, have heightened considerably. To embark upon a policy process that signalled 'closed for business' would be very unwise and do the Island great harm in the long run.

The original proposal for the introduction of work permits was rejected by the States.

3.3.12 Statistics Unit

Throughout the period of the previous Committee's term, the Statistics Unit provided all of the key statistics.

The proposition P.205/2002 gives a brief summary of 3 net migration scenarios (persons per year) and the relevant projections for the numbers of working age people to dependents: 2001 – 2031. The scenarios are for +200 inward migration, zero migration and -200.

The summary stated that net immigration of +400 persons per year can be expected to maintain the current dependency ratio (0.53) until 2011. After this date, much greater immigration would be required to maintain the ratio due to the ageing of the population.

The summary gave the projected population structure for the 2 of the 3 scenarios mentioned above: zero net migration and +200 net inward migration per annum.

4. The different population policy options considered by the present Policy and Resources Committee, setting out the advantages and disadvantages of each, the factual data and expert advice used throughout

4.2 Present Policy and Resources Committee – policy development

Like the previous Committee, the present Policy and Resources Committee looked back at work that had already been carried out as a starting point for its work on population policy.

In July 2003, the Committee lodged P.102/2003. The report did not aim to repeat the main factors set out in R.C.21/2001 but sought to build on that earlier work, and both R.C.21/2001 and P.101/2002 (work carried out by

the previous Committee) were to be considered together.

In submitting the present proposals, having carefully reviewed the work undertaken by the previous Committee, the present Policy and Resources Committee concluded that much of what was previously proposed still has considerable merit. However, it has also recognised that a more measured approach to introducing population 'management' systems and procedures should be adopted.

A **step-by-step** approach would ensure that new proposals could be developed to be more effective and transparent, if sufficient time was allowed for broad consultation and the gaining of consensus at each step, but would also allow the States to consider proposals as part of a developing package, on an individual basis as they are brought forward.

In October 2003 the States adopted P.102/2003. They agreed that systems should be developed to monitor inward migration to the Island, and a review should be carried out of the existing policy and regulatory systems with a view to proposing new arrangements.

The Policy and Resources Committee published a further Consultation Paper in April 2004 which outlined the findings of the Migration Policy Steering Group.

4.2 Policy options considered by the present Committee

The policy focus of the present Committee has shifted from the *symptoms* to the *cause* of population change, i.e. –

- the level of economic activity necessary to ensure full employment of the existing population;
- the shift in demographic profile and dependency ratio arising from the ageing population;
- the productivity needed to maintain the Island's economic growth;
- the benefits of developing new high-value activities in place of manpower-intensive activities that are less economically productive;
- the immigration required to import critical skills to develop and maintain new economic activity.

In other words, the present Committee has taken the view that the issue is as much about *what people are doing* when they are living in Jersey and the contribution they make to our society and economy, as it is about the *number* of people here.

The population policy options considered have been outlined in the 'Imagine Jersey' exercise, the States Strategic Plan and the current Migration Policy report. The options considered in 'Imagine Jersey' consultation exercise ranged through zero population growth, different levels of controlled population growth, and uncontrolled population growth. These scenarios were fully developed and explored in 'Imagine Jersey'.

The result of this work is the present Population Policy, which is a 3-part strategy, intended to address the issues of population and inward migration to Jersey –

- **The States Strategic Plan, which identified the need for 2% economic growth annually and an overall policy on growth in the working population and inward migration only where this supports the economy.**
- **A mechanism to effectively regulate those factors that influence inward migration, to enable the States to ensure a balance between economic growth and the demand for and supply of accommodation, infrastructure and resources of the Island.**
- **A further framework to determine the policy criteria for regulating migration, of which economic, housing and environment strategies will be key parts.**

4.2.1 States Strategic Plan 2005 – 2010

The Strategic Plan agreed by the States recognised that population issues were a major concern to Islanders. To maintain a balance between economic growth and the size of the resident population, it was proposed that –

- population growth should only be allowed to support the economy;
- the aim should be for economic growth of 2% per annum;
- this should support full employment for local people;
- sustainable growth in inward migration would be supported when:
 - it supports economic growth and increases tax revenue, and
 - skilled people are necessary to support industries that would employ local people;
- the number of low-wage immigrant workers should be kept to a minimum;
- the working population should be allowed to grow by no more than one per cent per annum over the next 5 years.

The Committee is proposing what will be, in effect, the first real and substantive step towards the introduction of a comprehensive range of policies and regulatory systems which will enable the States, within the current framework, to positively influence the structure and size of the Island's population.

Specific policy proposals are –

Policy proposal 1:

Put in place a new policy on migration which allows for manageable economic growth and balances economic, social and environmental objectives.

Policy proposal 2:

Make sufficient investment in the development and maintenance of the Island's infrastructure for a sustainable population.

Policy proposal 3:

Develop a strategy to broaden and enhance the skills base of the Island, support business development and provide employment for the resident population.

4.3 Sources of evidence and reasons for current policy

In developing its current proposals, the present Policy and Resources Committee has drawn on the existing evidence and expert advice from –

- the review of inflation commissioned by the Finance and Economics Committee;
- Training and Employment Partnership skills audit;
- Housing Committee analysis of the housing market;
- Oxford Economic Research Associates (OXERA);

- Strathclyde University;
- U.K. Government Actuary's Department (GAD) analysis of future population demographics;
- McAuslan Report – Report of the Independent Reviewer (Professor McAuslan) to the Planning and Environment Committee.

4.3.1 Limitations of previous policies

The Committee recognises the limitations of the previous migration policies –

- There are many aspects of population over which the States have little or no control.
- Considerable resources are expended on 'controlling' residentially qualified people – resources could be re-focussed so that it is the cohort of 'non-local' people who are in some way 'controlled'.
- The present system leads to inequity – some people having little choice and higher costs of accommodation.
- Extensive regulatory attention is paid to the relatively few (j) category residents whilst the largest cohort of arrivals is effectively not within the housing system at all.
- The greatest problem in the housing market has not been demand from 'immigrants', but a failure over many years to build sufficient dwellings to meet demand from those who are residentially qualified and to take sufficient account of changing patterns of household size and formation among that group.
- The long-term sustainability of Jersey's environment, economy and social structure, with the Island's current living standards, based on current tax and spending patterns, are almost certainly unachievable in the context of an ageing population (**Brundtland Commission Report (1987)**).

4.3.2 Population demographics

Following the provision of new statistical data^[2], there is evidence that the population of working age is at best static and perhaps falling and this is a very different trend from the demographic pattern of the 1970s and 1980s, which coincided with unparalleled economic prosperity for Jersey. The Committee is therefore convinced that it is wrong to characterise the gradual change over the last decade or so as indicating some kind of crisis.

The position in which the Island now finds itself is rather different and potentially problematic. Net inward migration averaged over the whole of the last decade has been low. Birth rates have fallen, longevity has increased, and the population is beginning to age quite significantly. As the population of the Island ages, the dependency ratio of those who are working-age to those who are not will worsen. An inter-departmental group working on an Island-wide strategy for an ageing society (ISAS) has published a report outlining the implications of an ageing society in Jersey.^[3]

These trends, which are not unique to Jersey, are now beginning to create a new set of problems for the sustainability of the Island's economy and its public services and, therefore, for the maintenance of the living standards that flow from those.

4.3.3 Skills shortfall

The Committee has sought to develop policies that do not inadvertently encourage the outward migration of people with the kind of skills the Island needs. In contrast, there is a need to create positive incentives to retain, and even attract, additional younger people with appropriate skills within the island in order to offset the longer term consequences of an ageing population.

New policies must certainly endeavour to provide for better mechanisms to encourage local people to train and gain experience, possibly (but not necessarily) away from the Island, and return or stay to fill the skill shortages.

However, it will also remain a feature of Island life that some skills will continue to have to be supplied in the short, medium and long-term through inward migration. In the past, the (j) category housing consent was restricted strictly to those considered essential to support the Island community; it is now considered that job licenses should be available on an equitable basis to those who contribute significantly to the economy and participate in other ways in our society.

Concerns have also been expressed by employers who see that, if Jersey's key industries are to remain viable in an increasingly competitive global environment, it will be essential to continue to attract skilled people, providing equitable access to accommodation and living standards comparable to elsewhere.

4.3.4 Social inequity

The current housing policy leads to real social disadvantage for many, created by the interaction of employment and access to accommodation for many people occupying uncontrolled accommodation. It has been reported, for example, by the Citizens Advice Bureau and the Amos group, that a significant number of lower income residents are continuing to live in expensive and/or unsuitable accommodation. It is clear that, whilst this was never the aim of the original housing policy, it has become an unintended consequence of policies that severely restrict access to better accommodation for a significant sector of the community.

In view of all the above concerns, the Policy and Resources Committee recommended:

- a full review of the existing population controls and the development of an alternative and integrated system of migration regulation;
- a project to develop a greater and consistent understanding of the Island's skill-mix and skill-shortfall, and current and likely future skills requirements for both public and private sectors;
- the development of existing and new policies which would encourage the employment within the Island of persons who have benefited from the Island's education system; and
- an ongoing project to identify best market practices in relation to any specific incentives might be needed in the future in order to attract those whom the Island needs most, over and above the current special arrangements for people such as teachers or health professionals.

The way forward

The above considerations have set out the background and rationale, and extensive evidence for the Policy and Resources Committee's current population strategy and migration policy proposals. It is hoped this will help to inform the forthcoming debate on the new migration policy proposals.

5. The environmental and sustainability implications of the population policies considered by both the previous and present Policy and Resources Committee

The following section outlines the analysis received by the previous Policy and Resources Committee on the sustainability implications of population policies.

5.1 Population policy – interim report R.C.21/2001

The previous Committee, in its interim report on Population Policy, presented to the States on 19th June 2001 outlined the following sustainability factors –

- The sustainability strategy process which the Policy and Resources Department had been engaged in

involved the establishment of a community view on all sustainability issues, including the question of population. The outcomes of the consultation exercises gave a clear indication of the widespread concerns about the issue. There was concern, for example, that an increasing population imposed additional infrastructure burdens and environmental pressures on the Island, thus impacting negatively on 'quality of life'. Further to this, the Island Plan illustrated clearly the land use implications of increased demand for housing.

- The social dimension was also highly relevant to the debate about population. The Citizens' Advice Bureau highlighted the need to address sustainability within population policy. The challenge of an ageing population was recognised and the need to have an active working population sufficiently large (and skilled) to generate the wealth needed to pay for essential services for a greater, and growing, number of older people.
- Some sustainability issues could be addressed with essentially practical measures; for example, measures to address sustainable transport issues and the raising of skill levels (for example, through Lifelong Learning schemes). In the final analysis, some trade-offs were likely to be necessary which would require difficult political decisions and public acceptance. The work by OXERA and Strathclyde University would be critical to those decisions since it provided quantified information, to the extent practicable, of the consequences of the different balances.
- The evaluation of the balance between economic gains, and environmental and social impacts would be crucial because of quality of life issues. These issues always involve an element of subjective judgement, but some dimensions could be determined and valued, e.g. the loss of green sites and areas of high ecological value. However other dimensions are not so clear cut. Quality of medical care is an issue upon which people feel strongly, but the provision of a high level of service is clearly not without labour resource implications. Therefore the reasoning and trade-offs behind any political decisions on population would need to be absolutely transparent.
- The Committee had previously argued that there should be opportunities for achieving business growth without population growth if a comprehensive package of appropriate policies could be put in place. The economic analytical work in hand was proving of value in highlighting the adverse economic implications of weaknesses in the Island's skills base and inefficiencies in the labour market. There was also a need to raise productivity in all sectors of the Island's economy. Sustainability would not seek to reduce the population to any set figure at a stroke, but seek to influence the population level over a medium to long-term timescale to avoid significant fluctuations.

U.K. Government Actuary's Department

Analysis carried out for the previous Committee included –

- Future population levels: 3 projections of population to 2030 based on the assumption of: (1) nil net migration, (2) net inward migration of 200 per annum and (3) net inward migration of 400 per annum.
- The likely age structure of Jersey's population in future. The results (see p. 6/16 of R.C.21/2001) demonstrated some clear and considerable implications for public policy including the continued sufficiency of the Island's revenue base and the impact on inflation from labour shortages, and the generally greater demand for local inputs (e.g. health, leisure and personal services) arising from an ageing population.
- Projected changes in the proportion of people aged over 60 and over 70. By 2030, GAD estimated that the number of people in the Island aged over 60 would increase by 68% and that the number of people over 70 would increase by 82%. The report recognised that the figures were open to influence by variables.

5.3 OXERA Report 'Population and the Economy'

Expert advice received by the previous Committee included a report by OXERA –

“The long-term future of the Island, its economy and its people is dependent on the future being sustainable, in the sense that economic activity and consumption patterns, including their environmental impact, can continue through time without significant continuing degradation. In general this means that sustainable outcomes are those which can be maintained without depleting the stock of capital, labour and environmental inputs through time. Strictly speaking, this also means that current consumption levels should not be dependent on the savings made by past generations.

This concept of sustainability does not mean that a given standard of living on the Island is sustainable. Current consumption patterns may only be possible by running down accumulated resources in the Island, in which case those consumption patterns are unsustainable. More importantly, however, the external conditions facing the Island may change – indeed, they are already changing. Within this framework of analysis, what is sustainable changes as these external conditions change. Although this is most likely to be true of the economy, rather than the environment, any successful population policy must encompass both.

However, there is a distinction between policy that is *sustainable* in relation to Jersey, and policy that is *desirable* and sustainable. Desirability will depend on the values attached to the short- and long-term benefits, and costs associated with an activity or policy, compared to the other, sustainable, options. Sustainability ensures that future generations are not unduly disadvantaged by the actions of the current generation, given the same conditions. Desirability involves weighing up the benefits and costs on a number of dimensions between different, possible, states for Jersey – including different population levels.

There is an important implication of this distinction. It is possible that some sustainable options for Jersey are undesirable, and that they will contain some dimensions that are considerably worse than they are now, and some elements that are better. So, for example, a very much lower population for the Island, with an economy based on tourism and agriculture, might result in considerably less congestion, less built-up land, and less energy consumption. However, it would also be likely to result in considerably lower economic standards of living for that population, harder access to health care, etc. Whether this is desirable will depend on the relative valuation given to these changes – a valuation that can only be made by the citizens of Jersey.

Thus, sustainability is a dynamic concept and sustainable policies change through time. The range of future sustainable possibilities for Jersey may also change over time if external conditions change. There are likely to be many sustainable population positions for Jersey that are desirable (at least to some) although there is unlikely to be a single, optimal, sustainable position upon which all interested parties agree. Critically, a sustainability test does not eliminate the need to make difficult choices involving complex trade-offs between dimensions that are hard to compare, and which different people may value differently.

Within the range of different populations considered, there is no indication that absolute sustainable environmental limits would be reached. For the higher increase in projected population (400 per year for 10 years), considerably more housing land and/or higher housing densities would be required, but these are well within limits that have been accepted in other countries. No absolute limit in respect of water or energy supply would appear to be breached. However, this does not mean that the existing infrastructure could cope with these increased demands. Investment would be required in the Island’s infrastructure, although the economy seems capable of making such investment. Thus, considerably higher populations in Jersey seem both possible and sustainable. However, it is important to stress again that this does not answer the question as to whether or not this would be desirable.

The sustainability of the *current* economic structure looks closer to being reached. The combination of Jersey’s current cost base, changes in the international competitiveness of its tax structure, and pressure from the OECD, the EU and others, may make the current economic structure of the Island’s financial services sector unsustainable. In addition, the sustainability of some parts of the agricultural sector

appears to be dependent on the provision of subsidies from other parts of the economy. In the absence of the ability of other parts of the economy to provide that subsidy, the agricultural sector looks economically unsustainable in its present form. Similar, although less acute, concerns arise within the tourism sector. The combination of these factors means that there must be some doubt about the sustainability of the current government revenue and expenditure patterns within the existing tax structure.”

5.4 Population Policy Update – June 2002

In June 2002 the previous Policy and Resources Committee provided an update on its consideration of population policy at that time –

“Sustainability is obviously very important. This is not only about the environment but also about the economy. The Brundtland Commission’s 1987 Report ‘Our Common Future’, widely regarded as the key text on sustainable development, makes clear the need for economic systems that can generate surpluses and technical knowledge on a self-reliant and sustained basis as an integral part of sustained development, although this economic aspect of the concept of sustainable development has sometimes seemed to have had less recognition in the debate in Jersey about sustainability than more overtly ‘environmental’ considerations.

OXERA have sought to demonstrate that, as the population ages, the Island’s current living standards, based on current tax and spending patterns, are almost certainly unsustainable. This view is a structural problem in the Island’s economy which requires a structured, and therefore sustained, response. This is over and above action to address the short-term revenue deficits in prospect.

There are clearly ways of approaching this structural problem. One is to have additional people to generate the necessary wealth, recognising that this may have an environmental ‘price’. Another approach is higher taxation; OXERA’s advice however being that, because of competitive pressures on the financial services sector, the extra burden would probably in practice have to fall mainly on personal taxation, whether direct or indirect. Another approach would be a significant cut in public spending. The most likely approach is perhaps a mix of such options. But the key issue from the perspective of economic sustainability is that without enabling economic growth to fuel the public revenues as the population ages, other action either to increase taxation or reduce the rate of growth in public spending, or to effect both these, will have to be more intense and thus more challenging.

An equally important aspect of sustainability is the need to avoid taking decisions that focus on the short-term. The current generation should not seek to act in what some among it may perceive as their short term interest, that is, by endeavouring to contemplate ‘limiting’ the population in some manner to protect what they see as their current living standards or quality of life, thus ignoring the effects of the worsening dependency ratio in the population and the real pressures this will place upon their children and successors in the future.

It is clearly not a sustainable strategy to ignore the realities of the long-term structural fiscal problem that has now been identified. Equally it would probably be unsustainable for the population to increase in such a way as to worsen the projected dependency ratio in the medium- to long-term even further, that is if immigration mainly comprised older people while emigration was concentrated among the younger.

A key message is that ‘population policy’ is particularly inseparable from housing policy. The data now available from the census about the composition of inward migration, and its size relative to outward migration, reinforces the point emphasized in the Housing Committee’s recently published Housing Strategy that the greatest problem in the housing market has not been demand from ‘immigrants’ but a failure over many years to build sufficient dwellings to meet demand from those who are residentially qualified and to take account of changing patterns of household size and formation among that group. This has pushed up the price of housing and imposed heavy burdens of debt upon younger people anxious to get on to the housing ladder, factors which not only have a damaging economic impact upon the whole Island but which also must lie behind the sentiments expressed by residentially qualified respondents, as reflected by the Housing Requirements sample survey, about desire or intention to leave the Island.

Related to this is the problem of the '2-tier' housing market in the Island which has left about one-fifth of all Island households (but a higher proportion of those households whose head is economically active) without the right to participate freely in the housing market, the right to States social housing or even the legal rights of tenancy. The Committee regards this situation as completely unacceptable in the modern world and believes that the States should set a clear strategic objective to move towards the removal of such distinctions within a realistic timescale."

REFERENCE DOCUMENTS USED BY THE PREVIOUS AND PRESENT POLICY AND RESOURCES COMMITTEES

1. 'Our Common Future' – The Brundtland Commission Report 1987.
2. 'Jersey Residents': Research Study Conducted for the States of Jersey, May 1995. This survey covered a wide range of questions about life in Jersey, set out in a postal questionnaire.
3. Proposition on the Introduction of Work Permits lodged au Greffe by the then Deputy P.V.F. Le Claire (P.105/99).
4. Report of the Policy and Resources Committee to the States in response to Deputy Le Claire's Proposition (P.105/99).
5. Summary of TEP IT Research: Implications for Future TEP Initiatives. February 1999.
6. Population Policy, Lodged au Greffe on 26th October 1999 by the Policy and Resources Committee (P.175/99).
7. Proposition 'Introduction of Work Permits' (P.107/2000), lodged au Greffe by Senator P.V.F. Le Claire.
8. 'Introduction of Work Permits (P.107/2000): comments', presented to the States on 9th October 2001 by the Policy and Resources Committee (see also: Appendix A– P.105/99 and Appendix B– A Population Policy for Jersey: Working Party Report, presented to the States on 30th July 1996 by the Policy and Resources Committee).
9. 'Inflation in Jersey': Report by Michael Parr commissioned by the Finance and Economics Committee, March 2000.
10. 'Anti-Inflation Strategy' lodged au Greffe by the Finance and Economics Committee (P.125/2000) July 2000.
11. The Regulation of Undertakings and Development Law: A Report to the Industries Committee of the States of Jersey, Michael Parr (Law & Economics Consultancy Group), 22nd June 2000.
12. Housing in Jersey: A Report to the Housing Committee of the States of Jersey, Law & Economics Consultancy Group, October 2000.
13. 'Assessment of the Population Question' presentation by Fod Barnes, OXERA, November 2000.
14. 'Jersey into the Millennium: A Sustainable Future', December 2001, published by the Policy and Resources Committee.
15. Interim Report to the States by the Policy and Resources Committee on Population Policy (R.C.21/2001) June 2001.
16. Report of the Independent Reviewer (Professor McAuslan) published in December 2001 by the Planning and Environment Committee.
17. Census Report 2001.
18. '2001 Census – Bulletin Three: Population Projections for Jersey' published by the Statistics Department, 2002.

19. States of Jersey, 'Population and the Economy,' January 2002 (OXERA).
20. 'Population Policy' presented to the States by the Policy and Resources Committee (P.101/2002) 11th June 2002.
21. Population Policy Report, Lodged au Greffe on 5th November 2002 by the Policy and Resources Committee (P.205/2002).
22. Migration Policy Report (P.102/2003) lodged au Greffe by the Policy and Resources Committee, July 2003.
23. 'Migration Policy Steering Group: Consultation Report', presented to the States by the Policy and Resources Committee (R.C.15/2004) April 2004.

REDUCTION IN HOUSING QUALIFICATION PERIOD

The States has on 5 occasions in the last 5 years approved a reduction in the residence required for newcomers to the Island to obtain Housing qualifications. The tables below show the effect of the changes on the Housing market in terms of additional demand to lease and purchase, new households claiming rent rebate and additional households accepted for social rented housing. The first table shows both persons qualifying and consents granted. The most relevant figures are those for consent granted as these reflect households which, with a previously non qualified head of household, now occupy a unit of Housing controlled property.

TABLE 1 – EFFECT OF REDUCING RESIDENTIAL QUALIFYING PERIOD SINCE 2001

CONTINUOUS RESIDENCE	DATE AGREED BY STATES	TOTAL ADDITIONAL QUALIFIERS	ACTUAL HOUSING CONSENTS
19 years	18th January 2001	122	64
18 years	14th February 2002	124	52
17 years	18th November 2002	90	25
16 years	24th June 2003	131	49
15 years	9th December 2003	235	84
	TOTAL	702	274

TABLE 2 – NEW QUALIFIERS WHO PURCHASED ACCOMMODATION

CONTINUOUS RESIDENCE	PURCHASERS	APARTMENT	HOUSE
19 years	22	10	12
18 years	14	6	8
17 years	9	3	6
16 years	23	10	13
15 years	23	10	13
TOTAL	91	39	52

TABLE 3 – NEW QUALIFIERS WHO LEASED ACCOMMODATION

CONTINUOUS RESIDENCE	LESSEES	CLAIMING RENT REBATE
19 years	41	4
18 years	37	4
17 years	15	1
16 years	24	5
15 years	60	16
TOTAL	177	30

TABLE 4 – NEW QUALIFIERS WHO APPLIED FOR STATES RENTAL ACCOMMODATION

CONTINUOUS RESIDENCE	HOUSED IN STATES RENTAL	APPLIED FOR STATES RENTAL
19 years	1	5

18 years	1	3
17 years	1	3
16 years	2	8
15 years	1	12
TOTAL	6	31

By reducing the qualifying period from 20 years to 15 years in the space of 4 years, 274 households have been added to the demand for purchase and lease of accommodation. This is a relatively small number given the 31,184 qualified households recorded by the 2001 census. New residential units coming on to the market have been sufficient to prevent any noticeable increase in prices, as reflected in the House Price Index which has remained flat for the last 3 years.

About 11% of those 274 households granted consent are now claiming Private Sector Rent Rebate at an estimated cost of £120,000 per annum. Six households have been accommodated in States rental accommodation.

The implication of further reductions in the qualifying period can be considered in the light of data provided by the 2001 census. In 2001 there were 4,378 households where the head of household was not residentially qualified. These households comprised a total 9,086 people, averaging just over 2 persons per household.

The census also records, for all residents, when the present period of residence in Jersey commenced. Reviewing the year-to-year figures for those taking up residency, by far the greatest numbers, as one would expect, are in the years closest to census day. Over the **5-year** period from 1996 to 2000 inclusive a total of 1,800 non-qualified heads of household took up residence. This leaves 1,975 heads of household who took up residence over the **10-year** period from 1986 to 1995 inclusive.

The number of non-qualified heads of household taking up residence in each year between 1986 and 1995 fluctuates from a low of 145 householders in 1986 to a high of 275 in 1995. The trend is upward between the 2 dates but numbers fall slightly between 1991 and 1994 reflecting the mini recession suffered by Jersey at that time. Although overall numbers fell between 1991 and 1994, the number of those arriving from Portugal/Madeira continued to increase in that period because Portugal was included in the European free movement area from 1992.

In 1987 a total of 175 non-qualified heads of household took up residence. If these had remained resident, assuming no changes of circumstances, this number would have become housing qualified under the 16-year rule in the 12 months from 24th June 2003. In practice, the 16-year rule only applies for 5 months (until 9th December 2003) because it was superseded by the 15-year rule on the latter date. The 5 months has resulted so far in 49 consents (see Table 1 above). If the 16-year rule had been allowed to run for a year this might, pro rata, have resulted in 118 consents. The 118 new housing qualifiers is about two-thirds of the theoretical potential of 175 drawn from the census figures.

The same exercise for the 15-year rule shows 200 non-qualified householders taking up residence in 1989 and becoming potential qualifiers in the period after 9th December 2003. In the 10 months from 9th December 2003 to 30 September 2004 a total of 84 consents have been granted under the 15-year rule – over 12 months this could increase to perhaps 101 consents – about half the potential.

There are many reasons why the assumptions based on new residents in particular years give a much higher figure for potential qualifiers than the actual Housing consents granted through the residence rules today. The census figures are already nearly 4 years old and the unqualified sector is made up of a constantly changing population with considerable movement in and out of the Island. Marriages and relationships occur regularly between qualified and non-qualified persons and there are quite a number of households occupying non-residentially qualified accommodation which is acceptable to them or may be provided as part of employment package. Although there will be additional new households created during the qualifying period, these are likely to be outweighed by households merging, leaving the Island or becoming housing qualified by other routes.

In forecasting the implications of further reductions in the residential qualifying period, one can take a best and worst case scenario. Based on the outcomes so far of reductions to 16-year and 15-year qualifying, one could assume that a reduction to 14 years on 1st January 2005 would result in between 100 and 140 households taking up consents in the first 12 months after introduction. On the basis of the number of residents that arrived in 1991 potentially 195 households could qualify. If one takes a 2-year reduction, granting qualifications after 13 years' residence, again taking effect on 1st January 2005, the likely numbers based on the 16/15 year reduction would be between 200 and 280 additional qualifying households in the 12 months up to 1st January 2006. The calculation based on the residents arriving in 1991 and 1992 gives a potential figure of 365 households.

Looking at the actual number of consents granted in the tables above it can be seen that there is some acceleration in the number of consents as the number of years for qualifying reduces. Despite the downward blip in the period 1992-1994 the numbers taking up residence and still resident grow as one gets closer to census day. Taking these factors into account it would be overly optimistic to consider the lower figure, i.e. 100 to 140 for a one-year reduction in the qualifying period as the most reasonable to use for forecast purposes. Equally the higher figure appears unreasonably pessimistic. On balance, taking the various factors into account, a forecast for a one-year reduction from 1st January 2005 could be set at between 130 and 170 new households with a 2-year drop between 260 and 330 households. ***These are additional new qualifiers over and above those that would have qualified under the current 15-year rule.***

The implication for the Private Sector Rent Rebate Scheme of a one-year drop is a likely additional take up of between 15 and 20 applicants at a cost of between £60,000 and £80,000. A 2-year drop could result in between 30 and 40 new applicants at a cost of between £120,000 and £160,000 per annum.

The effect on the States Rental Waiting List is difficult to quantify. The experience of the last 4 years is that only 6 new qualifiers out of 274 consents have become States tenants although 30 have registered on the Waiting List. A one-year drop from 15 years to 14 years could result in 10 to 15 new cases going on the Waiting List although the numbers housed would probably be in single figures. A 2-year drop might double that number.

[1] As set out in R.C.21/2001, P.101/2002 and P.205/2002, *Population Policy Report*.

[2] e.g. *Population Update*, Statistics Unit, June 2004.

[3] See www.ISAS.gov.je