

**POPULATION POLICY**

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**Lodged au Greffe on 26th October 1999  
by the Policy and Resources Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

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## PROPOSITION

### **THE STATES are asked to decide whether they are of opinion -**

to refer to their Act dated 5th November 1997, in which they approved the recommendation in the Strategic Policy Review and Action Plan 1997, Part 1, that the resident population should be the same as, or less than, the level in September 1995, and the recommendations on population and immigration policy as set out in clauses (ii) - (xx) of sub-paragraph 1.1 of that Part, and -

- (i) to charge the Finance and Economics Committee to tighten the application of the Regulation of Undertakings and Development (Jersey) Law 1973, as amended, by being more selective in granting consents for the creation of new undertakings by Island residents;
- (ii) to charge the Finance and Economics Committee, in conjunction with the Policy and Resources Committee, to investigate the effects of removing the “five year rule” in the application of the Regulation of Undertakings and Development legislation and to report back to the States with recommendations;
- (iii) to charge the Housing Committee, in conjunction with the Policy and Resources Committee, to investigate the adoption of a residence permit, or alternative means of occupancy control, so that control can be exercised over the net immigration of non-economically active persons and to report back to the States with recommendations;
- (iv) to charge the Policy and Resources Committee to report back to the States, when the economic model is available, on the various policy options for, and the economic and environmental impact of, achieving the States population policy objective having regard for the expected future demographic trends.

### POLICY AND RESOURCES COMMITTEE

## REPORT

### Introduction

1. The Policy and Resources Committee is responsible for monitoring the implementation of the population and immigration policy adopted by the States in November 1997. In this context the Committee would wish to remind the States of the action taken since November 1997 and seek agreement on the way forward.

### The current policy

2. In considering the way forward it is helpful to be reminded of the current policy -
  - the States' current population and immigration policy objective is that adopted in November 1997; that is, the resident population should be the same as, or less than, the level in September 1995;
  - the main weapon used to secure this policy objective is the Regulation of Undertakings and Development Law, on the grounds that the population will continue to grow through net immigration if the number of jobs is allowed to grow and there is an insufficient number of Island residents to fill them;
  - the States, in fulfilling its international obligations, have adopted a long-term policy objective of sustainability, and it is recognised that continued population growth will prevent the achievement of that objective;
  - the States' population and immigration policy should be applied equally to both the public and private sectors.

### Action taken since November 1997

3. The Policy and Resources Committee continues to monitor closely the implementation of the population and immigration policy. Action taken to date includes the following -
  - the Finance and Economics Committee has taken the necessary steps to tighten up the application of the Regulation of Undertakings and Development Law, as it was requested by the States so to do;
  - the Finance and Economics Committee has entered into discussions with the finance industry organisations, as requested by the States, on the opportunities for the relocation of high labour demand activities, and a number of financial institutions have responded positively and a significant number of jobs have been transferred to other locations;
  - the Finance and Economics Committee has entered into discussions with business organisations generally, as requested by the States, on what initiatives they will be undertaking to limit the demand for labour including agreeing training/employment contracts with individual firms;
  - the Finance and Economics Committee and the Policy and Resources Committee have continued to have regard for the States population policy in taking action to limit the level of capital expenditure. In the case of the Finance and Economics Committee by limiting the permits granted for private sector development under Part III of the Regulation of Undertakings and Development Law; and by the Policy and Resources Committee placing a limit on the States capital expenditure programme;
  - the principles behind the Regulation of Undertakings and Development Law have been extended to the public sector, with the support of the States;
  - the Employment and Social Security Committee has brought forward policies designed to encourage the more effective use of manpower, such as the statutory minimum wage, and is also currently giving consideration to employment legislation which will help modernise the labour market and also have an impact on population issues;
  - the States have charged the Policy and Resources Committee to undertake, in conjunction with the Establishment Committee, a review of the relative priority of all services provided by the Non Trading Committees and, following consultation with the Committees concern, to report back to the States on what steps need to be taken in order to ensure that on 30th June 2002, the number of persons employed by the Non

Trading Committees is no greater than the number employed on 30th June 1999;

- the States have adopted for the public sector a policy on outsourcing and have agreed to investigate the opportunities for “off Island stationing”, both of which are designed to give support to the population policy;
- the Policy and Resources Committee has appointed an IS/IT Adviser who is actively engaged in the development of an IS/IT Strategy for the Island, which among other things will be designed to ensure the most productive use of what manpower is available in the Island;
- the Housing Committee is exploring ways of tightening the application of the Housing Regulations and extending occupancy control to those occupying lodging house accommodation;
- the Employment and Social Security Committee, together with the Training and Employment Partnership, continues to be actively engaged in promoting action to encourage the training and re-training of the resident work force;
- the Finance and Economics Committee and the Policy and Resources Committee are monitoring the manpower trends through quarterly manpower returns;
- the Policy and Resources Committee has commissioned the University of Strathclyde to develop an economic model which will be able to test the economic and environmental impact of different sustainability/population control scenarios;
- the Finance and Economics Committee has asked the University of Strathclyde to undertake research into the long-term effects of the Regulation of Undertakings and Development Law, which research will be assessed by the economic model when available;
- the Policy and Resources Committee is progressing the introduction of a smart card/identity card scheme with the object of monitoring the Island’s population;
- the Chief Officers’ Policy Group, with the support of the Policy and Resources Committee, has set up a working group with a remit to produce a strategy for responding to the ageing of the population that will occur over the next 20/30 years.

### **Population trends**

4. On the basis of the past relationship between job growth and population growth, the job growth that has occurred between 1996 and 1998 would suggest that the Island’s resident population will have increased through net immigration to some 88,000. The Island also continues to experience a rate of natural increase (i.e. births exceeding death) of some 300 per annum.
5. The tightening of the application of the Regulation of Undertakings and Development Law to help secure the current population policy objective, which tightening took effect from 1st June 1998, is having an impact on the rate of job creation and thereby on immigration pressures. The analysis of the manpower returns for December 1998, March 1999 and June 1999 show that the policy of reducing the rate of job growth has been successful. However, this has produced expressions of concerns from those in the business community, not least about the expected initial impact on the level of wages and salaries, as employers have sought to fill vacancies with employees who are residentially qualified or who have been in the Island for five years or more.
6. While there is evidence that the population policy adopted in November 1997 is now working, there is still cause for concern. Firstly, the resident population is now significantly higher than the population policy objective of 85,000, and therefore that objective has become more difficult to achieve, particularly in the short-term. This difficulty will be added to by the expected continued natural increase in the Island’s population in the immediate future, although with the ageing of the population it is expected that in due course the number of births will fall and the number of deaths will increase.
7. Secondly, as those in business experience the “pain” of a policy of exercising control over job growth and thereby over net immigration, so the pressure grows for easier options. These have taken the form, for the most part, of suggestions that population growth could be allowed to continue, without prejudicing the long-term population growth objective, if the population growth that occurs is made up of persons on relatively short-term work or residence permits.

8. The argument also has been advanced that, as the number of visitors and seasonal workers has declined, the number of those resident year-round could be increased. However, this does not take account of the far greater pressures placed on living space, road space, on health and education facilities, etc. that arise from an increase in the year-round resident population.
9. The States are committed to the policy of sustainability. If population growth is not controlled, that policy will not be achieved. The Island cannot go on accepting population growth without serious consequences for the quality of life and the environment. The current pressures on housing, education facilities, road space are all a reflection of the impact of population growth. The price and limited availability of housing is a cause of particular concern for young people. As stated in "Jersey in the New Millennium - A sustainable future", the resolution of the population issue is fundamental to the success of the sustainability strategy.
10. The long-term population trends show a falling in Jersey's population from around the year 2020, combined with a major change in the balance between those who work and those who have retired. The 1996 Actuarial report, presented to the States on 22nd October 1996, showed that the number of persons of working age per person over pension age falls from 4.91 in 1994 to 4.37 by 2004 and to 2.19 by 2034, assuming nil net immigration. Assuming net immigration of 200 a year, this ratio is expected to fall from 4.9 in 1994 to 4.56 in 2004 and to 2.66 by 2034. Confirmation of this trend should be found in the forthcoming 1999 Actuarial report which will be based on the 1996 Census figures. If it is confirmed, the States will have to decide how to cope in the future with the fall in the number of persons of working age per person over pension age.

#### **Why have the past policies not worked?**

11. The States have addressed population and immigration policy issues over the past thirty years. Key reports include -
  - the report of the Immigration Working Party 1968;
  - the report of the Immigration Committee 1973;
  - the report of the Policy Advisory Committee 1974;
  - the report of the Policy Advisory Committee 1979;
  - the report of the Policy and Resources Committee 1989;
  - the report of the Chief Officers' Policy Group Working Party on Population 1994;
  - the report of the Boleat Working Party on Population Policy 1996;
  - the Policy and Resources Committee Strategic Policy Reports 1995 and 1997.
12. From these previous attempts to tackle the growth in the Island's resident population through immigration it is possible to identify four common themes -
  - population growth will not be controlled unless the level of economic activity and, in particular, job creation, is regulated. This flows from an understanding that as long as conditions of full employment prevail and the number of jobs being created exceeds the ability of the resident workforce to fill them - as has been the experience of the Island over the past thirty years - the needs of the businesses creating the jobs will only be met by immigration, or by the poaching of staff from other employers with consequential inflation of wage and salary costs;
  - for the immigration of non-economically active persons to be limited, control needs to be exercised over the occupation of dwelling accommodation. This principle is enshrined in the Housing Regulations with respect to the occupation of dwelling accommodation for purchase or rent, but to-date has not been applied to those occupying lodging house accommodation;
  - work permit or protection of employment opportunities legislation is required, and kept in reserve, to cope with the need to protect the position of Island residents should unemployment increase, whether as a result of

controls exercised by the States over the level of the economic activity, or because of factors outside the Island's control such as a recession in the Island's main markets;

[Note: the Protection of Employment Opportunities (Jersey) Law 1988 is already on the statute book.]

- if the supply of labour is controlled through a work permit or a residence permit system while the demand for labour is left uncontrolled, there will be unacceptable results, most particularly in the inflation of wages and salaries, with those with residential qualifications being attracted to the highest bidder.

13. Over the years there have been many discussions on the way in which the level of economic activity can be controlled in order to limit net immigration. Those discussions have naturally had regard for the policies adopted by other jurisdictions to control inflationary pressures. However, policy-making has been guided by the following principles -

- Jersey could not use fiscal policy to control inflationary pressures because of its wish to retain its status as a low tax jurisdiction;
- Jersey has no control over monetary policy, being in monetary union with the United Kingdom, and is therefore unable to use higher interest rates as a means of reducing the level of demand in the economy;
- the idea of letting market forces rule with the level of economic activity being reduced by the Island becoming less competitive through cost inflation is not considered to be an attractive or appropriate course of action;
- there has been little if any alternative offered to the application of physical controls to regulate the level of economic activity when this has been called for. Following the report of the special Immigration Committee in 1973, the States agreed to introduce the Regulation of Undertakings and Development (Jersey) Law, and the application of that Law has been the preferred course of action ever since.

14. While the analysis of the problem has not varied through successive reports on immigration and population policy, the application of the controls called for if the level of economic activity and the level of immigration is to be contained has not been readily accepted for the following reasons -

- there have been calls for a response to fluctuations in the economic cycle. The tightening of controls under the Regulation of Undertakings and Development Law has been called for when the population has been shown to be increasing strongly when the economy has been growing rapidly. Decisions have frequently been followed by a change in the economic circumstance under the influence of the external economic climate. There has then been political pressure for a relaxation of the controls. When this relaxation has been followed by an upturn in the economy, this has allowed a rise in job growth and population growth before tighter controls were again pressed for and applied;
- politicians over the years have been faced, as they are now, with pressure from the business community for some relaxation of the controls as the "pain" of their application has been felt. However, it must be clearly understood that any form of population and immigration control that is applied sufficiently rigorously to ensure that the population of the Island does not grow through net immigration will have an element of pain for those affected by the controls, whether those controls take the form of the present Regulation of Undertakings and Development Law or some alternative form of control using a work or residence permit. The pain will only be lessened with the adoption of such alternatives if the controls are not applied as tightly, in which event job growth will occur as will also the population;
- there is periodic concern that economic prosperity will be jeopardised by the application of the controls. While there is a widely held desire to limit the size of the Island's population, there is also an appreciation of the standard of living the Island residents enjoy and the quality of the public services provided. There is natural concern that, if care is not taken, the foundation upon which these material benefits are based would be eroded;
- there are public expectations (for example, for the Island to match the level and quality of public and private service provision available in the United Kingdom or mainland Europe), and there is a continuing public demand for improvement in the material standard of living. This frequently translates into a demand for more and better private services, and a lack of acceptance on the part of the public of the "pain" of a policy of restricting net immigration whenever this bears upon the services they wish to enjoy. Together these features

of the Island's way of life have made it difficult to translate statements of general support for population growth control into practical results;

- there is a continued public demand for more and better public services, and thereby a demand for more public sector employees to provide them. This requires more tax revenues to fund those services, and there has been pressure to foster a successful economy to produce those revenues. The argument can be advanced that the cost of providing many of the public services reflects the fact that the population has grown. The argument continues that if the population was restricted there would be a reduction in the level of public expenditure, particularly capital expenditure. On the other hand, a good deal of the growth in public expenditure that has occurred has reflected the general improvement in the quality of the health, education and social services that Island residents have enjoyed, and this has been made easier by the relatively buoyant budgets the Island has experienced by comparison with the position of many other jurisdictions.

### **The way forward**

15. The conclusion reached in 1997 was that if the Island wanted more prosperity without population growth (business growth without people growth), one good way of achieving this was to increase the productivity of the existing workforce. Ways of using existing manpower more effectively were identified and included -

- investment in information technology;
- training;
- flexible working arrangements, including teleworking;
- concentrating on those areas of business activity that give the best return for the resources employed;
- encouraging women to remain in employment through subsidising the cost of child care;
- encouraging the public and private sectors to obtain labour-intensive or low value added goods and services off-Island.

Action is taking place on all these measures.

16. The policy adopted in 1997 called for the tighter application of the Regulation of Undertakings and Development Law to ensure the job growth was controlled. At the same time, a flexible, sympathetic and pragmatic application of the controls was also called for to encourage the required increase in the productivity of the existing workforce, support the diversification of the economy, and generally support the "business growth without people growth" objective. This approach is reflected in the policy being pursued by the Finance and Economics Committee in administering the Law.

17. As in the past, the application of tighter controls is being resisted, and pressure to relax them continues. There is pressure also to consider alternative ways of controlling population growth which those who promote them believe will be less damaging to the business community generally or their own business interests in particular. What is to be noted, however, is that in many cases the difficulties facing employers arise from conditions in the labour market generally, and other than from the impact of the Regulation of Undertakings and Development Law. Many employers that have agreed a three-year licence arrangement with the Finance and Economics Committee are experiencing difficulties in filling the jobs they are able to offer under that licensing agreement.

18. There is pressure to review the "five year rule", whereby the employment of those with residential qualifications or those who have been resident for five years or more are more readily employed than those who do not fall into either category. Most businesses have a limit placed on the number of those with less than five years' residence that they can employ. The difficulties experienced by small businesses in particular has led to some relaxation in the rules to allow persons resident for two years or more to be employed by these businesses to fill vacancies.

19. The Chamber of Commerce and others have requested a further relaxation involving the removal of any distinction according to the period of residence. The argument is advanced that local residents do not need employment protection in the present full employment conditions, and that allowing employers generally to dip into the total labour pool in filling vacancies, or approved additional jobs, would limit the inflationary pressures. At present, employers are seeking to obtain staff from a pool of labour with more than five years' residency and while the supply is not increasing (and possibly decreasing) there is an unsatisfied demand for those in this category. The result is wage and salary escalation and poaching of staff.

20. The Policy and Resources Committee, in conjunction with the Finance and Economics Committee, intends to investigate the effects of removing the “five year rule”. If it can be shown that the change would not lead to more immigration, the Committee would see the advantages in the course of action proposed by the Chamber being adopted.
21. Alternative ways of controlling population growth, including residence or work permits, have been discussed on many occasions in the past, and the arguments for and against are well documented. The Committee also has met with members of the Finance and Economics, Planning and Environment and Employment and Social Security Committees to discuss the way forward and a broad consensus was achieved. On September 3rd the Committee met with States members and Chief Officers to consider the contents of an “issues” document based on the consensus reached at the meeting of the four Committees. On September 13th the Committee met with representatives of a number of business and other organisations for a similar discussion.
22. Having considered all the views received, the Committee is of the opinion that -
- notwithstanding the increase in the resident population that has occurred since 1995, the population ceiling objective agreed by the States in 1995 and confirmed in 1997 should remain the long-term population policy objective until such time as the results of the economic model building exercise are available to test the various policy options for, and the economic and environmental impact of, achieving that objective;
  - the suggestion from some quarters that population growth would be acceptable in the short to medium-term if it is made up of persons on short-term work or residence permits should not be supported. The idea that an extra several thousand year-round residents could be accepted because they are on short-term permits ignores the fact that it is the total number of year-round residents that gives rise to pressures on dwelling accommodation, road space, health and other public services, and would put the policy of sustainability at serious risk.

#### **Alternatives to the Regulation of Undertakings Law**

23. The Committee recognises that there are arguments that can be advanced in support of the introduction of short-term work or residence permits. These include limiting the ability of immigrants to put down roots in the Island and find ways of establishing permanent residence; allowing residence to be refused or curtailed if the individual has engaged, or engages, in criminal activities; and limiting the extent to which dependants are brought to the Island. The counter-view is that the application of such controls can have human rights implications, and would need to be tested against the proposed human rights legislation before being adopted. Furthermore, the introduction of a system of short-term permits would impose an additional bureaucratic burden on business and on the public sector, while making only a limited contribution to the root cause of the net immigration, namely the inability of Island residents to satisfy the demand for labour created by a booming economy.
24. Reference to the practice in other jurisdictions also would suggest that the effective introduction and use of short-term work or residence permits could call for frontier controls. Of particular importance also is the effect of short-term permits on the quality of labour that would be attracted to the Island. Many areas of employment (e.g. nurses) are already faced with recruitment difficulties as a result of the Island’s job and housing control policies.
25. Work permits are not a suitable means of controlling the Island’s population growth. They can have a place, however, where there is unemployment and the employment of local residents needs protection, and this is the way in which work permits have been used in other jurisdictions. If work permits are applied for and are not granted, in circumstances where there are insufficient local residents available to fill the jobs being created, there would be an increasing demand for the workforce within the Island, and considerable inflationary pressures would be experienced.
26. The inflationary pressures currently being generated by the application of the Regulation of Undertakings and Development Law arise because this Law is being used to restrict access to immigrant labour, albeit on a more flexible basis than would be the case with work permits applied to individual employees. At the same time the application of the Regulation of Undertakings and Development Law is still allowing new job opportunities to be created - particularly through the granting of permission for new businesses to be established by Island residents, so long as they employ persons who have residential qualifications or who have been in the Island for more than five years.
27. Work permits, if applied in place of the Regulation of Undertakings and Development Law, could be expected to



have an even greater impact on wages and salaries inflation, because they would not match a control over the supply of labour with any control over the demand for labour. It would also be a mistake to think that in the absence of the Regulation of Undertakings and Development Law, the inflationary wage and salary pressures would be removed or reduced. Jurisdictions without such a law also experience the same pressures when economic conditions create the circumstances where the supply of labour, either generally or in respect of specific skills/experience, fall short of employers' demands.

28. For the inflationary pressures currently being experienced to be reduced, the Finance and Economics Committee will need to be tougher on new job creation by being much more selective when permitting local residents to set up new undertakings. If this tightening of the existing policy and its application to new undertakings is adopted, it is possible that a somewhat more relaxed view could be taken on the matter of the filling of vacancies of existing undertakings.
29. Reference is frequently made to the experience of the Isle of Man in applying work permits. What should be made clear, however, is that the Isle of Man work permits are not designed to control the size of that Island's population. In the Isle of Man, if jobs exist that cannot be filled by a local resident, a work permit will be issued. It is for this reason, in giving initial consideration to what measures might need to be taken in the future to control the population of the Isle of Man, that attention is being focused on the need for new legislation in the form of a Residence Bill, although it is emphasised that circumstances do not yet call for this legislation to be brought into effect. A residence permit is required in particular if a significant part of the population growth occurring arises through the taking-up of residence of non-economically active persons.
30. Residence permits or occupancy controls, like work permits, are not a suitable way of controlling the Island's population growth if no control is exercised over job growth. However, the Committee believes that, while there would be added bureaucracy in their application, consideration must be given to using some form of permit to control the occupancy of all accommodation in the Island to help limit the non-economically active persons coming to the Island or to control their period of residence. The Guernsey "Right to Work" Law controls the right of individuals to occupy dwelling accommodation. However this measure has not limited population growth in that Island, for the normal policy has been that, if there is no local resident available to fill the jobs on offer, a permit has been granted.
31. Should it be decided that a residence permit is necessary to control the number of non-economically active residents, it would be possible to link this to the issue of a smart/identity card. This would reduce the administrative burden of such a measure.

#### **The introduction of a smart/identity card**

32. The current position of the introduction of an Island smart/identity card is as follows.
- A small working group made up of the IS/IT Adviser, the International Relations and Policy Officer and the Head of Statistics was set up in March 1999 to look at the feasibility of an Island smart/identity card.
  - The group has completed a significant amount of research, and has identified three tests which must be met in order for the card to be an effective tool for monitoring the Island's resident population -
    - ◆ the card must incorporate the newest technology and be capable of holding a substantial amount of personal information;
    - ◆ the card must offer a high degree of security against counterfeit/duplication or tampering which means biometric information is essential in ensuring that a card belongs to a single bearer;
  - the card must be made compulsory by law to ensure every resident is accounted for.

It is noted in paragraph 31 that the card, when available, would serve as a vehicle for the introduction of a residence permit if this is required.

33. Legislation will be required for the introduction of a smart/identity card and this will determine the implementation timescale. In the meantime, however, the concept can be further progressed by the issue of a "service" card which people would hold on a voluntary basis, for which the majority of people would wish to hold because of the services that would be enjoyed thereby (e.g. access to States benefits and services, proving one's age, registering a birth or arranging a marriage, licensing a car, voting etc.).

34. The Committee will be bringing a separate report and proposition to the States seeking support for the legislation and resource requirements, and identifying the likely timescale for the introduction of a smart/identity card to be held initially on a voluntary and subsequently on a compulsory basis.

### Conclusions and recommendations

35. The Committee recognises that the application of the Regulation of Undertakings and Development Law in pursuit of the population policy objective adopted by the States has brought, and will continue to bring in its train, real problems for public and private sector employers. However, what must be understood is that the “pain” experienced through the application of this Law is something that is unavoidable, and would be experienced whenever full control is applied, if the Island is serious about achieving a population policy objective.
36. Manpower trends over the past year show that the tighter application of the Regulation of Undertakings and Development Law since June 1998 is having the desired effect. The job growth that occurred between 1996 and 1998 has been brought to a halt. The application of the Law, and technological developments, are combining to produce positive results through the more effective use of the Island’s workforce. The recent announcement by the Royal Bank of Scotland International of a major development in electronic banking is an excellent example of how to secure the “business growth without people growth” objective that the Committee placed considerable emphasis on in the Strategic Policy Review and Action Plan 1997 when referring to the current **population and immigration policy**. Other employers have responded in different ways to the policy objectives. For example, the opportunities for tapping the labour market in France without that labour needing to take up permanent residence in the Island have been successfully exploited by Flying Flowers. Local businesses have changed their working arrangements to better accommodate part-time workers. Many of the banks have also found it possible to relocate posts to other jurisdictions and to use the local labour force for higher value added activities. Through the development of e-commerce in the Island, and an even greater use of information and communications technology generally, many employers are showing that it is possible to cope with the resource pressures and still take on new business. There is, therefore, considerable weight of evidence to support the view that the Committee’s objective for business growth without people growth is both achievable and being achieved.
37. In considering possible alternatives to the Regulation of Undertakings and Development Law, it must also be recognised that whatever measures are taken to secure the population policy objective developed by the States, there will be “pain” for those directly affected. For example, the business that is unsuccessful in persuading the Finance and Economics Committee to grant permission to employ non-local labour to fill job vacancies, because of the population policy, can be expected to be equally unsuccessful in obtaining a residence or work permit, if those who argue for these measures as an alternative to the Regulation of Undertakings and Development Law were successful in persuading the States to make such a change.
38. The Committee continues to closely monitor the situation and recommends as the way forward that -
- the 1997 population policy objective should be retained until such time as the economic model is available next year to test the various policy options for, and the economic and environmental impact of, achieving that objective;
  - controlling the number of jobs, through the use of the Regulation of Undertakings and Development Law, should continue to be accepted as the most effective way of exercising control over the net immigration of the economically active, and thereby population growth;
  - for the required level of control to be exercised over the number of employment opportunities, to limit net immigration, the Finance and Economics Committee should be requested -
    - ◆ generally to continue its present policy in the application of the Regulation of Undertakings and Development Law but -
    - ◆ to tighten the application of the Law by being more selective when granting permission for the creation of new undertakings by Island residents;
  - the Finance and Economics Committee, in conjunction with the Policy and Resources Committee, should investigate the effects of removing the “five year rule” in the application of the Regulation of Undertakings and Development Law;
  - the application of the Regulation of Undertakings and Development Law to the private sector should

continue to be mirrored in the control applied to employment in the public sector;

- the adoption of a residence permit or alternative means of occupancy control so that control can be exercised over the net immigration of the non-economically active, (which form of control would be assisted by the introduction of a smart card) should be investigated by the Housing Committee in conjunction with the Policy and Resources Committee;
- the private and public sectors should continue to be encouraged to explore the possibilities for moving their low value added or non-core activities off-Island;
- to increase the productivity of the existing resident work force there should be even greater emphasis placed on investment in information technology, investment in training and in adopting more flexible working practices than has been the case to date;
- to secure the key objective of the present population policy of “business growth without people growth”, and to meet the pressure for more and better public services without the need to call on immigrant labour, further steps should be taken to ensure that the existing work force is employed in the most productive way. It is considered that this is more likely to be achieved if there is open competition, if there is full economic costing of the provision of services, and if fiscal policy is designed to encourage the effective use of labour and the development of higher value added activities;
- the introduction of a smart card, which will provide better information on the Island’s resident population and enable the level and trends in that population to be better monitored, should be progressed as a high priority. (As noted above, such a card could be used as a residence permit if required);
- in addition to developing the smart card as a way of obtaining more information about the Island’s population, attention also should be focused on the questions to be included in the Census to be held in March 2001 as part of the task of building up a comprehensive database on the Island’s population;
- with the construction of an economic model for the Island, consideration should be given to developing a longer term strategy for the Island’s population within the framework of the States strategic policy objectives, and in particular the sustainability strategy, which the States will be asked to address in 2000/2001;
- the research currently being undertaken into the ageing of the population which will occur over the next twenty/thirty years should be continued;
- a programme of research in conjunction with the construction of the economic model should be undertaken, including an analysis of future work patterns, and the availability of, and the demands to be placed upon, particular work force skills.

39. In considering the way forward, it has to be accepted that, so long as the present population policy objective is supported, there is no other policy instrument currently available to achieve that objective other than the Regulation of Undertakings and Development Law. Alternative instruments, if they were to be considered practical, would take time to introduce.

40. In the view of the Committee there is no need of further analysis of the causes of the problem of population growth. What is required is a real will to tackle those causes and to have an effective process whereby the effects of the action to be taken can be evaluated through the use of an economic model.

41. The evidence to date suggests that there is a strong wish on the part of the resident population for population growth to be contained, and this is reflected in the decisions taken by the States over the years. However, the evidence to date also suggests that when controls are applied and “pain” is felt either through the effect on employment, or the effect on the availability and level of services, whether in the public or private sectors, pressure mounts for some easing of the controls. The result is that population continues to grow.

42. It is clear that population growth will not be contained in the present circumstances of a vibrant economy unless there is political and public will; unless there is some acceptance of a degree of “pain”; and unless there is a change in culture or in expectations in terms of the demand for services. There are, it is believed, considerable opportunities for achieving business growth without people growth if a comprehensive package of policies are put in place designed to achieve that end.

22nd October 1999