

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 20th JUNE 2006

Question

Would the Chief Minister inform members –

- (a) whether he has considered the implications of the net population growth estimate of 500 revealed recently by the Statistics Unit for the year 2005 and, if so, what conclusions have been made?
- (b) what consideration, if any, has been given to the resource implications of a return to net inward migration of 270 people, and would he provide a breakdown of these 270 people ('j'-categories, spouses, children, and relevance to which economic sectors)?
- (c) of the indicative economic growth figures for 2005 associated with this inward migration and, if not, when will he be able to provide this information?
- (d) whether there is any economic relationship between the growth in population and the recent 7% rise in house prices, and, if not, what other economic factors have given rise to this increase?
- (e) what measures, if any, he will put in place to ensure that the proposed 2% economic growth target does not result in major population growth and consequent pressure on the housing market as outlined in Section 9 of the Shadow Scrutiny Report 'Migration Policy; monitoring and regulation' (S.R. 5/2005)?

Answer

- (a) Figures on population growth are considered in depth, and are an important tool as policy is developed. Population and migration are monitored by the Migration Advisory Group. The Chairman is the Assistant Minister to the Chief Minister and it comprises the Ministers for Housing, Economic Development and Planning and Environment. One of its functions is to monitor and consider the resource implications of population growth.

The first and striking conclusion drawn from the population estimates is that almost 90% of all growth of the last five years has been due to births exceeding deaths. The response to this type of natural growth is to continue to effectively plan and provide services for local people.

Net migration forms the other, far smaller element of population growth. In 2005, this element of population growth did increase, reflecting improvements in economic performance. This growth must continue to be balanced against the resources of the Island, in line with States approved migration policies, and considered within the context of wider sustainability issues.

- (b) Care should be taken when considering migration not to focus on fluctuating annual figures, but instead to consider, plan and manage over the longer term. Over the previous 5 years, net migration has averaged 24 persons per year, contributing a 0.02% increase in population. The implications of these levels of growth are minimal. This is not to suggest complacency as economic growth has consequences which must be monitored, managed and balanced against the demands on the resources of the Island. As noted, this is the role of the Migration Advisory Group, which oversees the Population Office.

Statistical Breakdown required

The inward migration of 270 is the sum of the net change in migration of economically active adults (j'-category and non-qualified), net change in migration of economically inactive spouses etc and net change in

all children. Of the 270, 100 was the net change in 'j'-category employees, the remaining 170 being mainly their dependents. This figure and the breakdown by sector was published in the Labour Market report published by the Statistics Unit in April. Of the 100 additional 'j'-employees, 70 were in the finance sector.

- (c) Economic growth figures for 2005 will only be available in September 2006 when the Statistics Unit releases its estimates of GVA. We do, however, know that of the 100 additional 'j'-category employees 70 of them were in Finance. It is known that the GVA per employee of those employed in the finance industry is more than double that of the whole economy.

The 7% rise in house prices in the first quarter of this year (relative to the same quarter in 2005) follows an average increase last year of about 3%. It is too early to say whether this is the first sign of a sharper rate of increase in house prices or just a fluctuation. However, changes in house prices will be a consequence of the interaction of a whole host of factors that affect both the demand and supply for house purchases. Demand for housing will be driven by overall economic conditions to the extent they influence employment and earnings growth and overall confidence. Interest rates trends will also have an important impact on confidence in the housing market and hence prices. The very modest increase in 'j'-category housing consents may have had a minimal impact on the demand for housing but not all will have purchased houses and the impact is likely to be at the margins relative to these other factors. Housing supply can take some time to respond to changing demand in the housing market and can also influence house prices. There has been a drop off in turnover in the housing market in recent quarters but it is too soon to assess whether this is an emerging trend or just quarterly fluctuations.

- (d) To ensure economic growth does not result in significant population growth, and to prevent undue pressure on the resources of the Island, including the housing market, economic growth policies are firmly linked to a 1% working population growth target over the life of the Economic Growth Plan. The Economic Growth Plan highlights how we can boost productivity in the Island to ensure that the economic growth target can be achieved within the constraint on working population growth.

The growth targets will be reviewed later in the year by the Migration Advisory Group, when the statistical data for January – June 2006 becomes available.