

# STATES OF JERSEY

## MIGRATION POLICY REVIEW

BLAMPIED ROOM, STATES BUILDING

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Committee: Deputy G. Southern (President)  
Senator P. Le Claire  
Deputy J. Martin  
Deputy J. Bernstein

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### EVIDENCE FROM

MR DUNCAN MILLARD (Chief Statistician, Statistics Unit, Policy and  
Resources Department)  
MR TIM DU FEU (Statistics Unit, Policy and Resources  
Department)

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on

Friday, 6th May 2005

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DEPUTY SOUTHERN: I would like to welcome you to this Scrutiny Panel hearing. We are trying to examine the statistics behind what is being proposed for the Migration Policy and particularly its links to Economic Growth. It is Duncan Millard from the Stats Department and Tim du Feu. Thank you. Before we start, I do a formal bit to be read to the witnesses. It is important that you fully understand the conditions under which you are appearing at this hearing. You will find a printed copy of the statement I am about to read to you on the table in front of you.

Shadow Scrutiny Panels have been established by the States to create opportunities for training States Members and Officers in developing new skills in advance of the proposed changes of government. During this shadow period, the Panel has no statutory powers and the proceedings at public hearings are not covered by Parliamentary privilege. This means that anyone participating, whether a Panel Member or a person giving evidence, is not protected from being sued or prosecuted for anything said during hearings. The Panel would like you to bear this in mind when answering questions and to ensure that you understand that you are fully responsible for any comments that you make.

That is the formal bit over. As you are aware, I have been down to Stats to try and get my head around the figures that have been produced around, in particular, housing, but also in the job market. Really this session is to try and get some of that evidence on tape and on the record. So, the starting point, I think, is the figures that I derived from the *Planning for Homes* document and the figures from your own housing requirements document, which are different in a number of ways. The starting point actually from the Strategic Plan calls for a housing stock of no more than 1,750 units over the time period that it covers. My first question is -- and I have asked this of lots of people -- where has this number come from, this 1,750?

MR MILLARD: What you have to remember is, you know, I am here today as the Head of the Statistics Unit. You know, I am talking about the rôle of Statistics. I say that because one of the points just to bear in mind that we have a central rôle in being independent in policy making and government activity. I say that as background to a lot of the things that I will say. As a result of that, what I can tell you is sort of the history to the two Housing Needs Surveys that have

actually been undertaken on the Island.

The first one was undertaken in the year 2000 by private sector consultants. For one reason or another, which I don't think we really don't need to go into, that work had to be completed by the Statistics Unit from mid-2001 on to 2002 and the results were published in 2002, the results of the first Housing Needs Survey. Now, that was the first time that any attempt had been made to actually take a forward view and to determine what housing requirement is needed for the Island looking forward. As a result of that work, that was then taken forward by departments, possibly working with other consultants as well, into producing the numbers for the Island Plan and then those numbers were then carried forward into the Strategic Plan, and that is the 1,750 number that you have currently got.

Subsequently, what happened in 2004 was that we were approached by Housing and Planning Departments and asked if we could undertake a new survey, which we did in November 2004, November/December 2004. Crucially, and I am obviously very happy to get this on the record, the results were produced in four months as opposed to two years and at a third of the cost of the private sector doing it. So that was very pleasing for us. As a result of that, obviously what has happened is people's aspirations, people's needs, people's desires have changed between 2000 and 2004, when we have got the two result bases. So, you know, you have got the initial survey and those results were used in some documents and you have now got some new information. It is up now to the people who wanted that information, the Housing and Planning Departments, to use the new information, seeking more analysis from us as they will require, to see how their policies are going to change.

DEPUTY SOUTHERN:            Would you like to summarise for the Panel the major differences between the first survey and the new survey that you have got, because I believe they are significantly different.

MR MILLARD:                 The main difference is actually about scale. Very roughly, and I will try and round a lot of numbers into today's discussion to try and keep it simple if I can -- if you want more detail, please ask -- but very roughly there was a total demand, a total turnover, in the first survey of 20,000. In the more recent survey, that is down to about 12,000. As a result of that,

the difference between the supply and the demand and hence the overall need for new housing has changed from about 3,000 -- and I am talking private sector here -- to around about 1,700-ish (and we can talk about how we can add that up to 2,000) in the more recent survey. So, overall, there is less requirement for housing. Interestingly, the actual requirement for housing that has been identified, this number of around about 2,000 (give or take, depending on which components are included) isn't actually all that far from the number in the Strategic Plan and the Island Plan, the 1,750.

It is absolutely, in my book as an official statistician, correct that assumptions and numbers should be reviewed on the basis of new information. That is why we produce it. You know, an informed debate is essential, and that is what we are trying to do. If you have got new information out there, that means that a Department says: "Well, actually we thought this was correct for 2005/2010, we thought that based on 2000 data, we have now got some 2004 data, therefore, we can make a small revision to the number and make it more accurate and more up to date." That is good policy making. There is absolutely nothing wrong with that.

DEPUTY SOUTHERN: But my understanding is that that process hasn't actually been done yet.

It was scheduled to be done in April this year, but actually the Planning Department haven't got back to you to say: "Come along, update us" yet. Is that the case?

MR MILLARD: No, no. I mean, what Planning and Housing have got is what they have asked for in terms of the results of the new survey.

DEPUTY SOUTHERN: So they have got your results?

MR MILLARD: Yes. I obviously am in no position to talk for them on how they are taking this forward.

DEPUTY SOUTHERN: We are seeing them later in the afternoon. Perhaps that question is more appropriately asked to them. Paul, would you like to come in?

SENATOR LE CLAIRE: Good morning.

MR MILLARD: Hi yer.

SENATOR LE CLAIRE: The 1,750 figure that you speak about on the Strategic Plan and the Island Plan has somehow eluded some people as to where it was derived from, and I believe

personally that it might be derived from Professor Patrick McCausland's independent review of the draft Island Plan, in which the Island Tenants' Association noted that there was no provision for people who had no children that could not access social housing, so the private rental sector was actually omitted. In your new survey, have you taken on board those people?

MR MILLARD: Well, no, the private rental sector was included in both the original survey and in the survey we have done.

DEPUTY SOUTHERN: Yes.

MR MILLARD: I mean, what we generally find -- and we may go into this when we talk about the Housing Needs Survey more generally -- is people's aspirations are quite understandable. They want to move to what they perceive to be the best accommodation. In a sort of Anglo-Saxon type country like Jersey, that is owner-occupation. So generally we see increased demand for owner-occupation and a shortfall there, but a surplus in the private rental, because those are the properties that people are looking to move from.

All of this, of course, is a model. It is a dynamic model and these properties aren't vacant. If somebody moves, then it becomes vacant and somebody else can move into it, but the private owner-occupier sector was included in the first survey and, of course, in the last survey. The issue with the first survey, where the consultants, in applying the methodology that was tried and tested in the UK, had missed an important thing for Jersey was the qualified and non-qualified. That is where the unit at the time had to step in and do the work there, because obviously you don't have one uniform market. You have got this sort of barrier in between that requires the qualification period, which separates the market and which you all understand.

DEPUTY SOUTHERN: Okay. If I can bring you to the specific numbers, are we talking about page 2, your key findings from the Executive Summary of the housing requirements survey? Are you talking about the fourth bullet point down there, where you say that "*notable potential shortfalls occur in the two, three and four bedroom owner-occupier properties comprising about 205 flats, 1,370 houses and additional requirement for some 250 properties of one bedroom and two bedroom sheltered accommodation*"? In particular, in the two, three and four bedroom houses market, you identify a potential shortfall. Can you explain what that means?

MR MILLARD: Okay. How the survey works is a random survey -- if I start to talk and you can ask as much detail about the survey as you want and Tim can tell us all about that -- but essentially what you do is a random survey of individuals, of households, sorry, and we ask them about their intentions to move or to establish new households over the next five years. From that, we get an indication of those people that are looking to move, which is the demand for new housing and, if they are an existing householder, then we get some supply because they are moving from a type of accommodation. We also get supply from people who are moving into care, and we have to make some assessments there based on census data and, if you look in Tables 1 and 2 of the report, you will see how we generate both the demand and the supply, initially ignoring tenure, but then in Tables 4 and 5 including tenure. So we have got a supply and demand. Then really what we are doing is we are taking away demand for owner-occupation from the supply of owner-occupation, and that is what is generating the potential deficit in the provision of owner-occupied accommodation.

The really, really important thing to remember (and I may repeat myself on this) is all this depends on people actually moving. If somebody is currently in a two bedroom flat and they want to move, that property only becomes vacant when they do move. It is not vacant at the moment. If you look round the Island, there aren't these numbers of vacant properties that you see in Table 6, which is the crucial table, where you have got the surpluses and the deficits in brackets. For example, there are not 195 empty one bedroom owner occupied flats at the moment on the Island. There would be potentially if everybody was able to move as they wanted to.

DEPUTY SOUTHERN: Right.

MR MILLARD: The other crucial point, of course -- and you might want to get on to this -- is that it is a dynamic market. It is the classic supply and demand market. If you want to see the basic economics one from university days, the housing market is a classic example of that. Demand goes up, the price goes up. At the moment, which is really quite encouraging for Jersey, over the past two or three years, housing prices have been very stable. That basically shows that the latent demand for housing is being met by the supply. There is new housing data

out next week for the first quarter of 2005.

DEPUTY SOUTHERN: And what would be the effects? You are saying that the effective potential shortfall in this particular area of two, three, four bedroom owner-occupier, what would be the effect of that shortfall? Again, it is a reality on the overall housing market per se.

MR MILLARD: Okay. If people have got the report in front of them, maybe, if you do want to turn to Table 6 on page 10, I can talk about it in those terms.

DEPUTY SOUTHERN: Please do, yes.

MR MILLARD: What you have got there is you have got, on the owner-occupier column, you have got a potential surplus of one bedroom properties and deficits in two, three and four, the negative. The bracket infers a negative. That is then further broken down in Table 7, in terms of flat and house. But what you also see is that there are potential surpluses, if we just look in the qualified sector, in social rented and private rental.

So what is likely to happen is a household is looking to move. They have got a desire for a three bedroom property. Now, the extent to which they can afford that three bedroom property will determine whether they are able to get one. If the demand for three bedroom properties is such that prices go significantly higher for those, what that may mean is that the price for two bedroom properties is more stable or they can get a two bedroom property with higher utility -- a bigger garden, off-street parking, the sort of important things that we look for in a property -- and choose a two bedroom property.

Alternatively, what you have also got there is at the moment you have got potentially nearly 1,000 private rental properties that could be vacant, or somebody has invested in that property and needs to make a return on their investment and so needs to have somebody living in that. So what that might mean is that rental prices might actually decline and somebody might be looking into moving and see that they can actually rent a very, very nice large property with all the utility they want or buy a smaller property, or they might chose to rent even though at the moment their ideal is to buy a property. So it will all be about what the market conditions are like when they are actually looking to move. If they can get their property of choice at the right price, they will buy it. If they can't, they might buy a smaller property, they might move into the

rental market or they might stay put. So it is our best central estimate of what might happen, but there is a great deal of uncertainty around that.

DEPUTY SOUTHERN: But, nonetheless, the figure of 1,575 you see as being a realistic figure and the evidence for that on which you base it is that we are talking not about a wish list, but we are talking about likely to move in the next two years and we are talking about “Have you a realistic view of what the prices are out there? Do you know what you are letting yourself in for” and, again, you have got figures in your documentation that suggests that (a) people are realistic, and (b) this is an intention, this 1,575 is a real figure?

MR MILLARD: Absolutely. I mean, there are two very important concepts. Roughly about 80% of those people looking to move are looking to do so in the next two years. So that is quite a hard basis of the data. Also, just if you very quickly want to turn to Table 12 on page 15, again, that is a very important concept. What you have got here -- and I will try and keep it nice and simple -- is we have got two types of people looking to buy properties. The existing are those people who already own their property and the concealed are your typical adult child looking to leave home and establish a home for the first time.

DEPUTY SOUTHERN: Yes.

MR MILLARD: What you are seeing, what the numbers in the table show are, the price that people are expecting to pay for a property. Now, if you look at the existing and compare that to the average, so you are comparing the first column and the third column, they are very close. So people in existing properties understand the property market in Jersey and have got a pretty good view of what they are going to be paying. Equally, if you compare the second and the fourth columns, now first time buyers, as a first time buyer -- certainly it was my experience as a first time buyer -- you don't enter the top of the chain. You don't even enter the middle of the chain, you just about jump on the bottom of the ladder if you are very lucky. So it is probably more important to look at the range of prices and what we call the inter-quartile range. All that means is the bit between the 25th percentile and the 75th, so the middle half of a distribution. What you see there is that the prices that people who are first time buyer type people are expecting to pay are very accurate again to the prices that are actually out there in the market. So, again, their



expectations are pretty accurate.

The other thing is that we did lots of checks on making sure that it was a sensible jump.

If you were in a one bedroom flat, it is very unlikely that your next choice of housing will be a four bedroom detached house. You might be lucky or your circumstances might have changed radically, but the probability of that is very small, and so those sort of moves we exclude.

DEPUTY SOUTHERN: So you have excluded the extremes as well.

MR MILLARD: Yes.

DEPUTY SOUTHERN: So it is quite a refined figure. Those people who did cast doubt on it and say, for example, that it is pretty much a wish list and is not a real number in some way, whilst we have expressed some reservations around it, nonetheless you would say “Hang on, it’s a pretty solid number. If you are going to project forwards, obviously, there is some discrepancy. There is some margin for error. But if you are going to project at all, this is a pretty good figure.”

MR MILLARD: It is very informative to use as the basis of review in what might be needed going forward against what has been provided. Of course, you could take the view that how much of the demand should be supplied and, again, you get into policy questions there and all sorts of things, but there are two things that are absolutely true. This is a projection and, therefore, will not be the out-turn.

DEPUTY SOUTHERN: Yes.

MR MILLARD: However, it is also a very useful piece of information to take forward and to use in the wider formation of policy.

DEPUTY SOUTHERN: Can I go on to develop that particular number, this 1,575? This is where the crunch area is. Can I perhaps draw your attention to recent evidence from the Chair of the Estate Agents, Wendy Arrowsmith, suggesting that already, despite the fact that we have had a fairly static property market, she is seeing evidence that in the three and four bedroom housing market she is already saying “Oh people are snapping these up”, that we are already seeing some sort of return to demand.

So your evidence says the pinch-point, if there is one, is likely to come in this area.

Already we are seeing evidence that perhaps there is already a pinch-point there, that demand is outstripping supply. We know that we have built lots of our accommodation on the back of that first survey, but we have built a lot of one and two bedroom properties and in fact, certainly in the States sector, there are a number of three and four bedroom properties and that is the shortage area in States rented accommodation, for example. That is the evidence.

Now, if on to that we build in the intention in the Economic Growth Plan and the Migration Policy to give greater access, if at all possible, to decent A to H properties, then we have got further problems, I think, haven't we, because, if we take that 1,575 (already perhaps a tight market, that is where the crunch is going to come) this potential shortfall is further increased when you add in the following, the effects of currently non-qualified households gaining qualifications under the current 15 year rule. The suggestion is that that might be another further 155 units without any change to the current migration numbers. Reducing the qualifying period then from 15 years to 10 years, as proposed in the Migration Policy, might add another further 255 units, and increasing net inward migration -- and these are your figures, I think -- for every 100 net inward migrant households, you need another 45 households.

MR MILLARD: Can I just correct you on that point?

DEPUTY SOUTHERN: Okay.

MR MILLARD: The 45 comes from 100 per year over five years produces a total of ----

DEPUTY SOUTHERN: Forty-five?

MR MILLARD: Forty-five.

DEPUTY SOUTHERN: Okay, so it is not 45 annually, it is 45 over the period.

MR MILLARD: Of two, three and four bedroom owner-occupiers, yes.

DEPUTY SOUTHERN: If we do that and we add those units in, then we are looking at probably 1,575 and you are then breaching the original target of 1,750 and then you are up to what you were saying, the roughly 2,000 type mark. How do you interpret that?

MR MILLARD: Well, I mean, in some ways you could look at it and say the 1,750 figure that was produced in 2002/2003 whatever actually is holding up fairly well. It is not a bad estimate against 2,000. We have got some new information and maybe, as a result of that new

information, we need to review that 1,750, but you would be trying to do that anyway. There are some points to maybe come back on.

One thing that our house price data that we produce quarterly, I mean, clearly one thing we are seeing is more variability in the average price of four bedroom properties. That is simply because, in some quarters, we get quite a few of them on the market that are sold and, in other quarters, we get less. If you get quite a large number of four bedroom properties above the three-quarters of a million pound mark, that has an upward influence on the four bedroom properties and that is why we have now started to produce two headline indices there to get a clearer picture, including the four bedroom and excluding the four bedroom.

But if you look at the rest of the market, including the three bedroom, it has been relatively stable. You know, it is not shooting up. You know, you look at what is still happening in the UK. They have had serious inclines and now they are worried about potential decreases and, again, there is a bit of uncertainty there as to exactly what is happening. But, against the background of everything that is going on and certainly about bank interest rates and all that, the housing market has stayed relatively stable in Jersey, so there is hopefully good demand.

Obviously, having just been presented with this article, I have not read it, but there is certainly good demand for three and four bedroom properties. You would expect that in somewhere like Jersey where there is, you know, relatively low levels of unemployment and economic activity. People are in work and maybe they are looking to move up the housing chain, which is obviously why they are buying.

You add together. I mean, our base case just looks at it without any change in the housing qualifications or people becoming qualified, yet people become qualified. Based on previous experience on housing and information from housing, we have been able to assess what difference that makes and that leads to this under existing rules an increase of 155 over the five years on the current 15 years and, if that is relaxed progressively, you get an additional 255. Then you look at the impact of migration in terms of you take the cross-section of people that have been coming to the Island more recently from census information, where they go, the type of people they are and you get some increase. They are relatively small amounts actually, 45

over five years, in the owner-occupier, two, three or four bedroom owner-occupier.

The important point to bear in mind in this is, as more people are looking to move into the owner-occupier sector, there becomes more availability in the private rental sector. Everybody has a choice. I mean, Jersey has a reasonably high level of owner-occupation rates. It is considerably lower in other equally very successful European countries like Germany, where people do choose to rent. There are lots of reasons for that. I mean, I'm no expert on anything to do with Germany, I just know this to be a fact. People might choose to rent.

DEPUTY SOUTHERN: But nonetheless we tend to have UK type culture that says owner-occupation is the goal.

MR MILLARD: People choose that as an aspiration, absolutely, and that is one of the things that is clear from the results. But what you are also getting is that it is a market where people have some money to spend on their housing. If the price of properties starts to rise too much, people may choose and this is just an uncertainty. People may choose to rent instead or people might choose to buy a smaller property and that is where all the uncertainty and where, although the estimates are a good information tool, they are not a definitive answer.

DEPUTY SOUTHERN: Right, right. Could I also throw into that mix -- and it is one that you obviously haven't done any figures on -- that there is talk of increasing the number of what will be licensed people on the Island, the J cats, the old J cats, because the emphasis is going not from a particular time in which you can become housing qualified, but if you have the skills in a particular job then you can apply. You will come and you are registered and you can apply for a licensed job with that skill area. So if you have got the skills, you can get a licence, which is the equivalent of the J cat. So there is emphasis certainly from several of the politicians to say "This is the other way we can increase access to the A to H market and obviously property owning within that market by doing this, by increasing the number of Js." Certainly, one politician has talked about doubling the number of Js in the market, the point being that, in your report, you say: "*A potential surplus of one bedroom flats and houses is dependent on the complimentary availability of larger accommodation so that households can move.*" The risk is that if we put too much strain on the housing market, in particular in this area, where you are saying there may

well be a deficit, that the limitation on how much we can grow the economy becomes one of housing, that we can't grow the economy because we simply haven't got enough decent housing to put on the market. Is that a reasonable position to take?

MR MILLARD: You have got to remember, and this is the point that I was previously making, if you just turn back to back to Table 6, I know this is scale up all the numbers or figures, because what we have done in the report is we have shown how to add up. So this is the quite a good overview table.

DEPUTY SOUTHERN: Yes.

MR MILLARD: You scale up the numbers so they reach 2,000 or however you want to think about it. The important point to remember is overall, if you look at the bottom right-hand corner there, there is actually an overall surplus of 180. So if we are talking about housing per se, there isn't a problem.

DEPUTY SOUTHERN: Yes.

MR MILLARD: What we are talking about is people's desire or the way rules are in place means that people are restricted to the type of properties. So the point to bear in mind is it may be there might be differences in terms of if people are coming over onto the Island to work on a shorter term contract, which might be a consequence of licence, we don't know, they might be very, very happy with renting a property. There are rental properties that are going to be available. So clearly that is not going to be a constraint.

It is to the extent to which somebody's requirements for the property is available at the time and what that might mean for any contract negotiations they are having with a potential employer. If they want property X and nothing like that is available, they might be more than happy to be compensated with an increased salary or a variation in contract lengths. There are lots and lots and lots of mechanisms there that can go on, but, if you think about it, overall what we are talking about is actually there is enough property across the Island to meet the demand.

The question is whether it is all in the right pigeon holes.

DEPUTY SOUTHERN: Yes, yes.

DEPUTY BERNSTEIN: The right place for the right terms.

MR MILLARD: Yes.

SENATOR LE CLAIRE: That is a good question, isn't it? I mean, can you quantify how many four bedrooms there are, how many three bedrooms there are, how many one bedrooms there are?

DEPUTY SOUTHERN: The demand is there in table 6, isn't it?

MR MILLARD: In terms of the future demand, yes.

DEPUTY SOUTHERN: The overall balance is positive.

SENATOR LE CLAIRE: From your survey, you have done a survey that has spoken to people about what their expectations were and that has analysed their expectations in relation to what their needs and desires might be in the future, but, in respect of actual properties, have you got those figures?

MR MILLARD: One of the questions we do ask in the census is about people's tenure and the number of rooms they have got in their property. You add on to that then the recent developments in what has actually physically been built and you can get a picture of the overall housing supply on the market. One of the points about Jersey is that the Housing Department do know very, very well, you know, what houses are actually on the Island because everybody who looks to move or whatever has to go via the Housing Department. So we do have the information. Whether it is in a nice, accessible format is not a point for me. So, yes, we have got the total stock there. Whether, you know, it has ever been added altogether in terms of other than we show where people are living in the census, which is very important, it is informative. You have got that.

SENATOR LE CLAIRE: And factoring in the build and what is coming on stream and what will be coming on stream, there is some news from the FSR process that nothing is going to be built in 2006/2007.

DEPUTY SOUTHERN: There are no capital bids for States' housing in 2006 and 2007. The first one is, is it, Anne Court redevelopment?

DEPUTY MARTIN: That's right, Anne Court and Sunshine ----

DEPUTY SOUTHERN: That is coming in in 2008. There is also talk about a certain amount of

slippage on the current H2 sites which haven't got funding, where they were due on stream in 2005/6, but no funding until 2007. I am not sure if they have slipped even further because there seemed to be no funding allocated for 2007. It was just a blank hole. So I think there may be further slippage. So, whilst yes, over the previous period we have built a lot and the Housing President should be congratulated for it, there has already been some slippage. We are not sure actually if we are going to be able to deliver what is already in line and certainly on time.

SENATOR LE CLAIRE: And also with this supply and demand feature, actual properties, properties coming on line, properties that will be beginning to be built, factoring into your projections, obviously we have to make sure that they are going to be built. How important do you see, in a small economy such as Jersey, which is capable of being changed radically in a very short period of time, how important do you see the census operation as a whole being done on a regular basis? The census is integral to your understanding of the property market because it tells you how many properties there are, so how integral is that going to be in the future?

MR MILLARD: What the census tells us is the census provides an overview, a period in time overview. In terms of actually any dynamic analysis, it is a very blunt tool. We are very limited in the number of questions we can ask and it is very hard to actually capture any real change. What you do need to do is every now and then -- and 10 years is a more than adequate response to this for Jersey -- is to say "Okay, we want to ask every household and every individual on the Island a certain number of classification questions", bearing in mind the one thing we always get in the census is a census ideally captures everyone, but there is always undercount in a census. If you don't want to be found, for whatever reason, you won't be found.

SENATOR LE CLAIRE: But isn't the census where you are getting the understanding that the market exists, but it is only a proportion of the actual population who may or may not participate and having a basic understanding of the property portfolio in the Island is essential to understanding what the needs of supply and demand is.

MR MILLARD: What we are getting from the census is we are getting some classification questions. We are getting some information about where people are living and the type of properties they are living in. Now, why we have ... I have brought forward this and why we are

moving to 10 yearly censuses is to free up professional statistical resources such that we can introduce an annual social survey. I am currently working with all other departments to work out what information they need on a more regular basis and part of that, you know, there will be classification questions because you have to classify the population with the sample we are taking. So we will have information about, you know, the type of property that they are living in.

So, rather than just having that every five years, we will have the census, the overall picture every 10 years, but every year we will have some information, supplemented by major surveys such as the Housing Needs Survey and the Household Expenditure Survey, which we have currently got going on. What we are doing is looking at it in a different way in terms of how can we best use the administrative data from the Housing and Planning Departments, how we can use smaller scale social survey data and how we can use less frequent but still very important census data. As a result of that, we will be better informed.

DEPUTY SOUTHERN: Okay. Judy, do you want to come in?

DEPUTY MARTIN: Yeah, I'm probably going right back to the beginning. I'm not quite understanding this. The Island Plan, *Planning for Homes*, are you saying that your new survey actually shows that there isn't a requirement for so much building in a nutshell? These are the two figures that I have got to get my head around.

MR MILLARD: The Island Plan and the Strategic Plan have this figure ----

DEPUTY MARTIN: Or *Planning for Homes*, yeah. These say that you are going to carry out this result, but I have got a figure here of construction of 2,860 homes to the end of 2009.

MR MILLARD: It depends on the start period.

DEPUTY MARTIN: Sorry, 2002 to the end of 2006, which equates to 90% of the estimated qualified sector requirements.

MR MILLARD: Yes.

DEPUTY SOUTHERN: That is what they set out to do.

MR MILLARD: That was based on the results of the first survey.

DEPUTY MARTIN: Yes, that is what I am saying. So your survey now, your survey says



we don't need it. You have come up with a different figure.

MR MILLARD: Basically, the first survey said about 3,000 for the period 2002 to 2006. Now, as the Chairman has said, a great number of those have already been built.

DEPUTY SOUTHERN: But there has been some slippage.

MR MILLARD: Absolutely. I mean, if that is the case, I am really not here to talk about what has been built.

DEPUTY SOUTHERN: Yeah.

MR MILLARD: What we have then done is, based on that survey, which only looked to the period 2002-2005, some work was done to produce a figure of what might be needed for 2005 to 2009. That is the number that is in the Island Plan and the Strategic Plan. What we have then done is produced a new survey which the first survey produces a number of 3,000, some of that has been built and that survey and other work was done to produce the 1,750. What we are now showing is there is a need of up to 2,000 for the period 2005-2009, on the basis of this new information, and other Departments will use that information to take their policies forward over the next few years. It is a rolling process because, you know, we produce information. It gets taken forward into policy and they come back and want more information and we try and take that forward.

DEPUTY SOUTHERN: Can I take you on to a more general point, if everybody is happy?

DEPUTY MARTIN: Yeah, sure.

DEPUTY SOUTHERN: We are often talking about can we produce -- and this is where the link is into the Economic Growth Policy and economic growth -- can we produce economic growth at 2% which effectively is 2% over inflation, so it might be 6% or 7%, without (a) stoking up inflation, and (b) without increasing the population, dragging in inward immigrants? Now, my impression is that in the past where we have seen economic growth, we have seen an increase in immigration and an increase in population. Would you say that was the case?

MR MILLARD: One of the crucial points to bear in mind when we are talking about the general economic picture is, whilst I'm not denying people's memories and people's recollections and decent anecdotes and all that other good stuff which gives us all ----

DEPUTY SOUTHERN: You are the figures man, which is why we are bringing the question to you.

MR MILLARD: One of the reasons -- and hopefully this was sent to all of you?

DEPUTY SOUTHERN: Yes.

MR MILLARD: Which is was, because it was sent to all States' representatives. This was to try and put the actual flesh on this and what has been actually happening, so you have got to keep in mind in terms of what information we have got and just sort of recap on it. I mean, what we do have is now the measure of the overall economy, the gross valued added, produced to internationally agreed principles, but only from 1998 onwards. We have got information about the financial sector at a very detailed level from our survey of financial institutions, but only from 1996 onwards. We have got detailed employment data, but, again, only really from 1996 onwards, when the Regulation of Undertakings and Development Law really kicked in. Where we do have longer running data is we have obviously RPI data running back to 1948 and periodically all the way back to 1821 we have got a population estimate. That is our information set of hard information. So we can look at that and we can sort of break down your question in various ways. Now, what is one of the easiest places? Maybe, if we just look at inflation, now, just to wave a chart, if we look, for your own reference, at chart 3.2 in the *Jersey Economic Digest*, it actually shows the percentage change in inflation.

DEPUTY SOUTHERN: I have actually got it in front of me. I photocopied it last night. Yeah, go on.

MR MILLARD: And really the important point to bear in mind here is that it goes through a period of change of really, to very, very simplify it, up until the early seventies, pretty flat, 3% to 5%; the seventies, most years in the seventies there was inflation above 10%; and then, again, simplifying, most of the time since the eighties, again, around this 3% to 5% which has been typical within Jersey recently. But the crucial point there is that if we again look at the population numbers, that period of the seventies actually saw smaller population growth than the sixties or the eighties. What was really driving inflation pressures that we saw in Jersey at the time were global factors. If we think back to ... I mean, people are worried about oil price hikes

now, but it is still not in real terms anything like it got in '73 and '74.

So Jersey, you know, although there are issues unique to Jersey, when you are talking about inflationary pressures and things like that, it is partly ... it sits there in the global economy. We are affected predominantly because of interest rate changes, which has been partly the reason we have seen quite relatively high levels of headline inflation over the past year and global oil markets. Virtually, especially during the seventies, Jersey was virtually dependent on oil. It was before the links for bringing in electricity from France were established. So, you know, oil, like most countries, it was a shock globally. So we haven't really got any evidence there which shows that population growth has fuelled inflation because, if it has to an extent, it has been masked by other more global effects.

DEPUTY SOUTHERN:            Hmm hmm.

MR MILLARD:                So really the thing to talk about there is the question becomes can the Jersey economy grow at 2% in real terms, and the answer to that is well why not? Other countries have done it from positions. Just talking on what the pure economic data from other countries tells us, they have achieved it. There is a separate question, which isn't for us in the Statistics Unit. We will measure it and if it has grown 2% in real terms, we will tell people. If it hasn't, we will tell people, and that is absolutely my rôle.

But I would just, you know, bring in and point out a couple of other, I think, informative charts, which, again, helps give the context of all this. If we look at chart 2.4, and, again, just for reference you can refer back to it, really what we are showing here is the structural change in employment from 1996 to 2004. What you see is the Jersey economy changing. These are the sort of traditional activities not in a traditional sense in terms of the traditional global economies -- agriculture, manufacturing, wholesale retail, hotels, restaurants and bars -- they have all seen reductions in employment over this period and newer activities, not only in finance but in other business services, have grown.

Now, if you were looking in 1992 about what might be the change, you may or may not have predicted this. So there are always changes in an economy, but the important thing is that we are aware that things might be happening here that can actually affect a change and,

therefore, if we can measure it and measure it accurately and timely, then hopefully the policy response can be there to achieve it.

DEPUTY SOUTHERN: I suppose in a classic market, where, for example, you have got an absence of skills, in particular in FSI where we are told they are up-skilling all the time and all the back office jobs are gone and there is a demand for a skilled workforce in the market, if that skill is in demand, is in short supply, then you are likely to fuel wage demands because people say: "Hang on, this is a shortage area, I want to be paid properly for this. I want to be paid more." The balance on that perhaps ... is there a balance between population and migration, immigration to get the skill base right, which then holds your wage-led inflation down?

MR MILLARD: There are at least two points there. One is a business will look to control costs and a business always has a choice -- potentially, this is a theoretical choice -- between capital investment and employing people. If there is a capital solution to a problem, they might choose that rather than employing the people. There may not always be that, but that is always a question that business has.

The alternative is, when you think about migration, one of the issues with Jersey is that there is quite a large turnover of people. If you just think, employment is currently still, even though there has been reduction in agriculture and there has been a reduction in the tourism-led employment activities, employment in the summer is still around 3,000 greater than it is in the winter, so in most years we are getting a large number people, maybe not all the 3,000 because some of them might be filled by school pupils and all sorts of people taking on some seasonal work, but there is these people coming in doing some work and going again.

Equally, from the census we know that, just taking population activity, we take a five year gap. You know, now, over the past five year gaps, about 9,000 people arrived in the Island over that period. A third have been qualified already, so maybe they have come back to set up home or to resettle in Jersey and decided that the big island wasn't as nice as this one and so they have come back here or whatever.

SENATOR LE CLAIRE: Out of those 9,000 people in the last five years, is that including 3,500 people from the accession countries?

MR MILLARD: I don't know where you have got that number from.

SENATOR LE CLAIRE: Well, there are over 3,000 people on work permits from the accession countries.

MR MILLARD: Absolutely. You know, what we know is, of that 9,000 -- I have done it over the sort of two periods here -- we know that around 3,000 or a third, very roughly, are already qualified, leaving two-thirds which aren't qualified. But, of those two-thirds that aren't qualified, we know that if you look at the cohort that came in, say, between 1991 and 1996 and you look at who is surviving from that cohort who is still here, at least 3,000 aren't here any more. So the migration dynamics is all about the changes in relatively large numbers. So it is very important. Although people might be coming in for a short period, working and moving on, in terms of the long term change what we have seen over the past few years is the biggest upward driver, the biggest upward pressure in population has actually been natural change. The good news is people are living longer. The birth rates might be slightly down, but people are living longer, so the population is growing naturally because births are outstripping deaths. So there is that natural growth in the population which is at the moment certainly, given the data for 2003, there was actually a net outward migration. So there are two factors going on there. There are the economic consequences of people moving to the Island for a period of time, be it just a summer season, a couple of years or longer, and it is not the 9,000 that are staying here for, you know, 10, 15, 20 years and the actual change in the population through natural change.

DEPUTY SOUTHERN: One of the changes that is taking place though is that governments are having less say in the control of granting, for example, three year contracts or J cats. That process is being handed over to the businesses, say, who get a certain number of licences, certain licensed positions and it is up to you who you employ there. So there is no emphasis on the business particularly to say: "I must change. This person is doing this job for me in this licensed job and is doing a good job. Therefore, I shall roll on his three year contract until he becomes qualified." The Government used to say: "Well, hang on, no, change that person, we don't want them getting qualified." Now, we have got an overall figure that says that perhaps two or three people who come over to work in the FSI with the high skill base actually wish to stay, so there

might be an added impetus to the population growth by the changes taking place in the new Migration Policy handing over control of who gets what licensed job to do the business rather than the Government.

MR MILLARD: From our point of view, there are some policy issues there, which clearly aren't for us.

DEPUTY SOUTHERN: Yes.

MR MILLARD: But our point of view is that this is one of the really, really important reasons why we are moving to an annual estimate of population, so that if those sort of effects are happening, people will be informed of them. We will be measuring the population on an annual basis and, if we are seeing population growth which is due to migration and people are concerned about that for whatever reason, then there will be information there that they can use. How the policy works in the end, I mean, you know.

DEPUTY SOUTHERN: Yes, that's all right.

SENATOR LE CLAIRE: So have you got cognisance, for example, of the numbers of people who were on work permits that now no longer require work permits that are still in Jersey?

MR MILLARD: What we have is our source of employment data is the Regulation of Undertakings. Now, each business on the Island has to, is legally obliged, to complete their form each six months and we do, on behalf of the ED Department, the compilation of that data and produce our manpower reports. Home Affairs would give out the work permits. They grant the work permits. The important thing is we know the numbers of seasonal employees because they are completing their forms for Regulation of Undertakings, which we then aggregate, and one of the key uses of that data is that it tells us the changes in non-locally qualified.

SENATOR LE CLAIRE: But accessional countries are not necessarily seasonal people.

MR MILLARD: They could be seasonal. How they will materialise in terms of information to us will be a change in non-locally qualified.

DEPUTY SOUTHERN: Yes, yes. In the past we could identify them because they were all on a permit and we know they were in either agriculture or in hotel and catering. Now they could be anywhere.

SENATOR LE CLAIRE: We won't see them for the first three years.

MR MILLARD: But they are still picked up because they are still recorded as non-locally qualified.

DEPUTY SOUTHERN: Yes, yes. Judy?

DEPUTY MARTIN: I just need to get my head around this ----

DEPUTY SOUTHERN: You don't do numbers.

DEPUTY MARTIN: Yes. You are saying for every 100 net inward migrant household, a further ... oh 100 net inward migrant households, so you are including ... yes, that is fine, yeah. You get 45 units over five years. So you are actually saying you need, for 500 over that five years, you only need 45 units?

MR MILLARD: Forty-five, two to four bedroom owner-occupier dwellings.

DEPUTY SOUTHERN: They've still got somewhere to live, but the demand for owner-occupier two, three and four bedroom is only 45.

DEPUTY BERNSTEIN: To improve what they have already got.

DEPUTY SOUTHERN: It is the proportion of people who are there, who actually go into the bald market at that end will be fairly minimal.

MR MILLARD: So what we have done there is we have looked at the population characteristics of recent inward migrants.

DEPUTY MARTIN: Yeah, but that is why I'm saying this is recent inward migrants. On a licence, they would be different.

MR MILLARD: They would still have to ----

DEPUTY MARTIN: They could go straight into A to H accommodation, maybe not buying, but there are certain things.

DEPUTY SOUTHERN: Yes, the proportion will change. I mean, your figures refer to all net inward migrants, registered, licensed and entitled, yeah?

MR MILLARD: Yeah.

DEPUTY SOUTHERN: A certain portion will go into the house buying market. If we are to reduce the number of low skilled immigrant workers and increase the high skilled, which we are

told that is what we are doing, then that proportion may well change because the proportion of high skilled people, high paid people, J cats (as they used to be called), coming will go up because we are reducing the number of low skilled migrants, so that proportion might change.

MR MILLARD: The historic proportions may well change, and this is where I go back to a lot of points I have already been making. Where historically people might have looked abroad to buy, they might rent for an initial period. It will all depend on the dynamics of the market.

DEPUTY SOUTHERN: But, again, there is another policy change involved in the Migration Policy, which says that, whereas public sector J cats were able to buy, now we wish to extend that to private sector J cats to buy in their own right and not to have your company buy a house and you buy it off them effectively. So there is an increase, I believe a potential increase, in the amounts of people who want to buy into the Island.

SENATOR LE CLAIRE: And also, if I can feed into that, the figures here show an increase of a quarter in the number of private sector J cats from 510 to 640 in the last three years and half of that number coming from the financial and legal activities sector. So we have got, let us say, one-eighth of an increase over the last three years in J cats, so we are going to see that number creep up.

DEPUTY SOUTHERN: That is interesting, that we have got an increase in J cats. Although I have checked the figure, I am not sure it is entirely accurate, but you will find that note somewhere on your desk, I think, but it is an increase at a time of economic relatively low growth and we have seen an increase in J cats in the private sector.

MR MILLARD: Well, the point is that the numbers are accurate as reported. There is always a little bit of reporting, bearing in mind the old "*J stands for Jersey*" issue is probably still alive and kicking around the numbers. Yeah, the crucial thing is that the J cat numbers ----

DEPUTY SOUTHERN: In your latest report, yeah.

MR MILLARD: In the report.

DEPUTY SOUTHERN: Manpower.

MR MILLARD: Yes, they have increased by 510 through to 630/640.

DEPUTY SOUTHERN: 640.



MR MILLARD: Now, one of the important things to remember is that half that increase happened in the first year.

DEPUTY SOUTHERN: Pardon? Is that right?

MR MILLARD: So over the past ... Let me just ... I have lost the numbers, so, since December 2002, the number in December 2002 was actually 580 and it is 640 now.

DEPUTY SOUTHERN: Got you.

MR MILLARD: So, you know, why we have used December '01 as a base point is because that is when the Regulation of Undertakings introduced the requirement to report on J cats. We haven't got an earlier date.

SENATOR LE CLAIRE: Could I ask then, you being the statistics people, it is the one I have always tried to understand. When somebody is issued a J category licence, historically I have been told by people that that equates to 2.8 people. Each J category licence when you look at it in the round equates to 2.8 people. Do you agree with that? Is that accurate?

MR MILLARD: In terms of the average size of ----

DEPUTY SOUTHERN: I think it is the census data, isn't it?

MR MILLARD: Yeah, we have got the average household size of ... **(Pause for looking through documents)** We have looked at this. Somebody relatively recently asked us that very question and the average number of persons per household in 2001 for a household headed by a J was 2.8 from the census.

DEPUTY SOUTHERN: So that is a small family.

MR MILLARD: Yeah.

DEPUTY SOUTHERN: Can I take us on to what I think is a crucial issue? We are told that as part of the Migration Policy is dipping in with and enabling an Economic Growth Policy, which may produce job growth of up to 500 people, but that job growth may be supplied, filled by the local market or may be made up of immigrants.

I certainly have done some work back in 2003 which suggested that the total number that might be filled, if we are talking fairly high skilled, in the market from the currently unemployed from the local jobs, 16 plus school leavers, 18 plus school leavers, graduates, women returning to

work, unemployed, disabled, the public sector shake out coming up and people over retirement age continuing to work, I produced a figure which suggested that you could only possibly meet 230-odd of those jobs from the local market. I mean, I have sent you my documentation on that and I recognise that you have only just got back on the Island and have had, therefore, the briefest of time to absorb it. Can you make any comment on the figures that I produced for you?

MR MILLARD: Not directly on those figures because I didn't read that report because I was trying to prepare the other material.

DEPUTY SOUTHERN: Right.

MR MILLARD: To make sure I could answer your questions today, but let me just talk about that and hopefully I can inform you. I mean, there are a number of factors that will mean that there is potential to grow employment from the population which is already existing. The first thing to look at is the difference between the number of people who are naturally leaving the job market, those retiring, and the number of people entering the job market.

DEPUTY SOUTHERN: So the normal share.

MR MILLARD: So you have got just the population dynamic between those retiring and those entering the market and there is a difference there. That is one thing. Then you look at the age of people retiring. Now, historically, although the retirement age has been 65 and 60 for Jersey, the effective retirement age has been below that. Now, for various reasons, be they economic, be they longevity, people have an expectation that actually some people may not want to be retired for 20 years and might choose to work longer might have to work longer. They may have an economic driven necessity to work longer. So the effective retirement age could increase.

In all these things, all these things I will say here, it is very hard to quantify them. I mean, what we will be able to do is one of the things, just quickly to come back like a small aside, to quickly come back to the social survey, one of the things we will be asking every year in that is will be about economic activity because it is absolutely crucial that we understand the economic activity of the Island and, even five yearly censuses do not give us anything like a meaningful picture of economic activity. So we will be asking that on an annual basis. So, you know, we will have a better scope for monitoring how these changes really go through it and

then be able to maybe start to quantify if there are real changes going on there.

The other thing I have provided the Panel with some information on is female activity rates. Now, they are relatively high in Jersey, but they are not as high as they are in some Scandinavian countries. Now, there may be all sorts of reasons for that -- more family friendly policies -- who knows why there might be more economic activity amongst females in Scandinavian countries, but clearly there is potential for some growth there and the number I have given the Panel is an increase of 1% in economic activity rates of females is about 300 people.

SENATOR LE CLAIRE: Have you looked at the maternity leave issues relating to people that are in work now who might become pregnant and people who will be deterred from being taken on by the employer because they don't have those maternity rights, for example? Have you looked at those?

MR MILLARD: The extent to which -- it is not our job as statisticians to look at those sort of policy issues -- but the extent to which there is potential for growth, and that is all we are talking about, we are talking in terms of potential and trying to highlight some of the areas ----

SENATOR LE CLAIRE: But surely a potential to grow has to factor in whether or not these people are going to be allowed more leave or not taken on because of the onerous ----

MR MILLARD: The potential for growth will be realised by the parties that are in place that might support more family friendly methods.

DEPUTY SOUTHERN: Effectively, if you want to increase the female participation rate by 1%, you have to do something to try and ensure that that happens.

MR MILLARD: Yes.

DEPUTY SOUTHERN: Now, I mean, that could happen ----

MR MILLARD: That could happen. We are talking about potentials, so there is the potential there.

DEPUTY SOUTHERN: It depends on the future.

MR MILLARD: Part of that participation is in terms of we know from the census that there is quite a large cohort of females who are of economic activity age who are choosing not to work.

They might be very, very happy to continue to choose not to work or their family situation might change, there might, you know, be population dynamics going on where historically they may not have had a professional training, if you think about old 1950s family stereotypes, which we won't get into. Now, you have got educated woman who might leave work for a couple of years, look after some children and then be very keen to get back in the job market, and that is a population dynamic. Again, it is all about potential.

DEPUTY SOUTHERN: Yes.

MR MILLARD: But when you think about in terms of economic growth, the important thing is that there is also a factor there in terms of the crucial economic growth is actually productivity. The ability to, you know -- excuse me if I quote this wrong -- but it is to grow the working population by no more than or by a maximum.

DEPUTY SOUTHERN: Yes, that is right. That is right. It is a cap.

MR MILLARD: It is a statement that is used in the policy documents. Now, it goes back to my earlier point about running a business. If you are running a business, you can invest in people or capital. Now, if you can invest in productivity by, you know, buying a new machine that does X, you may not need to employ the people but you will still grow the economy. Alternatively, if you can introduce a change in the process which means that those people -- and this is a classic manufacturing example -- can produce 10 widgets an hour instead of eight widgets an hour, you are going to do it.

SENATOR LE CLAIRE: But, of course, their house depends on them staying and finishing the 10 widgets in some cases. Did you factor any of your statistics into the knock-ons in the other proportions, like, for example, schools, pollution, cars, car parks, etc?

MR MILLARD: What do you mean by that?

SENATOR LE CLAIRE: Well, you ----

DEPUTY SOUTHERN: You produced figures for the extra demand in housing. You haven't looked at demand for other resources.

MR MILLARD: No. You know, we were commissioned by the Housing and Planning Departments to produce a survey, to produce an updated assessment of housing requirements.

Clearly there is a great deal of work that could stem from that if the Department wanted it.

SENATOR LE CLAIRE: You began by telling us that you are an independent group that works for all Departments. Would you not normally factor in those things for other Committees' considerations or is it something that belongs to the Housing Committee that is not freed up?

DEPUTY SOUTHERN: Somebody has to ask you basically, don't they?

MR MILLARD: Yeah, I mean, every day there are endless numbers of interesting routes that we would like to take and produce data and answer questions, but, you know, we are limited. If this Panel wants to say in one of its recommendations a tripling of the budget in the Statistics Unit, I am very, very happy.

DEPUTY SOUTHERN: I note the plot. I note the plot, yeah.

DEPUTY BERNSTEIN: You would have to pay us of course though.

MR MILLARD: We live in the real world and there are limitations on what we are doing. There are our key functions in producing economic data -- the RPI, house prices, GDP, GVA. Where we can and where we are looking to make efficiencies is by bringing in more and more work in-house. I mean, we have done the Housing Needs Survey. We have done it in-house and it has been quicker and it has been cheaper. We are developing a social survey that will allow more information to be there, so hopefully there is a more informed policy and where we can take this forward we are, but inevitably it is one of those things with Jersey, you know, in the UK there is an Office for National Statistics with in excess of 4,000 people. There are four of us. So there is a limitation on what we can do.

DEPUTY BERNSTEIN: Can I come in here?

DEPUTY SOUTHERN: Yes, Julian, you have been trying to get in for a while, by all means.

DEPUTY BERNSTEIN: You talked earlier about growing the economy and you felt that 2% over the top of the cost of living was a real possibility. Am I right in saying that?

MR MILLARD: Yes.

DEPUTY BERNSTEIN: And growing the economy is meant to be across the total economy and not only the finance industry. I accept that the finance industry could quite easily grow their business by 2%, but I am very worried that the hospitality and retail sectors, totally forgetting

farming, will find it very difficult to grow their business and, in fact, they seem to be able to keep abreast of sales by actually having sales and special offers and getting people in that way, which has a knock on effect, in that it is the cost of living that is keeping low. But how do you see them growing their economy, growing the economy through growing their business, because I don't see it?

MR MILLARD: We start to get into a wider question then ----

DEPUTY SOUTHERN: Yes.

DEPUTY BERNSTEIN: It is a wider question.

MR MILLARD: ---- than pure statistics, yeah. I mean, the crucial point is there is the policy aim to grow the economy by 2%. Now, based on previous experience, both in Jersey and globally -- take any number of countries -- that is achievable.

DEPUTY BERNSTEIN: Yes.

MR MILLARD: And our task will be to measure that. We will continue to produce the information. Again, just to wave one of my charts at you, this kind of comes to the point you are getting at, there are three lines here and I hope you can all see it. This is real terms, which is just constant money; all economy; finance sector; non-finance. Now, what we will be measuring is we will be measuring this and we will be seeing how this blue line is growing by 2% a year and we will obviously be producing these lines and obviously the detailed sector underneath that. It then becomes a wider question in terms of whether that is consistent, whether the out-turn that we are reporting is consistent with the wider policy needs that might mean there needs to be a policy change or the policy is on line. You know, the Economic Growth Plan has been produced. You were discussing it in the States just before I went on leave actually and it has got through, and that is the blue print that will hopefully help achieve the desired outcome. What we will do is measure it.

DEPUTY SOUTHERN: The question is, given the dominance of the FSI on the Island, we are not going to grow the economy by 2% unless we grow FSI by 2% because it is 50% of the economy. So the balance of where that growth comes is still to be decided, but there is a distinct difference to be drawn between growing all the economy and growing FSI. The one actually has

a knock-on effect on the other. If you are talking about inward migration policy limiting those skilled immigrants, then there is going to be a knock on in your low skilled areas like your catering trade, like your agricultural trade. There is that balance to be drawn.

I would be very grateful if you could get back to me some time next week with a response to the document I gave you earlier. I recognise that it was very short notice, but we thought you were back earlier than you were, and thanks for turning up today.

One particular question I wanted to move on to was we were advised, in terms of growing the economy, to look at the Isle of Man's growth. Do you have any figures on the Isle of Man that you could really let us have about their economy? I'm asking you because you may well have access to them.

MR MILLARD: I think all I would say is clearly not on us today.

DEPUTY SOUTHERN: No, obviously.

MR MILLARD: We will see what we can do.

DEPUTY SOUTHERN: Because it is probably quicker for you to look it up because you might be more handy with it than for us to go trawling around to see what we can dig up from it.

SENATOR LE CLAIRE: On the J cats because I missed something.

DEPUTY SOUTHERN: Yes, sure.

SENATOR LE CLAIRE: In Senator Ozouf's ----

DEPUTY SOUTHERN: I think I was just about to come to that, but you beat me to it.

SENATOR LE CLAIRE: Sorry, 2001, 780 J categories. That is heads of households. In addition, there were 330 members or residents of community establishments. What does that mean and what is the significance of that?

MR MILLARD: Okay. Do you want to?

MR DU FEU: Yeah, those two sets of figures were from the census. What the census in fact asked, which was quite good, was the heads of household what qualification, so we have firm figures for J cats who are the heads of the household. The other members of the household, the question was are you J or K, so we had a lumped J and K category. So that communal or community misspelt figure was for the other members of the household.

SENATOR LE CLAIRE: Right, so is that where you get the combination that comes to 2.8?

MR DU FEU: 330 or 305, wasn't it, in the earlier one.

MR MILLARD: Just to be absolutely clear here, it is broken down into, roughly in the last census, about 1,100 Js; 780-ish, rounding these numbers, head of household; 240 other household members, around 90 in communal establishments. The figure that Senator Ozouf gave you, which is from the two tables in the census report, just shows the 780 and the 330. He gave you the combined figure, which includes the other household members and those in communal establishments; and by "*communal establishment*", the vast majority of these are in the health sort of sector, so, you know, the UK equivalent I would be thinking of would be a nursing home or something for nurses rather than a nursing home where they are looking after people. So it is those sorts of communal establishments. It is not private lodgings or anything like that or a company owned flat, these sort of activities. That would be ----

SENATOR LE CLAIRE: In the public sector do we know how many J cats there are in the health and social services?

DEPUTY SOUTHERN: Yes, we do, we have got that.

SENATOR LE CLAIRE: We have got that?

DEPUTY SOUTHERN: We got that a little while ago. Just for the sake of clarity, because people have been banding around all sorts of numbers recently between 800 and 900 J cats on the Island, the number of J cats on the Island currently, we think, is something like just under 1,100?

MR MILLARD: Absolutely.

DEPUTY SOUTHERN: Okay.

SENATOR LE CLAIRE: It is the men with the answers for a change rather than the men with the rough estimates.

MR MILLARD: The important thing to bear in mind here is that, at the time of the last census, and we can do these figures and I won't repeat myself about social surveys now and how we will keep you up to date, but, yeah, we were looking at the time of the last census of around 1,100.

MR DU FEU: 640 private and 412 public.



DEPUTY SOUTHERN: That is right.

MR DU FEU: Private is exact. The public sector we had to do it ourselves, the division between private and public.

SENATOR LE CLAIRE: But there has been an increase in the number of private sector J cats.

DEPUTY SOUTHERN: It is interesting that the statement that the majority of J cats are in the public sector is now incorrect. It is the private sector actually leading the way.

MR MILLARD: Um, the extent to which ... yeah, there is ----

DEPUTY SOUTHERN: No, it is a common. I have heard Senator Walker say it. I mean, he said it to us. The vast majority -- I think he actually said the vast majority -- of J cats are in the public sector. They are teachers, they are nurses, they are doctors. The reality is ----

MR MILLARD: It is absolutely correct to say, in terms of percentages, there is a higher proportion. If you look where the biggest percentage of Js are, that is the public sector.

DEPUTY SOUTHERN: However, the overall numbers?

MR MILLARD: Overall, as you would expect, if you think about it, the public sector is about a twelfth of the economy.

DEPUTY SOUTHERN: It is still relatively small.

MR MILLARD: So you would expect, relatively speaking, it will be more than in the rest, but yeah.

DEPUTY SOUTHERN: Okay. Anybody else to wind up? Any other issues that you want to discuss? As I said, if you could get back to me soonest, as soon as possible, about the numbers that I have generated for you because I think it is a critical point that we need to hammer down if we are going to start writing up and meet our new deadline to get something out before any debate of the Migration Policy. But I would like to thank you very much for your time, especially given that you were off the plane and you were hit by this lot. Thank you very much.

MR MILLARD: Thank you.

DEPUTY MARTIN: Thank you.

DEPUTY BERNSTEIN: Thank you.

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