



21st March 2014

Senator Sarah Ferguson
Scrutiny Office
Morier House
Halkett Place
St Helier JE1 1DD

Re: Interim Population Policy 2014-15

Dear Senator Ferguson

The Jersey Branch of the Institute of Directors would like to provide comments on the document entitled "Report: Interim Population Policy 2014-15" ("the report") issued in January 2014 in advance of its debate by the States of Jersey on 25 April 2014.

General comments

We agree with the view stated in the report that a balance is needed between economic, community and environmental goals, particularly in light of the significant demographic challenges anticipated over the next 20 years, and the obvious finite resources available to us as a relatively small island. The report proposes a planning assumption for 2014 and 2015 of 325 migrants or 150 heads of household to keep those three aspects - economy, community and environment, in balance. There is in fact little data in the report illustrating how that balance has been struck and therefore it is difficult to comment on the proposal as a whole. However, given the overall proposal is to *reduce* net migration from previous levels, the Council of Ministers are presumably of the view that in the past immigration has upset this balance.

In 2007, when Jersey's GVA (which is the States of Jersey's preferred measure of economic health) grew by 5%, net inward migration was 1,400. Through the recent recession, average annual net migration to Jersey since 2009 reduced to 575 people. So, whilst one arm of the States is striving (with some success) to increase the number of individuals and businesses coming to Jersey, another is being asked to do exactly the opposite. No doubt both will say that they would welcome "high value" applicants (whatever that means) but this tension is at the heart of the population debate and we believe mixed messages may confuse those that are considering relocating here if the immigration target is described by an absolute number, as is proposed.

IoD survey

Given the wide ranging views on the topic, the IoD surveyed its members for their views on the topic.

There were 63 responses to the survey.

- 73% were from the financial services sector.

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- 40% were from organisations with more than 100 employees.
- 71% had not had work license applications turned down in last 12 months.
- 70% of respondents do not believe that the criteria by which license applications are assessed is clear.
- 76% do not believe that the 150/325 limit sensibly balances the desires to grow the economy with limiting migration.
- Less than 2% would prefer to see greater emphasis based on the number of the license applications rather than their overall benefit to the Island.
- 62% said an inability to recruit expertise from outside the Island will affect the training and development of their local workforce.
- 60% said that they were concerned that the interim policy could prevent expanding or growing business

29 respondents provided general comments about the policy. A number remarked that the policy would actually be counterproductive, and we actually needed more people coming to Jersey rather than less, to pay for the pensions, healthcare etc of the elderly. For example *“Such a policy would be shortsighted and damaging to the long term economic growth of Jersey. Migrants have a net positive effect on the economy with the expertise, knowledge and contacts that they bring with them. They have a low dependency on State support whilst here and in many cases generate employment for Island residents. Such a policy would not reduce unemployment in the Island, it would make it worse.”*

A number of respondents believed that this was a populist policy e.g. *“the politicians do not put enough effort into explaining to Islanders precisely what the effect of limiting the population would be. People think only of traffic jams and do not recognise that they might not even have a job.”* Concern was also expressed about the timing e.g. *“it is absolutely NOT the time to interfere with the employment market”*.

Lack of skills on the Island was identified by a number of respondents e.g. *“If we are not allowed to recruit appropriate staff in Jersey the business will move to where it can”* and *“Business will simply go elsewhere. Once certain parts have gone they will never return. This policy is short sighted and ill informed.”* Concern was also expressed over the number of immigrants who were low skilled and how the proposal fitted into the wider economic diversification strategy.

Conclusion

At face value, we do not believe that the proposal sufficiently recognises the challenges facing Jersey in 2014 and 2015 as it attempts to emerge from a deep recession, and does not provide the balance between economic, community and environmental goals that it claims to seek. We welcome the “Preparing for our Future” initiative as a mechanism to establish those goals but we do not see how it is possible to arrive at a population policy in advance of that initiative being carried out.

The States of Jersey has quite rightly agreed to a policy of economic diversification to support such welcome and positive initiatives as Digital Jersey Limited but these are likely to struggle if the Population Office adopt a short sighted approach to meet their own targets and focus solely on those applicants who are, in their view, likely to deliver most value in the short term.

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Our view is that the policy which has in effect been applied for the past several years, i.e. to allow greater immigration in growth years when there is more demand, should not be changed until a longer term strategy has been agreed; a policy that is more restrictive and which puts an absolute number on the net immigration target for 2014 and 2015 is entirely wrong for a post-recession economy, and even if this is just a perception being created rather than the reality this could be damaging if business leaders see it as a barrier to doing business here. Jersey must be and remain clearly and visibly “open for business” and if that is indeed the intention of the Council of Ministers then they must make clear how that can be achieved within the constraints of this proposal. The strength of feeling about the topic is clear from the comments we have received, and strong and transparent political leadership is needed on this most difficult of topics. If it appears that Jersey is not “open for business” and as a result the economy does not grow, or even worse contracts, then the end result could be higher unemployment, higher taxes and poorer public services and that should ultimately be of concern to us all.

Yours sincerely



pp Jason Laity, Executive Director, KPMG
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cc Senator Ian Gorst
Senator Paul Routier

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