

STATES OF JERSEY



INTERIM POPULATION POLICY: 2014 – 2015 (P.10/2014) – AMENDMENT (P.10/2014 Amd.) – COMMENTS

**Presented to the States on 28th April 2014
by the Council of Ministers**

STATES GREFFE

COMMENTS

Introduction

The Council of Ministers does not support this Amendment, because it would mean a very significant, and immediate, decline in the ability of our industries to source workers at a time when our economic recovery needs to be supported.

It also sets a direction that, if continued, would see the size of our workforce significantly decline over many years at the same time as our society ages.

However, the Council of Ministers does welcome the sizeable level of agreement that appears to be emerging on the fundamental policy issues; that migration should be limited and focused on value, so as to protect what is unique about our Island while also providing our economy with workers to support our ageing society.

As the Amendment says –

“Once again one has to eliminate the 2 extreme options of net nil and +500, which lead to unacceptable solutions”.

Noting this, the Amendment’s primary difficulty appears to be that net migration of +325 is too high, but that net migration of +215 is reasonable.

Most prominently, the Amendment argues that the difference in dependency ratios between net migration of +325 and +215 is relatively small, so naturally, we should go for the lower net migration figure.

To present the information on this subject (sourced from the Statistics Unit) in the most straight forward terms –

Table 1: Analysis of recent net migration by year:

	Net Migration
2009	+500
2010	+700
2011	+600
2012	+500
Average net migration	+575

The above happened in a period of declining economic fortunes.

It is very difficult to believe that a more significant reduction to +215 will not materially impact on the recovery of our economy, which remains at an early stage. Indeed, this has the potential to undermine confidence in our Island’s future as a place to do business.

Instead, we need a balanced, stable approach to migration, and our industries need more time to increase the number of established Islanders they employ, as outlined in the Report accompanying the Interim Population Policy. This includes the energetic support of government through programmes such as the “Back to Work” initiative, and the skills strategy.

The hospitality industry alone employs 2,700 registered workers. They are investing in training, they are working with government, but it still takes time to change a culture of relying on migrant labour that has lasted many years.

The more challenging the target, the more industries like this will find trading difficult, and the more we constrain industries such as construction and finance, which are reporting increased expectations of recruitment.

Table 2: Analysis of population (and dependency ratios) if net migration averages +200 and +325 by 2035:

	2010	2035	
		+200	+325
0–15	16,200	16,300	17,000
16–65	66,500	63,200	65,800
65+	14,400	27,800	27,900
Total Population	97,100	107,200	111,300
Dependency Ratio	46%	70%	68%

Note: As mentioned in the Amendment, the Statistic Unit produce a +200 net migration scenario, which is not materially different from a +215 net migration scenario as proposed in the Amendment.

The 2% difference in the dependency ratio by 2035 between a +200 and +325 scenario is caused by a reduction in the available workforce by 2,600 workers. The average economic value of a worker in Jersey is just over £60,000, so 2,600 workers equates to over £150,000,000 of economic value. Indeed, it is likely that the situation would be worse if businesses take a view that recruiting in Jersey is difficult.

Furthermore, if we experience average net migration of +200, our available workforce would be 3,300 smaller by 2035 than it is today, being a 5% reduction.

This is at a time when our society is ageing – the number of people over 65 will double, and the numbers over 85, nearly triple, by 2035.

While the Interim Population Policy is for a short period of time, we should recognise these long-term and important issues, and not believe that significant reductions in the size of our workforce do not matter.

We have a number of long-term policies in place to support the improvements we need, and this long-term approach will be supported by the “Preparing for Our Future” exercise. For example, we need to increase our productivity.

However, what we should definitely not do at this time is to set out on a path that so significantly and so quickly reduces our workforce or levels of net migration.

The Amendment also expresses concern about the ability of the Island to support a population that grows in line with a planning assumption for net migration of +325, and reflects upon the difficulty of precisely hitting any net migration objective.

However, Departments are already planning their services in line with the net migration planning assumption of +325 (or higher). Furthermore, reductions in net migration also costs the public money, for example, the Government Actuary Report on the Social Security Fund showed that we may have to increase contributions in a few years' time if we are to maintain the value of our pensions. If migration is lower, then it follows that the situation would be worse. This simply illustrates the complexity of the migration debate and the need to take great care.

As to the difficulty in hitting any specific net migration target, the Interim Population Policy accepts and recognises this, while also arguing that it remains legitimate to have a reasonable objective in mind and to apply the Law to achieve that objective, while continuing to improve the Law.

Finally, and importantly, the Amendment removes in full the Report accompanying the Proposition. The effect of this is to remove all the solutions outlined in the Report, most prominently those outlined in Finding 5, which include –

- (i) that migration should be focused on the highest economic and social value areas; and
- (ii) that Businesses that have more permissions for migrant workers than an average competitor should be focused upon, supporting them to recruit more “entitled”/“entitled to work” staff;
- (iii) that new businesses should predominantly employ “entitled”/“entitled to work” staff; and
- (iv) that unused permissions should be removed.

As a result, accepting the Amendment would mean a reduced planning assumption for net migration with potentially serious consequences. It would also remove the clear mechanisms which will guide the decision-making within the Control of Housing and Work (Jersey) Law 2012, as outlined in the Report, and not replace them with alternatives. Accordingly, the Council of Ministers asks Members to reject this Amendment.