



STATES OF JERSEY

Corporate Services Scrutiny Panel Migration and Population Sub-Panel

MONDAY, 27th APRIL 2009

Panel:

Senator S.C. Ferguson (Chairman)
Deputy G.P. Southern of St. Helier
Deputy C.F. Labey of Grouville
Deputy D.J.A. Wimberley of St. Mary
Deputy T.A. Vallois of St. Saviour
Dr. P. Boden (Panel Adviser)

Witnesses:

Senator T.A. Le Sueur (Chief Minister)
Mr. M. Heald (Assistant Chief Executive)
Mr. D. Peedle (Economic Adviser)

Present:

Mr. W. Millow (Scrutiny Officer)

Senator S.C. Ferguson (Chairman):

Good afternoon, and welcome to this public hearing of the Corporate Services Migration and Population Sub-Panel. I wonder if you could possibly introduce yourselves for the benefit of the recording.

Senator T.A. Le Sueur (Chief Minister):

Certainly. I am the Chief Minister, Senator Terry Le Sueur, accompanied by Deputy Chief Executive Mick Heald and Economic Adviser Dougie Peedle. As you probably know the Head of Statistics, Duncan Gibaut, is not able to attend today. The Chief Executive, Bill Ogley, may attend if he has the chance but I think I probably have enough paper here to deal with most information you might require.

Senator S.C. Ferguson:

Super, and a touch of housekeeping. I think you have probably read it before, the general health warning and promise to send you a transcript in case we misheard anything or misquoted you at all.

Senator T.A. Le Sueur:

Fine. I will do my best to remember in a few days' time what I said today.

Senator S.C. Ferguson:

Well, if in doubt you can always listen to the recording. If for the purposes of introduction we could just whizz round, please?

Deputy D.J.A. Wimberley of St. Mary:

Deputy Wimberley of St. Mary.

Deputy C.F. Labey of Grouville:

The Deputy of Grouville.

Deputy G.P. Southern of St. Helier:

Geoff Southern, St. Helier No. 2.

Dr. P. Boden (Panel Adviser):

Peter Boden, adviser to the Scrutiny Panel.

Deputy T.A. Vallois of St. Saviour:

Deputy Tracey Vallois of St. Saviour.

Senator S.C. Ferguson:

Okay, let us kick off. Tracey?

Deputy T.A. Vallois:

Okay. The first question is how do you define a sustainable population?

Senator T.A. Le Sueur:

In all sorts of ways. If one looks at the general definition of sustainability, well I do not know if there is a definition but one, for example, was to suggest that the needs for the future were not sacrificed in trying to deal with the needs of the present. I think, from my point of view, looking at population what we need to do is to recognise that in fact there are various pressures facing us now and in the future which, for convenience sake, you can split into social, environmental and economic and what we have got to do I think in a sustainable policy is try to make sure that we get a balance which is both individually and collectively sustainable and deliverable into the future.

Deputy T.A. Vallois:

With regards to the economic side of things are you factoring in the current downturn into our future population quality?

Senator T.A. Le Sueur:

Yes, but I think we have to appreciate that economies go in cycles, both upwards and downwards. We are talking about a population policy for a medium to longer term and my expectation would be that at some stage in the future the economic cycle will gain another upswing and possibly another downswing, another upswing, another downswing; cycles go like that.

Deputy T.A. Vallois:

But this is not just any downturn. The outcome of this downturn is going to seriously impact on our financial centre side of things which is quite a large scale of our economy.

Senator T.A. Le Sueur:

It certainly does, but I think the policies that we would want to adopt would still be based on some form of economic future for the Island. I think whatever that future might be it will need to be in a form which delivers some sort of economic future for us. That sounds a little bit woolly but ...

Deputy G.P. Southern:

Are you talking about based on growth? Are you talking about growth figures, projecting growth?

Senator T.A. Le Sueur:

The population policy is not predicated on any particular rate of growth. It rather recognises that economies go in cycles but the population policy is not predicated on economic grounds, it is predicated on, effectively, social grounds and environmental grounds just as much as economics.

Senator S.C. Ferguson:

So when you are sort of talking about sustainability and so on, which is a word I dislike intensely because it is not in any known dictionary, what is the Council of Ministers' underlying intentions with regard to a realistic sustainable population and services? Are we working on the fact that we are going to meet people's expectations? Are we going on the premise that we should only meet their needs?

Senator T.A. Le Sueur:

I do not know that we are necessarily going to aspire to either. The reason I say that is because, in my view, people's expectations tend to be very much immediate present day needs, whereas a sustainable population policy needs to have at least one eye, if not both eyes, on the future. I think in terms of people's essential needs of expectations, they will give us a guide but certainly I would not develop policy entirely on those expectations. I would give, perhaps, a clear example. One of the expectations, or one of the aspirations perhaps, of the public is that we should not cover the island in buildings; we should maintain our green fields. Now, that, I think, is a realistic starting point to say, "Well from an environmental point of view we need to maintain the balance and ensure that there is continuing availability of green fields and open spaces and that to carry on continually developing those open spaces would not be sustainable." On the other hand you would look at a social situation and say, "But equally if you shut the door to all population entry into the future the result would be a situation in 30 or 40 years' time where potentially you would be very short of teachers, short of nurses, probably short of plumbers as well."

Deputy G.P. Southern:

You say you base your population policy on other things than economic details but in fact quickly looking through the early chapters, chapters one to six, they are all economy led. The first six objectives: support your own community through the economic downturn; maintain a healthy, strong, sustainable, diverse economy. It is economy, economy, economy all the way.

Senator T.A. Le Sueur:

In the strategic plan we are talking about?

Deputy G.P. Southern:

Yes, in the strategic plan. Population policy seems to revolve around economic and financial matters first and, I would suggest, formally.

Senator T.A. Le Sueur:

I think in terms of strategic plan we are emphasising the need to maintain an economy going forward into the future. Yes, I think it is quite right in the current climate to highlight that need, but that was not in any extent trying to devalue the other aspects or the other priorities in the plan.

Deputy G.P. Southern:

So you believe you have got the balance right in the way you saw population in the strategic plan?

Senator T.A. Le Sueur:

I believe it is right in the overall context of the plan because I believe that population policy is, as I have said, a combination of economic, social and environmental matters.

Deputy G.P. Southern:

Okay. Can I take you onto some numbers because I am fond of numbers? We started off at the end of imagining Jersey 2035 with a population migration obviously talking around 250 heads of household. We have come down largely as a result, I believe, of further consultation to a figure of 200. Now, in the light of new assumptions about populations, the new assumptions make the net nil scenario even more chronic than previously identified, so it was actually worse than we thought, and yet we have gone down to a net inward migration figure of 150 which is somewhat counterintuitive, it is getting worse therefore we are placing less - even less emphasis - on our prime solution which was growing population. Can you justify why it was 150?

Senator T.A. Le Sueur:

I can certainly justify why it was 150 but I think it would be incorrect to say that we are downplaying the importance of the economic input which increased inward migration might generate. One has to balance that against a social and environmental factors and that is the very reason why we have brought it down to 150.

Deputy G.P. Southern:

Despite the situation getting worse?

Senator T.A. Le Sueur:

Despite the situation getting worse because I think first of all I would emphasise that this 150 is an average for the next 3 years. We wanted to take stock because what we have seen in the last couple of months is that situations change from year-to-year and can have more of an effect than perhaps I first thought. I thought that demographics tend to be a very slow changing science, a bit like super tankers going up the English Channel, you do not turn them around in midstream.

Deputy G.P. Southern:

Exciting for actuaries, yes.

Senator T.A. Le Sueur:

Yes, and maybe statisticians as well. So I think the 150 is very much suck it and see, not suck it and see but a bit more scientific than that.

Deputy G.P. Southern:

Careful.

Senator T.A. Le Sueur:

A bit more of a holding exercise, but I think we may well want to go back to 200 or 250 in the future but at the present time I want to see what the effect of that 150 is, balancing that against what you quite rightly point out is changing demographic assumptions which has made the nil net situation worse and made the plus 200 worse as well in terms of people living longer. Now because of those changing requirements, changing information on the longevity of the population, it means that if we maintained our plus 200, which would be very much better from an economic point of view, it would have the effect of increasing the likelihood of encroaching on to greenfield sites. So we were faced with a very real decision to make. Do we stick to the economic objective and stick with our figure of 200 or even 250, or do we stick with the objective of not building on any greenfield sites? Because you cannot have your cake and eat it, and we said given the importance that we have of not going to greenfield sites we would sooner play it cautious and go with 150. If we demonstrate in 5 or 10 or 20 years' time that we can manage increased inward migration and still not encroach on greenfield sites then it may well be positive to adopt, but there is a danger that if you start off right now saying we will go on to greenfield sites once they are built on they do not go back again.

Deputy G.P. Southern:

Okay, and finally just bringing it down to the shorter term, 10 years, 15 years from now is one thing, you will not be around, I probably will not be around by then ...

Senator T.A. Le Sueur:

You never know. We are all living longer, you see.

Deputy G.P. Southern:

Okay, I grant you that. Politicians are renowned for taking short term decisions. Are you not in fact ducking the decision, you are coming down to 150 because it feels very safe and you can do that because we are in recession and you know you will not be out of it in 2 or 3 years' time. Never mind 15 years down the line, the instant we are out of this recession will you be going back

to this with your 3 year review in 3 years' time saying: "Bingo, 250, 350, that is what we can take because now there is a demand for those bodies and will prompt the economy" and off we go again?

Senator T.A. Le Sueur:

No. That is totally ... this policy proposal is based on demographics. It is not based on the position of the economic cycle. It may well be that over the next 3 years we cannot even achieve plus 150 a year, it may be that we lose population, but all I am saying is that as a proposal we wanted to have an average inward migration of 150 a year, as a target and it may well be that we do not achieve it.

Deputy G.P. Southern:

I will return to that later, then. Okay. So you think it is long term, you are reviewing it after 3 years, you do not expect to be upping the rate after 3 years at this stage?

Senator T.A. Le Sueur:

No. Even if I did it would be within ... you have to recall that for the last 12 months we have been talking about a range of between 150 and 250 and, okay, 6 months ago I was at the higher end of that range, we have come down now to the lower end of that range, not because of the changing economic climate but because of the change in demographics.

Deputy G.P. Southern:

But the demographics is going the other way. It is counter-intuitive, the demographics is going the other way. If your solution is growing the population then you have done something counter-intuitive.

Senator T.A. Le Sueur:

I think we are at cross purposes here and what I think is that the actuarial assumptions on which the Government works have changed and they have changed to the extent that people are living longer and therefore there is a greater likelihood of the need to build on greenfields for the same level of ... for a 200 inward migration there is now a greater expectation of the need to go on to greenfields than there was 6 months ago. The same number of people but because of different demographic assumptions the increased pressure on greenfields is there. It is as a result of that increased pressure that we decided to drop it to 150. I do not know whether any of my ... whether anybody can explain that in a different way to me, whether I have got anything that ...

Deputy G.P. Southern:

Before they do, can I ask you are you then stepping even further back from the main solution suggested in Imagine Jersey 2035 that the way out of our demographic problem, for want of a better word, is to grow the population?

Senator T.A. Le Sueur:

For a start, that was not the way out. That was one bit ...

Deputy G.P. Southern:

It certainly was.

Senator T.A. Le Sueur:

That was one bit of the way out and we have always acknowledged that that bit by itself was not sufficient. It is still not sufficient and the population policy is very clear to identify that there are other parts of the solution which are necessary. One has to consider working longer or starting later, one has to consider improved productivity. One has to consider different means or different balance of business within the Island. One has to consider increased taxation. All these things would be necessary or all of these things are options as part of the solution. It is not simply a matter of tweaking the migration number.

Deputy G.P. Southern:

I will add something else in a moment.

The Deputy of St. Mary:

Can I come in on the same question but from a different angle? I am not understanding this now. I need explaining why we have not argued about 150 net inward migration, 150 households, because you spelt out what indeed it says in one of these papers from Oxera about the different contributions the different measures would take to producing the tax take to assist with our ageing population, which is one way of looking at it. I would not call it quite that but in shorthand the contribution of the 150 is not that great, it is one-fourteenth of the total tax take, so it is not even and never was the main contributor, although it was I think, as Geoff says, it was entered as such. So my question is what is the 150 for?

Senator T.A. Le Sueur:

The 150 is to ensure that we have in 30 or 40 years' time an adequate number of working population including teachers, nurses, plumbers and other people who the social fabric of the Island needs in order to continue.

The Deputy of Grouville:

On that point, have the Council considered incentives to bring back, I call it the brain drain, bring back our graduates, give them incentives to come back? Job opportunities, incentives in housing because that is a huge factor why people do not come back.

Senator T.A. Le Sueur:

You are now looking at how you would implement that strategy, and part of the implementation will be to improve the productivity of skills, improve the mix of the workforce within the Island. If we can bring back graduates and improve that output, economic output for want of a better word, then that will be one of the ways and if that is a solution, and I would say it is part of the solution, then we will require incentives to encourage graduates, higher level skills staff and other training skills within the Island, it is not just graduates, but everyone will need to, to use that horrible word, upskill.

Deputy T.A. Vallois:

Going back on the demographics side of things, with regards to working population, 150 heads of households, how do you foresee controlling that? How do you know whether there are going to be 150 heads of households that are working, that they are not older or younger within the working population?

Senator T.A. Le Sueur:

Basically by the use of the Regulation of Undertakings Law and manpower policies and working on current statistics.

Senator S.C. Ferguson:

I think what Tracey is saying is if there is going to be some sort of age profile for inward migration, how are we going to control that?

Senator T.A. Le Sueur:

I do not think it is an age profile, particularly. We tend to bring people in at an early to middle stage of their career development and that is where the job opportunities tend to be, so it is more I think in terms of the job opportunities that will drive the nature of the population. Certainly we do not say: "If you are aged 20 you can come in, if you are aged 70 go away."

Senator S.C. Ferguson:

How do we manage to define the demographics of the input? For instance our last 2 Chiefs of Police have been people who have retired from the U.K. (United Kingdom) force so that is right at the top end of the scale.

Senator T.A. Le Sueur:

If we are suggesting that job adverts for Chiefs of Police should in future say: "People aged over 35 need not apply" I think there might be difficulties.

Senator S.C. Ferguson:

Yes, it has been suggested to us that perhaps the current economic circumstances do not represent the ideal time to agree a population policy with a cap on the number of people coming in, and also that historical assumptions are perhaps not the best basis on which to build such a policy. How do you respond to that?

Senator T.A. Le Sueur:

I would say first of all, and I think I hinted at this earlier in my comments that economies work in cycles, that we know we are in an economic downturn at the moment. That does not affect our view of the longer term future of the Island, the longer term future of the global economy. We do not have ... it is not so much that historic assumptions form the basis of the policy, it is more that the historic evidence can inform and enhance that policy, so I would not try to build a policy on the last 12 months or the last 2 years, because that would not, I am sure, be typical of an average 50-year cycle.

Senator S.C. Ferguson:

Yes. I mean have the possible unemployment rates been taken into your calculations, for instance?

Senator T.A. Le Sueur:

I think this is perhaps going back to an earlier question by Deputy Southern about the policies on the Strategic Plan. Part of the Strategic Plan is to maintain a strong economy and to reduce the pressures on unemployment levels.

The Deputy of Grouville:

As we are talking about the Strategic Plan, page 17 sets out the Council of Ministers list of priorities. Which one would they put ... what sort of order would they put? What are the higher priorities and why?

Senator T.A. Le Sueur:

We did not set out to have any particular ranking order, I think we just set out the 6 things which we felt were important.

The Deputy of Grouville:

Yes, but I am asking which ones you consider to be more important?

Senator T.A. Le Sueur:

I think if I were to highlight one I would go for ... it would probably be to maintain the level of working age population, because I think that is socially so important if we are going to have teachers and doctors and nurses and so on for the future, there has to be some recognition of social pressures like that. But also I think, particularly feeding back from the public consultation and States L.I.M.S.(?) consultation, the need to protect greenfields and the countryside, and I think from that point of view one thing which maybe I did not comment on strongly enough earlier when we were talking about Deputy Southern's suggestion on the plus 200, on our latest model of plus 200 in one migration it showed a continually rising population. Now one of the things which earlier models have suggested was that the population, whatever our policy is, would peak at about 2035 and then start to tail off again, and that, as far as I was concerned, gave me a degree of reassurance. When the new model came out and I found that the population kept inexorably rising beyond 2035, beyond 2045, beyond 2050, then I thought this, to quote where we came in, this is not sustainable.

Deputy G.P. Southern:

That sounds like an awfully good logic to me.

Senator T.A. Le Sueur:

We try to work on good logic.

Deputy G.P. Southern:

Well done for spotting that. What I am concerned about is the issue of control. You have already said we may not hit our target. Now I look at the targets that we have had in the past which was 500 new jobs a year under our old migration policy and noticed that we hit 1,200 jobs, 1,600 jobs I think in the last couple of years. We went way over the target. Is there any way that the new migration policy can institute better controls, your words, to ensure the population stays below 100,000 or not? What are you doing differently in future for the migration policy that will increase the measure of control you have? "Control" is a word you often use but I do not believe it is realistic.

Senator T.A. Le Sueur:

I do not think "control" is a word that I necessarily say I would often use, but what I would say is we want it to work on longer term figures and the existing migration policy and proposals within the population policy here look at an average position, an average of 150 a year over the next 3 years. The previous migration policy talked about an average over 5 years and over a 5-year period you have ups and downs, and certainly in 2007 and 2008 there were significant ups. In 2009 my gut feeling is that there will be a certain downward trend and may well be in 2010 as well. So that is why I say if you look over a 5-year period that is where you set your policy. I do not think it is sensible to try to insist on a figure of exactly 150 every year or exactly 200 or exactly anything year-by-year. Even if you try to set that policy it is probably not implementable because timings do not always happen quite the way you think they do and some people may not turn up for 6 months.

Deputy G.P. Southern:

That is an interesting answer but you have not, for me, satisfied my question about what under the new migration policy will enable you to exercise better control of the population so that you can ensure that we do not go over 100,000? Because I do not see a difference between the new migration policy and the old population policy; basically we have just changed the labels.

Senator T.A. Le Sueur:

I think what we are asking or what we will see more of is a population register over the next couple of years, and we have already agreed our classifications of employees for the future. I think the monitoring of that register and the issue of licences will enable a greater degree of control, acknowledging that there is always going to be some level of uncertainty.

Deputy G.P. Southern:

In what way do we have more control? Under the old R.U.D.L. (Regulation of Undertakings Development Law) and housing laws we have seen enormous figures of inward migration while pretending that we are controlling the population. What changes in the new system that gives you better control, better powers for control? I do not believe there is anything there.

Senator T.A. Le Sueur:

I do not believe that the licences issued under the Regulation of Undertakings for the last 2 or 3 years have given any surprises. More licences have been issued in the last couple of years because of those current economic pressures, but I accept that had there not been an economic downswing in the last 6 or 12 months then, all things being equal, we would have gone way over unless Regulation of Undertakings had been enforced a lot more stringently. But I am suggesting that because economies go in cycles you have a little bit more leeway than you would have if it was going the whole time in one direction.

Deputy G.P. Southern:

Sure, can I again ... the last time I will have a go at this, I promise, what in the new system gives you any more powers to control than in the old system, because in the old system you manifestly when demand went up gave in to demand. In what way can you guarantee the population will not get to 100,000 when and if, and it inevitably will on the cyclical version of the economy, that you are giving that the band goes up? You do not want to be turning R.B.S. (Royal Bank of Scotland) down for an extra 30.

Senator T.A. Le Sueur:

Yes, there may well be that you will need to turn R.B.S down, you may well need to turn Health and Social Services down. This is an unfortunate situation that if you want to try to maintain this balance between social and economic and environmental factors you have to make tough decisions sometimes. All I am saying is in the last 5 years Regulation of Undertakings has been applied in such a way that it is still consistent in its output with the policies set by the States.

Deputy G.P. Southern:

I accept what you said. You are near on saying that one more year of growth and we bust it wide open, but never mind, yes, you have just about managed to do that. But are there any new powers? There are not, are there?

Senator T.A. Le Sueur:

Probably more a refining of existing powers than saying new powers. Because what we are doing, this is a strategic policy, setting strategic objectives and I believe that we have to set those strategic objectives, agree the objectives and then be satisfied that we have the means of implementing those objectives.

Deputy G.P. Southern:

Okay, so as Chief Minister you will insist that where necessary we will refuse R.U.D.L. licences in an upturn when a big bank comes and demands some extra staff?

Senator T.A. Le Sueur:

On current policy that would be the situation.

Deputy G.P. Southern:

Excellent, glad to hear it.

Senator T.A. Le Sueur:

But I am not saying that you would automatically refuse a licence in one case. You might say: "You can only have a licence there if we have a reduction at the same time in this. Providing you can achieve the balancing reduction elsewhere then you can have" ...

Deputy G.P. Southern:

Where are you going to reduce the economy, then? Who is the loser in this winner's/loser's game?

Senator T.A. Le Sueur:

Ultimately if we are not careful the general population, because if we are trying to ... and I did say that the population is part of the overall solution, along with things like increased productivity, along with in fact people working longer and different skills bases, and one of the clear options put forward in Jersey, put forward in the strategic policy, is a change in the balance of jobs within the economy. Now just as if you reduce the number of people in the finance sector you tend to reduce the overall G.D.P. (Gross Domestic Product) per capita and therefore increase the pressure on population, so if you wanted to, it might sound perverse but from purely an economic

point of view, you probably would want to focus on increasing the number of people in the highly paid sectors like finance and have less people in a less productive area.

Deputy G.P. Southern:

So there are degrees of specialisation in Jersey?

Senator T.A. Le Sueur:

No, I think ...

Deputy G.P. Southern:

That is what is being said.

Senator T.A. Le Sueur:

No, if you listen carefully I was saying that because you weigh up those 2 competing or conflicting objectives we decided to have a policy where you do not have an Island just full of financial services people or just full of doctors or nurses, or full of anyone, or full of farmers.

Deputy G.P. Southern:

But you just said that if a big bank comes and wants more staff there would have to be a reduction somewhere else. In finance or elsewhere.

Senator T.A. Le Sueur:

That would have been on the balance to be struck within those overall different levers, all of which are needed and it is not ... the point I am trying to make, it is not just population changes which control the future sustainability of the Island's social and economic framework.

Deputy G.P. Southern:

Nonetheless I think you need to take a good look at the transcript and I think you just painted yourself into a *non sequitur*, into a corner there.

Senator S.C. Ferguson:

I think we are getting off the ...

Senator T.A. Le Sueur:

I do not believe I have and I certainly did not intend to. I was trying to point out the different policy levers available.

Senator S.C. Ferguson:

I wonder if we can carry on.

The Deputy of St. Mary:

Moving on from controls to targets; we can talk about how to control it but what is the target? So I want to start off with does the final population matter? Because in public opinion terms if you look at Imagine Jersey that many people refer to and you look at the survey and not the discussion thing then you see even the weighted figures show quite clearly what the public think about more population, and that goes back many years. So that is the question, does the final population matter? Instead of talking all the time in terms of migration.

Senator T.A. Le Sueur:

I think it matters if you have as objectives things like keeping the Island countryside green. It matters if you decide from a social and environmental perspective that you do not want the town built up with 20-storey skyscrapers everywhere around the place, changing the character of the Island. I think to that extent we have been cautious in what might otherwise have been a more aggressive migration policy, had we followed the situation of simply saying: "You can grow your way out of trouble" because you cannot.

The Deputy of St. Mary:

That was not a clear thing, was it? You did not say the final population matters as an absolute?

Senator T.A. Le Sueur:

No, I think as an absolute again I come to these conflicting type of pressures. You could probably have a population of 110,000, 120,000 people without building on greenfields, if you went upwards and densely in the urban areas, but would we want that either?

Deputy G.P. Southern:

Certainly not.

Senator T.A. Le Sueur:

So on that basis your question is, is there an absolute figure? No, there is not an absolute figure, it will depend on conflicting social desires and the environment we want to live in.

The Deputy of St. Mary:

Okay, so if you relate the population that we are aiming at, the target population to the population we have now, which is what everyone experiences all the time, the population that we have now, so that is something that everybody understands, what will be your view on saying: "We will keep it the same as it is now" because our responses we are getting from people, there are many, many people saying: "We have enough now, thank you very much." That is the dominant view, I put it to you, so why do we not go for the same?

Senator T.A. Le Sueur:

Because, and I think I tried to make the point earlier, public expectations tend to be very much short term. It may well be comfortable now, it may not be so comfortable in 30 years' time when they cannot get a plumber.

The Deputy of Grouville:

So to take up from Daniel's point about population, we are talking about population almost in a clinical sense, numbers and all the rest of it. What has been put to us this morning is it is the community we are talking about, and something that our community has lost is the sort of caring nature in the community and the keeping Jersey special. What was special about our community was that it was very sort of caring in that, for example now we have, as I said before, our graduates leave, find it very expensive to come back or the job opportunities and elderly people are feeling the pinch in all sorts of ways and are struggling and maybe they do not have their children, grandchildren here anymore because they have not been able to come back, so there is no extended family community. What would the Council of Ministers consider a means of trying to reinvigorate our community and bringing it back to being a caring community rather than just talk about population?

Senator S.C. Ferguson:

I think we are getting slightly off the point.

The Deputy of Grouville:

Well, I am not so sure because ...

Senator S.C. Ferguson:

Can we stick to the point and maybe it can be an extra question at the end.

The Deputy of Grouville:

Well, I have asked it now.

Senator S.C. Ferguson:

Because there are a number of things that we want to cover.

Senator T.A. Le Sueur:

Although the Deputy of Grouville may look as if she is going off topic I think there is a point and in terms of the makeup of the community, the nature and perhaps I will get my breath back but Mick, if you just want to mention briefly why the makeup is ...

Mr. M. Heald (Assistant Chief Executive):

Just in terms of the point about the population, community, et cetera, the important thing here is the crucial issue is about the make up of the population. I mean, under the net nil scenario, as we call it, the number of people above working age drops ... sorry, the number of people of non-working age more than doubles and the number of people at working age drops by just over 20 per cent. That has huge issues on the community and I think 150 is around the minimum level that will maintain the working population for part of the period because the projection shows that it would potentially drop off, and I think that is where the community comes in because you need those people in society to do the things that you have described.

The Deputy of St. Mary:

But then there is a problem that you now need the extra population, because we all need a plumber, not to achieve growth, so that the kind of language we are using has moved, has it not, shifted? But the fact is even if they come in to be a plumber and not to achieve growth they get old, which is the same argument that was used before as well, so then they get old then we need more plumbers, so it never ends. Where does it end?

Senator T.A. Le Sueur:

You are doing quite well there.

Mr. M. Heald:

One of the reasons that the Chief Minister described to rethink about the 150 is that beyond 2035 the population does gently fall away because a number of older people are dying faster than the combination of inward migration and births, so that is a key consideration, I think.

Deputy G.P. Southern:

The dependency ratio still keeps growing, I believe?

Mr. M. Heald:

The dependency ratio is challenging.

The Deputy of St. Mary:

That is part of the problem, is the fact that the working population has gone down 20 per cent. That figure will probably continue into the future so you cannot wish away this problem. It is just a problem. It cannot be done away with by bringing in more plumbers. You said that the dependency rate was going to be the same.

Senator T.A. Le Sueur:

The reality is it would be very difficult to maintain the working age population in the strict terms. What you can try to do is to minimise the downward effect and to minimise that downward effect without putting up your population year-on-year. It is a balance to be struck and it is tricky because you have 2 conflicting tools if you like, which is why we have plumped for one which has a very gradual, very small reduction in the working age population and so yes, the dependency ratio does ...

Deputy G.P. Southern:

Keep growing.

The Deputy of St. Mary:

The ageing population keeps growing.

Senator T.A. Le Sueur:

No, it does not keep growing.

Mr. D. Peedle (Economic Adviser):

Can I come to that point? This is something that can maybe be circulated at the end, but this is what happens to your support ratio, your dependency ratio. It does not keep going increasing beyond 2035.

Deputy G.P. Southern:

I think it is still growing there, it takes a dip and then starts to grow again.

The Deputy of St. Mary.:

Is that the Oxera report?

The Deputy of Grouville:

My point was to use the population we have in all kinds of ways and they are not imaginative ways, they are sort of hereditary ways whereby we have such a huge ratio of working women over here, 2 couples working, so you have the inbuilt grandparents to look after children and the parents to look after the elderly, rather than ... my point was rather than just looking at population and figures and sky rises and stuff like that, it is considering the population and I personally feel the Council of Ministers has missed this entire area and I just wanted to hear the Chief Minister's views about it.

Mr. D. Peedle:

Just sticking with it in terms of the numbers from the economist's perspective, if the economy goes through what I would call a massive shock, whatever, a fall in the working age population in excess of 20 per cent, you are right, it is not just a numbers game, it is trying to envisage what would happen to your economy, because you cannot model that going forward. What you are going to say is that you are going to have significantly less people of working age going forward and that in any stretch of the imagination puts all sorts of pressures on the economy that we have not experienced in the past and that means we have a challenge that we have to address. Now if you try and do that by, for example, keeping the population at current levels it is very hard to get away from that pressure.

The Deputy of Grouville:

I hear what you say ...

Mr. D. Peedle:

You get the tax revenue to pay for the public services that keep society in the manner that you need.

The Deputy of Grouville:

I am not necessarily talking about population or economy, the words that you have used, I am talking about community.

Deputy G.P. Southern:

You are talking about caring for people.

Mr. D. Peedle:

Yes, but how do you care for people in the community?

Deputy G.P. Southern:

There is no economic value in that.

Senator S.C. Ferguson:

You are talking about the extended family type of caring.

The Deputy of Grouville:

Yes, but it is ...

Deputy T.A. Vallois:

That does not necessarily require public services.

Deputy G.P. Southern:

How do you organise the care?

Deputy T.A. Vallois:

If the community works together then the public services are not relied upon so much to look after those people dependently.

The Deputy of Grouville:

So how do you design that community and the way we are doing it, we are just talking about, heads of households coming in and working and going back maybe, or not, and in my opinion you have missed a trick and I would like to hear more about it or if you would consider it?

Senator T.A. Le Sueur:

I think we would consider it and we do consider it. I think there is a danger in saying that the only strategic policy that the States has is one of population and migration.

Senator S.C. Ferguson:

I think we are probably covering it ... I am sorry, if you will excuse me, but it is probably covered in the Strategic Plan in the community area too.

Senator T.A. Le Sueur:

I think it is covered in all sorts of areas but I do not think that the population policy conflicts with those objectives either.

Senator S.C. Ferguson:

Going slightly sideways on this, I am going back a step perhaps. How much work has been done by your department, Chief Minister, on assessing what the sort of immigration/emigration flows are with the economic cycles in the past? How much historical data do you have to play with?

Senator T.A. Le Sueur:

I think there is a fair degree of data available and we will use it. Historically there have been significant inward flows of population and significant outward flows of population and it just happens the 2 are generally very similar but there is a slight difference either plus or minus each year.

Senator S.C. Ferguson:

I mean is there a bigger immigration during boom and less ...?

Senator T.A. Le Sueur:

Yes.

Senator S.C. Ferguson:

Where is the graph that shows it, is what I am saying?

Senator T.A. Le Sueur:

If you want a graph to show it I am sure I can draw you one.

Deputy G.P. Southern:

Could I take us on to another issue, again the alternatives ...

The Deputy of St. Mary:

Can I have a supplementary on the community, so we stay with that?

Deputy G.P. Southern:

Go on, I thought we had killed it, but never mind.

The Deputy of St. Mary:

No, a completely different angle, which is that a number of our people who have sent in submissions have mentioned the social tensions that accompany immigration, i.e. of what they used to call non-local people, which I take as a loose term. Now in light of that I think, the tensions are real, some people have used quite juicy language to it, but the tensions are real because they are talking about them and I just wondered if this brings us back to the aspect of community and if you are having a policy of 150 net inward migration many of those will not be locally connected. How are you going to put in place that community support? It is that same area that we are looking at that is so important for society to function at all. Have you connected that to your population thinking?

Senator T.A. Le Sueur:

I certainly would not want to regard any part of the population as second-class citizens, or to suggest that you should put comments on the bottom of the job advert saying - I will not say a particular country - but one extent(?) do not apply. We really set out for ourselves as a community what sort of community we want. We have a situation where I think the population have said rightly or wrongly: "We would like to see the tradition of agriculture maintained and the Jersey Royal potato and the Jersey cow maintained but by the way we do not want to work on a farm, we want to get someone else to do that work." They do not like getting up at 5.00 a.m. or whatever and working a 7-day week, let some other person do that. Now it is very difficult to say: "And that other person has to be a 17-generation Englishman or Jerseyman." The fact is if you want that sort of job done you may have to accept the fact that it will be done by someone of a different nationality or race.

The Deputy of St. Mary:

So how much importance does the Council of Ministers attach to community relations in this context, because if you do not do something about it proactively with real support and real understanding of these issues among the resident population and newcomers and so on you are heading for trouble, I put it to you, so where are the policy initiatives, where is the focus of this work?

Senator T.A. Le Sueur:

I think you will find it elsewhere in the Strategic Plan, not in the population policy document and that is why I say the population policy is only one aspect of an overall strategic direction.

Deputy G.P. Southern:

I think we will have to look for it then. Can I come to population policy as you have generated it and on page 11 we use a table here that talks about where you are generating additional monies from, and the top of the list is 1 per cent per annum productivity growth which is generating £40 to £70 million and then second to that is States pension age increases by 3 to 6 years, generates £30-£60 million. Those are the 2 top generators. First of all could you tell me how easy it will be and what measures you envisage to increase productivity growth at 1 per cent or above and the reliance that you have on the pension age changing by 3 to 6 years?

Senator T.A. Le Sueur:

It is never easy to increase productivity growth because people think that they are working as productively as they possibly can.

Deputy G.P. Southern:

That is what I thought.

Senator T.A. Le Sueur:

But I think particularly in the commercial sectors we have seen increases in productivity, we have seen higher output from many financial institutions for the same level of staff. What we have not seen is a matching increase in the public sector always because those sorts of jobs are not so comparable in terms of economic output or fiscal output, but I think certainly there is still scope and it comes back to levels when I was at Social Security was something in the region of 50 per cent or 55 per cent efficiency. Now one is never going to get 100 per cent efficiency but one can probably aspire to a little bit each year.

Deputy G.P. Southern:

When you are saying efficiency, you are talking about economic efficiency?

Senator T.A. Le Sueur:

Well, I think you were talking about how we could translate that 1 per cent productivity growth into £70 million a year, which is quite clearly an economic measuring tool. So is it going to be easy? No, but if that is not delivered then the fact is we are going to have to find it by some other means.

Deputy G.P. Southern:

Okay, and can I move on to the alternative which was suggested in Imagine Jersey 2035, the States pension age increases by 3 to 6 years?

Senator T.A. Le Sueur:

I do not think it is an alternative.

Deputy G.P. Southern:

Is that yet definite? That is the plan? We will be increasing the States pension age?

Senator T.A. Le Sueur:

What I am saying is we are facing and the model shows we are facing whether it be 150 or 200 plus migration we are facing a situation by 2035 where we have a financial deficit of an additional £180 million give or take £20 million. We cannot ignore that and we have to find some way of offsetting that and the table that you see on page 11 gives you some potential tools which could be used and the impact of using those tools. It is up to us as a government and it is up to us as a society and the community to decide which of those tools are the most appropriate ones to use, but we cannot just close our eyes and say: "I do not like increasing the pension age."

Deputy G.P. Southern:

I am not arguing that. I am on to something specific. I have seen these documents for what seems like for ever now so I want to know what is happening next. So population policy, attached to the Strategic Plan, we are going to debate it in September or July. When are we going to debate it?

Senator T.A. Le Sueur:

2nd June.

Deputy G.P. Southern:

June? Even earlier. Attached to it is a population policy which contains a potential £30-£60 million on States pension age. Will you if this gets ... if the Strategic Plan, with this population policy attached to it, will you be coming to the States with a proposal on some timescale to raise the States pension age in the next 3 years?

Senator T.A. Le Sueur:

I cannot tell you a timescale. I think it is clear that the States pension age is going to have to be raised and there are going to be proposals for that in the next 3 years. I cannot give you a timescale at this stage.

Deputy G.P. Southern:

No, I accept that. Some timescale.

Senator T.A. Le Sueur:

Equally we have to be quite clear what the Strategic Plan is proposing because the Strategic Plan is proposing a population policy. It is not proposing to raise £30 million by ...

Deputy G.P. Southern:

Nonetheless, my question is will you be making that concrete? Will you be coming to States with a proposal to raise the States pension age?

Senator T.A. Le Sueur:

Yes, but not in June.

Deputy G.P. Southern:

No, not in June. I did not suggest that. I suggested some time in the next 3 years. You will? Okay. That is clear, and probably for the public.

Mr. M. Heald:

The policy makes it quite clear that the emphasis on those things is going to have to be later.

Senator S.C. Ferguson:

I think it is accepted by the public that pension ages will have to change, defined contribution, defined benefit schemes will have to be amended ...

Deputy G.P. Southern:

That is a stage too far, I would suggest, Chairman. We are here to listen to the ...

Senator T.A. Le Sueur:

Scrutiny can be a 2-way process and I am quite happy to listen to ideas as well.

Deputy G.P. Southern:

Can I take you on to then another of the strands, I think it is the fourth, which is increasing the economic value generated by working age population and under (b) to shift an additional £2,000 to £3,000 into high value finance or equivalent work will raise another £20 million or £30 million. That comes back to my question is in the future is there not greater dependence on finance rather than less and more encouragement for diversity? Surely that suggests that £20 million to £30 million from shifting 2,000 to 3,000 workers into higher value, that is about one-quarter of the workforce currently in finance, it gives a greater emphasis on finance rather than greater diversity? Is that not the future?

The Deputy of St. Mary:

It also, if I can just add, means giving R.U.D.L. licences to finance industry workers and not to plumbers.

Senator T.A. Le Sueur:

Clearly as a society we will require a balance between finance industry and plumbers, and on the basis that we still need plumbers and on the assumption that we do not have the ability to train sufficient plumbers locally, which I think is questionable, then yes you will need to strike that difficult balance. I think all that this table is showing, and I think perhaps one should not read more into this table than is in there, is these are the effects of different policy options. Now the

policy option of shifting 2,000 or 3,000 people into higher value work, the financial equivalent, it need not be finance, if you can find me some other form of high value ...

Deputy G.P. Southern:

If you can find something of high value that can easily slip into a high cost economy.

Senator T.A. Le Sueur:

Yes, I mean it is not easy, we have seen quite clearly that the finance industry is a very efficient way of generating revenues, but to suggest that there cannot be an alternative is almost confining yourself to an ongoing development of a financial ...

Deputy G.P. Southern:

No, it is to ignore the economic realities of our economy. Our economy is so dependent already on finance, which is a high value high paid sector and high cost sector that it has an influence on the rest of the economy. To get a starting industry alongside it competing with finance is very, very difficult because it sits there as the major influence, so to deny that you can diversify is not now betraying logic ...

Senator S.C. Ferguson:

Yes, but we do not need a speech as well, thank you.

Deputy G.P. Southern:

Thank you, Chairman, but ...

Senator T.A. Le Sueur:

I think you can certainly have a society with fewer people working in the finance industry. You would then have no ... you would have a much restricted means of paying for your health care, because you would not have the same tax revenue to pay your surgeons and your nurses, so you would probably find that you could not deliver the same quality of healthcare, which means conversely that people die more quickly so that you reduce your population that way as well, but I think if our objective was simply to make the population more unhealthy and almost encourage higher mortality rates that is not a socially responsible policy.

Deputy G.P. Southern:

No one suggested that.

Senator S.C. Ferguson:

Are we probably going round in circles and coming back to the beginning again? Are we in fact making calculations for the future related to the past when the past is not likely to be a reliable indicator for the future?

Senator T.A. Le Sueur:

No, I think we are using the past as information to help us and we should almost certainly learn from the past but our policies are very much recognising demographic changes, not just in Jersey but around the world. Our policy is recognising the fact that in 30 years' time the makeup of the family, the makeup of society, the balance between young and old will have changed.

Senator S.C. Ferguson:

Yes, but as I say it has been made very forcefully to us earlier that the shape of the finance industry when we come out of this particular recession will be totally different.

Senator T.A. Le Sueur:

I do not disagree and it may well be that the contribution made by the finance industry will decline compared with what it currently is. If that is the case then we have an even bigger problem on our hands, but that is why on the contrary part of our strategic policy plan is to make sure that the economy can develop, that we can have policies which encourage higher value finance work to

continue to come to the Island. So yes, it may be different work, it may be a different balance but what is best for the Island is from an economic efficiency point of view to maintain a good quality high value finance economy contributor.

Deputy G.P. Southern:

Can I argue that?

Senator S.C. Ferguson:

Yes, we have in fact ...

Deputy G.P. Southern:

No, we have not run over. I think we are booked until 2.00 p.m., are we not?

Senator T.A. Le Sueur:

I was hoping to be finished sitting by 1.45 p.m., I have another appointment at 2.00 p.m. and I was half expecting 1.30 p.m. because I have not had any lunch yet either.

Senator S.C. Ferguson:

I am sorry. A short question to finish on, then.

The Deputy of Grouville:

I have a short question but it may not have a short answer. Why a population policy? What does it hope to achieve?

Senator T.A. Le Sueur:

I think to me it can show that in setting strategic policy generally for the States one looks at the interaction between social, economic and environmental matters. Not just in population but in all sorts of areas of Strategic Plan but that does include population. So I think to have a Strategic Plan with no reference at all to population would be regarded by the majority of the public and States Members as myopic.

The Deputy of Grouville:

Yes, but we can regulate and monitor with it but we cannot control it, can we?

Senator T.A. Le Sueur:

Yes, we can. We cannot control or at least I hope we are not going to say: "You can only have 2 children per family or one child per family or you will be killed off."

Deputy G.P. Southern:

Nobody is suggesting that at all.

Senator T.A. Le Sueur:

I do not know what the Deputy is suggesting.

The Deputy of Grouville:

No, I was not suggesting that.

Senator T.A. Le Sueur:

In terms of controlling local population you have limited means at your disposal. In terms of controlling inward migration you do have controls and the combination, and this is the important bit, the combination of those controls on the inward and outward flows of migration linked to the changes in the demography of the Island resident population which gives you a stable society for the future.

Deputy G.P. Southern:

Right. "Population policy as part of the Strategic Plan is implemented by a migration policy" somewhere along the line, a new migration scheme. That is coming after the population policy and I understand is at the moment getting a human rights audit. Are there any other issues still to be resolved with migration policy that we should be aware of in terms of the issues that were raised last time we debated it and it slid down the priorities, it seems to me. Security of the data, accuracy of the data, using dirty data or clean data to start up the register of the population et cetera, et cetera. A number of questions; what progress has been made?

Senator T.A. Le Sueur:

It is an ongoing process and it will come to the States probably later this year or possibly at the start of 2010, depending on how long the Scrutiny interaction takes. I presume you want to scrutinise that as well, or some panels will want to scrutinise the migration policy just as much as the population policy. I think what has changed from my point of view is that I was originally going to bring it to the States in 2 parts, starting with a population register and then moving onwards. I am coming to the conclusion, although it is not definite yet, that it may be better to amalgamate those 2 and to look at the whole thing as one package, if you like, because I think some people will say and often do want to see the whole package before I do the first bit of it.

Deputy G.P. Southern:

Okay, given that I am aware that the human rights audit is taking place at the moment, can you give assurance to the panel that we will get some access to that human rights audit and to the questions that were asked at the very least over human rights issues surrounding the register and the migration policy?

Senator T.A. Le Sueur:

That is a question I am not prepared or have not been briefed to answer at the current stage. I cannot see why not because while we are moving forward I would insist we would have to be human rights compliant or we would not be bringing it. I have to sign a declaration at the front of the document that says that I believe that this complies with human rights.

Deputy G.P. Southern:

We would like to know what questions were asked, what specific human rights are under consideration.

Senator T.A. Le Sueur:

That is an issue I think for another day, not for today.

Senator S.C. Ferguson:

I think that the problem is that we have an indication that there will be a delay. We have written to your advisory group for clarification but there will be a delay on the migration policy.

Senator T.A. Le Sueur:

I think that is true. Mick, you are involved in the migration policy as well.

Mr. M. Heald:

We expect the Council of Ministers to consider a new programme very soon, in the early part of May at this point in time which we will share with you as soon as, indeed if it has not already been shared with the 2 officers.

Senator S.C. Ferguson:

We did not understand it, did we? Very quick, Daniel, please.

The Deputy of St. Mary:

I want to go back to the productivity question. That is the single biggest item on your list of how to fill the tax haul and you mentioned going faster, basically going faster, delivering more per person and per hour and so on. Is there any work going on in how to box clever and how to reduce costs so that we can fill the tax gap in a different way? In other words by not needing to spend so much? For example by preventative medicine, rather than patching people up afterwards which is cheaper.

Senator T.A. Le Sueur:

I think the answer is yes, and that work has been going on and has been part of the fiscal strategy arrangements, if you like, initially to try to find ways of the Government saving money by doing things more efficiently.

The Deputy of St. Mary:

Yes, I have not seen that emphasis. I have seen words used like “efficiently” and also basically cutting services, but I have not seen ways of getting more out of less, you know, instead of saying: “Well, we will set somebody on to work twice as fast or lay twice as many eggs” like chickens, you reduce the amount that we need to do such and such, more people on buses, less people in cars and therefore the cost to the community goes down and so on.

Senator T.A. Le Sueur:

Yes, and certainly when I was at Social Security one area of doing that was by having a lot of information scanned into the computer and read automatically rather than manually looked at, and I think in terms of policies for health and new directions we will find that if we are going to generate any sort of hope of health care in the future at an economic price you will have to invest in different ways of working there as well. I see that not as productivity but as efficiency and I am quite happy to say yes, if we can achieve that objective by further efficiencies maybe that is another one to add to this list of different policies here. But I was getting to the stage where I am not sure how much more efficiencies one can generate without changing the nature of the service.

The Deputy of St. Mary:

That is what I was getting at. I think the road to efficiency there is there is a limit to how much faster people can do things and okay you can go the electronic route but there is still a limit there. What I mean is is there any vast thought going ahead into the future of restructuring things so there is less cost?

Deputy G.P. Southern:

I think the answer was yes, I think it might be in New Directions.

Senator T.A. Le Sueur:

That is one aspect. There are a whole range of things that we are looking at in terms of fundamental changes in practises which will require significant investment upfront in order to generate changes in the future and certainly we are not ignoring them. That does not obviate the need to set a population policy as well.

Senator S.C. Ferguson:

Right. Caroline?

The Deputy of Grouville:

No, I am fine thank you.

Senator S.C. Ferguson:

Tracey?

Deputy T.A. Vallois:

Fine, thank you.

Senator S.C. Ferguson:

Geoff?

Deputy G.P. Southern:

No, I do not want to be interrupted again. I am not a glutton for punishment. **[Laughter]**

Senator S.C. Ferguson:

Okay, so thank you very much indeed for your time with us this afternoon and we shall no doubt be in touch.