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# STATES OF JERSEY



## DEVELOPING A COMMON POPULATION POLICY: IN COMMITTEE DEBATE

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Presented to the States on 19th March 2021  
by the Chief Minister

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STATES GREFFE

## REPORT

### Introduction

These notes are provided to give States Members background information and, in particular, some facts and figures to support the In-Committee debate on developing a common population policy.

The notes, figures and tables are taken from the report accompanying P.137/2020 and the final report of the Migration Policy Development Board (MPDB) (R.20/2020).

Subject to the direction of the Bailiff, the suggestion is that the In-Committee debate will be arranged into two separate sessions:

Part one: Suggested time allowance: Morning sitting (after any public business)

- Introduction from CM/ACM
- Opportunity for members to describe their vision for Jersey over the next 5-10-20 years' time and how a common population policy would help to achieve that aim.
- This is a positive session where different political viewpoints will be described, without seeking to challenge how the different visions could be reconciled.

Part two: Suggested time allowance: Afternoon sitting

- Introduction from CM/ACM.
- Opportunity for members to reflect on the different visions set out in part one and to make suggestions for ways in which we will balance the different tensions and create viable policies that help us achieve sustainable outcomes across different areas.
- This will help us understand the areas that need to be included in a common population policy.

This suggestion is not to restrict the way in which Members wish to discuss the matter in any way, but in the hope that it gives some structure to both identify and understand the various political viewpoints, as well as identifying suggestions for how these differing views might be balanced. This input will provide invaluable information for the forthcoming population policy.

### Post-debate

The Hansard of the debate will be used to identify key themes and ideas for inclusion in the public consultation and the draft Common Population Policy. A report will be published, analysing the views of Members, and allow post-debate feedback as members thoughts evolve and consolidate.

**Timetable for 2021 /2022 - Population and migration decisions and actions**

<b>Year</b>	<b>Date</b>	<b>Action</b>
<b>2021</b>	March 25	In committee debate
	April/May	Refresh evidence from MPDB stakeholders including impact of Brexit and Covid
	May 31	Lodge amendments to the Control of Housing & Work Law (CHW Law)
	July	Debate amendments to CHW Law
	July/August	Public consultation on areas to include in Common Population Policy
	October	Lodge Common Population Policy
	December	Debate Common Population Policy
<b>2022</b>	Q1	Initial 2021 Census results published
	February	Lodge appointed day act for CHW changes.
	March	Issue policy guidelines for updated CHW law; Debate appointed day act
	April	Transition phase for new CHW rules begins
		Further detailed census reports will be produced through 2022.

**Common population policy**

The need for a Common Population Policy was described by the Migration Policy Development Board in its final report (R.20/2020). The Board wrote:

R.20/2020 – Section 1.3

All government policies should take account of the potential impact that they may have upon the population level of the island and the Board recommends that the States of Jersey Law should be amended to include an explicit requirement for the Council of Ministers (COM) to establish a common policy on population.

The Board notes that consultation with business leaders, environmental and community based groups can be inconsistent, and to address this issue an independent expert population panel should be established to research population issues and gather detailed evidence from local and external sources in order to provide regular, informed advice to the Council of Ministers to support the maintenance of a common population policy.

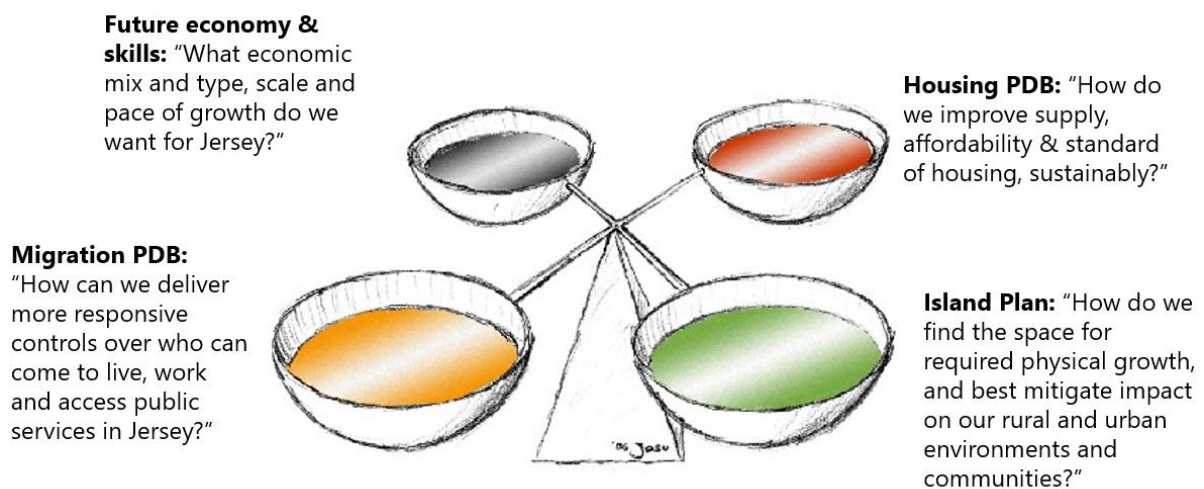
Previous attempts to set a numeric population limit or annual target have met with little success and the Board considers that the government should focus on the positive measures it can take in aligning all government policies that affect the overall population level.

R.20/2020 - Section 6.1:

Difficult decisions will need to be taken if the government is committed to reducing the rate of population growth. The health of the economy will always play a major role in

determining the demand for and level of inward migration and the limits to the power of the government need to be clearly understood. At the same time, government policies to control population growth will have consequences across many areas; for example, a reduction in population may preserve green fields but may also have a negative impact on tax revenues. Public services are paid for by the economic activity of islanders: fewer people and the same level of public service provision is likely to lead to an increased tax burden on those already here.

Some of these tensions are already being explored by government and are illustrated in the diagram below.



*Figure 25: Interplay between government policy areas and policy development boards (internal)*

All government policies should take account of their potential impact to increase the population of the island. In its research the Board has identified a number of policies that are not fully aligned with the objective of controlling the rate of population growth and restricting net inward migration.

For example:

- Government currently supports organisations such as Jersey Business, Digital Jersey and Visit Jersey to develop new businesses, encourage new skills to the island, and to increase the annual number of visitors to the island to 1 million by 2030. At a time of almost full employment in Jersey the supporting skills and labour to achieve these aims and expansions are only likely to be achieved through inward migration.
- Decisions to issue a limited number of immigration work permits to support agriculture and hospitality industries have been made without consultation with HAWAG.

- The Board has noted the tensions that exist between the government’s pledge to put children first and the administration of the CHW Law in cases where family relationships breakdown

Truly reducing the island’s reliance upon net inward migration in order to slow population growth requires a joined-up approach across multiple policy areas. For example, an economic framework to identify the businesses and sectors that the island requires, the identification of the skills required to fill these roles, whether these skills can be sourced from the resident population, and how these skills might be developed in local residents if they are currently absent. Where all local skills and labour are utilised any expansion would require the importation of migrant skills and labour. Government must then decide if the importation of those skills or labour is in the best interests of the island.



*Figure 26: Example of relationship between government policy areas and sustainable population (internal)*

Population policy extends across all areas of government activity, including:

- benefit policy - Minister for Social Security
- digital policy - Minister for Economic Development, Tourism, Sport & Culture
- economic policy - Minister for Economic Development, Tourism, Sport & Culture
- environment policy - Minister for the Environment
- health policy - Minister for Health and Social Services
- housing policy - Minister for Children & Housing
- infrastructure – Minister for Infrastructure
- skills policy - Minister for Education
- taxation policy – Minister for Treasury & Resources

as well as

- immigration controls - Minister for Home Affairs
- migration controls - Chief Minister

The interplay between population policy and all areas of ministerial responsibility is so wide that the Board considers that this should be specifically referred to in the

responsibilities of the Council of Ministers. Article 18<sup>1</sup> of the States of Jersey Law currently includes a specific function of the Council of Ministers to discuss and agree their common policy in relation to external affairs. A similar requirement could be added for the Council of Ministers to discuss and agree their common policy in relation to population.

A requirement for the Council of Ministers to agree a common policy on population would also provide a focus for discussion with environmental, business and community leaders as to the policy direction being taken. The Board notes that consultation with stakeholders can be inconsistent across different ministerial areas and feedback to one minister may not be shared effectively across other relevant ministers.

### **Bridging Island Plan and Common population policy**

A short-term, three-year bridging Island Plan is being prepared to cover the transition period between two longer-term ten-year plans. This will provide a new planning framework and plan to meet the island's needs, including new homes up to, and including, 2025.

The Island Plan Review Preferred Strategy Report (published 23 October 2020) establishes the parameters within which the draft Island Plan is being prepared. It sets out a near-term planning assumption for population change:

- +4,000 over 2020-2024
- +800 annual change

As this is a near-term planning assumption that has been used – together with analysis of the current unmet demand for housing – to inform the demand for homes, and the required level of housing land supply, it will not be adjusted following the debate on a Common population policy at the end of 2021 .

The agreed Common population policy and its implementation will be fully incorporated into the next Island Plan Review, when a new ten-year Island Plan will be prepared for the island's future long-term sustainable development from 2025.

### **Population and migration statistics**

The report accompanying P.137/2020 and the MPDB included the following information on population and migration statistics:

Over the 10-year period to year-end 2019, the population in Jersey is estimated to have increased by 11,700, with four-fifths (80%) of the increase being from net inward migration (9,300).

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<sup>1</sup> **18 Council of Ministers**

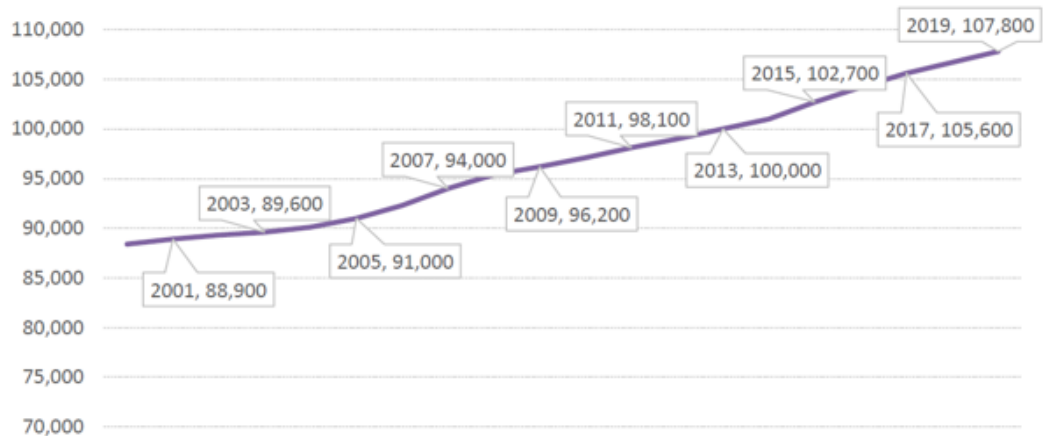
- (1) There shall be a Council of Ministers whose members shall be the Chief Minister and at least 7 Ministers.<sup>1241</sup>
- (2) The functions of the Council of Ministers shall be –
  - (a) co-ordinating the policies and administration for which they are responsible as Ministers;
  - (b) discussing and agreeing policy which affects 2 or more of them;
  - (c) **discussing and agreeing their common policy regarding external relations;**

Calendar year	Natural growth	Net inward migration	Total annual change
2001	190	300	500
2002	90	300	400
2003	250	0	300
2004	220	300	500
2005	220	700	900
2006	190	1,100	1,300
2007	320	1,400	1,700
2008	300	1,100	1,400
2009	250	500	800
2010	270	700	900
2011	390	600	1,000
2012	360	500	800
2013 <sup>5</sup>	300	700	1,000
2014 <sup>5</sup>	310	700	1,000
2015	220	1,500	1,700
2016	200	1,300	1,500
2017	130	1,200	1,400
2018	100	1,100	1,200
2019	90	1,000	1,100

*Net inward migration and total annual change numbers have been independently rounded to the nearest 100; natural growth numbers have been independently rounded to the nearest 10; numbers may not sum due to rounding.*

**Table 1: Change in Jersey's resident population, 2001 – 2019<sup>2</sup>**

The average increase in the resident population during the four-year period (2016 to 2019 inclusive) at 1,300 per year, is around four times that at the start of the previous decade (2001 to 2004: 400 per year).



**Figure 1: Total resident population at year-end, 2000 - 2019<sup>3</sup>**

<sup>2</sup><https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Population%20Estimate%202019%20200615%20SU.pdf>

<sup>3</sup><https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Population%20Estimate%202019%20200615%20SU.pdf>

The resident population of Jersey at year-end 2019 was estimated at 107,800.

This has meant that during the last 10 years the resident population is estimated to have increased by 11,700, with net inward migration accounting for 80% of this increase. The natural excess of births over deaths accounts for the remaining increase.

Over the 10-year period to year-end 2019, the population in Jersey is estimated to have increased by 11,700, with four-fifths (80%) of the increase being from net inward migration (9,300).

These recent changes reflect a much longer-term trend of population growth in Jersey, as this analysis by the British Irish Council in 2016 shows:

**1.1 How the size of our population has changed and why: births, deaths and migration**

This section details the main elements of population change across the BIC Member Administrations: those of fertility, mortality and migration. The latter includes migration between administrations.

From the late 1940s, all eight Member Administrations have seen their populations grow.

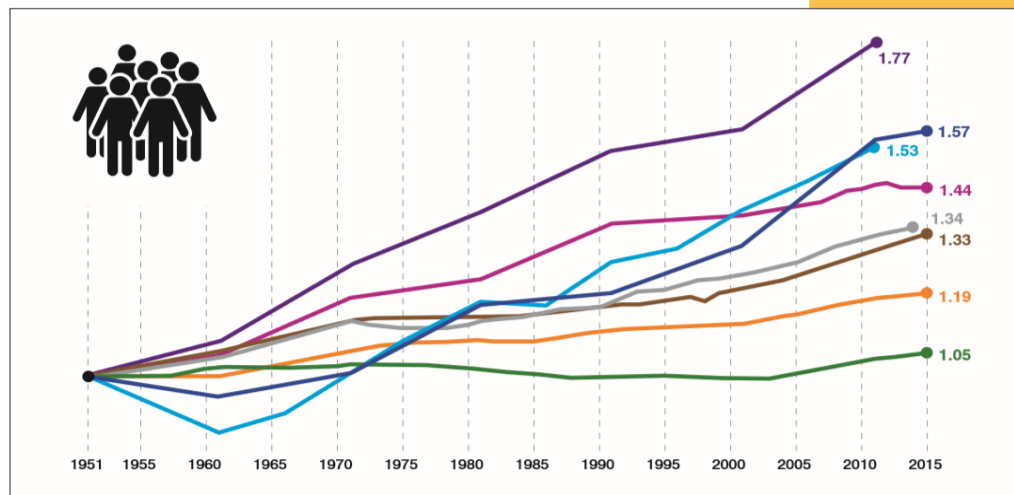


Figure 1. Population change across BIC using 1951 data as base reference

The population increases, for the period 1945-1961, in the United Kingdom (UK) and Channel Islands, but declines in Ireland and the Isle of Man.



**Figure 2: Growth in population 1951 – 2015 across BIC jurisdictions (BIC)**

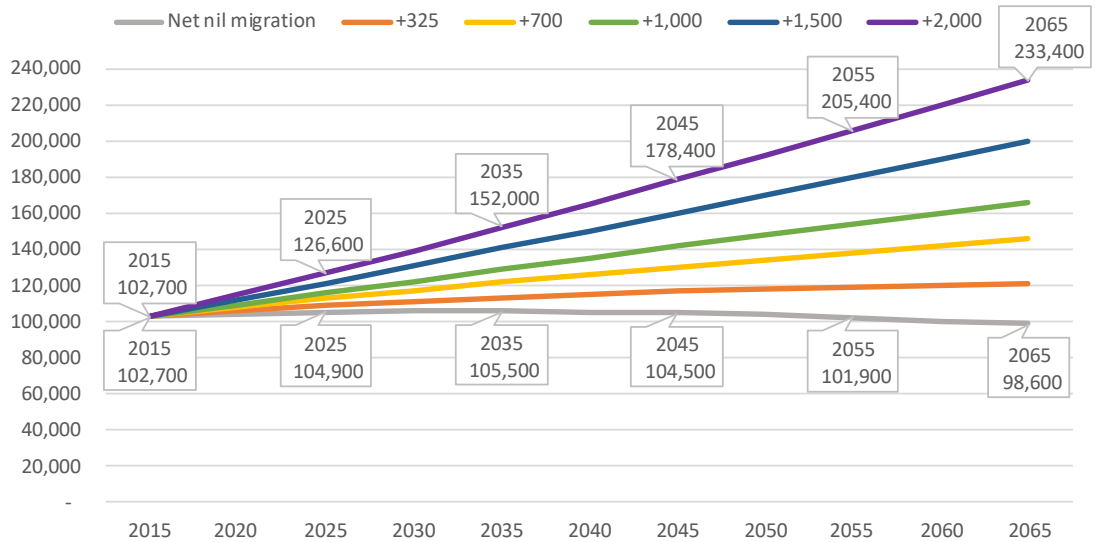
**Future population scenarios**

Whilst Statistics Jersey cannot predict the future population of Jersey, it can apply different rates of net inward migration to the current population to give a range of



forecasts to indicate the possible impact upon the overall population level, the relative increase in the proportion of elderly people, and subsequent impacts on the ratio of working age people to the total population (the dependency ratio)<sup>4</sup>.

The following chart estimates the future Jersey resident population based upon different assumed levels of migration:



**Figure 3: Projection of resident population 2015 – 2065 under various migration scenarios (Statistics Jersey)**

The estimates suggest the following:

- as the population ages the dependency ratio increases;
- as the net migration rate increases the dependency ratio decreases;
- as the net migration rate increases, the rate of increase in population increases.

The rate of inward migration has little impact on the ageing of the resident population in the short to medium term. The number of people aged over 65 will increase steadily over the next 30 years, whatever migration controls are in place. With no inward migration this would lead to a reduction in the number of working age people, as more older people leave the work force compared to the number of younger people joining the workforce.

An increase in the older population has implications for the Jersey economy in terms of providing services and pensions. The level of impact upon the economy will be affected

<sup>4</sup> The dependency ratio is calculated by Statistics Jersey as the number of children aged under 16, plus the number of persons aged 65 years or over (i.e. ‘dependent persons’), divided by the number of people aged 16 to 64 years inclusive. To assist in interpretation of the trends resulting from the migration scenarios, the increase in pensionable age to 67 by 2031 has not been taken account of in these projections. This change in pensionable age would reduce the effective dependency ratio seen from 2031 onwards by approximately 6 percentage points.

by the extent to which people are living healthier lives for longer and economic activity is maintained at older ages.

Migration scenario	2015	2025	2035	2065
Nil net	16,700	21,600	27,600	29,800
+325	16,700	21,600	27,900	32,600
+700	16,700	21,700	28,100	35,800
+1,000	16,700	21,800	28,400	38,500

**Table 2: shows the growth in the 65+ population under different migration scenarios**

(data from: Jersey Population Projections 2016 release; Statistics Jersey)

The table below shows the impact on dependency ratio of different migration scenarios. In all the modelled scenarios the dependency ratio increases (gets worse) between 2015 and 2035. Even with significant inward migration, at higher levels than previously experienced, the proportion of people aged over 65 will increase in the next 20 years.

	Dependency ratio	Working age population	Total population size
Year-end 2015 population characteristics	50%	68,600	102,700

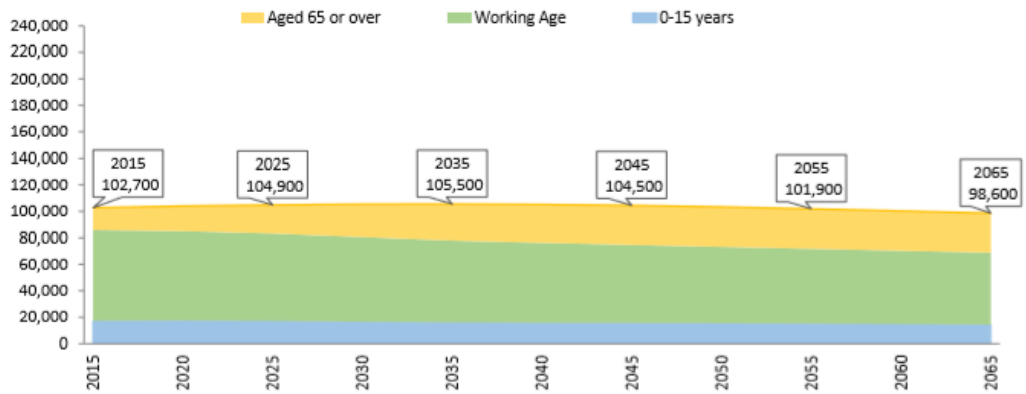
- The table below outlines the projected change over the next two decades under each scenario:

Population characteristics year-end 2035 under scenario	Dependency ratio	Change in working age population compared to 2015	Total population size in 2035	Change in total population size, relative to 2015 (%)
No inward or outward migration	74%	-9,000	104,100	1%
Net nil migration	71%	-6,900	105,500	3%
Net migration +325 people annually	68%	-1,200	113,100	10%
Net migration +700 people annually	65%	5,400	121,800	19%
Net migration +1,000 people annually	63%	10,600	128,800	25%
Net migration +1,500 people annually	60%	19,300	140,400	37%
Net migration +2,000 people annually	57%	28,100	152,000	48%

**Table 3: Dependency ratio projections across various migration scenarios in 2035 (Statistics Jersey)**

The following graphs show projections for the overall population under these scenarios.

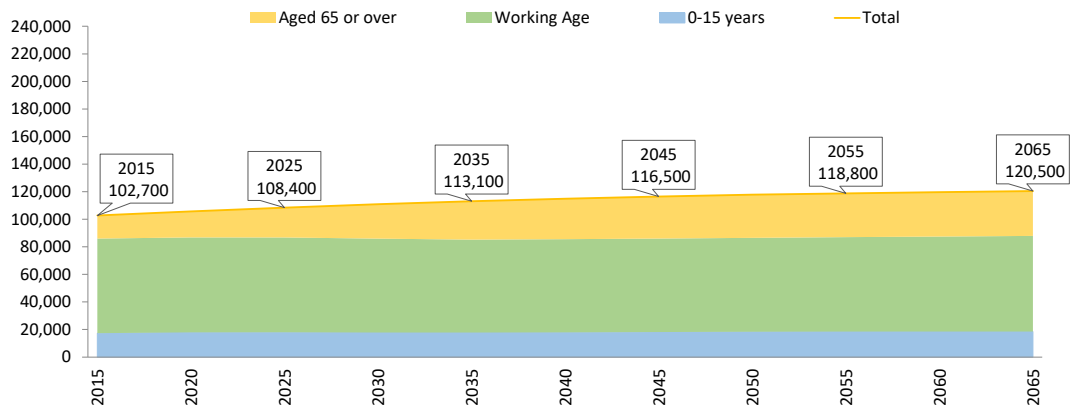
Figure 4 shows the impact of nil net migration – a balance between the people leaving and entering the island. Overall population declines slowly over the projection period.



**Figure 4: Resident population projection showing age groups based on nil net migration 2015 – 2065 (Statistics Jersey)**

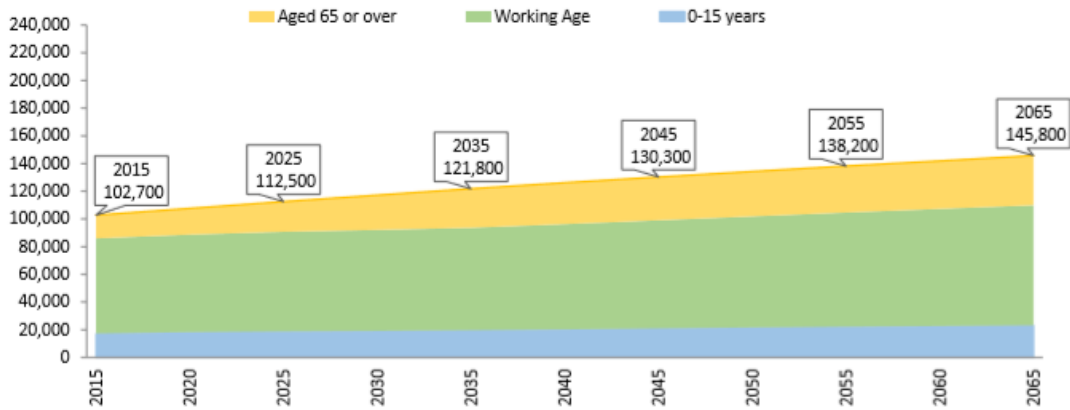
A net inward migration rate of approximately +325 a year will maintain the working age population at around today’s level: the number of 16-64 year olds reduces slightly from 68,600 in 2015 to 67,400 by 2035, a decrease of 1,200 over 20 years.

Inward migration below +325 would lead to a smaller working age population; migration above +325 would lead to a larger working age population.



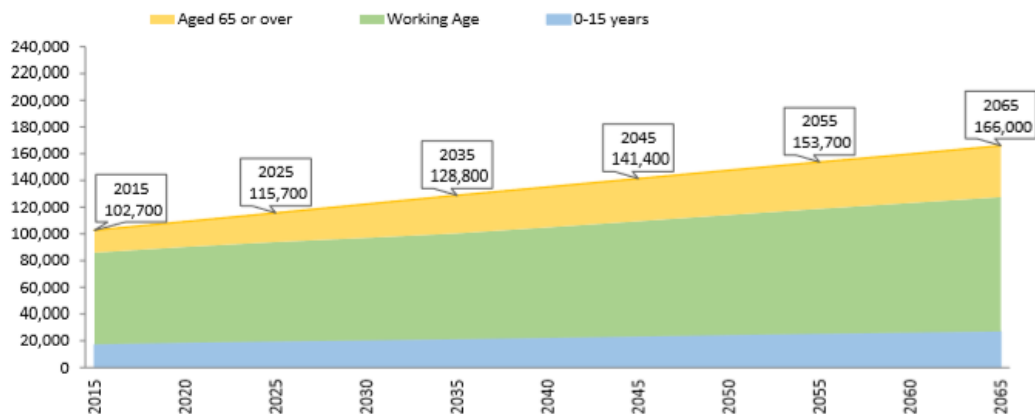
**Figure 5: Resident population projection showing age groups based on +325 migration 2015 – 2065 (Statistics Jersey)**

For example, with net inward migration of +700 people per year, the number of 16-64 year olds increases from 68,600 in 2015 to 74,000 by 2035, an increase of 5,400 over 20 years.



**Figure 6: Resident population projection showing age groups based on +700 migration 2015 – 2065 (Statistics Jersey)**

If net migration were set at +1,000 per year, the 16-64 population would grow to 79,200 by 2035, an increase of 9,400 over the 20-year period.



**Figure 7: Resident population projection showing age groups based on +1,000 migration 2015 – 2065 (Statistics Jersey)**

## Economic activity

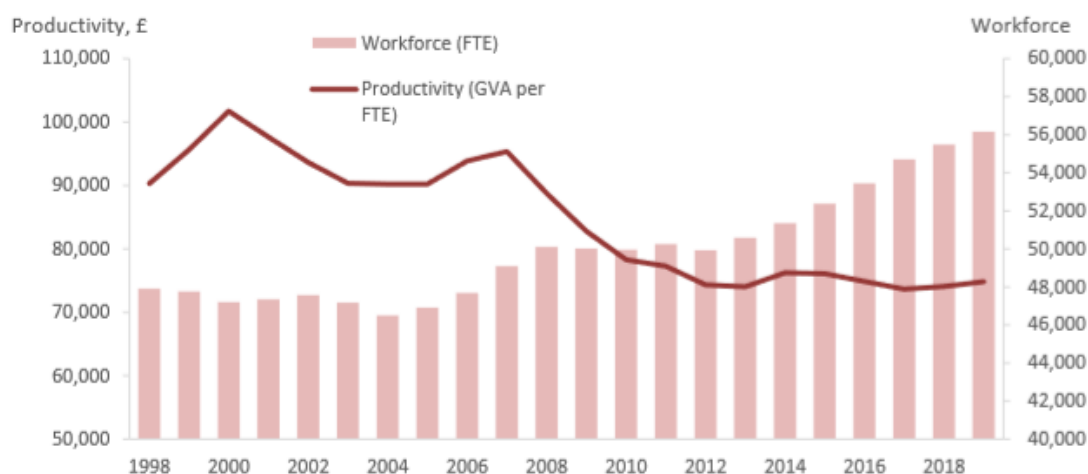
Since 2013 Jersey has experienced a continued growth in economic activity and in December 2019 the total number of jobs in Jersey was 61,500, the highest recorded December figure to date.

Sector	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Private	48,220	49,860	50,950	52,010	53,070	53,450
Public	8,320	7,960	7,690	7,780	7,780	8,060
<b>Total</b>	<b>56,540</b>	<b>57,820</b>	<b>58,640</b>	<b>59,790</b>	<b>60,850</b>	<b>61,500</b>

**Table 4: Total job count for the private and public sectors, December 2014 – December 2019<sup>5</sup>**

Since 1998 the Island's workforce has increased by more than 8,000 full time workers, but there has been a decline in the productivity of the Jersey economy throughout most of the last two decades. The long-term decline in productivity has occurred particularly since 2007. Between 2007 and 2019 the productivity of the Island's economy fell by more than a fifth (22%) in real terms.

This decline in the productivity of the Island's economy overall has been driven by a decline in the productivity of the financial services sector.



**Figure 8: Productivity (GVA per FTE) of Jersey's economy in real terms and total employment, 1998-2019**

A separate factor in the decrease in productivity of the non-finance sectors since 2007 has been the greater proportion of the Island's workforce being employed in lower productivity sectors; the private sector service industries accounted for 15% of the

<sup>5</sup><https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Jersey%20Labour%20Market%20Dec%202019%2020200528%20SJ.pdf>

island's workforce in 2007 (on a full time equivalent worker basis - FTE) rising to 22% in 2019, representing an increase of more than 5,000 FTEs over the period. Easy access to migrant workers over this period, particularly for some of the low productivity sectors, may have encouraged some businesses to continue to rely on a supply of lower paid migrants rather than investing in new working practices or using technology to become more productive.

Whilst the population and the Island's workforce have reached record levels there has been a significant decline in the productivity of the Jersey economy throughout most of the last two decades.

The COVID-19 pandemic has demonstrated the importance of a healthy economy in providing the essential services that give us financial, social and physical security, and of the benefits of a strong economy in building the strategic reserves to temper the impacts of such a crisis. It has also highlighted the importance of the natural environment and a supportive community in maintaining the physical health and mental wellbeing of all Islanders.

### **Public services and utilities**

The island has a number of core utilities, including:

- Electricity: Jersey Electricity has invested in 3 subsea cables which meet demand and provide energy security and resilience in the short to medium term. Additional demand can be met through the provision of an additional subsea cable to the European grid, and so the overall provision of electricity to the island is not considered to be an absolute constraint. Modest capacity upgrades may be required to the grid to ensure electricity is transferred across the island or to assist with efforts to further electrify Jersey (i.e. a move away from LPG/oil, or towards electric vehicle fleets).
- Solid waste: the current energy recovery plant is due for replacement at the end of its design life, currently estimated at 2041. There are no issues with capacity of the current plant. Efforts to meet more ambitious recycling targets (and therefore reduce the proportion of waste being directed to the energy recovery plant) would also assist with available capacity at the plant. Aside from the energy recovery plant, there are some existing capacity constraints for inert waste at La Collette; these might be dealt with through additional land reclamation and/or additional site(s). Other types of waste (e.g. most recycling) is dealt with through waste transfer off-island, and therefore capacity of Jersey is less relevant.
- Liquid waste: A new plant will be operational in 2022 with a design life of 20 years – 2022 – 2045. The new plant is based on 118,000 plus capacity for up to 142,000 (a 20% buffer, which includes an assumption around population growth plus an allowance for demand from tourism etc). An increase in population may require additional capacity upgrades within its design life.
- Mains water: The Island is facing longer, drier periods (associated with increased water consumption), coupled with less predictable rainfall. Phase 1 of Jersey Water's Water Resource and Drought Management Plan (2019) has quantified up-to-date projections of future water supply availability and demand over the next 25

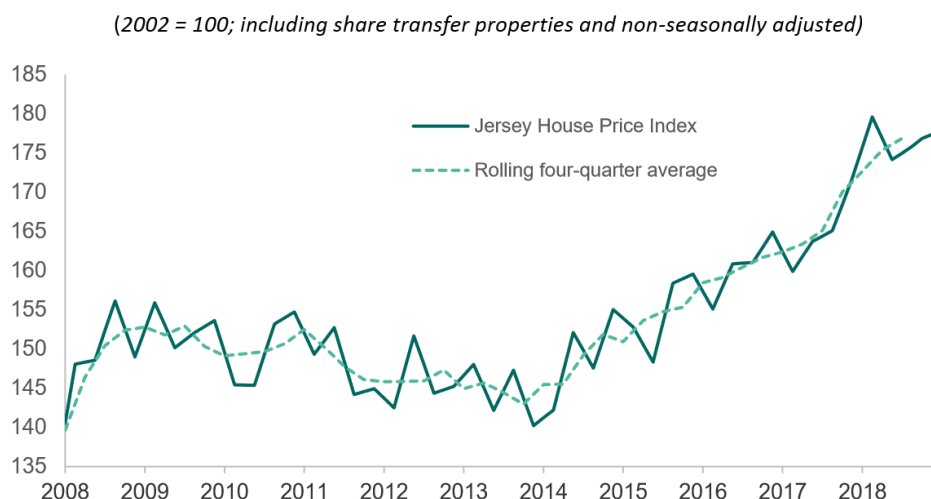
years. It found that, using a +700/year migration assumption, by 2040 there could be a significant shortfall in water storage capacity during severe drought conditions. Higher population growth would lead to a larger deficit. Jersey Water is currently assessing a series of supply-side and demand-side options for dealing with this deficit.

- Transport: There are likely to be significant changes in transport, specifically the aim to reduce single occupancy car use over next 10 years, driven by sustainable transport and active travel policies.

The island’s response to climate change is likely to have a significant impact on the type and amount of energy used over the next 20 years, as well as the volume and disposal of waste. The sustainable transport policy published in December 2019 sets out a strategic vision for a future transport network that promotes active travel and the use of public transport over the use of single occupancy car journeys.

Overall, the core utilities do not indicate any specific or absolute population limits that create significant break points in population terms that would need to be addressed in the next 20 years. Some of them may require additional investment in infrastructure (in terms of increased capacity and ongoing maintenance) to meet the needs of a larger population; however, there is no evidence that this evidence is not realistic or deliverable. All infrastructure needs regular maintenance and replacement and future governments will need to plan carefully for future demand.

**Housing:** One area where there are significant concerns as to the current level of population growth is in the provision of housing. There has been significant inflation in the cost of both renting and purchasing property over the last five years.



**Figure 9: Jersey House Price Index 2008 – 2018 (Statistics Jersey)**

The Island Plan published in 2011 included provision for 4,000 new homes over a ten-year period and this increase in capacity has been achieved with an average of approximately 400 homes built each year. However, the population has grown much faster than anticipated in the plan, leading to the current pressure on housing resources. At the same time, the average number of people sharing a home is decreasing (more people live alone, more older people surviving their partner) and so there is a need for extra homes in the next 10 years, even if migration were to be kept at net nil.

Migration scenario	New homes <sup>6</sup> needed over 2021-2030
Net nil	2,230
+325	3,700
+700	5,400
+1,000	6,760

**Table 5: Summary of housing needs under various migration scenarios (Objective assessment of housing needs report)**

The Housing Policy Development Board has investigated policies to improve the supply and affordability of new homes.

**Education and health:** Statistics Jersey has produced population projections under a range of migration scenarios. In all scenarios the proportion of children aged 0-15 remains relatively constant at around 16% of the total population. There are more children in the higher migration scenarios, who will require additional school facilities. Evidence from the Children, Young People, Education and Skills (CYPES) department suggests that these are likely to be accommodated mainly through extending existing facilities, rather than by building new schools.

In all scenarios the number and proportion of older people increases steadily throughout the period. The design of the new hospital will take account of this increase in demand, which is not strongly affected by the choice of migration scenario. The cost of providing health care will increase as this sector of the population grows.

**Pensions:** The Social Security Fund (SSF) provides benefits in old age, and on death and incapacity to those who have paid the required contributions. The SSF is financed by a combination of social security contributions from individuals and employers and a States grant.

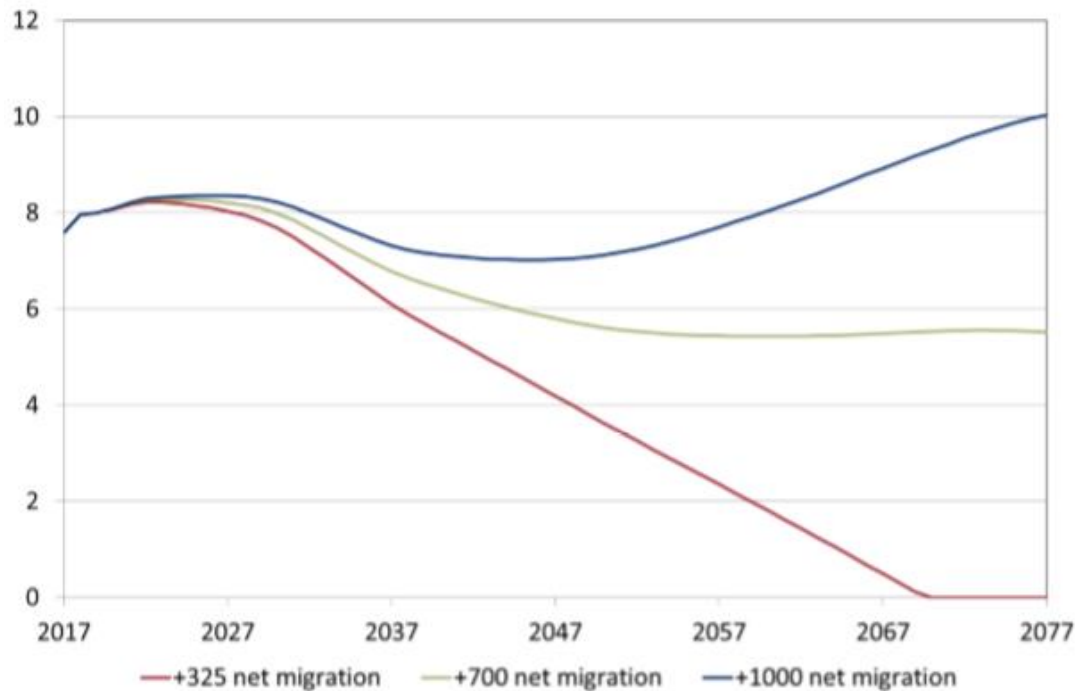
An actuarial review of the SSF as at 31st December 2017<sup>7</sup> (published March 2019) includes projections over the period from 2017 to 2077. The review considered the impact of a range of populations scenarios in projecting the health of the Fund over the

<sup>6</sup> These figures exclude the need for additional key worker accommodation – estimated at 250 homes, under all scenarios.

<sup>7</sup> <https://statesassembly.gov.je/assemblyreports/2019/r.31-2019.pdf>



next 60 years. The next graph shows the total value of the Fund as a multiple of annual expenditure, assuming that the current rates of contribution remain unchanged.



**Figure 10: Total Social Security Funds balance as multiple of annual expenditure under various migration scenarios 2017 – 2077 (SSF actuarial review 31 December 2017)**

With net migration remaining at +700 over the 60-year period, the Fund remains stable at just under 6 years' worth of expenditure, based on the current contribution rates. If net migration is experienced at a higher level, the projections show that the Fund would increase significantly over time.

With net migration at +325, the Fund is exhausted towards the end of the 60-year period, assuming that social security contributions do not increase. To maintain an old age pension, it would be necessary to increase contribution rates at some point to maintain a viable Fund. For example, if the Fund was allowed to reduce to zero, the contribution rate would need to increase from 10.5% to 13.1% to maintain the current level of benefits (in real terms).

#### **Future Government spending**

The Economics Unit has used a range of migration scenarios to create high level forecasts of public sector costs up to 2050. These show annual budget deficits under each migration scenario based on the current economic structure and government income.

<b>Modelling scenario</b>	<b>Net change in government annual budget position at 2050 (real terms)</b>	<b>Population projection for 2050</b>
+325, no productivity growth, no sectoral change	-£191m	117,800
+700, no productivity growth, no sectoral change	-£171m	134,300
+1,000, no productivity growth, no sectoral change	-£158m	147,600
+325 with 10% shift to low-productivity jobs	-£240m	117,800
+ 325 with 10% shift to finance sector jobs	-£117m	116,500
+700 with 0.5% productivity growth and 8% shift to finance sector jobs	Broadly unchanged from current balance	130,300

**Table 6: Summary of economic modelling under various migration and economic scenarios 2050 (Economic Advisor)**

The increase in overall public sector costs is principally driven by the increasing cost of healthcare. As noted above this is strongly linked to the number of older people in the island, which grows over the next 30 years in all migration scenarios. These high-level figures show that even significant ongoing migration based on our current job mix is not sufficient to fully cover the increasing costs of an ageing population, at current tax levels.

### **Qualitative factors**

Matters of migration and population in Jersey are often measured in terms of the impact that they have on the economy. There are other factors that are harder to measure, but no less important, when considering migration and an increasing population such as feelings of community, fairness and equality, the impact to people of the loss of open fields and green spaces, the impacts upon the environment and ecology, and real and psychological concerns about the pressures on services such as schools, roads, and hospitals.