



Migration Policy:
Achieving the right balance

States 
of Jersey

P.70/2018

Proposition

THE STATES are asked to decide whether they are of opinion -

- (a) that migration policy is part of a coherent vision for our Island, and should support a sustainable balance between our economy, community and environment;
- (b) that a sustainable balance for Jersey requires annual net immigration over the next 20 years to be lower on average than it has been since 2001, while also ensuring that we can deliver economic growth and staff our public services;
- (c) that the Control of Housing and Work (Jersey) Law, 2012 should prioritise requests from businesses which invest in skills and training, and whose applications deliver productivity improvements for our economy or additional community benefit;
- (d) to request the Chief Minister to bring forward amendments in 2019 to the Control of Housing and Work (Jersey) Law, 2012, to create a stronger link between the individual migrant and their ability to work and reside in the Island, including:
 - (i) short and medium-term, time-limited work permits for new registered workers to support businesses while also reducing the number of people who eventually retire in the Island
 - (ii) criminal record checks for new migrants to enhance public safety and reduce demands on our criminal justice system
 - (iii) photographs on newly issued registration cards to enhance compliance when people access work and housing
- (e) to request the Chief Minister to instigate a review into how policies affecting new migrants and their children, including their access to services and housing, could be changed to increase consistency across services, to enhance social inclusion, and to improve community integration, and to publish the outcomes in 2019;
- (f) to request the Chief Minister to report to the Assembly in 2018 on the outcomes of new long-term modelling for our population, economy, public finances, and infrastructure and housing requirements, to support the development of the Strategic Plan and other strategies.

COUNCIL OF MINISTERS

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**We have welcomed people
from all over the world and built
a vibrant, diverse community
and a resilient economy.**

Executive summary

Introduction

Jersey has benefited from generations of immigrants choosing our Island as their home. We have welcomed people from all over the world and built a vibrant, diverse community and a resilient economy. Farm workers from Brittany, agriculture and hospitality staff from Madeira, Poland and Romania, and finance and health professionals from across the world have all contributed to Jersey's economic success and cultural diversity.

Achieving the right balance

If immigration remains as high as it has been in recent years, the housing and extra infrastructure needed will fundamentally change the character of our Island. This will not be the Jersey we know and love.

However, if immigration is too low, our businesses will not be able to find enough suitably skilled staff and we will not have enough front line public servants. This will damage our economy and will mean that we will not be able to support our ageing population. This will risk our prosperity and standard of living.

We therefore need to achieve the right balance. The Council of Ministers believes this means that net migration should be lower over the next 20 years than it has been since the turn of the millennium¹, but not so low that we undermine our economy or public services. This is achievable, especially as technology continues to change how we live and work over the next 20 years.

Indeed, there is much that can be done to reduce the levels of migration we need, and to help accommodate the migration that is necessary. This is one of the reasons we are developing 'Future Jersey', which seeks to achieve a sustainable balance between our economy, our community, and our environment.

The Future Jersey consultation included long-term ambitions such as a highly skilled workforce and improved productivity so we deliver the largest, most productive economy we can with lower levels of net migration.

To help with this, we need to prioritise applications from businesses which invest in training and skills, and support immigration which improves productivity in existing businesses, supports new, higher productivity businesses, or benefits our community, such as a new tourist attraction or care services. This means being tougher on applications that do not meet these objectives, while also helping businesses to improve their productivity and to increase diversity wherever possible.

An overall approach to population also has to minimise the pressure on our environment and public services. This is why Future Jersey prioritises actions such as healthier lifestyles, increased recycling, increased energy efficiency, more active travel, and continued protection for our green spaces.

As our Island and the world around us changes over the next 20 years, we cannot know for certain the appropriate level of net migration. We therefore need to constantly monitor our policies and the wider trends so we achieve the right balance.

¹The average net migration experienced since 2001, when annual net migration statistics began, has been 700 people per year, resulting in a population today of 104,000. The Statistics Unit's "Jersey population projections 2016 release" reports that continuing with this level of migration will result in a population by 2035 of 122,000.

Strengthened migration controls

To help us achieve the right balance, we will continue to strengthen our migration controls. We are already removing permissions, increasing fees, and investing in skills. We are now proposing:

- (i) time-limited work permits for new registered workers to support businesses wherever possible while reducing the number of people who eventually retire in the Island
- (ii) criminal record checks for new migrants to enhance public safety and reduce demands on our criminal justice system
- (iii) photographs on new registration cards to enhance compliance when people access work and housing

We will deliver more responsive, strengthened migration controls and reduce the long-term impact that migration has on our public services, infrastructure and housing. This will also support the needs of business and public services, giving greater confidence in their ability to retain their workforce.

These improvements will be delivered as the United Kingdom leaves the European Union, changing our own relationship with Europe and the freedom of movement that European Economic Area ('EEA') nationals currently enjoy.

As this takes place, Jersey must determine its own immigration requirements. We must ensure that we continue to attract talented and hard-working people from across Europe and the wider world. We must ensure that EEA nationals currently living in Jersey continue to feel welcome and have the right to remain.

We are therefore planning to review the impact that access to services and housing have on newcomers to Jersey, and we will consider how to help new residents to better integrate into our society.

Improved modelling and monitoring will also be delivered, including new population modelling, new economic and fiscal modelling, and new assessments of our housing requirements and infrastructure capacity.

This will provide the new Assembly and Council of Ministers with more information than ever before, on which they can better plan services and develop new policies, including the development of the new Strategic Plan, future financial planning, and other strategies, such as the 2021 Island Plan.

This will be done, subject to this policy being approved, based on a 'work permit' scenario. The Statistics Unit will also continue to develop the e-census and prepare for a new traditional census in 2021. 'Future Jersey' will also report annually on how the Island is performing against economic, community and environmental measures.

This will all provide a solid and transparent platform to develop policy and to hold government to account – within a clear strategic direction of reduced migration – as our Island continues to change over the course of the next 20 years and more.

Social inclusion and community integration

We want our Island to remain attractive to new residents and businesses, as this is what drives our economy, diversifies our community and provides a range of opportunities for young people. So while we need to strengthen our migration controls, we also want new residents to feel at home in our community.

We will deliver more responsive, strengthened migration controls and reduce the long-term impact that migration has on our public services.

Planning for our future

Jersey has changed a great deal over the years and this will continue, as the world around us also changes. We cannot turn the clock back, and we cannot stop change.

Technology continues to fundamentally alter how we live and work. We must embrace digital opportunities and improve Islanders' skills as we do so. This is how we will create new jobs as the old ones disappear.

Our climate is also changing, including rising sea levels, more frequent and severe weather events, and greater risk to the more vulnerable members of our community. We will need to adapt to this.

The United Kingdom is leaving the EU, leaving us to develop a new relationship with nations with which we have deep-rooted historical, cultural and economic ties.

The wider economy is changing, becoming more globalised with increased competition in most product markets. Jersey is facing more competition for tourists, financial services clients, agricultural markets, public service key workers, and our talented young people. At the same time, regulation is increasing, including new EU legislation in areas like data protection and access to financial services markets.

Jersey is not immune to these changes, and must strike a path that delivers the best future. We have done this before, and need to do it again.

Finances

One of this government's priorities is to maintain strong, sustainable public finances. Over many years successive governments have built a Strategic Reserve of more than £0.8 billion, which provides a strong buffer to deal with unexpected events. This is supported by a well-established fiscal framework rooted in independent advice.

Our social security scheme was developed in the 1950s and now holds £1.75 billion in ring-fenced funds. Recent levels of immigration have helped to increase the size of the reserve, which helps to keep contribution rates down. We have had the foresight to introduce a long-term care scheme to help people pay for the growing cost of care. As our society ages, we need to ensure that these schemes remain adequately funded for years to come.

Investing

We have invested in our infrastructure, including schools, waste and recycling facilities, and in our public spaces. We have invested in social housing – creating a sustainable funding model that will deliver thousands of decent new homes. We have supported the development of high-quality office space around the waterfront, which will see the development of a new town quarter and the regeneration of other parts of town. We are now planning the largest capital project that we have ever undertaken – a new hospital that will serve us for generations.

We are developing new industries and supporting existing ones. We are putting in place the building blocks to improve our productivity: new organisations to support and promote the tourism and digital sectors, strategies for industries as diverse as agriculture and financial services, and a new fund to boost productivity growth. This is about creating an environment which is conducive to enterprise and innovation.

These developments are all the signs of a confident, forward-looking community with one of the highest life satisfaction scores in the world.

Future Jersey



As a community we need to respond to the challenges we face. **Future Jersey** will help us to do this. It proposes a range of ambitions for our economy, community and environment, supported by indicators that impact on our quality of life.

Some of these indicators help determine how much migration we need to support our economy. For example:

- **the higher our levels of home-grown educational attainment and skills, the more likely it is that we will have a more productive economy, and the less need there will be for businesses to import specialist labour**
- **if people are healthier, they will be more likely to work longer with fewer sick days; again, reducing the need for businesses to import labour**

Other indicators help determine what level of population we can accommodate. For example:

- **if we build more housing to accommodate a growing population, we also need to ensure that people are more satisfied with their housing and neighbourhood**

- **we do not want increasing population to mean more traffic, and more housing taking away our green spaces**

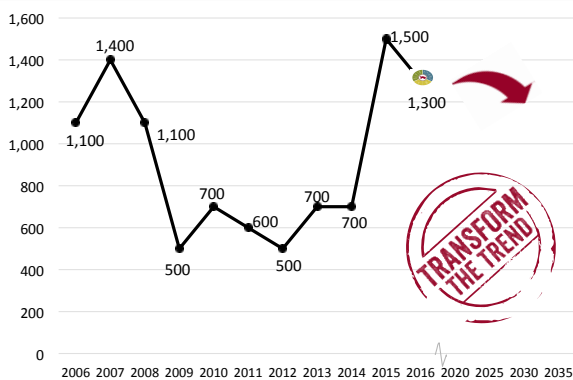
Future Jersey will help us to tackle these issues by working together.

We will achieve the right balance on migration by reducing net migration over the next 20 years, while ensuring we can support our economy and staff our public services.

It will take hard work and creative thinking to achieve this balance, but Islanders have consistently said that immigration is the issue that concerns them most, and government must listen as well as explain.²

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Net migration



Data source: States Statistics Unit

Measures: the annual difference between migration into and out of Jersey.

The facts: between 2009-2014, net migration averaged just over 600 a year against a planning assumption of +325. In 2015, however, the net increase was 1,500 as our economy grew.

Long-term ambition: **TRANSFORM**

The level of migration seen in 2015 is unsustainable. However, employers need staff with skills and experience that are not available locally, and Islanders and their families will continue to return to Jersey. The focus must be on migration that adds the greatest economic and social value, while also promoting policies that reduce demand for new migrants, including skills investment, and manage the impact on services and the environment.

²At the same time, the Jersey Annual Social Survey has shown that people are prepared to accept migration if it keeps taxes lower, or helps create jobs, or leads to better public services (2012 Jersey Annual Social Survey).

Our ageing society

Like many places around the world, Jersey is facing challenges that call for new solutions. An ageing society, climate change and shifting global economics are just some of the issues that will change the Island we know.

We want Jersey to prosper without sacrificing its most prized assets – our beautiful coast and countryside, our sense of safety and community feeling, and our high-quality public services.

By 2035, there will be 11,000 more people aged 65 or older living in Jersey, whatever our levels of migration. These are existing residents growing older. There will also be around 3,000 more people over the age of 85 as we live longer lives. These are people already here – they are not new migrants. This is important for our public finances.

Most older people have worked for many years, paying taxes and contributing; but today’s public services and old age pensions are mainly funded by today’s workers. We need to generate enough money from our workforce to look after people who are no longer working, who cannot work and who are not yet working.

The average Islander aged 65 or over costs our health service four times as much as someone of working age, and a person aged 85 or over much more. An extra £40 million per year is already being allocated to the Health and Social Services Department,

and much more will be needed in the coming decades. This will place sizeable pressure on our public finances.³

If Jersey sees no net migration over the next 20 years, the number of people aged between 16 and 64 will also fall by 7,000 by 2035. This would be a 10% reduction in the number of working age people.

To tackle this, we could ask people who are in work now to work until they are much older, reduce public services, or increase taxes. We are already raising the pension age to 67 by 2035, reducing spending in some departments, and raising revenue through new charges on businesses, but these measures are not enough.

We will need to help people to remain in the workplace for longer, offering flexible working enabled by technology. We may need to raise taxes and contributions, while ensuring our tax system remains competitive and fair.

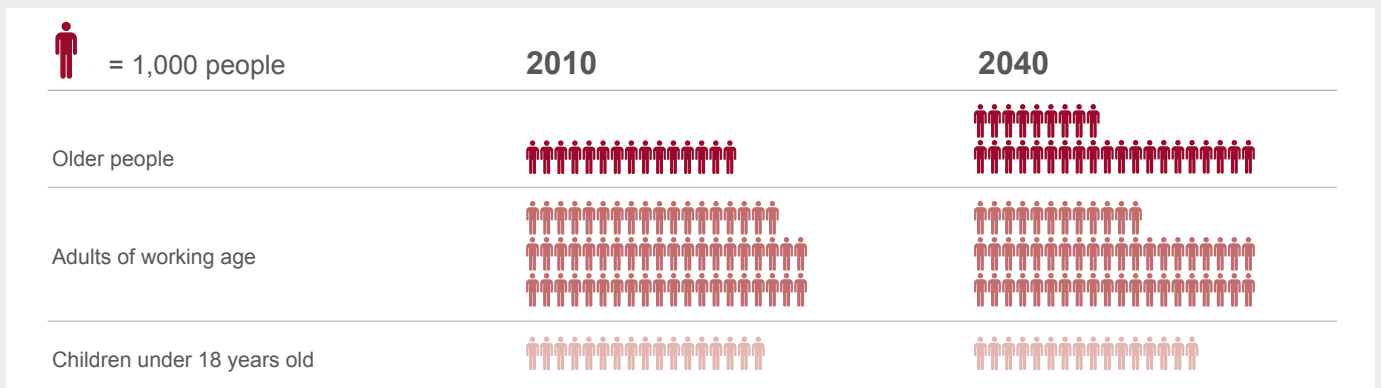
About 17,000 of us are over-65 – it will be nearly 28,000 by 2035.

It's great we're living longer, but pensioners typically need four times more healthcare. How will we pay for this?

More Islanders now reach retirement age each year than leave school.

Limiting migration to 'one in, one out' could mean 7,000 fewer working-age people by 2035. That would affect employers, tax and pensions.

Jersey demographic profile



³An ageing society also means we need to import more skilled workers into our medical and care sectors. Over the period 2016-2026, an additional 280 full time equivalent employees, at least, are expected to be needed in Health and Social Services alone to fill vacancies for doctors, nurses, paramedics, social workers, and other medical professions. We also need to be mindful of the impacts of our changing population and our changing needs on those public services which are not provided by the States – for example, nursing and residential care.

Employment

Jersey has seen a long period of economic success and low unemployment, which has required businesses to recruit staff from outside the Island.

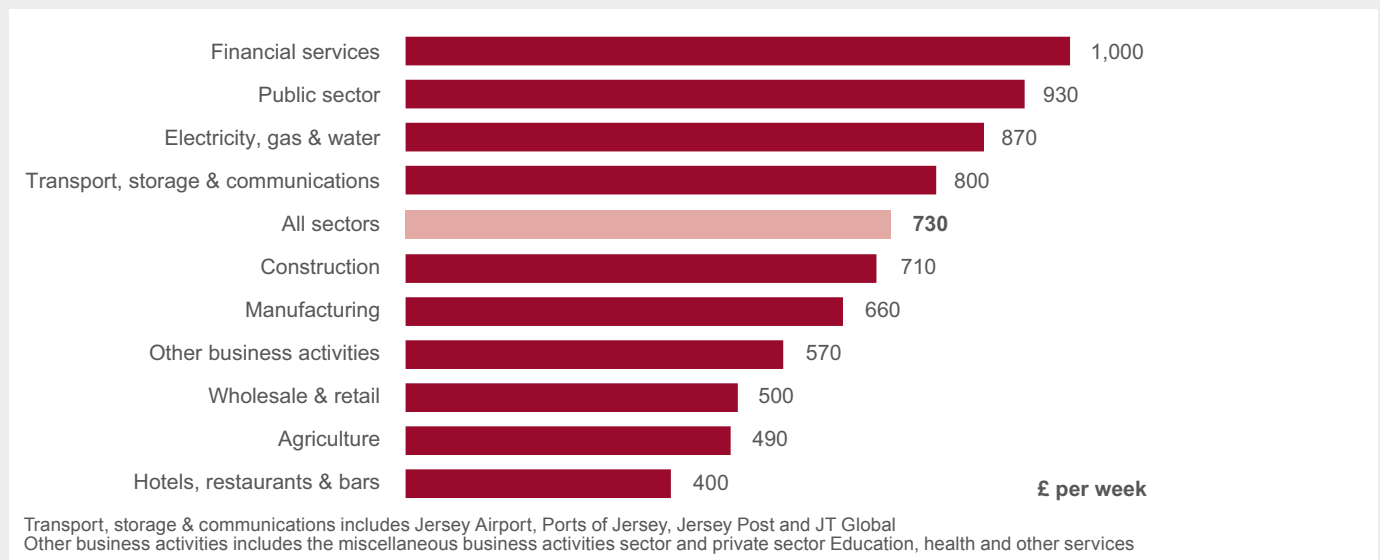
From the very first censuses we can see our population has seen periods of strong growth – it grew by about 30,000 between 1821 and 1851. Our population was then flat for nearly a century, before returning to an upward trend since the 1950s to now.

Migration was high in the 1960s. The population grew by 10,000 in ten years, driven by the tourist industry. Migration also peaked in the 1980s as the finance industry grew, and then flattened off in the 1990s as the world economy slowed, before increasing again in the mid-2000s, and more recently, as our economy has recovered from the economic crisis.

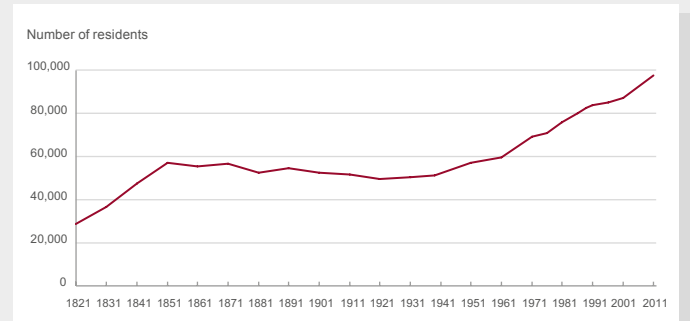
The employment growth of the 2000s also coincided with the expansion of the EU eastward, opening a new market for labour. Over the same period, our housing qualification threshold was reduced from 19 to 10 years. These factors have encouraged people to come to Jersey and to stay in Jersey.

Even in periods of less impressive economic performance, Jersey continued to perform relatively well in terms of employment, meaning that it has continued to retain and attract workers.

Average Earnings by Sector, 2017

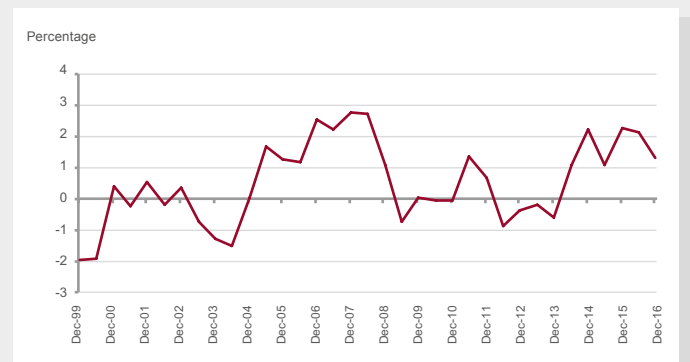


Jersey's population 1821 to 2011



Source: States of Jersey Statistics Unit

Annual percentage changes in total employment 1999-2016



Source: States of Jersey Statistics Unit

Employment by Sector and Residential Status, December 2016

Sector	Registered	Licensed	Entitled
Agriculture	420	-	990
Manufacturing	40	10	1,060
Construction and quarrying	400	40	5,140
Electricity, gas and water	20	10	460
Wholesale and retail trades	540	60	7,190
Hotels, restaurants and bars	1,810	20	3,450
Transport, storage and communications	130	70	2,520
Computer and related activities	50	40	670
Financial and legal	610	810	11,640
Miscellaneous businesses	510	110	4,210
Education, health and other services	460	170	7,090
Public sector	100	550	7,040
Total	5,090	1,870	51,470

By far the largest number of migrant workers are in financial services and hospitality, which together employ half of all new migrant workers.

The financial services industry is the largest employer in Jersey and requires a highly-educated workforce. It struggles to find enough workers locally, despite paying the most.

The hospitality industry has the lowest average pay of any of the main sectors, but needs motivated and experienced staff who can provide excellent customer service. In an Island where the cost of living is relatively high, it struggles to recruit enough local people.

These wage differentials mean that migrant workers in different sectors make very different tax contributions to Jersey's public services.

This isn't to say that a sector with lower pay and imported labour does not have value. More people are working in care settings as our society is ageing, and we need to support this. We also need shops, restaurants, and bars. And if we are to attract new businesses which provide jobs and ultimately benefit the economy, our migration policy must be flexible enough to help new sectors, like digital, to emerge and grow and to support the migration of talented, skilled entrepreneurial people. This is how we have diversified our economy in the past, growing industries such as tourism and finance, and ensured that our Island prospers.

Example of tax contributions of single person with no mortgage at different wage levels (2015)

Income	Income Tax	Long Term Care	Social Security Contribution	Total	GST
£20,000	£1,508	£38	£1,200	£2,746	£690
£40,000	£6,708	£168	£2,400	£9,970	£1,030
£60,000	£11,908	£298	£2,894	£15,100	£1,230

The Social Security Fund collects earnings-related contributions from workers and their employers, together with a block grant received from the States. This income is used to pay pensions and benefits based on standard rates. As such, the higher the proportion of lower paid workers in Jersey, the greater the pressure on the Fund to meet the cost of benefits each year. Equally, if a person contributes for less than 4.5 years, they will not be able to receive a pension unless they live in a country that has a reciprocal social security agreement with Jersey.

Housing

Housing is fundamental to our quality of life. It affects our health and wellbeing, influences our ability to participate in economic and social life, and contributes to our sense of belonging to the community around us.

The vast majority of people in Jersey are adequately housed, and improvements are being made. We have just approved a new rental standards law, and modern tenancy rights have been developed, including extending tenancy rights to new migrants. Additional affordable housing has also been placed on a sustainable financial footing, and we have an increasingly active social housing sector intending to deliver thousands of new homes.

However, Jersey continues to face significant challenges with housing affordability and inequality in access to housing.

This issue is also more complex than just how many homes we build or migration trends. The size and make-up of the Island's population, people's housing aspirations and their ability to realise them, are the key determinants of the need for homes. For example, average household sizes are shrinking as our society ages and social trends change, meaning we are needing more housing for the same amount of people. Our population is also increasing as people live longer.

We will need an extra 3,990 homes by 2035 even if net migration were nil, because of these trends.

If net annual migration reaches an average of +700 over the next 20 years, we would need a potential 10,220 new homes by 2035.

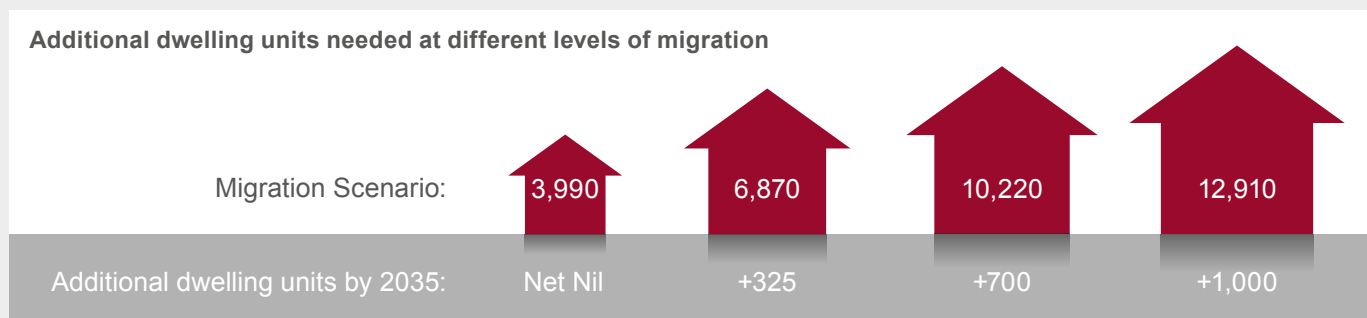
To put this into context, our ten-year Island Plan aims to provide about 4,000 homes.

Jersey has produced large numbers of homes before. Jersey had around 18,000 occupied housing units in 1961, growing to 26,000 in 1981, and 32,000 in 1991. Approximately 10,000 new homes have been built over the last 20 years, at an average rate of about 430 homes each year since 2001.

We also need to consider how we can best use our existing housing stock – for example, 42% of owner-occupied homes are under-occupied by 2 or more bedrooms; and at the time of the 2011 census, 3,000 homes were vacant (although usually with good reason and this number may have reduced in recent years as migration has risen). In recognition of this, the Housing Strategy identified the need to develop policies which will:

- **help bring vacant properties back into use**
- **minimise under-occupation**
- **release existing States sites**
- **supply more homes in line with Future of St Helier plans**

There remains one fundamental constraint on building more homes – Jersey is a small island. Planning for new homes is always challenging in a small place with a valued and sensitive coast and countryside, and where the character of urban development has tended to be small in scale.



More than 70% of the Island remains undeveloped⁴ because of policies that have focused development in urban areas and along the south coast. This is a pattern of development that aligns with public infrastructure and transport connections. For instance, 14-15% of St Ouen, Trinity and St Mary are developed, whereas 51% of St Helier, 37% of St Clement, and 34% of St Saviour is built environment.

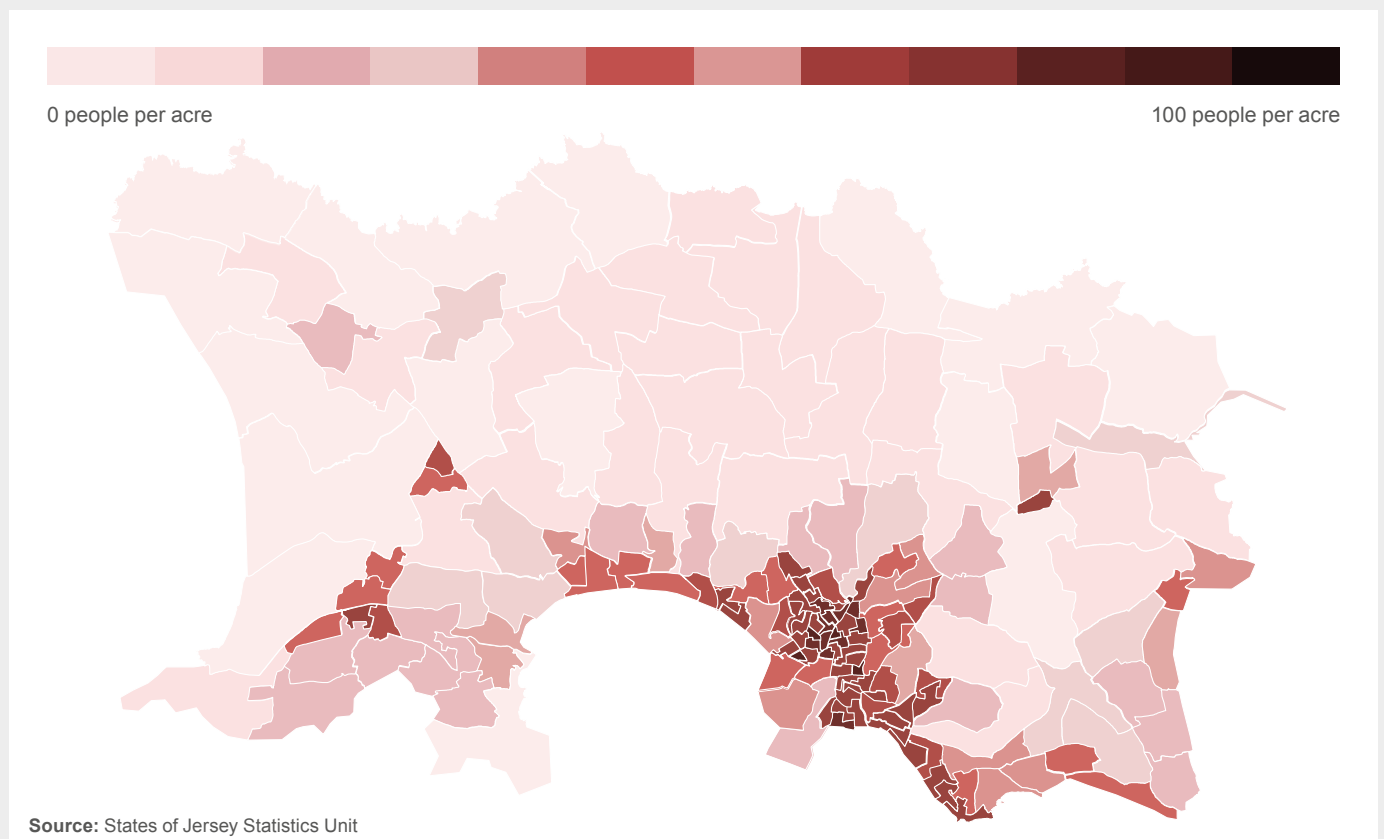
The most recent Island Plan continues to protect the countryside and has led to a clear emphasis on urban development in recent years. Since the beginning of 2017, only 5% of new homes approved were in the green zone, and these were conversions of existing units.

There is considerable public support for the protection of the countryside from development, but delivering larger, denser residential development in the built-

up area generates concern about the ability of neighbourhoods and infrastructure to accommodate more homes, people and cars. It also changes the scale and character of urban areas, often with implications for heritage buildings. This is one of the reasons why we must improve public spaces in urban areas.

In 2018, a new report will assess these issues in depth. It will assess how demand for homes is affected by migration, economic performance and the composition of households. This report will inform the new Island Plan, due in 2020/21, which will consider how to make land available for homes and how to ensure we have the right policies to allow sufficient homes to be delivered. The Island Plan will assess our ability to deliver enough homes within existing planning policies, including the protection of the countryside and the height of buildings.

Population density in Jersey by Parish in 2011



⁴Land under cultivation or natural environment, excludes parks and gardens.

Public infrastructure

An increasing population will impact on our infrastructure. Net migration has been higher than expected over recent years, which means the capacity in some areas will be reducing more quickly than expected. In other areas, we are seeing more capacity emerging because of changed behaviours.

In energy and water, for example, 5-10% of extra capacity has been created by schemes to reduce energy and water consumption, such as metering and demanding higher energy efficiency standards from our homes. We have reduced our waste through reuse and recycling while our population grows. This has been very welcome because our population has been growing.

Future technological change could also create more capacity in our infrastructure, or new ways of delivering the infrastructure that Islanders want. For example, another electricity interconnector to provide electricity for an increased population is likely to cost tens of millions. However, in future, electricity could be generated on-Island through renewable energy technology and sold back into the grid, or potentially through offshore utility scale renewable energy schemes.

Technology cannot be relied on in all areas, though. We have a mature roads network with limited ability to expand. While improvements are possible, we are constrained in how much we can increase capacity. We therefore need to change our behaviour. This is not easy.

We have, however, managed to reduce peak traffic congestion at the same time as our population has been increasing. Bus use, for example, has gone up by more than 30%, prompted by new routes, increased frequency, larger buses, and more bus shelters. We can also continue to encourage people to adopt healthier lifestyles, which include walking or cycling to work.

However, many of the things that affect behaviour, such as increasing the costs of private and public parking, or fuel, are unpopular and difficult. It is for these reasons, and the increasing level of population, that the Sustainable Transport Plan, which aimed for a 15% reduction in peak time travel, has achieved a less

than 2% reduction. At the same time, over the next 20 years, technology can make a difference, perhaps with driverless vehicles on some routes, or the sharing economy extending to car ownership.

It is because of all these reasons that government needs a flexible approach to public infrastructure that enables facilities to expand as required, to cope with peaks in demand and population growth. As this takes place, capacity also needs to be closely monitored, with carefully planned expansion, and care taken not to reduce a facility below the necessary critical mass. At the same time, demand management policies should also be kept under review, recognising that demand on services is driven by a wide range of issues. To support this, a new assessment of our infrastructure is being planned for 2018, covering demand requirements, challenges for our physical environment, technological opportunities and demand.

The delivery of health services and our approach to our new hospital illustrate well that demand for services is about far more than just population size. In particular, our healthcare costs are more significantly affected by issues such as the number of older people living in Jersey, how many Islanders smoke, how much they drink, and the cost of new treatments and drugs. They are also heavily influenced by the model we adopt for care. With this in mind, our new hospital will have sufficient capacity to meet demand until 2046 if net migration is +700. If migration averages 1,000 or even 1,500, however, capacity will be reached during the late 2030s. In any event, our new hospital will be able to be extended when necessary, ensuring we have facilities of the right size at the right time.

Other services, such as education, have a long history of monitoring birth numbers and migration trends and responding in advance, providing new and expanded schools. Of course, this depends on sufficient capital investment being available at the time and for the right areas. For example, pressures on school numbers are most acutely felt in the St Helier area and this will increase if we continue to grow our town. A balance must therefore be struck between providing capacity where possible and the strong desire among parents that children should be able to access their local school.

Skills and productivity

If we are to reduce migration while growing our economy, we must improve productivity.

This means producing more goods and services relative to the number of people employed and how many hours we work. It is not about working longer, it is about working smarter. Improved productivity should lead to better paid employment and increased ability to pay for our public services.

However, in recent years productivity in Jersey has declined. There has been a small increase in the productivity of sectors such as agriculture, hospitality, and wholesale and retail since the millennium, but the productivity of our financial services sector has declined.⁵

The more workers we have in sectors with lower productivity, and the lower our levels of productivity, the more workers we need for the same sized economy.

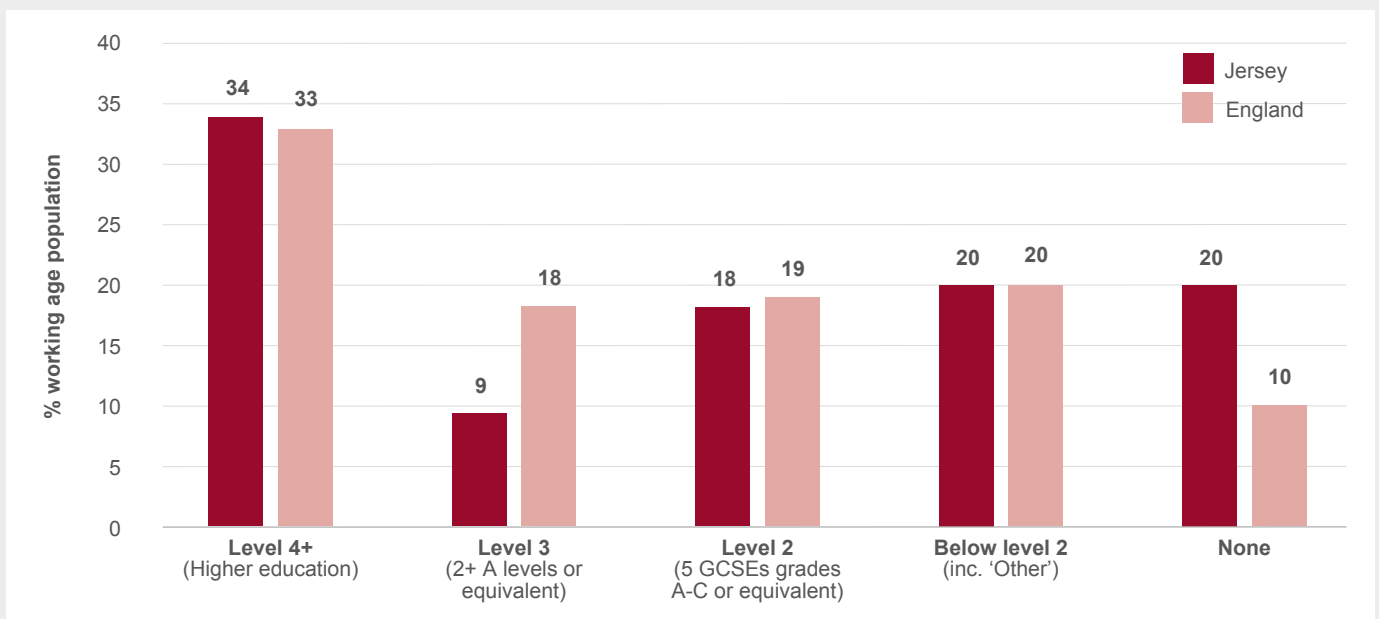
Many jurisdictions are grappling with the question of how to improve productivity. In all cases, there is no ‘silver bullet’, and a range of actions are needed – creating the right environment for businesses. This is what we are doing in many ways, whether that be investing in

world-class telecoms infrastructure, or delivering inward investment. One particularly important element, however, is labour supply and the skill level of our workforce.

It is important to understand the interaction of the elements making up the economy, and that it is not possible for everyone to work in the highest productivity sectors. For example, while the profit per bank worker has been significantly greater than the profit per employee providing trust services, this does not mean we should encourage the former at the expense of the latter because the business attracted by the trust sector contributes to the demand for banking services. Similarly the higher incomes of those in the finance industry, or the high net worth individuals attracted to the Island, lead to demand for more service providers such as waiters, hairdressers and gardeners. In turn, as our society gets older, more people are in need of care. If the demand for labour is not satisfied then the available labour will work for those prepared to pay the most for it. This can lead to an increase in the cost of services, which disadvantages those on the lowest incomes.

One thing we can do, however, is focus on improving education and skills. The Skills Strategy clearly outlines that there is a link between investment in skills and

Qualification levels in our working age population compared to England



⁵ Productivity in financial services is subject to some volatility: for example, the low interest rate environment has clearly impacted on productivity in banking since 2008.

positive outcomes for the economy – particularly through rising productivity – and benefits for individuals and organisations.

For example, research has shown that a 1% rise in the share of the workforce with a university education raises the level of productivity by 0.2% to 0.5% in the long run, and that the productivity of a trained worker is, on average, 23% higher than an untrained worker.

When looking at our current skills base, we perform reasonably well on the proportion of our working-age population with degree or A-level qualifications, when compared to England as a whole. However, this is less impressive when compared with similarly affluent areas of England, and the proportion of Jersey residents with no qualifications is twice the English average.

This is a reflection of our economy, patterns of migration, and the composition of our economy.

- **4% of working-age migrants from Portugal or Madeira have a degree, compared to 17% of those from Poland, and 26% from the United Kingdom; and 16% of the Jersey-born population have a degree.**
- **59% of working-age people born in Portugal or Madeira have no qualifications, compared to 17% or more born in Poland, 12% from the rest of the United Kingdom, and 17% of the Jersey-born population.**

This shows that our pattern of migration affects the level of skills available. For instance, the Polish migration we have experienced since the expansion of the EU in the early 2000s has increased the skill level. As Polish nationals gain their ‘entitled to work’ status after five years they are likely to move into higher paid work in sectors such as financial services. Our hospitality industry then has to import more labour as it seeks to meet the demands of its customers.

Moving between industries has positive elements; as otherwise, industries such as financial services would need to import more labour directly from outside the Island. However, it also means that some industries lose employees as they gain their ‘entitled to work’ status.

Ultimately, if we can improve our skills base then we can improve productivity and reduce our need for immigration while still supporting our economy. This is why one of our priorities is to ensure all our young people leave education with the right employment skills, and that we invest more in skills as a lifelong process. Equally, we need to match this focus on ‘home grown’ skills with a migration policy that prioritises the migration of skilled workers, and which supports businesses who invest in the training of their staff.

If we are to reduce migration while also growing our economy, we must improve productivity.

Strengthened migration controls

Our migration controls are framed by our relationship with the British Crown, our place in the British Isles, and the treaty provisions relating to the United Kingdom's membership of the EU.

Jersey is not part of the United Kingdom, but it is part of the British Isles. Our relationship with the EU is enshrined in Protocol 3 of the United Kingdom's 1972 Accession treaty. Under Protocol 3, the Channel Islands are part of the Customs Union and are essentially within the single market for the purposes of trade in goods, but are outside the EU in all other aspects.

Article 4 of Protocol 3 guarantees that the Channel Islands will apply the same treatment to all natural and legal citizens of the EU. As British nationals are currently citizens of the EU and can reside in any part of the British Isles, of which Jersey is a part, this means that European Union citizens, and by extension, European Economic Area nationals cannot be treated differently from British Nationals once they have arrived in Jersey.

This means that British people have the right to live in Jersey, and because of Protocol 3, so do European Economic Area nationals. This cannot be changed without altering our position as part of the British Isles, or the United Kingdom changing its relationship with EU. With Brexit, this is now happening. As the United

Kingdom leaves the EU, Protocol 3 will fall away, and we do not yet know what will replace it.

Housing controls

The Island's migration controls pre-date Protocol 3. Housing controls were introduced in 1949, when there were concerns about the housing stock after the Occupation. The Housing Law was introduced to "prevent further aggravation of the local housing stock" and was supplemented by Regulations in the mid-1970s to define individuals by residential status, determining where they could live, and which properties they could buy or lease. Over the years, the qualification period for obtaining housing has varied. For example, between 1980 and 1995 it was impossible to ever gain qualifications through length of residence, and by 2012, the qualification period had been reduced to ten years.

There was provision for essential employees to buy or lease housing immediately. This system was based on individually issued permits for a specified person to work for a specified business – so called 'j-cats'



These ‘j-cats’ were usually higher paid employees, or essential public sector workers, such as nurses or teachers.

Work controls

The Regulation of Undertakings and Development Law (“RUDL”) was introduced in the early 1970s to regulate new businesses and development, following strong migration in the 1960s. It sought to limit access to work by new migrants. Unlike the Housing Law, RUDL did not grant permissions for specific individuals, but simply limited the number of people a business could employ, in particular, the number of people who had less than five years consecutive residence in Jersey. These permissions were not tied to individual workers, so workers could move between businesses that had these permissions. When these individuals became ‘locally qualified’ after five years, the permission could be re-used by the business.

In 2003, the States Assembly decided to replace these Laws with a single Law⁶, and more detailed rules were approved in 2005⁷. This saw the Housing Law’s individual permit approach to essential employees replaced with an RUDL-type quota system.

This approach was taken for a number of reasons, not least because it was felt that businesses were best placed to decide who they should employ, so long as the overall number of workers was controlled.

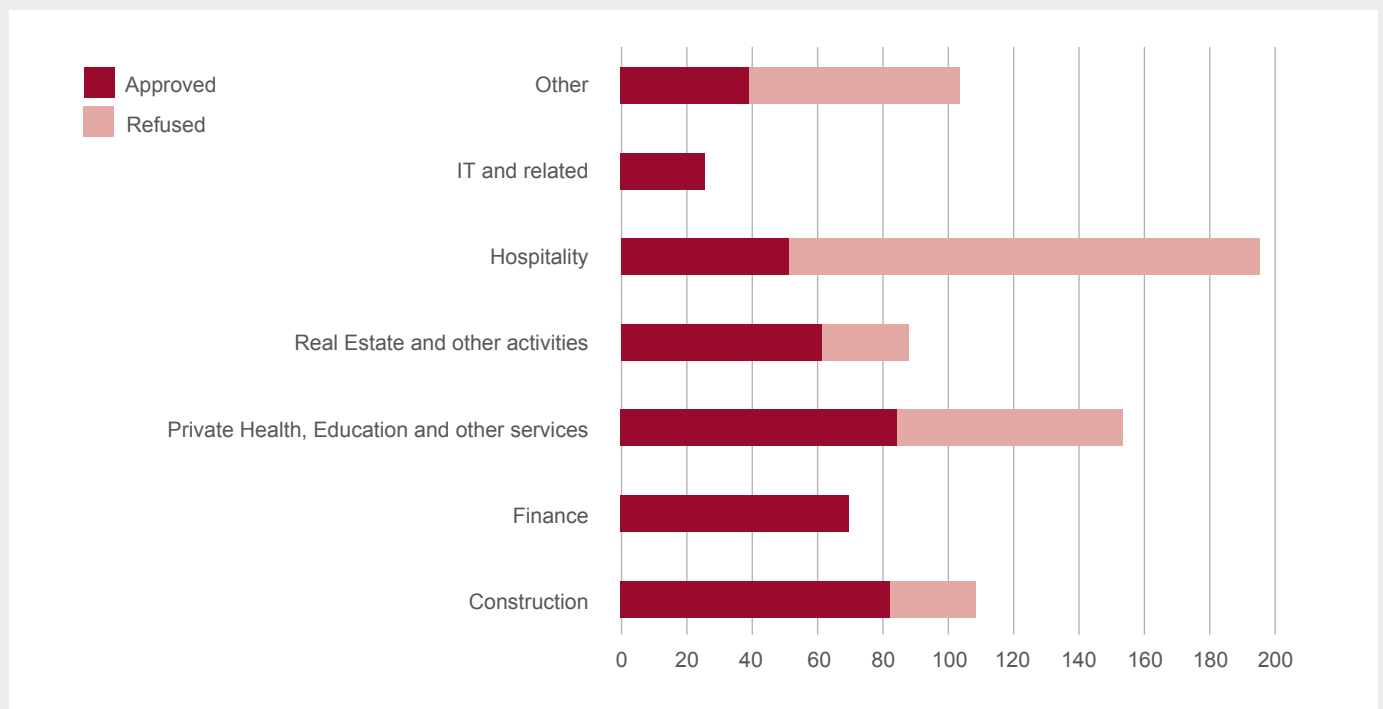
It was also felt that work permits would not fundamentally change the economic dynamic that employment growth drives migration.

The quota system was also favoured for administrative reasons. Rather than applying every time a business wanted to recruit someone, businesses would only need to apply if they wanted their overall quota increased. This reduces the costs to business and government.

Control of Housing and Work Law

The Control of Housing and Work Law introduced a wide range of changes in a single piece of legislation: registration cards, manpower returns that report migrants individually, the extension of tenancy rights to registered people, the removal of the requirement for ‘j-cats’ to buy property through a company, the ability to charge fees, the ability to vary licences at any point, and the ability to issue licences for named employees.

Registered staff applied for 2016, by sector



⁶ <http://www.statesassembly.gov.je/AssemblyPropositions/2003/45714-19582-872003.pdf>

⁷ <http://www.statesassembly.gov.je/assemblypropositions/2005/33807-24835-822005.pdf>

The Law, and these new powers, are being used extensively.

- **In December, 2014, the Population Office moved to the Social Security Department so that our migration controls could be used to better support unemployed people into work, and to streamline and improve customer service across the departments.**
- **In January 2017, a new ‘removing permissions’ initiative targeted 100 large businesses who employed more migrant workers than other similar businesses. The programme results in either a ‘step down’ programme, where the number of registered staff permitted is reduced each year, or an individualised ‘named permission’ regime where each new registered recruit needs specific permission. By the end of 2017 reviews had been completed on more than 50 businesses, and 400 permissions removed or scheduled for removal.**
- **In July 2017, new fees were introduced to support investment in skills and compliance, and to act as a deterrent on holding permissions, including a £50 charge per year for each registered permission a business holds, and increased fees for visiting businesses and skilled migrants. £600,000 is now available for investment in local skills as a result.**
- **In 2017, applications for 426 permanent registered staff were refused, which is just over half of all applications (396 staff were granted). Alongside this, 409 permissions for permanent registered staff were removed.**

While it is necessary, limiting immigration in this way brings real challenges for businesses, especially as our economy grows and demand for labour increases. For the first time in many years, there is a strong risk that some less profitable businesses will begin to close because they cannot get enough staff, or at least, that they will cease less profitable activities. Equally, however, many businesses will respond to restricted labour supply and higher labour costs by innovating, and seeking to improve productivity.

In this context, amendments to the Control of Housing and Work (Jersey) Law, 2012, are being proposed which will further strengthen our migration controls. These amendments are aimed at reducing the long-term impacts of migration by ‘personalising’ our migration controls – linking them more closely to the individual migrant worker.

While it is necessary, limiting immigration brings real challenges for businesses, especially as our economy grows and demand for labour increases.

Work permits

The previous 'j-cat' system granted permissions to individual businesses to employ specific individuals on higher salaries. This was changed in 2012 to reduce the barriers and burdens on business when wanting to employ higher skilled and paid workers. These workers can now move to Jersey and between businesses with limited interference, are not forced to leave the Island, and can become a part of our settled community. We want this to carry on so we can continue to create an attractive environment for higher skilled workers.

However, this system works less well for lower-paid and lower-skilled workers. This is not because these workers are not needed or valued. It is because the Island is facing challenges with public finances as our society ages. Lower-paid workers pay less tax, and those that remain in Jersey permanently may put pressure on our public finances, becoming eligible for means-tested benefits⁸ and social housing and relying on our health services in old age.

It is therefore proposed that the current system for highly skilled licensed staff remains as far as possible, retaining an attractive regime with limited administration for higher-skilled workers and enabling them to settle in Jersey.

For registered workers, we will develop a system that introduces work permits to include the following:

- **permissions for a period of up to 10 months, if 'seasonal and temporary'**
- **permissions for up to four years if employment is year-round (medium term)**
- **these permissions would be applied for by the business to employ a specific, registered individual for a specific role for up to four years**

- **the short-term 'seasonal and temporary' permissions would be renewable for subsequent seasons if the individual had left the Island**
- **the medium-term permissions would expire and the individual would not be able to work in Jersey again, except where continuity of employment was particularly important (or the registered worker could become 'licensed' if their skills had increased sufficiently during their time in the Island).**
- **if a 'medium-term' permission were extended to allow a person to complete five years' continuous residence, they would become 'entitled to work' as they do now, and be free to remain in Jersey and to work where they wish**

This work permit system for registered workers should suit hospitality and agriculture businesses, which rely on migrant workers, especially with their seasonal needs. These businesses would have confidence that employees granted a permit to work for them would remain with them, rather than switching between businesses without permission as they do now.

As the UK leaves the EU there should also be more scope to consider workers from across the world, which may enhance the ability of businesses to attract high quality workers.

This form of individualised permission is similar to the existing one for non-EEA nationals, who have to apply for a work permit. It is also similar to the one that sectors like hospitality and agriculture used to use before the expansion of the EU, and it has similarities to how controls in Guernsey are structured for lower-paid workers.

⁸The nationality profile of Income Support claimants is comparable to the overall composition of our population, indicating that migrants are no more, or no less likely, to receive Income Support. Indeed, the proportion of new migrants who work is very high – 94% of Polish nationals and 90% of Portuguese nationals of working age are in work compared to 82% for the working-age population as a whole. However, this does not mean that migration does not place demands on the Income Support system.

A work permit regime alone does not mean that businesses get more permissions, or that net migration changes. It would still be for the Population Office to determine whether to approve an application, and for Ministers to use the new system to achieve the Island's immigration objectives. This would also still have to be done as demand for labour from businesses changes over the economic cycle.

However, work permits would increase 'churn' in our labour market, with greater flows of people in and out of the Island. This would see a reduction in the 500-700 people each year who currently attain 'entitled to work' status. This would, in turn, reduce the number of people who qualify for benefits or social housing, and who would add to our ageing demographic after 2035.

The Statistics Unit is considering the implications of this change for their population model, to help us understand what impact this would have on our ageing demographic later in the century. This will help us plan our future infrastructure needs.

This system does have economic and social downsides:

- **it does not help social inclusion and integration if a proportion of our population never puts down roots, and the type of worker who would relocate to Jersey under this kind of regime is likely to be younger, which brings different social challenges**
- **it could reduce the quality of the workers who are prepared to move to Jersey, if they feel that they cannot stay in the Island if they work hard and succeed**
- **it imposes extra costs on employers – in particular, the administrative costs of applying for each new registered worker**
- **a system of permits that ties individuals to employers may result in some less scrupulous employers treating their staff less well, as those staff will not be able to easily move to a different job**

These issues can be addressed. We need streamlined and cost effective mechanisms for issuing and assigning work permits. The new system will also recognise that continuity of employment, especially in relation to skilled registered workers, is important.

We need to continue to improve housing and the wider treatment of migrant workers. We need to deliver an attractive regime for higher-skilled workers and a more closely controlled system for lower-skilled workers that is still economically and socially attractive for them to make the move to Jersey.

The precise form of any such a scheme would be influenced by Brexit negotiations, and what, if anything, replaces Protocol 3. This will need to be closely monitored as our own legislation is developed – for example, considering the administrative systems of the Population Office and Customs and Immigration Service, and the rules for migrant workers who wish to work in different parts of the British Isles.

In addition, detailed underlying policies and procedures will be needed, such as how dependents should be treated, and what happens when a person's work permit expires if they have entered into a relationship with an established resident, or had a child with them.

These issues of detail and process also need to be considered with businesses and stakeholder groups as the new legislation is developed, while continuing to monitor Brexit.

Criminal records

There is no evidence that migrants are more or less likely to undertake criminal activity than people already living in Jersey.

However, EEA nationals, including British migrants, with criminal records face no barriers in moving to Jersey. Aside from the implications for public safety, this increases costs for our probation service, courts, prison, and police force. It is therefore appropriate for Jersey to control the ability of people with criminal records to work here.

Tackling this issue has constitutional challenges. We are a part of the British Isles so we cannot prevent British citizens from moving to Jersey or living here. Protocol 3 also means we cannot prevent nationals of the EEA from living here, although we do have some deportation powers in the event of a serious offence. However, we can restrict a new migrant with a serious criminal record from being able to work in the Island.

Both Guernsey and the Isle of Man, who hold similar constitutional positions, undertake criminal record checks. Guernsey is clear that if a migrant has a serious criminal record they will “in almost all cases” refuse to grant a permission, and this will mean the migrant “will not be able to come to live and work in the Island”. If a person is given a permit, it will be on condition that the individual does not acquire a “relevant conviction”, and if they do, then their permission will be “invalidated” and will have to leave the Island.

The Isle of Man takes into consideration a serious criminal record when deciding whether to grant a work permit.

There are practical challenges when introducing criminal record checks for new migrants, as any check is only as good as the information held in other jurisdictions. While jurisdictions in the British Isles may have good records, we cannot say the same about every other jurisdiction. Even where a jurisdiction does have a good system of records, there may be restrictions on gaining access to them. For example, the legal framework in the United Kingdom includes very clear limitations on the extent of the disclosures that may be made for a particular purpose. Nevertheless, a good and robust system of control can be applied over people with criminal records, learning from other jurisdictions, including the United Kingdom as its migration controls also change in response to Brexit.

Criminal record checks will also need to be supported by detailed policies that ensure that our controls are proportionate and fair – dealing with serious and serial offences, while also respecting the position of people who may have committed a minor offence in the past and otherwise have led exemplary lives, or those who may have strong family connections with the Island.

Migrants with criminal records face no barriers in moving to Jersey. Aside from the implications for public safety, this increases costs for our probation service, courts, prison, and police force. It is therefore time for Jersey to control the ability of people with criminal records to work here.

Registration cards

The Control of Housing and Work Law includes a regulation empowering the States Assembly to approve the addition of photographs on the registration cards that people use to confirm their residential status when accessing work and housing.

While a minority of Islanders have said that they feel that photographs on registration cards interfere with civil liberties, and are resonant of the Occupation and excessive government control, most believed it to be acceptable and appropriate. The 2008 Annual Social Survey found that 88% of respondents felt it would be “highly acceptable” or “acceptable” to include a photograph on a new registration card (and 75% felt it would be “highly acceptable” or “acceptable” to include a higher security feature, such as the holder’s fingerprint). Indeed, people are increasingly being asked to prove who they are as they enter into all sorts of transactions.

A photograph would enhance compliance under the Law and prevent fraudulent use of someone else’s registration card. As restrictions on the ability to employ new migrants increase, and with a new work regime being developed, it is vital to reduce opportunities for non-compliance.

The introduction of a photograph will be coordinated with government’s development of digital identification. For example, it may be that the registration card eventually exists not just in physical form, but also in electronic form so that a person can call up their registration card on their smart phone. This would, in turn, help people who wish to transact with other services online to prove their identity. In this way, the processes around controlling housing and work will be coordinated with other developments in the choices the public have for how they wish to access our public services. As we consider operational implementation of this new policy we will work closely with the eGov programme and our delivery of a digital identity service.

Monitoring migration

We need to improve our understanding of migration flows to and from Jersey. The “Annual Population Estimate” produced by the Statistics Unit reports net migration, but its conclusions become increasingly uncertain the further away from the last census it is.

We have a good understanding of who comes to Jersey through registrations at Social Security, but we have a much weaker understanding of who is leaving the Island. New processes, like ‘tell us once’ and the linking together of government databases through eGov, will eventually help us to obtain more information on who is in Jersey.

In the meantime, the Statistics Unit is developing a new e-census to provide an independent statistical measure of population that is robust and more detailed than the current annual estimate. It will report not just net migration flows, but also how many people come to Jersey, where they work, and how many people leave.

This will be supported by the introduction of a new Statistics and Census Law that will place statistical production onto a new statutory basis. Finally, in 2021, a new traditional census is expected that will report on our population and test the accuracy of the e-census.

The Statistics Unit is developing a new e-census to provide an independent statistical measure of population that is robust and more detailed than the current annual estimate.

Social inclusion and community integration

Our Island has developed a number of rules limiting the demands that migration places on our public services and housing. However, these rules were designed for a pre-Brexit world.

The States Strategic Plan highlighted how government's priorities are critical to promoting social inclusion, by focusing on the health and education of our community, creating more jobs and opportunities for Islanders, and improving our town as a place to live and work.

However, the policies and practices we have for the treatment of migrants have been developed by individual departments over the years, and there is no strategy for integration.

This can lead to inconsistencies and tensions between different policy objectives, hinder our abilities to recruit and retain essential public service key workers, and ultimately, it can undermine our wider social goals. At the moment:

- **education is free upon arrival**
- **free non-emergency health care in hospital is not immediately available for many**
- **subsidised GP visits are not available for six months**
- **means-tested benefits, including support with housing costs, are not accessible until five years of residency**
- **entitlement to a social security pension in old age requires a person to contribute for 4.5 years, unless they live in a country with which we have a reciprocal social security agreement**
- **social housing is not available until ten years of residency**

These policies were also designed for a world where EEA nationals could move to Jersey without needing permission. As we move to a work permit regime, where EEA nationals will not have the same freedom of movement, there is opportunity to consider not how we can better integrate our rules.

This could include having one single office in government that qualifies people for services, rather than it being done for each department, and more streamlined and consistent rules. It could even include elements of private insurance being taken by people who move to Jersey.

Alongside this, if we are to help new migrants to integrate and to feel truly at home in Jersey, we need to see them, and subsequent generations, achieving good outcomes in terms of employment and education, and to support social connections that cross communities, including the shared use of language.

Aside from the benefits for individuals who move to Jersey, many jurisdictions are recognising the importance of helping new migrants to integrate and feel at home for the long term well-being of their communities as a whole, including maximising economic growth, and increasing shared, social norms.

Government has a legitimate role to play in encouraging and supporting integration, whether it be through our policies on accessing services and housing, or whether it be in more constructive and positive ways.

As we strengthen our migration controls in the context of Brexit, there is an opportunity to consider how these matters can be approached, and, as a result, the lives of people who move to Jersey improved.

A review covering all these areas will be undertaken with migrant communities, to explore these issues and to help develop a new integration strategy that will deliver real improvements.

Conclusions

Jersey is a very successful small jurisdiction. People come here in search of a better life for themselves and their families, and when they are here they contribute to our Island by working hard and paying their taxes.

The Island creates jobs and wealth, it provides good public services and excellent infrastructure, and has outstanding natural beauty. It is little wonder that so many people have wanted to come to Jersey over the years. Overall, it is a good place to live.

However, people are concerned by the cost of making a home here, by congestion, and encroachment on our natural environment. We also cannot take for granted that our Island will continue to attract workers – the changing exchange rate is making it harder to attract people to Jersey, and if we do not let some workers move here, our businesses and public services will struggle and many may fail.

This migration policy is part of a wider response to these issues. It seeks to achieve a sustainable balance between our economy, community and environment. It also aims to reduce net migration over the next 20 years to a lower level than it has been since 2001, while ensuring we can deliver economic growth and staff our public services.

To achieve this, we need to prioritise migration that improves productivity for existing businesses, supports new, higher productivity businesses or benefits our community by ensuring we have the right people with the right skills'. This means being tougher on applications that do not meet these objectives, and helping businesses to improve their productivity wherever possible. We also need to support businesses that invest in training, and to encourage young people to stay, to return, and to come.

Collective responsibility under Standing Order 21 (3A)

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Chief Minister, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers (R.11/2015 refers).

We need to prioritise migration that improves productivity for existing businesses, supports new, higher productivity businesses or benefits our community.

Implementation Schedule

- **March, 2018:** 'Future Jersey' published, including economic, social and community ambitions
- **June, 2018:** Updated population modelling by Statistics Unit (based on a work permit regime for registered workers)
- **June, 2018:** New Economic and Fiscal model produced by Economics Unit
- **July, 2018:** Strategic Housing Market Report produced by Strategic Housing Unit
- **September, 2018:** New Infrastructure Capacity Assessment produced
- **October, 2018:** New Council of Ministers Common Strategic Policy lodged au Greffe
- **November, 2018:** New policy guidance for the Housing and Work Advisory Group presented
- **January, 2019:** Legislative amendments to introduce work permits and criminal records checks lodged au Greffe
- **January, 2019:** New Regulations to introduce photographs on registration cards lodged au Greffe
- **February, 2019:** Review of public policies relating to the treatment of new migrants and their access to services published
- **July, 2019:** New Integration Strategy presented

Financial and Manpower implications

The financial and manpower implications of this proposition are significant and broad in the long term. They include:

- **The fiscal and economic consequences of lower levels of migration**
- **Reductions in public services costs as a result of migrants not staying long-term**
- **Developing and operating strengthened controls, including for business the Population Office**
- **Any other changes that may result from the review of public policies relating to the treatment of new migrants and their access to services**

The Brexit process, and the extent to which we share technology, systems and processes with the United Kingdom, or undertake that development locally, will also heavily influence any costs. All these costs will become clearer as Brexit progresses, new modelling is produced, and the implementation schedule is delivered.

In the meantime, the direct additional cost of approving the proposition is £480,000 including policy and procedural work in delivering on the practicalities of work permits, criminal record checks and photographs on registration cards, and undertaking the review of policies to support community integration and social inclusion. This will be funded from contingencies.

The ongoing costs of this new approach will be outlined when the legislative amendments are brought forward in early 2019.

Notes



States 
of Jersey