

# STATES OF JERSEY



## MIGRATION AND POPULATION POLICY: REVIEW

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Lodged au Greffe on 7th June 2011  
by the Deputy of St. Mary

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STATES GREFFE

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

- (a) to suspend the present policy of net inward migration of 150 households each year until a debate has taken place on the future migration and population policy and in the meantime to aim for zero population growth;
- (b) to request the Council of Ministers to commission an independent review into why the population policy of the last Strategic Plan 2006 – 2010 was not adhered to, how the mechanisms for controlling the population failed, and the implications of that failure to comply with the decision of the States, and to report the findings to the States;
- (c) to request the Council of Ministers to lodge its three-yearly revision of the policy on population as stipulated in the current Strategic Plan, for States' debate in 2012.

DEPUTY OF ST. MARY

## REPORT

### 1. INTRODUCTION

- 1.1 Population is one of the most important issues facing this Assembly. Population influences or determines all other policies of this Assembly and the quality of life for all Islanders.
- 1.2 For example, the most important factor underlying the Island Plan is population – what it is now, what it is forecast to be, what the policy around population is and whether that policy will be adhered to.
- 1.3 The ever-rising population puts every aspect of life in Jersey under pressure. And the competition for every development site and the pressure to find ever more sites, is made that much more intense because of the need to house an ever-expanding population on a finite land area.
- 1.4 And yet there is nothing inevitable about this situation. The States have drifted along, failing always to grasp the nettle, never drawing the line in the sand that they must inevitably do one day. More recently the States have twice voted for Strategic Plans with population increases built into them, in disregard of public opinion.
- 1.5 Then to make matters worse, the Council of Ministers propose and get States agreement for a limited increase of 1% per year in the workforce in the first Strategic Plan under Ministerial government, the new form of government which was going to be more streamlined, more effective, more accountable. And what happens? They go away and allow growth of double the target, on this most important matter, simply ignoring the States.
- 1.6 The choice is ours to create a situation where we give ourselves the time and policy space to solve the problems we face, especially with regard to housing, instead of watching them grow faster than our ability to solve them.
- 1.7 The present policy of having net inward migration of 150 households each year is a mistake, it brings more problems and disadvantages to Islanders and the States than it solves. Do States members want the population of this Island to go on up and up, or not?

### 2. THIS PROPOSITION – OUTLINE

- 2.1 Paragraph (a) of this proposition invites members to agree that they want the Council of Ministers to immediately adopt a temporary policy of aiming to hold the population steady until the policy on population is reviewed, as it is due to be<sup>1</sup>, in 2012.
- 2.2 Paragraph (b) invites members to insist that we discover why the policy agreed by the States in the last Strategic Plan was not adhered to by Ministers

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<sup>1</sup> Section 5 of the Strategic Plan 2009 – 2014, says: “Set a population policy which . . . in the short term, allows maximum inward migration at a rolling five-year average of no more than 150 heads of household per annum (an overall increase of circa 325 people per annum). **This would be reviewed and reset every three years (CM)**” (*my emphasis*)

between 2005 and 2009. If Ministers did not carry out the policy agreed by members at that time, then what guarantee is there that any policy agreed now will stick any more than it did then? And therefore what guarantee is there that the Island Plan itself, or indeed any other long-term policy, makes any sense?

2.3 And finally, paragraph (c) asks that the revised policy on population due in 2012 is brought to the States for approval. Population is far too important an issue to be buried in a report, it must be debated by the Assembly.

### 3. WHY DEBATE POPULATION NOW?

3.1 It is important to raise these issues now for 2 reasons. First, because all the debates and amendments round the Island Plan have highlighted yet again the vital importance of this issue as we struggle with the question: how do we house all these extra people? And where do we put the facilities, such as residential homes and perhaps a new hospital, that we need?

3.2 And second, because at election time it is necessary that the voters know where their present representatives stand on this core defining issue.

### 4. HOW A STEADY POPULATION IS ACHIEVED

4.1 In the hope that the debate will be better informed, and to anticipate some of the arguments around “zero population growth” or “keeping the population steady”, I set out here how this policy would work.

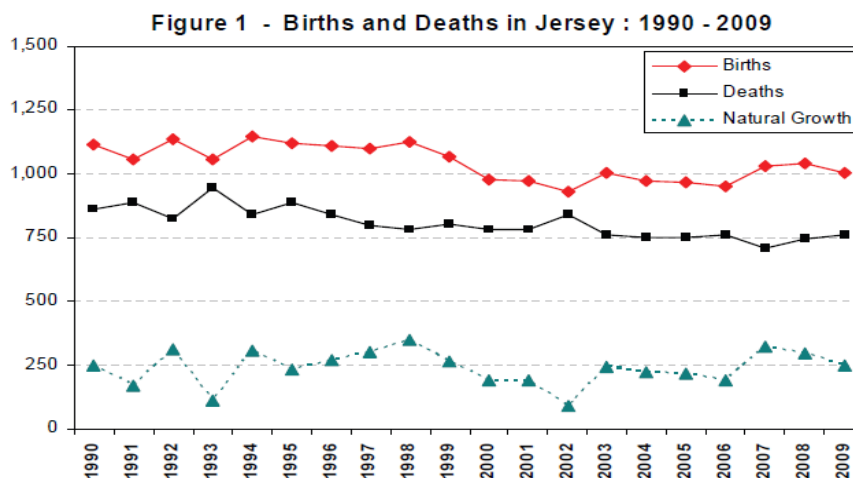
“Change in Jersey’s resident population is due to two main processes:

- **Natural growth** (the excess of births over deaths);
- **Net migration** (which may be inward or outward in a given year).”

Source: *Jersey’s Resident Population 2009, Statistics Unit, 2nd June 2010, page 1*

#### Births and deaths

No one is suggesting that the States try to regulate births or deaths. But what is important is that for many years now the number being born has been greater than the number dying – and this factor alone has steadily been increasing the population.



Source: *Jersey’s Resident Population 2009, Statistics Unit, 2nd June 2010, Figure 1*

Any target for the population must be set taking this increase into account. Strange then that the last 2 targets set by Strategic Plans have ignored this and set targets relating to “the workforce” (Strategic Plan 2006 – 2011) and “net inward migration” (Strategic Plan 2009 – 2014). So the population growth that was happening anyway within the Island was wished away, as if it was not happening. I am sure members will appreciate that wishful thinking (or deliberate ignorance) is not a sound foundation for policy.

In fact, all along, there has been confusion between “population” and “migration” which has served to muddy the waters and make debate on the issue more difficult.

### **Net inward migration**

“Net migration into or out of the Island is the result of the “ebb and flow” of people in both directions. The 2001 Census indicated that this movement was around 2,500 persons per year in *each* direction (*excluding* the annual movement of short-term seasonal workers). The net migration in a given calendar year is thus the difference between two much greater numbers, those people arriving minus those people leaving.”

Source: *Jersey's Resident Population 2009, Statistics Unit, 2nd June 2010, page 3*

So the notion that aiming for a steady population involves deciding who has to leave on a boat in the morning (as was suggested by the Council of Ministers in their comments to my amendment on population in the Strategic Plan debate of June 2009<sup>2</sup>) is pure fantasy, as there are approximately 2500 people leaving each year in any case.

The notion that aiming for a steady population involves “stopping immigration” or the other phrase that is used “a closed door policy” is likewise pure fantasy. How can it be a closed door when there are approximately 2,500 people arriving each year as a result of the normal “ebb and flow” referred to by the Statistics Unit?

### **Aiming for a target**

Hitting any population target is difficult.

**First, one has to factor in the excess of births over deaths, if we are to arrive at the population we are trying to achieve (see above paragraph entitled “How a steady population is achieved”).**

Second, we have to have a clear and timely understanding of who is leaving and what skills they are taking with them.

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<sup>2</sup> The Council of Ministers' Comments on my Amendment 5 to the Strategic Plan P.52/2009 contained the following in their third paragraph: “Accordingly, a proposal to cap the population at current levels raises the issue of what policy would be required to make sure that enough people left the Island to cancel out this natural growth. This also raises questions as to who would be asked to leave, how this would be implemented and how achievable this would be in practical terms.”

But the excess of births over deaths is around 230 each year, and the numbers coming and going are approx. 2,500 each year, so clearly the problem does not arise. So why was this unpleasant nonsense put into the comments? Or is it that the CoM actually does not understand the issue?

And thirdly, we need to monitor and control those who are coming in so that we end up with the right mix of skills.

**This complex balancing act has to be performed whatever target for population we adopt. Aiming for a target of keeping the population steady is no more complex than aiming for the target we have now of net inward migration of 150 households per annum.**<sup>3</sup>

The relevant authorities are constantly deciding right now which licences to approve for non-Jersey imported staff and which not to approve. We are hopefully using the tools at our disposal to make sure that we have a sufficiently diverse economy, that those with Island links are encouraged to return, and that the essential personnel that we need are available.

The question is, and it is the same question whatever target we adopt: who do we need in the Island? Do we have enough vets or nurses or solar panel installers?

So it is a manpower issue. It is also a training issue. Can we train these people ourselves? If we can, then we do not need to bring anyone in. If we cannot; how important is it that we bring them in? In this context it is important to note that the great majority of businesses are home grown.

**THIS PROPOSITION – PARAGRAPH (a) – suspend the present policy of net inward migration of 150 households each year until a debate has taken place on the future migration policy and in the meantime to aim for zero population growth**

### **The arguments against endlessly growing the population**

Here is the pocket version of the arguments for this course of action –

1. the policy of increasing the population creates a permanent housing shortage;
2. this excess of demand over supply makes housing more expensive and more “unaffordable” creating social division and barring home ownership for many;
3. the rising price of all housing drives up the underlying price of land which is built on;
4. to provide “affordable” housing therefore costs the States and hence the taxpayer more and more;
5. housing the endlessly increasing population means either more and more building in the countryside or more and more building in the urban areas, with all the problems that these 2 options bring with them;
6. the steadily increasing population creates stress and pressure in every part of the economy and in daily life;

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<sup>3</sup> We have to understand how and why the Council of Ministers failed to adhere to a target last time around, otherwise how can we ever get this right, hence paragraph (c) of this proposition.

7. one argument for constantly growing the population is that it creates “economic growth.” (A) This is untrue, and (B) economic growth is the wrong target;
8. the other argument for constantly growing the population is that bringing in more people all the time is necessary to help deal with the problems created by the ageing society. In fact, as was shown in the 2009 Strategic Plan debate, the fiscal contribution the extra people would make to solving the problem was negligible and the effect on reducing the dependency ratio was likewise negligible;
9. the idea that we can solve the problems of the ageing society by bringing in more people ignores the fact that these people themselves grow old.
10. the general public is well aware of all these issues and is against increasing the population.

#### **More detail of the arguments 1–10 above**

Members will find the detail of the arguments 1–10 above in Appendix 1.

#### **The consequences of endlessly growing the population**

The immediate consequences of the policy of increasing the population each and every year are –

- **soaring house prices putting home ownership out of reach of most people, and high rents too;**
- **huge extra costs for the taxpayer;**
- **a failure to resolve the issue of having enough housing;**
- **inflationary pressures throughout the economy and financial stress on households;**
- **gradual erosion of the Island’s rural and coastal beauty and charm;**
- **more and more people living in the urban areas, leading to stresses and pressures of many kinds;**
- **the sense that change is happening too fast, so that it brings, not challenge and novelty, but disorientation and loss.**

How can we seriously say that this what we want to see for our Island?

#### **The policy should be to aim for a steady population**

Surely, the outcry over Field 528 has shown that there must be a halt, at some point, to the endless building, the endless search for sites. Field 528, Plémont, the argument is always the same – we must build, we must build. It is obvious that a line will have to be drawn one day. Why wait until the Island is ruined, damaged beyond repair, field

by field, headland by headland, each loss contributing to the overall, sad, decline of what is still one of the most beautiful places in the world. Why not pause now?

If we had a steady population then we could at last solve our housing problems. We would give ourselves the time and policy space to build the downsize units which we need, to build the units we need due to declining household size, and to improve our housing stock overall without the additional impossible task on top of providing for a constant tide of more and more people. We can have an island where everybody is properly housed, but only if we stop trying to do the impossible.<sup>4</sup>

We could look at the clearly usable sites, like Ann Court, the Waterfront, and sites in the urban areas which are actually in need of being developed to improve the street scene,

If we had a steady population then land values would fall back, and the States would find itself saving a small fortune in the area of housing, both with regard to the costs of acquiring land, and the cost of supporting rentals.

If we had a steady population then the present situation where we are running to stand still in every area of our lives would ease, and we could stop living in a pressure-cooker with more problems coming at us over the hill than we have the time or the money to solve.

Yes, the structure of the population will change, yes, there will be a much higher proportion of older people in the population overall than there are now, and yes, this will be a challenge for all of us. But the scale of these challenges is far larger than can be solved by simply bringing in more people.

The Council of Ministers are now acknowledging this by bringing forward policies on the funding of residential care, policies to extend the pension age, and a major review into the future and the funding of health care, the policies which will actually make a difference. Growing the population is not the answer to the ageing demographic.

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<sup>4</sup> An example of the problem we are failing to solve: Hansard: "I have had to make it quite clear to one of the gentlemen involved... I understand his desire to remain in St. Brelade; he is in his 70s now, all his family live in St. Brelade, he has been living in his current home for 30 years. I had to explain to him such is the demand in the Housing Department at the moment that obviously there is a strict criteria in how we deal with the elderly on either lift-served or ground floor accommodation. There simply is not enough. I think I have probably mentioned the 84 year-old lady I know who lives in St. Helier who climbs up 3 flights of stairs. I met her 5 years ago when I came into the States as a representative for No. 3 District and she said to me: "You know, I am hoping to get a ground floor flat soon." I said: "Yes, I hope you do too." Five years later that lady, now 84 years old, is now climbing up 3 flights of stairs to get to her accommodation and she knows and she recognises realistically she is going to have to wait for somebody to die in her block before she gets the accommodation that she rightly deserves. I am going to end there. Thank you." [Approbation]



**THIS PROPOSITION – PARAGRAPH (b) – that the Council of Ministers commission an independent review into why the policy of the last Strategic Plan 2006 – 2010 was not adhered to, how the mechanisms for controlling the population failed, and the implications of that failure to comply with the decision of the States, and to report the findings to the States.**

The population policy of the Strategic Plan 2006 – 2010 was as follows –

**“2.11 Inward migration matched to the Island’s needs**

Indicated by:

- Minimal number of unemployed local people
- **Net growth in the working population of less than 1% per annum** (*my emphasis*)
- Net migration contained within limits that can be accommodated within existing projections for housing need and the release of land for development”.

Source: *Strategic Plan 2006 – 2011, page 21*

In fact, the working population increased by just over 2% on average in 2006, 2007 and 2008. So the Ministers managed to allow net increase in the workforce of double the target (*see Appendix 2 for details*).

I suspect that the Council of Ministers will argue that over the 5 years taken together the increase was just about 1%. The fact is, only the world recession brought the overall figure for the 5 year period to something near to the target.

The policy was not carried out, and if the policy failed then, what is to stop it failing again? Why debate the Island Plan on the basis of a promise, for that is what it is, of net inward migration of 150 households, if the Council of Ministers cannot or will not stick to that target?

I believe the States has, in this instance, to find out what went wrong. The level of population is not a trivial matter. The implementation of policy failed in an area which is fundamental to all other policies. Failing to find out what went wrong would be to show that we are indeed a toothless tiger.

Was the failure operational? That is, are the mechanisms we have fit for purpose, or is the tap of controlling inward migration so leaky that it can’t work? Or was the failure political? Were the Ministers distracted? Do they just tear up the policy agreed by the States if/when someone waves enough pound notes? Or are there other factors which led to the political failure, if there was one?

Finally, what are the implications of the failure, whatever its cause, for the credibility and confidence of government and of all forward planning as it carries out tasks with such immense implications?

And what are the implications of the failure for the relationship between the States and the Council of Ministers, and hence for the future of government in Jersey?

I trust that members will agree that these are major issues and that an independent review of these is necessary, to ensure that the problems are honestly and comprehensively discovered and reported to the States.

**THIS PROPOSITION – PARAGRAPH (c) – that the Council of Ministers lodges its three-yearly revision of the policy on population as stipulated in the current Strategic Plan, for States’ debate in 2012.**

Section 5 of the Strategic Plan 2009 – 2014, says: “Set a population policy which . . . in the short term, allows maximum inward migration at a rolling five-year average of no more than 150 heads of household per annum (an overall increase of circa 325 people per annum). **This would be reviewed and reset every three years (CM)**” (my emphasis).

I do not think that this paragraph is controversial. It seeks to ensure that the revised policy is brought to the States for debate. It is quite clear that this is necessary – if the States do not debate and decide this most vital of matters, then what are we there for?

Just to take one point: the present policy is couched in terms which are either completely ambiguous or show total ignorance of population policy. As written, the policy implies that if maximum inward migration is set at a rolling five-year average of no more than 150 heads of household per annum then there is an overall population increase of 325 people per annum.

But there’s not. At present births are outnumbering deaths by approximately 250 a year. So the overall increase under this policy is in fact 575 per annum. Is the policy just badly written, or does it deliberately ignore the births and deaths figures?

Then there is the issue of how the policy is going to be made to work, bearing in mind what happened in the years 2006, 2007, and 2008, and incorporating the findings of the review called for in paragraph (b) of the proposition. For example, how do we at the moment find out how the population is changing or how the demand for different types of labour is shifting? Are there better faster feedback mechanisms we could use?

### **Financial and manpower implications**

Paragraph (a) uses existing mechanisms, only the target is different, so there should be no financial and manpower implications for the States arising from its adoption.

Paragraph (b) asks for an independent review, but I believe this is a review which can be carried out on an honorary basis by suitably determined, inquisitive, and policy-aware residents. Administrative support would be necessary. The costs of the Reg’s Skips Inquiry, which I estimate to be more complex than this review by quite a long way, carried out by 3 volunteer members of the public, were £4,135 for transcriptions, hiring rooms, and advertisements, and the officer time was notionally costed at £10,000 but absorbed within the normal workload of the Greffe. R.118/2010, paragraph 1.18, I suggest that this Inquiry would incur a similar expense.

Paragraph (c) uses existing mechanisms, so there should be no financial and manpower implications for the States arising from its adoption.

In this Appendix, I explain the reasoning behind the arguments against endlessly growing the population set out in my report, in the section headed: **The arguments against endlessly growing the population**

**1. the policy of increasing the population creates a permanent housing shortage**

This point hardly needs to be argued. The waiting lists for housing never seem to decline. We are told constantly by successive Ministers for Housing that the situation is terrible and we must zone more land, we must find more sites. The latest predictions of the shortfall are printed in Deputy P.V.F. Le Claire of St. Helier's Amendment to the 11th Amendment to the Island Plan. I reproduce those figures, given to him by the Housing Department, in Appendix 3.

The amendments to the Island Plan asking for more land for housing and the resistance to those amendments shows the difficulties which we face. WE CANNOT GO ON AND ON AND ON . . . . .

And there have to be doubts that our construction industry could handle a larger house-building programme in addition to all the other work they are carrying out. In the **Jersey Labour Market at December 2010** report issued by the Statistics Unit on 6th April 2011, we read:

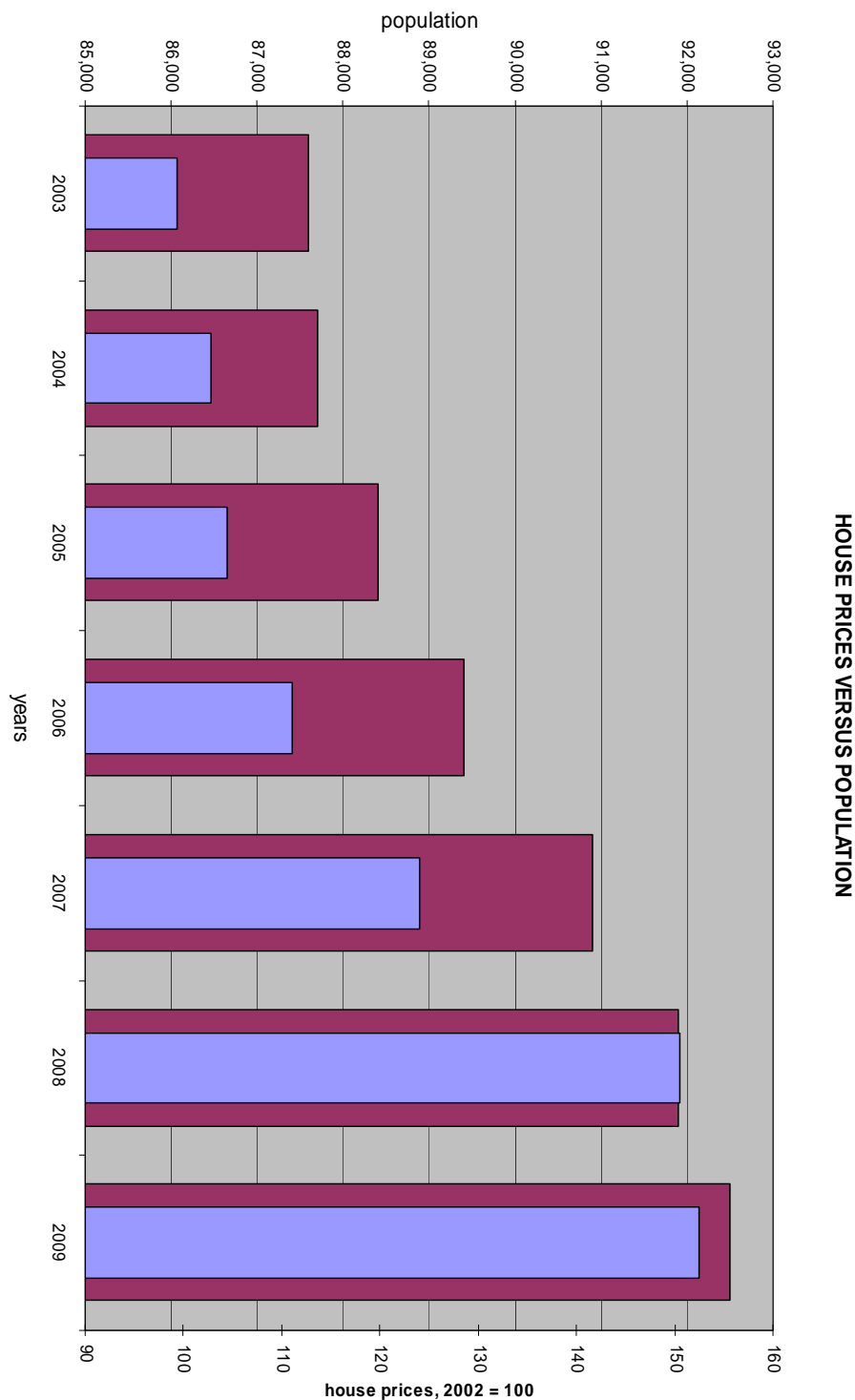
*“Total employment in Construction in December 2010 was at a similar level to that seen throughout 2008 and 2009, which had recorded the highest levels of employment in the sector for at least 15 years.”<sup>5</sup>*

**2. this excess of demand over supply makes housing more expensive and more “unaffordable”**

Again, This is exactly what one would expect, in a market where there is a very restricted supply of land, and where the purchasing power of many is very high. The rate of increase in house prices follows almost exactly the rate of increase in the population.

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<sup>5</sup> Imagine Jersey 2035: Preparing for the Future. Report of consultation findings by Involve for the States of Jersey February 2008, pages 61 and 62



**NOTES TO CHART:**

In this chart, the population figures (purple columns) are from Jersey’s Resident Population 2009, published 2nd June 2010 by the Statistics Unit, Table 1. The house price figures (blue columns), which show the movement in the house prices index relative to 2002 which is taken as 100, come from “Jersey House Price Index 2011” published 19th May 2011 by the Statistics Unit, Table 6.

**3. this rising price of all housing drives up the underlying price of land which is built on**

In the report of proposition P.90/2011 – UPLIFTS IN LAND VALUES: LAND DEVELOPMENT TAX OR EQUIVALENT MECHANISM(S), I show that it is the final selling price which determines the value of land for building, and not the other way round. I reproduce the relevant paragraphs from that report at Appendix 4

**4. to provide “affordable” housing therefore costs the States and hence the taxpayer more and more**

As Senator Breckon said in the recent debate on GST, making the point about how the States gets through so much money: “you can’t afford where you live? – here’s some money.” We help people out with the cost of housing that our people cannot afford, and it is the taxpayer who foots the bill.

But it is not just in rental support that the taxpayer has to pay for the exorbitant cost of housing. R.31/2011 says this in its outline of the role of the Housing Development Fund on page 20 –

**“The scope of the scheme**

- The HDF does not fund the whole cost of a housing scheme, but provides the Housing Committee with bridging finance to develop properties for onward sale. The scheme bears the cost of land acquisition and development which is then recovered on the disposal of completed sites.”

Only, it is not all recovered. The table at Appendix 2 of that report shows that the total “development subsidy” for the years 2000 – 2010 was over £20 million. So the high purchase price of land is partly borne, in the end, by the taxpayer.

**5. housing the endlessly increasing population means either more and more building in the countryside or more and more building in the urban areas, with all the problems that these two options bring with them**

The beauty of Jersey’s countryside and coast are priceless assets, unique to Jersey. Successive States have rightly been very wary of “building in the countryside” for fear of doing damage that would be irreversible and have only taken that decision rarely.

The second option has rightly been described as “cramming.” The Constable of St. Helier has insisted in the past that more people in the town, especially families, will bring new life and a better social environment to the capital. But he is assuming the utter goodwill of Ministers. The very Ministers who tried to build on the Town Park in order to “pay for it.”

The fact is that any new housing must go either upwards, which rather goes against family living, or sideways, filling in every last space and garden, for that is what is often meant by the harmless-sounding euphemism of “windfall sites”.

I have lodged amendments to the Island Plan to ensure that we walk the talk on open space in our urbanised areas. Others have amendments to limit building upwards. Others to protect the beauty of our coastline. Yet there is amendment after amendment to allocate land for residential use. We will have to vote for more building in every case, unless we grasp the nettle of population.

## **6. the steadily increasing population creates stress and pressure in every part of the economy and in daily life**

The high cost of living is largely (though not exclusively) due to the phenomenal cost of housing. It feeds though to everything else. Wages have to take account of how much it costs to live here. That in turn feeds though to the price of all goods and services.

The high cost of living puts many people under severe strain. It focuses minds on money. To make ends meet most families have 2 breadwinners, which makes it that much harder to have a good family life. Is there a connection between the high dependence on alcohol in Jersey, the high suicide rate and the pressures that come with our inflated cost of living?

For the avoidance of doubt, I am not saying that there is. I am putting the question. Maybe there is research in this area, maybe not. But the pressure is undoubtedly there.

On a different tack, I have read the old States 1999 reports about housing. We face exactly the same situation today. Then there was a determination to launch a house-building programme and the Housing Development Fund was set up to deliver this.

It was a truly ambitious programme. I list all the sites at Appendix 5 to show what the scale of major housing provision looks like. The list fills an entire page.

But those sites cannot be used to solve the problem this time around – they have all gone. So where do we go next? Where do we find another page full of sites? And then yet another page full? We all know it can't go on – a policy of permanent housing shortage.

## **7 argument 1 for this constantly growing population is that it creates “economic growth.”**

Firstly, it hasn't. Between 2000 and 2009, the population has risen from 87,100 to 92,500, that is by approximately 5,000 (*Table 1 Jersey's Resident Population 2009, Statistics Unit, 2nd June 2010,*) which is a 5.8% increase.

Over that same period Jersey's TOTAL GVA has fallen in real terms from £3,205 million to £3,036 million (the latter figure is marked “provisional” in the report), a fall of 5.3%. (*Jersey Economic Trends 2010, page 6*)

Secondly, “economic growth” is a mixed bag. It simply means that in a given year there was more economic activity (paid activity) than the year before. But some economic activity is worse than useless, it consists of getting something wrong and then putting it right.

As I said in the debate on the Strategic Plan in 2009 –

*“a certain person’s oysters are contaminated, ..... so he buys an expensive setup to decontaminate them before he sells them. .... Is the world a richer place? Yes. Someone had to make the machine, it was transported, someone had to buy the components to make the machine with, somebody had to mine the metal to make the components, et cetera. Is [that person] happier? No, he is not. Is the world a better place because the oysters are first being contaminated and then being decontaminated? No. So we see that just economic activity is not always a good thing. It would have been better to have had no pollution in the first place.”*

If that useless activity is being undertaken by government then it is taxpayers’ money down the drain. That is why there are big opportunities for sensible savings. There are also big opportunities for citizens and businesses to still have the same quality of life for less financial and other cost.

**8 argument 2 for this constantly growing population is that bringing in more people all the time is necessary to help deal with the problems created by the ageing society**

(a) fiscal contribution

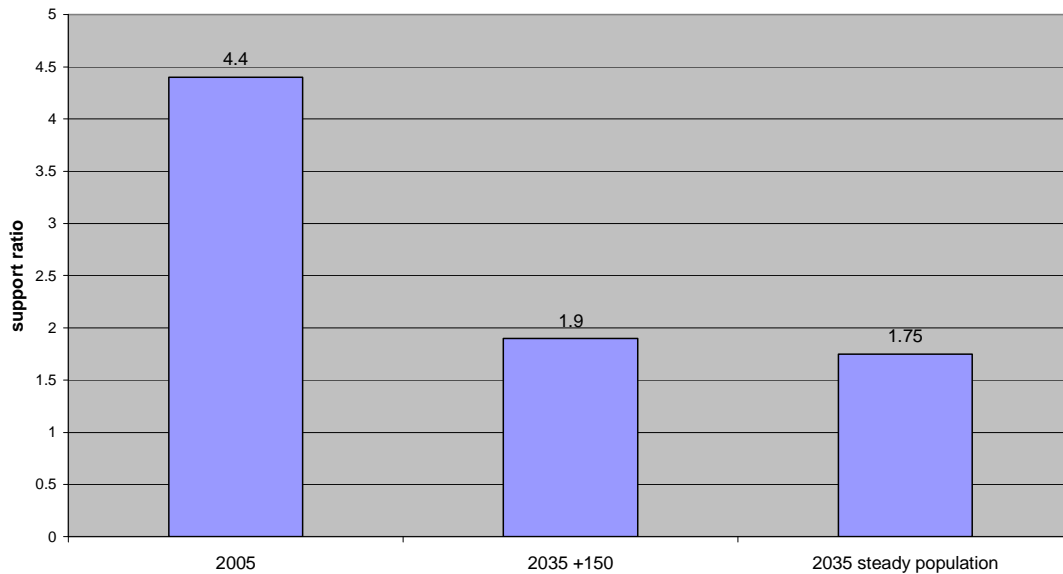
The Council of Ministers’ figures for the Strategic Plan said that the contribution by 2035 of their proposed increase in population to meeting the estimated deficit due to the ageing population would be £10 million, just a fraction of the £180 million sum of the estimated total shortfall. (*P.52/2009, Appendix B, page 19*)

(b) dependency or support ratio

The existing ratio of working population to those beyond retiring age was 4.4 in 2005, that is, there were nearly 4½ people of working age for each person over working age. By 2035, with a population held steady as I was proposing at the time of the Strategic Plan debate, the support ratio would fall to 1.75. That is a huge drop, but under the increase in population proposed by the CoM in the 2009 Strategic Plan, that ratio would go down to 1.9.

So the support ratio will either go from 4.4 to 1.9 or from 4.4 to 1.75. The fact is they are both huge drops, and there will have to be major adjustments in society and in policy and in funding to cope. The difference is insignificant in relation to the scale of the issues facing our society as a whole, as the chart below makes clear –

### change in support ratio



**9 the idea that we can solve the problems of the ageing society by bringing in more people ignores the fact that these people themselves grow old. What then?**

As Deputy Southern memorably pointed out in the 2009 Strategic Plan debate, he was young once! To be precise, he was young when he arrived in Jersey. But now, he is, or soon will be, part of the “ageing society.” If we bring in more younger people to bring up the support ratio by a little bit, we will have succeeded in making a very temporary, very small, impact on the issue.

The deeper adjustments still have to be made, and that is why we are seeing the COM now bring forward policies on the funding of residential care, policies to extend the pension age, and a major review into the future and the funding of health care.

**10 the general public is well aware of all these issues and is against increasing the population**

Those who have been in the States far longer than me will no doubt remember surveys, polls and consultations which have consistently showed that the public wish to see the population not increase. The public are keenly aware of the disadvantages of an ever-rising population: soaring house prices, extra taxes to pay for rent and other subsidies to the housing sector, pressure on the household budget that never goes away, inflation throughout the economy, a sense of being more and more crowded especially in the urban areas, and damage to the Island’s unique identity.

The public can see for themselves the effect of creating permanent scarcity in the housing market – ever-rising house prices, and problems with finding suitable accommodation. In the boom years, house prices rose by almost 7% in 2006, 13% in 2007 and 20% again in 2008. (*Jersey Economic Trends, Statistics Unit, page 30*)



The storm over Field 528 in St. Saviour is a foretaste of what lies ahead. The “easy wins” are mostly gone. Every field is contentious. Will the field on the Avenue before you come to Bel Royal, where the children play football, and where the Battle of Flowers floats rest up between the Thursday and Friday parades, will that field be next?

In fact, the next field, or the next space, is the one near you, wherever you live. And yet space, just space, is a human need. But no, get more people in, somehow. When sites become available in the urban area the automatic assumption has been that they would go for housing.

And even if my amendments to the Island Plan are accepted, about open space and the need to walk the talk on how important it is, I am sure that the fight for open space to be given higher priority will ALWAYS lose unless we tackle the population issue.

The public are well aware of these stresses and strains as the comments reported in the Involve report show. (page 64, last paragraph, and pages 68, 69 and 70)

The public survey carried out in late 2007 for Imagine Jersey 1035<sup>6</sup> asked the 1,257 who responded<sup>7</sup> to say “what should our priorities be?” and offered a list of 8. Top, with 50% each, were “protecting our green areas from new buildings” and “controlling the population level”.

The respondents were then asked to rank 4 options as the most acceptable and least acceptable to dealing with the problems that we face in respect of the ageing population, and the 4 options were: growing the economy; working longer; the resident population pays more; and allowing more people to live and work in Jersey. The least acceptable solution was “allowing more people to live and work in Jersey”.

It is sometimes claimed that the consultation event held in the Royal Yacht Hotel on 19th January 2008 produced a consensus amongst the 136 people attending that increasing the population was acceptable. It did no such thing. What those who attended the Conference agreed on was that they did not want the “baseline scenario” presented to the Conference of nil net inward migration, which at the time of the conference would have led to a falling population and an additional fiscal deficit of GBP140 million.

They wanted to see a steady population, which at the time of the conference would have been achieved by a modest net inward migration of around 150 households a year. This duly appeared in the media as “wanting more people to live in Jersey”. But those attending did not want “more people to live in Jersey” What they wanted was “more people to live in Jersey than the doom scenario of a falling population” as presented by the then Chief Executive.

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<sup>6</sup> Imagine Jersey 2035: Preparing for the Future. Report of consultation findings by Involve for the States of Jersey February 2008, pages 61 and 62

<sup>7</sup> who were re-weighted to correspond better to the Island population as a whole

STRATEGIC PLAN 2006 – 2011

OVERSHOOT FROM POPULATION GROWTH TARGET

The Strategic Plan 2006 – 2011 expressed the target for restricting population growth as: “Net growth in the working population of less than 1% per annum”

In fact growth was as shown below in column 3, only the world recession brought the overall figure for the 5 year period to something near to the target of 1%.

Average growth in the workforce per year in the three years 2005 – 2008 was more than double the target.

|        | employment | increase on preceding year | average increase over 3 and 5 years method 1 | average increase over 3 and 5 years method 2 | totals according to target | workforce overshoot year by year |
|--------|------------|----------------------------|--|--|----------------------------|----------------------------------|
| Jun-05 | 53,280     |                            |  |  |                            |                                  |
| Jun-06 | 53,910     | 1.18%                      |  |  | 53,813                     | 97                               |
| Jun-07 | 55,110     | 2.23%                      |  |  | 54,351                     | 759                              |
| Jun-08 | 56,610     | 2.72%                      | 2.04%  | 2.08%  | 54,894                     | 1,716                            |
| Jun-09 | 56,190     | -0.74%                     |  |  | 55,443                     | 747                              |
| Jun-10 | 56,150     | -0.07%                     | 1.06%  | 1.08%  | 55,998                     | 152                              |

Data source for columns 1 and 2: Table 1: Employment (headcount) in the private and public sectors in “Jersey Labour Market at December 2010” Statistics Unit, 6th April 2011

### APPENDIX 3

The latest predictions of the housing shortfall are printed at pages 5 and 6 of Deputy P.V.F. Le Claire of St. Helier's Amendment to the 11th Amendment to the Island Plan. I reproduce those figures, given to him by the Director of Strategic Development of the Housing Department, below –

“Looking forward, it is generally the supply uncertainty that complicates things and so we'd prefer to state demand as a range at this stage.

This is set out below. We have run 2 scenarios from our model.

A worst-case scenario which only assumes that those sites presently underway are delivered. A best-case scenario which assumes that all existing zoned sites are delivered in the next 5 years.

|  |              |              |              |              |              |             |
|--|--------------|--------------|--------------|--------------|--------------|-------------|
|  | <b>2011</b>  | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>  | <b>2016</b> |
| <b>Projected Year end<br/>Waiting List (existing<br/>sites underway)</b> | 530          | 608          | 732          | 872          | 1,014        | 1,160       |
| <b>Projected Year end<br/>position (absolute best<br/>case)</b>          | 382          | 345          | 349          | 452          | 550          | 642         |
| <b>Mid-Point</b>   | <b>456</b>   | <b>477</b>   | <b>541</b>   | <b>662</b>   | <b>782</b>   | <b>901</b>  |
| <b>Continued</b>   | <b>2017</b>  | <b>2018</b>  | <b>2019</b>  | <b>2020</b>  | <b>2021</b>  |             |
| <b>Projected Year end<br/>Waiting List (existing sites<br/>underway)</b> | 1,295        | 1,432        | 1,572        | 1,712        | 1,852        |             |
| <b>Projected Year end<br/>position (absolute best<br/>case)</b>          | 739          | 836          | 933          | 1,029        | 1,125        |             |
| <b>Mid-Point</b>   | <b>1,017</b> | <b>1,134</b> | <b>1,253</b> | <b>1,371</b> | <b>1,488</b> |             |

Either scenario is unlikely to be totally accurate and we are likely to see delivery somewhere in between. We have added a mid-point figure for that reason.

The IP suggests that 475 affordable homes will be delivered in the first 5 years of the plan (proposal 17 – page 242).

It should be noted that the model is updated monthly as new application and void turnover data is available. The numbers do therefore change and are likely to be sensitive to economic conditions.

Below is a list of the application numbers by bed type – only applicants who are successful in getting onto the waiting list are included here –

| <b>Applications onto waiting list each year by bed type</b> |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> |
| 1 bed   | 81          | 103         | 179         | 134         | 135         | 145         |
| 2 bed   | 104         | 80          | 103         | 101         | 181         | 140         |
| 3 bed   | 28          | 27          | 31          | 46          | 60          | 46          |
| 4 bed   | 1           | 4           | 4           | 2           | 3           | 3           |
|   | <b>214</b>  | <b>214</b>  | <b>317</b>  | <b>283</b>  | <b>379</b>  | <b>334</b>  |

”

## APPENDIX 4

This extract from my Report to P.90/2011 – UPLIFTS IN LAND VALUES: LAND DEVELOPMENT TAX OR EQUIVALENT MECHANISM(S) shows that is the final selling price which determines the value of land for building –

15 On the first page of Oxera 2008 we read at paragraph 4 –

*“The value of the land that is to be used for housing is determined by the difference between what the resulting house/flat etc can be sold (or rented) for and the costs of actually transforming the land into housing – i.e. the building and other associated costs. Housing land values prior to actually building the housing are therefore the residual of the price that can be charged for the finished housing and the costs of actually doing the construction (and paying for anything else that is required to make the transformation).”*

16 In other words, if you take the sale price of the finished house and deduct the building and other costs of making the house, and an amount for the builder/developer’s profit, then you get the value of the land as building land.

17 Members should note that the price of land does not “drive” the cost of housing. If it did, then it might be argued that a land tax could affect the end-price of housing. On the contrary, it is the end-price which can be achieved which determines the value of the land.

18 The end-price reflects scarcity, and the willingness to pay of enough people who are in the market for buying a house. This proposition is about finding a way to distribute a vast private unearned gain to the public good.

Appendix 3 of that same P.90/2011 report shows that the same analysis underlies the viability model assessment pro forma being developed by the Planning Department for use when negotiating Planning Obligations with developers.

## APPENDIX 5

I reproduce here Appendix 3 from R.31/2011 – HOUSING DEVELOPMENT FUND:  
COST/BENEFIT ANALYSIS –

### “APPENDIX 3

#### **Social Housing Scheme supported by Housing Development Fund**

##### **Social Housing Scheme**

Maison de St. Nicholas/Moorestown  
Brooklands  
St. Paul’s Gate  
La Folie  
St. Saviour’s Court/Christian Science  
Cherry Grove/Sacré Coeur  
Belle Vue  
Kent Lodge  
Berkshire Hotel  
Mont Millais Postal/La Roseraie  
Cannon Street/John Wesley Apartments  
Le Champ des Fleurs/La Motte Ford  
3, 5, 7 & 7a Ann Street  
Town Park Hotel/Parkside  
5 St. Clement’s Road  
Albert Pier  
Field 1218, Mont à L’Abbé/Le Grand Clos  
Le Coie  
Field 690A, Maufant  
Perquage Court  
6/7 St. Saviour’s Crescent  
Len Norman Close  
Berry House  
John Le Fondré Court (Philips House)  
Aquila  
1&2 La Mabonnerie/12 Clos de la Ville  
FB Cottages – Phase 2  
FB Cottages – Phase 1  
FB Cottages – Phase 3/4  
8, 12 & 12a Lemprière Street  
adjustment  
Bas du Mont  
La Bénéfice (Hodge Phase 2)  
Clos des Charmes (F181, 182 & 183, St. Peter)  
St. Martin’s Parish Sheltered Units  
Clearview Street School”