

STATES OF JERSEY



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

Lodged au Greffe on 18th February 2014
by Deputy G.P. Southern of St. Helier

STATES GREFFE

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For the words “+150 households per year, which equates to +325 people per year” substitute the words “+100 households per year, which equates to +215 people per year” and delete the words “as outlined in the accompanying Report of the Council of Ministers dated 30th January 2014”.

DEPUTY G.P. SOUTHERN OF ST. HELIER

REPORT

The main thrust of taking firm control of immigration through the Interim Population Policy (IPP), in order to reduce the runaway growth in population we have seen throughout the last decade, is a laudable aim. However, the report which underpins the policy, presented by the Council of Ministers (CoM) in some 39 pages, and which appears on the surface to be extensively researched, is far from comprehensive.

The extensive use of individual bits of data, culled from a variety of sources, might be taken by some as strong evidence for the proposal, but they do not form a coherent argument. Nor do they examine all the factors which need to be considered. For example –

- The central theme is that immigration at +325 is needed to maintain the workforce and thereby reduce the growth in the dependency ratio produced by our aging society. But there is no in-depth analysis of dependency ratios, apart from the graphs produced on pages 34 to 36. Analysis of the figures that underpin those graphs, presented here, reveals major weaknesses.
- There is almost no consideration of how the figure of +325 migrants increases the pressure on limited or fixed resources, such as health, housing and schools. This additional demand needs to be thoroughly examined before immigration targets are set. My report uses demand for housing (already a critical issue) to illustrate what impact immigration will have on resources.
- Even though the policy is presented as “interim” and therefore not significant in the medium (2035) to long term (2065), which are to be catered for in the yet to be developed “Preparing for our Future” planning document, the +325 policy has unpalatable short-term impacts which have not been properly considered. There are also considerable practical problems with ensuring delivery of the policy.

Dependency ratios

Throughout this report I use projections of net migration of +350, which is consistently used by the Statistics Unit in its calculations, as a proxy for the CoM figure of +325. Equally, I have used projections based on +200 as an approximation for +215. I am assured by the head of the Statistics Unit that these approximations do not introduce significant errors. The non-rounded figures are arrived at in converting heads of household (control of work) into overall population numbers.

As far as I know, we have not rescinded the aim of keeping the population below 100,000 as set out in the 2009 – 2014 Strategic Plan. The population in December 2012 was 99,000. Even under a net nil immigration policy, population would grow to 100,900 by 2020 and climb to 101,800 by 2030, before declining to 94,000 by 2065.

Spreadsheets for the population projections –

- net nil
- +200
- +350
- +500

which underpin the graphs on pages 34–36 of the IPP report are given in the attached **Appendix**.

These spreadsheets show clearly that relatively small changes in immigration numbers produce large increases in population over the medium and long term. Population increases in the short, (2015) medium, (2035) and long term (2065), as a result of changing immigration numbers, are summed up in Table 1.

Overall, Table 1 shows that both the net nil and +500 targets produce unacceptable population solutions. Net nil growth leads in the long term to decline in population. The +500 scenario, which merely continues the recent immigration figures, produces an immediate and significant increase in population which continues into the long term to end up with a population of over 130,000.

One then has to ask why the CoM has presented only one possible central target (+350) between 2 obviously unacceptable alternatives. This amendment presents a further option (+200) which reduces population growth by a significant margin.

Whilst in the short term, both +200 and +325 look similar, population growth under +200 peaks in the long term at around 108,000. On the other hand, the +325 target produces significantly greater population growth in the medium term, at 111,000, which continues to grow to almost 120,000 by 2065.

Table 1: Population growth

	<i>Short term 2015</i>	<i>Medium term 2035</i>	<i>Long term 2065</i>
<i>Net nil</i>	99,800	101,800	94,000
<i>+200</i>	100,800	107,200	108,500
<i>+325</i>	100,900	111,300	119,400
<i>+500</i>	105,100	115,400	130,400

The target proposed by the Council of Ministers clearly breaks the previously agreed limit to population of 100,000 by 2015. If continued, it would produce major population growth in the medium to long term. Why should we accept such growth? Are there significant benefits to be gained from such a policy? The IPP report suggests that we need such numbers to address the ageing demographic. In the opening paragraph, we are told that we are –

“... facing new challenges, such as our ageing society. Over the next 20 years:

- Jersey’s over 65s population will nearly double*
- Our over 85s population will nearly triple*
- Our working age population will decline by 11% by 2035 if we have no net migration”.*

The marker that indicates the demands made on society by the ageing society is the **dependency ratio**, (over-65s and under-16s/16–65s). This currently stands at around 50%: that is, one dependent for every 2 earners. The question is whether an increase in net inward migration, to increase the numbers of earners, has a significant impact on the dependency ratio. The answer is that increases in immigration numbers have very little impact on the dependency ratio as is illustrated in Table 2.

The figures reveal that even large increases in population result in relatively small changes in dependency ratios. Once again one has to eliminate the 2 extreme options of net nil and +500, which lead to unacceptable solutions. It is evident that the cost of caring for the ageing population is not significantly reduced by increased inward migration. One has to conclude that a cost/benefit analysis of adopting the +325 target rather than +200 would show that a 2% reduction in dependency ratio is not worthwhile.

Table 2: Dependency ratios

	2015	2035	2065
<i>Nil net</i>	51%	72%	83%
+200	50%	70%	77%
+325	50%	68%	74%
+500	50%	66%	71%

Here, one has to examine consultation responses on population and migration. On page 38 of the IPP report, the Council of Ministers quote findings from ‘Imagine Jersey 2015’ that –

“the least acceptable solution (to the problem of the ageing society) was allowing more people to live and work in Jersey”.

Resource demands

The impact of rising population on demand for resources is one of the most crucial issues that needs to be addressed, and yet it is almost entirely absent from the IPP report. The acceptance of +350 policy, described as “the policy of stability” would result in growing the population through 111,000 in the medium term to 120,000 in the long term.

These new residents will make increased demands on every resource, especially public services. Demand for school places, hospital beds, housing, roads and sewers will all increase. This report uses demand for housing to illustrate what this means in terms of responding to the additional demand from net inward migration, based on the most recent work from the Statistics Unit, *Jersey Household Projections, 2013 release*. A summary of the projections in the short and medium term are presented in Table 3.

The starting point is that we have what many describe as a housing crisis, with over 700 on the waiting list for social rented housing. House prices, along with rents, have largely been maintained at unaffordable pre-recession levels, and are now showing signs of a limited recovery. We have a housing transformation plan based on a business plan that pays no attention to the impact of inward migration. Even in the short term, which the IPP addresses, there is significant growth in demand for housing resulting from inward migration. The figures below present serious problems for the commitment of the current Council of Ministers to adequately house our community.

Table 3: Household projections

Net nil Migration

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2035</i>
<i>Population in private households</i>	97,100	97,300	97,600	97,800	98,100	99,00
<i>Number of households</i>	42,250	42,550	42,830	43,100	43,310	46,810

+200 Migration

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2035</i>
<i>Population in private households</i>	97,100	97,500	98,000	98,400	98,900	104,500
<i>Number of households</i>	42,250	42,670	42,990	43,330	43,630	49,000

+350 Migration

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2035</i>
<i>Population in private households</i>	97,100	97,700	98,300	98,900	99,500	108,700
<i>Number of households</i>	42,250	42,690	43,100	43,510	43,860	50,640

+500 Migration

<i>Year</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2035</i>
<i>Population in private households</i>	97,100	97,800	98,600	99,400	100,100	112,800
<i>Number of households</i>	42,250	42,740	43,220	43,680	44,100	52,280

To start with, even net nil migration, as members will know, does not mean zero population growth, and requires an additional 1,000 homes by 2016. Adoption of the +325 policy adds a further 600 units of accommodation to cater for new arrivals. The question that needs to be asked is whether these additional 600 units can be found or built, and, if so, where? What then will be the knock-on effect on housing demand and, in turn, on house-price inflation?

Furthermore, this policy needs to be examined in terms of the approach illustrated on page 22 of the IPP, concerning the deliberate change of profile of inward migration, whereby registered migrants are to be replaced by high-value licensed migrants.

Profile of migration 2010 – 2012

	<i>Net registered</i>	<i>Net licensed</i>	<i>Proportion registered</i>
2010	500	100	83%
2011	300	300	50%
2012	100	400	20%

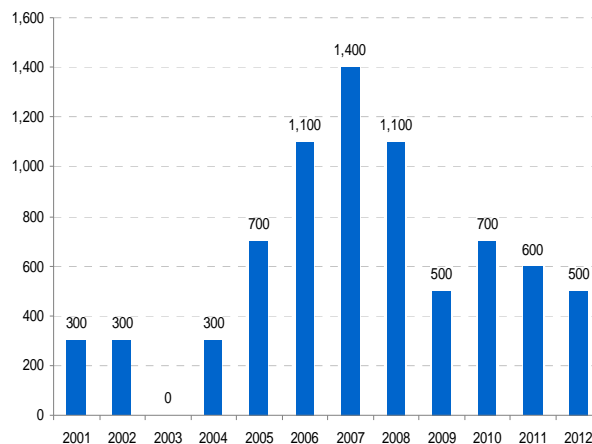
The point here is that whereas “registered” migrants do not have a great impact on the housing market, apart from the non-qualified sector, their replacement by high-value licensed migrants does have, not only an immediate impact on house purchases, but also on the qualified rental market.

Adopting a policy of +200 instead of +325 net migrants would reduce the additional housing required by over 200 units in the short term, and by over 1,600 if applied in the medium term, through to 2035.

Policy delivery

In the recent past, whether in times of economic growth or recession, inward migration levels have remained high, and attempts to curb or control this growth have not succeeded, as shown on page 12 of the IPP report and reproduced here.

Net Migration in the last decade



Here one can see that the rates of net migration in the recession (2009–2012) remained high after the extraordinary growth of the “boom” years (2005–2008) when compared to previous years. This graph illustrates the classic economic growth patterns of the Island when the economy grows, it is followed by growth of immigration (with a short lag) at the other end of the economic cycle, when the economy shrinks, so should inward migration, as seen after 2001. This appears less marked recently and immigration has remained stubbornly high.

Part of the problem with immigration has long been the needs of our primary, high-value industry, the finance sector. Quite simply, as a small Island economy, we cannot hope to fill the requirement for highly skilled and experienced specialist staff that the industry requires. When our prime industry starts to grow, and we are told that it has turned the corner and growth is imminent, then we can expect a surge in the numbers of high-skill employees once more.

The repeated failure of previous population policies is perfectly illustrated by Appendix 3 of the IPP report, reproduced here –

Appendix 3: Population Policies immediately prior to the 2012 Strategic Plan

<p>1995 2000 and beyond</p>	<p>“A permanent resident population the same or less than the current level” (estimated 85,000)</p>
<p>2002 Population Policy (Based on Jersey into the Millennium)</p>	<p>“... with immediate effect, there should be an assumption for policy planning purposes of annual net inward migration of up to 200 persons, this assumption to be reviewed five years hence”</p>
<p>2004 2005 – 2010 Strategic Plan</p>	<p>“The working population should not be allowed to grow by more than 1% per annum and workforce changes should be redirected from low wage jobs into other sectors. Initiatives to enable people to remain economically active for longer and constraint on the public sector workforce will also create further opportunities.”</p>
<p>2009 2009 – 2014 Strategic Plan (based on Imagine Jersey and Keeping Jersey Special)</p>	<ul style="list-style-type: none"> • “Maintain the level of the working age population in the Island • Ensure the total population does not exceed 100,000 • Ensure population levels do not increase continuously in the longer term • Protect the countryside and green fields • Maintain inward migration within a range between 150 – 200 heads of household per annum in the long term • In the short term, allow maximum inward migration at a rolling five-year average of no more than 150 heads of households per annum (an overall increase of circa 325 people per annum). This would be reviewed and reset every three years”

These failures must in part be put down to a lack of political will to see them through. The inexorable growth of population can be seen in the creep of targets from 85,000 in 1995, through 89,000 contained in “Jersey into the Millennium” to the 100,000 in 2009, followed perhaps, if the figure of +325 is maintained, to reach 111,000 by 2035.

It is instructive to note that, back in 2002, the assumption was an annual net inward migration of 200 persons, which is reflected in this amendment. Note also that in 2004 we saw the intention to redirect the workforce from low to high wage employment.

The current policy is little different from those that have failed in immigration control in the past. The new “high economic value” policy is described on page 26 thus –

“Where a business has a high economic value permissions for staff would usually follow...”

It states further on that conditions may be applied –

“There may also be a requirement for “entitled” staff to be recruited for other positions and/or an assurance that proper training programmes are in place”.

These conditions have been in place throughout much of the past decade with little or no impact on the high rates of immigration which have prevailed.

In addition to the problems outlined above, there is a fundamental problem with the delivery of a *net* immigration figure which makes delivery difficult. “Net nil” migration, for example, requires that emigration and immigration are matched, that is for everyone who leaves the Island, a new person arrives. For a target to be successfully achieved, this requires that we can count those who leave. Even with our new names and address register, we have no way of doing this. We have no exit visa or check to count them.

The same argument applies to any figure, whether +325 or +200. Actually hitting any target will be based on estimates of those leaving and very difficult to achieve with any degree of accuracy. The introduction of an “interim” policy covering the briefest of intervals, a mere 2 years, does however give us the chance to show that we are serious about controlling population before turning our attention to a sustainable long-term future. In the words of the Strathclyde report which underpinned much of the thrust of “Jersey into the Millennium”, which were extremely positive –

“early outputs from the Strathclyde work ... indicate that the economic implications of population control on GDP are relatively minor. ... For example it is estimated that even with nil net migration the productivity of the workforce would need to increase only by 0.5% to maintain our standard of living.”

Financial and manpower implications

There are no additional financial or staffing costs arising from this amendment.

APPENDIX

Net nil growth													
All ages	97,100	99,800	100,900	101,500	101,800	101,700	101,200	100,300	99,100	97,500	95,700	94,000	92,300
Age	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
0-15	16,200	16,800	16,600	16,200	15,500	15,200	14,900	14,700	14,400	14,100	13,700	13,300	13,000
16-64	66,500	66,300	65,300	63,700	61,400	59,000	57,500	56,100	54,800	53,700	52,500	51,300	50,100
65+	14,400	16,700	18,900	21,700	24,900	27,600	28,800	29,500	29,800	29,700	29,600	29,400	29,200
Dependency ratio	46%	51%	54%	59%	66%	72%	76%	79%	81%	82%	82%	83%	84%
+200 people per year													
All ages	97,100	100,400	102,600	104,400	106,000	107,200	108,100	108,700	108,900	108,900	108,700	108,500	108,500
Age	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
0-15	16,200	16,900	16,900	16,700	16,400	16,300	16,300	16,300	16,300	16,200	16,000	15,900	15,800
16-64	66,500	66,800	66,700	65,900	64,600	63,200	62,700	62,300	62,000	61,800	61,500	61,200	61,000
65+	14,400	16,700	19,000	21,800	25,000	27,800	29,100	30,100	30,600	30,800	31,100	31,400	31,700
Dependency ratio	46%	50%	54%	58%	64%	70%	72%	74%	76%	76%	77%	77%	78%
+325 people per year													
All ages	97,100	100,900	103,900	106,600	109,100	111,300	113,300	114,900	116,200	117,400	118,400	119,400	120,600
Age	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
0-15	16,200	16,900	17,200	17,200	17,000	17,100	17,300	17,500	17,700	17,800	17,800	17,800	17,900
16-64	66,500	67,200	67,700	67,600	67,000	66,300	66,600	66,900	67,400	67,900	68,300	68,700	69,200
65+	14,400	16,700	19,000	21,800	25,100	27,900	29,400	30,500	31,200	31,700	32,300	32,900	33,500
Dependency ratio	46%	50%	53%	58%	63%	68%	70%	72%	72%	73%	73%	74%	74%
+500													
All ages	97,100	101,300	105,100	108,800	112,200	115,500	118,400	121,100	123,600	125,900	128,100	130,400	132,700
Age	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	2070
0-15	16,200	17,000	17,400	17,600	17,700	18,000	18,300	18,700	19,100	19,300	19,500	19,700	20,000
16-64	66,500	67,600	68,700	69,300	69,400	69,400	70,500	71,600	72,800	74,000	75,100	76,200	77,300
65+	14,400	16,700	19,000	21,800	25,200	28,100	29,600	30,800	31,800	32,500	33,400	34,400	35,400
Dependency ratio	46%	50%	53%	57%	62%	66%	68%	69%	70%	70%	71%	71%	72%