

2015.10.20

3.3 Deputy J.A. Hilton of the Chief Minister regarding the average economic standard of living of Islanders and the rise in population:

Are the findings of the *Measuring Jersey's Economy G.V.A. (gross value added) and G.D.P. (gross domestic product) 2014* report by the Statistics Unit, which measured the average economic standard of living of Islanders as having declined by a fifth in real terms since 2001, compatible with the Council of Ministers' policy on population control which saw a rise in population of approximately 10,000 people during the same period?

Senator A.K.F. Green (Deputy Chief Minister - rapporteur):

I think this is a similar question coming from a different angle to the previous one, but I am assuming that the Deputy is asking whether the Council of Ministers' population policy is likely to improve standards of living. Our Strategic Plan commits to securing targeted migration and delivers economic and social gain. The ageing population, as I said before, means that the working age population will shrink while the pensioner age population grows. Jersey needs targeted migration, productivity improvements and increased participation to maintain and improve the standard of living. The Strategic Plan sets out how productivity growth can be achieved through greater innovation and enterprise, who focus on high value activities such as digital and FinTech, and a stronger competition framework and improvement in skills.

3.3.1 Deputy J.A. Hilton:

The Minister in his response talked about economic and social gain for Islanders. Does the Minister agree with me that significant rises in the population during the last decade has impacted negatively on the population as evidenced by the requirement of 14 new primary school classrooms being constructed as we speak? An ever growing house waiting list, lengthy delays at the hospital, the need to build 4 new theatres to cope with ever increasing demand, while productivity has dropped by 37 per cent since 2000 and the average economic standard of living of residents in Jersey as measured by G.V.A. per head has declined by 20 per cent since 2001?

Senator A.K.F. Green:

There is rather a lot there and I will try and remember all the different points that the Deputy raised. What I will say is that it is a very fine balance between encouraging or allowing people to come in to support the communities that need jobs to be done, such as tourism, agriculture, our finance business. It is a very fine balance to be had. I am not an economist so if the Deputy wants to follow up on the G.V.A. per head with the Economic Adviser she can. But I would advise that the G.V.A. is not a good measure primarily because the biggest distortion in that figure comes about because of the fact that this particular finance industry depends a lot on deposits and therefore when interest rates are low the G.V.A. does drop probably higher than some of our other competitive finance centres. So it is not as straightforward as the Deputy made. Just picking her up on the point of the new theatres. The new theatres have nothing to do with the growing population. It is to do with Government's inability to invest in the past, to provide safe, sustainable theatres for our population to have their surgery carried out. That is why we are having to do that. That is why we are having to increase the size of the theatres. It just was not fit for purpose. It is not to do with the size of the population.

3.3.2 Deputy G.P. Southern:

Sounds like the schoolyard: "It was not me, it was him, Sir." Does the Minister accept that if he is to accept increased migration rates to deal with the ageing population that that is a short-term solution and eventually will produce a larger ageing population than we currently have. The problem gets bigger, unless of course the Minister has come across some migrants who age at a different rate to us - a slower rate - in which case he is probably right.

Senator A.K.F. Green:

I think we are all ageing at a different rate. When my grandmother was 60 - and I am over 60 - she was a very old lady. I am certainly not an old man, we all age differently - although others may have a different view. It is about working smartly. It is about ensuring that the people we do give licences to, those that we do allow to come in and work in the Island, are the ones that are going to contribute financially and in terms of productivity. It is not as simple as the Deputy would have us believe. Shut the doors and let us just ...

Deputy G.P. Southern:

I was asking the Minister for his answers not suggesting that anybody shut the door. If he wants to shut the door, let him say so.

Senator A.K.F. Green:

No, I think the Deputy was suggesting that we should have a shut door. My answer is that we are looking at this at the moment. We are going to invite Members to come along and have their input, but we need to find some way of supporting our industries, of ensuring that we increase productivity and grow our economy so that we are in a position when one third of the population in 15 to 20 years' time will be retired that we can support them without putting a burden on our children and our grandchildren. That is the policy we need.

3.3.3 Deputy M.R. Higgins:

If I am not mistaken I heard the Deputy Chief Minister say that the measure of G.V.A. was not appropriate or was not good enough because he was mentioning about the fall in the finance industry causing G.V.A. to fall. So is this a case that we have used G.V.A. as a measure and now that G.V.A. has fallen by 20 per cent over the period, it is now inconvenient having that particular measure? We have been using that measure all the way through. We have been told it is the best measure possible and surely you cannot blame the measure that you are measuring the economy with when it is the policies of the Government, and I will also acknowledge world events that have caused G.V.A. to fall.

Senator A.K.F. Green:

The Deputy again is putting words in my mouth and I always hesitate to stand up and go against the Deputy when we come to economics because I know that he has a degree in economics. But the fact is you cannot look at one measure in isolation. You have to look at it in the round. You also have to look at it, as the Deputy rightly said, some of the problems were caused by world problems, not of our own making. I think this little island, this 9 by 5 island, has fared extremely well compared to many during the downturn. We are now in a position to come out of the recession. We are starting to grow out of the recession and we are now in a position to take advantage of that and move forward. So I did not say it is just ignore G.V.A. What I said is you must take all these indicators in the round.

3.3.4 Deputy K.C. Lewis of St. Saviour:

The Minister was referring to smart thinking. Surely smart thinking is retraining and upskilling our local unemployed people before we bring others into the Island?

Senator A.K.F. Green:

We have to do both. We have to do both and that is why we are putting £9 million per year once we get to the end of the Medium Term Financial Plan. £9 million a year going in to improving standards and skills in education. The Deputy is right. We need to do that. We also need to bring the right skills in to help people move on, have something to aspire to. Bring experience from other countries and other parts of the world.

3.3.5 Deputy J.A. Hilton:

Interestingly the Minister talked about depopulation of other islands and the impact that has on the economy. I notice in the report that I have been quoting from that over the 7-year period, from 2007 to 2014, the average economic standard of living increased by 10 per cent in Guernsey. Can the Minister explain to Members why he thinks that Guernsey got it right but we got it wrong?

Senator A.K.F. Green:

I am slightly out of my depth here with this one, but what you are looking at there ... what I will say is that their finance industry is very different to ours. They do not work so much on deposits but they work differently and therefore their income was more stable than ours. It is looking at just one item. I tell you one thing: we will be in a better position to support our ageing population in 15 years' time than they will be because they are suffering from depopulation.