

STATES OF JERSEY



INCREASE IN REVENUE EXPENDITURE FOR AGRICULTURE AND FISHERIES (P.74/2023): COMMENTS

Presented to the States on 13th October 2023
by the Council of Ministers

STATES GREFFE

COMMENTS

Agriculture and fisheries are a longstanding fundamental element of Jersey's economy and its landscape.

As Deputy Luce notes in his proposition, these sectors are facing long-term challenges to their continued viability, and Ministers agree this needs to be addressed.

Factors such as rising interest rates and increases to input costs have had a disproportionately adverse impact on agriculture. Moreover, the sector is particularly susceptible to increases in the minimum wage, with labour costs making up a significant percentage of expenditure and existing profit margins remaining typically low.

The Economic Framework for the Rural Environment and the Economic Framework for the Marine Environment have set out clear interventions to support the industry. Government funding provided to the rural support scheme has been tripled since 2018 - rising to over £3 million in 2023, with an additional £1.15 million already identified within the 2024 Government Plan. This year has also seen the introduction of the Marine Support Scheme to assist our Island's fishing industry and this scheme will also be carried forward into 2024.

In saying that, the Council of Ministers does not support assigning a specific percentage of total spend to agriculture and fisheries, as doing so constrains the ability of future governments and the Assembly to determine the allocation of public funds via the Government Plan process and increases expenditure in future without reference to the needs of the industry. Funding should be based on developed business cases which demonstrate the expected outcomes through cost-benefit analysis.

The Proposition would also increase expenditure from the Consolidated Fund by £9.14 million in 2024. In total, it would increase revenue expenditure by circa £38 million over the life of the next Government Plan. This would result in a lower Consolidated Fund balance in 2024 and a negative balance in 2025-2027. The Public Finances Law prevents the Council of Ministers presenting a plan with negative balances in any year. Ministers therefore could not support an amendment to the plan without a compensating recurring measure (reducing other expenditure or increasing income). The Proposition does not include a source of funding for this substantial proposed spending.

Conclusion

Ministers are due to meet with industry on the 14 October 2023 as part ongoing discussions to identify a workable and affordable way forward, including recapitalisation of the agricultural loan scheme, and will update the Assembly thereafter.

In the meantime, Ministers do not support a percentage allocation and the level of funding included in the proposition.

They do, however, recognise the importance of the industry to our Island and are committed to working with the industry and States Members to find a sustainable way forward.