

# STATES OF JERSEY

## OFFICIAL REPORT

**TUESDAY, 26th NOVEMBER 2025**

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[9.31]

**The Roll was called and the Dean led the Assembly in Prayer.**

**COMMUNICATIONS BY THE PRESIDING OFFICER**

**The Deputy Bailiff:**

**1.1 Welcome to His Excellency the Lieutenant Governor**

On behalf of the Members, I would like to welcome His Excellency to the Chamber this morning.  
[Approbation]

**PUBLIC BUSINESS**

**2. Proposed Budget (Government Plan) 2025-2028 (P.51/2024 (re-issue))**

**The Deputy Bailiff:**

We now move to the first item of business, the Government Plan 2025-2028. Members have been furnished by the Greffier with a proposed debate running order. Members will see that amendments shaded in blue within the order have been accepted by the Council of Ministers and therefore might not be debated separately unless the Member requests this at the beginning of the debate before the proposition is read as amended. The thirteenth and fifteenth amendments have been withdrawn. Can I invite the Minister for Treasury and Resources to ... Deputy Millar, are you content for the proposition to be read as amended by the fourth, fifth, seventh, ninth as amended by Part A, tenth, eleventh as amended, eighteenth as amended by second amendment, twenty-third, twenty-sixth, twenty-seventh and twenty-ninth amended, which have been accepted.

**Deputy M.E. Millar of St. John, St. Lawrence and Trinity:**

Sir, is that 23 as amended rather than 24?

**The Deputy Bailiff:**

Yes, twenty-third, twenty-sixth, twenty-seventh and twenty-ninth amendments. Yes.

**Deputy M.E. Millar:**

Twenty-third as amended, Sir. Yes.

**The Deputy Bailiff:**

That is right. Thank you very much. Deputy Renouf.

**Deputy J. Renouf of St. Brelade:**

Yes, I would like the twenty-ninth amendment on distiller's relief to be debated, please.

**The Deputy Bailiff:**

Thank you very much. Deputy Gardiner.

**Deputy I. Gardiner of St. Helier North:**

You said that the amendment 14 was withdrawn. It has not been withdrawn.

**The Deputy Bailiff:**

The thirteenth and fifteenth have been withdrawn.

**Deputy I. Gardiner:**

Twenty-three is amended, I accepted the amendments and it can be read as amended.

**The Deputy Bailiff:**

Thank you very much, Deputy Gardiner. Deputy Jeune.

**Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

Yes, amendment 24 I would like to ...

**The Deputy Bailiff:**

That will be debated separately. So, Greffier, I invite you to read the proposition as amended by the fourth, fifth, seventh, ninth as amended by Part A, tenth, eleventh as amended, eighteenth as amended by second amendment, twenty-third, twenty-sixth and twenty-seventh. The twenty-ninth you wanted to debate, was it not, Deputy Renouf? Yes, accepted by the Council.

**The Greffier of the States:**

The States are asked to decide whether they are of opinion to receive the Government Plan 2025-28 (entitled "Budget 2025 to 2028") specified in Article 9(1) of the Public Finances (Jersey) Law 2019 ("the Law") and specifically - (a) to approve the estimate of total States income to be paid into the Consolidated Fund in 2025 as set out in Appendix 2 - Summary Table 1 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Government Plan, in line with Article 9(2)(a) of the Law, except that the total estimate for 2025, 2026, 2027 and 2028 V.E.D (Vehicle Emissions Duty) shall be increased to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 176 grams, with the relevant figures in Appendix 2 - Summary Table 1, updated in line with the following table and subsequent figures updated accordingly; (b) to approve the proposed Changes to Approval for financing/borrowing for 2025, as shown in Appendix 2 - Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts; (c) to approve the transfers from one States fund to another for 2025 of up to and including the amounts set in Appendix 2 - Summary Table 3 in line with Article 9(2)(b) of the Law, except that proposed transfers of money from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025, 2026, 2027 and 2028 to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 176 grams, with the relevant figures in Appendix 2 - Summary Table 3 updated in line with the following table and subsequent figures updated accordingly; (d) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2025 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2024 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2025; (e) to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2025 of up to £2 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2024 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2025; (f) to approve each major project that is to be started or continued in 2025 and the total cost of each such project and any amendments to the proposed total cost of a major project under a previously approved Government Plan, in line with Article 9(2)(d), (e) and (f) of the Law and as set out in Appendix 2 - Summary Table 4 to the Report; (g) to approve the proposed amount to be appropriated from the Consolidated Fund for 2025, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(g), 10(1) and 10(2) of the Law, and set out in Appendix 2 - Summary Tables 5(i) and (ii) of the Report, except that in Summary Table 5(i), the head of expenditure for the Education and Lifelong Learning should be increased by £5,862,000 with an equal decrease to Children and Families head of expenditure, except that in Summary Table 5(i) (i) the head of expenditure for the Cabinet Office should be reduced by £86,215 and the head of expenditure for Customer and Local Services should be increased by £86,215 to support the funding of the Connect Me project; (h) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2025 in line with Article 9(2)(h) of the Law and set out in Appendix 2 - Summary Table 6 to the Report; (i) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2025 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 - Summary Table 7 to

the Report; (j) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2025 as set out in Appendix 2 - Summary Table 8 to the Report, except that the proposed transfer of monies from the Consolidated Fund to the Climate Emergency Fund shall be increased in 2025 to reflect increased duties for non-commercial vehicles with CO<sub>2</sub> mass emissions above 176 grams, with the relevant figures in Appendix 2 - Table 8 updated in line with the following table, and subsequent figures updated accordingly; (k) to approve an updated and consolidated policy of the Strategic Reserve Fund as follows: “The Strategic Reserve Fund, established in accordance with the provisions of Article 4 of the Public Finance’s (Jersey) Law 2005, is a permanent reserve only to be used: (i) in exceptional circumstances to insulate the Island’s economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster; (ii) if necessary, for the purposes of providing funding (up to £100 million) for the Bank Depositors Compensation Scheme established under the Banking Business (Depositors Compensation) (Jersey) Regulations 2009, including to meet the States contribution to the Scheme and/or to meet any temporary cash flow funding requirements of the Scheme; (iii) to support the development of future healthcare facilities and the borrowing costs for such work, in line with a financing strategy agreed by the Assembly; (iv) as a holding fund for any or all monies raised through external financing until required, and for any monies related to the repayment of debt raised through external financing used to offset the repayment of debt, as and when required; and (v) in accordance with Article 24 of the Public Finances (Jersey) Law 2019, where the Minister for Treasury and Resources is satisfied that there exists an immediate threat to the health or safety of any of the inhabitants of Jersey, to the stability of the economy in Jersey or to the environment, for which no other suitable funding is available.”

[9.45]

(l) to approve the transfer to the Strategic Reserve of the amounts due as a result of the move from prior-year basis taxation after 31st December 2025, as and when these payments are received (estimated at £280 million); (m) in relation to the new Government Headquarters (office), to approve: (i) the exercising of the option to acquire the new Government Headquarters (estimated at £91 million), by the public of the Island, in line with the pre-agreed terms; and (ii) the acquisition of the new Government Headquarters as an investment of the Social Security (Reserve) Fund (including authorising the meeting of expenses incurred in connection with the acquisition); and (iii) the subsequent leasing of the new Government Headquarters by the Public of the Island from the Social Security (Reserve) Fund, with commercial terms to be agreed between the Minister for Infrastructure (on behalf of the Public) and Minister for Social Security and the Minister for Treasury and Resources (both on behalf of the Fund); (n) in relation to the new Government Headquarters, to authorise H.M. (His Majesty) Attorney General, the Greffier of the States, the Ministers for Infrastructure, Social Security and Treasury and Resources, and the Public of the Island, to enter into such arrangements, including financing, and pass any contracts as are necessary to put into effect paragraph (m); (o) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2025-2028, as set out in the Appendix to the accompanying report, except that, on page 14, after the words “support the ongoing well-being of Islanders”, there should be inserted the following words “as part of the prioritisation of community well-being, the Social Security Department has allocated £391,215 of funding to the Connect Me project for the year 2025 to ensure the continuation of the project and support the introduction of social prescribing, except that in the section vehicle emissions duty on page 32 after the words “the highest 3 emission bands will be increased to” replace the figures “5 per cent, 10 per cent and 20 per cent” with the figures “5 per cent, 15 per cent and 25 per cent” with the relevant figures in Table 5 and Table 6 updated accordingly, except that on page 38(a) after the words “improve the competitiveness of the Island”, there should be inserted the words “with a specific focus on funding the delivery of the Sustainable Finance Action Plan and supporting the transition to a net zero economy”, except that on page 4 after the words “for indicative purposes”, there should be inserted the following new paragraph: “The establishment of a public services ombudsperson as approved in principle of the States Assembly in March 2018 (P.32/2018) and progressed by the

preceding Government, remains under review by the Council of Ministers. The Complaints Panel is itself conducting a review of its own procedures and processes. In July 2024, the Jersey Law Commission published a report entitled 'Keeping the Complaints Panel or Creating the Ombudsperson', which worked through the different choices about the basic design of Jersey's independent complaints-handling body with the aim of taking an informed decision as to whether to keep a reformed complaints panel or go forward with the ombudsperson. Subsequent to that report a consultation paper was published. The Council of Ministers will fully consider the consultation results published by the Jersey Law Commission and Complaints Panel respectively when considering the appropriate way forward. Detailed proposals will be brought forward in 2025 for States Assembly approval and also detailed in the successive Government Plan", except that on page 43, after the words "this investment will meet the cost of enhancing grants to students both in distance learning and in person learning" should be inserted the words "we will also review the scheme available for apprenticeships and increase the funding and support available", except that in the section "Other Revenue Expenditure Growth Spending" on page 45 after the words "funding of in vitro fertilisation recently approved by the Assembly" there should be inserted the following new paragraph. "Funding for the Termination of Pregnancy (Jersey) Law 1997, amendments workstream, will be reviewed to ensure that both policy and law drafting resource for this workstream is prioritised by the Council of Ministers in the 2025 legislative programme and in order for amendments to the current outdated law to be lodged prior to the end of 2025", except that on page 46 under the subtitle "formula driven growth" for the words "as budget for arts, heritage and culture have now been increased to 1 per cent of net revenue expenditure in future this level will now be maintained and increased by R.P.I. (Retail Price Index)" substitute the words "following approval of funding for culture, arts and heritage (P.96/2024), the Government continues the commitment to maintain funding to the sector based on 1 per cent of overall States revenue expenditure", except that on page 59 after the words "in subsequent budgets are subject to affordability" there should be inserted the following new paragraph: "Existing resources will be utilised to take forward the work to deliver a play strategy for Jersey in conjunction with the Minister for Children and Families, the Minister for Education and Lifelong Learning and the Minister for Sustainable Economic Development as detailed in proposal 29 of the Bridging Island Plan 2022 to 2025 with the work of the Jersey Youth Parliament, right to play group and of the previous play strategy steering group to be incorporated into the final strategy", except that on page 59 after the words "in subsequent budgets subject to affordability" there should be inserted the following new paragraph: "Across the period 2025 to 2028 up to 500,000 with the infrastructure rolling vote public realm will be used to support St. Helier's neighbourhood improvement area programmes provided always that additional matching funding is contributed by the ratepayers of the parish of St Helier to meet the costs of the relevant projects."

**[Approbation]**

**The Deputy Bailiff:**

Thank you, Greffier. I invite the Minister for Treasury Resources to propose the proposition.

**Female Speaker:**

Can I raise the défaut on Deputy Ozouf, please.

**The Deputy Bailiff**

Are Members content to raise the défaut on Deputy Ozouf? The défaut is raised.

**Deputy M.E. Millar:**

I think there was one line missing from the proposition. Sorry, I have now lost it, sorry. The Article 29.

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:**

At the bottom of page 5, except that on page 33.

**Deputy M.E. Millar:**

Yes. Except on page 33, the figure £40,000 should be substituted £20,000 as a consequence for amendment 29.

**The Deputy Bailiff:**

Yes, that is because Deputy Renouf asked that amendment 29 be debated separately. That is why that was not read..

**2.1 Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):**

Apologies. Thank you. I am pleased to present the 2025 Budget a funded and balanced plan designed to meet the objectives of the Common Strategic Policy that this Assembly has agreed on. While this Budget meets the requirements of the Public Finance (Jersey) Law for a Government Plan, it now uses the more relatable and familiar title of a budget. However, this Budget is not only a financial plan for the coming year but it also provides a clear and sustainable road map for the next 2 years, focusing on addressing the most pressing needs while delivering results for Islanders. As always, compiling a budget requires choices to be made and in some cases these are difficult ones. We always want to deliver for the Islanders we serve but a good budget will also ensure that proposals are affordable and that the choices made support the long-term sustainability of the Island, its economy and its finances. Jersey's economy has proven resilient to changing global economic fortunes. Our economy has grown strongly in the last few years and this growth has benefited businesses, Islanders and the Government. Tax revenues have also grown strongly, largely driven by banking profits, which in turn have been driven by interest rates. This strong growth in tax revenues will not last for ever. Tax revenues are forecast to grow at much lower rates in the coming years. In turn, this means that Government spending cannot continue to grow at the rates we have seen in recent years. In line with our commitment to support Islanders with the rising cost of living, we have taken measures to keep money in Islanders' pockets. We are increasing tax allowances and raising thresholds. This will alleviate some of the financial pressures on households. Jersey's tax thresholds and allowances for Islanders remain the highest in comparison with the other Crown dependencies and the U.K. (United Kingdom), who have continued in the U.K. to freeze their allowances and thresholds. Additionally, this Budget freezes duties on alcohol and fuel for 2025, a decision that supports both our local businesses and their customers. These measures align with our C.S.P. (Common Strategic Policy) commitment to minimise Government fees and charges. We recognise the challenges that Islanders face and are committed to making a difference through actions that are both affordable and sustainable. This Budget reflects our dedication to making a tangible, lasting difference through prudent, affordable and sustainable actions. Rather than continuing a trend of unsustainable growth, this Budget uses a more careful and considered approach to funding, focusing on reprioritising expenditure and curbing growth in the public sector. This will help to focus taxpayers' money on the things that make the most difference. We have done this in a way that ensures that the quality and availability of essential services remain intact. This work has enabled us to make targeted investment in support of our C.S.P. For example, the new investment to make sure that every child in primary school has a nutritious school meal, investment in lifelong learning and skills, and funding to ensure that the recommendations of the Violence Against Women and Girls Taskforce are implemented. Healthcare, as we all know, is both an essential service and a significant expenditure. To address immediate deficits, this Budget allocates an additional £31 million to health services, in addition to the 2 per cent annual increase over and above inflation of a further £6 million. However, we also acknowledge that that level of funding increase is unsustainable in the long term. Gaining control over healthcare spending will continue to be a top priority as we strive to balance high-quality care with financial sustainability. The plan commits to a programme of considered savings, adding up to over £30 million by the end of 2028. We have allocated the savings with clear plans for delivery, designed to protect frontline services. Key measures include streamlining Government operations by removing unnecessary management layers, eliminating vacant positions and reducing

reliance on consultants and temporary staff. Additional savings will be achieved through office consolidation and limiting legacy spending growth. We will also undertake a review of arm's-length and regulatory organisations, ensuring they operate efficiently and in alignment with our Island's strategic needs. In addition to these savings of £30 million, the Health Financial Recovery Plan will continue to identify opportunities to enhance cost management and improve services, reinforcing our commitment to fiscal responsibility and service delivery, and bringing health spending under control. Over the next 4 years, we are committed to a reprioritised and deliverable capital programme with a focus on renewing St. Helier and maintaining our core assets. Central to this is the construction of new healthcare facilities, an important investment for our community's health and well-being. We are introducing a robust financing strategy that commits £710 million to ensure its timely and successful delivery. This is a significant undertaking and a necessary investment in our community's health and well-being. To underpin our financial strategy and strengthen our economy, we have already agreed in this Assembly to introduce the Pillar Two corporate tax framework. Revenue from this initiative will not fund recurring departmental spend but will instead support strategic, long-term investments that ensure Jersey's sustainability and resilience. As Minister for Treasury and Resources, I am committed to safeguarding and growing our Island's financial reserves. We are taking positive action in this Budget to bolster the Strategic Reserve with the transfer of the prior year basis taxation debtors to generate cash for the fund over the coming years. We have also committed to using some of the receipts from Pillar Two to strengthen our balance sheet, including rebuilding the Stabilisation Fund to ensure that we are prepared to navigate economic uncertainties with confidence.

[10.00]

Furthermore, the Social Security Reserve will be investing in the purchase of our new office building, an investment that will generate good returns for the fund while also keeping rental payments within the wider public sector. The 2025 Budget is a robust, forward-looking financial plan that places Islanders at the heart of our decision-making. It balances investment with prudence, growth with sustainability and action. By investing in our Island, supporting our community and preserving our resources, this Budget lays the foundation for a resilient and prosperous Jersey. Together, we are shaping a future where Jersey remains fair, thriving and responsive to the needs of its people.

**The Deputy Bailiff:**

Is the proposition seconded? **[Seconded]**. We now move to the amendments, which will be considered in the order in which they affect the proposition as lodged. Accordingly, the first amendment to debate is the twenty-fifth amendment proposed by Deputy Ozouf. Deputy Ozouf, do you wish to have this amendment as amended by your own amendment read?

## **2.2 Proposed Budget (Government Plan) 2025-2028: twenty-fifth amendment (P.51/2024 Amd.(25)) - Stamp duty exemption**

**Deputy P.F.C. Ozouf of St. Saviour:**

I am slightly caught off guard because that is not in the running order that I have had. Certainly, this is the amendment, I am not accepting the Council of Ministers ...

**The Deputy Bailiff:**

This is your own amendment.

**Deputy P.F.C. Ozouf:**

My own amendment, yes, of course.

**The Deputy Bailiff:**

Please would the Greffier read the twenty-fifth amendment as amended.

## **The Greffier of the States:**

Page 2, Paragraph (a) - after the words “Article 9(2)(a) of the Law” insert the words “, except that in Summary Table 1 the income estimate for Stamp Duty in 2025 should be reduced by £10.5 million to reflect the cost of introducing a Stamp Duty holiday during 2025. Based on the income forecasting group’s estimates from May 24, the reduction of income being based upon Stamp Duty being levied at zero per cent on properties valued up to £700,000, at 2.5 per cent for those valued between £700,000 and £1 million, and with a taper for those valued between £1 million and £1.2 million, and properties over £1.2 million remaining subject to Stamp Duty at the full rate, such reduction to exclude buy-to let properties.” Page 4, paragraph (o) - after the words “set out in the Appendix to the accompanying Report” insert the words “, except that on page 30 after the words “the previously forecast”, there should be inserted the words “In order to promote a positive increase in the sale of residential properties a Stamp Duty holiday has been instigated for 2025, allowing properties up to a value of £700,000 to pay no Stamp Duty, with Stamp Duty levied at 2.5 per cent on properties valued between £700,000 and £1 million and a taper for properties valued between £1 million and £1.2 million. Properties over £1.2 million will remain subject to Stamp Duty at the full rate. This Stamp Duty holiday will exclude buy-to let properties.”

### **2.2.1 Deputy P.F.C. Ozouf:**

If Members will just bear with me for one moment because I was not expecting this to be the first one so I am just getting my remarks up. There is no doubt, as I explained on the radio this morning, that there has been a housing crisis which many Members of this Assembly got elected on. The continuing situation of the housing crisis is one in which this Assembly is still grappling with. I am proposing for an amendment to introduce what will be familiar to those Members of the Assembly who were in the Assembly at the time on the advice of the F.P.P. (Fiscal Policy Panel), when we had a previous financial crisis, that there is an appropriate time for a targeted temporary reduction in stamp duties up to a certain level. Now this measure is not just about numbers or revenue, it is about restoring confidence, in addressing affordability and getting our housing market moving again. We are, as all Members will know, in the midst of a housing crisis. Transactions in the property market are and have been at a historic low. This stagnation is having a ripple effect throughout the economy. Families are unable to upsize, those second-time buyers, first-time buyers we know are struggling to enter the housing market, there has been some interventions in that but limited, and the broader economic activity, which is the concern that I have, that maybe has not been debated or really the subject of much activity, is of a real concern. My amendments are not in any way, as portrayed by the Minister for Housing in his radio interview this morning, of vested interests. Members will be aware that I have been absent from this Assembly for a few months and so what I did is I went to go and speak with my parishioners in St. Saviour to understand and ask them - not to talk at them but to listen to - their concerns. I was struck repeatedly by the amount of parishioners who are in the situation of either trying to sell a home ... Members from all over the Island will see for sale signs up everywhere and there is yet a surplus of accommodation that is on the market. We know about the affordable problem but why is the market not moving? The market is not moving. Transactions are ... and even the F.P.P. put forward in their ... and I am not going to be, if I may say, criticised in the Government’s response to this for a comment about the Fiscal Policy Panel. I brought the Fiscal Policy Panel to this Assembly to get the uncomfortable messages that are in it. There are some uncomfortable messages in the Fiscal Policy Panel now overseen by Sir John Cunliffe, who is an economist of high regard. I know that my proposals as a targeted, timely and temporary intervention is absolutely necessary. It is necessary for the very people that are affected in the whole chain of the housing market. When transactions are low, which, because of interest rates, undoubtedly they are, there is a whole chain of individuals who are affected. Members will be aware of the amount of construction industry failures. I only heard this morning of a tiler who has faced an £80,000 unpaid bill from a failing construction firm, that is an ordinary Jersey tradesperson. There were many of them. The order books for construction is very thin next year with the exception of the Andium led projects. There is a lack of confidence and so when dealing with a market that is not moving, one is

advised by experts that one deals with frictions. What is it preventing? What is preventing people from buying and selling? Governments and Assemblies who try to do price controls are very unwise to do so. It normally bites them back harder later. I am not suggesting that the Government is trying to price control but it is worrying to hear the Minister for Housing say that he wants to see a continuation of lower house prices. It is all very well, we all would like to see lower house prices, but what does that do about confidence? We know house prices have come off the top in real terms with inflation. People have to accept that the offer that they are going to get or the offer on the property that they are selling, in virtually all the sectors, is much lower in real terms. It is much lower than it was. Now why is it that the market is not moving? It is moving because of one of the frictions that exists, which is stamp duty. I started trying to put this amendment in over 8 weeks ago and I faced extraordinary difficulties. As somebody who has led budgets and knows the budget approach and I think has led 8 budgets through this Assembly, I am well aware of the difficulties and the legislative implications because this proposal in principle then needs to be passed into legislation and my proposal can be quickly made into legislative amendments in the Finance Law. The U.K. and other jurisdictions have shown that targeted stamp duty holidays does effectively stimulate market activity. We have an opportunity to learn from those examples and implement a policy that is tailored to Jersey's unique housing market. This is a time-limited intervention, it is just one year. It is a practical and cautious approach to address the current crisis without creating long-term distortions in the market. Markets adjust. Markets will adjust and people are going to have to come to terms with the fact that the market has adjusted to lower prices. What we have heard from the industry practitioners, who have not been those that have told me to bring this amendment, to portray this as was done by the Minister for Housing on BBC Radio Jersey this morning as being vested interests, I wrote this amendment myself, every word of it. I have only sought support from actors in the property market and estate agents and builders since lodging it, which is why I have not done a lot of social media things about it. I wanted to get my proposals before this Assembly and then see what the response was. I regret almost that there has been such a short time in being able to do that because of the difficulties I had. This is about giving what Cyril Le Marquand, the great late Cyril Le Marquand said, and it is it is repeated in the late Colin Powell C.B.E.'s (Commander of the Order of the British Empire) book ... the economists that made a difference in Jersey. I do not think any Member would say that Colin Powell was wrong in many of the things that he did for us. We are an Island that is benefiting from those wise decisions from Cyril Le Marquand and onwards. Senator Le Marquand used to say confidence is the name of the game. Our housing market is not confident. It is not moving. There is a surplus of supply of apartments in St. Helier and there are people that are then affected by the chain. One parishioner, a lady, I will not name her, has seen the flight of her 2 sons into jobs. One has got on to the property ladder and she would like to downsize. That is a good thing. It would release a family home into the market and she would move into a smaller property more appropriate to her needs. But she is stuck. She cannot sell. There is the argument about those that are at the bottom. If the market is not working at the bottom and that is where the supply is, then the whole chain gets into an almost stagnated situation. That lack of transactions ... the Minister for Treasury and Resources is advancing effectively ... and I do not criticise in any way a Minister for Treasury and Resources who has to be tough. I have been in that seat having to be incredibly tough and asking States Members to make difficult decisions but my decisions have always been decisions which have an eye on the medium to longer term. Stamp duty revenue has been falling off a cliff in the last few years. That means there is less money to spend for the Health Department. If the stamp duty would have been at that previous level, tens of millions of pounds would have been available to this Council of Ministers and this Assembly to spend, but it is not. So if the Minister for Treasury and Resources ... and I would appreciate it if Deputy Mézec could keep his remarks a little more quiet while I am speaking, because I have lost my train of thought. I would suggest that it is the activity of the very people that are the St. Helier voters that are brilliantly voting reform into this Assembly. This is not about rich people, this is about ordinary working Jersey people, retired people, people wanting to get on to the property market. Stamp duty is a friction.

Economists, as Dame Kate Barker said on a podcast 2 weeks ago, dislike stamp duties intensely because they act as a friction for average homes.

[10.15]

They are fine for high-level homes, I have got no issue. That is why my proposal has been carefully crafted. It is giving a relief for up to £700,000 properties and, yes, I have had to unhappily accept that Jersey's house prices are so high that a 3-bedroom average house is in excess of £700,000. It is certainly less than it was before and my proposal is carefully targeted. It does not have a cliff edge. It is zero per cent up to £700,000. It is at a lower level of 2.5 per cent up to £1 million and it is tapered off up to a level of £1.2 million. A property seller, a property buyer gets no relief under my proposals for a property over £1.2 million. That powerfully makes the point, as a number of the respondents ... and some of them have been estate agents. I have seen a blog cast this morning from one leading estate agent explaining the difficulties that they are having with the market at the bottom not moving which has all of the effect that the chains collapse. If the chains do not start working they will not transact. It is not correct to say that we are at anything like the kind of volumes of transactions that were hoped for. I wish it would have been the case. Since the Budget was amended there has been a hardening of mortgage interest rates. Mortgage interest rates were announced on the BBC. The fixed rates, which many people are going to be coming off in the next few months, of huge concern. There is a lot of people, there is an abundance of credit from one particular lender that meant that house prices became unaffordable. I agree with that but now those people are faced with having a fixed rate which is not the fixed rate that was estimated earlier this year, it is 1 per cent higher. Worse than that in Jersey it is 100 fully basis points higher than that. So we are not going to see this stimulus that falling interest rates are going to provide. That means the time to act is to make a sensible intervention. That is what is actually going to deliver if the Minister for Treasury and Resources is still - I hope she is - proposing the Budget next year. This stamp duty holiday will come to an end and there will be confidence restored in the market. That will mean that her stamp duty revenues - and this Assembly can change and tinker with them and raise them for higher value properties if they wish - can be restored so that the Minister for Treasury and Resources has those resources available to her for allocating to much-needed frontline services. This is a necessity. I asked the Minister for Housing when the Budget was lodged, and I know many Members ... and it is going to be a feature of this debate that many Members have found it really difficult to find out actually what the detail is. The Corporate Services Scrutiny Panel has said that it has found it difficult to actually scrutinise this Budget. I found it difficult to scrutinise what the numbers actually are. All I know is that the transaction volumes are not returning to normal and it would be a falsehood to say they are. If the Minister is going to stand up later and say: "Oh, they are back up", well I can tell in the third quarter of last year, it was the Lime Grove ... I call it Lime Grove, it is the development sponsored by Andium that had 35 houses going through the market. There is an illusion that the 35 apartments, I think they were, that were going through on that quarter is indicative of the green shoots of recovery that the Minister for Housing was talking about. No, it is no. That is the States doing the right thing by finding affordable homes going through the market. That is not a market that is showing green shoots. If the green shoots were hoped for with interest rates coming down, they are not, they are going up. They went up last week. So there has not been a big debate about this, which I am really sorry about, but this Assembly can make amendments. We are here to debate and I ask Ministers to respectfully debate this on its merits. There is little else in this Budget to stimulate demand, to stimulate supply. There is very little. We have seen construction firms getting out. If we think we can nationalise and somehow get everybody into social rented housing, that is nonsense. We have got private sector rentals, we will come on to that surcharge debate later. This does not affect the surcharge. I have excluded second homes from this targeted, temporary and timely relief. This is about homeowners. This is about getting people who want to downsize, upsize, second size or whatever getting the housing market moving and if I am successful in persuading Members of the merits of this, which have been proven to work elsewhere, we are not going to be scared into this apocalyptic situation where we are going to lose £10.5 million. Well, I have got one final thing to

say to the Minister for Treasury and Resources. Even if I am wrong about the estimate that has been advanced as the cost of my proposal, even if I am ... even if she is right, which I do not think she is, with greatest of respect, with the amount of transactions that I saw going through the Royal Court last week. The Royal Court is not suddenly going to see an abundance of activity on 1st January that is going to be this restoring of value. The Minister for Treasury and Resources is going to have one advantage. Interest rates staying longer. As she said in her opening remarks, our economy has proven resilient. It has proven resilient in terms of its income because of our Financial Services industry and our Financial Services industry makes more profits when interest rates are higher. So the good news is that there is going to be another revision. I understand why the Minister would not do that because Members would say that we were getting money to spend, but we know, she knows, the advisers know, that there is going to be bigger profits from Financial Services as a result of interest rates remaining high for longer, both in this year and next year. So you can argue this in a number of different ways. The actual cost, I think, is penny wise and pound foolish. I am not interested in short-term gains. I am interested in long-term confidence. I am interested in Islanders that are currently stuck, that cannot buy or sell, that are placed in miserable situations, the firms that are being affected by having built, in good faith, apartments. That is Jersey companies, Jersey people building, that cannot sell their properties because the market is stagnated. Those are the people that are building the affordable apartments in St. Helier, but they cannot sell them. This is an amendment which can boost confidence, that will boost confidence. It is targeted. It is not going to be of any benefit to those expensive properties of over £1.2 million. It does not even have a cliff edge, it has a gradual taper. The arguments are compelling. Members must know the difficulties, they must surely have heard of their constituents that cannot buy or sell their properties, that are suffering because of it. They must be aware of all of the related trades that Government relies upon income from, from G.S.T. (Goods and Services Tax). The final thing I would say is if this is about estate agents, well, I have advanced many times in this Assembly competition and for the first time there is a new service available in Jersey, like other places, for people to actually sell their own home at limited minimal cost. What a good idea. What a good innovation. If it works I wish them luck, I also obviously do not decry estate agents at all because they have a job. But competition works and sometimes ... and I know that I have met people that are so interested, so enthusiastic - I will not say desperate but some of them are desperate - to sell their own homes they actually can now, for the first time ever, sell their own home themselves at a lower cost. So this intervention comes just at the right time. If they are really motivated to sell their home they can do it themselves and save money on estate agency fees if they choose to, and they will not pay that friction of stamp duty. That will make the market work and I urge Members to give respectful, proper consideration to the impact on ordinary working people, ordinary retired people across the Island. There is nothing else in this Budget that is going to give confidence. This will. I move the amendment.

**The Deputy Bailiff:**

Thank you, Deputy. Is the amendment seconded? [**Seconded**] Does any Member wish to speak on the amendment? The Connétable of St. Clement.

**Connétable M. O'D. Troy of St. Clement:**

I find myself conflicted, therefore I will not be taking part in the debate and I will be abstaining from the vote. Thank you.

**The Deputy Bailiff:**

There is no interest to declare?

**The Connétable of St. Clement:**

Yes, I have some real estate which may come to the market next year and it may benefit me from the amendment being passed, if it is passed.

**Deputy P.F.C. Ozouf:**

For the avoidance of doubt, I am a property owner but I have no intention of selling anything or buying anything.

**Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter:**

In light of the Connétable of St Clement's declaration, I must make a similar declaration, being a property owner. One can never say whether one will come to the market or not during the course of any given year but I expect at least one might. I am not sure, I would value your ruling on whether that means I need to leave the debate and not vote. If that is your position, then I will follow your advice.

**The Deputy Bailiff:**

Under Standing Order 106, which we are all familiar with now, if you are about to sell a property, you may wish to declare an interest. Most Members of the Assembly will own property and whether or not you are about to sell a property or not, it is an interest shared with a wide number of people and therefore all Members can vote if they wish. Deputy Binet?

**Deputy T.J.A. Binet of St. Saviour:**

Sorry, Sir, are you saying that all Members can vote regardless of whether they are intending to sell property?

**The Deputy Bailiff:**

Yes, under Standing Order 106, which I will just turn up. In the event that the interest being declared is a financial interest, which is personal to that Member, so unique to that Member, or which is shared with a small number of other people, the Member shall not vote on any proposition relating to the matter. In view of the fact that buying and selling property in Jersey will be common to a significant number of persons, Members with such an interest may vote in this debate. If Members wish to declare an interest then of course they must, if they regard themselves as having an interest in the outcome of this debate. In my judgment, that does not arise in relation to somebody who maybe owns property but probably does in relation to someone who is about to buy or sell a property.

**Connétable R. Vibert of St. Peter**

I just wanted to make a similar declaration. I may actually gift a property to a family member in the new year so I do not think that that gives me any benefit under this, but I will make a declaration anyway.

**Deputy M.R. Le Hegarat of St. Helier North:**

Similarly, it is very likely that a property that I am a quarter owner of is likely to go for sale.

**Deputy M.R. Scott of St. Brelade:**

I have been in communication with lawyers about transferring a property interest too.

**Deputy R.J. Ward of St. Helier Central**

I just wanted to speak, Sir. [Laughter]

**The Deputy Bailiff:**

In that case ...

**Deputy R.J. Ward:**

Unfortunately - I do not want to disappoint my children - I will not be gifting them anything.

**The Deputy Bailiff:**

I thought that is what you wanted, that is why I came to you last.

**2.2.2 Deputy R.J. Ward:**

There is one very good thing that has come from this proposition in listening to the Deputy's speech. It means that I, Reform and any other Member of this Assembly will never again have to take a lecture on fiscally-responsible economics from the Deputy proposing this. This is looking to remove up to £10.5 million from revenue for something that there is no evidence that it will have any real impact on the market. It is just hearsay and hope.

[10:30]

Indeed, if there is evidence, I believe the evidence is more about inflating house prices during 2025 and then a sudden drop in transactions in 2026, as any rush happens as we make some tenuous and short-term jump in our provision. My concern is where is this £10.5 million coming from? From the Consolidated Fund, where there are many, it seems, a plethora - great to use that word - of amendments that are going to take from the Consolidated Fund - it is very soon not going to be very consolidated - in order to have minimal impacts. The greater impacts that we can have for people on this Island are to improve their wages, to provide nursery care, and if we can work and provide the 15 hours of N.E.F. (Nursery Education Fund) care for young families, that will make a significant impact on their incomes, significant freeing up of money for those families to perhaps enter into buying a home in some way. The assisted house purchase scheme is far more important, which is a realistic way for people to get into their own home. The Deputy talks about talking to people in his constituency. I speak to many young people. I have 2 children - one does not live here, one does - and they have done everything right. They have gone to university, they have studied, they are working, they are paying their tax, they are doing everything they possibly can. But because of high rents and because, unfortunately having spent my life in public service, I am not massively wealthy - I am okay. We have got a home to live in. I am not complaining - they would really struggle to get to buy a home. A stamp duty holiday for next year will make no difference to them. The most important elements to them are interest rates, their incomes, and their outgoings. That is what we have to address. That is what I want to see happening. But what this fiscally-irresponsible approach does is it puts at risk the projects that we want to take on. It puts at risk the work that we will do for nurseries, for families who are the future of this Island, if we are going to talk about the futures of this Island. It puts at risk the development of a skilled workforce. The greatest impact that we can have as a small Island is to have a well-trained, well-paid workforce that will contribute to our economy effectively and in the long term. Those are the plans that we have. I was very happy - just to break off for one second - to accept the amendment on apprenticeships because that is exactly the work we are already doing. Indeed, I believe there will be more money going towards that with the living wage support that will come forward as well, which is extremely pleasing to see. Yes, we have to remember we are in an odd situation at the moment in this Assembly because we are working on the Government Plan and the funding from the previous Government. Of course we are. But this is the next step forward into the coming years. I would ask Members to be very, very careful in the decisions they make today, particularly on this amendment, as to where that money is going to go from and the impact it will have on the other areas of C.S.P., which I remind Members they voted for almost unanimously. Those key areas of development that were brought about rapidly and with thought as to what the impact will be for this Island. I urge Members, think very carefully before you accept ... I do not know what to call it, I suppose. There was an element of the Liz Truss in these ideas, which really concerned me. I just think that this offer of this simplistic solution to a complex issue that faces our Island, please, I would say to Members, think this through carefully. This will have a financial impact on what we want to do in the coming years, which I believe so many Members of this Assembly support and want to see happen for young people, for families, for those being educated and trained, for businesses that want to take on apprentices, that want to see training, that want the support that they ... we have had it before. We have had this debate previously, and we are getting somewhere. I am sure we will talk about in detail those areas later, although there will not be a debate on it. I think we need to really think this through before we vote on this. Please do not take the simplistic approach. The shiny thing that you are being offered will not be as shiny when the lustre wears off and we are left with the aftermath and the impact of that long term for our

economy, for the people in Jersey and in 2026 when it will have absolute effects, which we do not want to see. I urge Members to reject this proposition.

### **2.2.3 Deputy M.E. Millar:**

If approved, this proposal would lead to a significant funding gap, as Deputy Ward has just mentioned, which will worsen operating deficits in 2025 and lead to an overdrawn Consolidated Fund. The loss in income is so significant that, if approved, the Council of Ministers would be forced to take alternative action to bolster our finances. The Deputy mentioned his time as Minister for Treasury and Resources in his amendment and, indeed, he also mentioned it during his speech. I find it difficult to believe that during his tenure as Minister he would have asked the Assembly to support the kind of unfunded reduction in income that he proposes now. I am sure that Deputy Mézec will speak more about the impacts that his proposal may have on the housing market, but I have to stress that this proposal would not create new market activity. Stamp duty holidays bring forward transactions as buyers rush to take advantage of the holiday. In turn, all this does is drive up prices. In fact, prices are likely to increase beyond the stamp duty saving, leaving people paying more during the holiday than they would today. This is what was seen in the U.K. when the U.K. introduced its stamp duty holiday. The Council of Ministers are aware that many Islanders and businesses are concerned with low turnover in the housing market. However, this proposal would not address the fundamental issues that have caused this. Jersey's housing market has seen years of unsustainable price growth above real earnings, making properties unaffordable for many Islanders. This is beginning to adjust, and prices are decreasing for the first time since 2003, which is something we all wanted to see. Intervening in the market, which would be in direct contradiction of F.P.P. advice, will only prolong this adjustment by creating a boom-then-bust phenomenon. Housing activity is ultimately driven by affordability. A £5,000 reduction in stamp duty for a £350,000 property will make very little difference to someone who is unable to afford a mortgage with a 6 per cent interest rate. The Bank of England's base rate is coming down and this will be the single most important factor in allowing the housing market to continue to recover from the lows of 2023. I would like to touch briefly on the details of the Deputy's proposal. The largest tax reduction here will go to those buying a £1 million property. First-time buyers, on the other hand, who already receive a stamp duty reduction, will see the smallest benefit. The Deputy said during his speech that we will not see an abundance of activity come January. I disagree. I started my legal career doing domestic conveyancing and, if we agree to this today, I would be astonished if property lawyers acting for buyers are not saying to them: "Well, of course, if you delayed your transaction until January, you will not pay stamp duty", which means that there will be nothing affected by the proposition going through court for the next month. The property court will be dead for the whole of December, and then, come January, there will be a rush, while all those people who would have completed between now and the end of the year complete their transactions. I can tell you how that conversation is likely to go. The lawyer says to their client, the buyer: "If you defer until January, you will make a stamp duty saving." The buyer says: "Yes, that is a marvellous idea, let us do that." The lawyer then contacts the seller's lawyer, who says: "But my client really wants to sell. My client is going to be disadvantaged by this delay. Perhaps you could give me some of the stamp duty saving." So the seller will get more money, the buyer will still pay slightly less by not paying stamp duty, and the Revenue gets nothing, and the courts have nothing to do over December and Friday afternoons, perhaps. I think that is an entirely likely scenario. We will then see a slump in 2026, because everybody will accelerate the transactions in the latter half of 2025 to get them in during the stamp duty holiday. This is not a long-term solution. This is generally not a position that the Council of Ministers are willing to support; tax reductions for the more expensive properties in Jersey, while it still becomes harder for first-time buyers to get a foot on the housing market due to the price increases that this proposal will likely cause. This proposal would also give a tax break on the purchase of the property but not on the registration of the mortgage. This is exactly the kind of unintended consequence that proper consideration and consultation allows us to avoid. By circumventing that and asking the Assembly to approve a poorly considered and expensive proposal, the Deputy is

asking Members to knowingly create distortions in the Stamp Duty Law and its operation. I urge Members to reject this amendment and allow the market to continue to recover without unnecessary intervention.

#### **2.2.4 Deputy I. Gardiner:**

My speech will be very short. It is mainly to seek views from the Ministers who did not speak yet and also to seek some views from the proposer to make my decision on this specific amendment. What I hear, and this is important that the proposer in his closing speech addresses the £10.5 million of the reduction in the budget and how it can be addressed. What I would like to understand more from the Ministers who are rejecting, and this is where I am finding myself. There are 2 amendments around stamp duty: one amendment on the primary family property under £700,000, which is low-cost property for the families who would like to down-size, right-size, move the market around, and the other amendment is for the second. What we are debating, from my understanding now, it is the primary home for the families or for individuals. We all know that prices are not dropping, the prices are there, the interest rates are high and we know that the market has stalled. I know there is some belief that the market will move but we did not see the market moving for the last 6, 8 months and we know that the transactions are low and stamp duty is lower than we expected. I looked at the U.K. and it is absolutely ... it was a stimulated housing demand, when transactions raised during the stamp duty holiday in 2021. But I know that it has raised ... the market is fluctuating, the market is moving. What I really need to understand, and this is where I am finding myself, I understand why not. I have heard Deputy Ward and I have heard the Minister as to why not to do this, why it might not work. What I did not hear, and this is what I would invite them to share, what are the actions that the Council of Ministers is proposing to make the market to move, for people to be able to sell and to buy up to £700,000. I am not saying what is right, what is wrong, but this is at least a solution. It may be not an ideal solution. We have it for a year. It might not work. It might work. I do not know. But I heard lots of why not. I would like to hear, this is what we are doing to ensure that up to £700,000 flats will be moving, the market will work, and people will be able to buy. It is important for me to hear what we will do, not general; specific concrete step, because this is very specific. I can understand it might work, I hope it will work, I do not know. I need an alternative to be offered to me.

#### **2.2.5 Deputy S.Y. Mézec of St. Helier South:**

I took a note of when Deputy Ozouf said this, but he asked us to debate this amendment on its merits. I think we should oblige him by making it a short debate because I am afraid to say I do not think this proposal does have merits.

[10:45]

It is a fact that economists are not keen on stamp duty as a tax. They frequently commentate saying that it is not an effective or equitable lever to affect the market, and I think there is a lot in that. When you adjust stamp duty or you experiment with new tools within it to try to influence behaviour it can distort markets and have unintended consequences. It can artificially spike activity leading to increased prices. Evidence from the U.K. stamp duty holiday shows this. It can disproportionately benefit sellers rather than buyers because the sellers are able to maintain prices where they are, rather than reduce them, which is what the market would otherwise dictate. With what Deputy Ozouf is proposing in particular, it essentially abolishes the advantages for first-time buyers that we already have built into this because it puts non-first-time buyers on the same rules and same rates as them, taking away their advantage at a time where we would want to be encouraging them. You cannot blame any individual or business, in fact, for looking at a proposal like this and finding it attractive. If you were looking to buy a property and you were factoring in all of the different costs that you are going to have to pay in order to buy that property, stamp duty will be one of the factors you will be considering. If you were to say to that person there is a proposal to take that stamp duty cost off you, of course you are going to find that prospect attractive. If you are a business trying to help clients sell properties and you are struggling, and you hear that there is a proposal that says prospective

buyers will not have to pay stamp duty, you will be able to argue more easily for your clients to be able to sell their homes. Rather than give them the uncomfortable advice of saying if they lower their prices further they might find it more easy to find a buyer. Of course you are going to find that an attractive prospect but when individuals look at these things they are doing it through a myopic lens, a lens of their own experience and not the macroeconomic picture. It is our job as a Government to pay greater attention to the bigger picture, to the macroeconomics of this, and understand that while a policy proposal from an individual perspective may look good, from everybody's combined experience, may actually have negative consequences. The one that is so easy to predict from this, is to disrupt what we can see with the data in front of us that is happening right now, which is a market correction. If Members look at the previous house price index to see the trend of house prices in recent years, they can see a rather steady trend that all of a sudden bubbles in 2021 and prices spike at a much greater rate than they had previously. That coincides with post-pandemic and the disastrous Liz Truss Budget, and we can see more recently that it is starting to go back down again. In fact it is heading to where, if you were to take that chart with a ruler and draw a straight line, you would find where we would have been anyway. Throwing into the mix this stamp duty proposal will completely disrupt that journey. It will be an incentive for people who are looking to sell properties not to offer them at prices that are actually realistic in this time, because a property will sell if you pitch it at the right price. It is an uncomfortable thing to do, to find that you are struggling to sell something because the price you are offering is not matching the expectation of buyers. It is uncomfortable and there is going to be a lag between the expectation of the seller versus the expectation of a buyer. But right now we see a correction going on, which I think represents a green shoot and represents something that I think offers far greater hope to Jersey's young people than a completely uncoded temporary tax break, which all the evidence shows will lead to higher house prices and will abolish the advantages that those young people may have as first-time buyers, and which will disproportionately benefit the sellers. It is not a good case to be making to them. Of course, I completely agree with what Deputy Ward said about the irresponsible tactic of proposing something that sees a loss in projected revenue of £10.5 million without being able to tell us where a single penny of it is coming from. Deputy Ozouf spoke about the reduction in transactions meaning that the Government is making less in stamp duty anyway. Of course that is true, but part of the reason that we have had those lower transactions has been high inflation, affecting people's ability to budget and spend, and interest rates. The silver lining to high interest rates and higher inflation is that we get a greater tax take from other areas. Inflation means we get more in G.S.T., interest rates means we get more from finance industry payments. I am not saying that that is a good thing but it is a fact that with stamp duty receipts down in this time they have been more than made-up for by increased tax receipts in another area. But we see inflation going down and interest rates going down now and, at the same time, he wants to remove the revenue we would get from stamp duty. I regard that as fiscally imprudent and irresponsible. As the Minister for Treasury and Resources has outlined, even if it is something we might just be able to stomach next year, it would have greater consequences in the long term, disrupting our ability to invest in the public services that we desperately need to invest in if we are to provide the decent quality of life that Islanders expect and, in particular, young people. Deputy Ward spoke about the work that he is doing to make childcare more affordable. Expensive childcare makes it harder for people to get on the housing ladder or harder to get a bigger house because it is a huge expense that they cannot avoid. Helping them with that will make it easier for them to find themselves in the best housing that they can afford for themselves. Providing more investment into the First Steps scheme, a responsible way of trying to provoke transactions and increase demand, doing it with the price limitations that are already set within that scheme and focusing that funding at those who will most benefit from it, and hopefully unlock chains further up as well, is a much better targeted measure to try to boost activity in the market than a blanket tax cut, which all of the economic evidence we can see when it has been attempted in other jurisdictions shows that it has unintended consequences. Market correction will disrupt that to the benefit of very few people, to the benefit disproportionately to sellers, and for the disbenefit potentially of those seeking to buy, whose prices will perhaps counterintuitively go up and the loss of revenue that

Government needs to invest in the services to make our Island an even better place to live. On those bases, I urge Members to oppose this amendment.

#### **2.2.6 Connétable A.N. Jehan of St. John:**

In the last 12 months I have been a fairly frequent visitor to the Royal Court on a Friday afternoon, and in recent months I have witnessed growth in the numbers of people making transactions. That is just not my visual interpretation. I understand that transactions have grown by 19 per cent in quarter 3 versus quarter 2, so we are seeing uplift. On the bus this morning I spoke to someone about properties that have been on the market for some time. I was pleased to hear that one of the properties is now under offer; under offer at a significantly lower price than it had been on the market for. But that property, in my opinion, is still vastly overpriced. The issue is with the price of the properties. I think this amendment is well-intentioned, but I think it is going to be lower interest rates that will see the markets change. We have heard about the benefits to sellers. If this comes into place then people will be able to ask more for their properties. The reason I have been a regular visitor to the court is that we have been trying to sell 16 homes and it took some 12 months for those homes to be sold. They were shared equity and the price of those properties, the developer did not drop £1. I have seen families in tears in my office who cannot afford those properties but the developer knew that people would come along and pay that, and the real challenge for those people and those families was meeting the bank's requirements when they were getting tested at 8 and 11 per cent interest rates. I think the amendment is well-intentioned but I am not able to support it.

#### **2.2.7 Connétable M.K. Jackson of St. Brelade:**

Just a brief word, and once again in terms of the previous speaker, at the Parish Halls we do see a flow of property transactions coming through and I cannot say that it has fallen off in recent times. I am also aware of the ... I think we can call it an oversupply of one-bedroom flats at the moment and I do not think there is any demand for those. I think the base problem is not so much a housing crisis as an expectation crisis, and that is on both sides. The high expectations from vendors who are unprepared to budge and the high expectations from purchasers who wish to have a property at a lower price. How the market is going to accommodate that remains to be seen, but my view is that it is more of a problem and is probably unlikely to be answered by the Deputy's proposals.

#### **2.2.8 Deputy M.B. Andrews of St. Helier North:**

I think it has been a very interesting debate so far, and we have heard Deputy Ozouf give a very good speech and argue why he believes that the proposal is necessary. We have also had a few very good speeches from Members who have been antithetical about this amendment that has been lodged to the Government Budget. I think it is very clear, hearing from some Members, that they are concerned if stamp duty is to be removed. Stamp duty does act as a demand-side constraint. If we look at, for instance, a first-time buyer, there is a first-time buyer threshold that currently stands at about £700,000. Anybody else who owns property already would be given an opportunity to transact in the market and, of course, they would not be subject to stamp duty whereas before they would. I think it is quite clear, as we look at Jersey's housing market, it has gone through a bit of a turbulent period. Transactions were dropping - and pretty substantial the drop was - but now we have seen the market start to pick up very slowly, the number of transactions are increasing, and really that has been down to numerous factors. When we look at the Monetary Policy Committee, they have about 8 meetings per annum and they are the ones who decide on what the base rate should be. Listening to the experts, they seem to be of opinion that the base rate will be dropping each time the Monetary Policy Committee meet by about 0.25 percentage points. Currently it stands at about 4.75 per cent. This can have implications when we look at levels of high borrowing because the Bank of England will be charging commercial banks on their reserves, but also, if commercial banks are looking to borrow, the rates will be obviously higher. Of course that then has a cascade effect for people who are then looking to obtain borrowing. That is not just households, that may also be firms as well. As we see the increase in rates of borrowing, aggregate debt is likely to reduce, and we have seen that with the Statistics Jersey reports that have been published. Of course, there has been a decrease in

the number of transactions. I think the purpose of the amendment is to try and stimulate a bit more activity in the housing market to increase the number of transactions. Because I know some people, for instance, have tried to sell their property and they have had no luck because people do not want to buy. The case may be if you are a cash buyer it does not matter too much, but if you are somebody who has no choice but to borrow, the borrowing will be very expensive and you are probably better off putting on hold a transaction that you would like to make until some point in maybe a third or fourth quarter of next year, when credit is cheaper for you, and it is probably more affordable.

[11:00]

Whereas if you commit yourself now, then your debt obligations will be more expensive. I can see why many households are very hesitant. What this potentially can do, because there is less demand in the market, potentially we could then see house prices start to drop. For some people, they are already experiencing negative equity, where basically the mortgage that is outstanding is of a higher value compared to what the property is worth, if it was to be valued by a professional estate agent. I think there are certain households who, of course, remain very concerned about that. What they really want to see is the Government to take action. I think that would probably be in the form of intervention, in the form of respective policies. I can understand why Deputy Ozouf is doing this because there potentially could be implications where you have maybe got couples who are living together, they are going through the process of divorce and they have got no choice but to live in the same property and they cannot discharge the property because nobody wants to acquire the property. Then what you end up with is a scenario where potentially people have no choice but to drop house prices. For some people, they would be saying that is good, if we see a drop in house prices. But we have also got to understand there will be some people who, of course, are experiencing negative equity. Of course, banks, credit lenders, they will be very concerned if they see a structural collapse in the housing market, where we see house prices decrease. The ability to then lend could be impacted upon, depending on the severity of the structural collapse within the housing market, and so it could, in very extensive circumstances, become very difficult to obtain borrowing because the banks do not want to lend if an asset is continually going to be depreciated. There are further implications in that respect. I do not think that is going to be the case because, as I say, I think housing transactions are picking up. It is a gradual increase. It is going to take time for the housing market to bounce back. But that will happen once the base rate starts to decrease. Commercial banks will then offer credit lending services. That will be easier for people to access cheaper credit. So that will incentivise investment. It will incentivise demand once again in the housing market. We will start to see the housing market begin to stabilise at some point in the future. I just wanted to add that because I thought that was not part of what had already been discussed. I thought I would just contribute and add something new to the debate.

### **2.2.9 Deputy T.A. Coles St. Helier South:**

I heard earlier people making declarations about whether they were intending to sell property and would be benefiting from this. But I am on the flip side; I recently this year was successful in purchasing our house and this was a step up as I had bought a one-bedroom flat before. I want to address whether or not stamp duty actually came into our considerations. Yes, because we are aware that stamp duty was going to be something that we would have to pay as we took that step up. The property that we bought would have fallen within the £700,000 holiday but it was considered as part of our step up. I had realised that my original one-bedroom flat that I purchased over 10 years ago had appreciated in value. Deputy Mézec made reference earlier in his speech about the COVID bubble that we hit afterwards and actually, at one point, when we were looking at that same post-COVID time, we were having valuations of our property in excess of £400,000, which I said was ludicrous considering about 8 years prior I bought it for less than £200,000. Waited until end of 2023 to put our house on the market, had more of a realistic and acceptable valuation. The person who purchased our property came and negotiated at that price, which we all factored in because it is all part of the factoring in. When you take that step up you have to balance whether you can afford to

pay the loan repayments. That was the biggest thing we had to take into consideration and, as we have said, the interest rates at the moment are at a 2-decade high. They have started the decline and we are seeing that continued decline. I think once the base rate of interest has come down from the 6 per cent that it sits at the moment to something that people can more realistically afford, that will be the key factor in our property market. Though I believe this amendment is well-intentioned, I believe the £10 million-plus unaccounted for, that is the biggest worry and concern that I have around this this amendment. I would urge Members to reject this as £10 million is a lot of money for us to do without.

#### **2.2.10 Deputy J. Renouf of St. Brelade:**

I am going to start off in support of the Government. It is nice to start in that position. Most of the points I wanted to make have already been made, so it is going to be a very short speech. But, in a way, it also relates to the next amendment because some of these arguments build on each other, I think. The Deputy says that the aim of the proposed measure is: “designed to stimulate housing market activity, address persistent affordability challenges, and mitigate the negative impacts of historically low transaction volumes.” My argument, with the greatest respect to Deputy Ozouf, is the category error here is to see the current housing market as a problem that needs correction, rather than a stage in a necessary process of adjustment. I think house prices, when you look at the charts, began to detach from earnings around 7 or 8 years ago. In other words, the housing affordability gap really began to increase dramatically 7 or 8 years ago, 6 or 7 years ago; it is different for some different categories of house. In fact, they began to detach, you could argue, from reality. It was a huge rise and I would argue we are still going through the necessary correction. House prices still need to get closer to earnings. A significant factor in stopping transactions is that sellers have not yet all adjusted their prices to the market. We have heard several people make reference to people unable to sell. It depends on circumstances, of course, but the hard truth is you can always sell a house or property. You just have to lower the price. That may cause stress to individuals and so on, in which case they may choose not to sell at that point. But it is not the case that sellers cannot sell if they really need to sell. We are still going through that correction. That adjustment in people’s expectations, which is the key thing here, that adjustment to those expectations does seem to be happening. Transactions are beginning to rise. This is a very common fact, when the market slows down in the housing market, that there is a stickiness. There is a stickiness while people hold on, keep their prices up, the selling price up, in the hope that the market will recover quickly and they will still meet their original expectation. But the situation we have gone through is one where the house prices rose so dramatically that we cannot sustain those house prices. We do not want to sustain those house prices at that level, and the prices still need to fall a little bit, and it is happening. Stamp duty was no deterrent to market activity when the market was at its peak and there is no reason to believe, as the Minister for Treasury and Resources and Minister for Housing have said, that a cut in stamp duty now would be the significant fact that would stimulate a significant permanent upturn in the market. I do not think that persistent affordability challenges are addressed by this amendment. It will at best bring transactions forward. Prices will mostly rise to compensate for the cut in stamp duty. The seller gains, not the buyer. Overall, I am afraid, this amendment does not make sense to me.

#### **2.2.11 Deputy D.J. Warr of St. Helier South:**

Again, a very interesting debate, and I think the thing which keeps coming to my mind is about timing. We have heard Members talk about increased transactions quietly coming through. We have seen interest rates which were coming down now apparently not coming down so quickly. But, on the positive side on interest rates, as the Minister for Treasury and Resources will well know, that is an incredibly positive sign for profits of financial institutions, which will benefit our Island economy. When we talk about timing and we want to stimulate a part of the market, is the timing right in 2025 for us? Is this the moment where we do make an effort and be positive about how we get things moving again in our economy? I have empathy with Deputy Ozouf in that respect. I am really

concerned when we are denying what has happened in history. We have seen some extraordinary low - historic low - interest rates. We have seen historically high inflation rates. We have seen some extraordinary economic conditions, which I have never seen in my lifetime. I am sure most of the Assembly Members have ever seen. What that has caused is a huge disruption in the market. Is this the moment in time where we now go: “Okay we recognise all of that has gone down the path, we now need to try and do something different and stimulate the economy”? I am really concerned about all the shroud waving. I think the £10 million scheme ... and I know when I was Minister for Housing and we were setting this up, our biggest concern was that we were going to potentially inflate the market. But what we appreciated was that it is such a tiny drop in the large housing ocean that it was not going to have an inflationary impact, which has, I think, proven to be the case. I am also concerned when the Minister for Treasury and Resources talks about ... we talk about this £10 million gap. Actually, if you have no transactions, I think nothing of nothing is nothing, is a term that comes to mind. I am concerned that where is that figure, this gap? Are we actually by reducing transactions and not allowing the market to function being hoisted by our own petard? In other words, shooting ourselves in the foot. I wonder if we do need to get that. My thoughts are, let us get this market moving again. There is lots of opinion. I am not sure a conversation on a bus is that helpful when it comes to making big decisions like this. I would like to see more hardcore evidence. All I do know is we are seeing building companies collapse. That is hard evidence. People losing their job in the construction industry. We need to stimulate our economy. The bottom line is, who is going to pay for all of the good things that we want to do in this Assembly? It is actually going to be the private sector, activity in the private sector, our economy being strong; that is what is going to pay the bills that we want to see that are most vulnerable in our society covered off. As I said, I think a lot of this is about timing. I appreciate the idea that this could be a very ... and I appreciate Deputy Ozouf’s commentary around saying that we can do this over a short period of time and then review what the situation is and then change as we go forward. We have that within our gift. But the other point is, is what is Government doing to stimulate the market to help things move? I do not see anything. I have heard a lot of shroud waving, but I have not heard any real positive message from Government that says: “We are going to make this economy move, therefore please do not worry about the housing market”, which is such a concern to so many people. I will be supporting Deputy Ozouf on balance. I think it is a bold move and I think the timing is right.

### **The Deputy Bailiff:**

Does any other Member wish speak on this amendment? I call upon Deputy Ozouf to reply.

### **2.2.12 Deputy P.F.C. Ozouf:**

Firstly, this issue about transactions and revenue loss. I begin by addressing my concern that there is an estimated loss of £10.5 million from this proposal. Let me be absolutely clear again with Members; this figure is based upon the assumptions made in May 2024. The comments about the green shoots of the market, the third quarter market, is not in any way indicative of the green shoots when one knows that the majority of the transactions were the subsidised housing projects. I am afraid, after the amount of people that I have spoken to on the doorstep and then the level of support that has been advanced to this proposition, and if Members want to say and agree with Deputy Mézec that this is just about rentiers, this is just about vested interests, then fine.

[11:15]

But are we really saying that the signatories to that letter, who were members of the people who provide the building materials, the wicked landlords and the estate agents, do we really say that their views, and their very strong views to do a letter of support in relation to something that is urgently needed, is just vested interests? I am not here for any vested interests apart from the vested interests of ordinary working people who I know are stuck. There is nothing else in this Budget, I would say to the Council of Ministers. I asked on the very first day that I heard about this Budget after I returned. I said: “What is in this Budget that is going to give any confidence of building in terms of supply? How many houses are going to be built as a result of this Budget?” I wish I was not here actually

having to present such a short-term stimulus but I know I have got to do something, and I know that the members of my Parish that are in this dreadful situation where they cannot transact, I know that this will make a real difference. If Members want to vote against it that is fine, I accept the democratic view of the Assembly, but however let there be no doubt of the people that will be genuinely upset. I have not gone to go and stoke up a massive hoolala about the people that are suffering, because they are suffering in silence. You just have to see the amount of “for sale” signs. This issue about this revenue. I have been the Minister for Treasury and Resources and the Minister for Treasury and Resources, I just need to respectfully say, I do not need to be reminded of the importance of fiscal responsibility. The fact that she is in this difficult position with a Budget that has such a short amount of money in it in the Consolidated Fund that £10 million either way is going to be catastrophic, just indicates maybe that she has got an even more difficult situation to deal with than she is actually meaning. But thank goodness she has got the Pillar Two revenue coming in as a result of the Financial Services industry. Thank goodness that saved us, and confidence is the name of the game. The current reality is that transactions are continuing to be very low. I am sorry but these anecdotal comments on a bus or appearing in the Royal Court are not borne out by the evidence. The evidence is absolutely clear. The shroud waving, well, we used to hear about shroud waving. A stamp duty holiday that is going to merely delay transactions until January. I have to say to the Minister, not many transactions are actually tabled going forward. They are about a third of what they were in a normal market condition. If it is a third, I say to the Minister that is the least of her problems because the problems are going to come next year when it has been accepted that interest rates are rising. So what does one do? We do not set interest rates here. The Minister for Financial Services I hope is going to do something to deal with this issue that Jersey mortgages are at fully 100 basis points higher than that of the United Kingdom, when all the advices I have served this Assembly from Financial Services indicate that, if anything, with the abundance of cash in our financial institutions, we should be having the mortgage rates which are at least as low or at least at the level of the United Kingdom. But there again there does not seem to be some particular action being taken to that. If I was the Minister for Financial Services I would be ringing up the banks and saying: “Change your rates otherwise there are going to be some regulatory issues or we are going to investigate you for market abuses.” The fact is, is that this Island is a proud Island of cash in deposits and that should be translated through to mortgages that are widely and plentifully available. I welcome, by the way, the announcement of a bank, a new lender in the market, which is showing confidence and actually lending. But there is no doubt at all of course that lending criteria have been stressed, and the comment that was made about the decision to stress test mortgage lenders. We do not regulate mortgage lending in Jersey, unlike in other places; we do not regulate it at all. The fact that this bubble that occurred was a result of, in large measure, not only because of one bank lifting the multiple of income from I think 6 to 9, that was one of the inflationary increases in the housing market but that has gone. Banks are not doing that anymore and the new bank that is arriving providing access to is also not doing that. The housing crisis demands action. As I say, this Budget offers nothing to address this crisis or stimulate activity. It does nothing to a deal with the struggle to access and get on to the ladder, to get out of the home that you are in and down-size. We cannot solve every housing issue with one amendment but we can do something decisive. I say to the Minister for Treasury and Resources, it is not £10.5 million. In any case, even if it is, then I did not hear a word of contradiction about the increased income that we are going to get as a result of those interest rates that are higher. Interest rates higher means banking profits are higher, which means taxes go up, the tax revenue goes up. I did not hear a word from Ministers about that. This is also an amendment which is designed to give confidence to not only the housing market and those people that I have met on the doorstep who are stuck, and there is no prospect of them not getting stuck because if you start at the bottom it does not move upwards and it is those people at the lower end that are most affected. Yes, we have first-time buyer reliefs but it is those people that are not of great means, that are not first-time buyers, that are basically wanting to get an apartment or a modestly-priced home. They are the ones that are being stuck because at the higher end of the market it is not moving and, yes, there is an adjustment of prices. But are we sending out a message to the Island that no we are not

going to do anything until house prices have fallen back further? One could criticise politicians and what they say but there is one thing that matters in politics, and that “it is the economy, stupid”, said a certain member of an election in the United States or somewhere else, and it has been very clear that it is the economy that matters. We have a Labour Party in the United Kingdom, which is not a favoured party of the Minister for Housing, and he is on record of saying it, that is actually trying to do some building. They are putting private sector investment, they are trying to get an investment conference. Where is the investment? Where is the investment and the confidence that people are going to make if they think they can make a decision like that young man that I saw, whose father and son did a refurbishment of a 3-unit apartment I think in St. Helier who cannot sell it? Where is the confidence of people going to be doing more of that? There has been not one comment made in this debate about all of the other sectors that are affected by a housing market that is not transacting. There is a thin order book. How many more construction firms are we going to see collapse? There is nothing in the order books for them. Those are the big firms, but what about all the subcontractors that are affected? I say again the importance of confidence, and this is a confidence. This is not a reckless measure designed to blow a hole in the Minister for Treasury and Resources’ budget. I would never do such a thing. I am interested in medium to long-term revenues. I want the Minister for Treasury and Resources to be here in a year’s time that is going to have the stamp duty revenue back at those same rates to pay for those public services. That is what I am wanting. I do not know if the Minister for Treasury and Resources ... I will give way if she wants to say something. This is a targeted, temporary and timely measure. It is not a blanket policy or long-term intervention. It is targeted to those that need the relief most. Up to £1.2 million property sales. After that you get nothing. This is not for buy-to-let purchases. It is temporary, it is lasting for one year. It will ensure that the impact is sharp and focused and it is timely. I would have liked, like the old days but I could not do it, for it to come in if Members were to approve it overnight, but that is not possible according to the way that things work these days. I am worried about those Islanders that are listening to this debate, that are really hoping for action and not excuses. They want to see this Assembly address the real struggles, the silent struggles, that many Islanders are facing. We all came in here with a housing crisis. What have we got to say to them about what we are doing? What, we are just waiting until a market correction, until Deputy Mézec is happy with the price and the level of housing plunging? I mean really. Is this really what the middle ground of States Members who are not on the political left really think? I do not think so. I appeal to Members within the middle ground, within that sensible middle ground, those Parishes that have people that are genuinely struggling. Is this inflationary? The evidence is that when there is a supply problem that you will basically create a ... if you have a fewer number of things on the market that is needed you will create inflation. I would like this Budget amendment to be accompanied ... we did not hear anything from the Minister for Planning, we did not hear anything from the Minister for Housing about supply. This amendment is in the context of an attempt to do something. The Bridging Island Plan debated before this Assembly took office has got rezoned sites in it. Not one rezoned site has got a piece of earth moved to start. Not one. There is one that has got planning permission, there may be the one in St. John but there is a rezoned ...

**The Deputy Bailiff:**

Would you like to give way?

**Deputy P.F.C. Ozouf:**

I will give way, yes.

**The Connétable of St. John:**

Point of clarification, I am not sure the last time the Deputy drove past Field J1109, but you can clearly see activity in that field today.

**Deputy P.F.C. Ozouf:**

I respond and say that that is a very good housing project, but it is a Parish-based project and it is relatively small compared to the rest of the big sites that were basically passed by this Assembly. The Constable will know that this Assembly failed in the Bridging Island Plan to put anything like the amount of supply of homes into the market and it is a serious issue which this Assembly has failed. We have not heard one ...

**The Deputy Bailiff:**

Deputy, are we getting away from the amendment a little bit now, on the Island Plan?

**Deputy P.F.C. Ozouf:**

Yes, well we are getting away from ... this is about creating confidence. This is about creating a confidence in basically that this Assembly is going to take seriously the need for private investment, for transactions to be in terms of volume setting a new market level. It is not inflationary because of the bank lending criteria. Evidence from the U.K. that this was an inflationary thing is not correct and not borne out, and I am not going to quote from all of the people that are needed to say this. The reality is that transactions are at a very low level, they continue to be at a low level and this is designed to do something about it. This is not about delaying cliff edges because it does not deal with that. It is targeted, it is immediate and the proposal is not inflationary. In a slow market like ours, buyers have negotiating power; sellers are not in a position to inflate prices significantly because of the issue of mortgage interest rates. I will repeat that. In a slow market where buyers have a negotiating power, sellers are not in a position to inflate prices significantly. What they need is transactions to happen from the bottom up. The savings from this stamp duty holiday will directly go to buyers. Helping them meet their deposits, reducing borrowing and making home ownership a reality will not line the pockets of sellers, so that argument is, I am afraid, incorrect. This Budget offers, as I say, nothing about dealing with a stimulating of supply. Islanders continue to struggle to access homes, homes to purchase, and this Assembly had from the beginning of its term of office a duty to act. We cannot solve every housing issue with one amendment but we can do something and we can do this. This has a proven track record endorsed by economists that know what they are talking about.

[11:30]

As for the F.P.P. report on housing, well, it had no recommendations. The F.P.P.'s report on housing by the eminent economists that we have was asked not to write recommendations, and I leave that with Members because it is true. A buyer who saves on stamp duty reinvests money locally. It invests it in renovations, in furniture, in essential services, tradespeople, small businesses and local suppliers. These create a ripple effect of economic activity that helps everybody, not just home owners. At the moment, Members I know talk to ordinary people, do they not realise, do they not agree with me that the economy is in stagnation and there are many, many worried individuals about both in the trades business and all the other related sectors? This is targeted, I have already said that, temporary, it is timely, and it is a message of accountability and action of States Members. I close by saying, I ask Members to not be concerned. I am a former Minister for Treasury and Resources, I know about fiscal responsibility, I would not propose something that was fiscally irresponsible. It is fiscally irresponsible that we are in such a tight consolidated position but we will come back to that later on in the debate. It is not realistic to say that there is a £10.5 billion cost. I have explained that because of the other things. I do not have a large department to assist me but is it not obvious to Members that a transacting market of housing is going to stimulate all sorts of economic activity throughout the Island, which is not happening. I urge Members to reject the ... I have well been used to the shroud-waving that has been raised sometimes on both sides of this. This is a serious amendment that had a serious amount of research carried out on it and is in line with the internationally-accepted measures that you take when you have a market that is not transacting. It is the only thing that is going to do anything to give this message from this Budget that this Assembly wants the housing market to move, the housing market to have confidence. I leave Members with that and ask them when they meet over Christmas and they talk to their parishioners and they say: "Why did you vote in favour or against this?" ask them what it will look like in 3 or 4 months' time

when we continue to see stagnation and all the ripple effects that go on. Members are denying the reality if they are saying there is not a problem. There is a problem and this will fix it in a responsible, targeted, timely and fiscally-responsible way that will improve the revenues of the Minister for Treasury and Resources in other ways and, most importantly, will get the housing market transacting so that next year we will have stamp duties back to their normal level. I move the amendment.

**The Deputy Bailiff:**

Is the appel called for? The appel has been called for. Members are invited to return to their seats. I ask the Greffier to open the voting. If Members, including those present remotely, have had the opportunity of casting their votes, then I ask the Greffier to close the voting. I can announce that the amendment has been rejected.

**Deputy P.F.C. Ozouf:**

Can I have both the fors and against, please?

**Deputy M. Tadier of St. Brelade:**

Also the abstention, please.

**The Greffier of the States:**

Those voting pour: the Connétable of St. Saviour, Deputies Gardiner, Ozouf, Bailhache, Warr, Wilson and online, Deputy Doublet. Those voting contre: the Connétables of St. Helier, St. Brelade, Trinity, St. Peter, St. Martin, St. Ouen, Grouville, St. Mary and Deputies Southern, Tadier, Luce, Morel, Le Hegarat, Ahier, Ward, Alves, Gorst, Farnham, Moore, Mézec, Coles, Porée, Miles, Renouf, Feltham, Jeune, Millar, Howell, Ferey, Kovacs, Curtis, Ward, Andrews and online, Deputies Labey, Curtis and Rose Binet.

<b>POUR: 7</b>		<b>CONTRE: 36</b>		<b>ABSTAIN: 1</b>
Connétable of St. Saviour		Connétable of St. Helier		Connétable of St. Clement
Deputy L.M.C. Doublet		Connétable of St. Brelade		
Deputy I. Gardiner		Connétable of Trinity		
Deputy P.F.C. Ozouf		Connétable of St. Peter		
Deputy Sir P.M. Bailhache		Connétable of St. Martin		
Deputy D.J. Warr		Connétable of St. John		
Deputy K.M. Wilson		Connétable of Grouville		
		Connétable of St. Mary		
		Deputy G.P. Southern		
		Deputy C.F. Labey		
		Deputy M. Tadier		
		Deputy S.G. Luce		
		Deputy K.F. Morel		
		Deputy M.R. Le Hegarat		
		Deputy S.M. Ahier		
		Deputy R.J. Ward		

		Deputy C.S. Alves		
		Deputy I.J. Gorst		
		Deputy L.J. Farnham		
		Deputy K.L. Moore		
		Deputy S.Y. Mézec		
		Deputy T.A. Coles		
		Deputy B.B. de S.V.M. Porée		
		Deputy H.M. Miles		
		Deputy J. Renouf		
		Deputy C.D. Curtis		
		Deputy L.V. Feltham		
		Deputy R.E. Binet		
		Deputy H.L. Jeune		
		Deputy M.E. Millar		
		Deputy A. Howell		
		Deputy M.R. Ferey		
		Deputy R.S. Kovacs		
		Deputy A.F. Curtis		
		Deputy B. Ward		
		Deputy M.B. Andrews		

**The Deputy Bailiff:**

Would you read the abstention as well, Greffier?

**The Greffier of the States:**

Sorry, the Connétable of St. Clement abstained.

**2.3 Proposed Government Plan 2025-2028 (P.51/2024): twenty-eighth amendment (P.51/2024 Amd.(28)) - Removal of stamp duty surcharge on second homes**

**The Deputy Bailiff:**

Moving on to the twenty-eighth amendment, removal of stamp duty surcharge on second homes lodged by Deputy Ozouf. Deputy Ozouf, there is an amendment by the Council of Ministers, is that accepted by you or not?

**Deputy P.F.C. Ozouf of St. Saviour:**

No, Sir.

**The Deputy Bailiff:**

I ask the Greffier to read the twenty-eighth amendment.

**The Greffier of the States:**

Page 2, paragraph (a) after the words “Article 9(2)(a) of the Law” insert the words “, except that in Summary Table 1 the income estimate for stamp duty in 2025 should be reduced by £2 million to reflect the removal of the current higher rate surcharge on the sale of second homes for one year.” In paragraph (o) after the words “set out in the appendix to the accompanying report” insert the words “, except that on page 30 after the words “the previous forecast.”, there should be inserted the words “In order to promote a positive increase in the sale of residential properties the additional higher rate of stamp duty in relation to the sale and purchase of second homes has been removed for one year’.”

**2.3.1 Deputy P.F.C. Ozouf:**

The surcharge issue is about, in my view, the setting aside, because we always only do things for one year, the 3 per cent stamp duty surcharge. I believe it was a measure that was introduced with all good intentions but as always in politics there are unintended consequences. Also when a policy is brought in which was good and clearly necessary at a time - and it was the original Corporate Services Scrutiny Panel that proposed this - when we were seeing this extraordinary and very damaging increase in housing prices that was a massive problem. I believe that the original intention was good; however, when it was introduced it was not only increased but it came just at the time that the property market is in a very difficult situation. The policy was that it was introduced to so-called curb the speculative investment in second homes and to make housing more accessible to local residents. The idea was to discourage buy-to-let investors and overseas buyers were seen apparently to be driving up property prices. The reality is that this measure has failed to achieve its purpose and has introduced significant distortions in the housing market. Instead of improving affordability the surcharge contributed to a rise in rents and reduced rental stocks. Landlords are facing, and I do not criticise all of these things, higher costs as a result of regulations; they are having to absorb these costs. I am not sure whether they can pass them on but when you have a market, as we have been speaking about previously, that is a contracting amount of private sector rental market properties on the market, what is going to happen to prices? Well they will go up. There are fewer rental properties on the market which means that rents are going higher and that is leaving many Islanders struggling when this place has already got unacceptable costs in terms of rising inflation. The surcharge is also acting as a disincentive for potential movers, particularly those who wish to downsize and relocate because there are also these other intended consequences. There are all these other related issues that the previous debate attempted to deal with. The housing market is creating a bottleneck because you are not getting anything like the kind of investment. Again, I talk about investment. I was surprised in a question that I asked of Deputy Mézec about what his intentions were with the private sector rental market and he said, and I have to believe him because he said it in this Assembly, that he wished to see that the private sector housing market would be smaller than the social rented market. He did say, and I understand that, that he wants to see more people buying. But if Members are aware, according to the 2021 census, there were over 9,700 private sector renters and there were 5,271, I think, something of that order, of social renters. Now, if Members think about it, if one is to take the words of Deputy Mézec at face value, that means we are going to see an extraordinary increase in social renting housing provision because that is what he says. I have to listen to what he says and I think that that is a further incredibly extraordinary message. I am not aware that we have debated that policy, if it is the Government’s policy in this Assembly. A stagnant housing market reduces activity, as we have already said. There is an accompanying proposal, I think that I have maybe touched a nerve, because there is an amendment from the Government to reduce the surcharge from 3 per cent to 2 per cent. I do not think that is going to be nearly enough; we will come to that debate. The fact is, the surcharge, as the Government is now accepting, is discouraging investment in rental properties, it is perpetuating the shortage of rental homes, it is stopping people from

investing. I will repeat again the importance that the Government cannot do everything. We cannot build a hospital on time; we have to get a private developer to build our office building. Well you need private capital to do it. You need private capital and there is private capital that is not in very confident supply because how many private sector rental units are being created today? I cannot think of virtually any. I will repeat that. If Members can tell me of any investment in the private sector rental market of any size, then I would be very interested to hear it, because I have been looking and I cannot find one. We are seeing the market being dissuaded, people getting crowded out. We have heard that, that is the Government policy: crowd out the private sector rental market. This surcharge, combined with all of the other maybe necessary approaches, is basically now meaning that we are sending out a message that we are simply not an Assembly that accepts people with a variety of needs and a variety of desires as to how they occupy their homes. Renting is a good thing, renting in the private sector is a good thing. People perhaps buy properties too early because they are expecting the prices are going to inflate. Well with an Assembly that does not send out a message on supply, of course they go and buy. I also must say - and I am going to be very careful in not commenting on any other matters happening in other places - there have been some challenges to the surcharge issue which are within the courts. We need to make sure that we dispel the myth that this is an Assembly that does not want to see investment in private sector rental accommodation. We have thousands of Islanders who depend upon it in all sectors of society. You have many Islanders that are buying properties for their children, for their grandchildren, for their nephews and nieces, and then they let them out. They do it, they do it regularly, because they are worried about the future increasing house prices.

[11:45]

Well now as they face this incredible ... and it may be in the summing-up. These debates have happened rather earlier than I was expecting. I have got some examples that I will use in the summing-up of just how much money the surcharge is costing an individual buyer. I heard a radio interview this morning of a, I think, £700,000 flat. I am not sure what it was but you are talking about tens of thousands of pounds that a private sector investor is having to put in. It means they get no return whatsoever as a result of this surcharge. No return on the investment for 2 years because they are basically paying this to pay the stamp duty because it is the buyer that basically pays, so you get no return. What message are we sending out to the people that we need to build the homes for renters, which is an important sector? We cannot be an Island that nationalises and has social rented-only provision, you need a variety of tenures. We need Islanders to be investing in the economy and in the housing stock, and with arguably the controls that have been put in place on rentals who are going to be able to ensure that rental levels are going to be controlled. We are creating a more difficult situation for the investment market but what you do not want is this enormous cost. It is an enormous cost, it means it is equivalent to ... if you think of a return on a residential property of being about 3.5 per cent per annum, then effectively you get that alone, no investment. Now, if you have got a choice of whether you put your money in the bank or buy a stock market share, you do not say: "Oh, we are not going to give you any interest on your money for the first year", you get it straight away. We are sending out a signal that we are against the private sector rental market. I understand the previous concerns that people had about the market being overinflated, although the evidence since, it seems that there are not all of these foreign buyers buying. A lot of it was local people buying for their own families and people wanting a better return on their own investments because interest rates were very low. Now we have got nobody wanting to invest in the private sector rental market. If any Member in responding to this debate, or the Council of Ministers' amendment, can tell me of where there is an active investment holding company or there is an investor or friend that is buying anything for rental, I would like to know because I have not heard of a single one. By suspending this for one year we can certainly again put confidence and we can assess in this difficult situation, which is a Budget lacking of much else we can offer, that we can offer a message of, again, a confidence and an ability to say to people: "Yes, please invest in the private sector rental stock" because we need private rental stock, we need social housing stock, we need first-time buyer homes

and we need family homes on rezoned sites. It is about solving problems for real people. There are real people in private sector rental accommodation and they are worried. They are worried that there is going to be a contracting market continuing. There is no new investment going in. They are going to worry about rising rents; those will happen. No regulator is going to be able to deal with a situation of a rising rent when there is a constrained market. A regulator has to be attuned to the market, as we are seeing with what the J.C.R.A. (Jersey Competition Regulatory Authority) has to do. By supporting this amendment in full, we can take a practical step towards a well-intentioned policy that was perhaps right at the time but is no longer fit for purpose. As John Maynard Keynes, the economist, said: “When the facts change, you change your mind.” The fact that the Corporate Services Scrutiny Panel of the day were worried about this investment market in properties, crowding out local buyers, that is no longer the case. The opposite is the case, there is virtually nothing going on in terms of private sector rental accommodation. That is nothing that this Assembly can afford to subsidise and to say that: “Okay, it is going to be all the social rented landlords and they are going to be the only people living in them.” It is just not realistic. It is not realistic for the incoming nurses, the doctors, the teachers and other people who do rent property, and they do not have social rented housing needs, they have rental needs. Many of them. Because many of them are coming from places that they cannot afford to buy houses and so we need a private rental stock. In those opening remarks, I know the Council are going to try their 2 per cent, I would respond to that in the way, when the time is right and in the absence of anything else, you have to do something. This surcharge is doing something because the time was wrong to introduce it, history has shown that to be the case, and we have an opportunity to correct that today. Thank you.

#### **The Deputy Bailiff:**

Is the amendment seconded? [**Seconded**] There is an amendment to the amendment lodged by the Council of Ministers and I ask the Greffier to read that amendment to the amendment.

#### **2.4 Proposed Government Plan 2025-2028 (P.51/2024): twenty-eighth amendment (P.51/2024 Amd.(28)) - amendment (P.51/2024 Amd.(28).Amd) - Removal of stamp duty surcharge on second homes**

#### **The Greffier of the States:**

Part 1, replace the words “reduced by £2 million to reflect the removal of the current higher rate surcharge” with “reduced by £665,000 to reflect the reduction of the current higher rate surcharge from 3 percentage points to 2 percentage points.” Part 2, replace the word “removed” with “reduced”.

#### **2.4.1 Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources - rapporteur):**

I am disappointed that the Deputy chose not to accept the Council of Ministers’ amendment to this amendment. The complete suspension of the higher rate of stamp duty for a year is likely to increase demand on investment properties, driving up prices and crowding out first-time buyers. We are, however, mindful that the 3 per cent surcharge was agreed by the Assembly when the housing market was in a very different position. Since the C.S.S.P. (Corporate Services Scrutiny Panel) headed at that time by Senator Moore proposed a higher rate for second properties, interest rates have increased significantly. That said, this is essentially a duty differential which favours first-time buyers over landlords and we believe that it should remain in place. Ministers are aware that the current conditions are particularly difficult for developers and the construction industry. It is in nobody’s best interests for homes to remain empty or construction sites to remain undeveloped, which is the situation we are in at the moment. We are therefore proposing a 1 percentage point decrease in the higher rate of stamp duty for one year. Contrary to some assertions, the buy-to-let market continues to transact, accounting for around 10 per cent of property transactions each quarter. This is carefully balanced against owner-occupiers, particularly first-time buyers who typically compete for the same properties. We cannot allow this type of reduction to allow investors to crowd out these purchasers as part of a demand for property during a 2025 holiday. Our proposal would balance the desire to

provide a small amount of support to the market, and the private rental sector in particular, without jeopardising the increasing number of transactions by first-time buyers. It also sustains its revenue stream which, as Members can appreciate, is important in this current climate. As stated by myself during the debate on amendment 25, stamp duty holidays inflate house prices. Jersey's house prices are beginning to adjust after years of unsustainable increases. This must not be jeopardised by housing price increases as investors take advantage of the short-term break. We are also aware that the Bank of England base rate is anticipated to continue to fall. A complete removal of the higher rate, coupled with decreased interest rates, may serve to overinflate the market. This small reduction will allow for a more measured increase in activity. I am sure I am not alone in remembering very clearly the number of people, when we were all canvassing the 2022 elections, who talked about their fears that their children could not buy properties in Jersey because buy-to-let landlords were buying up those properties and they were not able to compete. That is one of the reasons why we all voted, certainly why I voted, for the surcharge in the first place. I think it has done its job and we should allow it to continue doing that job and allow young people to compete on a level playing field. We must also remember that the Deputy's amendment would remove £2 million from the Consolidated Fund. This is money that could otherwise be used by the Council of Ministers to continue to support the First Step scheme which has already allowed dozens of first-time buyers to enter the housing market this year. We urge Members to support our amendment to this amendment to provide stable support to the market without removing critical revenue that should be used to support Islanders. Thank you.

#### **The Deputy Bailiff:**

Is the amendment seconded? [**Seconded**] Does any Member wish to speak on the amendment to the amendment? Deputy Ahier.

#### **2.4.2 Deputy S.M. Ahier of St. Helier North:**

I have to say that I was rather surprised when I saw that the Council of Ministers had brought an amendment to Deputy Ozouf's amendment which intends to lower the buy-to-let stamp duty charge from 3 per cent down to 2 per cent. In my eyes, this action will be to the detriment of all those who are seeking to get on to the housing ladder and, indeed, I believe that rather than lowering the rate, we should possibly be increasing it. Our best comparator is the United Kingdom and their stamp duty land tax rates, which are slightly different to our own form of stamp duty in that they have 3 primary brackets, firstly £250,000 to £925,000, then up to £1.5 million and finally over £1.5 million. This simplified version is something that the Treasury should consider adopting rather than our more complex structure. Currently a purchaser of a residential property will pay 5 per cent, 10 per cent and 12 per cent for the corresponding brackets but if the intention is to buy the property to let, then those rates increase to 10 per cent, 15 per cent and 17 per cent, which equates to 5 per cent surcharge on all such transactions. This means that our corresponding rate of just 3 per cent is not onerous in any way but conversely may be encouraging those living in the U.K. to purchase buy-to-let properties in Jersey because of the advantageous rate of stamp duty. One has to ask why the Council of Ministers are trying to lower the rate. In their report it states that they believe it may bring some stimulus to the market in 2025 and then go on to say that: "This amendment will reduce the cost of second home ownership" and that: "We anticipate that this will be supported by continued reductions in the Bank of England's base rate in 2025 as the main factor that it will improve overall affordability to investors." Surely the whole purpose of the surcharge in the first instance is to dissuade people from purchasing too many properties in the buy-to-let market. Indeed, this was mentioned in the original Corporate Services Scrutiny Panel amendment, of which I was a member, to the 2020-2025 Government Plan where we stated: "The panel has lodged this amendment mindful of the financial gain and wealth associated with buy-to-let property, holiday home and second home purchases and the contribution it will make to assist with reducing property demand and rebalancing the market towards owner-occupiers and first-time buyers." This rebalancing is essential to increase home ownership rates in Jersey. We should compare our rate of 54 per cent home ownership with that of

Guernsey which is at above 60 per cent, and that of the United Kingdom which is above 65 per cent. It does not compare favourably with the O.E.C.D. (Organisation for Economic Co-operation and Development) average of over 70 per cent home ownership. This Assembly should be doing everything possible to correct this statistic and therefore I ask Members to reject the Council of Ministers' amendment and additionally to vote against Deputy Ozouf's original amendment. Thank you.

#### **2.4.3 Deputy M.B. Andrews of St. Helier North:**

It was during the election that I came forward with a policy to introduce a 3 per cent stamp duty surcharge. The reason for that was to curb demand in Jersey's housing market because it has compounded our economy. Many people might dispute that claim; however, I believe it to be the case. Many Islanders are living in rented accommodation. They have dreams, they want to be home owners, but it is not affordable to be a home owner. That is due to the incessant demands that we have seen year-on-year and the Government has not intervened, the Government has not brought forward policies in a timely manner. By the time the stamp duty surcharge was introduced it was fair to say that the housing market was distorted.

[12:00]

What we do see now is house prices are beyond many middle-class working families, hardworking families, people who want to stay in Jersey, who want to strive, who want to succeed, but how can they when they are living in rental accommodation? Their rents are excessive, they hardly have anything spare to live on, and that is due to incessant demand. Of course, we need to look at this, there are many people out there who are investing in buy-to-let properties and they, themselves, have an implicit rent, they do not pay any rent and therefore their ability to save is of course increased. That will only increase demand in the housing market because they have the ability to save to then afford the stamp duty and the stamp duty surcharge. But for the perpetual renter it is very difficult to afford a property and to also take into account the amount of the stamp duty rates that they also are charged as well. I do happen to agree with Deputy Ahier who was absolutely within his rights in stating that we should be supporting home ownership; unfortunately, home ownership stands at around 54 per cent according to the last census. We are very low in home ownership rates compared to other jurisdictions which, again, Deputy Ahier highlighted. All this stamp duty charge reduction will do is it will stimulate investment in second homes in the Island and it will make it more difficult for those who aspire to be home owners. There will be more people competing and, as we are fully aware, borrowing, and the rate of borrowing is going to become cheaper; therefore, we will see demand increase. That will happen in 2025 when the Monetary Policy Committee take the decisions they have to take to reduce the level of borrowing. That will only compound our issues that we already have even more, so for me it is a great concern. It is absolutely pivotal that I maintain my stance that a 3 per cent stamp duty surcharge is the right thing to maintain. I would even argue that we should be increasing it, just like Scotland, just like Wales, and just like the U.K. Labour Government have with a 5 per cent stamp duty surcharge rate because we have got to be supporting home ownership in this Island and, unfortunately, that has not happened. There will be consequences when we have a society of perpetual renters. What will happen in old age? It will be the Government who will have to cover the care responsibilities. There will be no asset to utilise to then cover such payments. Our issues are going to be very systemic and I do not see the States Assembly being something that is forward-thinking, it is very much short-termist, that is something that we have to overcome and we have to do it very, very soon. Thank you for allowing me to speak and I will be voting against the amendment. Thank you.

#### **2.4.4 Deputy J. Renouf of St. Brelade:**

I shall only speak briefly because I will save my main comments for the final amended or not amended amendment. I do want to make one point in talking about the amendment to the amendment because, like Deputy Ahier, I am slightly surprised that this amendment has been brought forward. It seems to suggest a lack of confidence in the Council of Ministers in their own arguments. They

are strongly against stamp duty holidays but they find themselves in favour of this one, presumably, I suppose, I wait to hear, because they think they may lose if they do not propose this. They may lose on the overall point. My main point is to emphasise a distinction in this argument. Deputy Ahier says the market is biased towards investment properties and he is right. We all have to remember I think the anger that propelled many of us, or helped propel many of us into this place. We remember the stories of people queuing to buy new-build properties when they went on sale, only to find that someone ahead of them in the queue had bought 4 properties because the property market in Jersey is a screaming buy for investors. We do not have capital gains tax, we do not have inheritance tax. The market is structurally biased in favour of investment and the 3 per cent surcharge was not designed to give home owners a competitive advantage, it was designed to go some way to level the playing field, not to give them an advantage but to level the playing field a little bit. That argument still holds in my mind and 3 per cent I think is a reasonable rate to hold on that. It has worked. I do not think it is the main reason why we have seen the housing market do what it has done, that has been down to interest rates and so on, but the very fact that the investment sector does not like it suggests to me that it is doing its piece. It is not going to stop investors entirely because still, over the medium to long term, property in Jersey represents a very good investment but the 3 per cent rate we should hold. The risk if we go to the 2 per cent rate is that it tells investors that if they go on an investment strike effectively, if they hold off buying, people can come back to this Assembly and say: "You know what, this has led to a stagnation in the market" and if they just hold out a little bit longer then someone will come and propose getting rid of it, or lowering it again, and lowering it again. I think we should try and hold our nerve on this, hold our nerve, stick to the 3 per cent. It is working, it does a necessary job to correct a structural bias that exists in the housing market. I urge Members to reject the amendment to the amendment but if they do accept it, like Deputy Ahier, I will also be arguing against the amended proposition.

#### **2.4.5 Deputy K.F. Morel of St. John, St. Lawrence and Trinity:**

I think we have had some really interesting speeches where Members quite understandably are trying to seek an understanding of the property market and what has happened to it and where is it going. I think it is really important to go back to the decision of the Council of Ministers to bring in the 3 per cent surcharge for effectively investment properties. I was in the Council of Ministers at the time and my understanding of it was principally because interest rates at that time were incredibly low, 0.25 per cent was the Bank of England base rate, and that had been the case for many, many years. Now it is my opinion that the Government of the day failed to address that 0.25 per cent interest rate because we have just heard Deputy Renouf talking about the bias from his perspective in the market towards investment properties. Certainly when the interest rates were at 0.25 per cent base rate there was an enormous bias in the market towards investment properties. It was my view that that very low interest rate was harming people who wanted to get on to the property ladder for their own families, et cetera, and a government finally decided to do something about it. My understanding of it at that time was effectively that 3 per cent was basically a proxy for interest rates. Interest rates were so low the Government had to bring something in which meant that there was a higher cost to buying investment properties. The whole point of that was to try to stimulate the personal side of the market, where you are buying for your own residential use. Certainly we have seen that that is one of the things that has been happening, that is policy intent that we have seen come to fruition whereby investment properties have been selling at a much lower rate than they were before, and the hope is and the intention is that on the personal residential side people are able to buy. But what I would say is, having brought in that 3 per cent surcharge, we do not then move to an automatically binary yes or no perspective. Interest rates have risen since those days, they have risen significantly. Just a few months ago they were over 5 per cent, now they have fallen to 4.75 per cent. That is still a healthy interest rate, nowhere near the 0.25 per cent that we had before. What we are seeing in the market, and this is where the lack of a binary choice comes in, because I heard Deputy Andrews and I heard Deputy Renouf speaking and what they said makes lots of sense in many, many ways. But this idea that you either have this surcharge or you do not have the surcharge, this idea that you cannot pick a

point where the surcharge is slightly less or slightly more, I think is erroneous. We now have a market in which large developers, having even received planning permission, are not bringing their projects to fruition. I spoke with one developer probably 2 or 3 months ago when they received planning permission, on the very day they received planning permission from the Planning Committee. I said: "When do you think you will start building, it is an important urban development?" They said: "Well not for at least a year or so." I was disappointed because I wanted them to get their spades in the ground the next day. "Why not?" "Well because of interest rates." Of course, also in that is the 3 per cent surcharge because there is a role for the investment buyer to play in stimulating the market. My concern about having this binary yes or no argument is that we ignore the fact that it is not just about you either have investment buyers or you have residential buyers, we need both of them in the market, we need both of them to support each other. If we do not have investment buyers, you do not have developers building those projects. That is what we are seeing. We know those areas in town. Every States Member here knows some very, very visible sites which are not being built. One of the reasons I believe they are not being built is because, not only do they have a 4.75 per cent base rate, on top of that they also have, for those investment buyers, a 3 per cent surcharge. The costs to be an investment buyer are just beyond the investment analysis, the investment does not work in the way that it should do, but what is happening is we are not providing supply anymore because those investment buyers are not there. That is a real problem and that is why this is not a binary choice and why the 2 per cent that is suggested by the Minister for Treasury and Resources and the Council of Ministers I think does make sense. We are not saying: "Rip it up", we are saying: "Let us bring it down a notch, let us make that investment equation more workable." We are trying to stimulate an element of investment but we are not saying: "Just go for it." We do not want the market to become dominated again by investors only, we want the market to have investors in support of those families that also want to buy for themselves. I think that is really important, that to me is where a good compromise comes in, and that is what this is with this 2 per cent. It is about trying to stimulate investment in a gentle way which then means that those developers can take comfort in that they will have investment buyers so they then feel they have the confidence. We heard Deputy Ozouf quite rightly talk about the importance of confidence in all areas of the economy but particularly in the housing market. Those developers will then have confidence to start work and building out those big developments which are vital for our Island to house them. I do worry that if as an Assembly we choose not to go down the Council of Ministers' route. Either we get rid of the 3 per cent surcharge entirely, in which case we do risk the consequences that Deputy Renouf talked about, or becoming just effectively an investment-only kind of market; that is a very general picture I am painting there. If we keep the 3 per cent we risk keeping those investors out of the market and those developments not being built. That to me is why you do have to find that middle path and that middle path in this case is about reducing that surcharge by 1 per cent. We will see how that works. It is gentle, I do not think you will see a flood in either direction, but I do think you will see the market start to correct itself hopefully, and the aim is to encourage those developers at the end of the day to feel the confidence to start building those developments for which they have got planning permission. That will be a change in the market that I think all Members of this Assembly would want to see. Thank you.

#### **2.4.6 Deputy A.F. Curtis of St. Clement:**

In some ways I rise to ask the Assembly whether they think that the positions put across by Deputy Renouf, Deputy Ahier and Deputy Andrews earlier are the binary choices that Deputy Morel says they were. The arguments put forward when I heard them were not: "We should have it or we should not" it was: "Should it be higher, should it be lower, or should we for now stay where we are, which is 3 per cent?" I think the position put across by those Members, and perhaps by many here, is that 3 per cent for now is the right figure, and that the debate on the amendment to the amendment is not one of binary but one of positioning.

[12:15]

I leave that with Members in their mind when they vote on this part. The second part I would like to touch on is what one might call “open permissions” or those who have put one spade in the ground “extant permissions” and the reticence or reluctance of developers to build. The question I would have here is, is the 3 per cent difference a real challenge? We have heard from the Minister for Treasury and Resources quite rightly say ... I am really pleased to hear many Members now recognise that the growth in the housing market above inflation was unsustainable and that a cool-off, a reduction and one that is sustainably reduced over time is desirable for the wider housing market. But if that is the case, what are the concerns when building new property? Take the site that Deputy Morel refers to? Would the developer go ahead if the value of those properties is 3 per cent lower than what the current market average is today? If they are concerned about the build costs versus the sale costs in a year with a further cooled market, is the stamp duty an issue? If they are looking, and we know that there are thousands, literally thousands of properties on the market, hundreds of new-build one and 2-bedroom apartments, if the 3 per cent is a challenge between liquidity in those markets or not, why are we not seeing those developers offer a 3 per cent reduction in that asking price? We have actually seen 3 per cent, 5 per cent, 10 per cent, and of course year-on-year housing prices have gone down. I certainly do not buy in regards to the buy-to-let investment market a 3 per cent surcharge being the reason that sites are not being built. Maybe more systemic issues in the construction industry and the cost of building versus sale across a wider market is. Maybe it is that the concentration of certain types of accommodation in Jersey’s housing market put people off investing for themselves or for letting because that is not the kind of property people want to live in for more than 5 years. But I certainly do not think that we should put, or without any evidence in front of us, that we should really assume the fact that the 3 per cent surcharge on buy-to-let investors is a reason sites are not being developed. I think we really need to ask for further evidence to that effect. As I say, we have many sites that could be sold right now that are not. If 3 per cent is the issue developers may wish to remove by 3 per cent but I see a light on and I am sure somebody ...

**Deputy M.R. Scott of St. Brelade:**

Yes, sorry, it is a point of clarification, if you do not mind.

**The Deputy Bailiff:**

Are you prepared to give way?

**Deputy A.F. Curtis:**

I will give way, yes,

**Deputy M.R. Scott:**

Deputy Curtis mentioned 3 per cent at one point in value of the property, I think. At another point he mentioned the stamp duty being reflected in the 3 per cent reduction of the asking price. I do not quite square the 3 per cent in terms of what has been added to stamp duty in terms of the actual additions that he has mentioned. I just would like to understand that better, if he would not mind, how he has mentioned the potential reduction in asking price and also mentioned 3 per cent in property values and how that affects the pricing. Thank you.

**Deputy A.F. Curtis:**

I am happy to respond to Deputy Scott on that. She may be right, I would have to go through the calculations on stamp duty and the banding charges. But at a simple level, take the worst case, assume 3 per cent stamp duty is applied entirely on the value of a property, and not withdrawing any bands within stamp duty as a surcharge, a property purchased by a buy-to-let investor would be paying ... the purchaser would pay a stamp duty surcharge for being a buy-to-let investor to the tune of up to 3 per cent. Therefore, their cost of acquiring that asset is 3 per cent greater. In the case where that is the deterrent in investing in that property, because of A.C.A. (Annual Compliance Arrangement) rental return from that, if an owner of a property wanted to attract a wider market and the variation between paying at 3 per cent or paying no extra charge on that property is a deterrent

factor, then it would suggest that the challenge in the market is properties are 3 per cent too costly for obviously the rental return they are looking for and that a 3 per cent deterrent is sufficient. But of course we have seen such greater movements in the market over time and obviously the Deputy will have perhaps a better understanding of the exact stamp duty brackets and the cost implication of a buy-to-let investor. If she would like to address those costs in her speech, I would love to listen and obviously perhaps ask a point of clarification or indeed clarify my own speech after that. I thank her for that opportunity. So to close, my remarks are that this is not a great deal of money. If the small amount of money that a surcharge puts on a buy-to-let investor is what is causing them not to invest in the large existing stock we have, then I do not see how a change in that will suddenly encourage the viability of approved, yet-not-developed-schemes. I think in the absence of evidence that the sums stack up to convert large numbers of schemes that some Members want to see built, then I think we are working on a fair bit of speculation. I urge Members to take caution and to stick with where we are at the 3 per cent for 2025.

#### **2.4.7 Deputy M.R. Scott:**

Yes, I will respond to the Deputy's invitation to speak on this. I was not intending to but when it comes to developing a property, it is a question of numbers. When we talk about 3 per cent we are looking at what could be quite a considerable sum of money which has to be taken into account in terms of working out whether it is profitable to continue with a development or not. I find it very difficult quite glibly saying: "Well, that is not a lot of money." If you do not look at the actual amount of a site, think about what you can sell it at, what the additional costs are going to be of developing and all the other things that go: planning applications, paying people to construct the site, there are a myriad of expenses that have to be taken into account while working out a proper plan in which a developer has to decide whether it is worthwhile or not to develop a site and bearing in mind that some of these sites could be providing homes for people. That is where I find myself taking issue with the Deputy in terms of his former speech because I just found it does not quite deal with the whole complexity with which ... I think we are very lucky when we do have people who will develop properties, to be perfectly honest. There are lots of shabby buildings around that need a lot of work to make them more energy efficient and everything, and that indeed takes a certain amount of costing too. I will maintain that that 1 per cent reduction could help incentivise people and is worth having. Therefore, when Government has put forward this amendment, it is worth supporting.

#### **The Deputy Bailiff:**

Does any other Member wish to speak on the amendment to the amendment? If no Member wishes ... Deputy Ozouf. Your light was on first, Deputy Ozouf.

#### **Deputy P.F.C. Ozouf:**

I would like to respond to the Minister for Housing.

#### **Deputy S.Y. Mézec of St. Helier South:**

I would like to respond to Deputy Ozouf. [Laughter]

#### **The Deputy Bailiff:**

I am calling you to speak first, Deputy Ozouf, your light went on first, in accordance with established practice.

#### **2.4.8 Deputy P.F.C. Ozouf:**

It is very difficult because some Members are arguing for an increase on the surcharge and they are entitled to their opinion. I would just maybe cite that this is really an issue for the substantive debate but there is a difference. With the 2 per cent additional surcharge, say a property is valued at £500,000, but you do not get much for £500,000, the total stamp duty with a 2 per cent surcharge will still be stamp duty of £12,500 - the previous debate would not have affected that anyway - and a further £10,000 for the surcharge, it is the buyer that pays, so the buyer is going to have to pay a

charge of £22,500. The arguments that I get now: what would be a rental value for a £500,000 property? Well, what is that? You are just going to simply get no return at all, and that is quite apart from all of the other costs that you have to do: paying the estate agents, the legal fees, and all the rest of it. The difference between the proposal that I am advancing is £5,000 for that £500,000 property; it is £5,000. If there were Members that simply believe that there is an Atlantis out there where we can simply have a situation where we will not have private sector renters ... I would love people to buy their own homes. I have been a Member of this Assembly ... I think that in my time on finance and economics, et cetera, we delivered 1,500. I had 4 votes of no confidence when I had to deal with a rezoned site proposition. There were many people that were voting in St. Peter and St. Clement on rezoned sites that were really, really difficult. I am in favour of home ownership; I am in favour of it. I have delivered probably hundreds of homes as a result of standing in this Assembly in an earlier place, so let there be no doubt at all about my commitment to home owners. I absolutely believe it and I would love to go and interview some of those people whose lives have been changed because they could get into home ownership. But the reality is that we also have people, for whatever their family reasons, whatever their personal circumstances, many of them are the very people that we need to work in our public sector services. Many of the people who rent are people who are coming here to work, to work in our health services. They are the people that I am particularly thinking about and there is a perfectly legitimate reason. I know a couple who sold their own house to allow their daughter to buy their property. They sold their own house to allow their daughter to buy their own property and so they now rent. They want to rent in the private sector and those are good examples. I say to Members in the consideration of whether or not it is a 3 per cent or 2 per cent, the massive disincentive ... I have not heard a single Member respond to my question about whether there is any investment going into the private sector rental market. In the 2021 census ... I got the figures wrong earlier; I apologise. There were 10,739 private sector rentals. I asked the Minister for Housing about that a few weeks ago. That does not include the then further ... I do not think that is me, Sir.

**The Deputy Bailiff:**

Well, it is somebody presumably in your vicinity.

**Deputy P.F.C. Ozouf:**

There is a phone around here but it is not mine because mine cannot get ... I do not think it is mine. There may well be one around here, just around here somewhere. Sorry about that, I am not criticising my fellow colleagues.

**The Deputy Bailiff:**

It is annoying, we have heard it before this morning. I am not quite sure ...

**Deputy P.F.C. Ozouf:**

Yes, it is not mine because mine is off, so there is not a lot I can do. But possibly it is my watch; I do not know but I do not think so. I am not getting a running commentary from people, I can tell you. The fact is that there were 10,739 people in private sector rental accommodation. Now, we cannot change the world overnight. I know that there is a view that that is an imbalance and that is a lower number because there is a total of 44,000 numbers of dwellings according to the 2021 census. That is about, therefore, a quarter of all people that are qualified private rentals. There were at the time ... that is simply not my phone. There were 5,800 social renters and we have got 23 owner-occupiers. I would love to see more owner-occupiers but I simply cannot have ... okay, possibly it is my computer but I doubt it because it is not connected. I will see if it is there; it should not be doing that.

[12:30]

**The Deputy Bailiff:**

You can test it by gradually removing the devices one-by-one in your vicinity. [Laughter] If the speech is long enough, we will find out what it is.

**Deputy P.F.C. Ozouf:**

Yes, I know, but in a modern world where one is supposed to be paperless, one is supposed to be using technology, I will just hold it up here and see if it is that. If it is that, that is a new thing because it is not connected to anything apart from Wi-Fi. There is this issue we are dealing with ... it is not that. It is not that. We are dealing with a situation where we have a very large amount of private sector renters and we would love to change things overnight to have more owner-occupiers but some people do not want to do it, they cannot afford to do it. What we have created, as the Minister for Sustainable Economic Development has said, he knows, he has got examples. He has got examples whereby there are investments that are just being put off. As a result of the MONEYVAL requirements, there is now virtually no private capital going into the market. The amount of local investors that are now lending money into the local market, apart from the big organisations that can deal with the regulation ... I can see the Minister for External Relations agreeing with me and nodding. I think he is nodding at me. There is now a shortage of credit available which was a traditional route that many people in this market did that is now closed off. There is very little. There are 2 or 3 players, big players in the private rental market. You are not seeing Jersey-invested money investing in Jersey because of regulatory problems. You have got this whole massive, almost perfect storm of events, which it is fine to dream. I dream of an Island of people that can afford to own their own homes. But the practical reality is that this surcharge has created a dearth and a complete disincentive which is now following through, not only with people replacing their homes, they are getting out of the private sector rental market, they are selling them. Now, okay, Members may like the fact they are buying people's homes but what happens to the renters? What happens to the nurse ... I know 3. I know 3 nurses that have come to Jersey that have rented accommodation. They cannot get Andium accommodation, they cannot get anything else, so they have to go to the private sector market. They have not got enough money to buy, they are renters. There are loads of them, they are teachers, police officers, people who work in our frontline services. What are we doing about that? It is fine to dream of something; I dream of the same things that Deputy Ahier wants to do, but I am also a realist about the reality that you have also got to have a structured and balanced approach, and it is going to take a long time. If I was here in a Budget debate with a whole series of capital projects and a Minister for the Environment and a Minister for Housing working with the Minister for Treasury and Resources in concert to delivering huge demands, I would not be here. But I am not. We have not got fiscal stimulus to help the construction industry that is teetering on the brink. Let there be no doubt, it is. We have seen 3 or 4 failures, we are going to see some more. I just cannot believe that we are almost having this, it is almost like a fictitious debate about the reality of what is going on out there. I believe, and I say in all sincerity, the surcharge was well-intentioned. If you believe that you could put in a surcharge and crowd out the private sector market and help everybody get in the market, that is fine, but you can only do that if there is supply. There is no supply, so putting the surcharge is going to constrain obviously house purchases for renters, and basically a 2 per cent does not go far enough. It is some way - I will be pleased if it gets through but it is not far enough. We have created a completely perfect storm. No private capital, interest rates set by the Bank of England that are higher, more regulation. We have created a perfect storm where there is no market, there is no investment. I can see my friend, the Deputy Chief Minister, nodding at me. I know he has got collective responsibility but I pluck at the heartstrings of the Council of Ministers that really know, I think, what I am talking about because I have discussed this with Members before. I am faced with a situation where I have no resources, I do not have lots of people writing reports for myself, I have to do it by myself and then Members have to listen to me. Well, I hope the Members are listening to what I am saying because it is true, the private sector rental market matters, and it matters to people that matter to services. There is a disincentive which the surcharge brought about, that 2 per cent is not going to cut muster, it is not doing to deal with the correction that we need, that the message we have sent out by this perfect storm of events, that we are not in favour of private

sector rentals, and to do so is basically being cloth-eared to the needs of a certain sector of Islanders. It is not bad to be a private sector renter. I am proud of that couple who sold their home and wanted to rent, so that they could get therein, but what is the market they can go and rent another home for? Well, it is not good. If Members are in any illusion, if they are in an illusion that somehow Andium is going to own every single social rented house or the Jersey Homes Trust, I think they are sadly disillusioned. They are not even allowed to get on the ladder because they do not qualify, so I am afraid to say one has to have a realism and a respect for realism. I am glad the Council of Ministers has brought forward ... I am glad they are acknowledging it. I do not have any truck with the issues of the costs because I do not think the costs are relevant to this particular debate, and I will come back to the main debate.

**The Deputy Bailiff:**

Do you want a point of order, Deputy, or do you just want to speak in due course? You only want to speak in due course; you have spoken already?

**Deputy A.F. Curtis:**

I would ask if the Member, I waited till the end, would give way for a point of clarification.

**The Deputy Bailiff:**

Are you prepared to give way? Yes, Deputy Alex Curtis.

**Deputy A.F. Curtis:**

The Deputy said that there is no supply of housing, I wonder if he could clarify what he means by "there is no supply of housing" given there are over 1,000 properties on the market. **[Approbation]**

**Deputy P.F.C. Ozouf:**

Well, we cannot have the debate again on the last proposition but that is the problem. We have got supply with a housing market that is stagnant. We have had that debate and it has been rejected. The point of clarification really goes to the bullseye of what the problem is. You have got a supply of properties that is not moving. We have got people wanting to buy, have ownership, we have had that debate, the States have thrown out that one. Now we have got the reality, and in making the point of correction, I am delighted to say to the Deputy: "Why is it?" Why is that we have got all these properties that people should be snapping up and getting a good investment from? They do not want to because it is too expensive. The surcharge is conspiring against them, no return for the property. If people have got money, if people have got savings, if Islanders have got savings, they need a return. They are not going to get any return if you have got a surcharge of 2 per cent. Come back to the 3 per cent, you get nothing at all. You have got regulation, you have got all the other fees, you get nothing. The Deputy is answering his own question. I am delighted to point that out. If there are any more helpful points of clarification because they are making the exact point that I am pleading with this Assembly to listen to, that there is a need to be realistic, to see what is going on. There is a market out there. We have got a housing crisis, lots of supply, nothing more being built, we are in an absolute logjam. I rest my case on this one. Please, I ask Members to not do a half-hearted measure. The time for half actions is not now. The time for action is now and doing something for one year to get the private sector rental market back because people need it.

**The Deputy Bailiff:**

Is the adjournment proposed? Or do you want to carry on? Deputy Mézec.

**2.4.9 Deputy S.Y. Mézec:**

I am pleased to have the opportunity to respond to Deputy Ozouf who multiple times in his speech was asking for realism and then gave a speech that did not contain much of that. A quick Google search can just demonstrably prove so much of what he said is completely wrong. Go on Places.je and look up how many properties are available on there to rent: 314 at the moment and that is not the

totality of the picture in Jersey because not all of them will be there. I have some news for Deputy Ozouf, and this will not be a controversial thing to say, I think, in probably 99 per cent of circumstances in Jersey, but I tell him that most private renters would prefer to be home owners. **[Approbation]** I asked them all, I have friends who are private renters, none of them want to be, so they want to be home owners. His portrayal of what life is like for people, obviously private renting plays an important part in the housing delivery for the Island. It always will and there are circumstances where that is perfectly right for people. But if you ask people what they feel in their hearts, people would prefer to be home owners because they like the security that comes with that and they like what it offers them. I have always been supportive of a stamp duty surcharge for investment purchases. My record shows that; I have voted in line with that position. I voted in line with a higher stamp duty surcharge percentage than that which was eventually adopted and I maintain the consistency in that position. I agree completely with what Deputy Renouf said, that the policy has worked. The most recent house price index revealed that the change from 2023 to 2024 for investment purchasers, it went from 27 per cent of all purchasers down to 11 per cent, and the proportion of first-time buyers went up from 18 per cent to 27 per cent. Exactly what we want to be seeing. There of course is a debate to be had on what the optimum percentage for the surcharge is. Maybe it is 3 per cent, maybe it is higher, maybe it is lower in terms of getting the optimum outcome that we are after. I do not know what it is but I certainly know that it is not zero per cent which is why I can wholeheartedly support the Government amendment to this to take the worst option off the table. We will be abolishing the advantage that we deliberately tried to give to first-time buyers and to people wanting to buy homes, to own them, to live in them, and creating what in practice will not be a level playing field because those trying to buy their first home do not have capital that they can leverage for debt to buy that property unlike the investors. I guess, just a final point I will make is that with falling house prices, that benefits investors too. In fact, they have probably benefited as absolute amount more by the fall in house prices than they would by cutting the 3 per cent stamp duty in terms of absolute amount. That trend benefits investors as well as those but keeping the surcharge maintains that advantage that home owners have and ought to continue having that has my full support. That is why I will vote in favour of an amendment to get the worst option off the table.

## **LUNCHEON ADJOURNMENT PROPOSED**

### **The Deputy Bailiff:**

The adjournment is proposed. Yes, Chief Minister.

### **Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter (The Chief Minister):**

I am just wondering if it would be wise to allow the Minister for Treasury and Resources to sum-up if there are no more speakers before lunch.

### **The Deputy Bailiff:**

There are more speakers. We have got the Connétable of Grouville and Deputy Tom Binet.

### **Deputy L.J. Farnham:**

I second the proposal for the adjournment. **[Laughter]**

### **The Deputy Bailiff:**

Are Members content to adjourn? Deputy Tadier?

### **Deputy M. Tadier of St. Brelade:**

It is just a technical point. We have got screens on here at the moment which are using up electricity but not displaying any times, so could we either get them fixed or switched off?

### **The Deputy Bailiff:**

They are getting fixed over lunch.

**Deputy M. Tadier:**

I might have missed that earlier, sorry.

**Connétable M.A. Labey of Grouville:**

Briefly, I was not going to speak on the topic, I just wanted to raise the défaut on the Connétable of St. Ouen who has joined us online. It seems a bit odd just before the adjournment but he is present.

**The Deputy Bailiff:**

Are Members content to raise the défaut? The défaut is raised. Deputy Rob Ward.

**Deputy R.J. Ward:**

I was going to raise a point, I just wonder if you would consider over lunchtime Standing Order 104(2) where a Member is unduly repeating his or her own arguments. We have seen lots of repetition today and things are going on a long time. I think we can be more concise in what we do. Thank you.

**The Deputy Bailiff:**

Thank you, Deputy, I will do that. Adjourned until 2.15 p.m.

[12:43]

**LUNCHEON ADJOURNMENT**

[14:17]

**The Deputy Bailiff:**

We resume the debate on the amendment to the twenty-eighth amendment and the next speaker is Deputy Tom Binet.

**2.4.10 Deputy T.J.A. Binet of St. Saviour:**

You have caught me unawares. Yes, I had not intended to speak but given that I was caught out nodding with some approval of what Deputy Ozouf was saying, I thought I would clarify my position. I certainly intend to follow my collective responsibility and vote for the Council of Ministers' amendment. But I would just like to say that from my point of view a lot of what Deputy Ozouf had to say was very sensible and I would urge Members to consider that ongoing. Because I really think this Assembly needs to send a message to the economy that we are determined to make things start to move. As I said, I think a lot of what was said in both of the amendments presented by Deputy Ozouf had a lot of merit, so I just thought I would make my position clear.

**The Deputy Bailiff:**

Thank you, Deputy. Does any other Member wish to speak on the amendment to the amendment? Yes, Deputy Bailhache.

**2.4.11 Deputy Sir P.M. Bailhache of St. Clement:**

This seems to me to be a rather weak response from the Government. The principle of Deputy Ozouf's amendment seems to have been accepted by the Government. But what they are seeking to do is to pull back in part by suggesting that only a third of the stamp duty surcharge should be restored. The real issue here, it seems to me, is what view the Assembly takes of the value or otherwise of the private rented market. The private rented market is under attack at the moment and that does not seem to me to be a desirable state of affairs. One can accept the value of the private rented market, as well as accepting the desirability of increasing the number of owner-occupiers in the Island. For my part I am extremely keen to increase the number of owner-occupiers. What I am not so keen on is increasing as a proportion of the whole the social rented market where the States is subsidising people in terms of their accommodation. We ought to be aiming for a situation where

people can look after themselves, where they can afford to pay a reasonable rent in the private market or, alternatively, to seek to become owner-occupiers. I do not see any merit in the Government's amendment to this amendment and I propose to vote against it.

**The Deputy Bailiff:**

Does any other Member wish to speak on the amendment to the amendment? In that case I call upon the Minister to reply. Minister.

**2.4.12 Deputy M.E. Millar:**

As Deputy Mézec pointed out, we have seen in the last couple of years an increase in the number of first-time buyer transactions from 18 per cent last year to between 26 per cent and 28 per cent this year. That positive rebalancing towards first-time buyers is at risk of being reversed as a result of the proposed removal of a stamp duty surcharge, which I do not believe should be supported. The Council of Ministers are mindful, however, that a low number of transactions may be harmful to the housing market and wider economy and hence to propose this amendment to Deputy Ozouf's amendment seeking to support the market in a sustainable way. I think I would also just like to reflect that it is very overly simplistic to say that everything will be well if we remove the stamp duty surcharge. The housing market is a very complex beast. There are numerous issues affecting people's ability to buy, ability to rent, the price at which houses are sold and to simply suggest that removing 3 per cent of stamp duty, additional stamp duty, will solve that problem is, I think, optimistic. It is important to emphasise that what is being proposed by amendment 28 is simply a short and sharp holiday which will not address the underlying stresses in the housing market. The Council of Ministers' amendment instead to reduce the 3 per cent to 2 per cent is a more measured approach that will provide some support for the housing market, while avoiding the risk of an exacerbated or exaggerated market reaction that would be probable should the 3 per cent surcharge be removed entirely for one year. We believe this more measured reduction in the rates may bring some stimulus to the market in 2025 without crowding out first-time buyers. I urge Members to support this amendment to the amendment.

**The Deputy Bailiff:**

Thank you. Is the appel called for? The appel has been called for. I invite Members to return to their seats and I ask the Greffier to open the voting on the amendment to the twenty-eighth amendment. If all Members present in the Chamber and attending remotely have had the chance to cast their votes and I ask the Greffier to close the voting. The amendment has been adopted.

<b>POUR: 30</b>		<b>CONTRE: 14</b>		<b>ABSTAIN: 0</b>
Connétable of St. Helier		Connétable of St. Martin		
Connétable of Trinity		Connétable of St. Clement		
Connétable of St. Peter		Connétable of St. Saviour		
Connétable of St. John		Deputy S.M. Ahier		
Connétable of Grouville		Deputy K.L. Moore		
Connétable of St. Ouen		Deputy P.F.C. Ozouf		
Connétable of St. Mary		Deputy Sir P.M. Bailhache		
Deputy G.P. Southern		Deputy D.J. Warr		
Deputy C.F. Labey		Deputy H.M. Miles		
Deputy S.G. Luce		Deputy J. Renouf		
Deputy K.F. Morel		Deputy H.L. Jeune		

Deputy M.R. Le Hegarat		Deputy A.F. Curtis		
Deputy R.J. Ward		Deputy K.M. Wilson		
Deputy C.S. Alves		Deputy M.B. Andrews		
Deputy I. Gardiner				
Deputy I.J. Gorst				
Deputy L.J. Farnham				
Deputy S.Y. Mézec				
Deputy T.A. Coles				
Deputy B.B. de S.V.M. Porée				
Deputy M.R. Scott				
Deputy C.D. Curtis				
Deputy L.V. Feltham				
Deputy R.E. Binet				
Deputy M.E. Millar				
Deputy A. Howell				
Deputy T.J.A. Binet				
Deputy M.R. Ferey				
Deputy R.S. Kovacs				
Deputy B. Ward				

I move back to the amendment as amended, does any Member wish to speak on the amendment as amended? Yes, Deputy Rob Ward.

## **2.5 Proposed Government Plan 2025-2028 (P.51/2024): twenty-eighth amendment (P.51/2024 Amd.(28)) - Removal of stamp duty surcharge on second homes - as amended**

### **2.5.1 Deputy R.J. Ward of St. Helier Central:**

I have real reservations and voted for this amendment but it was a better world to be in than losing 3 per cent entirely. I come from a position where we have lots of young people, lots of young families, lots of middle-aged families, lots of older families, who are renting and are struggling. The dream, the pipedream perhaps, of this mythical property ladder, this home that is required, is not there for them. The last thing we should be doing is making it less expensive for people to buy a second home while property ... and this is the issue I have and I am sure all my colleagues will be groaning when I say this yet again, because I have said it so many times, this is the difference between a home and a property. The timing is getting better but it is not quite there; typical guitarist but there you go. Now I have lost track of what I was saying. A home is somewhere where people can be certain that they live and they have got the right to being and that is the difference between that and an investment property. We have heard before in the second round of the world according to certain Deputies in

this Assembly about how investment properties and returns are not good enough and only a certain percentage will be returned and people will not, therefore, invest. But there is a huge section of our Island who will be listening to that and saying: "That does not even impact me because I am struggling to pay the high rents from the buy-to-let investments that have been allowed to happen, many of which are investments from elsewhere." Young people are working and they are paying 40 per cent, 50 per cent of their wage each month just to stay somewhere and then they are panicking whether they spill anything on the carpet and worry that they are going to lose their deposit. There is a reality in life here that has to be acknowledged when we talk about housing and homes. If you are in a position where you can have an investment property - and I will use that word interchangeably at the right time - then if you are renting that out you may well be having your mortgage paid by the person who is living in that home for them in your property. If you are buying for a child, that is great if you can be in that position but if you are then renting it and having that part of it paid by the person who is using it as a home for that time, that is a pretty good position to be in, that you have that property that you can then pass on to a home. I would love to be able to do that. But, as has been said before, the property market is much more complex than just stamp duty. The removal of this, I think, is a halfway house which I do struggle to support but the removal entirely is the worst of the world. This is not a particularly great outcome, so we have to make a decision as to where we are going to go politically on this one. But we cannot continue to fiddle with this simply to support again and again private rental when there is such a need among people on this Island to have affordable homes. I have to say that if the interest rates do go down, if people have mortgages on interest rates that are going down, I would love to see in coming years those rents going down at the same time, though rarely happens that way. There are returns on those investments that are made and if you are having your mortgage paid, you are having the income paid for that by somebody who is living in it, if you have to pay a bit extra in stamp duty, I think that is fair, that is acceptable and that is something that has to be taken on whenever you look at investment in that way. Because this is such a different area of investment. This is investment where people need homes, somewhere to live. It is not an investment in a painting or a car or whatever item. This is so much more intrinsic to that. I would like the States not to change this. It has been having an impact that we wanted, more people are buying, first-home buyers. I would like to have seen perhaps even in the future, and I know this would not work in this Assembly at this current time, an increase in that percentage and perhaps that percentage goes towards first-time buying and helping that way, to even this up a little bit. But that is not happening at the moment; there is no appetite for that. I would struggle to support this, even though we are in a better position than we were and I really do not want to see any change in this situation.

[14:30]

### **2.5.2 Deputy M.R. Scott of St. Brelade:**

The Island cannot really set interest rates and we have to respond generally to them. They tend to be influenced by external factors. Lots of that is to do with the performance of economies. There has been mention of the timing in terms of the 3 per cent hike and the increase in first-time buyers. There also has been mention of how interest rates fell around the same time. I would urge State Members to support this amendment. I do not quite agree with my colleague. But it is appropriate to revisit this matter and to have a lot closer look at whether we have got correlation and causation; it is appropriate to do the analysis. We do really need to think it is not just about ... when we talk about housing people and people wanting to buy, let us not forget that houses do need to be maintained. When I am employing Joe the plumber, Joe the plumber may well be saving for his own house, he may well be paying his own mortgage and everything filters through and ends up making it expensive for everyone else. The more we keep adding to things, the more we add to the problems of cost of living. As I say, I just hope that people will realise that what we should be doing as a Government is responding, properly analysing and not making assumptions.

### **2.5.3 Deputy C.S. Alves of St. Helier Central:**

I just wanted to raise a couple of things, that when I have had discussions with my friends, with family, with constituents that I am not sure have been completely taken on board and some of them are young families who own homes already but may not be able to upgrade, for example, for whatever reasons. But I just feel that, when I have spoken to them about this, this is wrong. We should not be aiming to encourage people to treat homes as a business opportunity. We have to remember that over the years home owner-occupiers with mortgages have had, for example, their mortgage interest relief slowly phased out. This has not happened with landlords, landlords that still have their mortgage interest relief, they can still get that; that is an advantage for them. On top of that, I am also an owner-occupier, any improvements I may do within my home they are not tax deductible. As a landlord, yours are. It just feels very wrong that we are almost encouraging investment buyers but we are not supporting those who are owner-occupiers in the same way. That is also not to mention one of the issues that we have had in the past before, and I think I have seen in the past few months as well, which is this encouragement of lock up and leave properties as well. This amendment is wrongly targeted, in my opinion. We should be keeping the stamp duty exactly as it is and not touching it. If we really value our young Islanders, we really value people who want to be owner-occupiers and want to facilitate that journey for them, we should be rejecting this amendment. **[Approbation]**

#### **2.5.4 Deputy J. Renouf of St. Brelade:**

I mentioned earlier that we are having this debate based on a snapshot, when in fact we are in the middle of a process. I think it is as if you took a freeze frame of a football match and decided to change all your tactics on the basis of that single freeze frame. The freeze frame tells you very little. It may have very little relationship to the actual state of the game. It is the flow of the game or the trend that is important. It is only if you press the rewind button, go back to the start of the game and then press play that the game makes sense. You see the context, you see who is on the attack, who is on the defensive and so on. In terms of the property market, for example, you see the freeze frame shows the market at low levels of activity but the trend shows that it is picking up. The freeze frame shows that prices are still high compared to earnings but the trend shows that the gap is closing. The freeze frame shows that the construction sector is in a downturn, the trend shows you that it was coming off a boom. The central point is that the 3 per cent surcharge is working. It is not the only factor in play, there are many other factors that other people have pointed to. But it is a factor and it works exactly as intended by dampening investor demand. We know that it is working because the investment sector is telling us that it is working, they would not want it changed otherwise. The biggest problem with a cut to 2 per cent is that it will have all the unintended consequences the Minister for Treasury and Resources outlined so eloquently in arguing against the twenty-fifth amendment. It will bring forward transactions, rather than stimulate the market. It will prevent the market adjustment that is underway from continuing or at least reduce its adjustment and it will increase investor demand, pushing up prices to the benefit of the seller but not the buyer. But losing our nerve now would also create another problem, my belief is that the investor sector needs to adjust to the 3 per cent surcharge. If we reduced the rate to 2 per cent even for a year, then they will know that pressure works and, I suspect, with that they will be back for more. In fact I would go so far as to say it is a racing certainty that Deputy Ozouf would be back next year with a proposal to either extend the cut to 2 per cent or to have another bash at getting rid of it altogether. I think we would be much better to send a clear message from this Assembly that a 3 per cent stamp duty surcharge is the floor. It is not something that should be cut when there is a market downturn. It is something that we could look at potentially increasing when the market turns up. Why? Because we need to remember what happened when the market went bonkers; people buying properties to flip them a year later. We put the rate higher to deter behaviours like short-term flipping. People buying properties like they were bulk purchases in the supermarket and, as Deputy Alves said, people buying them, locking them up, moving away and just leaving them empty so that they could sell them for the capital gain that appreciated over the next year or so. Even if the stamp duty surcharge stays at 3 per cent, long term the Jersey property market is still a buy. Investors in Jersey property pay no capital gains tax on their gains and they pay no inheritance tax. That means for investors with capital

or with access to capital Jersey property is a superb investment, means they are likely to bid up the price of property, particularly in the knowledge that over the medium to long term the price of Jersey property goes up. I think I am correct in saying there has never been a 10-year period that shows a fall in the price of property in Jersey and all the gains are tax free. In an expensive market with homeowners straining every financial sinew to meet high prices, it is relatively easy for an investor to trump the homeowner; that is what we saw happening in the past. What the surcharge does is make investors think a little bit more about whether to buy a property, to look at it a bit more closely. It makes, for example, buying to flip a property in a year or 2 a lot more risky. One of the other central claims in the original amendment is that the stamp duty surcharge has led to a reduction in the supply of rental property and, therefore, is driving up prices. The trouble is even Deputy Ozouf's own report confirms that this is not the case. The supply of rental property has, he says in his report, stagnated. Stagnated is an interesting word. Stability is another word. Supply of rental accommodation is stable, which is what you would expect, given that the stamp duty surcharge has no impact on existing supply. No one who currently owns a rental property pays the stamp duty surcharge on it. The other point, I think it was Deputy Mézec who made the point, rents are currently falling. Neither of those 2 assertions are correct. The 3 per cent surcharge is not anti-landlord, it has no effect on landlords currently operating; they do not pay the surcharge. It does act as a brake on investors buying property. Yes, that is the point, to rebalance a buyer's market. The Deputy says he wants a balanced market but I would argue that that is what the surcharge helps achieve. He says that when the surcharge was proposed it was to give a competitive advantage to homeowners. No, it was not to give them an advantage, it was to put them at less of a disadvantage. We are in the middle of a process of rebalancing the market with house prices coming down, rents are also falling and there has been, as Deputy Mézec said, a fall in the number of properties sold to investors and almost exactly equal rise in the number of properties bought by first-time buyers. Bullseye. Essentially the problem we are tackling is that property has become commoditised into a financial asset and investors have advantages in the market. The surcharge is the one countervailing measure to try and level the playing field. We have to look at it a little bit wider, in the U.K. they are increasing that surcharge from 3 per cent to 5 per cent and they also have capital gains tax and inheritance tax. We do need to pay attention to that here because people in Jersey have international investment portfolios. As the U.K. increases its rates, Jersey may become more attractive and an investment holiday on the surcharge makes it more attractive still. If we look even further afield countries and cities and regions across Europe are grappling with house prices that have risen way ahead of earnings; Barcelona, Lisbon, I am sure people have read about them. In all of them the reason is, essentially, the same, too much hot investment money competing with home owners and driving up the price of property. There is a cry to do something for the property market, do something for construction and I agree that we should be thinking about those sectors; they are very, very important. But that is an argument for some kind of intervention, not one that is going to defeat the objectives that we have set ourselves in terms of curbing investor demand in the market. All that has changed since the 3 per cent surcharge was introduced is that it is shown to work. I respectfully suggest that the amendment is rejected, we stick with the 3 per cent surcharge and we stick with the policy that is working, a policy that does a modest amount to rebalance a housing market that was previously out of control and which would return to have negative impacts were we to change our minds now.

**The Deputy Bailiff:**

Does any other Member wish to speak on the amendment as amended? I call upon Deputy Ozouf to reply. Deputy Ozouf.

**2.5.5 Deputy P.F.C. Ozouf of St. Saviour**

I suppose one has to be grateful for something and I am grateful that the Assembly has voted to at least send a message in supporting - and I hope the Government's amendment is going to be supported - that we are serious about dealing with Jersey's supply issues. I understand this idea that there is and was a problem of hot money supposedly being invested in private sector rental properties; when

interest rates are on the floor, when there is other uncertainties in stock markets, that was certainly happening. But I think it would be wrong to also ignore the fact that there are a lot of people who were buying property for their children, their nephews and nieces, et cetera.

[14:45]

Many of the people in Horizon were doing that and I am not going to get involved in any of the arguments about that because it is still before the courts. But there are real issues about who we define and I want to say in bringing this to a conclusion, in hoping that Members are going to at least agree to the 2 per cent kind of compromise that we do welcome investment into the private sector market. We welcome those commitments that have been given by parents or grandparents and people who are allowing people to rent. I do not think it is a binary choice. Ultimately, and as a former Minister for Planning, I would have hoped that Deputy Renouf would have at least said something in his remarks that it is not just about cutting the cake differently, about buyers and sellers, about renters versus buyers, that the thing that I have yearned for, that I have argued too for years, is an increase in supply. There does not seem to be much happening on the supply side; there is homes being built by Andium but there is nothing else. I am worried about the message that that is sending out. A reduction in surcharge is certainly a positive signal that is going to send at least some message to landlords. It is not just a case of the landlords being unaffected by this. Landlords die, people die when they are getting older, there are a lot of older people that have put money in and their properties are getting inherited and they get sold. The actual reality is that the stock of housing is falling. I have got some statistics, I will send them round to Members. Members may be surprised to see quite how strong rents have increased compared to house prices; it is astonishing and that is only going to get worse unless we agree at least something to give some investor confidence. Because it is about investor confidence and I am not here saying the entire future of Jersey needs to be in private rental properties, I am absolutely not. For all my political career I have fought tooth and nail to get home ownership but we need to understand that there is 25 per cent of our community who are renters and they need people to invest in that market. Currently Deputy Mézec can say that there are all these properties available on places.je but did he say to the Assembly at what price they were? They are shocking and they are shocking because there is a decrease in supply. There is a decrease in confidence because of the cost of regulation, et cetera; it is a perfect storm. I am going to wind up this debate. I am curious about how the Council of Ministers work in this Assembly. I have heard 2 Assistant Ministers and a Minister speak against. I was very grateful for the Deputy Chief Minister to say some nice things about some of the things I said. Because I will be back in this Assembly, I will be back week in, week out arguing for the issues of supply because there is much to do. I think that the people who have brought us here in the elections in 2022 and expected us to do far more, far, far more in relation to the issue of housing. Housing remains a crisis and we are here making some decisions about our Budget and doing something about alleviating some of their concerns. It is not just the concerns of those individuals, it is those people who have got the money to invest to make it happen. Making it happen means refurbishing properties that can be rented, it means getting workmen busy. If we send the message out that at least we are prepared to do something; that will be a good thing. I urge Members to enthusiastically ... Government Members included, that would like for it to be higher but at least we will get the 2 per cent and that will send a bit of a message of confidence out. I urge Members to absolutely reject, with the greatest of respect, the arguments that this is simply renters versus buyer, it is not, we need both and we need to deal with the supply side if you are going to argue that point. I urge Members to support the 2 per cent as amended.

### **The Deputy Bailiff:**

Thank you. Is the appel called for? The appel has been called for. Members are invited to return to their seats and I ask the Greffier to open the voting. Voting on the removal of the stamp duty surcharge on second homes as amended. If all Members have had the opportunity of casting their votes both here and remotely, I ask the Greffier to close the voting. The amendment as amended has been rejected. **[Approbation]**

<b>POUR: 23</b>		<b>CONTRE: 24</b>		<b>ABSTAIN: 0</b>
Connétable of St. Helier		Connétable of St. Martin		
Connétable of St. Brelade		Connétable of St. Clement		
Connétable of Trinity		Connétable of St. Ouen		
Connétable of St. Peter		Connétable of St. Mary		
Connétable of St. John		Deputy G.P. Southern		
Connétable of Grouville		Deputy C.F. Labey		
Connétable of St. Saviour		Deputy M. Tadier		
Deputy S.G. Luce		Deputy L.M.C. Doublet		
Deputy K.F. Morel		Deputy S.M. Ahier		
Deputy M.R. Le Hegarat		Deputy R.J. Ward		
Deputy I.J. Gorst		Deputy C.S. Alves		
Deputy L.J. Farnham		Deputy I. Gardiner		
Deputy P.F.C. Ozouf		Deputy K.L. Moore		
Deputy Sir P.M. Bailhache		Deputy S.Y. Mézec		
Deputy D.J. Warr		Deputy T.A. Coles		
Deputy M.R. Scott		Deputy B.B. de S.V.M. Porée		
Deputy R.E. Binet		Deputy H.M. Miles		
Deputy M.E. Millar		Deputy J. Renouf		
Deputy A. Howell		Deputy C.D. Curtis		
Deputy T.J.A. Binet		Deputy L.V. Feltham		
Deputy M.R. Ferey		Deputy H.L. Jeune		
Deputy B. Ward		Deputy R.S. Kovacs		
Deputy K.M. Wilson		Deputy A.F. Curtis		
		Deputy M.B. Andrews		

**Deputy R.J. Ward:**

May we have them all, please, all the names?

**The Deputy Bailiff:**

Yes, of course.

**The Deputy Greffier of the States:**

Those Members voting pour; the Connétables of St. Helier, St. Brelade, Trinity, St. Peter, St. John, Grouville and St. Saviour and Deputies Luce, Morel, Le Hegarat, Gorst, Farnham, Ozouf, Bailhache, Warr, Scott, Millar, Howell, Tom Binet, Ferey, Barbara Ward, Wilson and Rose Binet. Those Members voting contre; the Connétables of St. Martin, St. Clement and St. Mary and Deputies Southern, Tadier, Ahier, Rob Ward, Alves, Gardiner, Moore, Mézec, Coles, Porée, Miles, Renouf,

Feltham, Jeune, Kovacs, Alex Curtis, Andrews, Catherine Curtis, the Connétable of St. Ouen and Deputies Labey and Doublet. [INSERT VOTE TABLE]

## **2.6 Proposed Budget (Government Plan) 2025-2028 (P.51/2024): twenty-fourth amendment (P.51/2024 Amd.(24)) - Agricultural Loan restriction**

### **The Deputy Bailiff:**

There are no amendments which impact paragraphs (b), (c) and (d) of the main proposition. We now move to paragraph (e) and the twenty-fourth amendment lodged by Deputy Ozouf in respect of the agricultural loan restriction. Deputy Ozouf, there are 2 amendments lodged to your amendment, one by Deputy Jeune and one by the Council of Ministers. Do you accept either of those amendments?

### **Deputy P.F.C. Ozouf of St. Saviour:**

Sir, I willingly accept Deputy Jeune's but if she wishes to make some remarks in proposing it ... I thought that it would be helpful if she did make some remarks because I think that is an important issue that she is raising, which I completely agree with. I want to accept it but I wanted to give Deputy Jeune the opportunity of saying why hemp is important.

### **The Deputy Bailiff:**

Before we come to that stage, are ...

### **Deputy P.F.C. Ozouf:**

I am not accepting the Government's amendment, Sir.

### **The Deputy Bailiff:**

Yes. Are Members content for the amendment of Deputy Ozouf, the twenty-fourth amendment, to be read as amended by Deputy Jeune? Are content. Deputy Morel.

### **Deputy K.F. Morel of St. John, St. Lawrence and Trinity**

I think it may work better if it was not read as amended, Deputy Ozouf's. I am just thinking of the range of options, so I was thinking that ...

### **The Deputy Bailiff:**

Anyone can object, do you object to it being read as amended?

### **Deputy K.F. Morel:**

I think it would be better if they were read separately.

### **The Deputy Bailiff:**

Yes. There will be a separate debate on Deputy Jeune's amendment shortly. I ask the Greffier to read the twenty-fourth Amendment.

### **The Deputy Greffier of the States:**

Page 2, paragraph (e) - after the words "identified before 31st December 2025" insert the words "subject also to restrictions on the provision of Agricultural Loans to exclude provision of such loans for any purposes relating to the cultivation of cannabis in Jersey." Page 4, paragraph (o) - after the words "as set out in the Appendix to the accompanying Report" insert the words "except that on page 75, after the bullet points, there should be inserted a new paragraph as follow: "The utilisation of funds from the Agricultural Loans Fund will be subject to restrictions and exclude the provision of such loans for any purposes relating to the cultivation of cannabis in Jersey."

### **2.6.1 Deputy P.F.C. Ozouf:**

I rise to speak on this amendment to exclude cannabis cultivation from being classified as agriculture within the remit of both the Government subsidies and their financial support. This amendment is

not whether medicinal cannabis has a role in the Jersey economy; it clearly does. It is clearly something that, as we have heard, is in widespread circulation by way of prescriptions, no doubt that is helping people with those medical conditions. However, we do also need to ensure that our public resources - and we are hearing such difficulties that the Minister for Treasury and Resources is having with balancing the books - that are available are applied appropriately and aligned with the principles of fairness and transparency. Agriculture, I declare of being a landowner and it was on my declaration of interest. I am a farmer's son, my father being a Constable and a working farmer. I have always taken a general view that subsidies end up getting capitalised into asset prices, which is an interesting concept in the debate we have just had. But agriculture and horticulture, that we have understood, encompassing our beloved industry such as dairy, vegetables, new potatoes and while horticulture is now looking rather sad with derelict greenhouses, et cetera - there is a point about that with the Agricultural Loans Scheme - our agricultural sector has, effectively, still remarkably faced immense challenges over the years. I often say I was born with a shovel in my mouth, I am supposed to be a farmer. There are more cows in Rwanda than there are in Jersey but of course our cow blood stock is in the Island still. Of course farmers are now facing significant problems with the move to the living wage, labour shortages, market competition and market access. They remain, if anything, compared to a number of years ago, so important for our food security, which is now such an important issue. Thank goodness my earlier concerns in my political career about the ban, about the imposition of E.U. (European Union) rules allowing the importation of milk, never came about but it was a real issue. My amendment seeks to ensure that public funds are earmarked for agricultural support are not diverted to a nascent and what is clearly a very speculative industry, like medicinal cannabis cultivation. I hesitate to use the word medicinal cannabis cultivation because I am now aware of one particular of those large cannabis providers having been recapitalised by people that are involved in the recreational cannabis business and that operates in an entirely different premise. I thought we were investing in the medicinal cannabis industry but I have heard words from Ministers that that might not be what they are now seeking to do. I think we have got to recognise the significant capital investment and commercial nature of the cannabis industry. It is profit-driven, it is often backed by private investors and it is in many cases business models that not only rely on the same sustainability principles but they are very different from those of traditional farmers. They are basically investors in businesses for, effectively, what I thought was a medicinal product. They are not the caricature of farming, as we have heard and perhaps we are more alert to it now with the debates in the United Kingdom about inheritance tax and all the dreadful situation where we are seeing. The reality is my family is not any different. My family were farmers but of course we found it very difficult to continue, and I was not necessarily cut out to be a farmer. Farmers are asset rich and cash poor and what we are trying to do with the Agricultural Loans Fund, which is something I absolutely agree with - I commend the Minister for bringing it forward - the Agricultural Loans Fund in the past has meant that there has been investments in agriculture that have made a real difference to the competitiveness of the agricultural industry today.

[15:00]

There are milking parlours, there are cattle sheds, there are potato-production facilities which have been assisted by the Agricultural Loans Fund. I think that is really good, as we have seen huge opportunities that there are in agricultural-enhanced digital technology, there are some really good opportunities. But the Minister is only proposing £2 million for the capitalisation of that fund. If we start saying now that we are going to widen the definition of agriculture for cannabis, it is going to mean that there is less money available for our agriculture and horticulturists to do what they need and what we need them to do, which is invest in productivity, in basically dealing with what we are inflicting upon them in terms of the living wage, all those investments that they have got to do with net zero, et cetera. If we are only going to put £2 million, and I have not amended it, I just absolutely know - I was not in the Assembly at the time - that when the advancement of this cannabis industry was coming on it was going to be fantastic. We were going to have a new finance industry I was told and I have got the quotes from the Minister of the day in speaking in Toronto about just how

marvellous this thing was going to be. I have been a Minister like the Chief Minister is today, he and I both had to clean up the interesting thing about the Innovation Fund. You win some, you lose some, I understand that, I get that. I do not necessarily criticise somebody coming along and saying they are going to do things. The Minister for Sustainable Economic Development is having a particularly hard time at the moment but I commend him and I know what his job is like. But I ask Members, including the current Chief Minister and the Minister for Sustainable Economic Development, whether they are really going to start saying that the cannabis cultivation business is deserving of funding from the monies that were supposed to be to support and to protect and enhance our future agricultural and horticultural sectors. We were told that it was going to be fantastic, that all these investors were going to come in. I am told there is £60 million invested in the industry. But I see from one annual report that £30 million has been written off. We have had a 90 per cent haircut, so there might £60 million but £30 million of it has been written off, gone. Are we really going to be here now reinventing history? Are Members still wanting to say, jolly good thing? I have had to stand here and defend myself against the Innovation Fund but my goodness me I got out of that just about alive. But are we really going to start speculating on using public money for cannabis? I think it was medicinal cannabis but apparently now it might not be because there might not be a medicinal cannabis market, so we might be exporting cannabis for recreational uses. I have heard that from Ministers and Ministers are telling me no but I have done quite a lot of research on this. I have certainly been around the plants that stink to high heaven when you go around and I feel sorry for all those planning people that have to live next to them. I did not know whether or not you get stoned by just smelling the stuff. But, anyway, I certainly do know that I do not think it was quite what we thought when we were promised this new fantastic industry that was going to be self-sustaining and absolutely wonderful and going to be doing fantastic things for Jersey. We clearly have some issues to deal with. How on earth it is that investors have lost so much money? How on earth is it that people are living next to these places that are now causing real problems? I have seen them. I have no taste or smell but I can smell some things and I can smell cannabis. I had to ask a friend whether or not I was going to get stoned by what I was smelling. Do we want to put more public money into it really? I do not think so. I absolutely am shocked to hear that all the 25 medicinal cannabis prescriptions that have been issued with no regulations ... the current Minister for Health and Social Services told us last week he has got a difficult job on his hands making a decision of this Assembly work without any regulation and he has now got even more pressures on his mental health strategy. I am sorry, this is an opportunity to send a very clear message that we are not going to treat the medicinal cannabis industry as agriculture because it clearly is not. It is medicinal cannabis, it is a medicine-producing business; that is what it was sold as, that is what it was, so it is not agriculture. I could not get out of the Minister of the day ... and I do sympathise greatly with the inheritance that the Minister has dealing with all sorts of difficulties but, I am so sorry, really this is a medicine business, it is not agriculture. Let us call a spade a spade and a shovel a shovel and let us help our shovelling farmers with all the difficulties they have got and let us help the dairy farmers. Because if there is going to be some loans available then let us get it to our dairy farmers who are struggling, let us get it to our new potatoes and our other market gardeners so we can have more food security in Jersey, like Deputy Moore wanted to do and all these other things. Those are the things we want to do. More sheep, more things like that and more environmentally friendly, where we have been imposing huge environmental issues on our farmers. We need to give them the help that they want and the scarce money that is going to be available have got to be available for them, not medicinal cannabis or recreational cannabis if it becomes that way. I make the proposition.

**The Deputy Bailiff:**

Thank you, Deputy. Is the amendment seconded? **[Seconded]** Thank you. We now come to the first amendment to the amendment lodged by Deputy Jeune and I ask the Greffier to read the amendment.

## **2.7 Proposed Budget (Government Plan) 2025-2028 (P.51/2024): Twenty-Fourth Amendment (P.51/2024 Amd.(24)) - amendment (P.51/2024 Amd. (24) Amd) - Agricultural Loan restriction**

### **The Deputy Greffier of the States:**

Page 2, paragraph 1 - after the words “cannabis in Jersey” insert the words “, that will be used in cannabis-based products for medicinal use.” Page 2, paragraph 2 - after the words “cannabis in Jersey” insert the words “, that will be used in cannabis-based products for medicinal use.”

### **2.7.1 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

My amendment asks for there to be a distinction made between the cultivation of cannabis for medical purposes and the cultivation of industrial hemp. This would work with both Deputy Ozouf’s amendment and the subsequent Council of Ministers’ amendment to his amendment. However, though Deputy Ozouf has agreed to my amendment, the Council of Ministers does not want Members to support my amendment to the amendment because it would create a distinction between growers of the same plant. With respect this does not hold up. The matter of the fact is that there is already a distinction within Jersey law between growers of the same plant. The Misuse of Drugs Order 2020 recognises a distinction defining: “Industrial hemp as a plant of the genus cannabis with a T.H.C. (Tetrahydrocannabinol) content not exceeding 0.2 per cent, cultivated for the purposes of using only the mature stalk of such a plant, fibre produced from mature stalk of any such plant or the seed of any such plant.” Also, in Jersey’s Income Tax (Amendment of Law - Taxation of Cannabis Companies) Regulations 2021, Article 123DA also defines the difference between companies in the cannabis industry and industrial hemp. These legal distinctions already exist within our domestic framework. Internationally the differentiation is also well established, Article 28 of the U.N. (United Nations) Single Convention on Narcotic Drugs 1961 states that convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes or horticultural purposes. The N.H.S. (National Health Service) guidance for cannabis-based products for medicinal use further recognises this separation. These examples demonstrate that the distinction between medical cannabis and industrial hemp is already embedded in law and policy. For the Council of Ministers to argue otherwise in rejecting my amendment is not only inaccurate but quite frankly lazy. Why have I called for this distinction? Because industrial hemp has immense environmental and economic potential that Jersey’s uniquely positioned to leverage. The Government itself acknowledged this in its 2020 report on carbon sequestration and the role of soil and crops, which noted that one hectare of industrial hemp can absorb 22 tonnes of CO<sub>2</sub> annually, with 2 growing cycles per year this absorption rate could double. Hemp’s rapid growth, up to 4 metres in just 100 days, makes it one of the most efficient tools converting CO<sub>2</sub> to biomass, outperforming agroforestry. Hemp is also highly versatile in its ability to extract harmful chemicals, such as P.F.A.S. (per- and polyfluoroalkyl substances) and P.F.O.S. (perfluoro octane sulfonate) from the soil. These are chemicals of particular concern for Jersey as the issue of P.F.A.S. contamination continues to resurface and we hear regularly from concerned Islanders. Moreover, Jersey has a long history of hemp cultivation dating back to at least 1533, when it was grown for ship rigging and rope. By excluding hemp cultivation from the Agricultural Loan Scheme, we risk losing an opportunity to support both our environment and our traditional agricultural heritage. The main question to be asked here is: should the cultivation of cannabis for use in cannabis-based products for medicinal use receive agricultural loans at all? I do not believe it should. Jersey Agricultural Loans should be mainly focused on supporting inputs and infrastructure to help farmers produce food; to support smallholder organic farmers; to entice young people into farming; to foster innovation. These loans should underpin succession planning for Jersey’s vital agricultural sector. As Deputy Ozouf alluded to earlier, I thought that the introduction of the medical cannabis industry was because it was Jersey’s next big thing, next big growth sector. If it is, why is this industry needing subsidies at all from the same pot as our food producers? The industry should be able to apply for the productivity grant that we run for Jersey business, for example. They will be able to get access to whatever package is being developed from Pillar Two

receipts to enhance the competitiveness of the Island. In short, this industry already has ample access to subsidies and does not need to dip into funds intended for our farmers. In fact, treating medical cannabis growing as farming or part of agricultural has led to some significant policy failings, including poor quality control. What should happen is that the whole lifecycle should be treated as part of the medical process and therefore ensure there is embedded quality assurance, from cultivation through to prescribing, as defined in the U.N. Single Convention obligations. As yet, Jersey fails to adhere to this convention. In summing up, I would like to urge the Members to understand industrial hemp, what I am asking for is to support this differentiation between industrial hemp and cannabis. Industrial hemp offers tangible environmental benefits, diverse by-products and historical significance to Jersey's agricultural sector. Excluding it from support undermines its potential contribution to our Island's economy and sustainable goals. For this reason, I urge Members to consider what is truly best for Jersey and for Jersey's agriculture and environment and support my amendment to the amendment. Thank you.

**The Deputy Bailiff:**

Thank you, Deputy. Is the amendment seconded? **[Seconded]** Deputy Tadier, you had your light on a while ago, do you wish to speak now about this matter?

**Deputy M. Tadier of St. Brelade:**

No, I wish to speak on the main debate, Sir.

**The Deputy Bailiff:**

In due course.

**Deputy M. Tadier:**

It does not mean I will not speak necessarily on this, but if you can take me off the list, please.

**2.7.2 Deputy P.F.C. Ozouf of St. Saviour:**

I am enormously grateful and I am glad it was not read as amended, because I was so pleased when Deputy Jeune raised this with me. I said: "I am happy to do it but, Deputy, could you please put your own amendment in?" I am so glad she has done it, because that gives us an opportunity to speak about the hemp. I did not, in the slightly bit, intend to exclude hemp at all. I understand the point. The point I wish to make is that my understanding is that you can - it is very expensive to do, apparently - extract T.H.C. for the purposes of the recreational cannabis from hemp. It is very expensive to do and that is why the grey area has been there. That is why we have a problem with our valued hemp producers in the U.K., having a problem with the export, because it is regarded as a grey area. As the Deputy has eloquently said there is every reason why and I absolutely agree that it should be treated like a good agricultural crop. She is absolutely right, it was the 17th and 18th century that we had rope made from hemp. Hemp is a crop not just of the past, it is for the future. It is basically a wonderful crop that can be used for all sorts of environmental goals, agricultural diversity, sustainability and it is completely different from medicinal cannabis. It requires a completely different regulation. It requires some, because of this T.H.C. thing. It basically can be used in all sorts of exciting small businesses: turned into textiles; bio composite materials; biodegradable plastics, alternatives for that; food products; and even renewable biofuels. It is also a source of C.B.D. (cannabidiol) oil, which is also the very important product that I understand is of enormous benefit to people, although I have never used it. There is a fantastic growth small industry in Jersey about C.B.D. oil as a result of the hemp stuff.

[15:15]

That is nothing to do with cannabis. It is helpful to a number of different complaints. I am so grateful to the Deputy for bringing this amendment. It should absolutely be part of our agricultural toolkit and it should not have any other rules or regulations on it. I fully support her and thank the Deputy

most warmly. I inadvertently might have caught hemp in it if she had not brought that thought forward, so I am very grateful for her.

### **2.7.3 Deputy S.G. Luce of Grouville and St. Martin:**

I will not speak for long and I will only talk once in this particular amendment, regardless of how many times we get up to speak. As the Deputy brought this proposition back to the Assembly just over a year ago now to recapitalise the existing Agricultural Loan Scheme, I thought I might just have a few words to say. The first thing I would say is to repeat the recapitalisation of the existing Agricultural Loan Scheme, a scheme that has been in place for many decades, certainly long before anyone thought of growing hemp or cannabis in greenhouses. When I brought that proposition, I had a vision in my mind and that was the short phrase that conjures up people's ideas of brown cows in green fields. That was my intention. The green fields, okay, could be grass, they could be potatoes, and they could be hemp as well. When I was previously Minister for the Environment I went to great pains to encourage and help the start of those hemp trials that took place in St. Peter and St. Mary, hidden away where people could not see. The whole idea there was to create a new industry, to diversify agricultural, so that farmers anywhere who had fields could go out and start to grow this crop. When I brought the proposition I was thinking not about starting up medicinal farms and the many tens of millions of pounds that needs to be invested, and risked in many cases, to do that. I was thinking more so about small amounts of money to help existing farmers with their productivity; to combat the rise in the minimum wage; to help them diversify the type of things they might do with our countryside to keep it green and beautiful. I leave it there. The 2 industries have enormously different business models, as Deputy Ozouf and Deputy Jeune have said. They could not be further apart. I reiterate that when I brought forward this proposal for £10 million to go back into the Agricultural Loan Scheme the last thing I intended to do was to see this money go into medicinal cannabis production.

### **2.7.4 Deputy M. Tadier:**

I will speak now. Not that I am an expert in this but having brought a proposition in the last Assembly which did look at the serious issue of medicinal cannabis, I did have to do a certain amount of research - paper-based research, I hasten to add - to bring this to the Assembly. What we are dealing with here is ... see what I did there? We are talking about an Agricultural Loan Scheme here. I have not heard anything that has been presented today from either the mover of the original proposition or this amendment by Deputy Jeune that tells us why they have a problem with cannabis. I have heard very strongly the message: "We do not like it." If Deputy Russell Labey was still in the Assembly I would say: "We do not like it and we do not want it." That is the only argument we seem to have heard today and it seems to be very moralistic. I joked with my party colleagues that we seem to be seeing the emergence of the new political party in this Assembly, which is probably called the Christlich Demokratische Union, if I was still in Berlin, or the Christian Democrats in the Assembly, who simply want to get rid of anybody having fun and because they think cannabis is associated still with this concept of reefer madness from the 1920s and 1930, as soon as it is mentioned in any form, they get very hot under the collar. I would like to bring us back to reality and look at what is agriculture. If I bring up the definition of agriculture on my computer dictionary it says: "The science or practice of farming, including cultivation of the soil for the growing of crops and the rearing of animals to provide food, wool ..." and here is the key bit "and other products." So cannabis clearly does fall into the "and other products" part of it. If we then look at what maybe crops are: how does Wikipedia define crops? It says that a crop is a plant that can be grown and harvested - no great shakes there, I think we all knew that - and it can be done so extensively for profit or subsistence. It could be done for either. You do not have to be able to eat whatever product it is that somebody might be growing in Jersey at any one time. Similarly in the way that when Jersey had quite a thriving carnation industry under glasshouses for export before the L.V.C.R. (low value consignment relief). You could not eat carnations, as far as I know, but you could certainly put them on your lapel on Liberation Day. People wanted to buy carnations and I am sure that if the agricultural scheme had existed back then,

maybe it did, or the current scheme, that they could have applied for that. Do you know what? It would have been decided not on the basis of a prejudice against carnations but it would have been done on the basis of whether you met the criteria for the loan scheme. Not because you were grown up as a son of a cow farmer and you did not like carnations or you did not like cannabis, but you would say: "Does this have merit? Do you need the money? Is there an economic argument for us to give you the loan?" Then, of course, we look at the Agricultural Loans Fund, as is currently live on the Government website, and it says that the Government of Jersey has an Agricultural Loans Fund; it aims to empower farmers. Farmers, I am afraid, do include cannabis growers, whether we like them or not, whether we like the industry or not. They are farmers, they grow things. They are taking a risk with their own money. They have land that they either rent or that they own, but probably that they rent off other landowners. They are trying to make a fist of it economically, for whatever reason. It may be to grow hemp, it might be to grow flowers for medicinal use. It might be for C.B.D. extraction or it might be for T.H.C. extraction. We are already seeing this very strange differentiation between T.H.C. and C.B.D. I know full-well what they are. But they all can be described as medicinal, because C.B.D. products are used medicinally, therapeutically as well. Hand creams will be sold with lots of C.B.D. in them. There is often a mix between T.H.C. and C.B.D. which needs to be put in different variations and different ratios, which can have all sorts of medicinal benefits. I wonder why we are getting our underwear in a twist over this, if I can say that. If people want to take risks with their own money then let them. If we are being told that the cannabis industry is, on the one hand, very successful, therefore they do not need to apply for the loan in the first place. That is fine; we do not have anything to worry about. However, it might be that somebody has a great idea, it is lucrative, they can make it work, because they found a new angle and they do need access to that loan scheme. It could be a great success story for them or for somebody else. You might not necessarily expect me to be the great bastion, if that is the right word here, supporter of liberalism in the economy but I do think that if it is not a problem, why are we worrying about it. Of course, part of the Agricultural Loan Scheme does talk about enhancing food security to uplift both individual farmers and the wider agricultural community, but it says to ensure that it is prosperous, profitable and has a sustainable future. It also talks about providing essential financial support to drive growth, spark innovation and to build resilience. We are already going to see, I believe, some savings or cuts during this Budget which are going to be very difficult for Ministers to justify, because they do not know what effect it is going to have when it comes to that drive in growth, spark in innovation, and building resilience in the economy. We should not be doing anything during this debate here about cannabis to say: we want to tamper with it simply because we do not like a particular product which might be used for a particular end. We need to step back and allow the scheme to be administered correct at arm's length, looking at the criteria, all of those things which includes food security, but which also talks about financial support for innovation and growth, which is something we are critically going to need in the Island in the next few months and years if we are to have a strong economy. As a socialist I want to be able to spend that tax money, but we do need a strong economy to be able to do it.

### **2.7.5 Deputy A.F. Curtis of St. Clement:**

Before I go on, I will obviously declare I am also a landowner. I am obviously very cautious; Deputy Ozouf will jump up quickly and alert me to anything I forget to declare during my speeches. Moving to why I have stood up on this one, and I will speak on the next amendment, is to just caution Members who were perhaps worried by Deputy Tadier in his comments said that those who do support a differentiation in definition are those who may be part of what he seem to see as a new temperance movement or something similar. I would ask him to look at the voting record on Deputy Cole's proposition decriminalisation of cannabis and to those who brought amendments and those who voted. It will be clearly aware to Members of this Assembly that those who vote on this amendment and on the next amendment and the substantive amendment to the Budget may do so for reasons of economics, they may do so for the reasons of how they want agricultural loans secured against assets - that is something I will talk about in the next amendment - but certainly they may not be doing that because they do like it or not of a certain plant. Members should not be persuaded by

that argument. They should think about the economics behind this. The case that any farming is farming and should be treated the same is an interesting one. The truth is it would be lovely in the new year to see a clearer set of guidance in the Agricultural Loan Scheme as to what applies. Only recently the Planning Committee entered some interesting policy debates through applications as to whether a form of agricultural was required inside or outside the built-up area. The feedback was, not from any single department or body or voice on the matter, unanimous. There are always going to be cut-offs as to why something is applicable or not. In this case, the definition between industrial hemp and cannabis genus for the purposes of medicinal products may well be the correct cut-off. However, Members, certainly do not think that those who vote in favour of such are doing so because they have a certain anti-proclivity to the wider public consuming a plant here or abroad.

#### **2.7.6 Deputy L.M.C. Doublet of St. Saviour:**

I am finding this debate really interesting. I am grateful to Deputy Jeune for bringing this. Some of the evidence and facts and figures that she had around hemp has informed my thinking on this. I am definitely going to support this amendment to the amendment. The simple point that resonated with me was around the ecological benefits of hemp. I would be interested to know if those benefits ... as I understand it they are slightly different crops. I might have misunderstood that, but whether the plant is being grown for medicinal purposes or whether it is being grown as industrial hemp are those ecological benefits not the same? That is perhaps a question that could be addressed in the debate on the main amendment. The thing that has convinced me is the ecological argument. In terms of what kind of Island we want our children to grow up in, I think as much agriculture as possible is the better option to go for, because anything growing in a field surely is going to be better for our children to be growing alongside green fields of whatever is growing in them. It sounds like hemp is a particularly beneficial crop to be growing. On that basis, I will be supporting this amendment to the amendment.

#### **2.7.7 Deputy T.A. Coles of St. Helier South**

Like the Minister for the Environment, I am going to speak once on this amendment on the amendment and all the way through. Firstly to say that I do support Deputy Jeune's amendment to this proposition. We do have to make the difference between medicinal cannabis and regenerative hemp, that is the system of how it is grown. We have long had a history in Jersey of relying on monocrops. We are famous for our potatoes and our cows, but not a huge amount else from our fields. Anything that supports diversification in our agriculture is a good thing that we should be supporting. With regards to Deputy Ozouf's amendment to exclude medicinal cannabis from the Agricultural Loans scheme, I find this one quite perplexing. There is a huge outlay that is required to grow medicinal cannabis.

[15:30]

All that will require a lot of large external investors coming into the Island to set it all up to have it growing. I wonder what that will do to our local smallholders, local farmers who are trying to diversify their economy. Exporting out of Jersey is quite expensive for our normal crops. Whether I would support that section of it, I am still yet to be persuaded otherwise. When it comes to the Government's initial amendment to his amendment, again, that is a comfort thing. To say that only 10 per cent of that Agricultural Loan Scheme will be given over, I have great faith in the people administering that Agricultural Loan Scheme to make sure that all loans are issued appropriately. To restrict the hands when a good scheme might come before it which might require 11 per cent of a loan, it might just be too much of a hamstring. I will support Deputy Jeune's amendment to the amendment but will probably be voting against the rest of it.

#### **2.7.8 Connétable K. Shenton-Stone of St. Martin:**

I am grateful that Deputy Jeune has brought this amendment distinguishing hemp from medicinal cannabis. She has clearly outlined why and the distinction is critical. Jersey has both a legal and moral obligation to define medicinal cannabis cultivation as a pharmaceutical process and not large

scale agriculture. Unsurprisingly, I will be voting for Deputy Jeune's amendment, and I really do urge Members to do the same, as this distinction is critical for patient safety, public health and Jersey's economic credibility. Thank you.

### **2.7.9 Connétable R.D. Johnson of St. Mary:**

I start by responding in part to Deputy Tadier's address in the sense that, yes, there is a general perception in the Island that cannabis should be treated differently from agriculture. That emanates from the time the industry was first set up and, dare I say it, the lack of regulation at that time. At that time, cannabis was regarded as an agricultural crop and thus proceeded on that basis. One of the main results of that was that glasshouses could be used for the cultivation of cannabis without any application for planning consent. We had the situation where many residents found themselves next to cannabis operations of some kind with all that that entails. What it did entail was expelling or displaying nasty odours and noise. That fear still exists in the minds of many people. It is the case that subsequent to that the regulations were amended so that growing cannabis in a glasshouse does now need planning consent. That planning consent, in turn, needs an environment impact assessment, which was not previously the case. That was the heart of the matter. I suspect that if those regulations had been enforced at the outset, a lot of the concerns that the public now have may not have applied. I mention that point specifically to show that, just as Deputy Jeune said, there are changes to the definition of cannabis. There has already been a change in the treatment of a cannabis product, in terms of agriculture. Perhaps it is no great departure to do that as well. The other aspect I mention is, continuing on that theme, my understanding today is that anyone setting out to grow cannabis through a glasshouse or otherwise does need to go submit a planning application with all that that entails. I am also heartened by the fact that it seems in certain cases people whose origins of growing were prior to the regulations are now taking heed of that. I have only recently seen references to steps being taken to remedy odours and noise being emitted from premises. There is a greater willingness of certain industries being called on to liaise with the local population. That is a heartening result. I make the point that the key is to ensure that cannabis growers are mindful of their obligations to the public as a whole. If they are and if they can subscribe to those with particular concern to odours and noise, I am unsure as to why they should be excluded. In that connection, I do refer to the terms of the Agricultural Loan Scheme. My understanding is that a board sits, they will have discretion to award them. I do hope that somehow there is a mechanism to consider an application to link that application to their performance, in terms of planning applications and local nuisance. That might in turn be passed on to Treasury, who is the final signature on the cheque, if I can put it that way. I like to think between them they can so arrange it that anyone who has so far not ridden in accordance with the laws will, effectively, exclude themselves. The other point I would like Deputy Jeune to clarify for me is, we distinguish between the growing of cannabis and medicinal cannabis, is it the case that when it is grown for medicinal cannabis, as it stands, the production of any product will be done, as now is, outside the Island. Is the crop from day one identified as either cannabis or medicinal cannabis? That is can a crop be grown for both and the Island will not know which it is until it has been exported and taken on by a German producer? I am not sure if that helps anyone, but as I say my main point is that the bad reputation of cannabis growers began through the lack of regulation at the outset. If belatedly we can address that then it maybe that I am not so much against the idea of cannabis producers being included within the definition of agricultural producers.

### **The Deputy Bailiff:**

Does any other Member wish to speak on this amendment? I call upon Deputy Jeune to reply.

### **2.7.10 Deputy H.L. Jeune:**

Thank you to all those who have spoken, the debate has been helpful. Many who have spoken to support my amendment to the amendment have added all the arguments that I have used in summing up. I will try to be short and sweet. First of all, I would like to address Deputy Ozouf's concern about if you can smell the stuff you will get stoned. I lived for many years in Amsterdam and I can

guarantee that I was able to get a Master’s degree walking past many a coffee shop and I did not get stoned from that.

**Deputy P.F.C. Ozouf:**

If the Deputy would give way, I was talking about medicinal cannabis production not hemp at all.

**Deputy H.L. Jeune:**

At any stage of the process but thank you for clarifying, Deputy Ozouf. My amendment is a simple one. It is to ensure that hemp is left on the Agricultural Loan Scheme. To the Connétable of St. Mary’s point, as I outlined before there is already a distinction within Jersey law about what is defined as cannabis-based products for medical use versus industrial hemp. There is already in both our Income Tax Law and also in our Misuse of Drugs Law there is already this definition between the 2 for growing in the Island. I am not sure about coming in, that is a different thing. Here we are talking about having access to agricultural loans and what kind of criteria would be developed in that regard. My amendment is asking Members to support that, whatever the discussion is further to the amendment by Deputy Ozouf, that there is a distinction made and that this distinction is already defined in law, so that can be transposed into the Agricultural Loan criteria. It can be done very simply by transcribing the law that defines the difference into the Agricultural Loan criteria in the future. On that note, I would like to request Members to support my amendment to the amendment. Thank you.

**The Deputy Bailiff:**

Is the appel being called for? The appel is called for. I invite Members to return to their seats. I ask the Greffier to open the voting on the amendment lodged by Deputy Jeune to the twenty-fourth amendment. If all Members here and present remotely have had the chance of casting their votes, I ask the Greffier to close the voting. I can announce the amendment has been adopted.

**Deputy P.F.C. Ozouf:**

Can we have the for’s and against, please?

**The Deputy Greffier of the States:**

Those Members voting pour: the Connétables of St. Martin, St. Clement and St. Saviour, and Deputies Luce, Morel, Ahier, Gardiner, Gorst, Farnham, Moore, Ozouf, Bailhache, Coles, Porée, Warr, Miles, Scott, Renouf, Jeune, Howell, Kovacs, Alex Curtis, Wilson, Andrews, Doublet, Labey and Rose Binet. Those Members voting contre: the Connétables of St. Helier, St. Brelade, St. Peter, St. John, Grouville, St. Mary and Deputies Southern, Tadier, Le Hegarat, Rob Ward, Alves, Feltham, Millar, Tom Binet, Ferey, Barbara Ward, the Connétable of St. Ouen, and Catherine Curtis.

<b>POUR: 27</b>		<b>CONTRE: 18</b>		<b>ABSTAIN: 0</b>
Connétable of St. Martin		Connétable of St. Helier		
Connétable of St. Clement		Connétable of St. Brelade		
Connétable of St. Saviour		Connétable of St. Peter		
Deputy S.G. Luce		Connétable of St. John		
Deputy K.F. Morel		Connétable of Grouville		
Deputy S.M. Ahier		Connétable of St. Ouen		
Deputy I. Gardiner		Connétable of St. Mary		
Deputy I.J. Gorst		Deputy G.P. Southern		

Deputy L.J. Farnham		Deputy M. Tadier		
Deputy K.L. Moore		Deputy M.R. Le Hegarat		
Deputy P.F.C. Ozouf		Deputy R.J. Ward		
Deputy Sir P.M. Bailhache		Deputy C.S. Alves		
Deputy T.A. Coles		Deputy C.D. Curtis		
Deputy B.B. de S.V.M. Porée		Deputy L.V. Feltham		
Deputy D.J. Warr		Deputy M.E. Millar		
Deputy H.M. Miles		Deputy T.J.A. Binet		
Deputy M.R. Scott		Deputy M.R. Ferey		
Deputy J. Renouf		Deputy B. Ward		
Deputy H.L. Jeune				
Deputy A. Howell				
Deputy R.S. Kovacs				
Deputy A.F. Curtis				
Deputy K.M. Wilson				
Deputy M.B. Andrews				
Deputy C.F. Labey				
Deputy L.M.C. Doublet				
Deputy R.E. Binet				

**2.8 Proposed Budget (Government Plan) 2025-2028 (P.51/2024): Twenty-Fourth Amendment (P.51/2024 Amd.(24)) - second amendment (P.51/2024 Amd. (24) Amd(2)) - Agricultural Loan restriction**

**The Deputy Bailiff:**

We now move on the amendment lodged by the Council of Ministers to the twenty-fourth amendment. I ask the Greffier to read the amendment.

**The Deputy Greffier:**

Page 2, part 1 - after the words “subject also to restrictions on the provision of Agricultural Loans” delete the words “to exclude provision of such loans.” Page 2, part 2 - after the words “subject to restrictions” for the words “and exclude” substitute “on” and after the words “the cultivation of cannabis in Jersey” insert the words “and ensure that any such loans represent no more than 10 per cent of the total funding allocated to the Fund and that no individual loan is greater than £250,000.”

**The Deputy Bailiff:**

To assist Members, these 2 amendments were lodged at different times and there is no one single document before Members indicating how these amendments, if adopted, will work together. The effect of the 2 amendments: if both are adopted, taking the terms of paragraph (o) of the proposition, is the utilisation of funds from the Agricultural Loan Fund will be subject to restrictions on the provisions of such loans for any purpose relating to the cultivation of cannabis in Jersey that will be used for cannabis-based products for medicinal use and ensure that any such loans represented no more than 10 per cent of the total funding allocated to the fund and that no individual loan is greater

than £250,000. That is an illustration of the effect of both amendments if they are both adopted. Minister.

**Deputy K.F. Morel of St. John, St. Lawrence and Trinity:**

For clarity, when you say both amendments, you talking about the Council of Ministers amendment that you are about to hear about and Deputy Ozouf's amendment?

**The Deputy Bailiff:**

Yes. There is no document in front of Member which illustrates the effect of both amendments if they were both to be accepted by the Assembly. Yes, who is going to speak to this amendment by the Council?

[15:45]

**2.8.1 Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Development - rapporteur):**

I wanted the clarification there in case Members thought you were talking about Deputy Jeune's amendment and this one, so it was purely for clarification. Sir, I thank Members for engaging in the debate so far. Of course, I urge Members to support this amendment, the Council of Ministers' second amendment, which would ensure that the loans fund is deployed in accordance with the legislation which underpins it. By doing so, recognise the high capital input of medicinal cannabis, but at the same time limit the fund's potential spend on that sector at 10 per cent. Why have we brought forward this amendment? In my mind it is very simple. We have, as an Island, adopted a strategy, an adopted policy and adopted a law which enabled investors and agriculturalists to develop and cultivate medicinal cannabis, and to then sell that principally on an export market. This should not be confused with prescribing in Jersey. This is principally an export market. We have, in the process of having done that over the past, I would say, approximately 5 to 6 years, since 2019 thereabouts, seen anywhere between £60-£100 million of investment come into the Island as a result of that. The Island has said, quite simply, on the one hand: "This is an industry we would like to see take place in the Island." The States voted on that. They said: "This is an industry we would like to take place in the Island." We then enabled that to happen and various parties have taken up that offer. We know that there are medicinal cannabis farms in Jersey at the moment. There are 4 which are licenced, I believe. The first ones are now in revenue and selling their products abroad. We expect that to accelerate over the year ahead and we would hope to be seeing profits being made in the next couple of years. That commitment from the States of Jersey, on the one hand, has been taken up. The farmers, the agriculturalists, the cultivators of medicinal cannabis have accepted that offer. They themselves have then come to this Island and have invested tens, if not close to potentially £100 million of capital into this Island as a result. Jobs now hang on that money. Investment in terms of the construction sector, various consultants, people are living off this industry. This industry is playing an important role in the Island. The Constable of St. Mary was absolutely right to point to the right of greenhouses or glasshouses. Glasshouses are now being used that were once derelict. This is having a good impact on the Island. The thing that concerns me with Deputy Ozouf's amendment is that it then says: "But we do not like you that much." I am worried that we are saying on the one hand: "Please come here. Please invest in Jersey" but on the other hand saying: "But we do not want to help you too much. We do not want you to do very well." I worry that in an Island which has economic challenges ahead, particularly with the issue around the ageing population, the need for productivity growth. Here we have an industry that is on the cusp of becoming a highly productive industry. We are, on the one hand, telling it we do not really want you here. That worries me. Deputy Ozouf himself said in a previous debate today: "The economy hangs on confidence." We can only create confidence in the economy if as an Assembly we create certainty for investors in that economy. That is what this is about. We need to provide investors in Jersey with the certainty that when we say: "Please come in and do X. Please come in and invest in this" that we then stand behind that and do not create artificial distinctions around it that somehow then penalises them for

having done what we asked. I agree, I am concerned, Deputy Tadier may be correct, that there is a kind of moralising going on here. That does worry me, because we as an Assembly are the people who said: "Please come in and invest your money in Jersey." That is what these people have done. They have invested significant amounts of money in the Island as a result of that. That is something the Island should be grateful for. It is something that is important to the Island. I do accept, and I think the Constable of St. Mary is correct in many ways, that the very beginning of this industry got off on the wrong foot in some ways. I know, as does the Constable of St. Mary, that neighbours around some of the farms have had concerns and have had issues. It has taken time to get those worked through but I believe we are now in a better place around that. I will say to the Constable of St. Mary that if this Council of Ministers amendment is supported then I will ensure that policy around the Agricultural Loan Scheme, around this part for medicinal cannabis, does reflect the need to have proper stakeholder engagement and to have all planning conditions adhered to in advance of them ever receiving such payments from the Agricultural Loans. The argument I am making here is that Jersey has to be consistent if we are to be seen to be a place where you should invest your money. I am concerned that Deputy Ozouf's proposition takes away that consistency and ultimately undermines the message that Jersey is open for business. It is important that we also acknowledge that the production of medicinal cannabis is viable under the Agricultural Loan Scheme, because it is a horticultural activity. Horticulture is small-scale crop growing. That is where this fits in. The Agricultural Loan Scheme is open to horticulture. Deputy Tadier did touch on this. We are in danger of saying: "We are happy for you to grow tulips but whatever you do in Jersey do not grow carnations. We really do not want carnations grown in Jersey." They are both horticultural. This is the same, to be honest, with the hemp and medicinal cannabis distinction, they are the same. In fact, hemp is probably agricultural, medicinal cannabis is horticultural, which is the scale they are done at. I do worry that this "we like tulips, we do not like carnations" element is where we are going down. I so strongly believe from an economic development perspective that this is not the sort of messaging that is helping Jersey in any way get its economy into a strong and robust shape for the challenges that face us. People have, quite rightly, mentioned the Agricultural Loans Board. The Agricultural Loans Board has been re-established as a result of Deputy Luce's proposition. The Agricultural Loans Board is a body, again, that the States, I believe, needs to trust to do its work properly. It needs to be left alone to do its work properly. The Agricultural Loans Board will be deciding what recommendations are made to the Minister and in this case there are 2 Ministers involved. There is myself, as Minister for Sustainable Economic Development, and there is the Minister for Treasury and Resources. For loans under £150,000, the decision can rest with the Minister for Sustainable Economic Development. For loans over £150,000, I believe it has to be signed off by both Ministers. Not only do you have a robust Agricultural Loans Board, but you have up to 2 Ministers being involved in the decision-making as well, which I believe should give the Assembly and give Members comfort that decisions will be taken appropriately. When we look already at the considerations that will be taken into account by that board, they have a handy list on their website: what are the key considerations for loan approval. Those considerations include the very viability of the business. This is not about speculation, about a business trying to get a loan to stay afloat. If the Agricultural Loans Board has concerns about the viability of a business, it will not issue a loan or will not recommend the issuing of a loan. Key considerations also include productivity gains. As Deputy Ozouf himself referred to, the idea of the medicinal cannabis industry was to increase productivity gains with the overall Island economy. I am concerned that just at the point that the industry is moving into revenue and moving into a shape where it will create profits for the future that we are trying to shoot it down. I do worry when any of us - when a change is in process - stand in the middle of that process and say: "Oh, look, it has not delivered what we said it would deliver." No, the industry is nascent; it is growing. It has had challenges. We have all learnt through this process, I believe. One of the things it does do: in order to maintain their licence, all producers have to have good manufacturing practice - E.U. standard - in order to do that. That is something which, again, assures the quality of the product being created. In this case, those are plants. Other considerations include the return on investment, so what will the return on investment of that loan be? The

management and skills experience of the people applying for the loan, the financial status of the business, really importantly - and this speaks to the Constable of St. Mary's concerns - the environmental impact of that agricultural undertaking, the social impact of that agricultural undertaking and the economic impact of the agricultural undertaking. Those are all matters that the Agricultural Loans Board has to take into account, whether it is looking at the loan application from a dairy farmer or a loan application from a medicinal cannabis farmer, it has to take those into account. I think that should give us assurance that they will not be issuing loans left, right and centre. Now, one of the reasons we have come with this amendment to the amendment which limits the amount that the fund can be used for is because we do recognise the high capital costs of starting medicinal cannabis farms. We understand, therefore, that it is worth protecting that £10 million capitalisation of the fund to ensure that 2 or 3 medicinal cannabis businesses could not extract the majority of loans from that. That, I think, is a reasonable thing to do and that is the principal reason why we sought to limit the amount that medicinal cannabis farms can apply to loans for. I think, again, that is a wise use of resources. I know that agriculture is an emotive subject in the Island, and it is one that we rightly feel passionate about, but it is with that wider economic understanding that we need to think about how the Agriculture Loans Board is used and we need to be robust in its use. Some of the arguments we have heard here today do speak to what I would call a slightly rose-tinted view of farming. People have raised the issue of smells. Deputy Ozouf said - I believe incorrectly - that you could high off the smells. I believe that is absolutely incorrect. It is no different to saying: "I live near a brewery. I could get drunk off the fumes from a brewery." I do not think that is possible. I am happy to be corrected on that but I think when we think of smells ... I have lived in the countryside all of my life. There are smells in the countryside, it may come to some people's surprise in this Island. There are, Connétable, really there are. The smell of silage has often drifted past my doorway. That is something that I accept as part of living in the countryside; there are smells. So, this idea - and it has been placed in this way today - that somehow the smells from a medicinal cannabis farm are somehow so awful that clearly they put those silage smells into focus or into proportion, I should say. No, the smell of silage to many is not a pleasant smell. To some, they have grown up with it and they have got used to it, but I think it is important. We must not look at farming through rose-tinted glasses. Another thing has been suggested, I think by Deputy Ozouf himself, is that farms are not businesses. Those were not the Deputy's words but he did say that medicinal cannabis farms are businesses; the implication being that farms are not. Well, I can assure all Members of this Assembly that whether you are a dairy farm or a grower, you are a business. All farms are businesses. The small holders that we support now, we are supporting them on that road to becoming significant businesses of the future. Farming is absolutely a business and medicinal cannabis is no different to that in any way. So, I think it is really important that we dispel this false distinction between what many Islanders see because that is how we have grown up with the idea of farming being dairy and potatoes and somehow something else being different. When I was young, we had lots of flowers being grown on this Island. Deputy Tadier referred to carnations. Growing medicinal cannabis is growing a flower. That is what it is. It is the same thing. I think it is really important that Members recognise the size of investment coming into this Island through this sector. I think it is really important that Members understand that messages sent by this Assembly can create confusion and can undermine investor confidence in this Island not just around medicinal cannabis but across all areas because when they see on the one hand an Assembly which says: "Please come and invest" and then a couple of years later on the other hand saying: "Oh, but we do not want to help you. We do not want to invest that much." It sends the wrong signal whether you are in finance, whether you are in construction or whether you are in hotels. It sends absolutely the wrong signal about Jersey's economy, and I really hope the Members recognise that. I think it is also really important - something else that has not been mentioned - a few Members today, including, I believe, Deputy Ozouf, talked about subsidy. This is a loans fund. This is not a subsidy. This is a loan. There is an element of subsidy in the interest rate.

[16:00]

The element of subsidy in the interest rate is because the interest rate is fixed now at 3 per cent and so at the moment that is lower than something you would get from a commercial bank and I accept that is a small element of subsidy, but these are loans, not grants. These are loans, not subsidies in themselves. Then the question is: why would you therefore want to help medicinal cannabis farms in the way by giving them a low interest rate and lending to them? Why would you want to do that? Well, one of the things is when these companies are in profit, they will be paying 20 per cent tax to the Treasury. I do not believe other farmers pay 20 per cent tax to the Treasury. I do not believe most other businesses in Jersey pay 20 per cent tax to the Treasury. Some of them do but this industry will be paying 20 per cent tax to the Treasury when it makes profit. I think that is another reason why giving that mixed message is such a bad idea. We want this industry to help us bring money into public services but at the same time we are then in danger of saying: "We do not want to help the industry by giving slightly subsidised loans." I think that is the wrong message and I really do urge Members to think about that wider economic view. Please do try and put aside any views you may or may not have about cannabis, either as a recreational substance or as a medicinal substance. If you have problems with that, I understand that, but that is not what we are voting on here. We have, as an Island, as a States Assembly, previously agreed that medicinal cannabis can and will be grown in this Island. We have agreed that we will tax that and therefore I believe we must agree that we should treat it like all other horticultural and agricultural undertakings in this Island by saying that you can partake in this loan scheme but because we understand the high capital costs or high capital intensity of that industry, we will restrict the amount that is available to it so that the other elements of the industry can also be assured of receiving agricultural loans. With that, I do move the amendment.

**The Deputy Bailiff:**

Thank you, Minister. Is the amendment seconded? **[Seconded]**

**Deputy R.J. Ward of St. Helier Central:**

Can I ask a question?

**The Deputy Bailiff:**

Yes.

**Deputy R.J. Ward:**

I am quite happy to put my head above the parapet to say I am lost because there may be other Members who are but just not wanting to do it. The last amendment said that it will exclude cannabis-based products from medicinal use from the loans scheme.

**The Deputy Bailiff:**

That is right.

**Deputy R.J. Ward:**

We are now talking about the Loans Scheme for cannabis products so effectively we have removed all cannabis-based products that were used for medicinal use from the Loans Scheme we are now talking about as proportional. So, I am not entirely sure what cannabis we are talking about. Are we just talking about hemp?

**Deputy K.F. Morel:**

The amendment has not been passed yet.

**Deputy R.J. Ward:**

I mean the previous amendment, Sir.

**The Deputy Bailiff:**

Can I assist, Deputy Ward? The effect of the amendment that you have adopted - the amendment of Deputy Jeune - is that the utilisation of funds from the Agricultural Loans Fund will be subject to restrictions and exclude the provision of such loans for any purposes relating to the cultivation of cannabis in Jersey that will be used in cannabis-based products for medicinal use. That is what you have adopted. Has anybody got a question?

**Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:**

That is Deputy Ozouf's amendment, Sir. Sorry, apologies.

**The Deputy Bailiff:**

That is your amendment, Deputy Jeune. I am reading from your amendment. The original amendment did not mention cannabis-based products for medicinal use. The purpose of your amendment was to ensure that the reference to cultivation of cannabis was limited to an exclusion of cannabis-based products for medicinal use. Now, the Council of Ministers amendment, which you are now considering, will have the effect of ... I do not really want to summarise it. There is a danger in summarising these things but the effect that it will be possible to make loans for the purpose of cultivation of cannabis in Jersey that will be used in cannabis-based products for medicinal use but there will be a limitation on such loans to 10 per cent of the total fund. Are Members content with that explanation?

**Deputy R.J. Ward:**

Effectively it supersedes the previous one.

**The Deputy Bailiff:**

Yes, if you adopt it. Yes.

**Deputy Sir P.M. Bailhache of St. Clement:**

May I raise a point of order?

**The Deputy Bailiff:**

Yes, Deputy Bailhache. Yes.

**Deputy Sir P.M. Bailhache:**

I do not understand how the Assembly can adopt an amendment from Deputy Jeune which excludes the use of the fund for loans for cannabis-based products for medicinal use and then subsequently consider an amendment from the Council of Ministers which appears to embrace the use of loans for cannabis-based products for medicinal use. It does seem to me, and this is my request for a ruling from you, that the only way in which these 2 amendments can be sensibly reconciled is that the Council of Ministers amendment seeks to impose a further restriction, additional to the restriction which has been imposed by Deputy Jeune's amendment, and the additional restriction is that the loans cannot be represented by more than 10 per cent of the total funding allocated to the fund. I listened with great puzzlement to the Minister because I do not understand how it is possible for him to be talking about medicinal-based cannabis products when the Assembly has just excluded the possibility of such products being the subject of an agricultural loan.

**The Deputy Bailiff:**

Does any Member wish to address me before I make a ruling in relation to these matters?

**Deputy M.R. Scott of St. Brelade:**

Yes, please, Sir.

**The Deputy Bailiff:**

Yes, Deputy Scott.

**Deputy M.R. Scott:**

Is it possible if the effect of the Council of Ministers amendment is to negate Deputy Jeune's amendment to a certain extent, i.e. to the extent of allowing loans to produce some medicinal cannabis just to that extent? Again, I have been trying to square exactly how these 2 amendments marry up and I did have the concern also that the effect could also be the restriction of loans given to hemp producers. So, I very much support you ruling exactly what we are talking about. Thank you.

**Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter:**

Hindsight in politics is a marvellous thing. It would seem to me that Deputy Bailhache is absolutely right, precedent would be that the second amendment needs to fall away. In hindsight perhaps we have considered the amendments in the incorrect order, but we have now considered that amendment and we are only 4.10 p.m., so I am not sure whether you are going to require some time just to consider your ruling, whether that means we need to break for 10 minutes to allow you to do so but I would not want to put you under undue pressure.

**The Deputy Bailiff:**

The Council can always seek leave of the Assembly to withdraw its amendment if it wishes to do so, dealing with one of your points. Yes, Deputy Tom Binet, you had your light on.

**Deputy T.J.A. Binet of St. Saviour:**

Very briefly, I just want to place on the record that my previous vote was made with Deputy Bailhache's considerations in mind, and I think that that may be reflected by a number of different Members.

**Deputy M. Tadier of St. Brelade:**

I was just going to ask if Deputy Gorst was making an adjournment proposal for 10 minutes, I would happily second that. In the absence, I would happily propose a 10-minute break if other Members were willing to second that.

**Deputy K.F. Morel:**

If I may as well, my previous vote was on the understanding that the second amendment did not fall away.

**The Deputy Bailiff:**

Both were approved for lodging, but they are plainly independent of each other in the sense that neither gave any thought to the other's contents, which is why we have this particular issue. Unless anyone else wants to make any remarks before I retire for 10 minutes then I will retire for 10 minutes with the Greffier.

**Deputy M. Tadier:**

Can we retire as well?

**The Deputy Bailiff:**

You can do what you like, as long as you are back.

[16:10]

**ADJOURNMENT**

[16:35]

**The Deputy Bailiff:**

Now, in adopting the amendment that Deputy Jeune lodged to the twenty-fourth amendment, which of course still must be debated as amended, the Assembly has adopted an amendment to the effect that loans from the Agricultural Loans Fund cannot be used for any purpose related to the cultivation

of cannabis used in products for medicinal use. The Council of Ministers' second amendment has as its central purpose the permitting of loans from the fund for the purpose of assisting medicinal cannabis producing businesses. Accordingly, in view of the Assembly's adoption of the first amendment, in my judgment the Council's amendment must fall away. Indeed, the only effect of the Council of Ministers' amendment if it was debated and adopted would be to limit the extent to which loans could be made to hemp producers, which as a consequence of the adoption of the first amendment are currently not subject to any such exclusion. So, that is my ruling, and we now return to the original amendment.

**Deputy M. Tadier:**

I did have a procedural point of order. Could you rule on whether the ... so we can at least learn a lesson for next time whether the amendments were taken in the right order and whether there would have been a way for them to be taken differently to achieve the desired outcome of either mover.

**The Deputy Bailiff:**

That is not something that I have applied my mind to fully but will do so and respond either tomorrow morning or in writing to Members. Deputy Tom Binet.

**Deputy T.J.A. Binet:**

Asking the question, given that the ruling on this was given subsequent to the vote, it strikes me that ... and I do not know whether procedurally the vote should be taken again because we are now being advised on a vote that has already been taken and it is quite apparent there was some confusion about the way people voted in the absence of the clarification that you have just provided, so I do not know how that might be addressed.

**The Deputy Bailiff:**

The vote that you have taken on the amendment of Deputy Jeune stands and it is a consequence of that vote that the second amendment falls.

**Deputy T.J.A. Binet:**

Sir, the point was that, had that clarification been provided before the vote, I think a number of people may have voted differently.

**The Deputy Bailiff:**

Yes, well that may well be the case. That may be the case and it is unfortunate that we have reached this stage and I was concerned during the initial part of the debate that there may be a conflict between these 2 amendments; now that one has been adopted, it is clear there is. Deputy Howell.

**Deputy A. Howell of St. John, St. Lawrence and Trinity:**

I just wondered if you could explain, have we actually effectively voted for Deputy Ozouf's amendment?

**The Deputy Bailiff:**

No. Because we are now returning to the debate on that amendment.

**Deputy A. Howell:**

Okay, thank you.

**The Deputy Bailiff:**

What has happened is that Deputy Ozouf has lodged for debate the twenty-fourth amendment. We began debating that amendment; we only reached the stage of his speech and the amendment being seconded. Then, as is usually the case, we then deal with amendments to his amendment in the order in which they were lodged. We dealt with the first amendment of Deputy Jeune, which you adopted,

and then we were debating the second amendment, which we will now debate no further. We are now returning to the debate on Deputy Ozouf's amendment as amended only by the amendment of Deputy Jeune. Yes, Chief Minister.

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:**

Sir, I just wanted to say, for Members that still may be confused, that for those Members who feel they might have voted differently had they known this could still have the option to vote against Deputy Ozouf's amendment as amended.

**The Deputy Bailiff:**

Yes, of course.

**Deputy L.J. Farnham:**

Secondly, can I just say I am very pleased we have the Deputy Bailiff in the Chair, not a Speaker, to deal with this. [Approval] Thank you very much.

**2.9 Proposed Budget (Government Plan) 2025-2028 (P.51/2024): twenty-fourth amendment (P.51/2024 Amd.(24)) - Agricultural Loan restriction - as amended**

**2.9.1 Deputy A.F. Curtis of St. Clement:**

It is cautious being the first one to actually give a speech and not a question after such a complicated ruling, but if I understand therefore from your ruling, Members have 2 choices in voting pour or contre on this. One is to reject any changes to the Agricultural Loans Scheme, enabling cannabis growers for all purposes to make equal claim to the fund as any other agricultural grower, or to both restrict there be no medicinal cannabis claims to the loans fund and such any industrial hemp claims shall total no more than 10 per cent of the fund's capacity and £250,000 because ... is that not right? You are right. So in fact that there shall be a ... it has become a question in itself ...

**The Deputy Bailiff:**

Deputy Curtis, you are entitled to be confused because it is an unusual situation. But you can disregard the contents of the C.O.M. (Council of Ministers) amendment. It is no longer before the Assembly. We are only considering the amendment of Deputy Ozouf as amended by Deputy Jeune.

**Deputy A.F. Curtis:**

Okay. Brilliant. That is helpful. I had got that in my mind and I did start giving out words that I did not intend to. I rose to speak early because I still would like some words back from the Minister for Sustainable Economic Development, given that the position is now that loans could be for medicinal cannabis, or no loan could be for medicinal cannabis. Really, Members will then be debating in essence whether they want to follow Deputy Ozouf or not to that regard. My questions that I would like to ask with regards to claims for medicinal cannabis now - obviously if defeated and Members might shout, no, and I would love to be corrected - if this is not adopted there will be that equal claim for medicinal cannabis as any other claimant to the agricultural loans, is how the Minister understands in practice the securing of loans will take place? The Minister, in his opening remarks to the now withdrawn or fallen away amendment, said that medicinal cannabis businesses are businesses but are no different to any other agricultural business. The Agriculture (Loans) Regulations do describe the kind of business that gets a loan and, in particular, the security of loans. For those concerned about agricultural loans for medicinal cannabis and may think to agree with Deputy Ozouf that it should be entirely restricted - there should be none - they are worried perhaps about the security of Government money from the loans fund being lent out. I note that it is in Article 6 of the Regulations, Secured Loans, at paragraph (1): "Every loan which the Minister requires to be secured shall be secured by a judicial hypothec charged on such of the real property in the ownership of the applicant as the Minister, on the recommendation of a board, may determine..." It goes on. The question I would ask is, within the industry of medicinal cannabis in particular is the Minister aware whether, on the

whole, medicinal cannabis companies are those who have significant immovable estate that one could secure a loan against? Whereas a traditional farming model, from those farms that we do know - those who produce, whether it be potatoes or our dairy herds - do have. As Deputy Ozouf said, they are often cash poor but asset rich. Do the businesses that could claim have sufficient immovable estate to guarantee that, due to the speculative nature of their businesses, the loan can nonetheless be secured? How is he handling that risk, given we have seen the volatility - potential - for individual players within this market?

[16:45]

So this is rather than to say “yes” or “no”, it is really for the Minister to assure Members ... given he will likely want Members to vote contre on this, - how can he assure all Members that the loaning of money to medicinal cannabis companies will be secured? How can he ensure that that money will not be written off from the public purse, should those businesses be unsuccessful in their future ventures, no matter how viable their business plan at the time may appear to the loans board that the Minister assured us will operate with good diligence? Those are my questions to the Minister about how he intends to secure such loans in the event that this is voted contre and any medicinal cannabis company could apply for a loan.

### **2.9.2 Deputy R.J. Ward of St. Helier Central:**

From my reading of this, we are now in a situation where what we are debating is whether we agree that the utilisation of funds from the Agricultural Loans Fund will be subject to the restrictions and exclude the provision of such loans from any purposes relating to the cultivation of cannabis use in Jersey that will be using cannabis-based products for medicinal use. I believe that is now where we are. So we have a simple choice. Do we say that the agricultural loans will only be used possibly for hemp growing, which has no active ingredient? So if somebody comes along and wants to grow fields of hemp, which is lovely, and make rope and nice clothes and - who knows what we can use hemp for - that is fine; that can be included as an agricultural loan. But the medicinal cannabis industry, which has been spoken about as a flourishing industry just growing into a point where perhaps it could be profitable, will not be accessible to these loans. That is the decision that has been made by this Assembly. Therefore, we are in a position where you have a vote to continue that situation, which was voted on earlier - perhaps mistakenly by some - or you vote against it to say: “Actually, we will just leave the agricultural loans where they are and it is up to whoever is making the decision with the agricultural loans to decide where that money goes.” I personally have no issue with that. In terms of the medical cannabis industry, I personally would like to see more scientific evidence behind it, about the biomedical impact of it, the biomedical pathways through the body and the way they work, just like any medicine. Before we go into that industry, I would like to see more evidence; I am slightly cynical about it. However, it is an industry that is growing and if we do not make some sort of step to do that, we are never going to have that data and that information. I find myself, as I did vote against this original amendment, that I will be voting against this entirely so that we just leave the agricultural loans where they are and let that body decide on what it wants to do with them. We have gone through a couple of hours, and we are back to square one, I think.

[Laughter]

### **2.9.3 Deputy M. Tadier of St. Brelade:**

I will keep it brief. I wanted to rise to speak to say about the rarefied air of agreeing with Deputy Morel for a rare occasion. When he mentioned the word “brewery” earlier ... I thought that we might well hear the term “brewery” at some point during this Budget debate. Maybe it would have been used in a different context if he had been talking after the 10-minute pause that we have just had and your ruling that you needed to give. I think what it speaks to is, why have we have found ourselves in this position which has become a debacle today? I think it goes back to the fact that actually, this is not the place at all today where we should be debating this amendment. The time at which this amendment should have come should be when the agricultural scheme was proposed in this Assembly and Members who had a problem with it being allocated to certain industries, for whatever

reason, they should have made that amendment here on the floor and said: “Actually, in setting this up, this is the kind of scheme we want to exist.” Not wait until a Budget debate where you can amend a line, and say: “Actually, wait for that funding to be transferred and have the debate here” during the complexity - as we know - of a Budget debate. I think that is the lesson we should be learning from this: do not have these kinds of high-level, in-principle amendments coming at a time when they should have come much earlier. I accept that we all have busy workstreams and sometimes we miss the boat, but I think that is a direct contributing factor ...

**Deputy P.F.C. Ozouf of St. Saviour:**

Sir, can I make a point of correction?

**Deputy M. Tadier:**

I will not give way. I think the ...

**Deputy P.F.C. Ozouf:**

It is a point of correction.

**The Deputy Bailiff:**

He is not giving way, so ...

**Deputy M. Tadier:**

If it is point of order, I think the Deputy can correct me.

**Deputy P.F.C. Ozouf:**

I do not know whether this is a point of order.

**Deputy M. Tadier:**

I am not giving way, Sir. I will listen, though.

**The Deputy Bailiff:**

He is not giving way, so you cannot ...

**Deputy P.F.C. Ozouf:**

He is basically saying something that is factually incorrect.

**The Deputy Bailiff:**

Well, you have got a closing speech, have you not? Yes.

**Deputy M. Tadier:**

It has never stopped people in the Assembly before. **[Laughter]** I think you are not allowed to lie in this Assembly and while some Members might have come perilously close, I will be happy to be corrected on points of fact. But this is simply saying it as I see it. In my experience, it would have been much more appropriate for this amendment to have been moved at the time when the Agricultural Loans Scheme was being moved. I think this is the problem about what happens when you try to micromanage a scheme and a process which has been set up - in fact, I do not know if I have different points of view from Deputy Ward or other Members about the use or the growing of cannabis in the Island; I am quite agnostic on it, if I am honest - is that actually, by all means it may be an industry that succeeds, it might not be, but it is an industry that is here and I do not think we should be looking to micromanage that scheme. Let anybody who is a grower of cannabis decide, if they absolutely must, to apply for this scheme. I am not sure if anybody has applied to date and I am not sure if they will, but it will be decided on a case-by-case basis alongside the dairy farmers, the potato growers, the carnation growers, perhaps even the beekeepers and - I do not know if there are any other key industries - the broccoli growers, let us keep going, who might wish to apply. It also seems to me that if you are growing cannabis, you may not actually know what it is going to be used

for in the same way that when you grow potatoes, you might not know what the potatoes are going to be used for. You might get an order of potatoes and find that actually somebody wants to make a whole load of vodka with them. You might find that they want to make chips with them. You might find that they want to make crisps with them. You might be growing a field full of sugarcane and find that actually somebody is going to be using it to make Coca-Cola somewhere along the line, which you also do not like because it is bad for you, it can rot your teeth and make you diabetic. Or it could be used for some other, more noble purpose, depending on what your personal view is of the sugar industry. I think this is really difficult when we get to try and make perhaps ... and I think this debate is being tinged by some of those personal views that are trying to micromanage a particular scheme. Let us remind ourselves, it has been set up to innovate and it has been set up to support the economy but also to support the agricultural industry. The last point I wanted to make is that this whole suggestion that you can somehow get high by walking past a field of cannabis is quite ludicrous. It has been said that you would not get high by walking past a brewery, but that is not the correct analogy; it is suggesting that you might get high by walking past a field of barley because the cannabis in the field or in the greenhouses has not been processed yet. I think I was thinking along the same lines as Deputy Morel; would I prefer to have a glasshouse full of cannabis next to me or a field which is being sprayed with silage for several weeks of the year, which I can certainly smell? Because I do not know what this smell of cannabis is when it is growing in greenhouses that permeates. Again, that is highly subjective. I would bring it back to the point that I think Members are seeking to impose some of their own prejudices on a scheme which has been set up to act impartially. The scheme is not going to be administered by politicians or directly by the Minister. It is going to be very much a paper-based, criteria-based exercise and it is not for the Minister or any of us here, I think, to impose our prejudices about what kind of industry should be able to access that. I do ask Members, after all of this confusion, to just reject and revert to the original position, which should be to let growers apply for loans on the merits of their business plans, according to the process. If their business plans stack up, they can access loans, which they have to pay back at 3 per cent. This is not free money which is being given away; it is money which will be given with a caveat that there is a business plan attached to it. I think we do not need to do the work for that scheme.

#### **2.9.4 Deputy I. Gardiner of St. Helier North:**

Well, it is probably the first debate around cannabis that myself and Deputy Tadier would not agree. I know that everyone knows my views about cannabis. I brought amendments; I was very supportive of bringing medical cannabis to the Island and opening the clinics. I think that I am maybe one of the few ... probably, it is very difficult to say about my views as a prejudice to cannabis. Second thing, Deputy Tadier said why did he not bring an amendment to the agricultural loans. In my mind, medical cannabis is not agriculture. Medical cannabis is pharmaceutical. Now, if we would like to be a distinct jurisdiction to get the full benefit and to be one of the leading jurisdictions around medical cannabis, it needs to be clear pharmaceutical. Pharmaceutical is when it is grown in a very clean, regulated, strict environment, not in glasshouses, not in the fields where the weather is affecting every time. Pharmaceutical - when it is medical cannabis - it needs to be a very clear, consistent standard that does not depend on the weather. What we are missing, and this is ... probably, people have seen on my conflict of interest, because before I became a States Member, I have had some knowledge about it. The only companies that are succeeding now in the world are the very clear pharmaceutical companies and the only thing that we really can do to succeed with medical cannabis on the Island is to create proper regulations. If we would like to be different and innovative, if we would like to be the beacon, if we would like to really attract proper investment, and not the agriculture, if we would like that Jersey would be seen as advanced in something different and not in agriculture, let us stop calling medical cannabis agriculture. It is a pharmaceutical industry and needs to be treated this way. This is a really important message; it is not about the companies receiving or not receiving funds. If we want to send a clear message to everyone, including investors, if I want to send a clear message to the medical cannabis world that we are serious, let us create proper industry and see the income. The Minister spoke about 20 per cent of income. I heard about 20 per cent of

income in 2018. We are in 2024. I have not seen much income apart from the influence and the people who are in St. Mary and other parishes are not happy. But they would be much happier if it would be a completely clean, strict environment that everything is under control. This is why I believe if we stop calling medical cannabis agriculture, it would be easy to make the decision on this amendment if it is agriculture or not.

### **2.9.5 Deputy J. Renouf of St. Brelade:**

I wondered whether you might call me after that because I am in the slightly strange position of disagreeing with Deputy Gardiner's reasoning but agreeing with her conclusion. Just to add yet more confusion to the day. I think this whole argument about whether it is or is not an agricultural product and so on is not really the relevant factor. It has been said that it is not normal farming. Well, it is farming. The product is farmed. Most farming today is highly scientific and a lot of it happens in big glasshouses with drips and so on. There is a thing called precision agriculture, which is agriculture controlled by computers supplying nutrients and so on; that happens in fruit orchards in Florida and so on. So farming today is very advanced in that respect. To me, it is not the most relevant factor about whether this is an industrial product or not. It is farmed initially and then it becomes a medicinal product. You could say morphine is in the same category, it is farmed as opium poppy and then becomes, through processing, a medicinal product. I am not anti-medicinal cannabis as a product, I want to make that very, very clear. I do think it needs to be much better controlled and I welcomed the Minister for Health and Social Service's words on that recently. I also happen to think, along with Deputy Ward, that it may be overstated in terms of its medical qualities. But that is not the point. The question really is whether there is a market or not. I was the Minister who changed the regulations so that planning applications were required for cannabis cultivation. That was not because I am against the industry, it was because it was very clear that the environmental impacts were considerable and therefore the industry needed to be judged against planning and environmental policies.

[17:00]

Too lax a regime had been adopted at the beginning. I am also not against the farming of medicinal cannabis in Jersey. I was also the Minister who asked officers to re-examine planning consents around one particular development which, when that process played out, led to some cannabis developments being deemed to be in breach of planning control. That was partly to do with environmental considerations around those operations. I would just say that although odour was one of them, it is not - as several people have said - about getting high but it is about the unpleasantness of a very strong odour that can pervade the area around the farm. Good cannabis growers are able to control that. The truth is that there have been good cannabis producers in Jersey and some less good ones ... or possibly were less good ones. Some of the original cannabis producers are now under new management. I am not against this industry, but that is not the most relevant factor in terms of the amended proposition that we have. For me, what is relevant is what is the best use of the Agricultural Loans Scheme. To answer Deputy Tadier's point, I think it is allowable that the Assembly "micromanage" - in his words - the loan scheme. I do not see it as micromanagement, I think it is just a prioritisation exercise. There are many opportunities for that fund to support; many demands on that money that has been put aside into that recapitalisation of the loans scheme. There is the productivity of our traditional farming sectors, but also the development of new sectors, regenerative farming. Something like, I have read somewhere recently, 70 new smallholders have started up in Jersey. Each of those is a possible new growth sector. It is appropriate for this Assembly to have a view on which sectors it feels should benefit when funds are so limited. The point about the medicinal cannabis sector was that it was supposed to be an exciting new sector and, to that end, new entrants were encouraged. No one said at the time when this was first being promoted that this was a sector that might need propping up with cheap loans. There is a subsidy on the loan, as the Minister agrees. But that risks all the wrong incentives, you know, the potential for businesses to locate here, to take advantage of loans here that might not be available in other jurisdictions. The main argument

advanced to reject this amended amendment is that we should trust those who are making decisions. The risk, I think, around this is that even with all the best intentions in the world, we have already seen the enthusiasm for this sector within Government. There is, I think, a risk that groupthink will apply. There is a strong desire to support this industry from within Government. It was supported early on by saying that it was a surefire winner. Now that has not entirely worked out as planned, they want to make loans available. There is a risk that the decision makers in this will want to double down on their original bet. I think that is why this Assembly has taken the view that they want to consider this amendment in its very sensible amended form. The Minister is worried that we will send the wrong signal, so let me send whatever signal I can by saying that some medicinal cannabis producers are working very successfully in this Island and I applaud them. They did that without Government support. I have been to meet at least one of them and I thought the operation was brilliant, actually. I want to send a very strong signal, myself, of support for that. I am not against cannabis cultivation in principle, but I am persuaded by the argument that if it is such a good thing, it should be able to stand on its own 2 feet and, in a world of very limited funds, medicinal cannabis should not be a priority for those loans. There is an opportunity cost. The money could be used on other things. If I heard correctly, I heard the Minister for the Environment say that he did not imagine medicinal cannabis as a usage when the scheme was created and I also put some store on that. I will vote pour for this amended amendment.

#### **2.9.6 Connétable K.C. Lewis of St. Saviour:**

I will be very brief. I just feel I need to correct a few misinterpretations. I remember a time many, many years ago - I am getting on a bit now - that we had the brewery in town and with the wind blowing in the wrong direction you could finish work and you could smell the hops in the air; you could practically taste it. I will not mention which one, but we do have several places on the Island where cannabis is being grown at the moment and people have bought their houses - wonderful old Jersey granite farms - when their neighbours were growing roses. Now they are growing cannabis, it is a whole different ballgame. I will say that the growers are doing their best with filtration systems to try and filter out the odours, but it is nowhere near good enough. I am more than happy to direct Members to where it is. It is a pungent smell that just hangs in the air and people come out of their homes in the morning to be greeted by that. It is very, very unpleasant. Well, to my mind it is unpleasant. Also, the road is nearby and I have heard of the schoolchildren on the bus on their way to school, they know what cannabis smells like because they can smell it in the bus as the bus passes nearby. I will be supporting this proposition and I urge Members to do likewise.

#### **2.9.7 Deputy K.F. Morel of St. John, St. Lawrence and Trinity:**

If only I could remember everything I said about 25 minutes ago, it would make life a lot easier, though a lot more boring, I think, for States Members. I found it fascinating, the Constable of St. Saviour, this rose-tinted idea of farming, you know: "People bought their houses when they thought it was a rose farm and now it is a cannabis farm." Well, that farm could easily turn into a farm with manure smells and other smells with silage or anything else. There are plenty of smells associated with farming - any type of farming - and I think it is really important people understand that. Farming can smell, regardless of what you are growing. There is not one type of farming which has particularly fewer smells than others, I do not believe. But I come back to my main point, which is: my concern is the message this sends to the wider economy about people who are looking to invest in Jersey. I do worry about us saying: "Please come in" on the one hand but then: "Do not expect us to treat you like other businesses" on the other hand. I do hear what Deputy Gardiner is saying about pharmaceutical, but that is not where this sits at the moment. At the moment, medicinal cannabis sits within the agricultural sector. That is where it sits and that is what makes it possible to access the Agricultural Loan Scheme. Deputy Alex Curtis asked about security. At the moment the rules are that security on loans over £150,000 has to be given, so a loan cannot be provided if there is no security and the loan is over £150,000. Under £150,000, loans can be considered without security by the board but that does not mean the board has to accept it without security, the board can still

insist on security for a loan of that nature. Again, because I am keen for us not to make these distinctions, I would be happy were we to reject Deputy Ozouf's amendment to require security on all loans around medicinal cannabis. If that was something that made a difference, I think it is something which can be done. I think it is also really important that when the board ... which, I think quite rightly, Deputy Tadier has talked about the need to let them do their work. One of the things that they look at when they are undertaking those considerations that I mentioned previously in my speech, the applicant must also submit a 3-year forecasted business model including an 18-month cash flow and a balance sheet, and include 2 years' trading accounts wherever applicable. That financial information will be sent to an external accountant for review. Again, from a security and understanding perspective, a lot of work goes into understanding the likelihood of the repayment. It has to be said, my understanding of the entire history of the Agricultural Loan Scheme since, I believe, 1974 is that only one loan has ever not been fully repaid. That is my understanding; I am happy to be corrected, but that is what I have been told. Everything I have got in my head is exactly what I said before. When the previous amendment fell, my words were not expunged, were they?

**The Deputy Bailiff:**

No, they are still there. [Laughter]

**Deputy K.F. Morel:**

They are still there.

**The Deputy Bailiff:**

They are there for ever.

**Deputy K.F. Morel:**

Because I would ask Members to think back to what I have said previously. I do ask Members to reject Deputy Ozouf's amendment. I want us to retain confidence in our economy. I would like Jersey to be much more considerate when we think about economic matters and think about the messages we give to the outside world. I do worry - not just around this - but I worry in many areas of the economy that we give very mixed messages, and this is something that I think is really important for the Island to stop doing. We seek inward investment, we need to be international in our outlook and to do that, and to be seen as consistent, we have to be consistent. That is the only way we will continue to get investment, whether it is in the finance industry, the agriculture sector or any other sector that comes forward. We do need to provide consistency and I am very concerned that this debate itself eats away at that sense of consistency. With that idea of supporting the economy and supporting the messaging around that economy and supporting confidence in Jersey's economy and the way we govern our economy, I do ask Members to reject Deputy Ozouf's amendment.

**2.9.8 The Connétable A.N. Jehan of St. John:**

I am pleased to follow the Minister. I am encouraged by the amount of young people getting into agriculture and the established members of that industry who are reinvigorated by this new loan scheme. I was not able to attend the Farmers' Conference recently but I was able to watch all of it online. I am also pleased to reinforce the message that Jersey is open for business. I intend to vote against this amendment, but I have to strongly disagree with my Minister about the smells from cannabis farms. Silage and slurry are short-term effects and are incomparable to the strong aromas that have impacted on people's lives. I have been out to visit people in my parish ... we do not have a facility in my parish, but we have one just across the road. I am aware of residents of St. John who have had to leave their homes. Leave their homes because of the smell and not be able to return to their homes for several days. I have never known that for slurry or silage. They are 2 completely different things. I am pleased to see that there are improvements being made, but the 2 things are incomparable. It will be down to the panel to make the decisions on who they give the money to and I would urge Members to reject the amendment. Thank you.

### **2.9.9 Deputy T.J.A. Binet of St. Saviour:**

I did not intend to speak but I think I must because - leaving aside the issues of smells because a number of people have covered it - I think that there is some information that should be brought to the Assembly's attention. At present we have got 4 cannabis producers, and I do not believe there is a single one of them that has invested less than, I would say, on or about £10 million and in some cases substantially more. Because of the nature of medical cannabis production, I believe they all rely on high levels of borrowing. I recently attended a meeting of the 4 producers and, while I stand to be corrected, I do not believe that any of them have a freehold asset suitable for the first charge that I believe to be essential to qualify for an agricultural loan. So, in many respects, all of this discussion means very little, apart from the message that it sends out to future investors. At the meeting I attended, there was also another attendee online and, unless I misunderstood completely, the firm that he represented had a local site, a production licence and £50 million to invest in Jersey. They were not looking for an agricultural loan, all they were waiting for was a clear sign that they had the full support of this Assembly. So it is extremely unlikely that any of the people we are talking about are going to apply for an agricultural loan but I would make the point that if we send out a message that we are actively disapproving of the industry, I think it is pretty clear that the industry will stop in its tracks. For an Assembly that is very, very good at spending over £1 billion every year, I would just urge people to bear that in mind. I think we need as much tax revenue as we can get. **[Approbation]**

[17:15]

### **2.9.10 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

I felt that most of what I wanted to say had been said earlier in the debate, but I would like to respond to the comments from Deputy Binet there. I was grateful to him for outlining his meeting with members of this industry and I would just like to remind the Government and those who have spoken against these amendments that this debate is not about whether we approve or not of this industry; this debate is about how we divide up public money and share it in a very stretched financial position. It is not an easy decision to make, but the question here is very similar really to our approaches in the previous debates about interventions in the housing market. It is about what our approach is as a group of politicians, and it is absolutely, I believe, our role here to direct this board when they make their decisions. What is our political view about contributing public money to this loan scheme and for all of the proposed uses for it? This loan scheme is obviously created to support people in the agricultural industry but this relatively new player in the agricultural industry - as the Deputy who spoke previously has outlined - has come to the Island with large amounts of financial backing. Those businesses did not make the decision to move to this Island based on the potential that one day the Government might decide to give them a loan. They did not make that huge financial decision based on that potential point. That was something, I presume, would not have been expected by any of them at the point that they wrote their business plans and they decided to move to Jersey. Why did they decide to come here? They decided to come here because we are a low-tax jurisdiction, we are open for business, we believe in business and, also, I believe there was a promise that we would develop world-leading regulations. Well, I do believe that the current Chief Minister is the person who promised those world-leading regulations in a former role of his, and we are still waiting for them.

### **2.9.11 Deputy M.R. Scott of St. Brelade:**

I will be supporting Deputy Ozouf's amendment. I want to make it clear this is not because I disapprove of the medicinal cannabis industry, far from it. Rather curiously, Deputy Moore has articulated some of my thoughts in this area, but along with the general thought I have that Government should not be giving out money just too enthusiastically to support businesses, I can make a case for supporting agriculture - traditional agriculture - on the basis of the custodians of the countryside, lovely fields that support our tourist industry and our environment that do not typically require fields to look kind of like prisons, and the contribution to some extent towards food security

and these sorts of things. I tend to agree with those people who say that when it comes to medicinal cannabis, this is a pharmaceutical industry. So I just thought I would make my position clear because I absolutely want to emphasise that I do support the medicinal cannabis industry, but not in this way.

**The Deputy Bailiff:**

Does any other Member wish to speak on this amendment as amended? Yes, Deputy Ozouf, do you wish to reply?

**2.9.12 Deputy P.F.C. Ozouf:**

Let us get straight to the point. The medicinal cannabis industry - I was not here at the time, but I have looked back at States records - was not being advanced as an industry that would require public subsidies. This, at the end of the day, is about a £2 million allocation of a loan fund initially, in this year's Budget, for agricultural loans. That is all that is going to be available. I am looking to the Minister for Treasury and Resources just to confirm that it is the case. I have to correct Deputy Tadier, there was no other opportunity in the previous debate about the establishment of the Agricultural Loans Scheme because all we were doing was appointing members of the board. It was at that Question Time, in that summing up ... it was probably not an appropriate question, but I asked whether or not the board members that were being appointed were going to approve cannabis loans. There was no ability whatsoever to put any restrictions on that loan thing, so I would ask him to consider the fact that he thinks this is too little, too late. Medicinal cannabis is a crop requiring controlled environments, there are fences around the productions. It is a controlled product. It is a controlled product with huge controls over it. Dare I say, it is almost like going into prison. I was not saying I was going to get stoned by smelling it but the pungent smell was so strong I thought that some people might worry about it. I basically know you do not, but I thought that I would ask a friend - for the avoidance of doubt - because it was so strong. This was an industry that the then-Senator Farnham has been a vocal advocate for, it is called medicinal cannabis. He spoke in a conference in London in June 2019, talking about Jersey's intention to develop a medicinal cannabis industry: "Positioning ourselves as a centre of excellence in production, research, genetics, intellectual property..." Nothing about loans. Nothing about Government subsidies. He spoke in January 2021 when the first licence for medicinal cannabis was ... he said: "This represents the birth of a new impact, high-driving economic diversification. Engaging jobs, encouraging innovative investment and generating new tax revenues to support the economic recovery." We have not seen it, have we? We have seen investors losing £30 million, because that is on the public record. The Minister does speak about the big investment in it, but I do say with some degree of sadness - huge sadness, actually - that one lot of investors have lost ... have had a 90 per cent haircut of 90 per cent of their investment. That is a lot of money. We have encouraged people to do something and they have lost a load of money. In Toronto, Senator Farnham said: "Plans to become a centre of excellence in production [again], research, genetics, intellectual property [again]." And again in London. These statements never said ... I mean, I was quite amazed that we were trying to get this thing. I never quite understood what the purpose was, personally. I think that a number of people think that it is basically a bit of a regulatory arbitrage. Members of the Reform Party who want to basically speak about medicinal cannabis in the health sense, I absolutely agree. I fundamentally am somebody that, when in an ideal world ... when I was with my late husband after we went to the United States - absolutely against everything - persuaded to go into a cannabis store because I heard about the tax revenue that Idaho was getting from having had legalised recreational cannabis. This Assembly has legalised medicinal cannabis. We have encouraged, kind of, this other industry and this debate is about whether or not we allow loans to a sector that is not agriculture. It was never said as such and the point of this whole debate is about the meagre resources that are available by the re-establishment of the loan guarantee going to the farmers that Deputy Renouf and other people have spoken about: the dairy people, those new innovative farmers that are doing great things perhaps, those smallholders, the sheep producers from the National Trust, the other people that we are going to have to make some difficult decisions about carbon neutrality. That is where I want the money to go to.

I do not want to send out the message to big business that they can come here and get loans for their medicinal cannabis failures. I am sorry to say it. I know I am going to get some stick about it, but I am afraid to say that there is going to have to be some sort of investigation, I think, into how on earth we have got into this position where we had the promises of a new industry that was going to be providing jobs, opportunities, intellectual property. What have we got? We have got the reality of a business that went nearly bankrupt and has brought our reputation ... as your former Minister for External Relations I have to explain to the United Kingdom why on earth we are doing what we are doing. Because there are some questions about it. I want to be absolutely clear, this is about back to agriculture and to use the meagre resources that the Minister for Treasury and Resources apparently has to put into our farming businesses that are the farming of the past and the farmers of the future, by getting them to be productive, to be more competitive, to be able to deal with this Assembly's imposition of the living wage where we have got to help them. That is what. They are dominated in my constituency of St. Saviour and I am proud of that. I want for those farmers to be able to get those loans to improve their productivity, to improve their ability to pay better wages and to improve their environmental practice on which we are putting regulation after regulation. I am afraid medicinal cannabis companies do not fit, it is not agriculture. We can make this all wave around if we want to but I am afraid to say ... Members need to perhaps go early tomorrow morning and have a look at a medicinal cannabis greenhouse. Well, you cannot get into it, it is not like the old-fashioned glasshouses. It has got a wire fence around it because it is growing a controlled substance. Let us not forget the problems, please. Every pound of money going into medicinal cannabis approved by this apparent loans board - with strong support from Government, as we have heard - that is going to be £1, £10, £1,000 not available to our farmers who need it. They need cheap loans because they cannot get them from the banks. This is about the struggle of helping farmers. I have not been a big fan - like many Members know - about subsidies that go into land value. I do not want that. I am a land value; I want nothing back. I want farmers themselves to be better off and I want real farmers, not medicinal scientists who are doing intellectual property and doing all sorts of things. I will not speak about the people that have been laid off - that I have had emails from - from one of the cannabis producers, which upsets me. They are deserving. Our traditional farming sectors, our future farming sectors are deserving of support. They are deserving of all the money we have got available going to them and that is what should be done. In summing up, I have been described as having political views from Germany. I am not a prohibitionist, I am not a member of the Christian Democrats. I am a liberal, Hans-Dietrich Genscher was my political hero in Germany. I am not a Member of the C.D.U. (Christian Democratic Union) and I am not a rejecter of medicinal cannabis. In fact, I have been for a prescription to try and get some. It was jolly easy. It was jolly easy. In fact, it was so easy I could not believe it. I tried it; it did not make any difference with all the problems I have had. I am very much in favour of it. You have got to have a bit of humour, but we have got to take things seriously as well. I was actually going to say, if we can have cannabis farms, can we have health farms as well as part of the scheme? I do not know. Anything called a farm now is apparently okay. I jest in the spirit of good debate. In conclusion, I am amazed to hear Members of the Council of Ministers now wanting to vote against this proposition. Why? Where is the Whip? I do not know whether it is an instant whip, it is a blancmange, I do not know what it is anymore. I really am completely flummoxed with how to deal with the Government of Blancmange. I want Members, please, to stand by their principles that they told me they wanted ... they supported this and to give a definition of agriculture that is our true agriculture of yesterday, of today and tomorrow, and to let those meagre resources go to them. Let us have another debate on another day about medicinal cannabis in this industry and maybe we need a committee of inquiry or a review to find out why we are in the mess. I did not cause the mess in the debate today, sorry about that. I did not cause it, I wanted a proper debate. Perhaps the fact that the Council of Ministers' own amendment caused the chaos is an indication of the chaos that exists in the cannabis. A decision well-intentioned of medicinal cannabis now that has got 25,000 prescriptions. A mess in relation to the investors. Let us make a decision for our old-fashioned farmers and our future farmers. I urge Members to vote in favour of the proposition.

**The Deputy Bailiff:**

Is the appel called for? I invite Members to return to their seats.

[17:30]

I invite the Greffier to open the voting. If all Members have had the opportunity of casting their votes, then I ask the Greffier to close the voting. The amendment has been rejected.

**Deputy M. Tadier:**

Can we have the votes please, after all that?

**The Deputy Bailiff:**

Yes.

**The Deputy Greffier of the States:**

Those Members voting pour: the Connétables of St. Martin, St. Clement, Grouville and St. Saviour, and Deputies Gardiner, Gorst, Moore, Ozouf, Bailhache, Warr, Miles, Scott, Renouf, Jeune, Barbara Ward, Wilson, Andrews and Labey. The Members voting contre: the Connétables of St. Helier, St. Brelade, Trinity, St. Peter, St. John and St. Mary, and Deputies Southern, Tadier, Morel, Le Hegarat, Ahier, Rob Ward, Alves, Farnham, Mézec, Coles, Porée, Feltham, Millar, Tom Binet, Ferey, the Connétable of St. Ouen, and Deputies Rose Binet, Catherine Curtis and Doublet. And those Members who abstained: Deputies Howell, Kovacs and Alex Curtis.

<b>POUR: 19</b>		<b>CONTRE: 24</b>		<b>ABSTAIN: 3</b>
Connétable of St. Martin		Connétable of St. Helier		Deputy A. Howell
Connétable of St. Clement		Connétable of St. Brelade		Deputy R.S. Kovacs
Connétable of Grouville		Connétable of Trinity		Deputy A.F. Curtis
Connétable of St. Saviour		Connétable of St. Peter		
Connétable of St. Ouen		Connétable of St. John		
Deputy C.F. Labey		Connétable of St. Mary		
Deputy I. Gardiner		Deputy G.P. Southern		
Deputy I.J. Gorst		Deputy M. Tadier		
Deputy K.L. Moore		Deputy K.F. Morel		
Deputy P.F.C. Ozouf		Deputy M.R. Le Hegarat		
Deputy Sir Bailhache		Deputy S.M. Ahier		
Deputy D.J. Warr		Deputy R.J. Ward		
Deputy H.M. Miles		Deputy C.S. Alves		
Deputy M.R. Scott		Deputy L. J. Farnham		
Deputy J. Renouf		Deputy S.Y. Mézec		
Deputy H.L. Jeune		Deputy T.A. Coles		
Deputy B. Ward		Deputy B.B. de S.V.M. Porée		
Deputy K.M. Wilson		Deputy C.D. Curtis		
Deputy M.B. Andrews		Deputy L.V. Feltham		

		Deputy M.E. Millar		
		Deputy T.J.A. Binet		
		Deputy M.R. Ferey		
		Deputy L.M.C Doublet		
		Deputy R.E. Binet		

**Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter, Chief Minister:**

May I propose the adjournment?

**The Deputy Bailiff:**

Are Members content to adjourn for the evening? The Assembly is adjourned until tomorrow morning.

**ADJOURNMENT**

[17:32]