

STATES OF JERSEY
Economic Affairs Scrutiny Panel
Rural Economy Strategy 2011-2015 Review

TUESDAY, 13th JULY 2010

Panel:

Deputy C.F. Labey of Grouville (Chairman)
Deputy R.G. Le Hérisssier of St. Saviour

Witness:

Mr. D. Richardson (Managing Director, Farm Fuels)

Also Present:

Mr. D. Scott (Scrutiny Officer)

[14:00]

Deputy C.F. Labey of Grouville (Chairman):

Good afternoon, Doug. May I call you Doug?

Managing Director, Farm Fuels:

No problem.

The Deputy of Grouville:

All right. Okay.

Managing Director, Farm Fuels:

Thank you very much.

The Deputy of Grouville:

Have you ever been to a Scrutiny Panel meeting before? Okay, this is quite a formal process. We are being recorded the whole time and the transcript will be sent to you afterwards just to check the accuracy of it.

Managing Director, Farm Fuels:

Fine.

The Deputy of Grouville:

So we have to go round and formally introduce ourselves for the benefit of the tape. I am Caroline Labey, I am Deputy of Grouville and I chair the panel on the Rural Economy.

Deputy R.G. Le Hérisier of St. Saviour:

I am Roy Le Hérisier, the Deputy of St. Saviour.

The Deputy of Grouville:

You have to introduce ...

Managing Director, Farm Fuels:

I am Doug Richardson.

The Deputy of Grouville:

From?

Managing Director, Farm Fuels:

From Morville Farm, St. Ouen.

The Deputy of Grouville:

This is Darren Scott, Scrutiny Officer, and Linda, who is recording things. We are one panel member down at the moment; Daniel Wimberley, who has just gone out in agony to the dentist, so we expect him back with a numb face unable to speak in three-quarters of an hour or whatever. We have hearings all afternoon, one after the other like you have just seen the last one. We have the next people coming in at 3.00 p.m. so we have to be fairly focused.

Managing Director, Farm Fuels:

No problem.

The Deputy of Grouville:

If you could concentrate on anything that you want us to take away with for the benefit of the report that we are writing; if you can try and focus on that?

Managing Director, Farm Fuels:

Yes.

The Deputy of Grouville:

We will start, I think, by asking you what are your concerns about the rural industry and your experiences; if you could bullet-point them or summarise them in some way?

Managing Director, Farm Fuels:

Fine. My experience thus far is one of broken promises made by the States and they do not ...

The Deputy of Grouville:

When you say "States" what do you mean?

Managing Director, Farm Fuels:

States of Jersey, and things are delivered as they ... I am thinking back now particularly to, I think it was the 1993 review, where incomes were to be made up and they were not. But it is just constant things that are not delivered and only as recently as this morning I had an application to the Rural Initiative Scheme looked at. It was

all present and correct and I cannot receive grant funding from the Rural Initiative Scheme because I have too many assets, which I find extraordinary that I did not get told this until the very end of the whole process, rather than being told at the very beginning. So, again, a lot of hopes are raised, a lot of effort is put in and at the end of the day nothing is achieved.

The Deputy of Grouville:

Is this, when we are talking about ... the people you are dealing with, they are at Howard Davis Farm, are they?

Managing Director, Farm Fuels:

Howard Davis Farm and Economic Development.

The Deputy of Grouville:

Okay.

Managing Director, Farm Fuels:

Not everybody involved seems to have a total grip of the situation. For example, I was recommended ... I received a grant of £50,000 for my heat log project, which Roy will know a little bit about, but I was asking for £200,000, because it is a big project. I was ordered £50,000 but I could not use the £50,000 because it falls too short for what I require, so I have come up with an alternative project and, as I say, that got, at the last minute I am being asked if I had a letter from my bank to the effect that they will not lend me the money but that is not the case. They will lend me the money, should I desire it, because I have the assets to back it up. I do not want to put my assets to do it because the value of what I do to the Jersey economy is quite considerable as well as other States departments, particularly in my recycling efforts which run parallel to everything else I do, and I just find it extraordinary that someone like myself and my business, which is centred now and has been pushing and pioneering in the area of biomass is getting absolutely no States support at all, simply because I have got too many assets. It is bizarre. I would like to have the States on board. I would like to feel encouraged but I am having to fund everything myself, even though the policies are there and when you read this document, when you read the wording, it says: "We have got monies for this and monies for that but, by the way ..." it does not say: "If you have assets then we are not going to give it to you." So it is not crystal clear, so you end up going down a path that ends nowhere and I have been doing this for 6 years.

The Deputy of Grouville:

Why would you go to government to support a business rather than your bank?

Managing Director, Farm Fuels:

Because it makes it much easier to get that business off the ground when you have a grant. If there are grants available it is logic to try and get some grant funding because it makes it an awful lot easier cash-flow wise and everything else to make that business work, especially given the nature of the type of business I am in, in my diversification, not my potato business. I am one of these characters that has stepped up to every single plate that government has ever put out there and wanted people to step up to. When I step up to them it becomes a battle. It is bizarre.

The Deputy of Grouville:

Yes.

Deputy R.G. Le Hérisier:

You said, Dougie, that they said you had too many assets. Do they look at the whole picture or do they, sort of say: “This is the case for this business, let us analyse this case.”

Managing Director, Farm Fuels:

No, they are looking at my assets, my personal assets. Now, if I had been told that at the very beginning ... as I say, when I went for the heat log project and I was granted the £50,000, I was also put forward for the small loan guarantee and that was all ... but no one realised and I did not ... because I am fairly naïve in all these things. I am not so naïve now but I was then. You go along and I ring my bank manager, the bank manager laughs. He says: “No, you have got too many assets, so you do not qualify.” Well, why waste my time? These people should surely know.

Deputy R.G. Le Hérisier:

Yes.

The Deputy of Grouville:

So, on what you were saying, you feel that the level of administrative support from Howard Davis Farm is not supportive enough?

Managing Director, Farm Fuels:

If everybody was a little bit more ... it is a little bit too disjointed and everything seems to take an awful long time and then the rules for granting people that have been pioneering and people that are diversifying ... because I am diversifying into areas of recycling and biomass and I am linking it all together. So, the whole business is very important to my potato-growing enterprise. It is equally very important to my colleagues in the potato industry because I manufacture the bulk of the potato boxes used in the Island, and so it is very important. So, if I am a success I am there for the growers, for their potato boxes. I am there to do recycling as I do and to the extent that 95 per cent of Jersey’s timber packaging waste, we handle and we have removed that waste stream from government but we have had no recognition for having done that and we have had no support from government whatsoever. In that area I wasted about 3 years putting together a very good proposal that I perceived would save the Government money. As it happens, they have saved an awful lot of money, because I am doing it for nothing in the end, because as a result of the gate charge, in order to keep the business going to move to the next area of business, which is heat log and everything else, I could not just walk away. So, I am keeping it going but it is very difficult. I am here to plead the case for any future agriculturalists who need to diversify.

The Deputy of Grouville:

All right.

Managing Director, Farm Fuels:

Diversification in the agricultural industry is not about necessarily going out and growing crops that do not pay and trying to make them pay. I have got into

manufacturing and manufacturing works extremely well ... low-skill manufacturing works extremely well with the kind of work force we have. The kindling wood product that we manufacture and we export to the U.K. (United Kingdom) - we export close to 500 tonnes a year - that is regarded in the U.K. as one of the best products of its type. We have got a very good reputation and we have got a very good foundation now to add other products like heat log and these things and if our heat log project would be up and running now, we would be exporting 1,500 tonnes of fireplace fuel into the U.K. and the Island would be importing 1,000 tonnes the other way so we would be exporting more solid fuel than what we would be importing. I have ticked every single box known to man and I have had nothing but a struggle, culminating in this morning where I have just given up. I have a Miscanthus crop growing, which is a completely new crop for the Island. This is a crop that ... it is a biomass crop. It can be processed into animal bedding, it can be processed to make heat logs. We were the first people in Britain to turn it into heat logs by way of an experiment up in Leicestershire and it works extremely well; they burn really well. We can grow fuel on the land in Jersey and export it to the U.K. and within a few years with the technology that is moving forward, that same Miscanthus crop, once it has expanded in various places across the Island, will be able to produce bioethanol and biodiesel. So, we are right at the very beginning of what could be a new industry. Also in my proposals I have mentioned that I have done some research on biochar. I have approached Jersey Water and obviously approached Albert Bartlett. Now, what biochar is; I am producing approximately 1,000 tonne of woodchip at the moment, so I am in the biomass industry. That woodchip can be charred, like in charcoal, and added to the soil and it is believed - it is yet to be verified 100 per cent in the U.K. - but it is believed it dramatically adds to soil fertility. That would mean that as farmers we could use less nitrates. It could possibly solve the Island's nitrate problem and possibly save the Jersey Royal industry in future years. So, the potential is huge.

The Deputy of Grouville:

What do you mean "save the Jersey Royal"?

Managing Director, Farm Fuels:

If, in 10 or 15 years' time, it would be insisted that we would have to reduce nitrate levels and fertiliser inputs to such a very low level that it would almost make it uneconomic to grow the crop, I am thinking that far ahead.

The Deputy of Grouville:

Yes.

Managing Director, Farm Fuels:

It is unlikely but you never say never; these things are possible. But equally we could grow cereal crops after potatoes. We could harvest those crops. We could biochar that crop and we could spread it back on the land and we could potentially receive payment for doing so because we would be removing carbon from the atmosphere. These are the sorts of things I am involved in, just to give you an idea, and it all started from kindling wood.

The Deputy of Grouville:

Yes, it sounds fair enough.

Deputy R.G. Le Hérisier:

In terms of your grant support idea, obviously we have had different views and of course the previous witnesses were much more supportive of the free market as opposed to grants and subsidies in agriculture.

[14:15]

Managing Director, Farm Fuels:

I agree but where I am coming from is when government says: “We will do this” and then: “Do not waste my time.” I think they are saying the same; the previous people. I agree with them. It is either one or the other. Either you go to support or just move aside and let us get on with it. I have wasted 6 years of my time. To be honest, £50,000; it has probably cost me that trying to ... over 6 years, you know? I have sat here wearing a suit; I am not out there with the guys spraying, whatever, you know. It is an awful lot ... the thousands and thousands of man-hours I have put into this; it is unbelievable.

The Deputy of Grouville:

So, how do they respond? E.D. (Economic Development) need to, if they are going to form policy documents and offer these things; what you are saying is they have got to be clear ...

Managing Director, Farm Fuels:

Absolutely crystal clear from the outset.

The Deputy of Grouville:

... rather than discretionary?

Managing Director, Farm Fuels:

If you have got assets do not bother.

The Deputy of Grouville:

Yes.

Managing Director, Farm Fuels:

Because that is effectively what it has come down to. I have been on a merry-go-round to get nothing with a case that is absolutely rock solid.

The Deputy of Grouville:

Have you ever gone there to Jersey Enterprise or anywhere like that for business advice?

Managing Director, Farm Fuels:

No.

The Deputy of Grouville:

Because that is a branch of Economic Development; that comes under their remit. You have just gone straight to Howard Davis Farm?

Managing Director, Farm Fuels:

To be perfectly honest, I do not believe I need to go and get business advice from people that would work there. If I want business advice I speak to my peers within the business community.

The Deputy of Grouville:

Yes. Okay, so your gripe is just with however these policy documents are formulated and carried out; the administration of how they are put into action really? Okay.

Managing Director, Farm Fuels:

Yeah, that is certainly one area that needs to be looked at, because it appears that grant funding has been given and the same questions have not been asked necessarily.

The Deputy of Grouville:

Okay. So, the grant funding needs to be more focused, not discretionary and the administration needs to be ...

Managing Director, Farm Fuels:

Well, crystal clear from the outset.

The Deputy of Grouville:

Yeah, crystal clear. All right. We can take that away. Are there any other points you would like to make?

Managing Director, Farm Fuels:

I would like to see some thought given to the reintroduction of States loans. They were a good idea. I think most people in the industry would agree that it helped them tremendously to get where they are today, no question.

Deputy R.G. Le Hérissier:

Yes.

Managing Director, Farm Fuels:

Even States loans are ... the interest rate ... I did not save a lot of money or any money at all by virtue of having a States loan but I just like the concept of ... you can get a good term, you can make one annual payment, the whole thing fits well and I am just thinking as much for the next generation, really. What are they going to do? So, it is not a bad idea. I am not saying bring it in. I am not saying either way but just maybe look at it.

The Deputy of Grouville:

Okay.

Deputy R.G. Le Hérissier:

In terms of the next generation, it does not necessarily apply to you, but it is obviously a big issue in dairy farming and Jersey Royal farming. How do you think the Island is handling the whole issue? Now, the route always used to be inheritance; you inherited your Dad's farm and you moved on. How do you think we are dealing with young people who want to come into an aspect of the rural economy?

Managing Director, Farm Fuels:

For a start, again there are no States loans, so straight away that is potentially a big barrier, because, you see, in my particular case my father gifted me the field, I went to the States, 6.5 per cent, off we go, no problem. I think interest rates at the time were 9 per cent or 10 per cent and that made a big difference. Okay, subsequently they fell way below. I was still at 6.5 so over the 25-year period I think the States have done really well out of me to be honest, but I am happy. It is not an issue. So, yes, I have got a son. He is keen to farm. He is going to be going to Royal Agricultural College in October and the events of the last few weeks, he has felt it. He is keen, I am keen as well and when he sees me down, he is down as well.

The Deputy of Grouville:

How old is he?

Managing Director, Farm Fuels:

Twenty. We had a barbecue at the farm just the other night and I happened to be surrounded by all the great and the good of the next generation and I felt really good that there is some talent there, and I just feel a little bit of support could go a long way because it is harder now than it was a few years ago. The Island is becoming more urbanised, it is becoming more crowded, there is a bit of a bad attitude on the roads towards the farmers that I am detecting; a lot of impatience. There are cyclists, there are horses, there are tractors, there are buses, there are trucks, but it is a lot of them and it seems as if everybody is fighting for space almost. Then, of course, there are all the other pressures that go on top, so a little bit of help would be welcome. I am not saying a lot because I do believe in the free market and all of that but sometimes you just need that little leg up.

The Deputy of Grouville:

Okay. Do you have any things in the Green Paper that you are supportive of or you have concerns about?

Managing Director, Farm Fuels:

Well I just went through it very quickly last night. Again, a lot of these things that they are saying; it is all fine words but having been to the Rural Initiative Scheme just recently and it could not deliver. Again, because things were not communicated and that is not communicated in this document either. Basically, with the decision that ... there has not been a decision one way or the other yet, because they were waiting for the letter, but if the letter does not come then nothing happens. But the letter cannot come because ... I have said it is not because the bank manager can lend, even if I would lose money every year. But that is not in here. Not everything is down. All the good bits are down and it all looks good and it reads well but the truth is not in there.

Deputy R.G. Le Hérisier:

Would it be fair to say that, because I remember in the early stages of your project you did a lot of work with T.T.S. (Transport and Technical Services) in order to make sure that your project met the objectives of T.T.S.'s recycling policy, and I know you had a lot of hassle there and there were a lot of issues about how you were going to help them and whether their gating policy or gate pricing policy was helping you and all that. But is the issue not that you have got assets but that you feel you have taken on a project which has, certainly in its early stages, a high degree of risk and you

would like some seed money, so to speak, in order to cope with the risk, but once you are on your way, you know you are on your way and on your own. Is that really how you approached it?

Managing Director, Farm Fuels:

It is. What I did was, I went ahead with the recycling initially and then proved that it could work - albeit that it is not easy - proved that it is a wonderful diversification to have for a farmer - it works very well - and then broadened it out to start growing biomass crops to blend into the products that we would be initially getting from the pallet waste, and then that could expand. So, in the heat log project that was put forward after T.T.S., because when it was with T.T.S. it was just recycle the pallets and possibly grow biomass in the future but recycle the pallets. When I went to R.I.S. (Rural Initiative Scheme), I had to introduce the land-based element to qualify, so that really got me focused and I did the experiments in the U.K. with Miscanthus in to heat logs. They worked and so I knew, right, yes, we can grow Miscanthus and equally we can grow cereal crops like barley after potatoes, so the heat log project that I have got £50,000 granted towards and I could run with that tomorrow, but I am not brave enough to run with it quite yet, basically it takes the Island's packaging waste, turns it into kindling and heat logs but blends in Miscanthus from the left and barley from the right. I am talking about the grain and the straw in the barley and the Miscanthus in the entirety, but basically you have straw chopper at one side of the factory, shredding bales of either Miscanthus or straw and feeding it into the line, and you have, on the other side, to put it in simple terms, a hopper full of grain with a gate valve and you open the gate valve and trickle the grain on to the belt and it just all blends in and ends up in a heat log. We have got markets for 1,000 tonnes no problem at all.

Deputy R.G. Le Hérisier:

What I do not understand is why did you get the £50,000? Did they not apply the same test to the £50,000 as they did to the one that has just been reviewed?

Managing Director, Farm Fuels:

I am not quite sure. I think because there was so much more money involved, I think they probably assumed that my assets would be tied up in finding the balance, so then it probably would be qualified but because ... but I cannot use it; this is only £50,000 and I needed £200,000. So, with this project, it is £48,900; I am going to fund the other half essentially, but they see that I have got enough assets not spoken for or equity in my property to cover any shortfall. So, my latest thinking is, okay, because this latest project centres around the ... the project I have got now is centring around essentially 2 American machines, which will produce coloured mulch which we can export and sell locally. I am fairly confident I can shift about 350 tonnes but, as I say, I have got 1,000 tonnes which is why I will go a certain way with it, but I am not too bothered because if I am shifting 350 tonnes, I know I can give away, as I have been doing - I have given away 2,000 tonnes by working hard for the last 2 years - so I can spread the rest all over the Island or dump it up near Danny Wimberley's, whatever.

Deputy R.G. Le Hérisier:

Yes.

Managing Director, Farm Fuels:

So, that is where it is at, really.

Deputy R.G. Le Hérisier:

Did you ask them why assets were not considered at the early stages?

Managing Director, Farm Fuels:

Not yet I have not, because no one is there to answer the phone yet, well, as yet this morning. This is literally just happening this morning.

The Deputy of Grouville:

Okay. Well, we can take that away with us, about the policy objectives not being clear enough and the follow through support that is needed.

Managing Director, Farm Fuels:

I seem to be someone who falls between the cracks all the time, for whatever reason. Initially, I was spurred on with all this because we went to the Town Hall in 2005 and Philip Ozouf and the then Environment Committee announced that they were going to give, in line with the solid waste strategy, they were going to give public money to assist people to recycle. So, I came up with a solution to remove this particular waste stream and turn it into products and export it off-Island, and Senator Ozouf has declined to come to my factory a lot of times and I just have not been able to ... with T.T.S., as soon as we got the ministerial government that was it.

Deputy R.G. Le Hérisier:

But you were visited by the Minister for T.T.S., were you not, when he was Assistant ...

Managing Director, Farm Fuels:

No.

Deputy R.G. Le Hérisier:

You were not in the end?

Managing Director, Farm Fuels:

No; by Mike Jackson but not by Guy de Faye. He never came to my factory.

Deputy R.G. Le Hérisier:

Yes.

The Deputy of Grouville:

All right. Then we could look at the issue of States loans and if they are better than all these different means of support.

Managing Director, Farm Fuels:

One of the other things that appears to be happening is that properties are changing hands and it appears that before we know it the adjacent fields to the property are planted in apple orchards. This is happening, or horses, and we are losing a lot of agricultural land.

The Deputy of Grouville:

That has been highlighted in the paper.

Managing Director, Farm Fuels:

Yeah.

[14:30]

Deputy R.G. Le Hérisier:

Well, there are 2 points there that you may wish to come in on. We have heard that argument and one is that there should be a tighter land classification system, so that it is dedicated agricultural land and the other argument which cuts across that one is orchards would be a dedicated agricultural activity, so tough luck if somebody wants to put them in orchards; they are doing agricultural work. Do you agree with that?

Managing Director, Farm Fuels:

No, not entirely, no.

Deputy R.G. Le Hérisier:

No?

Managing Director, Farm Fuels:

No, because you could get a grant for planting ... for example, I could not qualify for a grant for the orchards that I planted and I planted them purely because I had got out of potato growing for a time and I wanted to have a connection to the land. I was growing barley after potatoes, which is why my son got interested in farming, thank goodness, and the fields immediately adjacent to the farm I put them in commercial apple orchards but they were commercial. They were dwarf orchards but you could not get granting for dwarf orchards, because they were deemed commercial. You could only get orchards for traditional orchards which are not deemed commercial. So, there is an awful lot of traditional orchards out there that you can leave the apples on the trees and let the birds eat them but as long as the landscape gardener goes up and hoes in between the trees it looks absolutely lovely and that is the score.

Deputy R.G. Le Hérisier:

Good.

The Deputy of Grouville:

Okay. Is there anything else you would like to add to your submission?

Managing Director, Farm Fuels:

The allotments. It is just a humorous observation in that as farmers, every square metre of land that we work we do it professionally in terms of spraying and we are qualified and all the rest, whereas it is just an observation that perhaps people with allotments may be spraying with not much better than a watering can and not necessarily adhering to certain or best practice. So, it is just that when land is lost to allotments, it is not necessarily the best thing for the environment, if you take my meaning.

The Deputy of Grouville:

Right. Yes.

Deputy R.G. Le Hérisier:

Yes.

The Deputy of Grouville:

Okay. All right, can I thank you very much for coming?

Managing Director, Farm Fuels:

Yes.

The Deputy of Grouville:

It has been very useful having a variety of views this afternoon, I think.

Deputy R.G. Le Hérisier:

Yes, I think that is the word.

Managing Director, Farm Fuels:

Thank you very much.

Deputy R.G. Le Hérisier:

Thank you, Doug, I hope the sun starts shining again. I am sorry to hear things have taken that turn.

[14:33]