

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 Hérissier of St. Saviour

Deputy D.J.A. Wimberley of St. Mary

Witnesses:

Mr. R. Perchard (Company Director, Jersey Royal Company)

Mr. T. Binet (Company Director, Jersey Royal Company)

Also Present:

Mr. D. Scott (Scrutiny Officer)

[13:00]

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

Okay. So, like I say, this takes quite a formal process because we are recorded. We have got Rebecca in the corner there recording our every word and the transcripts will be sent to you after this session for checking. Not re-writing but just checking they are what you said. So, firstly, we have to, for the purpose of the tape, go around and introduce ourselves, so I am Caroline Labey, Deputy of Grouville and I chair this Rural Economy Strategy Sub-Panel.

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

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

Deputy D.J.A. Wimberley of St. Mary:

I am Daniel Wimberley, the Deputy of St. Mary.

The Deputy of Grouville:

You 2 both have to introduce yourselves.

Mr. T. Binet (Company Director, Jersey Royal):

I am Tom Binet, Jersey Royal Company Director.

Mr. R. Perchard (Company Director, Jersey Royal):

I am Robert Perchard. I am a director of Jersey Royal but also representing La Ferme Limited dairy farm, if that is okay.

The Deputy of Grouville:

Yes. Like I say, we have got Rebecca in the corner and the Scrutiny Officer Darren Scott. Because we have got hearings all afternoon one after the other, Darren is going to flag up when we have 10 minutes left just so that you can say and get in anything that you have not been able to express or the questioning has not drawn out. Daniel will be shooting off because he is in pain with his tooth at about 1.45 p.m.

Mr. T. Binet:

I was a bit worried you were going to be assassinated.

Deputy R.G. Le Hérissier:

He is going to get to the root of the problem. **[Laughter]** We do not want to gum up the works any more.

The Deputy of Grouville:

No.

The Deputy of St. Mary:

You are digging yourself a big hole.

The Deputy of Grouville:

Okay, well, thank you for coming and thank you for your submission. If we could start with a few general questions before we sort of get into the substance of some of the things you were saying. So, firstly, would you like to explain what aspects of the Green Paper you were supportive of and what aspects you are not or what aspects cause you concern?

Mr. R. Perchard:

Well, we could go through the document piece by piece but, possibly, general comments might be useful at the beginning.

The Deputy of Grouville:

Yes, more general.

Mr. T. Binet:

Shall we start with an overview of what our sort of overall picture is, and I think we can look at the specifics underneath that? I think you have probably gathered from the brief submission that we have put in, is that our general view ... and this is no disrespect to anybody, but we cannot really understand why agriculture gets the extreme sort of focus, or has done in the past, from government and a lot of other industries do not. I think we quite often feel that if government ... the more government backs off and let, sort of, the business of the countryside get on with the job, then perhaps the better. As I say, it is probably implied in most of the comments that are made there, so that is our sort of overview, I would say, and most of the opinions on most of what we have got there sort of stem from that. Does that make sort of reasonable sense?

The Deputy of St. Mary:

Yes.

The Deputy of Grouville:

Yes.

Mr. R. Perchard:

What I would say is I think, as a general opinion on the document, it is trying to do too much. It is trying to be all things to all men. It is trying to touch every base and please every person and perhaps, you know, in a small island which has got limited finite resources of land, you are never going to be able to satisfy all the agendas that are there and it is a recipe for problems to try and do so. I would venture to suggest that the key core industries in the rural economy should be the ones that are singled out for supporting preservation. I am particularly talking about the Jersey cow and maintaining the integrity of the breed and also the prime commercial enterprise within the rural economy which is the potato crop ... the early potato crop. It is what Jersey is famous for, it does well and those 2 really need all the help that government can give them in these challenging times. To try and then tag on all these other agendas on the periphery is only going to undercut and undermine the efforts to support those key ones. I mean, you could perhaps then include the cut flower ... the outdoor cut flower business which is very allied to potato, possibly historically, and local market gardening, there is obviously a place for that. But I think the core industries really are what one should be concentrating on.

The Deputy of Grouville:

So would you say the potato and dairy industry are successful industries?

Mr. R. Perchard:

They are surviving industries. You know, how do you judge success? It is a changing ...

The Deputy of Grouville:

Are they profitable?

Mr. R. Perchard:

They are probably profitable for those that are still in it by definition but, as I say, it is a dynamic

changing world. Market demands and commercial pressures are always there. They are increasing, the consumers are getting more demanding, competition is affecting us all, government is there too so, yes, I would say it is still viable and perhaps profitable. Some are. There is a range as well between the better and the worst.

The Deputy of Grouville:

So should government be supporting these industries?

Mr. T. Binet:

Well, I think we need to be clear. I am not disagreeing with Robert but I think that something came out of there that was not crystal clear. I think we are perhaps probably suggesting that government should focus on the things that are making money rather than supporting them. We certainly have not come here with sort of a handout: “Why do you not increase this, that or the other?” I think our starting point is we are fully aware that there has got to be £50 million-odd worth of savings made over the 3 years and I certainly think that looking at this there are some savings that can come from here.

Mr. R. Perchard:

I quite agree with Tom. “Support” is the word I meant in terms of backing, not necessarily underpinning financially but I would qualify that by saying that the Jersey cow because it is competing against possible imports of milk from Friesian herds out of the Island and, you know, if that has to remain viable and that may, and probably will, still need some underpinning. Now, whether you address it up on certain schemes that are in place here or what, there is a margin that has to be made up somehow, even for the more profitable herds. There is the question about maintaining unviable businesses as well, but that is another issue perhaps, but, for my part, as a dairy producer, I still think there is a gap which needs to be filled if the integrity of the Jersey cow is to be maintained.

Deputy R.G. Le Hérissier:

This is alluded to in your paper; the advent of another competitor in the Jersey Royal field, but the

ironical result or the paradoxical result has been of course what it has done is it has crowded out other potential users of land because, obviously, this land price competition has arisen which you refer to in your paper. That has had the effect of course of crowding out other people who may wish to enter but simply cannot pay the kind of land rentals. Is that a true view?

Mr. T. Binet:

It certainly has raised land rentals and we have alluded to that, and I think we have got to make a claim that competition is competition. That is something that we have all got to face up to. That said, I was not aware that there are a whole crowd of people clambering to become involved in agricultural activity and I think we would be deluding ourselves if we suggested that the effect of land rental increases is stifling a lot of innovation. I think anybody that understands the produce industry recognises that it is very brutally competitive and there are not many people making an awful lot of money on it. My experience of having more to do with the U.K. (United Kingdom) in recent times indicates that unless you are on a monumental scale, you have not got a dog's chance of making anything, and certainly I have not got a dog's chance of fighting your corner with the main retail customers which are ... who are strengthening by the day.

The Deputy of St. Mary:

Can I go back to one of the things you said earlier about the overall picture of agriculture and getting a lot of focus from government, which was an interesting point? I just want to put it to you - and there are a couple of reasons I can think of, and I will see what your comments are - and one reason is that there are other stakeholders by the general public who want a countryside charter and so on, so they want the Government to represent them and the other is that ... The other reason is of course that the Government subsidises the industry. That is not the fault of the industry; it is just the way that agriculture works all over the world.

Mr. T. Binet:

Yes.

The Deputy of St. Mary:

So with those 2 considerations, I just put them to you as possible reasons, and there may be others you can think of, why government cannot let agriculture alone.

Mr. T. Binet:

I understand that but I think government ... a sensible government can really leave anything entirely alone because it has to have a role of some description but I think what we are getting into here is a discussion about exactly what that role is and what it should be going forward and what makes sense and what does not. I think there are a concluding couple of lines there that say: "First, identify what it is the Government can do and then set about doing it as efficiently as possible." That sort of basically is where we are coming from. We talk about support but I think, as much as anything, enabling people to go about their business is quite important and I made a couple of comments under "Planning" as an example. I think what goes on at Planning is shambolic, it is inconsistent, it is ... any rational person would look at it and think it is a minefield. There has been a massive rationalisation of the industry in the last 10 to 15 years, which there has needed to be because it needed to become more efficient. There is a hell of a lot of pressure coming in from the retailers to make sure we have got the right facilities to do the job. I mean, you find that every time you do something that is in accordance with planning policy, and you have got to find yourself going to the Royal Court to get a result on it, I think that is pretty bad news and so one ...

The Deputy of St. Mary:

Can you give ...

Mr. T. Binet:

Sorry?

The Deputy of St. Mary:

Well, I was just going to ask for some examples, you know. When you say: “Planning is shambolic” and it is a brake on agriculture being successful, it would be helpful to have some examples.

[13:15]

Mr. T. Binet:

Yes, I could give you an example, yes. We have got quite a large operation in the west of the Island. I think we have got probably around 10,000 vergées in total which is about one-third of the Island’s workable area. A very, very big area in the west of the Island, had nowhere to work from. Over a period of time, I discussed with the planning officers where best we could locate a new centre of operations in the west. We identified a greenfield site after 18 months of going backwards and forwards. We purchased it. Obviously, we had to pay a lot more money for it than it was worth because it was on a main road access. Six months on, there was a lot of ... a lot of the suppliers were jumping up and down that Jersey Royal were not going to come and ... So we thought: “Fine, we will back out of that.” We went back to Planning and said, and this is at officer level: “Where do we go from here?” “Well try and buy a brownfield site”, and this is all going back 3 or 4 years. We eventually identified a brownfield site which, once again, we had to pay expensively for. It was derelict, it had been taken out of agriculture, part of it was rented commercially and it was in a desperate muddle. So we purchased it, paid too much for it because it was a brownfield site to be developed, and we have cleaned the whole thing up. We have returned it to agriculture and 2 years on ... well, I am not going to go into the shenanigans that were going on there but I wrote to them and I sent the letter off this morning saying that the next step is the Royal Court. I am not going to go into the personalities and what has been happening but it is a complete shambles. I think that something that would be useful, be it for us or be it for anybody else that is doing something sensible that needs essential facilities, that in a sustainable approach to it, because one thing we cannot be accused of is being sort of, you know, fly-by-nights that are not sort of serious about it. We have been here for a very long time. I would have thought in those circumstances where sort of the agriculture section of government can be helpful is in understanding that and saying to the Planning area of government: “For goodness sake, this is not really the way you need

to be conducting yourself.” I can say that about Planning, there are a whole lot of other issues as well, not just agriculture, but that is another matter.

The Deputy of St. Mary:

Yes.

The Deputy of Grouville:

Okay. Robbie, your first remarks were sort of the plan or the paper, you felt, was not focused enough on industry. Does that mean that you feel that it was ... or not the serious, sustainable part of the industry?

Mr. R. Perchard:

Well, what it ... it hardly mentions the dairy industry or the potato industry.

The Deputy of Grouville:

Yes.

Mr. R. Perchard:

You know, the references in this long document are very few and far between. It seems to be sketching around all the other opportunities for diversification and ways in which the department, if you like, or the Government can involve itself in the periphery in a multitude of schemes which might be fine if we were trying to reclaim a continent or something or a larger country. But we are talking about Jersey here which is ... as I said, it is limited in what it can achieve so ...

The Deputy of Grouville:

Would it be fair to say that you feel the emphasis is too much on the environment as opposed to the industry itself?

Mr. R. Perchard:

Not necessarily. I think the environment is vitally important in terms of it is absolutely essential to what we do, and Deputy Wimberley spoke about other stakeholders and the public, and absolutely right that the environment is, to a large degree in Jersey, the by-product of what farming does and it is sort of an invisible ... it is an unpaid sort of public good. As such, we are very mindful of our responsibilities and, as practitioners, we try to achieve very high standards in that and set the bar very high. In fact, I would be for raising the bar. I know that does tend to be greeted a clamour from ...

The Deputy of Grouville:

Well, no, we were interested in your comments about the environment. Well, I do not know, are these yours, Tom, or the both of you?

Mr. T. Binet:

Well, yes, how this came about, we had a meeting with Dan Houseago and Iain Norris. Iain Norris prepared some minutes which we sort of ... this took place in the middle of our very busiest period, so we sort of doctored the minutes a bit and sent that in. It is nice to have a chance to talk it through because it is not as comprehensive as perhaps it would have been if it had been done at a different time of year.

Mr. R. Perchard:

I think the responsibilities that the agricultural industry has in the environment are very important and the Government's role is important there as the ... I forget the word now but, basically, ensuring compliance and regulatory function. That is what I mean. In that way, they have an essential role, you know. Obviously, we have got a problem with bees, for example, and, you know, all sorts of diseases and plant passports. Nobody can argue the essential role of government in those areas but I think I find the tentacles of government are spreading too wide into interfering with businesses and with the industry and in a discretionary way whereas certain schemes will get the favour of the ... whoever sits in judgment on these different ... you know, the Rural Initiative Scheme, for example, and even the Countryside Renewal Scheme. Those schemes that are put up there as coat hangers, if you like, really,

let us be honest, to pump money into agriculture. They have done it in a way that is compliant with Europe. They used to have direct subsidies. Now they have indirect subsidies but, basically, it is putting money into the ... into farming businesses. Now, it is a complicated way, it is bureaucratic, it is open to a lot of discretionary, you know ...

The Deputy of Grouville:

Well, I was going to ask you, can you see a more simplistic way where everybody knows where they stand because that is one thing that has struck us? There are Countryside Renewal, Rural Initiatives ...

Mr. R. Perchard:

Single Area Payments.

The Deputy of Grouville:

Single Area Payments with milk quality or quality of milk payments.

Mr. T. Binet:

Yes, could much of it not be done away with because some of the things that you sort of are rather eyebrow raising are sort of training courses. This is a proposal for training courses for risk management. Well, are you offering that to corner shops, helping them to manage their risk? Has somebody been into Normans and offered them a risk management course? Why have we ...

The Deputy of St. Mary:

Well, I think Jersey Enterprise probably could run a course on practically anything for businesses and may do so.

Mr. T. Binet:

Yes, but why would government be wanting to sponsor a particular risk management support for advertising, for example? You know, the hard facts are if you want to run a business, you have got to be

like everybody else in any other industry. You go out there and find out how to do it and take your chances. I think that goes for the Rural Initiative Scheme and the Countryside Renewal Scheme. There are an awful lot of schemes there that are very bureaucratic. They put a certain amount of money into certain courses and very often for things that perhaps are not viable or would not be viable otherwise and that has got to be questioned, has it not, because it is not something that government tends to do with other industries? Why agriculture?

The Deputy of St. Mary:

Can I ask then, the S.A.P. (Single Area Payment) is so many pounds a vergée.

Mr. T. Binet:

Thirty two, or something like that.

The Deputy of St. Mary:

£30 pounds a vergée. Now if that was upped and simply replaced with everything else, so there was no discretionary element; it was just so much per vergée and everybody is bona fide, then you would ... how would you deal with somebody coming on with a business plan saying: "I need a slurry store. I need to do such and such. Can you help me?" or innovation?

Mr. T. Binet:

Well, that is a very interesting one.

The Deputy of St. Mary:

Yes, then you lose that element of it, so how would you deal with that?

Mr. T. Binet:

Well, why have we got people coming to government saying: "I need a slurry store"?

The Deputy of St. Mary:

Yes, okay.

Mr. T. Binet:

You know, Romerils might not have enough car parking but they do not come to the Government with a business plan saying: "I have not got enough car parking. What are you going to do to help me?" I personally think we have to bring a screen down here between dairy and the Jersey Royal view generally, but I have to ask the question, what on earth is government doing? People are paying ... having paid already for slurry stores for some people when there are people in the industry that have borrowed money from the bank to build one beforehand. That strikes me, if I was in ... well, I was in dairy and I got out for partly all of those reasons. I thought the whole dairy industry thing 7 or 8 years ago was in utter chaos and we took down pretty much a brand new store. It was a brand new slurry store we paid for with bank money and we are now still paying that off, you know, through other means and I just think it is barking mad.

The Deputy of Grouville:

So how would be ... could you suggest a more simplistic way of supporting the industry?

Mr. T. Binet:

Well, just delete, delete, delete.

Mr. R. Perchard:

Well, I think it is in the presentation that ... I mean, basically, let us be honest. These systems have mirrored the U.K. systems where it is more applicable. I mean, the idea of field margins in a 20-acre field is far more relevant than in a 3-vergée field and the other thing about all these complicated schemes is that some people set out to maximise their opportunity, shall I say ... earning opportunities from the scheme and play the scheme. Now, to be honest, I do not. I am not in favour of this scheme at all and a lot of the public goods that derive from our farm are there even though we do not have these dedicated

field margins. We have hedges that we treat with care, we have a lot of grazing, we look after our wood and we plant a lot of trees, we have public access to our property. I can show you a file half an inch thick of people who write to us thanking us for all the events that we hold and put on and allow to happen on our property and I see that one of the Countryside Renewal suggestions is to pay ... you know, is to make this that you can claim on it and, you know, bridleways, but I just think it is almost a public duty of practitioners to allow access as long as it is responsible access and not ... but, sorry, just to continue on that. You are asking how we could simplify it.

The Deputy of Grouville:

Yes.

Mr. R. Perchard:

By simply transferring the responsibility to the industry rather than have sort of the States with compliance officers going around with a clipboard checking if you have done this or done that, and at huge cost to the Government, simply export the risk or the responsibility by making it obligatory on the industry to be compliant with the many codes of practice that exist out there. Things like LEAF Marque and Assured Produce which exists for dairy farms. They make them as a condition of government money. You abide by that and you can remove a whole tier of bureaucracy in the department as well.

The Deputy of St. Mary:

You just make the S.A.P. conditional on, which it already is ...

Mr. R. Perchard:

Yes, absolutely.

The Deputy of St. Mary:

But you build more into the ...

Mr. R. Perchard:

Do not have so many of these silly little ... excuse me, of these detailed nuances like, you know, they will not pay for bird seed cover but they are going to pay for pollen and nectar mix and, you know, should we be supporting new orchards just because there used to be cider apples in Jersey 200 years ago and sheep and stuff like that, you know? I think we need to have a bit of a reality check and wake up to the demands of ...

The Deputy of Grouville:

You do not believe there is a niche market for sheep?

Mr. T. Binet:

If there is a niche market for sheep, let somebody go and exploit it but is there a need for the Government to try and draw people out of the woodwork to take up a niche market in sheep farming? I think, as an overview, if you take a look at agriculture clinically, as you would any other industry and say: "What are we doing for other industries and why are we doing something different with agriculture?" I think that is not a bad starting point in sort of ... I think some of that would sort of flow naturally from that sort of approach.

The Deputy of St. Mary:

Following exactly on from what you said, I am ... we have just been doing a ... had some contact with the skills people in Jersey Enterprise and we had a hearing with the Minister, and there is a lot of support for new start-ups because it is a policy to have that support and that includes financial support and mentoring and business planning, the whole lot because they know that, you know, there are 1,000 unemployed and there will be more, et cetera, et cetera. So I do not think it is sort of unusual that that would be available in agriculture if somebody wants to start up in sheep and does not know everything about sheep. Then government can support or enable, as you said, you know, necessarily money but certainly with the ... you know, that encouragement.

Mr. R. Perchard:

Can I come in with a remark here? This is hearsay but somebody in the industry went to inquire of the department if they were going to be in line for Rural Initiative, I think it was, Support and they were told: "No, you are not. You are a viable business. You do not need it." The supposition from that or the conclusion is that you only support unviable businesses. Now, you have to really question that and one does rather feel that that is the ethos behind some of these schemes. It is helping somebody, giving them a chance, okay, a leg up, but really is it going to bear fruit in the end and is it going to just bring people along in a misguided way that there is a career or a business opportunity to be made there in the cold light of day? Perhaps moving on also, or a bit sideways, to the idea of progression and success in management in the industry ...

Deputy R.G. Le Hérissier:

Yes, we have got that.

Mr. R. Perchard:

Is that okay if we move to that?

The Deputy of Grouville:

Yes, we have that down.

Mr. R. Perchard:

The document is quite strong on training and ways of encouraging new entrants in terms of that side of it but, to me, it is silent on ... the really key thing is funding the transition. We are talking about businesses here which are hugely capital heavy and unless you can solve that or anybody can solve that, the transition ... training people up is counterproductive because it will give people the misguided idea that they are going to have a future in the business. What is interesting is if you look at the age profile and the demographic of this industry, like all agricultural industries around the world, the average age of farmers is about 57 in the U.K. I think. So it is not just ...

Mr. T. Binet:

So it is not just you? [Laughter]

Mr. R. Perchard:

Well, when you look around, there are not that many youngsters coming through but you have to ask is that necessarily a bad thing and is it necessary to still have 27 dairy farms, to have the number of units that there used to be in the old days, if you like, you know, 10, 20 or 50 years ago. The answer to that has to be no. There has to be that ... there has to be structural changes happening everywhere. I mean, any country you name ... herds in New Zealand are getting bigger, in the U.S. (United States), everywhere. It is because of technology and modern systems and so on, and basically price pressure on production and removal of subsidies in countries like New Zealand, for instance, which has still maintained a viable industry. These pressures are coming to bear and the result is that businesses are changing structurally into ... a lot of them are still family farms but they are organisations and they employ managers. They work on a different scale from the owner/operator of 25 years ago.

The Deputy of Grouville:

But the opportunities in agriculture do not just have to be to become the owner of. They can be, as you alluded to, the managers and what have you.

Mr. R. Perchard:

Absolutely. There are very good careers to be had in that now and respectable careers. To be a farm worker now is ... you know, a lot of times, you need to have a degree and things like that but people's expectations are higher as well. Earnings are higher for these people, but that is the way it is moving; to employ professional managers and operatives. So to think that the answer is simply to train new ... I think the idea of this is training to become farmers rather than to work in the industry. That is my message from reading the document. Perhaps I have taken it up wrong.

[13:30]

The Deputy of St. Mary:

Do you think there is a risk in reducing, et cetera, from 27, just carrying on reducing? Is there is a risk by reducing, if you like, the gene pool of talent in the agriculture industry? You know, the logical extension is to have one farmer ... well, 2 actually, one for potatoes and one for dairy. But, you know, where do you say: “Well, there is a risk here in not having enough diversity”?

Mr. T. Binet:

What would that risk be?

The Deputy of St. Mary:

Well, the death of the sole person who runs the entire dairy industry in Jersey. I mean, you know, but it is not just that.

Mr. T. Binet:

But, it does not mean ...

The Deputy of St. Mary:

It is the different approaches, you know. If there is only one approach and one person running everything, then of course there is a risk.

Mr. T. Binet:

You could argue if you have got an enterprise that is that size ... I mean, when we were at our busiest, we have got between 550 and 600 people on the payroll. That is not run by one person. We have got quite a complicated sort of management structure that ... and I think that you buy yourself some cover by having that structure in that if one person does go down, you have got much better cover than the poor individual ... a man and wife and one of them dies and that really is ...

The Deputy of St. Mary:

That is the other side.

Mr. T. Binet:

That really is Armageddon because you have got nobody there to support the thing. But the whole thing about this is I think that is where the industry has moved on probably in the last 10 or 12 years quite dramatically from what was an extended family farm based industry to something now that has had to respond very, very rapidly to the demands of the marketplace and professional business structuring and that is ...

Deputy R.G. Le Hérissier:

But is not one of the paradoxes ... Robert has gone on about the fact we have got to remove support but one of the reasons the States has contributed to the dairy industry of course is this brown cows and greenfield argument.

Mr. R. Perchard:

I do not think I said the States has to remove support. I am saying, for the dairy industry, there is a gap which, if you want ... if we want to preserve the integrity of the Jersey breed, I think that that must be met somehow. Okay, there is a big responsibility on the industry to get efficient and by rationalising it could do that. I mean, okay, unfortunately, the dairy industry is subject to the land records that are prevalent mainly by other ... led by other ... you know, the potato industry, if you like, really more mainly. But the dairy industry needs to be efficient and meet the needs of the market. Now, I do not want to go off on a tangent but the dairy at the moment is ... has reinvested and it is trying to rebuild an export market. Now, I have my personal misgivings about that because we have been down that road before with mini packs and so on, and it is good at the start but then the supermarkets - in this case, Tesco - can be very cynical down the line and, okay, it may suit the present structure of the industry to have this export model to allow growth. But at the same time, as I said before, you have got the age

profile of an industry which, when you think about it, will be declining in numbers, but I do not say that there will be one dairy farm. I do not think that would be the case. I think there is enough individuality and independence among the dairy producers on the Island that they will not want to coalesce.

Mr. T. Binet:

That is half the problem.

Mr. R. Perchard:

Well, it may be half the problem but it is also ...

Mr. T. Binet:

I will give you a slightly different view on the dairy industry in a second.

Mr. R. Perchard:

But it is also a fact that the ... yes, Tom is fine to have ... but I am talking about the dairy. I think for the medium term, which is what probably government is thinking about now, is that there will always be some dairy farms which there ... I would say there needs to be a number of but I should think the industry needs to prepare itself for a downsizing with less operations and probably thinking beyond the export market which they are going to enter now and probably look to the next 10 years. Beyond that is when we will be concentrating on home production for the liquid market which is ... has a higher profit margin and that can sustain a slightly smaller number of ... or a smaller number of producers with less land, with the better genetics we have got nowadays and still have a viable industry with less public support. At the moment, we are chasing those extra litres for an export market which is loading pressure on the industry, demands on government, et cetera, land pressures, and to what end really? It is diminishing returns all the time.

The Deputy of Grouville:

You mentioned ...

Mr. T. Binet:

I would like to make a couple of points and I hope you accept this as a personal ... I mean, I am closer to Robbie than I am to anybody else in the dairy industry because I think Robbie has got a far more sort of liberal and rational view than a lot of them ... that is rather a grand statement. But I think the dairy industry's biggest problem is government because anytime anything goes wrong with the dairy industry, everybody flaps around and we have got to have brownfields and brown cows and greenfields and so on and it all becomes very emotive and everybody starts chucking money at them and they run into trouble at Five Oaks and they get into debt. Then government has got to find them somewhere to relocate. Well, we have got a business that is quite a lot larger than the whole of the dairy industry and the Government has not bought us a site and it has been the best thing for us because we have had to think seriously about what we are doing and why we are doing it. You know, Robbie makes the point, everybody in dairying wants to be individual. Well, I would quite like to run my own business and be an individual but I recognised 8 years ago that that was not something that was open to me. If I wanted to be serious about running a business, fighting with my neighbour and my neighbour's neighbour really was not a constructive way of going about it. So I think that the commercial pressure comes down on people and they have to develop something corporate and something ... efficiency comes first and personalities come second. While the Government keeps pumping money into the personalities who be sort of lord and master of all he surveys, then I think you are going to get the same thing; handout all the time. We have got to compete. We cannot compete with imports. I think the Jersey dairy industry could easily complete with imported milk if it was allowed or if it was forced to stand on its own two damn feet. I seriously think that. You would have a lot less farm and they would be a lot more efficient.

The Deputy of Grouville:

Do you recognise or you seem to recognise the need for the E.U. (European Union) subsidies to be neutralised? This is a question that we have asked a few people at our hearings. Do you think that there would be any merit - and this is a huge question - in joining the E.U. being full members of the E.U.?

Mr. T. Binet:

In terms of providing an agricultural perspective on that when the implications are so much broader with the rest on the up, I do not think that is something we could ... it is probably worth offering an opinion on this. I have to say I think the way the E.U. treats agriculture is utterly appalling. I think it is an absolute disgrace and I just think that the ... hopefully, the economic climate at the moment is going to bust all that to pieces in the next 3 or 4 years. They cannot keep throwing money at inefficient farm structures so, hopefully, that will change. You know, in an ideal world 5 years from now there will not be any government subsidies for anything which I think would be marvellous.

Deputy R.G. Le Hérissier:

Putting the question in a slightly different way, Tom, it has been argued to us - and it is not totally germane to this report but it does bring out attitudes to subsidy - that the tomato industry would not have collapsed - the export industry - had it not been competing on this very uneven playing field where, for example, the Dutch get a lot of oil subsidy and things like that. Do you agree with that analysis?

Mr. T. Binet:

I think the whole European subsidy thing is an awkward discussion. I mean, you are paying a Single Area Payment at the moment, an amount starting with quite a lot of money in total terms. It must be one of your biggest single spends, is it not?

The Deputy of St. Mary:

It is quite a lot of money.

Mr. T. Binet:

Yes. As I say, in an ideal world, if Europe and everywhere stopped subsidising everything. You could save that money and all would be well. The danger is we are on a sort of 45 square mile and there is 100 miles of water which is probably the most expensive 100 miles of water anywhere in the world and that is a real drawback. If you are going to have your countryside kept clean, it is much cheaper doing it

when you have got operating businesses out there than paying people on the sort of civil service payroll going around with hedge cutters and grass trimmers. That is going to cost a fortune. So having a thriving agricultural sort of a rural economy is important, but to what extent do you need to put money in to make the playing field level with Europe is the next question, is it not? It is not easy for anybody to sort out.

Deputy R.G. Le Hérissier:

What is your view, Tom? Do you think we should do that?

Mr. T. Binet:

Well, there are lots of different dynamics at work at the moment, are there not?

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

We allude to the fact that a rival with some serious competition on the Island sent up land rents and I ... my personal view is that they are not sustainable. When you are starting with £200 or £300 of vergée in certain areas, you start asking yourself some questions but I do not think that is going to carry on for ever because I think it is important for you, as a Scrutiny Panel, to understand what the arrival of Albert Bartlett and Son on the Island really means. It is not a benevolent man that has come in to help lots of small farmers start up in business again. He has very, very clear intentions and he wants to own and dominate the Jersey Royal brand, so that gives him massive leverage with all of the customers. In order to do that, he has got to come over here and put us out of business. He cannot do that ... he cannot do that on a fair and square basis. If he did that, you know, having to look after lots of contract growers, it would never happen in a million years so the object of the exercise now is to pour as much money into them as possible so that they are in a position to put land rents up to the extent that we cannot cope any more, we fall aside and he gets control of the Jersey Royal brand. I would argue your rural economy

really could be in trouble because he is not there to look after the rural environment when everybody else is there to ... well, start off by paying a £16 million pack house back and then throw in these bank runs which is ... that is commerce. You know, that is the way it goes. I think it is quite important that people sort of have an understanding that that is another dynamic. So, against that background, you could go around and say: “Well, we will pull out our Single Area Payment” and that will hasten the pace of whatever is going to happen. I do not know but it does then leave whatever is left competing with Europe on the back foot because you are £55 to the detriment before you move off the spot. We have also ... there is another dynamic at work. If you look at the Jersey Royal industry, which I think brings in the bulk of the rural economy’s income, it is now ... because of its higher profile, it has been selected by the retailers to get involved in a massive price war and we have got customers like Asda putting it on the shelf for less than the cost of production backed by Walmart. It is a global business and it is easy to see they can afford to that. If they lose £1 million or £2 million and they bring customers into their store, that is fine, but we have now got a brand which is our ... it is basically what our whole rural economy is based on, that brand, now being treated as a less than commodity product and the new generation of people moving and buying it have a mindset that it should be given away. Those things are quite dangerous.

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

So it is your job to look at all of those various dynamics and work out where you need to pitch in.

The Deputy of Grouville:

Well, that is exactly ...

Mr. T. Binet:

I do not envy you your task because it is not an easy one but ...

The Deputy of Grouville:

That is exactly what I was going to ask you. So it is our job to have a look at the dynamics. How could government ... you started off by saying that we should not be involved or, you know, quite so involved.

Mr. T. Binet:

Yes.

The Deputy of Grouville:

How could government become more involved or help or support?

Mr. T. Binet:

I think the first thing government needs to do is have a thorough and comprehensive understanding of what is happening out there. That is the most important thing, understanding all of the dynamics that work so that you can respond as and when required. At the moment, there is a situation at work that I think is beyond local government's power to control because you allow free enterprise, and I think that is right and proper, but I think you need to monitor everything that is happening so that if ... you know, if there is a crisis at the end of it, you can take the actions required for the period of time that it is required to bring it back into some sort of sanity. In the meantime, I come back to the 2 closing paragraphs there. I think, you know, in the short to medium-term, government needs to identify what it should be doing, what it can do sensibly, what it can do to make a difference and shave off all the things that really do not make sense and save the money. Do not re-distribute it. Put that money back in the pot.

The Deputy of St. Mary:

Before I go off to see my dentist ...

Mr. R. Perchard:

Could I just answer ... sorry to butt in very quickly but on the Government one, I think the way that land is treated really is important to retain as much land in the agricultural land bank. That is key because without that you not got an industry.

Mr. T. Binet:

To counter that and it is just a sort of logical ... it is not to oppose it but, on the other side, there is the difficulty that you have got a lot of people living over here who are not involved in agriculture. In fact, almost everybody is not involved in agriculture now and I sort of personally believe that people have got rights of property. They buy a property, you know. Is it fair on the Government to say that every single square foot has to be used for agriculture? It might put off people that are coming here to pay an enormous amount of tax, for example. Is that sensible? So another balancing act for you guys to get to grips with.

The Deputy of St. Mary:

Well, yes, I mean, you talked about risks. You mentioned 2 big risks; one is Bartletts, the great monopolist is going to get hold of the brand and the other is the supermarkets sort of giving away spuds as if they are not worth anything and do not recognise the brand. What other risks are there, in your view?

Mr. T. Binet:

Those 2 are quite enough at the moment. **[Laughter]**

The Deputy of St. Mary:

I was thinking about, you know, contextual risks facing agriculture because you mentioned the 2 big things which are dairy and potato ... Jersey Royal. Do you see any risks that need to be addressed?

[13:45]

Mr. R. Perchard:

I think we are fortunate that global warming is a hot topic but I do not ... I think our brand or the crops we are growing are relatively safe, if I can use that word, from some increased temperatures than we have at the moment. Water is not an issue on the Island. Recruitment of staff is another one which, at the moment, we are able to bring in skills and motivated workers from abroad for seasonal jobs, which is important, but there is a ready source of good people there. Energy is probably an issue for the future with rising oil prices which inevitably will happen which may change ... well, it will push costs up of, you know, anything that is based on petroleum; plastics, fertilisers, you name it. So that is going to vary the costs.

Mr. T. Binet:

It is arguable it is the same for every business.

Mr. R. Perchard:

Absolutely, it is.

The Deputy of St. Mary:

Yes.

Mr. T. Binet:

For labour and fuel, you know. We are all facing the same.

The Deputy of St. Mary:

It is a very interesting list and what struck me when you said about oil was transport. The most expensive 100 miles would become even more expensive.

Mr. R. Perchard:

Yes.

The Deputy of St. Mary:

So I wonder which ... where these risks point us to and, again, what the role of government is and what the role of the individual farmer is in facing things like ...

Mr. T. Binet:

There are counter pressures as well because a boat has to come in every day or 2 boats come in every day to bring a lot of stuff from the U.K. We get ...

The Deputy of St. Mary:

Yes, and that will all be more expensive.

Mr. T. Binet:

We get pushed to the wall and we say to the freight companies: “Well, there is £1 million worth of freight revenue” or whatever it is that they get, not coming your way “unless you sit down and talk to us” and they have got to take a very serious look at that as well because once you stop that, that makes a very big hole for your freight company. So there are a lot of internal pressures that can be brought to bear.

Deputy R.G. Le Hérissier:

What about disease and the fact that there is not what, historically, has been the rotation of crops? Is this an issue for you guys?

Mr. R. Perchard:

Yes, I can talk about dairy but you start, Tom.

Mr. T. Binet:

What was the reason you said ...

Deputy R.G. Le Hérissier:

Well, we have been told by other witnesses, Tom, that there is a submergence of this rather difficult combat disease starting to affect potatoes. Is that correct and, if so, is it a result of the fact that we are not rotating other crops through?

Mr. T. Binet:

No, there is certainly ... the disease that people worry about and it certainly is not anything to do with ... oh, you are talking about P.C.N. (potato cyst nematode) eelworm control?

The Deputy of Grouville:

Yes.

Mr. T. Binet:

Yes, that has been prevalent for a long, long time.

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

For 30 years, we have used not just chemicals to control that. The likes of Vydate and Telone, and all these product names. What is the chemical that ... you know, it is quite a complex chemical which is pretty lethal that has been used to control that and the truth of the matter is obviously government standards ... E.U. U.K. Government standards have been increased and years gone by. We are now to a point where we cannot use those products but that is a challenge for the industry to get their head around. We have employed a consultant from the U.K., a leading expert in P.C.N. control that is costing us money, but while we are paying him we are not paying for the chemicals. We have got to think ... right, we are using the chemical for seed because you can use it for seed crops but not for human

consumption or products that are going to be sold and where you do use it, if you are using any by-product at the moment, you have to get clearance ... you have to have tests from every field to make sure that you are clear. So we have become a lot more rigorous and I think what it is doing is forcing us to be a lot more thoughtful about the way we run the land. I would say things in the last 2 years alone have improved immensely as a result of that chemical having become a problem. We had to sit down and say: "Well, we are not going to be able to use that chemical. What are we going to do? We are going to be out of business."

Mr. R. Perchard:

There are also cultural options growing things like ... following a potato crop with a crop of prickly potato or another one called Hot Mustard which you incorporate into the soil afterwards and it has ... it exudates which, when it is incorporated into the soil, it exudes gases which can be toxic to the nematodes that are there. So there are other ways of looking at this that may develop over time. But, obviously, the key way, which is ... the States did embark on genetic modification for ... of the Royal for P.C.N. and it was stopped because of the clamour, you know, a number of years ago. I think the tide is changing and attitudes are changing towards genetic modification of crops and the benefits are being seen in the sense that that could be a relatively simple solution to this problem. It would eliminate the need for those pesticides at all and, in fact, potato research is being done on G.M. (genetically modified) in blight. The potato blight resistance now is U.K. backed which is a much harder nut to crack because blight strains do vary themselves and they ... but it might be emotive again, but I put it to you that the attitudes are changing to G.M. and it is not necessarily the Frankenstein food that people have been branding it as.

The Deputy of Grouville:

So the research for this, is this something government should be involved with?

Mr. R. Perchard:

Well, they started it and then there was an emotive outburst, if you like, and then it just stopped.

Mr. T. Binet:

Why would we want government to do that?

Mr. R. Perchard:

Well, maybe not government but it should be allowed to take place, you know. At the moment, it is ...

Mr. T. Binet:

I think we have also got to take a commercial view on that. There is a time for introducing these things and a time for avoiding it. Up to now, it has been a time for avoiding it because however much it may or may not be the right thing - without getting into that debate at the moment - if we announced that we were going to genetically modify the Jersey Royal, all of a sudden, you know, that could have ... that could be the end of it.

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

The timing of it is crucial. There would not be anything to stop us, as a company, doing some genetic trial work, at the moment, keeping it quite but, I mean, I would consider that is a matter for us as well. If we want a genetically modified product, it is up to us to go and get it really but asking the taxpayer to pay for it, I do not think ...

Mr. R. Perchard:

The mechanism is secondary to the point that I am trying to make that it is ... attitudes are changing and it may be something that, within a generation, will be commonplace like it is the U.S., in South America and places like that. Also just another area that government might consider intervention is the 40 foot trailers on the road, you know.

Mr. T. Binet:

Possibly.

Mr. R. Perchard:

Well, this is ... I am putting this to Tom. This may ... I do not know if it ...

Deputy R.G. Le Hérissier:

We have had comments about that, the fact that we have got to use different trailers on the road but those are only ...

Mr. T. Binet:

It does add expense and it is something that could be done out of hours, between sort of 4.30 a.m. and 6.30 a.m. in the morning is a possible because that does ... it would help but, you know, that does come complete with some risks. Those trailers of that size on the roads are not desperately easy to ...

Deputy R.G. Le Hérissier:

I wonder if I can switch, Madam Chairman? If we can switch to another topic. Land classification.

Mr. T. Binet:

Yes.

Deputy R.G. Le Hérissier:

You mentioned about the use of land. It has been represented to us that there should be a much clearer demarcation between land for agricultural use and land for non-agricultural use partly to control the spread - good or bad - of horses, for example. We have had a lot of chatter about that. What are your views on that situation?

Mr. R. Perchard:

I think you have already sort of realised that there is perhaps a slight difference.

Deputy R.G. Le Hérissier:

Yes.

Mr. R. Perchard:

I am not against some releasing. It has to be ... you know, there is going to be a need for some housing somewhere, you know. Let us not kid ourselves. We are going to need to house our growing population somewhere but I am not in favour of wholesale relaxation on rules. I mean, okay, an additional gardening area and so on, I have no problem with that. Even, like, a small amount of allotments. These things ... I think it is when you get into the wholesale changes. That is what I am really talking about and the horses ... it gets people excited. It is a difficult one. I would not like to see any more land given to horses. That is my personal opinion.

Mr. T. Binet:

I have got to say we have got a lot to lose if the Island becomes just a great big stud farm. We have got an awful lot to lose. I mean, we should be sitting here saying: "You know, put up the barriers and ban everything and keep it all for agriculture" but I do not necessarily think that is an intelligent ... looking at it as the sort of rest of the Island and not just somebody involved in agriculture, is that an intelligent view to take in terms of the fact that we have ... you know, all of us here rely on money that is not generated from Island business. So I think we have got to bear that in mind.

The Deputy of Grouville:

Well, I think it is more a concern when swathes of agricultural land go out of practice. I mean, there is some in my own parish now that is just ... several fields have just gone towards a garden.

Mr. T. Binet:

It does not have to be limitless, does it? I mean, I think, you know, there is scope for some loosening but perhaps, you know ...

The Deputy of Grouville:

But how would you stop that?

Mr. T. Binet:

Well, I do not think you necessarily want to stop it but I think you need to control it.

The Deputy of Grouville:

Yes. How?

Mr. T. Binet:

It is purely government, not me.

Deputy R.G. Le Hérissier:

Would that involve the employment of more bureaucrats then to run ...?

Mr. T. Binet:

Why would you need a pile of bureaucrats to go around rating land? I mean, you can basically know what is good and what is not by virtue of what has worked and what has not. You know, I think if somebody is mad enough to put a crop in it, somebody ... you know, there must be some return coming from it or it would not be done. So I think you have got to weigh up perhaps each case as it stands but it depends what the Island has got to gain from it and what people are offering in return for putting horses in a field. If somebody is going to pay £1 million worth of tax to have sort of 4 vergées so he can have a horse in it, bite their hand off. Sorry. Am I saying too much?

The Deputy of Grouville:

We have got 5 minutes left, so I must just ask you, is there anything that you would like to add to your submission for the record?

Mr. R. Perchard:

Well, I am going to bring up school milk. As a dairy farmer, I do not think that school milk has a subsidy to the dairy farming. That argument stands up. I mean, the dairy industry should be able to stand on its own 2 feet and with this huge investment at Five Oaks and its supposed export market, it should be able to, by its own endeavours ...

The Deputy of Grouville:

But you said there was a mismatch.

Mr. R. Perchard:

Well, there is but part of the mismatch is because of the ... well, we will see how the export market develops but I hope the optimistic predictions of the Milk Marketing Board do materialise. But I worry that it is just going to be chasing diminishing returns, as I have said before. So the real safe future for dairying is to supply the local market with liquid milk and bring it down, you know, so there is no cross-subsidisation of exports which has happened in the past. But just on school milk, I do not know really. I am ... I do not which way I feel on this and I feel I should be batting for the industry but, at the same time, I agree with Eamon Fenlon of the Dairy about the messages that it gives to schoolchildren about healthy foods and about understanding that the environment is all tied up with dairy farming. If that all goes with it, well and good but ...

The Deputy of Grouville:

Well, I think we all ...

Mr. R. Perchard:

If I am telling the truth, I am expecting school milk to go in the comprehensive spending review.

The Deputy of Grouville:

Well, we all recognise it I think as a subsidy to the dairy industry rather than the benefits of what it does for schoolchildren. I mean, why not give them an apple from one of many orchards that are springing up?

Mr. R. Perchard:

You are talking about an orchard. I never thought of that. **[Laughter]**

The Deputy of Grouville:

The healthier option.

Mr. R. Perchard:

And a woollen cap as well.

The Deputy of Grouville:

Okay. Tom, do you have anything more?

Mr. T. Binet:

I think I have probably said too much already. **[Laughter]**

The Deputy of Grouville:

I must just ask you as I have asked everyone ... sorry, Roy. Go ahead.

Deputy R.G. Le Hérissier:

Well, no, I was just interested, very quickly, Tom made a statement earlier on about there might be ... it was after he had talked about - which I suppose is ironical - the dangers of monopolism in the Jersey Royal industry, and you made a statement that that there might be a case for government to intervene but

it would have to be quick and they would have to withdraw. I mean, were you envisaging a situation where if the monopoly was in danger of taking over, the Government would have to somehow deal with that? Is that what you were inferring?

Mr. T. Binet:

Maybe this will come about in any event, but I think the danger from a monopoly takeover from outside of the Island is more dangerous from a monopoly situation within.

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

Well, not that that is ... well, I am okay with that because I am a great believer in open and free trade in any event, but if you did have a local monopoly, well, all the incentive is to make it work because all the money gets put back into the rural economy because this is where the business is based.

Deputy R.G. Le Hérissier:

Yes.

Mr. T. Binet:

The danger is if that business is based elsewhere and the rural economy has been manipulated to fill somebody else's pockets, then instead of the money going back where it might best be employed, it could go elsewhere. That is a thing for another day and it may not ... I sincerely hope that will not happen.

The Deputy of Grouville:

Okay, well, I was just going to ask you, only because I have asked everyone, do you feel the rural sector has a champion within the States or, by the sound of it, you probably do not want one.

Mr. T. Binet:

I put the question back and say: "Does it need one?"

The Deputy of Grouville:

I thought you were going to say that.

Mr. T. Binet:

But, for practical purposes, it does. Stuff like planning I think is appalling and, as I say, the Government's job in my view should be enabling and not sort of drawing people out and subsidizing but saying to constructive business, you know: "If what you do is going to be to the benefit of the rural environment, then we are not going to stand in your way." That is what it is. It is not about doing anything positive. It is about not doing negative things.

The Deputy of Grouville:

Okay. Well, thank you very much, both of you, for making your submission. We are now out of time.

Mr. T. Binet:

Thank you for sparing us the afternoon.

Deputy R.G. Le Hérissier:

Very interesting.

Mr. R. Perchard:

Thank you.

Mr. T. Binet:

If nothing else, it is a bit of food for thought.

[14:00]