



PCLeM/MAR/GP/01.

07 October 2019

Deputy Kirsten Morel
Chairman
Economic and International Affairs Scrutiny Panel
States Greffe
Morier House
St. Helier
JERSEY JE1 1DD

Dear Deputy Morel

Re: Government Plan Review

Thank you very much for allowing us to comment on those items of the new Government Plan which will directly impact on our Industry. I believe that it is critical that we get the next round of financial support at the right level as we are continuing to see a small number of farmers leaving the Industry.

I am pleased to say that we have been fully engaged with the Rural Economy Team to convince them that extra funding is needed, to not only give greater prosperity but the confidence to invest for the future.

We are obviously pleased that the proposal is to lift the budget for each of the four years, albeit a small amount for year one. What is equally important of course, is the detail behind the figures, namely the allocation of funds. It is being proposed to increase support in Tier 1, which I believe is the correct approach as it will hopefully encourage the smaller producer to get involved. Tier 2 support only rises from 2021, which is disappointing. As you will know, the aim of supporting our Industry is not only to help the farmer compete in a marketplace which is all subsidised, (at a much higher level) but also for the provision of "Public Goods". In the last few years, growers have fully endorsed this philosophy, for example, new practices in the Branchage and the establishment of wildlife corridors on land to link wildlife habitat as this plays a very important role in maintaining connections between animal and plant populations. Of course, there is also the work on cleaner water through the "Action for Cleaner Water Group".

However, many of these initiatives come at a cost. In the introduction of the new Water Law, the anticipated figure of £130,000 is given as the cost to the Industry, not an insignificant amount. I believe there should be a rise in year one, to reflect this.

Also, another of the key aims of the Policy is food security and I believe that those growers, particularly glasshouse growers who supply the local market, get very little help indeed. As mentioned earlier, the increased payment in Tier 1 will hopefully, make it worthwhile joining LEAF but an area payment of £20 per vergee is not worth the hassle. For your information, to receive support one has to, not only register with the Department but get financial returns from your Accountant, as well as the LEAF Audit, (circa £600). To add a little detail, four acres of peppers are grown under glass or polytunnels in Jersey which supplies most of the local market from March until November. The current level of support in 2019 is £180 in total ! Try investing in new glass with that. The current area of glass and tunnel production for the local market is around 120 vergees in total; this I believe needs funding. If no extra funds can be found, perhaps £50,000 could be moved from 2021 back to next year. Finally, the Tier 3 Rural Initiative Scheme - this has been used for new investment but the amount is woefully inadequate. In the last year, requests totalled over five times the budget, but help is at hand – or is it ?

On page 58 of the Plan there is money proposed for productivity. However, in the bottom paragraph it states “Funding for implementation plans may be made available through a new Productivity Support Scheme (from 2021)”. Since the day that Jersey brought in a minimum wage it has been accepted by everyone that the Industry most affected would be agriculture. Concern was raised when the States’ decision was made to raise the minimum wage to 45% of average earnings by 2026 and alarmed when Senator Gorst reduced the target date to 2020.

The Union met with the Chief Minister of the time, to hammer out a way to help the Industry with various options being considered. Finally, last Autumn, Consultants were brought in and it was agreed that a Productivity Plan, with funding, would be the way forward. This Union has been pressing for details and both the Minister for Economic Development, Tourism, Sport and Culture and the Chief Minister, Senator John Le Fondre, at a public meeting in Trinity three weeks ago, confirmed that there was £500,000 for Year 1 and £1,000,000 thereafter.

You may be unaware but investment funding through grants is the norm in the European Union. As it happens, they have just finished their latest small Productivity Grants Scheme. This is a Scheme that would be perfect for us because of its simplicity. Machinery and equipment is identified which will increase productivity. Government agrees a target price for the machinery so the purchases are all transparent and then a 50% contribution is made up to a maximum figure of £15,000 per application.

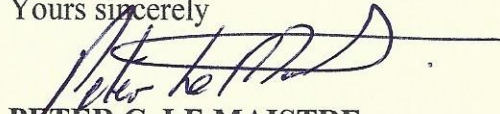
As an Industry, we are already to go because all the criteria needed, e.g. LEAF membership, accounts etc. are already in place but I am worried that once again, Government are backtracking. We are now in October and we should be getting the Scheme ready to go for 02 January 2020 but nothing seems to be happening. May I remind you that for the last two years, the rises in the minimum wage were 4.5% and 6.8% . This productivity money is fundamental to our future. To quote again from page 58, “We will urgently develop a comprehensive economic framework that will deliver the economic evidence to assess and prioritise how and when we act”. We have the economic evidence, (the effect of the rise in the minimum wage). We know how to alleviate the problem and we are ready to act immediately.

We regard the functions of a Scrutiny Panel to monitor the work of Ministers and carry out reviews aimed at improving Government policies and public services. If you are in agreement with our views would you be able to research and question the Minister’s future budget proposal in respect of :-

- a) Securing funding for local indoor growers
- b) Ensuring the Industry is able to access the £500,000 productivity fund from 01 January 2020.

We will, of course be pleased to meet with you for further discussions in this respect, if required.

Yours sincerely



PETER C. LE MAISTRE
PRESIDENT