

2024.10.22

3.11 Deputy J. Renouf of the Minister for the Environment regarding development levies (OQ.195/2024)

Further to the response to Written Question 328/2024, will the Minister explain when he anticipates that a proposition to introduce development levies, as agreed through the adoption of P.14/2023, will be put before the Assembly?

Deputy S.G. Luce of Grouville and St. Martin (The Minister for the Environment):

It is difficult for me to provide a definitive answer to the Deputy because while the Assembly has, on a number of occasions, supported the principle of introducing such a charge, the economic landscape has changed considerably since the matter was last considered in detail. It is evident that in the currently challenging economic circumstances for the Island's development industry and the associated property market, exploration of a further charge on the development industry in these difficult times will not necessarily lead to a positive outcome. It may, therefore, not be prudent use of public funds to further explore this issue at this time. I cannot at the moment give any anticipated date.

3.11.1 Deputy J. Renouf:

I am slightly surprised by that answer. It was only January 2023 when we were last debating it and I do not think conditions have changed that much since then. I think the development industry would have made the same argument. I would expect if that is the view that maybe a rescindment would be brought. We agreed March 2025 for the implementation in this Assembly. I ask the Minister to reflect on this: does this help the credibility of the Assembly in dealing with the public? Nothing ever changes, they say. Would he offer some thoughts on how his answer will encourage faith and engagement in the political?

Deputy S.G. Luce:

While the States Assembly, as I said, approved the principle of establishment on a couple of occasions, first in the Bridging Island Plan debate itself and, as the Deputy says, in approving Deputy Kovacs' proposition P.14/2023, the Assembly has not approved the necessary resources. In the Government Plan 2024-2027 debate with the previous Government, the work was not taken forward because the monies were not allocated. In this current Government, monies have not been reprioritised from other Ministerial objectives. I have to say to the Deputy that he is right. I cannot see the deadline of 31st March next year being met but I would say to him, which will give him some comfort, that certainly before the next Island Plan debate we will need to have this work done and monies will have to be found because there will be considerable consultation required before we implement a levy of this type.

3.11.2 Deputy A.F. Curtis:

This Minister did touch on the funding or lack thereof. Will the Minister advise whether he requested funding for support from the Council of Ministers or other areas of government for help to enable the delivery of this piece of work as soon as reasonably possible? If not, what assurances can he give the Assembly that decisions made that request the Minister for the Environment to perform an action will be acted on and delivered?

Deputy S.G. Luce:

As the Deputy will know, we have had to work very hard on the priorities for this current Government, whether that was financial, whether it was reducing and stopping of consultancy,

whether it was looking at vacancies. We have had a number of issues we have had to resolve. Ministers have had to look very hard at what they want to achieve in the short term of Government and what they can achieve. Certainly the ban on consultancy is a major factor in this work. I do not believe it would be possible for us to move forward with a development levy without having some serious professional consultancy on this to ask people how they feel. I am certainly aware, even without a levy in place, that certain areas, fields that were rezoned during the last Bridging Island Plan debate, have not come forward, even without a levy in place. I think it is really important that we understand the consequences of putting a levy out there on the industry and what that might do to zoned sites that come forward in a future plan.

3.11.3 Deputy A.F. Curtis:

Will the Minister advise whether, should the Assembly make further requests of him, at the point of those debates he will confirm whether or not, regardless of approval, he will action the work being requested?

Deputy S.G. Luce:

I would certainly have to take that into great consideration. If the States Assembly asks me to do something, it is incumbent upon me to go away and try to do my very best to instigate that. To guarantee that I would do that without the necessary funds or resources at my disposal would be probably wrong, but I would certainly do my very best.

3.11.4 Deputy R.S. Kovacs of St. Saviour:

As the Minister stated the main reason is the lack of resources, can he outline the estimated cost and funding needed for implementing such a proposition along with any actions already taken to secure related resources since the proposition passed in April 2023 and subsequently since the Minister took office this year?

[11:30]

Deputy S.G. Luce:

I cannot give the Deputy detailed financial numbers on how much it would cost but what I can say to her is irrespective of the money I might have in my portfolio - not that I have got it but if I did have it - I would not be allowed to recruit consultants to help with this work. I would also really struggle with law drafting time when other prioritisation lists that Ministers have had to come up with in the last few months are to see how much time they have available with law drafters and what their priorities are. I have to say to the Deputy on both those things I do not know that I would find time to go to the law drafters with the necessary changes - and there would be significant changes needed if we were to introduce a levy; it would be a complicated piece of work - but also the outside consultancy, which I am currently not allowed to recruit.

3.11.5 Deputy R.S. Kovacs:

After reviewing the responses to related written questions from myself, Deputy Jeune and Deputy Renouf over the past 7 months, it is evident that progress on development levies has stalled, despite the Chief Minister's response in April this year.

The Bailiff:

I wonder, Deputy, could you slow down a little? I ask you this because I am having difficulty following what the question is and if I cannot understand the question then ...

Deputy R.S. Kovacs:

After reviewing the responses to the related written questions in the last 7 months and the Chief Minister's response in April assuring that there is not going to be a delay on this proposition,

what specific actions will the Minister take to address the resource challenges impacting this initiative, how will he prioritise Assembly decisions in his agenda and when can we expect a clear commitment from him and a realistic timeline for advancing this proposition?

Deputy S.G. Luce:

I have already said that it is going to be impossible to meet the deadline of 31st March next year. I know what my budgets are for next year. I know the work I am trying to get through next year, but when it comes to 2026 that will be another matter. I know I am under even more pressure to reduce the amount of money I spend, the resources I am going to have considerable pressure, but I will say to the Deputy, I will definitely put it on the list for consideration for 2026 and we will see what can be done.

3.11.6 Deputy H.L. Jeune:

A development levy was introduced to help reduce inflated land prices to help the construction industry, a zoned field being a prime example where affordable housing is quite hard because a developer has to pay an inflated land price from the landowner. If the Minister is not introducing a development levy any time soon, what other mechanisms has the Minister explored to help ensure that landowners do not inflate their land prices in anticipation of being granted change of use to develop housing?

Deputy S.G. Luce:

I cannot say to the Deputy that I have actively done anything to address the concern she raises. The sale of property from one private individual to another private individual is a matter for them at the moment. I understand exactly where the Deputy is coming from and where she is going to. I know only too well the difference in price between agricultural land at the start of an Island Plan debate and the value of agricultural land at the end of that debate when that land has been rezoned. I agree with the Deputy. As she will know or she may know, I have tried in the past to bring development levies to this Assembly. It is very complex, it is very detailed and we need to remember that anything we do in regards to putting a levy on people has consequences that we need to explore properly so that we fully understand what we are doing.

3.11.7 Deputy H.L. Jeune:

I thank the Minister for his answer. I believe from his answer his focus is therefore to develop a development levy, but in one of his answers he said before the next Island Plan. When does he foresee the next Island Plan being developed?

Deputy S.G. Luce:

As Members will know, it was the intention that the Bridging Island Plan would finish next year and initially it was expected that we would have another Island Plan debate sometime between now and next summer. That has not proved to be the case and one of the reasons that we have been able to get away with not debating another Island Plan is the housing situation. We have discussed this morning briefly population growth and the fact that the projections that were used in the last Bridging Island Plan debate led us to believe we needed a certain number of houses to come on that market. That is no longer the case. The pressure is not there, therefore, to rezone more sites next year for future housing, but it is incumbent upon us to set some dates, and I wish I could. The best I could do at the moment is to say to the Deputy I would think some time in 2027, 2028 would be a good point to look at. There is an amount of work that still has to be done before we can get to that debate. The Bridging Island Plan set a number of things that needed to be achieved. Some have, some are in train and some still need to be started, so I would say to the Deputy that we are probably going to extend the Bridging Island Plan by probably 2 or 3 years.

3.11.8 Deputy I. Gardiner:

Minister, I have just learned, because it is not an area of my expertise, that the development levy has been delayed due to the budget restrictions. Without Members asking about it, I would not know that it has not progressed as planned. Last week we learned that the play strategy that you are responsible for has been delayed as well. For transparency, and I understand that you know your budget, on what workstreams would be delayed and would not be delivered for 2025, can you publish your Ministerial plans and priorities so that we will not search through the questions that we maybe do not know?

Deputy S.G. Luce:

I do believe that the list of paused projects in my portfolio have been published but if they have not I will say to the Deputy - and I will be as quick as I can - that the paused projects and workstreams that I had intended to do next year and that now will not be done are waste carrier certificate charges, prevention of pollution from construction sites, work on a strategy nuisance law. I cannot now explore the introduction of a development levy, which we are talking about, or the St. Brelade's Bay Improvement Plan, which has also been subject to debate in this Assembly. The carbon offset purchasing strategy is something I am having to delay. Performance certificates for dwellings legislation is something I am delaying. Sustainable finance and the climate finance strategy and also the Island-wide footpath work is something else that I am not able to do next year. As I say to Members, we are all having to focus on priorities. I have got a list of priorities that I will be focusing on but the Deputy asked me about what I am not doing and that is a short list of the work I am not able to now complete.

3.11.9 Deputy I. Gardiner:

Thanks to the Minister I have learnt more and I would request the Minister agrees to publish this in the public domain and encourage other Ministers to do the same.

Deputy S.G. Luce:

I am very happy to do that.

3.11.10 Deputy P.F.C. Ozouf:

Would the Minister agree that the concept of planning levies can also be by an alternative approach that gets the same result, which is the use of planning obligations when considering a rezoned site for example? Would he at least give those Members who are concerned about the absence of the progression of a planning levy some reassurance that he has seized upon the use of planning obligations for rezoned sites that can basically extract land value for the benefit of the community, for example the 30 houses that were given in my late father's name in St. Saviour, which now are owned by St. Saviour, by the developer? That was a planning obligation. Does he agree that planning obligations can be used, they were used and they can be used again to deliver an alternative to what is otherwise called a levy?

Deputy S.G. Luce:

I thank the Deputy for his question and obviously I am aware of the legal obligations of planning obligation agreements. Those are agreements that are negotiated between the developer and the Law Officers' Department and they are legally binding and they have to be observed. But the point I would say to the Deputy is that it is my understanding that development levies were to focus on the increased price to the landowner rather than the developer. What we are not trying to do here is to increase the price of housing, but planning obligation agreements fall to the developer to fulfil and not necessarily the owner. I understand, of course, that the owner and the developer may well in some circumstances be the same thing,

but I will think further on the Deputy's suggestion of using P.O.A.s (planning obligation agreements) to see if there is a way to take forward the argument for levies in the future and I will give it some consideration.

3.11.11 Deputy P.F.C. Ozouf:

Would he agree to perhaps come up to St. Saviour and meet with me and some of my Deputies to discuss how the use of planning obligations has benefited the Parish of St. Saviour in the past so that he can update his understanding of them and how they can be absolutely used going forward to extract land value from the owner and not increase house prices or increase the cost to developers? Will he agree to come and meet us? I will explain to him very happily.

Deputy S.G. Luce:

Yes.

3.11.12 Deputy J. Renouf:

I thank the Minister for engaging with the issue openly. He made a comment that he does believe that the development levy needs to be introduced before the next Island Plan. Does he agree that it will become politically almost impossible to rezone fields in the future if the huge windfalls that have been seen in the past are not taxed through a development levy before rezoning is agreed?

Deputy S.G. Luce:

I think it is my view that at any stage of an Island Plan, whether it is just after it has been introduced, in the middle of it, towards the end, a week before the new plan comes into play, any owner of a site will take a view. Some owners will take a view that their site that might have been worth tens of thousands of pounds may well be worth a few millions of pounds and they would be happy to sell, but I can say to the Deputy I know of landowners who have stuck to their guns and refused to sell unless they had a very inflated price and that was not at any particular part of an Island Plan cycle. I take his point on board and introducing anything to do with development, to do with planning very close to the start of a new Island Plan debate is fraught with difficulty. States Members get plenty of pressure from members of the industry, from members of the public, from people who might own land that may be rezoned. I accept the fact that close to Island Plan debates is not the best time to do anything in the way of a development levy, so I take his views on board.

The Bailiff:

We come now to Questions to Ministers without notice. The first question period is the Minister for the Environment. Before I open it just let me make a note.