

STATES OF JERSEY



INCREASE IN REVENUE EXPENDITURE FOR AGRICULTURE AND FISHERIES

Lodged au Greffe on 26th September 2023
by Deputy S.G. Luce of Grouville and St. Martin
Earliest date for debate: 17th October 2023

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to request the Council of Ministers to take the necessary steps to increase States' revenue expenditure on agriculture and fisheries to a total of 1% of all revenue expenditure and to lodge an amendment to the Government Plan 2024-2027 to achieve the realisation of this target.

DEPUTY S.G. LUCE OF GROUVILLE AND ST. MARTIN

REPORT

Despite what one might read in the local media, two of Jersey's oldest and most traditional industries are under threat as never before. Farming, both dairy and arable, is at a point where further reduction in numbers, and contractions in size, will render the industry unable to continue commercially. The number of fishing licenses has reduced massively in recent decades, as has the stock of seafood available to be caught. This proposition seeks to commit the States to provide guaranteed financial support for both industries into the future, something which has been sadly lacking from past governments. Without this commitment we will surely be looking at a different future, one potentially without commercial farmers and fishermen.

It may have been said before but farming and fishing, Jersey's oldest industries, are on a proverbial knife edge. In the past 20 years alone, we have seen arable farm numbers decrease from over 200 to barely double figures. The herd numbers of our Jersey cows (of which there were around 1000 in 1954) have fallen from 198 in 1982 to today's level of only 12. The total number of boats in our fishing fleet has reduced from 328 in 1996 to just 114 in 2021, down more than two thirds. Fishers are continuing to leave the industry. If these trends continue then the export, and local, markets will very likely collapse due to lack of a viable supply, and those farmers and fishers that are left will have little future. How have we got to this position? How have we allowed such traditional industries to wither on the vine? Is it too late to act?

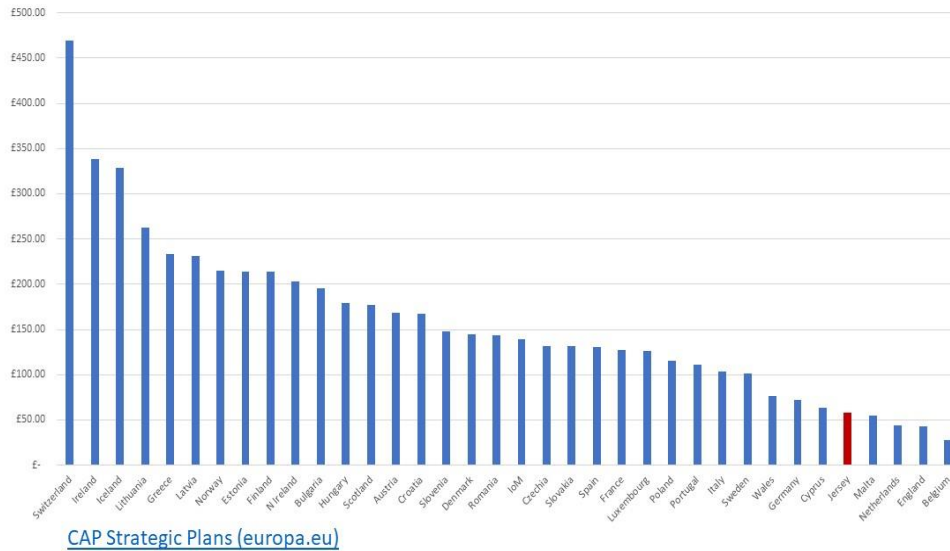
Some will say that, when it was introduced, the Common Agricultural Policy of the European Union was just unsustainable. The levels of money handed out to create the likes of butter mountains and wine lakes across Europe were massive. There were times when the very many millions of pounds and euros put into schemes to help farmers seemed limitless, and national economies struggled to keep up with the endless financial demands from Brussels to support European agriculture. Somehow the CAP has endured, and in 2023 is as active as ever. The monies being given to support farmers across Europe are increasing again. Not only are the EU schemes ongoing, but this year each individual country will add further cash to support their farmers. The level of (subsidised) competition for our Jersey farmers has never been greater.

Jersey by comparison has never kept up with other jurisdictions when comes to support for Agriculture and Fisheries. Last year our financial support amounted to £2.4m, or 0.25% of Government Revenue Expenditure. Back in 1973 the States were allocating £500k to agriculture on an annual basis. That might not sound like a great amount of money but back then it was 4.6% of a £10.5m budget. In 1983 it was 5.2% of a £60m annual States spend. In 1993 it was still 4.5% of annual budget, some £7.73m. Even in the early 2000s we were still allocating 2.5%, and that amounted to over £10m. With this proposition I am seeking to commit to a mere 1% of annual government spend.

If one wants to look at how other jurisdictions support their industries (per head capita) then let's consider this fact. Last year we spent £32 per head on agriculture and fisheries. The UK spent £55, and the EU £118. Is it any surprise that our farmers and fishers can't compete. To make matters worse (and as mentioned above), the levels of support for our competitions is set to increase yet further, with the EU grants being added to at a National level with new schemes. It is now "the norm" to farm and fish with the help of government grants and subsidies. Without the right level of support our own local farmers and fishers are just not competing on a level playing field. This must be

addressed and addressed quickly. Without additional support our farmers just cannot stay competitive.

Food System: Direct Payments £ per Capita/year with £6.0m RSS fund (double current funding)



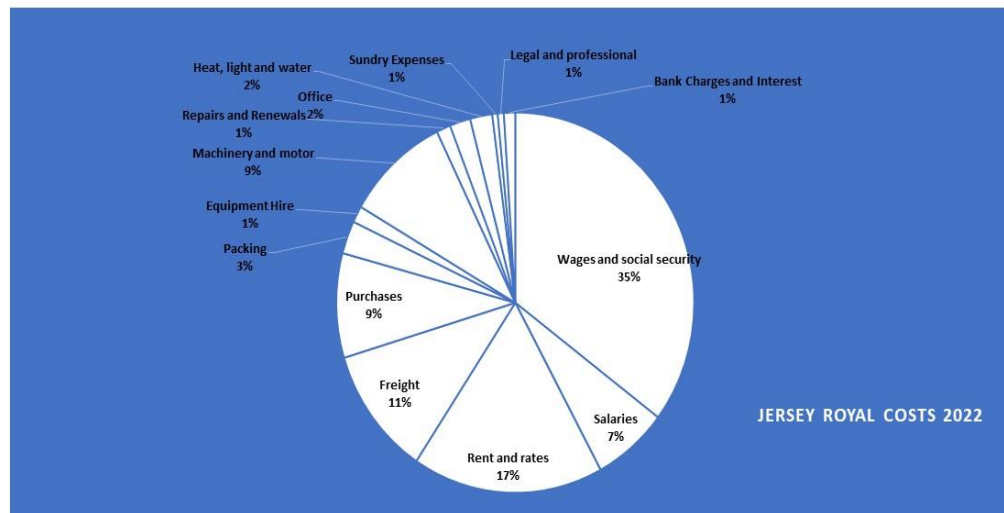
The graph above shows where Jersey will rank on the international stage if we DOUBLE our current level of support.

Many decision makers over the years thought that by not supporting farming and fishing (with grants and direct financial support) we made our local industries stronger and more capable of taking on the competition. When (and it was a big “when”) the subsidies enjoyed by our competitors dried up we would be in a far better position to survive. That has not proved to be the case. Our farmers and fishermen have continued to reduce in numbers. Why is that?

The lack of direct financial support is one reason. Other reasons include increases in the cost of diesel (prices are still nearly 50% higher than they were this time in 2020), fertiliser (up 285%, nearly treble, since 2021), plastics, and most particularly wages.

In the year to June 2022 the average earnings of workers in Agriculture went up by 21.1%. Across all sectors in Jersey, it was only 6.2%, and in the Public Sector 3.1%. In the last 12 months to this June 2023 those average earnings in Agriculture have gone up again, this time by 19.8%, at a time where earnings across the private sector averaged 7.8%. Those massive increases have been mainly because of the increases in the minimum wage agreed in the States Assembly. The last two years have seen wage increases for agriculture each of which are greater than any other sector in the last 20 years.

Jersey Royal Costs (4 farm sample 2022; 13,000v; 360 employees)



Recently we have added to farmers' "wages challenge" with a decision to get to a living wage as soon as possible, quite possibly next year. That is a good commitment to make but we need to be absolutely aware that, if we do not find ways to help agriculture through this increase then, arable farmers will all be out of business in 24 months. That might sound like a scaremongering statement, but it is not. Last year the cost of wages and salaries for an official "4 farm sample" was 42% of total costs. These levels of wage increase are unsustainable, and unless we act quickly farmers will just not be able to survive their wage costs escalating yet further, as they are proposed to do.

We all know that the cost to the public purse of moving to the living wage is neutral, but it's certainly not neutral if you are a farmer or fisher, especially in farming where the vast majority of your staff are at, or close to, the minimum wage. The projected increase in costs of wages, social security and salaries from 2021 to 2025 for the sample of 4 arable farms mentioned above (they represent 40% of Jersey's managed farmland) will be around £5million. At that rate, and by 2025, those four farms will be losing £1.5m every year. Farmers can break even for a few years and still just about survive, but they cannot survive losing money at these rates year on year. Those aren't my figures; this data has been produced by government officers in the Department for the Economy.

Some will say that "just throwing more money at them" won't work. However, I say to members that there are two sides to every coin, and farmers contribute far more to the economy than we might think. Those same 4 arable farms mentioned above last year contributed £1.2m in social security payments. They added a further £1.1m to the economy with ITIS payments. Finally, they indirectly paid over £850,000 to the exchequer in tax on the rent they paid to landlords. The total input to States coffers was £3.28m. When you consider that between them those 4 farms only received £581k in support over the year then you start to realise that farming contributes far, far more than you might think. The result of losing those 4 units would be a loss to the Treasury of over £2.5m annually. Again, these are not figures that I have made up, they are figures produced by our own Economic Department.

But of course, it is not the quantifiable financial amounts that make the real difference to our beautiful island. The vast majority of our hedges are cut twice a year by the industry. The cost of that is hundreds of thousands of pounds annually, but it is the unquantifiable contributions that farmers make that sets our Island apart from just about

everywhere else. What price can we put on beauty? What is the real value of “brown cows in green fields”? How many people come to our Island every year because of our countryside, our views. Then also add the publicity to the Island of our two main agricultural exports the Jersey Royal and the genuinely world-famous Jersey Cow.

Our cattle alone have done more for our Island than anything, or anyone, else. Notwithstanding the Jersey cow population around the whole globe over the last century, they are now making a real difference to the quality of people’s lives in Africa. The D4D (Dairy for Development) initiative has, since 2017, directly helped over twelve thousand farmers in Rwanda. In Malawi, a combination of the RJA&HS and Jersey Overseas Aid have trained another ten thousand, in Ethiopia and Zambia another seven thousand. This initiative has moved the percentage of these African farmers who earn over a dollar a day from 20% to nearly 90%. In Africa, right now, we are making a real difference to people’s live, while here in Jersey our own dairy farmers are struggling to see how they can do more than break even, and where the future of the industry lies.

On top of being the most dangerous and demanding of our local industries, our fishing fleet is also suffering from the same pressures of wages, fuel prices and market challenges. Since Brexit it’s been increasingly difficult to export to the European Union, but fuel prices and wage levels have been the overriding concern. On many days in recent years, it’s been cheaper to leave fishing boats tied up then to start the engines and go to sea. The size of our local fleet continues to decrease due specifically to these issues. The total numbers of days at sea for our fleet is down 20% in the last 12 years. More worryingly is the reduction in those fishers using lobster pots...a fall in the number of “pots hauled” of over 25% since 2017 alone. Our fishing industry is having to put greater and greater effort into catching less and less product, and it is unsustainable.

Additionally, there are even further pressures coming over the horizon for our local fleet. Climate change is driving some of our traditional species (brown crab in particular) from our ever-warming waters. At the same time, we have other species (spider crab and octopus to name two) literally invading our waters and reducing lobster, and other, stocks.

A wind farm is certainly a project that is worth supporting in order to secure locally produced, sustainable, secure energy for our future. However, the area taken by the wind farm will reduce the area available to fishers, and consequently reduce potential income.

However, and far more importantly, the heavy restrictions placed on our fishing industry by the new Marine Spatial Plan (and subsequent Marine Protected Areas) will have a massive negative effect on fishing income to our Jersey fleet. Only by injecting cash on an annual and ongoing basis can we help our fishers through the difficult years to come. How that money is allocated will need to be agreed, but what is absolutely sure is the fact that without additional support our fishing industry will continue to decline. However, there is a bright future ahead if stocks are allowed to increase. A future where our local boats use less time and effort to catch crab and lobster from an increasing stock base is absolutely possible but to get there needs more time, and more money than is currently allocated.

Whether you are farmer or fisher, the lack of any real certainty of ongoing support from successive governments is a huge challenge. How can we expect farmers and fishers to

commit to the future and take on long term debt (for whatever reason) if they can't see a more certain future? They need a guaranteed level of support in the way of incentives, grants and low interest States subsidised loans. How else can they see any sort of guaranteed future? Without our help there is no future. But what do we get in return for financial incentives? What "public goods" are delivered in return for the taxpayer's money injected into these industries?

This is not just about "throwing money at a problem". This is far more than a "problem". This is about the survival of farming and fishing in Jersey. However, the answer is not just one-way financial assistance. When asked, the public of Jersey have used these words to describe our island countryside. Beautiful, green, green lanes, accessible, and unspoilt. They also said that farming and fishing "needs supporting".

In return for supporting our traditional industries we get hugely reduced "food miles". We get increased food security. We have available to us a wide range of "Genuine Jersey" products in our local shops, including crab, lobster, oysters and mussels, Jersey Royals and Jersey Milk and other locally produced dairy products. We enjoy a beautiful countryside. We receive direct economic returns to the exchequer. Farming and fishing contribute hugely towards our Island culture, heritage and sense of place. We benefit from, via the countryside and seashore, increased wellbeing of Island residents and visitors. We get so much more for our money than simple grant funding.

It may be said by some States Members that we can't afford to support this proposition. I say that we cannot afford NOT to support it. Farming and fishing need our help, and they need it now.

Financial and staffing implications

As I indicated in my Report, last year our financial support amounted to £2.4m - only 0.25% of Government Revenue Expenditure. If adopted this proposition would require an approximate allocation of £11,540,690 – an increase of £9,140,690. It should be noted that there is a £165 million increase in revenue expenditure, based upon the draft 2024 Government Plan, therefore the increase appears greater.

There are no identifiable additional staffing costs, as the funding schemes in question would not change, just the amounts provided to our agricultural and fishing communities.