

# STATES OF JERSEY

## OFFICIAL REPORT

WEDNESDAY, 19th APRIL 2023

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[9:30]

**The Roll was called and the Dean led the Assembly in Prayer.**

**PUBLIC BUSINESS - resumption**

**1. Regulation of Estate Agents (P.13/2023) - as amended (P.13/2023 Amd.) - resumption**

**The Deputy Bailiff:**

We resume the debate on the regulation of estate agents and the next Member listed to speak was Deputy Scott.

**1.1 Deputy M.R. Scott of St. Brelade:**

I just wanted to address some points of concern that were raised in the debate yesterday in my capacity as chair of the Economic and International Affairs Panel. The panel did lodge some comments in response to the Minister's amendment of this proposition and generally are supportive of the amended proposition. Concerns were raised by Deputy Ward regarding the redress schemes and where the money came from. I would refer him to those comments, which mentioned that a number of estate agents are already members of a redress scheme in the Island and generally pay a membership fee. The proposition itself, as amended, contemplates that the Minister for Economic Development, Tourism, Sport and Culture or someone, depending on who carries forward this proposition, will be looking at the appropriateness of the redress schemes to be used for it. I also very much want to thank my predecessor chair of the Economics and International Affairs Panel and its former members for the work that they have done, and it was very good work, on estate agent regulation. Pointing out that the panel generally do not look at private propositions but we did look at the Minister's amendment. I generally have expressed concern that sometimes when Members do file amendments that they are proposing changes for which there has not been consultation. But it should be pointed out that Deputy Andrews' proposition does seek that there is consultation held and, as the panel has said in its comments, it does contemplate that perhaps certain concerns will come out that perhaps should be addressed. Possibly among them the concern regarding the qualifications of estate agents, which was something that the Deputy himself raised as a concern in a radio interview recently and it is one of those points that may well come out. Certainly in the finance industry there are requirements that certain practitioners have qualifications and one might question why that might not be the same here. Personally, moving on to what the Minister suggested, I do question whether it would be appropriate for the Minister for the Environment to be taking this forward because part of the concern here perhaps is that the industry is well-regulated. Yes, one does want to avoid more red tape but, on the other hand, there may be some in the market who should not be there. We have a very tight employment market and in fact if it encourages some displacement and contributions in other areas that may not be a bad thing. It is something that perhaps the Minister might consider as he does his further work. Thank you for listening and the panel is supporting the amended proposition.

**1.1.1 Connétable M.K. Jackson of St. Brelade:**

I think with this proposition I fear the unintended consequences, and we do not quite know what those are going to be yet. I am never supportive of too much Government interference in commerce and the increasing red tape which tends to end up costing the client, and in this case it seems to me that will certainly happen. Down the road in property transactions, there are others involved of course apart from the estate agents - namely the lawyers and the conveyancers - and I would ask the question of the proposer: is it intended that they be regulated in the same way as estate agents might be? The other point, with regard to membership of associations, it does not always provide benefit to the end user once again. Given that the body is U.K. (United Kingdom) based, I fear that sanctions will be, as the Solicitor General said yesterday, may have limited effect in Jersey. We have experiences of a deposit scheme being managed through the U.K., which I know is a slightly different scheme, but

the concept of it being managed in the U.K. is not popular. While I would support the last speaker from the Scrutiny Panel supporting the proposal, and I will do too, but I think I would counsel care in the way it goes and let us look to the end user and not increase costs in a difficult market already.

**Deputy A. Howell of St. John, St. Lawrence and Trinity:**

I think my points have been covered by Deputy Scott and the Constable of St. Brelade.

**1.1.2 Deputy J. Renouf of St. Brelade:**

Just a few comments. I must admit in some ways I find this a slightly curious proposition. I am very pleased to support the more limited version of this proposition as amended but the argument about the need for regulation is slightly more nuanced, in my mind, than perhaps in the minds of some contributors to this debate. Deputy Ward and the Constable of St. Brelade both expressed worries that the scheme may not be sufficiently Jersey-based or perhaps enforceable. I think my colleague, the Minister for Economic Development, Tourism, Sport and Culture, before he kindly handed the job to me, made clear that there is work to be done and that considering the options include ensuring that a scheme is relevant and enforceable in the Jersey context. So I hope we can satisfy that requirement. Deputy Ward yesterday expressed that he does not like or had worries about the middle ground that is being pursued here in the sense that we have accepted part of the proposition and not all of it. But I would say that I do favour that middle ground with a redress scheme but not as yet a statutory regulatory body. I say that because it is striking that the evidence presented in support of regulation has made very little, if any, references to failures in the market place. I have read the Scrutiny report and there are 17 key findings listed. Not one refers to evidence of harm in the market place or presents evidence of failure. Within the report reference is made to a public survey that included comments that were summarised as: “Feeling misled by the buyer’s estate agent and their lawyer” and: “Unrealistic dates sometimes set by estate agents”.

[9:45]

It also quotes a figure of 86 per cent of the respondents to a survey saying they supported regulation. It was a small sample, just 65 people, and looking at the detailed answers to questions there were relatively few complaints, so I take it that most respondents were citing a generalised view that regulation would be a good thing rather than something that was necessary to solve particular problems. Similarly, I have read Deputy Andrews’ report. It makes no reference to consumer harm, lists no dodgy practices and has nothing to say on how regulation would improve the consumer experience. In his speech he slightly corrects this deficiency by referencing - I think I remember 2 things - asymmetric information and insider trading as complaints made against estate agents. In fact made by estate agents, I think, against other estate agents. The final point I would make, having spoken to officers who deal with complaints relating to consumer protection is that I asked them to outline whether there had been complaints about estate agents. Indeed there have. In 2020 there were 8. In 2021 there were 13. In 2022 there were 14. Those represented respectively less than 1 per cent, 2 per cent and less than 2 per cent of the total number of complaints received in the consumer division. I would say also that those are very widely drawn and not all would have been complaints. Some of them would have been inquiries rather than complaints. I think that we need to be aware that what we are doing is not necessarily responding to an urgent need but we are looking at what is best practice. In the report, Deputy Andrews quotes me as saying that many estate agents already adopt good practice and he says that this is unevicenced. I would argue the other way round, particularly based on the information I have just presented, which is that the burden of proof rests on those who wish to promote change and in the absence of evidence that there are dodgy practices being pursued I think it is reasonable to conclude that at the very least that evidence is hard to find. Nevertheless, why is regulation of estate agents a good thing? The argument rests on 2 points. First, everyone else does it and, second, some estate agents at least in Jersey would like it. Both of these arguments have merit. We do need to be aware of what is happening in other jurisdictions and that

is why I am very happy to support the amended proposition. I am pleased that my colleague, the Minister for Economic Development, Tourism, Sport and Culture, has brought forward an amendment that accepts the need for a redress scheme while rejecting the wider calls for a statutory regulatory body. A redress scheme is a good idea, it is not too onerous for estate agents. It provides an important and useful safety net and will give reassurance to consumers that there is somewhere to turn to if indeed they do have problems. In combination with our consumer protection law, this offers 2 levels of regulatory intervention. It may be that in the future further problems are identified that require further regulation, in which case I will be very happy to support them. In summary, I am pleased that we have found agreement on a sensible way forward and it is a course I am very pleased to support. I will be happy to support further intervention if it is based on clearly proven need.

**Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter:**

Could we raise the défaut on Deputy Ward please?

**The Deputy Bailiff:**

Do Members agree the défaut should be raised on Deputy Rob Ward? The défaut is raised.

**1.1.3 Deputy M. Tadier of St. Brelade:**

I am just waiting for the conversation to finish. I know it is always good when you have had a défaut raised on you, you feel the need to have a little chat afterwards. I thank the person who lifted it. I have no problem supporting this. I think it is right that the debate is centred not so much on whether we should have this but what the nature of, if any, regulation should be. There are clearly different appetites in the Assembly, which are reflective of the normal political spectrum as to what the appetite is for regulation. We have already heard phrases like “light touch”, which I will talk about as well. I am reminded of the time when I was in a situation of bringing a somewhat similar proposition to do with the desire to regulate debt collection agencies. This was something that I responded to because of several contacts that I had by email or by phone from constituents, and not just in St. Brelade. Often what happens is that after the fact you realise you tend to get to a position where you probably should have been in, in the first place, and it often is reactive unfortunately. So this will all be on public record, and I am not going to name any particular firms, but it seemed to be that there was not generally a problem in Jersey but there was one particular firm which was causing clients particular grief and that they were not abiding by - this is what the complaints were - the normal expectation that most firms would automatically abide by, even though there was not a code of conduct. I think the point we reached in discussion with the industry was that it was right and beneficial that there should be a code of conduct so that they knew what good looked like and they knew what best practice was, and that also the clients, whichever side they were on, whether they were the ones pursuing debts or being pursued knew what the reasonable expectation was on them. That seemed to certainly resolve a lot of the issue because it was a wake-up call for perhaps that particular firm and it also meant that any new firms coming into the industry knew what they had to do, and any clients knew what their rights were. Of course, I think this is where it becomes particularly important. Of course when we talk about estate agents in Jersey we can talk about those who sell properties for people so that dealing with people who want to buy and sell properties, but they are also dealing with the rental sector in many cases for housing for people who do not own their own properties. I think that is, in particular, for me an area of concern because we are also dealing with situations where you have asymmetric power relationships. So you have somebody who is a renter - I have been in that situation, do not have any complaints about it particularly - but you hear all sorts of stories and it is important, I think, that really this also needs to tie in with what is coming at the next session when we look at the Residential Tenancy Law. So when I hear phrases like “light touch” regulation, I think that has become a political mantra, which some simply do not question. They say: “Light touch, that is fine. That is what we want.” I am much more concerned about effective regulation so I think any regulation needs to be justified first of all. Secondly, if you are

going to have regulation it needs to be effective and you need to know what kind of problem it is that you are trying to solve or what kind of problems you are trying to prevent. Then this brings us to the next point is regulation or just laws in general, should they automatically be reactive or can they also be pre-emptive? So if we take ourselves back to an idealised form of society where nobody has ever been murdered, in the pre-Kane and Abel scenario perhaps. Is it right to have a law that prevents murder and religious people might argue that it is against the natural order anyway? There is a natural law that exists for that. But I would argue that even if there is not a problem currently in the estate agent market that does not mean that you cannot have a code of practice there which of course is being formulated by the very people who are going to be using this code of conduct day in day out, and who are going to be potentially the recipients of complaints in that. I think that is something, which I know from my brief involvement on the Scrutiny Panel ... I could not do all of the Scrutiny unfortunately due to family circumstances but I know that a lot of work did go on and I did read the documents, and that there is a general acceptance, I think it is fair to say, from the industry that they would welcome some kind of code of conduct. Because most of them are doing that already or aspiring to behave in a way which is good and best practice. I do not think we need to overegg the pudding on this one. I think we need to leave the space and accept the fact that we should have some form of regulation. I will give a couple of tangible examples. I think it needs to go hand in hand with concrete practices, which we generally think should not happen. I will give one example. Some estate agents and letting agencies have a practice where they automatically charge for a renewal of a contract, even though a contract is a legal requirement. So if you are on a yearly lease and that is a rolling lease, as a tenant, depending which letting agency you are with, you will find that you have to pay a sum of money, which could be anything of around about £100, simply to be able to renew a contract, which you are going to do and which is probably just a photocopy of a previous contract or something where the date simply has been changed by a year. To me, that is not good practice and that is not something that estate agents, letting agencies should be doing at all, and that is perhaps something which does not necessarily need to figure in the code of conduct but it should somehow come about in the spirit of the code. Because it is not an onerous task. It does not cost a letting agency £100 to reproduce that. From my experience from dealing with somebody who was renting, found themselves in a situation where the flat had burnt down through no fault of their own, they then ended up in a situation where they were not protected. I think letting agencies can have a duty of care to make sure that all of their landlords meet certain requirements. Not necessarily just legal requirements but that there is a code of best practice to say that if you find yourselves in this situation and you let with our agency you will have these protections, so both parties know exactly where they stand. I think those are the real value added that we can have, if you excuse the slightly clumsy English, with this proposition. It does not just to have to be a box-ticking exercise where we do the minimum. I think we can be proactive in having that conversation with the industry, with tenants, and also not forgetting those who buy and sell houses because that can be a very traumatic time. I am not going to into the areas of gazumping, et cetera, which I know are still a headache. Those kind of practices, if and when they do occur, are not simply an issue that needs to be addressed by this code of conduct or by this form of regulation, it is something that needs to be taken into consideration in the round in terms of how properties go to court to be transacted and also, again, what, if anything, the Minister for Housing and Communities might have to say to inform more general regulations. For my part, I would have perhaps preferred the unamended version of this but I think there is still scope if everybody goes into it with an open mind rather than preconceived ideas about light touch regulation. I think it could be a really good piece of work that we end up with.

**The Deputy Bailiff:**

Does any other Member wish to speak? I call upon Deputy Andrews to reply.

#### **1.1.4 Deputy M.B. Andrews of St. Helier North:**

Thank you to all the Members who contributed in this debate. I know several Members have raised some concerns about the redress scheme potentially being U.K.-based or if it was, say, to be Jersey-based. I think the Attorney General provided some clarity so I do not think there is any need for me to provide any further elaboration. I think it is essentially going to be a mechanism that is going to be effective and it is going to protect the consumer. That is the most beneficial thing for the consumer here. Of course, as it currently stands it is quite evidential to me in terms of the conversations I have been having with a number of estate agents that there is much that goes on that is not being reported and I do believe this will remain an issue even with a redress scheme being in place. But for those who do report their circumstances to a redress scheme, at least we will see something that is enforceable and we will see estate agents being held to account. That is important. Estate agents need to be abiding to a code of practice and they, first of all, need to know what is being asked of them and their profession. Estate agents who are not members of the redress scheme, who are not members of Propertymark, are essentially carrying out a service and they have done no prior work to understand what is required of them in the work that they undertake.

[10:00]

There needs to be a change and by supporting this proposition we can allow for estate agents to understand what is being required of them with the redress scheme. Now, each redress scheme will differ in requirements that are laid out. With the 2 redress schemes that were mentioned in the amendment, if you look at the website, there are different prerequisites, for instance, for estate agents to abide to. This is for the Minister, essentially, to consider if we are to use a U.K. redress scheme, it is probably going to be one of the 2 that have been mentioned in the amendment, or there is an opportunity where we could potentially see a redress scheme being incorporated in Jersey. I know there was also mention about estate agents being professionally qualified, and this is still a view that I hold strongly that it is something that needs to be implemented in the future. Looking at the U.K. Government, for instance, as a paper that was released in 2019, and it is more specifically aimed at property agents not estate agents solely, but it mentions the importance of having professional qualifications and it was identified as well that there were a number of consumers who encountered property agents who again were not professionally qualified, who were not capable to doing the job properly and therefore problems arose. So in the future I do believe in the U.K., if it is going to be a Conservative or a Labour Government, there will be professional qualifications being introduced at some point. Now, if we, for instance, as a legislature are to be bringing forward proposals to establish a statutory regulatory body before the U.K., one could say we are doing the right thing. Others may say it is going to be an administrative cost, potentially there is going to be too much regulation and that is potentially going to be a sentiment the conservative or centre right politicians may hold. I think the important thing here is you need to strike regulation with fairness here. I do not think we can overregulate estate agents by ensuring that they are qualified to undertake that role. There has to be a transition for those who are working within the industry at the moment and if say something was to come into effect in the future you would have the right, with those estate agents, to make sure that they are given a suitable timeframe to become qualified and those who already hold existing qualifications are going to be fine. There is not much work that needs to be done there. For me, it is quite important as well, with estate agents in Jersey, that they are consulted. I think that is very important, especially with the implementation of the redress scheme because we need to know what has our experience been like with the redress scheme, for instance, that they have been using. Members will be aware through the proposition and the amendment that members of Propertymark, for instance, also need to be members of a redress scheme. I think this is actually going to allow us to see the difference in terms of those who are qualified, who are professionals and who abide to a code of practice. It is important to listen to those estate agents because they are the ones who shared their experiences with me, and I think some of those experiences I was quite shocked by in terms of the malpractice that has been going on and the malpractice that has not been reported as well.

Potentially that may be down to several factors. It may be down to fear, unintended consequences with the consumer but today is the opportunity, as an assembly, as a collective, where we can take a stand and we can say this is a step in the right direction. We can introduce a redress scheme but also we need to be openminded and I do believe at some point in the future there most definitely is a need to ensure estate agents, and maybe an extension of all property agents, should undertake professional qualifications. Thank you and I call for the appel.

**Deputy L.V. Feltham of St. Helier Central:**

Just before the vote, can I ask that the défaut is raised on Deputy Gardiner, please?

**The Deputy Bailiff:**

Do Members agree that the défaut should be raised on Deputy Gardiner? The défaut is raised. The appel has been called for. I invite Members to return to their seats and I ask the Greffier to open the voting. If all Members present here or present remotely have had the chance to cast their votes, I ask the Greffier to close the voting. I can announce that the proposition has been adopted: 42 votes pour and one abstention.

Pour: 42	Contre: 0	Abstain: 1
Connétable of St. Lawrence		Connétable of St. Clement
Connétable of St. Brelade		
Connétable of Trinity		
Connétable of St. Peter		
Connétable of St. Martin		
Connétable of St. John		
Connétable of Grouville		
Connétable of St. Ouen		
Connétable of St. Mary		
Connétable of St. Saviour		
Deputy C.F. Labey		
Deputy M. Tadier		
Deputy S.G. Luce		
Deputy K.F. Morel		
Deputy M.R. Le Hegarat		
Deputy S.M. Ahier		
Deputy R.J. Ward		
Deputy C.S. Alves		
Deputy I. Gardiner		
Deputy I.J. Gorst		
Deputy L.J. Farnham		
Deputy K.L. Moore		



Deputy S.Y. Mézec		
Deputy T.A. Coles		
Deputy B.B.de S.V.M. Porée		
Deputy D.J. Warr		
Deputy H.M. Miles		
Deputy M.R. Scott		
Deputy J. Renouf		
Deputy C.D. Curtis		
Deputy L.V. Feltham		
Deputy R.E. Binet		
Deputy H.L. Jeune		
Deputy M.E. Millar		
Deputy A. Howell		
Deputy T.J.A. Binet		
Deputy M.R. Ferey		
Deputy R.S. Kovacs		
Deputy B. Ward		
Deputy K.M. Wilson		
Deputy L.K.F. Stephenson		
Deputy M.B. Andrews		

**The Greffier of the States:**

The Connétable of St. Clement abstained.

**2. Development Levies (P.14/2023) - as amended (P.14/2023 Amd.)**

**The Deputy Bailiff:**

The next item is development levies lodged by Deputy Kovacs and the main respondent is the Minister for the Environment. Deputy Kovacs, there is an amendment lodged by the Council of Ministers, do you accept this amendment?

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

Yes, Sir, I am accepting it.

**The Deputy Bailiff:**

You are accepting the amendment? Are Members content for the proposition to be read as amended?

**The Deputy Greffier of the States:**

The States are asked to decide whether they are of opinion - (a) to agree that a fair charging mechanism should be introduced to raise revenue for the States from any significant uplift in the value of land arising from when the land is rezoned or from when planning permission has been granted; (b) to request the Council of Ministers to bring forward for approval the necessary legislation

to give effect to the decision by 31st March 2025; and (c) to agree that that the proposals in paragraph (a) should also be designed to have the effect of capturing uplifts in the value of land arising between the date of the debate of this proposition and the coming into force of the necessary legislation and to request the Minister for Treasury and Resources, having sought appropriate advice, to take the necessary steps to achieve this objective if possible.

## **2.1 Deputy R.S. Kovacs:**

I start by saying I have no pecuniary interest in this proposition. I think everyone on the Island, even children, recognise the availability and the affordability of housing is a very real problem. It affects people's lives on a day-to-day basis, everyone needs somewhere to live, a roof over their heads with the safety and security of tenure, a degree of comfort and privacy, it is a very basic human need. Within the above comes the mantra that cash is king and let the market force decide. However, while everyone is aware that this is the situation the only answer appears to be: "Let us spend more money, subsidise, because thousands of people cannot afford the housing that they are living in." This to me indicates a significant failure. The term "affordable housing" is a myth. Someone made it up. The assumption is that if you use it often enough people will believe it. Well, thousands do not. They know the reality. The term "affordable housing" appears to have become a comfort blanket for politicians, not real people. It just became a phrase attached to political hot air, not in touch with the reality. So I believe that we need to do things by taking incremental steps in the housing market to make a difference. With this proposition I have deliberately avoided including my definition of an exact percentage or insisting that the levy received is ringfenced. I have done this so that this cannot continue to be an excuse for derailing the object of the proposal, which is to share by a significant percentage in the uplift in land value entirely due to States planning decisions dropping a windfall profit into the landowners' lap. This proposition seeks to avoid any doubt. Members will see contained within my report I have quoted extensively from the report and proposition from the former Deputy Wimberley of St. Mary. I have done so because when reading and researching background information I found this very useful but also disappointing that, in effect, nothing had been done. Everyone was content to look the other way, however by doing this it has not assisted in any way having more and truly affordable housing. From the Deputy of St. Mary's report and proposition P.90 and P.147 from 2011 I wish to quote some of the content in the summary. "This proposition is about basic fairness. When land is rezoned or receives planning permission its value increases by between 80 and 200 times. This windfall gain goes only to landowners, and only those landowners whose land is developed. These huge gains have been going to the owners of land for years. It is government policy which has created these astronomical land values and it is administrative decisions and political decisions, taken as part of the planning process, which decide just who it is who, in the Deputy of Grouville's memorable phrase, 'hits the jackpot'. Like many other issues this has been discussed for years. I believe it is high time that the Government shares in the enormous windfall so that the revenue can be used for the good of all Islanders. This proposition is emphatically not about the rights and wrongs of any rezoning proposals or any other zoning proposals or planning permits, it is about the fact that in all these cases the land involved changes enormously in value and the implications of this. At the stroke of a planner's pen, followed by a political decision, a resident becomes very, very wealthy and in the Island Plan debate we, as States Members, have the power to make or - in the case of some amendments - unmake millionaires. I think any right-thinking and sensible States Member must see that there is something quite wrong about this. It should make us feel distinctly uneasy, when the financial rewards of getting a permit for development are so enormous and are going to the very few. The situation is blatantly unfair, and cries out to be remedied. The existence of this huge capital gain is due to the policies of Government. It is therefore entirely right and proper that a large percentage of the capital gain should revert to the Government which created the policies which led to the uplift in value, to be used for the benefit of all the people of Jersey." So just to pull a few highlights from this report that I believe is worth repeating. It mentions basic fairness, been discussed for years, revenue being used for the good of all Islanders,

not the windfall gain to a few. This is also worth quoting again: “I think any right-thinking and sensible States Members must see that there is something quite wrong about this.” The question then is how does this apply today to all of us, seeing something is wrong and more importantly being prepared to do something about it. We shall see. In my report I have also used reference to the involvement of Oxera and they produced a report in 2005 and 2008 for any Member who wishes to look into more detail. However, just to give Members some flavour, I wish to quote from the same content. In Oxera 2005, page 57 we read: “Calculations by the States of Jersey estimate the overall uplift in the value of land recently reclassified from agricultural land to housing development land. Although subject to some uncertainty, the overall uplift in value amounted to around £32 million. In addition, a second phase of potential rezoning in the future is estimated to create a further uplift in value of up to £18 million. On this basis, and given that the value of land is estimated to increase between 80-fold and 200-fold as a consequence of rezoning, there would appear to be significant scope for raising some revenues from the taxation of these gains.” None of this happened in secret but in the full view of the public and politicians, no one believed it was appropriate to intervene and interfere with market forces at work or not. In the Deputy of St. Mary’s report he says: “On an uplift of £50 million a modest tax of 50 per cent would yield £25 million over a period of years - a sum not to be sniffed at. And at this rate of tax the landowners would still receive an unearned windfall of £25 million. I will repeat it: this windfall is entirely due to Government decisions and Government policy and it is entirely appropriate that the enormous financial gain involved should come back, at least in part, to Government. Members should note that the price of land does not ‘drive’ the cost of housing. If it did, then it might be argued that a land tax could affect the end price of housing. On the contrary, it is the end-price which can be achieved which determines the value of the land. The end-price reflects scarcity, and the willingness to pay off enough people who are in the market for buying a house. This proposition is about finding a way to distribute a vast private unearned gain to the public good.” So the questions are then about why nothing has been done by the States on behalf of the people to take a share in the windfall. It appears that the public, when consulted years ago, showed no opposition in principle to the tax as an excerpt from the Deputy of St. Mary’s report shows. I now wish to demonstrate how certain things are said by the Ministers but the reality is nothing happens, no action. In response to the Deputy of St. Mary’s proposal in 2011 the then Minister for Treasury and Finance said that he was committed to review the land development tax option as part of the review of the tax policy.

[10:15]

This was highlighted in the comments paper to the proposal in response to the report and proposition. Work has already commenced on the development of this comprehensive fiscal framework, including establishment in 2011 of the Tax Policy Unit. The Tax Policy Unit is conducting a review of Jersey’s overall tax policy to ensure that it meets the needs of the Island over the medium to longer-term. Property taxes, of which land development tax is just one of a number of measures, are already being looked at as part of this review. The Minister for Treasury and Resources commits to review the land development tax as part of the wider review of tax policy. Despite claims that it was already being looked at nothing happened. Only a convenient delay for those who became windfall millionaires at the public expense. So there, I believe, is the evidence of abject failure, just standing on the sidelines doing nothing is no longer acceptable in my view, and I hope Members will agree. With the current housing situation I believe doing nothing is not acceptable. Finally, there have been other attempts to realise some of the capital gain in planning decisions. Most recently in the proposition from the then Minister for the Environment, Deputy Luce, in November 2017, when he asked the States to agree in principle to the introduction of an interest structure levy in Jersey to ensure that those who benefit from an increasing in land value arising from the award of planning permission make a small contribution to offset the impact of the development on the Island community. However, this was narrowly defeated, although quite a few Members did not register a vote. Contained in his report it says: “This mantle was taken up by the recent Property Tax Review, undertaken by the Treasury and

Resources Department, which concluded that while there was no public appetite to capture sales value through the property taxation system, there was general public support to capture some of the increase in land value after planning permission has been granted.” This, again, shows public support for sharing in the windfall for inflated land values, however, it also shows a political failing, not acting on evidence, not getting a public agenda. My proposition seeks to address this for future land sales to address sales transactions, however it will not capture the millions of pounds that previously have been collected. In general terms, the amendments done by the Council of Ministers are acceptable and I am pleased we came to some form of agreement, however, I would qualify that by saying that in paragraph (a), that has a wide interpretation and I hope all avenues will be considered for the best charging mechanism, not excluding the possibility of tax, can be found. In paragraph (b), extending the deadline is a bit disappointing because opportunities could be missed to capture value for the people in planning gain as indicated by that paragraph, and I hope that the aim will not be that date is a final target and in future we can aim to do everything as soon as possible. That is why by accepting the amendment of part (b) I then emphasise the importance of part (c) because in the existing bridging Island Plan in appendix 1 around £40 million of land value is contained and the charge on that value could greatly benefit the community and support with the housing situation. I am hopeful that by having inserted the words “if possible” at the end of it would be a positive indicator for future action. Having said that, I do believe going forward there is a considerable public gain if this proposal is passed and I ask Members to support it. I make the proposition.

**The Deputy Bailiff:**

Is the proposition seconded? [**Seconded**]

**Connétable M. Labey of Grouville:**

I think it only wise at this juncture that I declare a potential interest. I own land in the Parish of Grouville and I feel that I need your advice on whether I am able to partake in this debate and/or allowed to vote in it. Thank you.

**The Deputy Bailiff:**

Yes. Thank you very much. Well, this engages Standing Order 106 and Members must clearly state the nature of an interest which is the subject of a proposition. I do not think that people who simply own a house need to declare that but if you own a substantial amount of land which might be affected by this proposition in future then you should declare that but, in my judgment, such Members can still speak and vote. Under Standing Order 106(3), if you have a financial interest, which is personal to you, or shared with a small number of people then you shall not vote on any proposition relating to the matter. Accordingly, if you own land, which either will or may be rezoned as a consequence of the recently adopted bridging Island Plan or you know of a pending planning application or similar application which will have that effect then you should not vote on this proposition. That is my ruling.

**Deputy J. Renouf:**

Can I just seek absolute clarity on that, that if you own land that has been rezoned in the bridging Island Plan then you may not vote but if you simply own land that at some vague point in future may be brought forward for rezoning then you should declare that interest but you are allowed to speak and vote.

**The Deputy Bailiff:**

That is correct, yes. Any further questions before people make declarations? Who shall we start with?

**Deputy E. Millar of St. John, St. Lawrence and Trinity:**

I am sorry, if the land in question is unlikely to be rezoned, what is the position there?

**The Deputy Bailiff:**

If you have a substantial amount of land, let us say several vergées that may in the future be subject to benefit from this or subject to this, then I think you should declare that interest but you may vote. Most Members will not have that interest. If you own simply a house you should not declare an interest at all. As Deputy Renouf has just encapsulated in my judgment, if you own property which will be or may be directly affected by this as a consequence of the recently adopted Island Plan or the previous plan or some permission in the pipeline then you should declare the interest and not vote. Any more requests for clarification?

**Connétable K. Shenton-Stone of St. Martin:**

On behalf of the Parish of St. Martin, I have negotiated to purchase a field for housing which is part of the bridging Island Plan.

**The Deputy Bailiff:**

That is not a personal interest, though, is it? Thank you for mentioning it, that is not a personal interest.

**Connétable M. O'D. Troy of St. Clement:**

Similarly, the Parish of St. Clement owns a few fields. We are not about to make planning applications for them. In fact we were buying those fields to do the opposite, to defend the building on these fields.

**The Deputy Bailiff:**

Yes, that is not a direct personal interest. Yes, Chief Minister.

**Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:**

Simply for the sake of completeness, I do own several vergées which feature in my declaration of interests but I have absolutely no intention of ever applying for development of them, but I thought I should mention it.

**Deputy M.R. Le Hegarat of St. Helier North:**

Similarly, I own a quarter share of a farm property which has agricultural land attached to and therefore will declare an interest.

**Deputy M.R. Ferey of St. Saviour:**

In the same vein, I am the owner of 2 plots of land in the Parish of Trinity.

**Deputy E. Millar:**

I declare an interest. I own a field and a small piece ... I do not think it is a very large field and a small piece of woodland in Trinity. I do not believe it will be subject to rezoning but I declare an interest.

**Deputy A. Howell:**

I am the same as Deputy Le Hegarat, that I own some land but it is not likely to be rezoned.

**Deputy T. Binet of St. Saviour:**

If we are all having to own up, yes, I am guilty of owning some land.

**Deputy M.R. Scott:**

I would like to declare my confusion.

**The Deputy Bailiff:**

All right.

**Deputy M. R. Scott:**

Following the statement of the Minister for the Environment, which you appear to agree with, as I understand it, or as I understand it should be, if somebody has land that is not in the built environment, because obviously if it is in the built environment it is already capable of development, so if they have land like fields and this sort of thing that are not yet designated, do not have a change in use, then there is a potential for there to be a change in use and an uplift in value. If they do not intend to develop them then I would expect there would not be a natural conflict of interest but if they have thought that there was a possibility that they might or that sort of thing then I would have thought there would be a conflict of interest and they should not vote. Could you please just be clearer because I believe that the Minister suggested the opposite, which did not seem quite in accordance with my understanding of conflicts of interest.

**The Deputy Bailiff:**

Well, your understanding may be different from mine but you must accept the rulings of the Chair and the ruling that I have given is that you have a direct financial personal interest and cannot vote if you own property which may be affected by the recently adopted Island Bridging Plan or a similar application. If you simply own a holding in land of some significance, which may in due course and circumstances be affected by this proposition, if adopted, then you should declare that interest but you may speak and vote.

**Deputy M. Tadier:**

I would question ... I do not want this to come across as questioning a ruling but I think there is ... obviously you have had this sprung on you. I think there is a reason that we declare interests and also in the written declaration of interest that Members have they say that they own land. The whole point of this debate is it is future-proofing because we do not know when land might be rezoned in future, especially the case if you own lands in partnership with somebody else like a spouse or family members. It may well be that they want to sell a field in 5 years' time and the decision that we make today might mean that when Members retire from this place they end up benefiting financially from a proposition that they voted on and spoken on today. I think it could be a matter of personal ethics but I think one should always err to the side of caution and resolve any conflict of interest or potential conflict in the public interest. I think the public interest would dictate that if you own big pieces of land in the green zone, naturally they could at some point, especially given the fact that the Island Plan and future Island Plans envisage mass development of housing, not just in town, that those fields may well be given over to development in the future. I think given the relatively small number of States Members in this position in this Assembly, compared to the fact that most people in the real world do not own fields - they may not even own their own flat, let alone vast swathes of field - it is one thing to say I just want to keep this big field for my horses but you do not know what is going to happen in 5 or 10-years' time. I would say that irrespective of the ruling and that Members should consider on their own conscience whether they take part in this vote today.

**The Deputy Bailiff:**

Deputy Tadier, I broadly agree with what you have just said and perhaps I have adopted a cautious approach but that is the approach that I have adopted. Yes, Deputy Rose Binet, do you want to make a declaration?

**Deputy R. Binet of Grouville and St. Martin:**

Yes, please. I would like to declare that I am a landowner and I am happy not to vote, if that is preferred. I was going to vote for it.

**The Deputy Bailiff:**

No, you can vote and speak, unless you fall within the limited category of persons to which I have referred.

**Deputy R. Binet:**

No, I do not, no.

**Connétable R.P. Vibert of St. Peter:**

Sir, yes, I do own some land as well. I also have an outbuilding for which I am taking pre-planning advice for which my son is now going to submit a planning application.

**The Deputy Bailiff:**

Yes, well I think that means you can speak and vote.

**The Connétable of St. Peter:**

Thank you.

**Deputy C.F. Labey of Grouville and St. Martin:**

I am an owner of land whereby there is a lifetime interest, lifetime interest owner of the land.

**Connétable P.B. Le Sueur of Trinity:**

Just for completeness, I do own a small field which is attached to my property.

**Deputy R.J. Ward of St. Helier Central:**

Yes, Sir, it is not to declare I own anything, unfortunately. **[Laughter]** As if only. It was just to ask a genuine question in regards land can be rezoned at any time and so it is not necessarily just the bridging Island Plan. I think it is part (c) that perhaps creates the problem, if I could get to it but my computer just switched off, which is the retrospective ... it is not retrospective, it is future-proofing, which I mean I think is a very good idea. If this takes 4 or 5 years we do not want to rush to sell land and we will not get into debate now but that could be very different for people.

[10:30]

I think that creates the difficulty here that you never understand what is in the future. I think there is an issue for people to think they may not be intending to benefit now but it could happen in the future, depending on how the debate goes, that is my understanding.

**The Deputy Bailiff:**

Yes, so it will only be a direct personal interest which prevents from voting, if either it is mentioned in the bridging Plan or, as I have said, they are aware of a pending planning application outside the plan, which may benefit that property and them. Deputy Morel, you had your light on a while ago, is it off now?

**Deputy K.F. Morel of St. John, St. Lawrence and Trinity:**

It is off. It is just to make some comments about this is about zoning not planning applications, Sir.

**The Deputy Bailiff:**

All right. Yes, does any Member wish to speak on the proposition?

**2.1.1 Deputy M.R. Scott:**

I am sympathetic to Deputy Kovacs' arguments and the proposition. But I would like to articulate a concern about the proposition as amended. I think it is a positive thing having the consultation. But I think it is also important to understand that as the Environment and now Infrastructure Department

is currently structured, there is a potential for conflict here. This is in respect to this reference to the Sustainable Communities Fund. Some people might think this is great, the idea of having this development levy, particularly if you have fields that are going to be rezoned, hopefully create more social housing, would it not be great if the proceeds of that levy could fund housing? It sounds very logical and, in fact, some political commentators have even suggested why is Government not, when it rezones fields, doing something like compulsory purchase so it can build the social housing or at least Andium might itself? The Sustainable Communities Fund is an infrastructure fund. I believe that we should look back to the time when the States Assembly or at least Government were suggesting an infrastructure levy, a concern that was raised by the Jersey Construction Council at the time and it pointed out that there was a difficulty there insofar as if Government is going to benefit from a levy that enabled it to build infrastructure, then with a department structure you might argue that it could, therefore, want to disapprove planning applications and it would have a motivation, and perhaps that might lead to positions where it does not seek to defend against the possibility of the spread of development as a result, which would be contrary to those desiring to preserve the environment. I am conscious that the Minister for the Environment himself has mooted the need for the Department for Infrastructure and Environment or is it now Environment and Infrastructure, without Housing, which of course has gone to the Cabinet Office, where there is no conflict whatsoever? He has mooted the need to decouple these 2 departments within the same department. I do wish to point out that in the amendment that has been put forward by the Council of Ministers it seeks a fair tax. I believe it needs to be an ethical tax as well, one that is ethically fair. I would ask the Council of Ministers who have brought this amendment to think a bit more about their leadership on conflicts of interest and how it might be improved and to take forward these steps to resolve this conflict in the combined department. Subject to that and in that hope I will support the proposition.

### **2.1.2 The Connétable of Trinity:**

First of all, just in my role as chair of the Planning Committee, the third paragraph of the report - and I know it is probably a play on words - but it does talk to rezoning by the Planning Committee for housing. The Planning Committee do not rezone land, we interpret the policies of the bridging Island Plan but really that is just a moot point. But speaking personally, obviously I do support this proposition. It is something that I have thought about that should have been brought in before. When somebody stops growing Royals and starts growing houses there is this massive uplift in land value. But I just would err on a word of caution for unintended consequences because my experience of landowners in Jersey is that they attach a value to their asset and if they are not going to achieve that value when it comes to selling that asset they may decide to stick it in the bank and leave it for later, unless they desperately need the cash. As a consequence of that, it may in turn and inadvertently limit the land that comes forward subsequently for development. I say that I do support and will support this proposition but I just err, there is a word of caution that we do not do something which is going to restrict the flow of land which comes forward for development.

### **2.1.3 Deputy K.F. Morel:**

I agree fully with the Connétable of Trinity's comments there. Similarly, I will be supporting this. I was quite frustrated when we debated the bridging Island Plan that a similar proposition did not accompany that debate. But, again, with that kind of note of caution, I just wanted to highlight in part (a) where it says: "Any significant uplift in the value of land arising from when the land is rezoned", that I understand: "or from when planning permission has been granted." I think there it is a question of scale, what is a significant uplift? In some people's minds that might be £2,000 or £3,000, in other people's minds it might be £200,000 or £300,000. I think to the many planning applications that I saw when I was also on the Planning Committee, people adding a small extension to their property, people turning one room into another type of room, things like this, if such applications that such works on people's land, their properties, were to be caught in this I think that would be a very, very dangerous place to go and, to be honest, I think it would be deeply unpopular



for the vast majority of people in this Island. I personally feel quite comfortable with the land rezoning element. I am not so comfortable with when planning permission has been granted. I would just ask that the proposer grants whichever Minister that develops this into legislation the leeway to act around that planning permission element. Because I think there could be some serious unintended consequences if planning permission, which is permission that anybody who owns a property might just want to make alterations to their house, which happened to then have an increase because even just establishing the value of that increase could be incredibly difficult. I think that is a place that we should not go and just stick to the rezoning.

#### **2.1.4 The Connétable of St. Peter:**

I am going to be very brief but I am happy to support parts (a) and (b) of this proposition. However, part (c) introduces, in effect, a retrospective element and I think that would be extremely unfair because I do not think it is normal to attempt to backdate legislation to the date on which we have debated the proposition. That would encompass land that we rezoned in the bridging Island Plan and at that point of course no such legislation existed. I cannot support a bit of legislation that incorporates a retrospective element.

#### **2.1.5 Deputy M. Tadier:**

I think this proposition touches on some very emotive issues because it is not simply, I do not think, about capturing land value. It touches the nerve of many political issues to do with enjoyment of one's own property, what the limits should be on the development of one's own property. But it also captures, I think, the ongoing political, I will call it a divide but certainly the emotive issues that you get in an election between those who quite rightly want to preserve the nature of the Island and keep the Island green and to not have overdevelopment. I know that many a politician or potential politician would have stood on the basis of opposing inappropriate development in their Parish or constituency and of course what is not to like about that and nobody wants inappropriate development in their constituencies. But at the same time there is a political reality where there is a housing shortage, and we will be talking about that in a few weeks' time. We are not going to talk now about maybe the redistribution of housing and the fact that some people own, in some cases, many hundreds of properties, while others have none but there is definitely a tension there. I think today we are probably going to establish a consensus that it is right that there should be some kind of capture of the uplift when a field is, let us call it, rezoned. I heard the comments of the Constable of Trinity with his Planning hat on, and that is the reality, is it not, so a field goes from being worth relatively little overnight as an agricultural plot, financially we are talking about - because of course there is an enormous amount of value in having a field which is not developed but not necessarily financial - to being worth many times more overnight? It has been suggested that that is unfair. It is interesting that we take that almost as an axiomatic truth because we do not necessarily say the same about paintings. If you buy a painting, which is not popular one day and then in 20 years' time, for whatever reason, because the subject matter of that painting becomes a particular interest or the artist becomes particularly well-known and collectible, that painting could go up in value by a thousand times overnight. I suppose that is the difference between a capital gain on the one hand, which perhaps goes into the area that Deputy Morel was talking about and I noticed he put his light on, so I am happy to give way.

#### **Deputy K.F. Morel:**

It was just to clarify, would the Deputy clarify that when a painting becomes more popular it is not because it has been ordained by the Government or the Parliament, it is just something that happens in society, rather than parliamentary ordaining?

#### **Deputy M. Tadier:**

That sounds like a second speech but I am willing to ...

**The Deputy Bailiff:**

Yes, it does, yes, it does.

**Deputy M. Tadier:**

... entertain that notion, even though we are getting into somewhat esoteric here in the tangent that we are going off on. It could well be that a Government decision does increase the value of a painting. For example, if a particular subject were to become the Chief Minister and they were painted when they were just a wee whippersnapper and then they become Jersey's most famous ever Chief Minister, upon their death that painting might be worth many thousands of pounds and one could envisage such a situation. Of course it could well be the opposite, you could find that a painting of somebody is devalued over time, so it can work both ways. But the point I am making here is that there is a sensible thing to do and I think Deputy Morel hits the nail on the head to a certain extent, and this is where other countries do it correctly. For example, France, I do not know the exact period but they have a period of time to stop you flipping a property. This is especially the case historically when we look at the Jersey situation, where somebody might have bought a house using a States loan or they might have benefited from a first-time buyer property and then they have sold that on for a relatively substantial amount of profit. You could make the argument of course then they then need to buy another house, so they are not necessarily any better off but there is that. Of course we have heard the same thing said about electric bikes and electric vehicles where they could be sold on. The sensible thing to do would be to have a capital gains tax, so you only capture the value of the uplift at the point where that profit is made and it does not necessarily matter whether it relates to a field or to something else. But I think there are serious issues in Jersey as a financial centre about having a flat capital gains tax. What we are doing here is identifying an issue, which is fundamental about housing, the need for housing on the one part versus the desire to protect Jersey's countryside and also to stop people making maybe what some would call obscene profits from arbitrary States decisions, which would go in their favour. The concern I have got - and we have discussed this within ourselves - is that in an ideal world we would not have had these amendments because I think we could have done a lot more with this and I understand why the amendments have been accepted.

[10:45]

It is important that we get something tangible through today, which the Assembly can adopt. My concern is that in voting for part (b) we have a 2-year period, which I think is too long for a start and I would emphasise to Ministers, the Council of Ministers who are bringing this back, that the 31st March deadline 2025 is an absolute deadline, it is not a target. If they can bring that legislation in forward, a proper mechanism which does the job, they are able to do that much quicker if they want to. My concern is that there is going to be a 2-year window where we are going to see people putting in lots of planning applications for rezoning in order to miss that window where they do not get taxed, effectively; let us call it a tax, even though it may not be. That could be seen as either desirable or undesirable, depending on how we do it. The counterargument might be that already without any charges in place there is an issue getting people to put applications in for rezoning. The Minister for Housing and Communities might have a particular view on it Ministerially, he may have different private views as a citizen of Jersey. But presumably the Minister for Housing and Communities wants to see lots of housing to come forward as soon as possible, good quality housing being built all over the Island for families to be housed so that they can either own or rent affordably in the Island. I think that is something we would all aspire to, notwithstanding the usual balance between overdevelopment and protection of the countryside; that needs to be made. It could be seen that this part (b) is a positive because we would like a rush to happen in the next 2 years, we want lots of people, as I might say slightly unparliamentary, to bang in planning applications left, right and centre, so that we can decide which greenfields we are going to rezone where and start getting these houses built in the next 2 or 3 years. If that is the case I am very concerned about that. But I am also concerned about the fact that this is a mechanism in the next 2 years for people to avoid paying the

future tax. On the one hand you have got arguments about not being retrospective but I am concerned that there is going to be a lot of movement in the next 2 years for people who own greenfields to develop them so that they can make the profit without being taxed on it or being charged for that. This is one of the unintended consequences of having such a long period in between the debate today and the point at which this legislation would come into force. The last point I want to make is that this has been attempted before, so there was an attempt, I think it was Deputy Noel, who was the Minister for Infrastructure at the time, attempted to bring in a land transaction charge, so, effectively, what we are doing today. Although many in the Assembly supported the principle of it, what we were presented with was a complete dog's dinner because it sought to apply a charge to the land in terms of area that was being rezoned, not in terms of the uplift in value, which I think most people will understand is completely nonsensical. You could have a large field where you are only building a couple of houses on it because that is all you are allowed to, which will not go up that much in value, or you can have a relatively small field which is crammed full of housing, which would have done a lot of benefit for the profits but would not have been charged very much. I think it is fundamental that whatever the uplift is and whatever that charging mechanism, is not just fair but I would say proportional and that we understand what it is we are trying to do with that charge. Is the charge a disincentive in one sense to stop people overdeveloping the countryside and not putting too many applications in for greenfields or is it simply some higher, lofty ideal of fairness about what the pound of flesh is that the Government should claw back from the developer and the landowner? I think that is going to be very difficult. I understand why the word "fair" is being put in there because we have put the word fair into previous Government Plans, it gives us a lot of scope for arguing about what fair policies are what are not. But, similarly, on the other hand it gives the Council of Ministers a massive amount of room to disagree with each other about what constitutes a fair mechanism for capturing land value. I think by all means this is, potentially, a very good step today and I commend Deputy Kovacs for bringing this forward. But I think the devil will be in the detail and if the Council of Ministers in their current form can agree on anything, then I think this is going to be quite challenging for them.

#### **2.1.6 Deputy A. Howell:**

I too wish to commend what the Constable of St. Peter has said and I think we should not be voting for anything retrospectively because I do not believe that would be fair. Although I agree with the principle that perhaps some money should be paid to the Government, I am not convinced that we have enough detail in any of this at the moment. I am not happy this is going to be the law and we are not sure what we are voting on. We do not know what a fair-charging mechanism is. We just do not know the details. I really would rather we were not voting on this today and that we take it to Scrutiny and we all discuss it further before anything comes in.

#### **2.1.7 Deputy R.J. Ward:**

I want to speak to address what was just said and a couple of other things. I would like to start by congratulating Deputy Kovacs in working so well on this and working so well with the Council of Ministers. She is certainly better at it than me. I commend that patience and that tolerance in somebody and I am learning all the time from my new colleagues. If we look at part (a) it does say a fair charge and the change made by the Council of Ministers is a fair charging mechanism. I take on board the point made by Deputy Morel in terms of significant but, again, that is within the gift of the Council of Ministers or those developing the legislation that will come back from this to define what that is, so it is still there. Deputy Howell, that is the point of this, this is the beginning point and then the rest comes back to us and that is when the detail comes in; that is to some extent the way this has to work in order to make any change. I hope that the Deputy is listening to that explanation of where we are, and that is really quite an important thing. In terms of the timeline, I am concerned that there is a 2-year timeline and this brings me to part 3, and I hope I can convince the Deputy of St. Peter, Deputy Howell and Deputy Scott after the email we just received. Part (c), I believe, is the

most important part of this proposition and it is the most important part because what it does is it future-proofs these changes so that we do not get a rush, so we do not get a chaotic move to say, well, we will rezone land as quickly as possible to avoid any form of charge. If you do not do this, if there is any delay, it could have a really chaotic, really quite a poor system of bad decisions being made. What this says is that there are charges that are being introduced, being prepared for them and that goes with the principle behind that, which was a principle that was brought by the Council of Ministers. It strikes me as strange that there would be any opposition to part (c) when the principle brought by the Council of Ministers is that (a) and (b) will be a fair-charging system over significant increases and there is a timescale to give it time to develop. That was accepted by Deputy Kovacs in good faith and I hope that can be returned in terms of part (c) because otherwise what we are creating is a 2-year void in what we are going to do. I can see the whole thing falling apart because of that. I really think that it is such an essential thing. We are a small island, there is a limited amount of land. A lot of money is being made of that and we do need to have some sort of charging mechanism in the future. I personally would prefer a capital gains tax but it would be unlikely I have any say over the way the charging system is. I really would encourage Members to look at part (c) positively, rather than negatively. I do not see it as retrospective, more as future-proofed, as a mechanism for ... if you like it is a safety valve for the change that might be made because I think that is a really important point to hand. I urge Members to accept all 3 parts of this in the spirit of the fact that these amendments were accepted, a lot of discussion, and I think we all know that Deputy Kovacs works incredibly hard on the propositions she brings forward. I think that needs some credit as well. I would just encourage Members to vote for all 3 parts.

**The Deputy Bailiff:**

Deputy Morel, have you got a point of order?

**Deputy K.F. Morel:**

No, it was to ask the Solicitor General a question, Sir. Am I able to do that ...

**The Deputy Bailiff:**

Yes, thought you might have a question for him.

**Deputy K.F. Morel:**

Thank you, Sir. It was just with regard to part (c), if I may. It was just from a legal perspective, if we were to adopt part (c), are we capable of legally capturing the gap between now and the date the legislation comes in within the legislation? I just do not know whether that is legally possible or not.

**Mr. M. Jowitt, H.M. Solicitor General:**

Yes, it is legally possible. The position with retrospective tax provisions, at least as far as European *juris prudence* is concerned is this, they may be compliant with Article 1, Protocol 1 of the Convention on Human Rights; they may not be. It largely depends on the detail of the provision and of course to that extent there is no detailed provision before this Assembly today. There is simply a request in the proposition that the Minister goes away and works up a detailed provision. To an extent, debate at this point is somewhat sterile. The debate will have meaning when there is, if there is, a retrospective provision that is laid before the States for it to debate and consider whether it wishes to adopt it in due course. But there is nothing remotely objectionable about (c) in its present form.

**Deputy K.F. Morel:**

Thank you, Sir, and I thank the Solicitor General.

### **2.1.8 Deputy S.M. Ahier of St. Helier North:**

Firstly, I would like to thank Deputy Kovacs for her engagement with the Minister for the Environment, the Constable of St. Peter and myself in discussing the amendments. It was very productive and I hope she thought so as well. I would also like to thank her for taking it in parts as (a), (b) and (c) because I know that a number of Members are against particular parts of the proposition. She did mention in her opening speech that she was a bit disappointed about part (b) being changed, the timeline. and Deputy Tadier and Deputy Ward also addressed that, so I just have a few comments about the reasoning for that. Less than 12 months is not sufficient time to develop a new charging mechanism and implement it. A considerable amount of work is required to support the introduction of any new charge. These include, among other things, an assessment of the viability of introducing a charging mechanism on the development industry. It will also require public consultation, which is necessary for a new tax or levy. There is also likely to be a need to develop new legislation to support and enable the introduction of a new charging mechanism. There is no off-the-shelf package for a new levy or tax in existence, nor is there a pre-prepared option waiting to be implemented. Legislating for a new charge without undertaking consultation, an impact assessment, all ensuring we have the systems and processes set up to administer a charge, is likely to have unintended consequences and adverse impacts on the housing market. That brings us to part (c) of the proposition, which refers to: "The application of a charging mechanism on a retrospective basis, as the proposition proposes to apply any uplift in land value from the date of lodging of the proposition, rather than from the date the law is enacted." I do not believe that this is an acceptable course of action. We, as an Assembly, should not be seen to be implementing retrospective charges, which would almost certainly lead to litigation in some instances. This would not be a pragmatic way forward and I would ask all Members to vote against it. In the Deputy's report it states that: "The Government of Jersey has to positively intervene to profit from land value increases." I presume that the Deputy will also be considering bringing forward the introduction of capital gains tax, as mentioned by Deputy Tadier, as a form of positive intervention. This may be the start of a journey down the slippery slope to permanent reputational damage to our tax structure and it should be avoided. The report also states that: "Roughly £100 million could have been collected by implementation of such a policy." This figure is clearly not achievable, even applying the proposed 50 per cent tax on uplift, which will be punitive in the extreme. One can only imagine the headlines in the business sections of all the national newspapers declaring that Jersey was moving to a 50 per cent tax rate. This figure was not incorporated within the proposition itself but it is clear that it is the target that the Deputy wishes to achieve. The report also implies that there will be no detrimental effect to the ambitious building projects which are due to be constructed in the future.

[11:00]

This may not be the case if such a levy or charge is too extreme. Some landowners may decline to sell their fields, rather than pay exorbitant tax, thus leading to an extension of our housing shortage and thus an increase in house prices, which will be to the detriment of all prospective buyers. As somebody who has stood on a platform of no new taxes, I will find it difficult to support this proposition, even after the amendments have been incorporated into it.

### **2.1.9 Deputy S.Y. Mézec of St. Helier South:**

A few speakers have taken issue with part (c) to this proposition, including Deputy Ahier, and they have used the word "retrospective" several times. I have just looked up the technical definition of the word "retrospective", which is: "Looking back on or dealing with past events or situations." This proposition does not look at any past events or situations, it looks exclusively to events in the future; the future from this moment in time. We are not debating imposing some form of charge or tax or levy on people who have already undertaken actions and have planned their transactions and business affairs in a particular way and have contracted to that effect and have obligations resulting from that. We are only talking about people who may do so in the future from this moment in time. It would

be the Assembly saying its intentions from today. Okay, the law will not be passed but it will come back to the Assembly and we have a subsequent debate on it at that point but from today we send that message out to anyone who might be in a situation where the other provisions of this proposition could have an impact on their affairs, know what the case will be. They know the States Assembly has already resolved that that mechanism is to apply to me, therefore, I need to bear in mind that it applies to me whenever I conduct my affairs and contract on any kind of seeking planning permission or seeking rezoning or whatever. This idea that there is any kind of unfairness or unreasonableness in part (c) applying exclusively to things that are going to happen in the future, it seems to me to be the unreasonable position. We have had from the Solicitor General confirmation that that kind of arrangement is, potentially, acceptable, obviously it depends on the precise terms of it, which this Assembly will get to look at and decide on later anyway but that it is possible. I do not think it is right or fair to use the kind of language that has been used by previous speakers on part (c). It may well be retrospective at the point we debate the law but it is not retrospective today. If we do vote in support of part (c) everybody out there in the Island will know what is what. They will know what the case will be because the Assembly, the democratic decision-making body of the Island, will have resolved on it and sent that message out to those people. I do not see how there can possibly be any cause for complaints in that regard. They will know what the rules are, they can act accordingly and get on with things as they see fit on that basis. I think that that point of criticism is unfair. I hope Members will consider supporting part (c) because if you support the other parts to it and you agree in principle that you want to have a fair charging mechanism, and that is what the word is in there, it is fair. None of us are going to disagree with trying to do something that is fair. If you agree that it is fair, why would you not want it to apply to those actions that may take place from this moment until the law comes into force? You would be saying you are happy for more transactions to occur that take advantage of the lack of implementation of a fair charging mechanism in the meantime and that is to see the public, ultimately, lose out from the revenue that that could raise and the benefit that the wider public could see because of that. Also, of course risks that people try to expedite their affairs specifically to avoid having to apply by the mechanism when it is eventually introduced and, therefore, we lose out on more. Part (c) is a sensible, safeguarding measure to ensure that nobody is treated unfairly and that the public gets the maximum benefit in the meantime without losing out because of that advance notice being given. It seems that the other parts are uncontroversial and it sounds like most Members are in support of the principle of doing this. It has been a long time coming and there have been debates on this in the past. But if we can get this over the line this time, come back and debate the legislation to enact this when it comes forward, then we will be getting a lot of benefit for our constituents. It strikes me as bizarre to not want to maximise that on an entirely fair basis that focuses purely on the future and not the past.

**2.1.10 Deputy L.J. Farnham of St. Mary, St. Ouen and St. Peter:**

May I, Sir, just for the record state that my family do have landholding in St. Ouen, but there is certainly no intention to apply for any form of planning permission on them? I think referring to something the Solicitor General said, today we are really very much discussing the principle and the devil of course will be in the detail, so when that comes back, if this is approved, when the legislation comes to the Assembly for approval ...

**The Deputy Bailiff:**

Pause for a moment, Deputy. Have you got a point of order, Deputy Howell?

**Deputy A. Howell:**

If you may consider Standing Order 85, Sir.

**The Deputy Bailiff:**

Proposal to move the next item. Are you prepared to wait until the end of this speech from Deputy Farnham?

**Deputy A. Howell:**

Yes, Sir.

**The Deputy Bailiff:**

Yes. Deputy Farnham, please continue.

**Deputy L.J. Farnham:**

Whatever, while we agree the principle today and there are some quite specific requests for the Government in the principles. Of course when the legislation comes back it could not totally abide with these principles, which would be fine because the Assembly has a right to debate that separately. But I would warn the Government, and I am sure they realise that the legislation would have to be broadly based on what we are agreeing today, so it is important that we think carefully about the 3 paragraphs. I think from the Members I have been speaking to and what I have been hearing in the debate, the majority of Members are in favour of the principle of this. In paragraph (a) I think there just needs to be some clarity and I do not think it is clear, for example, I think it is slightly ambiguous when it refers to: "A significant uplift in the value of land arising from when the land is rezoned or from when planning permission has been granted." There needs to be more detail around that. I am likely to be supporting this proposition in its entirety. I might not support paragraph (c) but I will think about that when we get to the vote. Because I do think to tie something down to start from, effectively, if this proposition is proposed without knowing what we are going to end up with is probably while I understand the principle, the reason for wanting to do that, I am not sure it is politically wise to do that until we know what we end up with, what the law would look like and what scale of the land levies we end up with. I just wanted to reserve, if I may, the ability when the legislation comes back, if this is approved, to vote on that legislation as it is presented, which might not be in line with some of what we are agreeing today.

**The Deputy Bailiff:**

Thank you, Deputy. Deputy Howell, are you making a proposition under Standing Order 85?

**Deputy A. Howell:**

Yes, Sir.

**The Deputy Bailiff:**

Yes. This is a proposal to move to the next item, which would bring this debate to an end for this session. The Presiding Officer shall immediately put the proposal to the vote without a debate, as long as they are satisfied that there is no infringement of the rights of a minority and no abuse of procedure. The rights of a minority are traditionally regarded as the Presiding Officer being sure that at least 10 people have spoken in the debate and I think 12 have, although 2 are listed to speak. Deputy Gorst, you have put your light on but there is no debate on this proposition. Is it a point of order?

**Deputy I.J. Gorst:**

Yes, I am not asking for a debate, Sir, I am asking for you to remind the Assembly what the process is for the proposition should a move to the next item be approved.

**The Deputy Bailiff:**

Yes. The proposition will return when the Assembly next meets in 3 weeks' time, if that is the wish of the proposer; that is the effects of it.

**Deputy M. Tadier:**

But I do have a point of order as well but ...

**The Deputy Bailiff:**

Yes, of course. Yes.

**Deputy M. Tadier:**

Sir, sorry if I missed it but every time this happens of course there is 85(2) which the Presiding Officer gives consideration to as to whether it constitutes an infringement of the rights of the minority. I do not know if you are able to rule on that at moment but it seems to me that I have never seen an instance of when it is an infringement of the rights of the minority. Can you comment on whether you consider this to be an infringement of the rights of the minority or not?

**The Deputy Bailiff:**

The conventional approach, Deputy Tadier, adopted by successive Presiding Officers is that it is regarded as an infringement of the rights of minority if less than 10 Members have spoken before putting this to the vote; that is the traditional approach that is being taken.

**Deputy M. Tadier:**

Sir, could I put something on record because I think it is important for future reference, if not for now? Is that I do not think that is the only thing that it means, it does not say, for example, that 10 Members should have spoken ...

**The Deputy Bailiff:**

No.

**Deputy M. Tadier:**

... that is a different Standing Order. But the point I wanted to make is that the rights of the minority are important because in a future scenario - and it could be hypothetical - you could have a bipartisan system where you have one party with 70 per cent of the seats and another party with 30 per cent of the seats. Every time the dominant party will invoke Article 85, effectively meaning that the minority - and we are all in a minority in fact, whether it is Reform Jersey or an individual Back-Bencher - I think that is exactly what the right of the minority is, Sir. That for a majority to say that the minority simply cannot have their proposition heard seems to me to be a fundamental undemocratic mechanism, which you might argue, Sir, is the very essence of 85 anyway. I do not know if you can rule on it now, Sir, but would you give that further consideration?

**The Deputy Bailiff:**

I think the point you make is an entirely legitimate one and I think that notwithstanding that rule, if the position was that none of those 10 Members who had spoken had been from your party, then that would be an infringement of the rights of a minority and I have just noted that 4 Members have spoken. But the point you make, I think, is a legitimate one and a valid one. Nonetheless, that is the proposition that is being made, is it seconded? **[Seconded]** It is seconded. It will now be put to the vote without debate. The proposal is to move to the next item and I invite Members to return to their seats and I invite the Greffier to open the voting. If all Members, both present and remote, have had the opportunity of casting their votes, then I ask the Greffier to close the voting. I can announce that the proposition has been rejected: 8 votes pour **[Approbation]** 32 votes contre.

<b>POUR: 8</b>	<b>CONTRE: 32</b>	<b>ABSTAIN: 0</b>
Connétable of St. Brelade	Connétable of St. Lawrence	



Connétable of St. Ouen	Connétable of St. Peter	
Deputy S.M. Ahier	Connétable of St. Martin	
Deputy M.R. Scott	Connétable of St. John	
Deputy R.E. Binet	Connétable of St. Clement	
Deputy A. Howell	Connétable of Grouville	
Deputy M.R. Ferey	Connétable of St. Mary	
Deputy B. Ward	Deputy M. Tadier	
	Deputy S.G. Luce	
	Deputy M.R. Le Hegarat	
	Deputy R.J. Ward	
	Deputy C.S. Alves	
	Deputy I. Gardiner	
	Deputy I.J. Gorst	
	Deputy L.J. Farnham	
	Deputy K.L. Moore	
	Deputy S.Y. Mézec	
	Deputy T.A. Coles	
	Deputy B.B.de S.V.M. Porée	
	Deputy D.J. Warr	
	Deputy H.M. Miles	
	Deputy J. Renouf	
	Deputy C.D. Curtis	
	Deputy L.V. Feltham	
	Deputy H.L. Jeune	
	Deputy M.E. Millar	
	Deputy T.J.A. Binet	
	Deputy R.S. Kovacs	
	Deputy A.F. Curtis	
	Deputy K.M. Wilson	
	Deputy L.K.F. Stephenson	
	Deputy M.B. Andrews	

**The Deputy Greffier of the States:**

Those Members voting pour: the Connétable of St. Brelade, Deputies Ahier, Scott, Howell, Ferey, Barbara Ward, Rose Binet and the Connétable of St. Ouen.

[11:15]

### **The Deputy Bailiff:**

We return to the debate, the next speaker is the Connétable of St. Clement.

#### **2.1.11 The Connétable of St. Clement:**

I will be as quick as I can but I do need to point something out. Broadly speaking, I am in favour of the proposition. I think it is a good one. Mountains of money are being made and we want some of it; that is clear. But paragraph 3 is a problem because I think we are being slightly naïve, what will happen is with developers and landowners not knowing what the percentage contribution might be to this new tax, all negotiations will be frozen from this point and I just need to point that out. There will be negotiations right now and whatever those negotiations are, the minute word gets out from this Assembly that we are talking about a tax, which might be anything from 10 per cent to 50 per cent, those negotiations will stall because they will not know and will not be able to calculate how much money they are going to have to fork out in the tax. I am just pointing that out because I think everybody needs to know that paragraph (c) is a potential problem.

#### **2.1.12 Deputy J. Renouf:**

I want to begin by thanking Deputy Kovacs for engaging with Ministers over the content of P.14 and for accepting the amendments we have brought forward, despite her slight misgivings and for taking the proposition in parts, which I think is very important because it gives the option for people to agree with some parts of this proposition and not with all of them. This means we can have a cleaner, simpler debate, as indeed we have, where the main issue at stake, at least from my point of view, is part (c) of the proposition because that is the aspects over which Ministers still disagree with the Deputy. Whenever this subject comes up the media take great delight in quoting back to me a statement I made in a column that I wrote for the *J.E.P. (Jersey Evening Post)* in 2021 before I stood for election, stating that I supported a tax on the increase in land value on rezoning because it represented a “colossal unearned income” and mentioning 20 per cent as a potential figure for that tax. Gosh, I must say I was a bit of a firebrand in my youth. However, I am pleased to say that I do still support the principle of a tax on the increase in land value, although now with perhaps a greater understanding of the practical difficulties and complexities that such a policy might bring. Let me dwell on the principle though behind this proposition for a moment, if I may. The proposed charge is on the increase in value of the land due to rezoning. It is not just that this is unearned gain that I would like to point out. The point I would make concerns the source of the value in land that is rezoned. The value of land in Jersey today comes from the sum total of private and public investment over time. A very significant part of that investment is the public investment, investment in the legal system, roads, ports, healthcare, sewerage treatment, education and so on. Without these building blocks of society, paid for by taxpayers over the decades, the value of land would be much lower, as it is in countries where these investments in social and physical infrastructure have not been made and where land is indeed worth much less. I can give a simple demonstration of the principle from my own experience, when I moved from living in London to living in Cookham outside London I saw house prices in our area increase when the Crossrail development got under way, speeding up links to central London. Nothing to do with me, that was a taxpayer-funded development that ended up adding to the value of property in Cookham and to the land on which it was built. A hundred years ago a famous politician of the day made the same points in rather more colourful terms: “Roads are made, streets are made, services are improved, electric light turns night into day, water is brought from reservoirs 100 miles off in the mountains and all the while the landlord sits still.” That is from a speech by a well-known left-winger, Winston Churchill. **[Laughter]** The value of land for building is derived to a very significant degree from social investment built up over time, provided for by the States and based on guarantees of property rights and the rule of law that are also secured by Government. Therefore, I believe it is justifiable to try and capture some of the increase in the value

of that land for society, to contribute to the wider community investment from which the value of the land is in part derived. The main argument used against the idea of putting some kind of tax or levy on the increase in land value that comes from rezoning is that it will increase the cost of housing; not so. I agree with Deputy Kovacs on this. The price of housing is not set by a developer of any one development, it is set by the market. In fact it is the curiosity of the housing market that second-hand property is worth as much, if not more, than new property, which means that any new development is competing for buyers with all other homes on the market. The developer or landowner may try and recoup the money lost to tax but they will find they cannot increase the price of the homes they sell beyond what the market has already set. If I may quote from an excellent piece by Philip Syvret in the *Bailiwick Express* last week: “When assessing land values, developers work backwards to calculate residual land value. In simple terms, they look at the final sale price of the houses to be built on the site, deduct cost of building, deduct expected tax and other economic costs, deduct the rate of profit and what is left is the price they are willing to pay for the price of the land.” End quote. In other words, the effect of the tax will be to suppress the value of the land, not increase the cost of housing. We can safely reject the argument that a tax or charge would increase the cost of housing. Mr. Syvret does, however, point out another potential problem: “It is difficult to calculate the tax and because there are uncertainties about how it will be levied and at what level, it may lead to landowners sitting tight, rather than bringing forward land for development.” I draw 2 conclusions from this, first, it is vital that we get the tax or charge right, it has to be clear, it has to be easily understood and, absolutely crucially, it has to be at a level that does not deter landowners from bringing forward land for development, as many speakers have pointed out may happen. The second conclusion is that any proposed charge needs to have a lot of support, if it does not then it will be susceptible to landowners or developers seeking to undermine it. Put bluntly, there needs to be a credible commitment to maintain the tax indefinitely if it is to have a chance of success. All this needs consultation and a lot of work. That is why our amendment extends the deadline to bring forward proposals to the end of March 2025. I cannot emphasise enough, as Deputy Ahier said, there is no off-the-shelf package waiting to come into existence. We do not have examples from around the world that just can be lifted off and put into Jersey. We do not have pre-worked-up ideas of how this would work in practice. It will take time. The U.K. has been unsuccessful in introducing many different types of charging mechanism over many years to capture the uplifting land value due to grants of planning permission or rezoning. Jersey does not want to follow in these footsteps by introducing the wrong type of charge. Crucially, whatever proposals we bring forward must have regard to our other aims, which are to ensure that sufficient land is brought forward for housing, both now and in the future. I would further add to Deputy Tadier’s point that there is in practice little chance of a field being rezoned outside of an Island Plan. It can be done. It can be done but it would have to be done within the framework of the bridging Island Plan and the spatial policies therein. One further point emphasises the complexities, the bridging Island Plan includes, as has been noted by Deputy Morel, proposals for a land development levy that would be paid into a new Sustainable Communities Fund. It was envisaged that this would apply to all developments over a certain size, whether or not they involved rezoning, albeit with some exceptions. As I say, this is the issue picked up by Deputy Morel, clearly work will need to be done to see if a rezoning charge would replace the land development levy or whether it could be integrated into it in some way. Either way these are complex issues, has a lot to think about, which is why the additional time is so vital. I would also say, as has already been pointed out, that of course whatever our course of action ends up being proposed it will come back to this Assembly where it would be subject to scrutiny and the possibility of amendment. Let me turn to part (c) of the proposition. I am afraid we cannot support (c) and I would agree with comments from the Constable of St. Peter and others. It argues for a tax to be applied, not from the moment when it becomes law but from the moment this Assembly indicated its desire to have a tax. It would, therefore, apply retrospectively. Quite apart from the principle of retrospective taxation, which I do not support, there were strong practical reasons why this would be a very poor measure, and in this I must disagree with Deputy Mézec. It will be retrospective, part (c) would explicitly

capture the increase in value in any fields that were rezoned in the past for the bridging Island Plan which are sold from this day forward. It would not capture the increase in value of fields that were rezoned in the bridging Island Plan which have already been sold. It would capture, however, if the part (c) were approved, any increase in value that occurred to fields that had been rezoned in that past bridging Island Plan; that is the sense in which it is retrospective. We need landowners to bring forward the existing rezoned fields for development. Saying now that we are considering developing some kind of charge or tax, the exact nature and extent of which remains uncertain, as Constable Troy has pointed out, is as good as telling those landowners to sit tight; do not bring forward any land for development until you know what kind of tax you are going to be hit with. We are dealing with simple economics. Why would you commit to anything without knowing the costs you might incur? Now I know Deputy Kovacs may protest that the last 2 words of part (c) say: "We should only do this if possible." I am afraid I do not think that is a good enough get out clause. Part (c) of the proposition mandates us to go away and look at the possibility. While that happens, you can be sure that most landowners and developers will pause their plans. We are just adding extra political at risk and uncertainty into the equation which might require plans to be modified by developers depending on what happens. We cannot afford to have that kind of gratuitous sledgehammer thrown in the works of the urgent need to build new homes. I do understand the emotional desire to try and capture some of the uplift value for fields that have already been rezoned but not yet sold but it is not practical or wise. Apart from the objection already noted, I would make one other point which has not yet been made. We should also appreciate that it is not the case that just because there is no tax, the landowner is making no contribution to social good out of the rezoning in the bridging Island Plan. The Government is already effectively restricting the increase in land value by determining that the rezoned fields will be for affordable housing. What is more, a combination of supplementary planning guidance, the development briefs for each site and potential planning obligations agreements are all ways in which society can and will extract some value from that land that has been rezoned. It would not be fair to add in a retrospective tax to that mix as well long after the rezoning took place and it would, in all likelihood, be heavily self-defeating. The land would not come forward for development, houses would not be built and the tax would not raise any money. We need to let go of that idea and reject part (c). In summary, I am pleased to support parts (a) and (b) of this proposition as amended. They set out a worthy ambition but one which will require a lot of work to achieve but I cannot support part (c) and I urge rejection of that part. Thank you.

### **2.1.13 Deputy T.A. Coles of St. Helier South:**

One of my main points with part (b) with the expansion of the dates is it is by 21st March 2025. I appreciate everything that the Minister has been saying regarding setting up the right mechanism to capture this. However, that is the latest deadline and I would hope and urge that the Ministers would try and have something brought forward sooner than this date so as soon as possible would be greatly appreciated with part (b). I think it is worth reminding everybody within the Assembly how land is selected for the Island Plan.

[11:30]

In fact, there are assessments made and the Government approaches landowners to see whether they are willing to repurpose their land for rezoning for housing, should it meet the criteria that the Government set out, but it also asks landowners to volunteer their lands for this in the first instance as well. So at no point is anybody having a gun held to their head saying that their land has to be rezoned. They can opt out. They can say they are not prepared for it to be rezoned. However, as I am aware, one Member of this Assembly is constantly trying to buy agricultural land so he can use it for his own interests and to carry on agriculture on this Island but is frequently rejected even though he puts in, in his mind, justifiable offers but unfortunately the landowner does not always agree to that as well. There are also the mechanisms within planning to slow down development at this point but we are, as a member of the Planning Committee, constantly faced with developers wanting to

develop pieces of land which are agricultural in mind and they have to prove the redundancy of agricultural purposes. This is something that comes in with this term of “significant” because we are continuously faced with an ambiguity around the term of “significant”. We look at some designs and we are told that this forms a significant reduction, even though that is only a 20 per cent reduction. Is that significant? But then we are told this provides a significant number of homes which might only provide a single percentage of homes in a development so “significant” is a very ambiguous task but still it is open to interpretation. I hope that even a small increase which is done almost from nothing other than the Government saying: “We would like this land to become part of our built-up area” shows a significant intent to provide something so significant here is significant there. So we have to then consider part (c) and part (c) is very important because this means that anybody could be rushing out now to put their planning application in now so that can try and develop land before a levy is put in front but this could be a very large development. As Deputy Kovacs points out within her report, the field in St. John which went from a greenfield value of around £70,000 to a brownfield value of £3.5 million, that is huge. That is astronomical and, yet, that is something that the Government has to approve. It is a windfall from doing absolutely nothing but that landowner was under no obligation in which to do this. They chose to do this so why should the Government not be introducing a charge, tax, levy or whatever you would like to call it on this person who has gained astronomical value from just agreeing to repurpose the land? So I think we should be considering when that line has to be drawn in the sand and say: “No, this has been implemented. This body and its aim, if we vote on it from today, if you are going to repurpose your land, you will be subject to a levy.” I understand the worry about whether then a developer will choose to buy it. However, the developer might not be the one paying the tax. It might be the person who has sold the land to the developer. The developer is still only going to pay what the developer chooses to pay for the land. If the developer gets told: “Instead of £3.5 million, it is going to cost you £4 million so I can recover the difference in my tax”, then the developer will go: “Well, the maths does not work. Sorry, I am not going to buy your land” and so therefore the landowner does not get to sell and has to wait a little bit further on. Or the developer says: “Okay, I can afford your £4 million” and the landowner is going to have to pay more tax than he was going to have to pay before because the levy has not been introduced. I want to address Deputy Ahier’s comment though about the 50 per cent tax. Obviously, there is nothing in the proposition that says that it is going to be 50 per cent, but the fair charging mechanism is brought in, and worrying about the headline tax, one of my colleagues, Deputy Feltham, mentioned how many developers take their tax advice from the newspaper headlines and whether it be more once it has been brought in. I make this point in the sense that if the Ministers come back with a levy that is less than what we consider our baseline of tax at 20 per cent, you can be sure that there will be an amendment coming from me to reintroduce it to at least a minimum of 20 per cent and, hopefully, we can structure something a bit better and gain something for the Island of Jersey as we remove its green space but I will leave my comments there. Thank you very much.

#### **2.1.14 Deputy I.J. Gorst:**

I just wanted to add, hopefully, a bit of colour to some of the things that have been said. It is fair to say that an agreement in principle today in regard to this proposal is the easy bit because we have had several agreements in principle previously to seek to capture the uplift in value when land has been rezoned for development. This is why the Minister - and I am grateful to my 2 Assistant Ministers for the conversations that they have had - has sought to amend not only the mechanism but also the timescale because it will take time. I am not absolutely convinced that the value of land does not filter and play a large part in the overall price of housing. I know that the Minister quoted an eminent lawyer in an article in a publication. Perhaps, Sir, you will forgive me for saying this. Perhaps it is like accountants when they are talking about numbers. Depending on the client they are representing, the argument they make can sometimes be the opposite one. I have known lawyers very strongly make the case that levies such as this would go directly on to the top line of the cost of housing. So that consultation and that careful approach really does need to be taken because on

previous occasions when this was tried to be done, and I look to my left here, there have been some very strong arguments which Members have accepted that developers would simply land bank and see out what was then the Government and wait for the next one to come in to amend it so that the supply of housing was not interrupted. Developers, we know, right now are land banking and have done across the Island for a number of years, and we know that landowners do hold on to land even if it is rezoned until they can get what they consider to be a reasonable price. So it is okay for us to come into this Assembly and naïvely hope for the best. The reality of economic conditions and the way that developers work and the way that landowners might seek to operate has to mesh with the aims of this Assembly and that is why it will take some time. I look across to see the Constable of St. Clement. There were very strong representations from hotel owners that such a levy would undermine the value of their hotels and therefore undermine the leverage that they could get and mean that they would have to withdraw from the hospitality industry. So we need to go into this in principle decision today with our eyes open, and I see shaking of heads. I am supporting part (a) and (b) - I will come on to (c) in a minute - but I am doing so with my eyes absolutely open and I am slightly concerned to hear the immediate speaker in front of me saying that if, what the Government brings forward, does not meet his threshold of percentage then he will come and seek to amend it. That is absolutely his prerogative in the Assembly but it does slightly worry me that after the work that the Minister will undertake rightly, we might then see some amendment which would scupper any such levy anyway. When it comes to part (c), if the Assembly vote for part (c) as the Solicitor General said to us, there is nothing *ultra vires* in the way that part (c) is framed and the reason is because it does not say how it is going to deliver that retrospectively or whether quite it will. What that will mean is that those developers land banking and those landowners owning land will simply wait. Why would they not wait? Because if they do not wait, they will be liable to an unknown risk and an unknown liability and therefore they do not know what application to put in, how many houses to go for and what will be the best mix of housing in order to mitigate the levy. That is how developers work and that is exactly what they will do. That, I think, for all the reasons that Members have said that we should not support (c), is not that it is *ultra vires* because it is not, but the potential to put a simple block on sites coming forward is not something that we should be doing when part of the problem we face is a crisis of supply. We have to get to grips with the crisis of supply of housing. So I will be supporting the Deputy in parts (a) and (b). I recognise that this decision is really a relatively straightforward decision but difficult decisions will be down the line.

#### **2.1.15 Deputy A. Curtis of St. Clement:**

I am glad to follow the Minister for Treasury and Resources' comments, a lot of which I agree with, including that of the taxing and the increased value of land. I do not think it necessarily translates into more affordable housing and I think there are other ways to approach that. What I did want to touch on briefly was the second part of part (a), which is the increase of land value by grant of planning permission and not rezoning. Now I am wary here because I might sound to be on the side of developers which, given their reaction sometimes to me, is quite a shock and I do not want to give them heart attacks but I do want to briefly consider how often, under an Island Plan, the grant of planning permission significantly increases the value of that land. To take an example, let us think about a site within the built-up area with a single property but a large garden. Under the bridging Island Plan, that is the built-up area allowed for development and encouraged for development for properties so long as they are not overbearing, so long as they do not impact the character of the landscape and similar policies. The value of that land was baked in at the bridging Island Plan but for most sites in the built-up area, that land was baked in in the 2011 Island Plan and the 2002 Island Plan, so a developer looking to buy a site within the built-up area is not significantly necessarily gaining value from the grant of planning permission. They are buying a site without planning permission where the cost, knowing the presumption of development will be permitted on that site, will be granted. So if we take an example, let us say that plot is worth £3 million, a single house and let us say it does qualify against policy GD5 for demolition and replacement of buildings so that we

have a clean site. That site is in presumption of development of housing and they are at right to buy that for the value of a site within the built-up area. That is a longstanding understanding of what that site might be worth and many policies have not changed too much. Now say they are granted planning permission, the site will likely go up in value. Certainty increases value. You know you can develop that site but nonetheless if that site clearly would have accorded with development within the built-up area, that site would be granted planning permission if it accorded so the value of the land has not significantly increased. The value of the properties on the land and the total value of assets sitting on that land would increase because you may go from one house to 4 houses to 5 houses. However, the value of the land has not, so the reason I raise this, is these are the examples of the challenges that must be worked through through the detailed process of defining the difference between the value of land and the difference between the value of property sitting on top of land but there is a caveat to that. That will require the fair and balanced application of planning policies. If a house is approved in the green zone that does not comply with policies, someone who took a punt on that will have seen a great increase in the value of their land but only through the misapplication of planning policy. So I would briefly caution Members that when we review how to apply such a policy on planning applications, so long as the bridging Island Plan and subsequent Island Plans are followed carefully, many sites will not see significant increase in the land itself.

[11:45]

Development will create value but not necessarily from the land itself. So the devil is in the detail and I look forward to contributing to a detailed approach to this and I will be supporting parts (a) and (b).

#### **2.1.16 Deputy S.G. Luce of Grouville and St. Martin:**

I will try to be as brief as I can. Every time the Planning Department put the stamp of approval on an application, an increase in value occurs 99 per cent of the time. Certainly in the past, as Deputy Gorst referred to, I have brought forward to this Assembly a community infrastructure levy, which sought to gain a little bit of that increase in value back for government to use for community schemes. To put it in very nice terms, I got a right royal beating up in this Assembly when I came forward with that proposal but there we are. That is democracy for you. I support this proposition because, in many ways, it is seeking to do exactly what I tried to do all those years ago. The second thing I want to say is that I agree with Deputy Gorst and others that it is a little bit naïve to think that land value has no effect at all on the price of property, and I say that because I know people who have had fields rezoned and absolutely point blank refused to sell them for development because they do not need to. Anything we do which might affect the sale of plots will increase demand because we reduce supply and it can have an indirect effect. Nevertheless, I am going to support this proposition. What I do want to end on is the word “certainty” and others have used that word and I worry greatly about part (c) and I am going to explain why. It refers directly to part (a), which is a fair charging mechanism on land that is rezoned - and then the important bit - or from when planning permission has been granted and I take that to mean not just on rezoned but on other pieces of applications which may be brought forward. As other Members have said, if we pass part (c), everything will stop until such a time as the detail has been dragged out and that will mean not only will plots not be sold but nor will fields be sold for development. I think that people may well look at (a) and this last part of the sentence where planning permission has been granted. As I say, I am not going to do this large development on my property, I am not going to add value, I am not going to significantly increase the value of my property by putting in a large application to change what I own and I will wait to see what the tax is going to be because only at that point will I know whether it is right for me to move forward or not. So I urge Members to think really carefully about part (c). The unintended consequences will be that nothing will come forward for housing that we desperately need until the time that we have made that detail known to all and we can see exactly what is happening.

## **The Deputy Bailiff:**

Thank you, Deputy. If no other Member wishes to speak, I call upon Deputy Kovacs to reply.

### **2.1.17 Deputy R.S. Kovacs:**

I want to thank everyone that has contributed to this debate. Although opinions are valuable to be considered, I am also a bit disappointed on the attempt to delay it even further to move to the next item. I do not think it would create any value for any of us. At the same time, I value, as I said, the contributions from each Member and I think it adds value to the definition of fair or what Deputy Scott considered to be ethical and also what Deputy Tadier said to be proportional. On the matters that were done by Deputy Scott on the Sustainable Communities Fund and the differences in the Infrastructure and Environment Department, although the main respondent is the Minister for the Environment, as I discussed with him as well, I do not want this to be forgotten and to explore all the avenues possible and find the best charging mechanism. On mentioning that, because of part (c), the landowners might not bring this forward, again the flexibility is in finding the best mechanism by the Minister on how this can be addressed. An application, for example, can be a funding mechanism where an application brought forward sooner could be charged less as well as to give a level of certainty. Even if the legislation will take longer, the information in principle of what kind of tax or levy, that information can be made public by the time the legislation is drafted so people could know in advance, which could be a few months or a year, so it will be less than the timeframe given. There was much reference as well on the 50 per cent tax mentioned in the text of my report. That was mentioned because also in the report of the Deputy of St. Mary, which I quoted extensively, it was also mentioning it but also to address the fact that what was publicly stated before was that the Sustainable Communities Fund, which has 3 per cent tax and it could be possible to have this charging mechanism, is also not acceptable so to show that the 3 per cent is a unrealistic figure, I would say, than what I am expecting to see. I think the conversation with Ministers was going in the right direction on this and I thank them for showing openness finally for communication and collaboration with Reform Jersey and I hope this will continue. What Deputy Alex Curtis said about the planning application charging mechanism and the planning application point as well is it says the word “or” in it and the Minister has all the means to explore what is the best way with “either”, “or” or “neither” and find what the charging mechanism will be put in place. Trying to keep it short, I will address the rest of the concerns in general terms. For this, I want to make a few more references to a previous related report. A Green Paper report, R.101, from 2011 by the then Minister for Treasury and Resources mentions at page 10 with reference to fairness: “Windfall profits are those caused by factors outside of the control of the landowners such as buoyancy in the property market and the States agreeing that the piece of agricultural land may be used instead for residential housing. It can be argued that where the public has helped to create this profit, they should share in it. There is also a cost to the public in the form of the loss of the environmental benefits provided by undeveloped land.” At page 21, referencing the development gains, it says: “Using the same principles discussed above, there is an argument that the public should share in the benefit accruing to landowners from the uplift in the value of land where that uplift comes about because of decisions of the States to approve the development of land. Most frequently, an uplift in value would be triggered by the Minister for Planning granting an application for planning permission. It could also come about through the Island Plan process whereby the States votes that particular parcels of green or brownfield land may be used instead for housing purposes. The land immediately becomes more valuable once the decision has been made without the owner having done anything to cause it per se. A discussion of taxes on development gains must reflect the States’ intention to ensure the supply of affordable housing for Jersey’s population. Viewed in this light, the tax system offers one way of supporting development while also producing direct benefit to the public at large through increased tax revenues. Considerable work has been done on introducing a specific tax on development land in the past, as Oxera’s paper on land development tax shows, and it has been agreed that, in theory, be possible to levy a tax on this uplift in land values.” On the report quoted in my opening speech, it was also



highlighted ... and I am glad that the Minister for the Environment also agrees that the price of land does not drive the cost of housing. If it did, then it might be argued that the land value could affect the end price of housing. On the contrary, it is the end price which can be achieved which determines the value of land. The end price reflects scarcity and the willingness to pay from enough people who are in the market to buy a house. This proposition is about finding a way to distribute the vast private unearned gain to the public good. Also, we could see from previous mentions the communication holds no position in principle to the tax and/or there was general public support to capture some of the increasing land value after planning permission had been granted. Referring to such a tax review, there were quite a few mentions that much work has been carried out on it already or that reviews of related tax systems have been started at some point. Then surely at least some of the work carried out then can be found and used to continue on it. Despite claims that it was already being looked at, nothing happened. I hope that will change soon. The amendment from the Council of Ministers and a statement was also made on the comparison with other jurisdictions. The big difference between previous attempts to raise such a tax or levy in the U.K. and elsewhere cited in the amendment in the present situation in Jersey is clear. In those countries at those times, there was an ongoing plan for development of large swathes of the countryside into huge housing estates, new towns, out-of-town shopping malls, industrial estates and so on. For this reason, it was necessary to continue to encourage farmers and landowners continually to plan for and to make their country estates available to builders. As far as I understand the recent Island Plan, there are no such ambitions for most of Jersey's countryside in the foreseeable future, nor should there be. With reference to point (c) arguing on the legal aspects of what could be perceived as retrospective charging, I have been reliably advised that if the nature of such a charge is in the public interest, which my report highlights that it is, then it is acceptable. Also, although it might appear as being retrospective, it is not really in nature. It has not been applied in the past but from the moment of the approval in principle if this proposition part is to pass. This is something that has also been done before during COVID so it could be possible. I have mentioned before the importance of this part (c) still being in place. In the light of accepting the extended deadline in the Council of Ministers' amendment, speculative transactions could occur in the meantime and also opportunities could be missed like capturing revenue to be used for housing from any uplift of the estimated £40 million referenced from the appendix 1 of the bridging Island Plan. By using the words "if possible" at the end of this paragraph (c) it also gives the flexibility to explore if there is such possibility or not and I hope this would make it acceptable to States Members. In the end I want to quote again the relevant part of the then Deputy of St. Mary's report: "On an uplift of £50 million a modest tax of 50 per cent would yield £25 million over a period of years - a sum not to be sniffed at. And at this rate of tax the landowners would still receive an unearned windfall of £25 million. This windfall is entirely due to the Government decisions and Government policy and it is entirely appropriate that the enormous financial gain involved should come back, at least in part, to government." With that being said I hope we can agree on this work to start soon, not to continue to defer and delay and create further uncertainty. Having highlighted the considerable public gain if this proposal is passed I now call for the appel and I will take the voting in parts (a), (b) and (c).

**The Deputy Bailiff:**

So, Deputy Kovacs, do you want to have (a) and (b) and (c) separately, or (a) and (b) together and then (c)? It is a matter for you; it is your proposition.

**Deputy R.S. Kovacs:**

(a) and (b) together and (c) separately.

**The Deputy Bailiff:**

(a) and (b) together and then (c). So the first vote will be on paragraphs (a) and (b) of the proposition. The appel has been called for. Members are invited to return to their seats and I ask the Greffier to

open the voting. If all Members present in the Chamber and joining remotely have had the chance to cast their votes then I ask the Greffier to close the voting. I can announce that part (a) and (b) have been adopted: 40 votes pour, 2 abstentions and one vote contre.

<b>POUR: 40</b>	<b>CONTRE: 1</b>	<b>ABSTAIN: 2</b>
Connétable of St. Lawrence	Deputy S.M. Ahier	Connétable of Grouville
Connétable of St. Brelade		Deputy M.R. Le Hegarat
Connétable of Trinity		
Connétable of St. Peter		
Connétable of St. Martin		
Connétable of St. John		
Connétable of St. Clement		
Connétable of St. Ouen		
Connétable of St. Mary		
Connétable of St. Saviour		
Deputy M. Tadier		
Deputy S.G. Luce		
Deputy K.F. Morel		
Deputy R.J. Ward		
Deputy C.S. Alves		
Deputy I. Gardiner		
Deputy I.J. Gorst		
Deputy L.J. Farnham		
Deputy K.L. Moore		
Deputy S.Y. Mézec		
Deputy T.A. Coles		
Deputy B.B.de S.V.M. Porée		
Deputy D.J. Warr		
Deputy H.M. Miles		
Deputy M.R. Scott		
Deputy J. Renouf		
Deputy C.D. Curtis		
Deputy L.V. Feltham		
Deputy R.E. Binet		
Deputy H.L. Jeune		
Deputy M.E. Millar		

Deputy A. Howell		
Deputy T.J.A. Binet		
Deputy M.R. Ferey		
Deputy R.S. Kovacs		
Deputy A.F. Curtis		
Deputy B. Ward		
Deputy K.M. Wilson		
Deputy L.K.F. Stephenson		
Deputy M.B. Andrews		

**The Deputy Greffier of the States:**

Those Members who abstained: the Connétable of Grouville and Deputy Le Hegarat, and Deputy Ahier voted contre.

[12:00]

**The Deputy Bailiff:**

We now move to part (c) and I invite the Greffier to open the voting. If all Members present here in the Chamber and remotely have had the chance to cast their votes then I ask the Greffier to close the voting. I can announce that part (c) has been rejected: 10 votes pour, 2 abstentions and 31 votes contre.

<b>POUR: 10</b>	<b>CONTRE: 31</b>	<b>ABSTAIN: 2</b>
Connétable of St. John	Connétable of St. Lawrence	Connétable of Grouville
Deputy M. Tadier	Connétable of St. Brelade	Deputy M.R. Le Hegarat
Deputy R.J. Ward	Connétable of Trinity	
Deputy C.S. Alves	Connétable of St. Peter	
Deputy S.Y. Mézec	Connétable of St. Martin	
Deputy T.A. Coles	Connétable of St. Clement	
Deputy B.B.de S.V.M. Porée	Connétable of St. Ouen	
Deputy C.D. Curtis	Connétable of St. Mary	
Deputy L.V. Feltham	Connétable of St. Saviour	
Deputy R.S. Kovacs	Deputy S.G. Luce	
	Deputy K.F. Morel	
	Deputy S.M. Ahier	
	Deputy I. Gardiner	
	Deputy I.J. Gorst	
	Deputy L.J. Farnham	
	Deputy K.L. Moore	

	Deputy D.J. Warr	
	Deputy H.M. Miles	
	Deputy M.R. Scott	
	Deputy J. Renouf	
	Deputy R.E. Binet	
	Deputy H.L. Jeune	
	Deputy M.E. Millar	
	Deputy A. Howell	
	Deputy T.J.A. Binet	
	Deputy M.R. Ferey	
	Deputy A.F. Curtis	
	Deputy B. Ward	
	Deputy K.M. Wilson	
	Deputy L.K.F. Stephenson	
	Deputy M.B. Andrews	

### **3. Jersey Homes Trust rent increase - assistance scheme (P.15/2023)**

#### **The Deputy Bailiff:**

The next item is Jersey Homes Trust rent increase - assistance scheme, lodged by Deputy Southern. The main respondent is the Minister for Social Security. Deputy Southern has been marked excusé and has given the requisite notice to the Greffier that he wishes under Standing Order 68A(5) for Deputy Mézec to propose the matter in his absence. I ask the Greffier to read the proposition.

#### **The Deputy Greffier of the States:**

The States are asked to decide whether they are of opinion to request the Minister for Social Security, in consultation with the Minister for Housing and Communities, and as a matter of urgency, to establish a scheme for those tenants in relative low-income households affected by the Jersey Homes Trust rent increase of up to 9 per cent, whereby rent increases would be subsidised in whole or in part, for a period of up to 3 months.

#### **3.1 Deputy S.Y. Mézec (rapporteur):**

Can I just start by acknowledging Deputy Southern who we know cannot be here today. He has done all the work for this proposition and I get all the glory. I think that is a good arrangement and I am happy to do that more often. I want to refer to some of the words that are very specifically used in the wording of this proposition and then I will come back to them later to explain why they are important. The proposition specifically refers to such a scheme being for those who are in relative low-income households. That is important. It also refers to such a scheme existing for up to 3 months, and it does not specify a starting date for those 3 months. So let us just set the scene a little bit here. I think a starting point to make, which I hope is not in contention and I know the Minister for Housing and Communities does not contend this, but the rules regarding how social housing operates in Jersey could do with an update and we could do with having a better framework in place for that part of our housing sector further than what already exists in terms of some of the high-level rent policies that we already have. Work is ongoing on that and I am pleased to see that referred to

in the recent White Paper on housing, but it is still some time away from being enacted and so I do not regard it as an excuse for doing nothing now. Just over a month ago tenants in Jersey Homes Trust properties, of which there are 839, received letters to tell them that with just 3 weeks' notice their rents were to be going up and in some cases were to be going up quite substantially. Many of those homes are subjected to a 5 per cent rent increase and many are subjected to a 9 per cent increase; none are more than 9 per cent. Understandably that caused great consternation and anxiety for many of those tenants living in those homes who were shocked by this, who were not expecting it, who were offered very little time to plan for it, and in many instances had no idea frankly how they would pay for it. That was delayed by a month by the Jersey Homes Trust. A public meeting took place with residents of Jersey Homes Trust properties invited to that meeting. I chaired that meeting, the Minister for Housing and Communities was present too, and officers from the Customer and Local Services Department were there too specifically to engage in one-to-one conversations with residents if they wanted to discuss their particular circumstances and what help might be on offer. I know that they were very grateful for having that opportunity. After that meeting I met with the chair of the Jersey Homes Trust to put to him a lot of the feedback we had had at that meeting and what had privately come to me from Jersey Homes Trust residents that I had spoken to. I gave that information to him simply for him to consider how he and his trustees may wish to continue and shortly after that we were informed that the rent increase would be delayed by another 2 months, and so it is due to come forward on 1st July now, in the hope that that would give extra time for residents to get their affairs in order, find what support might be available for them, and make whatever arrangements are necessary as a result of that. That response was positive and I was pleased that they did that. I think that their apology that they have offered for the initial short notice that they gave for it is sincere and it is very clear that they regret how that was handled and have learnt lessons for the future from that, but it does not change this very basic fact which is that there are residents in those homes who will be pushed closer to the breadline because of this decision. There will be families in those homes who simply have no idea where they are going to get this extra money from to pay a 9 per cent rent increase, and there is either no or little government support on offer to them now. I was very disappointed to read a sentence in the Government's comments to this proposition, it is the second sentence in the fourth paragraph of it which says: "In addition, any J.H.T. (Jersey Homes Trust) tenant who is receiving income support will have any rise in rent covered by their income support payments." This is false. It is the case that plenty of tenants will get their income support payments increased to cover the rent increase but it is emphatically not the case that they will have any rise in rent covered by their income support payments because of potentially 2 reasons. The first of that is because not all claimants are entitled to the full income support payments because they have income from another source. For many of those people it is because they work and they claim income support to top up their incomes because their salary is not enough to cover all of their bills, but their salary is included when determining how much income support they are eligible for, and depending on what level it is some of them will have a reduced income support claim, which will not be 100 per cent uprated to cover a rent increase. Some will have their income not from working but from their pension because frankly they are done working, they have done their bit and are now trying to enjoy their retirement. The pension will not be uprated to cover a rent increase but it will still be included as income in calculating their income support entitlement. Some may have some form of disability benefit. Those are people who do not have the capacity to increase their incomes independently of income support because they are either done working, they cannot work, or they already are but are not likely to get a pay raise any time soon. It frustrates me greatly when I see that line in these comments because I do think it is inaccurate and it leaves people with a false impression that because somebody is a social housing tenant then income support just pays all their rent for them. That is not true and for many of those tenants, even if they are entitled to an increase in income support now it might not be the entire amount and they may have to find the balance from other income that they have, like their pension, like their sickness benefits, that they have no ability to increase and the Government will not be increasing them to cover the entirety of their income support payments. I

am aware of certainly at least one family who approached me, and I presume this is something that might be applicable to other families as well, but who are entitled to the full rent component but they are charged a rent in their property which is above that rent component, and so it going up means they are already at the maximum and so they will not claim it. So I am very disappointed to see that line in the Government's comments to this because it shows a blind spot to many people who are not eligible for extra help. So the purpose of this proposition is to try to target those households who, with short notice, have been told they are going to have their rent go up by up to 9 per cent and who are already living in relative low income, to help them for a few months while we consider what else can be done to support them and to give Jersey Homes Trust perhaps more time as well to consider how they may wish to handle this. In my conversations with the Jersey Homes Trust they have expressed a willingness to consider households on a case-by-case basis, depending on their circumstances, and potentially offer them a reduced rent increase if they can demonstrate that they would benefit from that and that the hardship of full increase would be too great. The problem is, doing something on a case-by-case like that will take a very long time. It is difficult to communicate with all of those households to inform them of that and arrange to meet them and go through all of their affairs to find that, and it leaves entirely possible the chance that people will slip through the cracks and not be found through that system and instead will suffer in silence. So with this proposition, accepting that it is not a perfect solution ... a perfect solution would be to have a better system of regulation of our social housing providers, not just Andium but all the trusts as well, but that is a long time away from being in force and in the meantime we face a situation where some households in those properties are going to face greater hardship during a cost-of-living crisis where they will not have the rent covered for them in the way that other tenants will do. So the intention of Deputy Southern's proposition is to ask the Government to find some mechanism of establishing some support for those households who are in relative low income - so it is not well-off people, it is people who are meeting Jersey's definition of relative poverty - to have that support for a few months while more can be done in the meantime to try to find a better arrangement and try to find a more tailored approach for those households. I think it is as simple as that, and I thank Deputy Southern for putting the proposition together and showing that initiative. I hope Members will support this so that we can help those lower income households in those homes while we find a more meaningful mechanism to support them in the future, rather than leaving them to squander for several months having faced that extra cost which they can seldom afford. I make the proposition.

**The Deputy Bailiff:**

Thank you, Deputy. Is the proposition seconded? [**Seconded**]

**3.1.1 Deputy E. Millar:**

I urge Members to reject this proposition. The need for it has fallen away following actions taken by the Jersey Homes Trust after the proposition was lodged. Along with my colleagues in the Council of Ministers, I was concerned to hear about the sudden rise in Jersey Homes Trust rents when it was first announced. I was disappointed particularly that Jersey Homes Trust had not given C.L.S. (Customer and Local Services) advance notice of the proposed increase, and I absolutely agree with Deputy Mézec that any landlord who gives a tenant 3 weeks' notice of any kind of rent increase really needs to consider their procedures very carefully and their general behaviour. That is simply not an acceptable period of notice. Any notice given of an increase in rent or any change of tenancy conditions must be reasonable and that is not reasonable in any measure. The situation demanded action and I was pleased to see the Minister for Housing and Communities worked very quickly with Jersey Homes Trust to agree a one-month delay. Since then, as Deputy Mézec tells us - and again I note the efforts of Reform to hold a meeting at which tenants were able to come along and discuss their issues and meet with C.L.S. - the Trust has reflected further and formally announced that the rent increase has been delayed to July.

[12:15]

I would just like to highlight one particular point from Deputy Southern's own proposition which will be relevant. Jersey Homes Trust rents were frozen in 2020 and 2021. In 2022 all rents for the Trust's 839 properties went up by 3.8 per cent in line with the retail price index, and this year are being kept below R.P.I. (retail price index). We do need to recognise that many landlords had no rental income at all for over 2 years and many of them have genuinely been trying to deflect the cost-of-living issues; but landlords do need to charge rent at some point. The handling of this has been poor but we must reflect that landlords need money to maintain properties and to build new ones. Jersey Homes Trust has agreed that the July date will be an annual date for any future increases. Tenants have received 3 months' notice of the uplift in rental levels and the guarantee that there will be no further increases for 12 months. While the initial actions of the Trust were not handled well - and I am not here to apologise for them - they have fully appreciated the impact of a situation and acted quickly to remedy the position. As a result, the need for this proposition has fallen away as there is now 3 months' notice of the increase. As the Minister for Social Security, I would like to remind Members that tenants in social housing properties benefit from rents that are set at least 20 per cent below the market rate. For those tenants receiving income support their benefit will rise, and I am assured this by officers so I am not quite sure where the confusion is now arising between us. The benefit will rise to cover the rent increase in full so long as the family is occupying an appropriate-sized home. Those are the rules of income support generally. In the case of Jersey Homes Trust, around half of the 840 tenants already receive income support. The staff at Customer and Local Services have been working with Jersey Homes Trust tenants over the last few weeks to ensure that they receive any benefits they are entitled to, including opening new income support claims as needed. It may be that these interactions with C.L.S. will have led to further and new claims for the Community Costs Bonus - the Chief Minister mentioned this yesterday - and I would remind everyone who has tenants or constituents struggling with the cost of living that the Community Costs Bonus for the 2022/2023 period remains open to be claimed until June. I would encourage you to ask constituents or anybody you know who needs that support to consider coming forward to claim that benefit if they have not already done so. In any event - and this is my issue - to create an ad hoc scheme to cover a particular group of tenants will create inconsistency and will set a difficult precedent. It may in fact be counterproductive to any attempt to contain increases in rent. If Government subsidises rents why would any landlord not make an increase as they see fit. To give a full picture I would also mention that the income support system does also support private sector tenants and the maximum support available to those tenants rose by 18 per cent in January this year. Income support levels and the income support component also went up in January this year, again I think by above an inflationary measure. The proposition requests a short-term scheme to support tenants for up to 3 months in response to a rent rise which was originally proposed with very little notice. That rent rise has now been delayed from April to July, giving tenants a full 3 months' notice. I can only emphasise again that those tenants who are struggling should go and speak to Customer and Local Services to see that they are being fully supported to the extent we can, but to create an ad hoc scheme and pluck things out of the air will be very, very difficult for us all to manage in future. In any event, the rationale for the proposition no longer stands and I ask Members to reject the proposition.

**The Deputy Bailiff:**

Thank you, Deputy. Does any other Member wish to speak on this proposition? Was that a financial penalty for Deputy Farnham? Usual contribution please.

**Deputy L.V. Feltham:**

Before I begin, although it is not a personal interest I will declare that my mother-in-law does live in a Jersey Homes Trust property and may well benefit should this proposition pass, depending on the rules. So if you are happy for me to continue on that basis?

**The Deputy Bailiff:**

Yes, of course.

### **3.1.2 Deputy L.V. Feltham:**

What that does give me is a bit of understanding into the situation that tenants within the Jersey Homes Trust properties may well be finding themselves in. People that are placed within the Trust properties have been done so via the Social Housing Gateway. Now, very often when people are going via the Gateway it is a case of taking what may well be available, and in different circumstances somebody may well have had a property offered to them by Jersey Homes Trust or another trust such as Les Vaux, or an Andium property. I do take issue with the words of the Minister for Social Security when she says that the need for this has fallen away. The reason for that is it has kind of been purely luck of the draw as to who has encountered this high rent rise this year and who has not who lives in social housing. Also a number of those people, depending on when they were placed within a property, their circumstances may well have changed and their circumstances may well put them in a situation where they are living in relative low income and yet they are above the threshold to receive income support payments. These are the people that will be suffering the most from this particular rent rise and it is a real shame that the Minister and her Assistant Ministers were unable to attend the meeting at the Town Hall and instead a middle grade civil servant was left to answer questions there and hear the stories directly.

### **Deputy E. Millar:**

Can I just address that criticism?

### **The Deputy Bailiff:**

Well, you ...

### **Deputy E. Millar:**

I passed my apologies. I had an existing appointment, as did Deputy Ferey, and we passed our apologies and those were accepted. I did not simply not attend.

### **Deputy L.V. Feltham:**

I did not agree to give way.

### **The Deputy Bailiff:**

No, you did not agree to give way and next time I think it is important that we ask the speaker if she wishes to give way.

### **Deputy L.V. Feltham:**

Just to clarify, I said it was a shame that those Ministers to hear those comments directly from the tenants of the Jersey Homes Trust. Sorry, I have lost my train of thought there due to that interruption, but the point I was making is that it was a kind of lottery as to which tenants in social housing have received which rental increase. For example, I have seen a letter from a tenant at Les Vaux Housing Trust, and again I will disclose that was my mother's letter, Les Vaux Housing Trust have mainly set their rents at 65 per cent of the market rate. Their rents are lower than the residents will be facing in other properties maintained and owned by the Jersey Housing Trust. Similarly, Andium, if we compare the price of a one-bedroom flat in Andium ... and, handily, in the answer to my written question to the Minister for Health and Social Services, you have mentioned that the price rating of a one-bedroom Andium flat at the moment is £880 per month. The current rate of rent for a one-bedroom flat in Berkshire Court, which is a Jersey Homes Trust property, is £943 per month. I think we can all appreciate the difference there. Added to that, Berkshire Court - which is one of the properties that we are talking about now - has not been updated in many years, whereas Westaway Court, the property that the written question referred to, has just been refurbished, so make of that what you will. My point is that the residents in Jersey Homes Trust properties find themselves in a



different position to similar people to themselves through no fault of their own. We know that we have a broken housing system. We also know from oral questions yesterday that there are currently no agreements with social housing providers, and it is those lack of agreements that have led us to a position as to where we are today and the need for this proposition to be debated, and I thank Deputy Southern for bringing this proposition. Deputy Kovacs I am sure will be able to provide more information with regard to social security but I just wanted to reiterate some of the comments that Deputy Mézec made about the fact that a number of people that are living in these Homes Trust properties are not receiving their full rent via income support. That is simply not true, and I know a number of those people. So I hope that the Minister for Housing and Communities will speak and will also reference some of the stories that he heard at the Town Hall about the hardship that these people will be facing, and I urge Members to support this very short-term measure of help while we resolve some of those longer-term issues that still happen within our social housing provision.

**Deputy M.R. Scott:**

This perhaps is a point of clarification I would like to ask of Deputy Mézec because ...

**The Deputy Bailiff:**

Deputy Mézec, no, he finished speaking some time ago.

**3.1.3 Deputy M.R. Scott:**

No, okay, I will just comment on this proposition. It is unclear to me because it says that rent, it is asking that rent increases would be subsidised in whole or in part for a period of up to 3 months and at the same time I see that the press reported that Jersey Homes Trust delayed for 3 months from April to July any rent increases. So if we are talking about that period of 3 months then it seems to suggest there are no rent increases. However, I will be talking about that period of 3 months, are we talking about a different period of 3 months or up to 3 months. So I just would like a bit more clarity about what I am being asked to vote for. So I would be grateful if perhaps Deputy Mézec could address that in his closing speech and explain why.

**Deputy S.Y. Mézec:**

As the Deputy just referred to me, am I allowed to clarify my own speech at this point since she referred to me?

**The Deputy Bailiff:**

No, you can when you make your final speech in due course. Does any Member wish to speak on this proposition?

**3.1.4 Connétable D.W. Mezbourian of St. Lawrence:**

I would like to ask you to make it clear to us, because I have to stand as a confused Member of the Assembly regarding this proposition because it is asking us to vote, I believe ... I see Deputy Mézec is shaking his head, so I would like you to tell me exactly what I am meant to be considering. Having read the proposition, it says: "Whereby rent increases would be subsidised in whole or in part for a period of up to 3 months." So maybe I am confusing myself because we are being told that there is a delay in the rental increases being put into place for 3 months. So I will take this as my speech if you would like me to. I listened to what the Minister for Social Security said and she said: "Do not vote for this because the 3 months is in place, because on 1st July the rental increase will not come into play until 1st July." Now I read this again, we are being asked to decide whether to request the Minister for Social Security, in consultation with, and as a matter of urgency, to establish a scheme for those tenants in relative low-income households affected by the rent increase of up to 9 per cent. To subsidise in whole or in part for a period of up to 3 months. I am looking towards Deputy Mézec.

[12:30]

**The Deputy Bailiff:**

The position is, if I can assist you, and I do not want to take anything away from anything that has been said. What you have been told by the Minister, which everyone accepts, is that the coming into force of the additional rent was delayed by 3 months, everyone knows that, but the proposition is still asking for a scheme to be introduced to subsidise rent increases for a period of up to 3 months. The proposition still stands, notwithstanding that fact that the Homes Trust has delayed the introduction.

**The Connétable of St. Lawrence:**

Yes, thank you.

**Deputy M.R. Scott:**

But what period of 3 months? Are we talking about 3 months starting from July? Because we cannot ...

**The Deputy Bailiff:**

The proposition simply says for a period up to 3 months.

**Deputy M.R. Scott:**

Okay, but the proposition does not say that, so I am afraid it was not clear, it could have been 3 months starting from December.

**The Deputy Bailiff:**

It simply says for a period of up to 3 months. Perhaps the confusion has simply arisen by the fact that there are 2 references to 3 months. But the proposition does not require a great deal of interpretation, it simply stands as it is and I am sure Deputy Mézec will explain it again in his closing speech to you.

**The Connétable of St. Lawrence:**

So I am still a little bit confused, because I heard the Minister say: "Do not support this because it is not going to come into effect until 1st July and so therefore they have had an additional 3 months to not pay their rent. So I am going to ask 2 things, I am going to ask Deputy Mézec to clarify everything when he sums up, so that is when we are able to be really clear about things and will know finally, if we do not know now, which way we are going to vote. I am going to ask the Assistant Minister for Social Security to speak - I am sure he was going to anyway - and to clarify whether Social Security do intend at any time to subsidise in whole or in part for a period of up to 3 months the rental increase that the tenants of the Jersey Homes Trust are facing. It seems to me, from reading the report, that there are tenants in 839 homes across 24 estates, so we do not know how many people directly are paying rental increases. It is all confusing. I found Deputy Feltham's words interesting because of course it is a bit of a lottery, is it not, when you go into the Housing Gateway, you do not know, if you are allocated a home, whether you are going to be with Les Vaux or with Jersey Homes Trust or Christians Together, I cannot remember the name of the other one. You do not know to which trust you may be allocated or even indeed whether you will be placed in an Andium home, because they are Gateway as well. Therefore you do not know until you get your tenancy agreement at what level your rent would increase on an annual basis. So I know that the Minister for Housing and Communities will probably speak to address this, and I am sure it is something that he will be looking at, and we will be having I think an in-camera discussion on it potentially. These are issues that can be raised at the next sitting. So, from standing to ask you to clarify things, I am not sure if I am any more certain or clear or if I have confused Members maybe a little bit, but at least I have made a contribution.

**Deputy M.R. Scott:**

But just to clarify, at the time this proposition was filed, was it that it was intended to address the period from April to July and then the Housing Trust said those increase would not occur, so the intention has changed so it is 3 months starting from July? I just would like the Deputy to address that please.

**The Deputy Bailiff:**

Yes, I do not want to say too much, Deputy Scott, I do not want to be expressing any views on the politics of this. Deputy Mézec will deal with that when he addresses you in his final submissions. But obviously the proposition itself can have no effect until the rent increases do take effect. So it has effect for the first period of 3 months when those rent increases occur in July, if that helps you.

**3.1.5 Deputy M.R. Ferey:**

Just to clarify the income support question, anyone, provided they are housed appropriately, will have the rent increase covered by their income support payments. People who have part of their rent covered by income support will still have the increase in rent covered by income support payments. Those 2 groups of people are completely covered by this rental increase. Equally, there are some individuals who currently do not qualify for income support and the effect of this rental increase will bring them into the income support net. That scheme is designed specifically to make sure that people have a standard of living, a basic standard of living that is going to be affordable for them. So all of those people, providing they are appropriately housed, will have their rise in rental covered by their income support payments.

**Deputy R.J. Ward:**

Sorry, I genuinely do not like to interrupt because I know it throws people out.

**The Deputy Bailiff:**

Will you give way?

**Deputy M.R. Ferey:**

I will give way.

**The Deputy Bailiff:**

It is a point of clarification, is it?

**Deputy R.J. Ward:**

Thank you, Deputy, because I know how annoying that is; it has happened to me a lot. I just need to ask, does the Assistant Minister know how many people specifically that will be and how many people specifically will be left without having the increase in their rent covered because they are just on that margin?

**Deputy M.R. Ferey:**

Yes, so I do not have the specific numbers, but obviously we do not know what we do not know. So we are still reaching out to J.H.T. tenants because until we have made those assessments we do not know how many people will fall into the income support net. So that work is going on. But also to address Deputy Feltham's point about the level of rents, my understanding is that J.H.T. rents are very much lower than Andium rents. They are in a position where they are trying to catch up to where their rents should be, but my understanding is that they are very much lower than Andium rents as it stands. That obviously does not bring comfort to people who have a budget and are working towards that, but they plan to make further investments into their properties and part of the way that they will do that of course is by gradually increasing the rents. I think everyone can agree that the way it was done was not appropriate, the timing was bad. But they have taken that feedback

on board and are now working closer to make sure that their tenants at least have this brought in, in a way that gives them adequate notice.

### **3.1.6 Deputy D. Warr of St. Helier South:**

If ever there has been an advocate for an updating of the Residential Tenancy Law, this conversation, this debate, has proven that once and for all. I am pleased to say I really do hope this in-committee debate in the first week of May ... I do urge the Assembly Members here to read that paper. It is a really important paper because it draws out all these very issues, which have been discussed here today. So just to come to the point, the Minister for Social Security, I absolutely back her commentary. Because what we are in danger here of doing is bringing in piecemeal legislation and this is the whole problem with the whole housing issue over the years is piecemeal, piecemeal, piecemeal. Even sadly I am frustrated with Deputy Mézec's proposition at the next Assembly as well because it is a further attempt at bringing in piecemeal legislation. We have to bring in a wholesale change through the Residential Tenancy Law. It is really important to make that point. I just want to come back to those unfortunate people who were so distressed, who are in the Jersey Homes Trust. I was absolutely there, I saw that distress, it was really poor showing by the management of Jersey Homes Trust, and that has all been recognised. Thankfully they have taken on board my request to delay for 4 weeks and have obviously increased that by a further 8 weeks. The whole point is, and this issue around this 3-month delay, has just been absolutely highlighted here. They have delayed by 3 months and there is ongoing work with the tenants. So work is in progress on those points. I am really not sure I need to say much more. I think the reality is we need to get an updated Residential Tenancy Law in place, which encompasses both social housing and the private sector. That is what this Government is intending to do. I would like to see that new legislation with the help and assistance of this Assembly by the first quarter of 2024. So I really urge Members to read the White Paper, to research it. If you have any questions you want to ask me, I really encourage you to come out and ask me those questions. It is open for 8 weeks - the next 8 weeks - for consultation. I really urge you to read it through because this debate has absolutely highlighted all of those issues, all of those problems, and the dangers of bringing in piecemeal legislation. I urge Members to reject the proposition.

### **Deputy R.J. Ward:**

May I ask a point of clarification at the end of that speech?

### **The Deputy Bailiff:**

Yes.

### **Deputy R.J. Ward:**

Which piece of legislation is the Minister talking about?

### **Deputy M.R. Ferey:**

The potential for this proposition. What is it then? Can we explain what it is?

### **Deputy R.J. Ward:**

Can I just say, my point of clarification was the question? I am asking the Minister for Housing and Communities which piece of legislation he just talked about repeatedly in his speech, I wonder if he can answer that?

### **Deputy M.R. Ferey:**

As far as I understand, we are trying to make some special rules for the Jersey Housing Trust. Is that not an amendment to existing rules? Maybe I am misunderstanding it. Maybe if you could clarify it from the Chair?

### **The Deputy Bailiff:**

This is a proposition and it is an invitation for the States to express an opinion on the creation of a new scheme, it is not legislation in itself.

### **Deputy M.R. Ferey:**

My apologies in that case.

### **3.1.7 Deputy R.J. Ward:**

Therefore we just heard an entire speech from the Minister for Housing and Communities mentioning legislation that does not exist. That is important because we are talking about a simple short-term scheme to assist real people in their lives right now who are suffering and will have trouble paying their rent. Now that has been delayed by 3 months. But, as an Assembly, we should not be happy and go away and smile at each other and be happy with ourselves by saying: "It is okay, they can be a bit poorer in 3 months' time." This is about enabling people to live their lives effectively and not face a large rent increase. Deputy Southern brought this because he has spent his entire career trying to support people that way. This delays for another 3 months, on top of those 3 months, and let us give you some examples. The Assistant Minister for Social Security does not know who will be assisted by Social Security yet. So for another 3-month scheme it gives the Social Security Department another 3 months to encourage those people to come forward and assist them. That is a positive thing to do. A simple scheme to assist so that our Social Security schemes can be more effective if it is there and it is working, not a problem. There is an issue that rents are driving more and more people on to income support even though they are working full-time. And one of the residents have said, I have heard them say: "Well I cannot keep taking on more jobs to pay my rent. I cannot work any more hours in the day", was the line we got. We heard that in the evening when people came along.

[12:45]

So what we can do though is we can come up with ad hoc schemes like rent-a-room and give thousands and thousands and thousands of pounds to people who already own and will make more money out of Government when they already have somewhere to live and they are not paying their rent, they are making rent out of someone else. That is okay in this Assembly. We can do that. But as soon as it is suggested that we help a small number of people who are facing genuine hardship in the next few months, what do we get: "We cannot come up with an ad hoc scheme, oh no, we cannot do that." That is a contradiction that we see again and again and again. There is a simple decision to be made in this Assembly today. Let us not overcomplicate it. It is not legislation. It is a simple scheme and I am disappointed that understanding is not there. It is simply worded in the proposition and, as was suggested, this can only start when the rent increase takes place and that is going to be in a few months' time. So therefore 3 months when the increase takes place. You know what we might achieve here today? It is to assist some people on this Island with a better life for an extra 3 months. Perhaps help some of them get to Social Security and income support who do not want to be involved with income support because they have a great deal of pride. There is nothing wrong with income support; I totally agree, it is necessary because of the huge cost of living on this Island. Often you cannot work enough hours in the day in order to get by. That is where we have got to. But we can wait and let us not go into that. So I urge Members to really think again, if you are listening to and accepting this argument that we cannot do this ad hoc scheme, it does not work, we are back to Chicken Little politics again, the sky will fall in if we assist some people for a few months. Yes, we need to address rent increases. Yes, we need to address cost of living. The Minister, the White Paper, yes, great, it has a huge number of our policies in it, of course we will accept it, it is great. But let us get on with it then. Do we need the in-committee debate or shall we just bring some legislation and let us get on with it? I do not know. To me, leadership is about bringing forward your ideas, not looking for everyone else's, but there you go. That is a different thing entirely. But

in this case, this is a simple, simple proposition for a simple, simple scheme to support some people for a little while longer and help them with that extra little bit of time. It may mean that some of them can sort out their finances, I do not know. I mean I am sceptical about that because there is only so much in the pot that you can take out. You can rearrange it as much as you want, but people are still struggling with regards rent increases. There was something that was said that I must correct, I meant to do a point of clarification, the words used were landlords had no rental income for 2 years. Well they did. They did not have rental increases for 2 years. We are talking about increases in rent. People are still paying their rent now by the way in this 3 months, they are just not paying the increase yet. We can increase that today, that length of time when they are not paying the increase, if we want to take that action in this Assembly. If we do not and we want to say to these people: “No, you have had long enough, just get on with it”, that is fine. I do not want to do that. So I urge people to think very carefully about supporting a very simple scheme to help real people in their lives right now and for an extended period of time.

**Deputy M.R. Ferey:**

Can I call the adjournment please?

**The Deputy Bailiff:**

The adjournment is proposed.

**Deputy L.J. Farnham:**

I would like to propose, as there are not too many Members, that we aim to finish before the lunch recess?

**The Deputy Bailiff:**

Perhaps to assist, can I invite Members who wish to speak in this debate to put their lights on so I can take a note of how many there are? How many more Members wish to speak in this debate? Deputy Kovacs wishes to speak and Deputy Farnham, so just 2 Members left to speak. Do you want to take your proposition?

**Deputy M.R. Ferey:**

I am happy to withdraw the proposition then.

**The Deputy Bailiff:**

Yes. So, Deputy Farnham, your proposition is to continue.

**Deputy L.J. Farnham:**

It is.

**The Deputy Bailiff:**

Is that seconded? **[Seconded]** Does any Member wish to speak on that proposition? That proposition then is adopted if there is no objection.

**3.1.8 Deputy R.S. Kovacs:**

I will not be long. I just want to clarify the points about the income support. Because the Ministers have maintained that anyone that is on income support and suitably housed then their full rent increase will be met, as in their comments. As someone that worked in income support, I can confirm that is not correct. Jersey Homes Trust, although it is in the social housing, it does not have the same cover for housing like the Andium, which has a different regime. For Jersey Homes Trust, they are like with social housing, there are thresholds on the accommodation that are met, but with the Jersey Homes Trust you take the rent increase, you do not cover all like with Andium, and what is then put in the final outcome, it is entitled for income support, it is addressed. So from £100 to £200 increase

in rent, the people that are on income support on Jersey Homes Trust, they might just get a few pounds extra on it. So that is all I wanted to clarify.

### **3.1.9 Deputy L.J. Farnham:**

I just wanted to be absolutely sure. This is simply requesting some financial support for just 3 months to help tenants through and the total cost of that is likely not to exceed £250,000. I just wanted that clarified, if that could be clarified in the response.

### **The Deputy Bailiff:**

If no other Member wishes to speak, I invite Deputy Mézec to reply.

### **3.1.10 Deputy S.Y. Mézec:**

In response to the last speaker, yes to both counts; hopefully that is clear. Can I start by apologising to Members if in my opening remarks I was not clear enough. I can see that some confusion was caused by the wording of some of this. I did clarify that in the wording of the proposition when it refers to a period of up to 3 months it does not itself in the proposition specify a starting date, it refers to rent increases, so I think it is implied that the starting date is the date that rent increases, whatever that may be. At one point it was to be 1st April, at another point it was to be 1st May, and now it is to be 1st July. So I think the wording gave the flexibility to give a starting date at the point at which the rent increases. So that is the time period. That is why it was extremely disappointing that the Minister for Social Security started her speech, and I wrote down these words to be absolutely clear when I refer to them, she said the need for it has fallen away. No, it has not. It simply has not fallen away. Because on 1st July there are people in our community who are suddenly going to be hit with a big rent increase that they do not know how they are going to afford. The rent increase being delayed by 3 months, for those people, is not that much consolation, to be told: “You are going to be poor from 1st April. Oh, no way, you are going to be poor from 1st July”, is not that much consolation. It is a slight reprieve but certainly not a permanent one. I really cannot stress this point enough, and Deputy Kovacs helpfully explained this as well, but it is not the case that income support foots the bill for all of these people. It just is not. They will for lots of them and that is good, and I have already spoken to some of those tenants who have taken their notice of rent increase to C.L.S., showed it to them, it has all been sorted, no problem. But it is not the case for everyone. For some people some complex calculations will have to take place to take into account what income they are getting from another source, like their pension, like their employment income, like their disability benefit, it will go through some calculator and the figure that comes out at the end of it will not be the full amount that their rent has gone up by. The outstanding balance from that will have to come from somewhere and for some of those people they do not have a clue where that is going to be. Because they are already towards the breadline. This proposition specifically refers to helping those who are in relative low-income households and the term “relative low income” is a euphemism, it means relative poverty. That is what it means. It means people who are already living beneath 60 per cent of median income in Jersey. These are people who are struggling, who do not have the agency to increase their incomes through other mechanisms, and what mechanisms currently do exist are not going to support them fully. This is people who will have to make some very difficult choices for their budgeting. People who frankly already do have to make difficult choices, because they are probably already in rental stress. They are unable to increase their incomes from other sources and we hear stories. I have spoken to parents who are concerned about how they are going to provide the best upbringing possible for their children because they will not be able to afford things to support them that they already struggle to support them with, whether that is new clothes, whether that is the healthiest meals they can prepare for them. They are already struggling. So that is who this is about. I beg the Minister for Housing and Communities, if he could just try to do a bit more homework before coming to these States Assembly sittings, because he referred multiple times in his proposition to piecemeal legislation and this debate is not about legislation, complete red herring; there is nothing

in this proposition that refers to legislation. He made a reference, frankly an irrelevant reference, to an upcoming proposition that I have lodged that he describes as piecemeal legislation, which is not piecemeal legislation because it refers to wider work that is going on for those elements to be slipped in. It specifically refers to the wider work to be a part of it. So it is not piecemeal. He really ought to do his homework before coming to this Assembly and making inaccurate statements like that. As things stand, there are some people who are going to find their lives more difficult from 1st July and we have the ability, in the context of all of our government spending, a very small amount of money that could be allocated to provide some reprieve for them for a few months while some more work can be done to target those people who may end up suffering hardship because of this, to help them find those solutions and to help them get into a better position where this 9 per cent rent increase is not going to hurt them so much. We find amounts of money for all sorts of things to spend on. Deputy Ward referenced some to do with the rent-a-room scheme, nothing to do with hardship in that, and now we are talking about hardship and suddenly that is so controversial. We could easily source that if we choose to and then get the wheels in motion for a scheme to be put in place temporarily to help those people a bit more. I am disappointed that we have a debate where so much misinformation has been allowed to purvey into this debate, to confuse things. To say things like the need for it has fallen away when it has not. To talk about piecemeal legislation when this is not about piecemeal legislation. This was meant to be a debate about whether we help some of the poorest people in our community to be relieved for a little bit longer while better solutions can be found for them in the meantime. I hope if Members understand that point of what this proposition is about, understand that there is need, that it is not all covered by the systems that currently exist, and that with no action some people will simply be a lot worse off and there is nothing they can do about it and it is not their fault. That is what this ought to have been a debate about and I hope if Members would like to see something done to help those people then they feel that they can vote for this proposition. But I certainly ask them not to vote against a proposition on the basis of a misunderstanding of what it is all about and who the people are who are affected by it and their circumstances. So I call for the appel.

**The Deputy Bailiff:**

Thank you, Deputy, the appel has been called for. Members are invited to return to their seats. I ask the Greffier to open the voting. If all Members present and joining remotely have had the chance to cast their votes, then I ask the Greffier to close the voting.

[13:00]

The proposition has been rejected: 18 votes pour and 23 votes contre.

<b>POUR: 18</b>	<b>CONTRE: 23</b>	<b>ABSTAIN: 0</b>
Connétable of St. Lawrence	Connétable of St. Brelade	
Connétable of St. Martin	Connétable of Trinity	
Connétable of St. Clement	Connétable of St. Peter	
Connétable of Grouville	Connétable of St. John	
Connétable of St. Ouen	Connétable of St. Mary	
Connétable of St. Saviour	Deputy K.F. Morel	
Deputy M. Tadier	Deputy M.R. Le Hegarat	
Deputy S.G. Luce	Deputy S.M. Ahier	
Deputy R.J. Ward	Deputy I. Gardiner	
Deputy C.S. Alves	Deputy I.J. Gorst	



Deputy L.J. Farnham	Deputy D.J. Warr	
Deputy S.Y. Mézec	Deputy H.M. Miles	
Deputy T.A. Coles	Deputy M.R. Scott	
Deputy B.B.de S.V.M. Porée	Deputy J. Renouf	
Deputy L.V. Feltham	Deputy R.E. Binet	
Deputy H.L. Jeune	Deputy M.E. Millar	
Deputy R.S. Kovacs	Deputy A. Howell	
Deputy M.B. Andrews	Deputy T.J.A. Binet	
	Deputy M.R. Ferey	
	Deputy A.F. Curtis	
	Deputy B. Ward	
	Deputy K.M. Wilson	
	Deputy L.K.F. Stephenson	

**The Deputy Greffier of the States:**

Those Members voting pour are: the Connétables of St. Lawrence, St. Martin, St. Clement, and Grouville, Deputies Tadier, Luce, Rob Ward, Alves, Farnham, Mézec, Coles, Porée, Feltham, Kovacs, Andrews, and the Connétables of St. Ouen and St. Saviour and Deputy Jeune. The Members voting contre are: the Connétables of St. Brelade, Trinity, St. Peter, St. John, and St. Mary, and Deputies Morel, Le Hagarat, Ahier, Gardiner, Gorst, Warr, Miles, Scott, Renouf, Millar, Howell, Tom Binet, Ferey, Alex Curtis, Barbara Ward, Wilson, Stephenson, and Rose Binet.

**ARRANGEMENT OF PUBLIC BUSINESS FOR FUTURE MEETINGS**

**The Deputy Bailiff:**

Thank you, Greffier. That concludes Public Business for this meeting and I invite the Chair of P.P.C. (Privileges and Procedures Committee) to propose the arrangement of public business for future meetings.

**4. The Connétable of St. Martin (Chair, Privileges and Procedures Committee):**

The arrangement for public business for 2nd May 2023, there has been one change since the publication of the Consolidated Order Paper. The amendments to Standing Orders governing remote participation have been lodged and listed for 23rd May. For the next meeting I understand that the Minister for Housing and Communities would like to dedicate half a day to the in-committee debate. In light of this, and even though there is only one proposition, Rent Control Measures P.18/2023 lodged by Deputy Mézec, listed for the next time, Members should expect to sit on the Wednesday.

**The Deputy Bailiff:**

Are Members content to proceed as proposed by the chair of P.P.C. in respect of the next meeting of the Assembly? Accordingly, the States stand adjourned until Tuesday, 2nd May, at 9.30 a.m.

**ADJOURNMENT**

[13:02]