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By email

3rd September 2024

Dear Chair,

Draft Agriculture (Loans) (Jersey) Amendment Regulations 202-

Thank you for your letter of 23rd August, in which you provide a number of questions relating to the Draft Agriculture (Loans) (Jersey) Amendment Regulations 202-. I have set out answers to each of these questions below:

1. *how marine based ventures may be supported through loans in the future, given the prescriptive nature of the Regulations towards agricultural land based operations;*

Under the current regulations four marine businesses (fish farms) are able to access the loan scheme, hence it is the intention to revise primary legislation and regulations as part of our legislative programme in 2025 to enable the fisheries sector to access the scheme in the same manner as land based operations – this will add a further potential 40 to 50 ventures (the estimated maximum size of the commercial fishing fleet) which may be supported through loans in the future.

2. *if interest rates of loans from the Agricultural Loans Fund will change in the future and clarification of the meaning of “creating a minimum interest rate” (indicated during our Public Hearing of 11th April 2024);*

The proposed standard interest rate to be charged on an agricultural loan will change from 6.5% to 3% [if the States Assembly adopt the proposed amendment to the current Regulations], though the Minister retains the ability to charge interest on agricultural loans at a higher rate (hence the meaning of “creating a minimum interest rate”).

The reduction in interest rate makes the Agricultural Loan rate more compatible with the prevailing Bank of England base rate (Bank Rate) (currently 5%) and this could be amended further via future Regulations should any substantial change in the Bank Rate prompt a revision of the Agricultural Loan rate in the future.

3. *how the proposed interest rate of 3% was calculated, if other rates were considered; what consideration was given to the affordability of this interest rate from a government point of view and to the sustainability of the Agricultural Loans Fund now and will be given in future calculation;*

The proposed interest rate was calculated on the basis that the Bank Rate currently sits at 5% and the intention of the scheme is to provide loans at a rate of interest which is advantageous to applicants to promote investment in this sector – noting that when the Fund was introduced with an interest rate of 6.5% the Bank Rate was in excess of 10%. The 3% rate was suggested as a reasonable balance between incentivisation for business and affordability from a Government perspective, with the expectation that the Bank rate will likely reduce further in the immediate future.

4. *the largest amount of loan that may be issued without approval of the Minister for Treasury and Resources and if this will change;*

Current regulations state that borrowing by any enterprise in excess of £150k on the scheme (whether one or more loans) will need the approval of the Minister for Treasury and Resources. This is likely to change and be increased, to a level not yet determined, when primary legislation and regulations are next updated.

5. *what actions will be undertaken to ensure that views from those with experience within the agricultural sector will be garnered by the Board given the draft Regulations would not necessitate the inclusion of individuals from the agricultural sector.*

The Board appointed by the Minister via [R.137/2024](#) includes three temporary appointments of Government of Jersey officers. This will allow for the re-establishment of the Board and agreement of process alongside the forthcoming changes to the Regulations. Once this process has been completed, the three Government members will stand down and be replaced by three independent members to represent the industry in accordance with Article 3(2)b of the Regulations. As Minister I also meet regularly with the sector and host quarterly meetings of the Rural Forum to discuss emerging issues and policy.

I hope the above information provides clarity to the areas you have raised.

Yours sincerely,



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