

# STATES OF JERSEY

## Environment, Housing and Infrastructure Scrutiny Panel Infrastructure Levy

**THURSDAY, 9th NOVEMBER 2017**

**Panel:**

Deputy D. Johnson of St. Mary (Chairman)

Deputy T.A. Vallois of St. John (Vice-Chairman)

Connétable S.A. Le Sueur-Rennard of St. Saviour

**Witnesses:**

The Minister for the Environment

Chief Officer, Department of the Environment

Director of Planning Policy

Principal Planner

HDH Planning and Development

Colin Smith Partnership

[16:03]

**Deputy D. Johnson of St. Mary (Chairman):**

Welcome to the Environment, Housing and Infrastructure Scrutiny Panel primarily to put to you some of the observations made by the Chamber of Commerce and their colleagues earlier in the week. For the record, if we could go round the table to introduce ourselves, especially as our name tags are missing at this end. I am David Johnson, chairman of the panel.

**Deputy T.A. Vallois of St. John:**

Tracey Vallois, Deputy of St. John, vice-chairman of the panel.

**Connétable S.A. Le Sueur-Rennard of St. Saviour:**

Sadie Le Sueur-Rennard, Constable of St. Saviour, member of the panel.

**The Minister for the Environment:**

Deputy Steve Luce. I am the Minister for the Environment.

**Chief Officer, Department of the Environment:**

Andy Scate, Chief Officer, Environment Department.

**Director of Planning Policy:**

Kevin Pilley, Director of Planning Policy.

**Principal Planner:**

Ralph Buchholz, Principal Planner.

**HDH Planning and Development:**

Simon Drummond-Hay from HDH Planning and Development. We have advised on viability.

**Colin Smith Partnership:**

John Poole from Colin Smith Partnership. I am a chartered quantity surveyor.

**The Deputy of St. Mary:**

Welcome. As I said at the outset, you are aware that the Chamber of Commerce and Construction Council came earlier in the week and made several observations. I think you have a transcript of the responses and discussion. Our questions are based primarily around that. Can I kick off with a general question? On 8th September the Chamber jointly responded with various other organisations to the proposed levy; the response say questions raised by those organisations have not been properly addressed or responded to. How would you respond to that?

**The Minister for the Environment:**

We have been consulting on this, if I might just expand a little bit more, nearly all this year. We spent the first 6 months of the year talking to the industry about our proposals and almost in conjunction when we came to a paper which we wanted to consult with officially, which we did and we went through all the normal consultation process and we had responses from a number of people. Those responses were collated completely and we responded to them all and that paper, I

believe, came to you as well. Everything that has been put to us we have responded to. We feel that we have made good responses. I do not know if you want to talk a bit more about that?

**Principal Planner:**

Yes, the process started back in October, just over a year ago. It is just worth understanding what consultation we had with the industry in a more specific way. What we did is we had a series of general meetings, but also had one-to-one meetings with the industry to talk about very specific matters around viability and to try and understand all the elements that are involved in collating a viability appraisal, including costs and values and all the rest of it. So what we then did is we then - on the basis of informal meetings with them - put together a report. Well, Simon Drummond-Hay put together a report, and then we further discussed that with them. Beyond that we then made adjustments and changes based on information we received during those meetings. I do not know if Simon wants to touch on some of the changes and amendments we made to the report based on specific discussions with them. Bearing in mind this is before we have had any formal public consultation on the report. This is pre-consultation on the report, so it is worth mentioning that there was an extreme amount of work done before we even made the public consultation point. I think Simon can touch on some of the changes that have been made to show that we did listen to them.

**HDH Planning and Development:**

With the comments that were made before the formal consultation a whole series of comments were made. Things like the amount of common space we had allowed for stairwells in flats was too low. We went away. We checked that with planning records. It was too low, so we adjusted it from ... I cannot remember what the precise. I think it was from 10 per cent to 16 per cent. We made a whole series of technical changes up to a point. I think what is really important is that the formal response to the formal consultation did not introduce any new evidence. It commented on the assumptions that we had used, on the whole, referring us to figures that we had put in our report. It was in some respects quite frustrating that there was no ... normally if we are defending our work we would expect someone to say: "Okay, we think this figure is wrong because of X, Y and Z" and alternative figures would be put forward. That is not what has happened. What we have got is a very long letter, which is largely about the principles behind the charge. Where comments are made, for example, on the build costs, which is an issue that was raised, the figures that have been quoted have not been comparing like with like. So, no, we have not taken everything that everyone has said at face value and just stuck it in a model. Every comment we have considered: "Does it make a change?" It is just worth noting that if you did take all the comments from the rep and put them all into the model, which we did, nothing would be happening on Jersey. It would show that not only is this levy not viable but development is not viable and nothing would be happening at all. That just cannot be right because you only need to look out the window and stuff is going on. Our job is to take all the information from the department, from the industry and everyone, sort through it using our

professional judgment to come up with something that is credible and defensible and makes sense. So no, we have not done everything that they have said, but we have considered everything that they have said.

**The Deputy of St. Mary:**

When you say “a letter” are you talking to the Lichfield’s recent letter or something earlier than that?

**HDH Planning and Development:**

No, the long Lichfield’s letter.

**The Deputy of St. Mary:**

We will come on to that later. There is also a claim that the department had advised the industry that a public inquiry would be carried out on the levy before a proposition was taken to the States.

**The Minister for the Environment:**

I think there may be a certain level of confusion there, Deputy, inasmuch as if we are going to hold a public inquiry we need something to hold the public inquiry into and what will happen in the normal process of things is we get the principles passed and then the public inquiry examines the detail, which is how many square metres, how much per square metre, and examines very closely to see whether our numbers that we have put forward are actual. Simon has a lot of experience of public inquiries of levies in the U.K. (United Kingdom). Maybe he could just outline a little bit closer exactly what the inspector will be looking for. The inspector will not be deciding whether the principle of a levy is correct or not because that has to be done first. If we can get the principle through the Assembly we then come back with the detail on how exactly it will all work. That is when the independent inspector comes in and subjects us to huge scrutiny as to whether what we have put forward is correct and accurate.

**The Deputy of St. Mary:**

I just need to clarify the public inquiry aspect. They raised a point and I take your reply. The next general point - it is a very general one - that there is concern that the J.I.L. (Jersey Infrastructure Levy) if introduced could affect the turnover of land, i.e. it would deter people from selling. Do you have any ...?

**The Minister for the Environment:**

The only comment I can make on that, Chairman, is the fact that, as we know, through the evidence that we have gathered, and we have been through all the historic data in the Royal Court, we know that the average price of agricultural land at the moment is, for argument’s sake, £7,500 and we know that the average price of land, which is sold for development, is considerably higher. Recently

we have seen some going for £300,000 a vergée and not £7,500 a vergée. If the levy was brought in the effect on that £300,000 will be marginal but it will still be a considerable amount of money and are landowners going to refuse to sell because they see their land going from £7,500 only to £260,000 or £270,000 or £280,000 a vergée. That is a moot point and I cannot answer that. But certainly one would expect that it would not be an overriding factor in people deciding not to sell. Especially when you think of the percentages we are talking here. A levy will be around 2 per cent. We have seen changes even in the time that we have been doing this work of much greater percentage changes than that, just in build costs, just in the effect of Brexit, just in the effect of other things that happen. We know that what we are talking about here is very small compared to other changing costs. Something I would say at this stage, is that we have accepted all along, we have told the industry this, if we get there, if we get through the levy, get through the principles, and we get through the inspection, as we are moving forward we accept there ... and Brexit is a big issue. If we get to a point some time before putting the levy in place, when we have permission, if we find that the numbers are not stacking up we will not move forward with this. We have been very clear about that. If other outside influences come in, in the course between now and the levy coming into effect, if our numbers no longer allow for 20 per cent-plus profit margins for developers, the other things that we have built into assumptions, if that formula does not work we will stop and we will not enforce it.

**Principal Planner:**

Just to add to that, we have also had independent advice from the economic adviser as well, to demonstrate that that would not be the case. Previously as well, if you remember the Oxera report from 2008, which was looking at the environmental tax options at that time, I will just read out quotes. Because it raised the issue as well of land supply potentially being a problem. It said: "Assuming that proportion of the increase in value to be taken in tax would be relatively small" and that is the key point. We have done an assessment of the levy and it represents less than 2 per cent of the gross development value of a given development. So it is a relatively small figure. "Even if the full instance of the tax fell on the landowners it is likely there would be little effect on the overall supply of land made available for development." That is from the Oxera report 2008. I think that statement still stands today. That has also been endorsed and verified by the current advice through the economic adviser of the States of Jersey as well. That information is in our reports and it is something that has been looked at from that point of view.

[16:15]

**Director of Planning Policy:**

The other point I would raise in relation to that is clearly the Minister has responsibility for the Island Plan, which sets out the planning policy framework for the Island and sets out the Island's

development needs over the Plan period. I think the Minister has made it clear throughout that part of his responsibility is to make sure that the Island has sufficient homes, commercial floor space, to meet the social and economic requirements of the Island. I think the Minister has made it clear that he will not seek to pursue something that adversely affects the ability to deliver the requirements of the Island Plan. The public inquiry that we talked about a few minutes ago, the key test that a planning inspector will look at it is: is this levy viable? What impact will have it on the delivery of development? Can it allow the requirements of the Island Plan to be delivered over the Plan period? So those are the critical tests and I think in the Minister bringing this forward he stated quite clearly he is mindful of the need to ensure that anything that he does bring in does not adversely affect the delivery of the plan's objectives. So I think that is a relevant consideration.

**The Minister for the Environment:**

Added to that, if I might, Chairman, this proposed levy will only apply to 3 specific sections of the construction industry: (1) is open market residential, (2) is office, and (3) is retail. So there will not be an effect on the tourism, the hospitality industry. There will not be an effect on the agricultural industry. There will be no levy on social housing provision. There will be no levy on anything other than those 3: residential, office, retail and open market residential. It is quite specific. That there is not everybody and anything that pays this levy. If you are refurbishing a property and there is no increase in the square footage, in the floor space, you pay no levy. If you double the square footage of a property by knocking a small one down and rebuilding a large one you only pay the levy on the increase in the square footage. So there are a lot of people who will fall out of this, and certainly, as Kevin says, we want to encourage the provision of social housing. Social housing does not fall into this.

**The Deputy of St. Mary:**

Again, one of the points made by the Construction Council is that this creates an imbalance in the sense that they are going to be exempt.

**The Minister for the Environment:**

It may be a view that you wish to take and certainly it is one we discussed at length as to whether we should include social housing? Should we ask our social housing provider to contribute a levy and that would mean that they would go to the landowners and pay them that little bit less. That is something we would consider. You may well take a view and we may wish to listen to you on that.

**The Deputy of St. Mary:**

As I say, we are primarily putting forward the points made by the Council. Lastly, general points, you are diametrically opposed to the point of view that they have that you reckon that by simply signing a planning permission that gives an uplift to the value and that is something which the States

should have a proportion of, whereas the industry believes that that will simply affect and increase the housing price; so do not believe that it will have the basic object you do.

**The Minister for the Environment:**

I have taken the view all along that as Minister for Planning my officers work for me in putting a stamp on a piece of paper, which allows somebody to move their field into a housing site or convert a property into something much larger. The value of that piece of property increases many, many times over just for the courtesy of that planning approval. My department are public servants. They work on behalf of the community, a population of the Island, if you like. But I think we need to realise, in granting planning permission to people they are increasing the value of their property by many, many times. And all we are saying here is we have got plans for the future of St. Helier, for our town, some parts of St. Saviour, St. Clement. We have got work we want to do if we want to make our town even better. We want more open space, more green space, more children's play areas, we want more pedestrianisation, but that all comes at a price. In other parts of the U.K. and in other parts of the globe, the principle of an infrastructure levy has already been practised for many years and we feel that it is time, in Jersey, where people enjoyed great profit through planning application approvals, that we just want a very small percentage of that back so that we can make St. Helier a more pleasant place to be.

**The Deputy of St. John:**

Can I ask on that basis what is ... I am struggling to understand or identify here is that we have the Chamber of Commerce who have explained to us the planning obligation agreements and the Jersey infrastructure levy, as they see it. The States are being asked in principle, so we do not actually know what you are saying, for example, certain things are going to be exempt will be the case when the detail comes forward. Because what we are being asked as a States Assembly is in principle. So the other issue is the Island Plan also specifies particularly housing within St. Helier. So I come back to the point - it may be a very simple point - but if you have got planning obligation agreements, which the guidance has been changed this year, and the focus is on St. Helier and improving and bringing in residential and improving the amenities around it, why the need for a levy? Why can you not use the planning obligation agreement?

**The Minister for the Environment:**

Others may want to say but I will give a brief overview. Planning obligation agreements only apply to very large schemes where there is a major impact on the vicinity of that development. What we want to do is encompass more different types of development. Should it be right that somebody who wanted to spend a large amount of money on a very large private residence in the countryside, for example, pays no planning obligation levy because there is not an increased number of cars or people leaving the site, or there is not a major impact on the drainage or the electricity supply, things

like that. Whereas another similar site somewhere else would pay a P.O.A. (planning obligation agreement). So P.O.A.s are very specific and they can only be taken for work to be done in the vicinity of the development. So I cannot take or we are not in a position to attract money from a development in St. Ouen and use that P.O.A. money to pay for things in St. Helier. It just cannot be done. The law does not allow it.

**Chief Officer, Department of the Environment:**

Effectively the P.O.A. system we have is to make sure the development itself works. So does it have the right access, does it have the right visibility displays, does it need a traffic light, et cetera? Physical infrastructure, generally drainage connections, those sort of things. Effectively our P.O.A. system is being used to deliver the things that sites need to make them work. This proposal is to capture uplift in land value because of planning for the wider benefit. So legally we cannot use P.O.A.s to capture wider value and wider benefits. It has got to be very site specific. Generally it is site specific infrastructure to make that development work, which we would all expect to be provided as part of that development in the first place. That is not seen as planning gain, in my eyes. It is getting the right drainage connection, getting the right visibility display, those sort of things have to be done to make a development work.

**The Minister for the Environment:**

There are 2 exceptions, which I need to comment on immediately. It comes in under the P.O.A. at the moment, which are not site specific. The first one is Percentage for Art and the second one is the Eastern Cycle Track, where the States agreed some time ago that if you lived in a certain part of the Island and you gain permission to develop a property you would pay a contribution to the Eastern Cycle Network and it is certainly my intention, if this levy moves forward, that the Eastern Cycle Track contribution would fall away because I would see the levy paying for work done on cycle tracks. We are not in any way going to take money twice. We will take cycle money out of the P.O.A.s and that money would have to come out of the levy when the funds accumulated. The Percentage for Art is a voluntary contribution. I know a lot of people have a chuckle when that is ... and that is something else that we could look at. It may be that the Percentage for Art needs to be broadened so it can be a percentage for other types of things. But I would stress, we will not be taking monies twice here. P.O.A.s will be very specific and we have done a lot of work on P.O.A.s in the last 18 months as well. We are very much clearer with the industry now about what they pay for, when they pay it, how they pay it and when they will be expected to because there are some tick box exercises, and it is very clear when it cuts in and how much they will pay for everything. So that is very clear. That will be a separate thing from the levy, which is designed to do something very different.

**The Deputy of St. Mary:**

Reference has been made to what is called double-dipping, is it not?

**The Minister for the Environment:**

Yes.

**Chief Officer, Department of the Environment:**

A P.O.A. is a legal agreement to make the development work. It is to make the development acceptable, which it would not previously be acceptable. It is a legal agreement to ensure something is delivered because generally it covers someone else's ownership or there is a legal requirement to make it happen. So I have mentioned drainage connections or visibility displays or things like that. Legal agreements through a P.O.A. is a very practical thing to make a development work. We do not capture wider planning gain through our P.O.A. system, so I do not understand why there is confusion from the Chamber's perspective around P.O.A.s versus J.I.L.

**The Deputy of St. John:**

I want to understand it better because for me ... for example, if I turn round and say we have got some insight, for example, whoever gets that; the Summerland site is sitting there, you have got the roundabout up the road from Summerland. Somewhere in the obligation agreement it talks about material impact. If that site, depending on how many flats or houses, whatever it may be, the amount of traffic that may impact on that roundabout something needed to be done with that roundabout, would that come under a P.O.A.?

**Chief Officer, Department of the Environment:**

If it is directly related in close proximity to the site I would expect a P.O.A. to sort the physical infrastructure of the site out.

**The Minister for the Environment:**

The example we could use, and many of us would know, would be the old dairy site at Five Oaks where one of the planning obligations there was to install the pavement from the site up to the Five Oaks roundabout on the south side of the road. The pavement did not exist before that but it was identified the additional people going into that site as part of the development would create a lot more pedestrian requirement. We did not want those people all having to cross the road and go up to Five Oaks on the north side. So a P.O.A. was put in place and the developer signed up, legally he had to provide that pavement as part of his permission. That is just one example. I mean there will be many others.

**Chief Officer, Department of the Environment:**

Effectively, it is a legal agreement to make that specific development work because without it it would not work and probably would not get approval. So it is very site specific. It is often very focused on the infrastructure needs of the site and it is a legal agreement to make sure those basic things are delivered to make the site work. What the J.I.L. is affecting is uplift in value for the wider benefit. So it is uplift of land. Ultimately, in terms of a development calculation, it is a cost to development, so it is taken into account before land purchase, hence it comes with the land value.

**Director of Planning Policy:**

I think one way of thinking of it is when a developer develops a site they make a lot of private investment in the quantum of development that sits within the boundary of that site. Planning obligations can be used to sometimes deal with some of the direct implications of that development that might fall out of the site, but usually they are very local to the site. So that investment is either in the site or very local to it. What the J.I.L. enables you to do is, through the uplift in value of land, is to say to that developer: "Your development is going to have an impact on the wider area on the neighbourhood, on the town or the village, that that sits in, therefore it is right that you make a small contribution to improving the overall quality of that place". That is what the infrastructure levy can do. At the moment we do not have a legal vehicle to enable us to do that because, as has already been said, planning obligations are very site specific but under the proposal with the infrastructure levy any funds that are derived from the levy can be expended in relation to a wider area. So it is about improving the wider place rather than a specific site. If you translate that to your thoughts about St. Helier, clearly the Government has a planning policy that seeks to concentrate development in town. Developers might expend monies on their sites within town but they are not investing in the quality of St. Helier overall because we do not have a mechanism to enable us to capture part of that value and expend it in town overall. So the infrastructure levy would enable us to make that wider investment. I do not know if that helps your understanding of it?

**The Deputy of St. Mary:**

As we are on the relationship between the two, the C.I.L. (community infrastructure levy) and the P.O.A., as you are aware one of the contributors to the hearing earlier this week was a lawyer with experience in planning. On the one hand she felt that you were perhaps pushing the boundaries of the P.O.A. collection as far as you could at the moment to collect funds but on the other she was indicating that perhaps the scope of the P.O.A. could well be amended to include certain things you might be intending to do through the infrastructure levy.

**The Minister for the Environment:**

All I would say to that is two things. The first one is when I became Minister I took the view that officers were finding it very difficult to be consistent in the application of planning obligation agreements. Not to put too fine a point on it, we decided that we needed a much clearer document

for everybody to follow so it was absolutely black and white as to when you paid, how you paid, and how much you paid.

[16:30]

Our policy department went through the Island Plan, word for word, every 700-whatever pages of it and found a number of policies where there are references to planning obligation agreements, which we had not really used for many, many years. So what we did is we have come out with a document which our development control officers now use and it is very clear when a development will kick into a P.O.A.

**Chief Officer, Department of the Environment:**

The legal point there, we do not have a legal ability to use P.O.A.s for wider benefit. That is a principal legal point.

**The Deputy of St. Mary:**

Yes, I understand generally.

**Chief Officer, Department of the Environment:**

So I am surprised a legal view would be that we could use P.O.A.s for a wider legal benefit because we do not have the legislative basis to do that, hence we are proposing ...

**The Deputy of St. Mary:**

Trying to get that. What is a wider ... I think it is agreed that most of the ...

**Chief Officer, Department of the Environment:**

I think the debate really comes down to the tools the planner has in assessing an application. So a planning application will come in, often planning conditions are used to ensure things happen on a site; windows are coloured a certain way or whatever it may be. We then often use legal agreements to then ensure the development works in its context, because that ensures legally that things happen for that site to work. Both planning tools are very site specific tools to make developments work, neither of which can be used for much wider collection of monies for wider benefit. So there is no legal basis to do it, hence we have got to bring the levy in, hence we have got to change the law to do so.

**The Deputy of St. Mary:**

It might depend possibly on the interpretation of "wider" in the sense that most of that is going to happen in St. Helier. I appreciate St. Helier is not perhaps the one, but maybe ...

**Principal Planner:**

There is a case Scotland is going through a ... Scotland does not have C.I.L. or J.I.L. equivalent ...

**The Deputy of St. Mary:**

Sorry, say again.

**Principal Planner:**

In Scotland they do not have a J.I.L. or C.I.L. equivalent and I know that there is some case law there where they have effectively had some evidence to say or some support work to say that to do the kind of improvements beyond or far beyond a site boundary requires a new law. It requires an absolute change in the policy direction. It is a little bit like saying if something happened on the waterfront you have got to show that there is an evidence of impact to then pay for something elsewhere. For example, if you wanted to do some public realm improvements in the North of Town, plant some trees, widen pavements, whatever it is, paid for from something that happens on the waterfront through an office development for example, that would not be possible under the current P.O.A. structure. You would need what we are looking to do at the moment, which is the C.I.L. policy or J.I.L. equivalent. I was a bit confused when I heard the lawyer speak on Monday saying on one hand she thought we were close to the wind on some of the things we were doing and then in the next breath almost: "But why do you not use your current policy" to do the things that she was implying in the first sentence were a problem.

**The Deputy of St. John:**

I understood it in the way that I just asked you in terms of, say, for Summerland was built on whatever the construction may be, and it had an effect on the roundabout. That is the way I ...

**Principal Planner:**

Yes, it has to be a very close relationship, and the evidence of impact that site has on its immediate neighbours has to be very clear and evidenced, which in that case you can argue would be. In the case I just described you have got something happening on the waterfront and you want to improve something in the North of Town, clearly you could not relate the 2 in any shape or form and that would not be possible under our current planning application agreement policy to run with.

**Director of Planning Policy:**

Clearly, as part of this process we have sought legal advice in terms of the vehicles that we have at the moment and those legal vehicles that we might need to deliver something different. The advice that we have had is that we require a new legal vehicle to do that and that would be the infrastructure levy.

**The Deputy of St. Mary:**

You have referred a few times to the current P.O.A. policy. Is there scope to amend it which might catch things which are not catchable at present?

**Chief Officer, Department of the Environment:**

Not in the way that we would want the levy to work, no. Because we are not legally able to use a P.O.A. to capture value and to pay for things which are not directly related to a development.

**The Deputy of St. Mary:**

So, it goes back to how directly related it is?

**Chief Officer, Department of the Environment:**

Not just our own legal principles here, but it is the fundamental legal principle of the planning process that exists across the British Isles. Ralph's already referred to the Scottish system where it is the fundamental principles that stuff has to be related to development. That is why legal agreements focus on the development impacts of the vicinity and therefore a contributory levy or land levy is dealt with separately.

**HDH Planning and Development:**

Can I just add something on this? In part, it is about the cumulative impact of all these schemes. One scheme by itself will have a very small impact on St. Helier or wherever. But when you have a scheme here, a scheme there and all put together; those extra people, the extra impact on ... maybe it is the buses. By itself, there is not a significant measureable impact that you could ask a developer for a sum of money from. But clearly there is an impact because there are more people. The levy means that you can pool money from a number of schemes and put it into delivering something that is tangible and is to help mitigate the impact of the development and of the developments together. There is never going to be enough money to do everything, but by pooling the money from a number of schemes, you can develop a pot that is large enough to do a project here, a project there, that is dealing with some of these impacts and all the things that need to be done to cope with the extra development.

**The Minister for the Environment:**

If I could use a practical example of somewhere like Samarès Nurseries where we have recently passed a large number of social housing units there. A P.O.A. would only apply to the immediate vicinity, so we could extract some money from that to help with the things in the area of that development. But we know that that development will create a lot more people walking into town in the mornings, coming back at night or using the bus. We could not use a P.O.A., for example, to

create new bus stops or to improve the walk up Don Road or in the Georgetown area, because it is too far away from the site. The infrastructure levy would allow us to say if it was not for social housing, if it was open market housing: "Here is a site. We are going to attract some levy funding from it. We are going to use that levy funding to improve the route all the way from Samarès right into the heart of St. Helier, because we know there is going to be an impact." But, P.O.A. money is very site specific. We could not use money from a P.O.A. in Samarès to put into Georgetown. It is just not possible under the law.

**The Deputy of St. Mary:**

I understand what you are saying. As I said at the beginning, I am just regurgitating some of the points made by the industry. Probably the last question on it: the encouragement for developers to make a public art contribution equivalent to 0.75 per cent of construction costs; is this to be removed? What is the future relationship between P.O.A.s and levy if the levy were not in use? Would it be largely phased out?

**The Minister for the Environment:**

The P.O.A.s?

**The Deputy of St. Mary:**

Yes.

**The Minister for the Environment:**

No. P.O.A.s have to stay in place. I have said this all along. I know there has been some confusion over it. As the chief officer has already said, a P.O.A. means that the site and the development on the site can work, the number of people can be accommodated. It is very specific. If we want to do things away from sites, we have to have a levy. It is as simple as that.

**Chief Officer, Department of the Environment:**

We would still need a legal vehicle to ensure some practical things for a development are delivered. Like a visibility display on someone else's land, for instance. If the development needs a visibility display for its vehicle access, we will still be seeking legal agreements to ensure that legal access or that visibility is provided. It is a legal mechanism to ensure people deliver things related specifically for that development. So, we would still need those in place.

**The Minister for the Environment:**

The benefit of improving ... say, for example, we have a large development, and as Andy said, we need a new traffic access on to a road, we make that part of a planning obligation agreement. There is no advantage to anybody other than the people living on that site of that traffic improvement, if

you like. What we are saying here is because of the extra number of people the development needs to contribute to the wider St. Helier, so it is better for everybody. There is an impact of those people: they work in town, they move around town, they shop, they visit. Every site, whether it is retail, whether it is office, whether it is open market, residential, makes a contribution and allows us, as Simon says, to make town a better place and improves the quality and drives up the value of property in town. This is a big wheel and once it gets turning people will want to invest more in town, because the quality is improving.

**Chief Officer, Department of the Environment:**

If it helps the panel, we can provide a good summary, if you like, of what we have used P.O.A.s for, for the last sort of period of time. It is often hidden, boring stuff. It is physical stuff that needs delivering to make a development work. So, it is access agreements, it is visibility displays, it is connections to statutory services, those sorts of things. We also use them for ensuring people, if it is an affordable housing scheme, legally are going through the Gateway to ensure the people being housed in those schemes are the right people. It is a practical legal mechanism to ensure developments work in the way that they say they are going to work.

**The Deputy of St. Mary:**

That might be helpful if you did that. We have had quite a bit of advice on the U.K. position, suggesting it was not there or it might be, partly in relation to the expense of administration. As you know, this panel has always been concerned about the expenses incurred by this department, in particular. Are you convinced you can handle this within your existing budgetary requirements?

**The Minister for the Environment:**

I am absolutely convinced, Chairman. The process that we are proposing is very straightforward. It is very simple. I cannot say more than that. It is a simple system. We wanted a simple system, which is easy to administer. I think Simon is more experienced than all of us put together of the U.K. system.

**HDH Planning and Development:**

The U.K. system is simple. It has become more complicated as various exemptions and what have you have been introduced. But it is simple. At the moment when one submits a planning application you have to put the size of the building, the gross internal area. To work out this levy, all one would do is multiple the gross internal area by the levy rate, at the moment £85 per m<sup>2</sup>. That will give the amount to be paid. There is not a lot of administration in it. It will be due when it is due. It is not complicated.

**The Deputy of St. John:**

It is a bit like G.S.T. (Goods and Services Tax) or V.A.T. (Value Added Tax) - well not V.A.T. but G.S.T. over here?

**HDH Planning and Development:**

No, because with the sales tax you have all kinds of offsets.

**The Minister for the Environment:**

We operate a good, simple system over here, Simon. Not the same as your V.A.T. with your sausage rolls and pasties.

**HDH Planning and Development:**

Even my accountant just spends hours angsty over V.A.T. returns; what you can claim against and what you cannot. But this system could not be simpler. At the very first meeting that I had with the department it was: if a levy like this is to work it must be simple and if a single rate is appropriate that is the right way to do it. We were encouraged to look at more complex charging systems. There is no evidence to support those. I think that something absolutely straightforward such as this is ... I mean, it is difficult to see how it is not simple, really.

**The Deputy of St. John:**

I need to ask though because one of the things that was mentioned at the Chamber of Commerce hearing on Monday was about the U.K. levy and how there has been about 24 legislative amendments, something along those lines, that have been introduced. Now, I know the issue with our law draughtsmen over here and they are always up to their eyeballs with legislation changes. But we also have a lot of legislation that has not been looked at for a long time. You know, this is a big concern. If we do end up bringing something like the U.K. lots of legislative changes, can we really handle it, understanding the U.K. provision?

**HDH Planning and Development:**

What is not proposed is a clone of the U.K. system. The U.K. system is not perfect. There have been 8 sets of amendments. Some of those have been for political reasons, such as it was decided that self-builders would not be subject to the levy. Therefore it had to be altered. The big difference between England and Jersey is the scale of development. To apply the levy system to schemes of 3,000, 4,000, 5,000 houses that are providing secondary schools ... we are involved in a scheme near Didcot that is providing 4 primary schools. The way the levy was originally drafted, had not really been sophisticated enough to deal with those very large schemes. Slip-roads on to motorways and things are hideously expensive. Jersey is different to England, particularly in the scale of development. Your schemes are generally much smaller. You do not need a system that can cope with a scheme of 3,500 houses on the edge of Birmingham. We do not need to go into that detail.

[16:45]

**The Deputy of St. Mary:**

Again, one of the things we have been advised is that the local authorities that have been influencing the levy structure, quite a number have ceased to do that, because of the lack of return on it. Do you have any comment on that?

**HDH Planning and Development:**

Yes, as a consultancy, we have probably advised more councils than any other consultancy not to pursue C.I.L., but we look after places like Burnley where the average house price is £74,000 and there is not the scope to do it. The viability is not there. If the amount raised is not going to be sufficient to make it worthwhile, there is no point in putting it in place. That would not be the case here. The amount would be a modest amount, relative to the value of the development. When you add it together from all of the development would make a pot that was sufficiently large to do something meaningful with. We have a client north of Leicester who are planning to build 4,500 houses, of which 4,000 are on one site that has already been granted planning permission. So, there is no point in introducing a levy for them for 500 houses. You have to look at each local authority separately. With your flow of development and the rates that we are suggesting, it would be worthwhile.

**The Deputy of St. Mary:**

So, going back to the original assertion that a lot of councils have ceased to implement the levy, you are mainly saying that is where the average house price in the area does not justify it?

**HDH Planning and Development:**

Yes or the scale of development is so low. We look after Great Yarmouth. Nothing happens in Great Yarmouth. It is miles from anywhere. The houses are very, very cheap. It would not raise anything. We look after Windsor and Maidenhead, the same scale of development, in terms of numbers of units that you bring forward; yes, it is worth introducing it. You have to look at each place by itself.

**The Deputy of St. Mary:**

Does that, therefore, mean that of course Jersey is relatively prosperous we are paying for that prosperity by having to pay an additional tax?

**HDH Planning and Development:**

I would not put it like that. I think it gives you the scope to ask developers to make contributions towards mitigating the impact of their schemes.

**The Deputy of St. Mary:**

Sorry, I am not being aggressive on this, just putting the developers' point of view from the overall cost of a house front; they draw attention to the overall percentage of a house which went in "taxes" which include stamp duty and the like.

**The Minister for the Environment:**

That is an interesting point, Chairman, because it made a very good headline, but we were not told ...

**The Deputy of St. Mary:**

I did not see the headline.

**The Minister for the Environment:**

Well, the headline that I saw was: "21 per cent of the house prices is made up of taxation." Where is the makeup? Where is the evidence behind it? That is a very good assertion to make, but it would be helpful to see how that number was arrived at.

**HDH Planning and Development:**

Can I just deal with this point about adding to house prices because it is nonsense? It suggests that a developer is not charging or is charging £8,000 less now than they could. You cannot just put a house on the market and say: "Oh, it was worth £6,000" or: "It is worth £6,000. I am going to charge £8,000 because I want to." It is worth what it is worth in the market and that amount that is paid is set by the market. The developer will always ask for as much as they possibly can. I have met all your developers. They are charming people but they all work in the normal sort of economic framework of development working. You ask for as much as you can. If you ask too much, you do not sell the houses and there are some new built houses that are around the Island that have been hanging around the market for some time. There are others that are priced sensibly and they fly off the books. You cannot just add the price. The way that a levy like this works, or any development works, is you find a piece of land, you make an estimate of what you can put on it, you work out what that is going to be worth, you add up all your costs, you deduct one from the other and that is the amount you can pay for the land. One of your costs is a levy so instead of paying £5 million for the piece of land, you can pay a little bit less than that. You might be able to pay £4.6 million for the piece of land. It is something that comes off right at the beginning of the development. One of the bits of advice that we said very early on on this was that the industry must have a proper heads up that this is coming so that when they are bidding for land, they are taking it into account when they

are bidding for the land. I think, from the outset, we have been very clear or the department has been very clear ...

**The Minister for the Environment:**

Well, certainly I have been very clear that if the principle does go through and we move forward, there will be a considerable period of time between knowing that it is coming and implementing the levy itself and that would allow people who already bought land to develop it out or to get a permission and approval to develop it out which would not be subject to the levy. I just go back to what Simon has just been saying about prices. We did a huge amount of work trawling through all the Royal Court data, the prices that property sold for, the value the land and our numbers were scrutinised over and over again and we put those into the formula. One of the important things is in that formula, we have always factored in over 20 per cent profit for the development because we know the developers need to borrow money. We know there are financial restrictions if you go to the bank. They will want to know what your profit margin is and if there is not enough profit margin, they will not lend, so we know there are numbers there. We have always allowed 20 per cent plus profit for developers into this calculation and our little bit of infrastructure levy comes in at the end after that has come off. So we get criticised for taking money out and pushing the prices up. We are allowing developers to retain over 20 per cent profit margin in this so I am 100 per cent sure we cannot be accused of trying to squeeze developers' profit margins to the extreme.

**The Deputy of St. Mary:**

Just to finish off, not on that point but a related point, we have been told that the introduction of a levy would make it more difficult for buyers to borrow and your response presumably will be you borrow against the value of whatever.

**The Minister for the Environment:**

Yes, absolutely.

**The Deputy of St. Mary:**

Which might reduce the profit margin of course if they cannot be sold for the price.

**Principal Planner:**

One of the questions that arose in the free consultation period where we originally had a 15 per cent profit which was our assumption and we said: "No, it needs to be nearer 20 per cent. Otherwise the bank will not lend." So that is one of the changes we made by assumptions and raised it to a minimum of 20 per cent so we accounted for that in the consultation. Then we verified that recently, and I do not know if John has any kind of views on the criteria at the moment and that it has not moved from that position.

**Colin Smith Partnership:**

It has not moved as far as I am aware.

**Director of Planning Policy:**

I was just going to make the point, just really to highlight to the panel's attention, some recent research being undertaken in the U.K. to look at the impact of the community infrastructure levy published back in February of this year. A quote from that report was that the majority developer view - so this is a view of the majority of developers - is that C.I.L. payments come off the land value. So that was the majority of developers saying in the U.K. that the introduction of a levy, the payments come off the land value. So just really to highlight, on the basis of the work that we have done, but it is also supported by some recent research done in the U.K. which is available for scrutiny.

**The Deputy of St. Mary:**

Thank you. Right, going back a bit, is there any ...

**The Deputy of St. John:**

Just going back to the proposition one is asking of the States, the in principle, it states: "To agree in principle to the introduction of an infrastructure levy in Jersey to ensure that those who benefit from an increase in land value arising from the award of planning permission make a small contribution to offset the impact of that development on the Island community." Just so I am absolutely clear here - and we are just talking about developers - will the supply to anyone who, when they decide to sell their property, land, building, whatever it is they have there and get planning permission before they sell, are they charged a levy?

**HDH Planning and Development:**

Can I answer this?

**Director of Planning Policy:**

Well, you answer first and I will come in afterwards.

**HDH Planning and Development:**

Just let me answer this one. There is a practical issue as to when the value can be realised. So if you owned a piece of land and you applied for planning permission, the piece of paper comes through and it is worth more. However, you have not got any cash at that point to pay any levy. So the idea of the levy is that by attaching it to the development, it is paid when the development is completed subject to some phasing so it does not stop development happening. So it is not until the developer receives the cash that the levy is paid in full. That is why we have suggested that

there is an instalment policy because if you had a scheme for 100 houses and, say, it was £2 million of levy, where would you get that money from? You do not receive the money until you have got something to sell so by tying it to the development, the cash flow could do more harm than anything to the levy.

**The Deputy of St. John:**

I want to make it really crystal clear for me because the way that it is worded is when we talk about developers, it talks about those who benefit from an increase in land value. There is, for example, a piece of land for sale, you can possibly put a 3-bedroom house on it, and I know there is one on the market at the moment, for example. So somebody got that land, they got planning permission for it and are putting it on the market to sell with the planning permission and have not built the building. It is the person that buys it and builds the property that pays the levy.

**Chief Officer, Department of the Environment:**

Yes. The person who buys it, i.e. the developer, will have taken the levy into account as a development cost before offering the value of the land and that is a development cost. So any developer who is financing their developments in the right way should take into account the cost of that development on that site before offering on the land value. They may well wish to have £1 million for a plot of land but the reality may well be it is not worth that because once you take into account the specific costs of that development; the drainage connections; the electricity connections; it might need levelling; it might have some contamination; other things that are specific to that site, that has to be taken into account on any development cost plus the fees and architect's fees and other things that go in part of the development process. Levy is one of those items that should get added to the list. The developer then works out: "Okay, I am going to sell a house. It is going to be a £500,000 house. Let us say it is going to cost me £200,000 to build. I have got various professional fees and other fees that I have taken into account. Therefore, I need to take some profit from that. 20 per cent profit is my working assumption. Once you take all that into account including the levy, I am left with a sum of money which is probably going to be in the region of, let us say, £70,000" or whatever but that is the land value left at the end of the process. Everyone involved in the development process still gets paid the same amount. The profit is still there; the architect's fees are still there; the legal fees are still there; planning fees are still there, et cetera.

**The Deputy of St. John:**

I am just looking at it from maybe somebody who wants to build their own home. This is an individual and not just necessarily developers. Do you see what I mean?

**The Minister for the Environment:**

Yes, the individual that wants to build their own home pays the levy. They are the ones benefiting from the uplift in value but, generally speaking, the developer pays the levy but the landowner bears the cost of that payment because they receive the same amount or less for the land when it is purchased.

**HDH Planning and Development:**

The trigger for the payment is the start of the development on the ground. So you can get your planning and do nothing and you do not pay anything but the trigger for the payment is when that is implemented.

**The Minister for the Environment:**

There are a number of variations and we would have to look at that because obviously if you were in for a big payment at the end of the scheme, you would not want the developer to do 99 out of his 100 houses and just not build the 100 because you would not then get to the end of the scheme. So there is a sensible common sense approach to that need.

**Chief Officer, Department of the Environment:**

Yes. Value is only created when something is built and sold ultimately and someone is paying for it. As the value is created, then the levy payments could be staged to counter that value so cash flow in development is very important.

**The Deputy of St. Mary:**

We are getting near our closing time but the Construction Council's reservations and report, that is largely encompassed in the detailed letter from Lichfields. Now that has not been the subject of a detailed response from you, I do not think. Is that going to be?

[17:00]

**Principal Planner:**

It was. It is part of the consultation report, so in the consultation report which was published by the Minister, it lists every single submission we had and there is a detailed response to the specific points raised by the Lichfield report and the letter in that report.

**The Deputy of St. Mary:**

Right, so this is documented. This is their case.

**Principal Planner:**

It is in the appendices of that report.

**The Deputy of St. Mary:**

It is all copied there with that, okay.

**Principal Planner:**

Yes.

**HDH Planning and Development:**

They have not introduced any new evidence, they have not challenged the methodology, they have not said that our prices are too low or those types of assumptions. It is a set of observations rather than a technical analysis of what we have done. Where they have made comments, if you look at the direct impact of their comments, we know that they cannot be right because if you did take all of them and put them together, well, there would be no construction industry on Jersey at all and it just does not stack up. It is not appropriate to take them on on face value.

**The Deputy of St. Mary:**

One of the points they make is about brownfield sites and that ...

**The Deputy of St. John:**

Offices are more expensive.

**The Deputy of St. Mary:**

Possible uses which they say, there is only one ...

**HDH Planning and Development:**

Of course, and that is why they are zero rated. Those conversions would not be subject to the levy. We have looked at it and suggested that they are not subject to the levy and we seem to be criticised for not looking at more of them and discovering that they are not viable.

**Principal Planner:**

Yes. Another point was on the fact that we used industrial land values but we have not used residential land values. Now industrial land values in terms of the report are at £1.9 million per hectare, is it?

**HDH Planning and Development:**

Yes.

**Principal Planner:**

We have not used that. We have used residential values which are at £6 million per hectare so we have used a much higher land value cost than they think we have.

**HDH Planning and Development:**

The report does refer to industrial planning because that is what we did through the initial consultation up to producing the final report. Because we listened to the general view of the market, we also looked at residential land values at £6 million per hectare. Now they do make some comments as to whether or not that is correct. We do believe it is the correct value. To hang on to these points such as: "We have referred to industrial values", well, yes, we have but because of the comments of the market, we have also looked at residential values. It is a misrepresentation of what we had done via Lichfield. I think it is really important to denote that they have not produced any fresh evidence for us to produce new house price information. Of course we would have looked at it very carefully but they just have not provided that type of technical information.

**The Minister for the Environment:**

I think I can only stress, gentlemen, that at the start of this process, everything was in the pot and any type of development might have attracted a levy but in the work we have done - which is extensive, well evidenced, we have scrutinised, we have gone over and we have made changes where necessary - we have identified 3 specific parts of the market where we can still have a 20 per cent profit margin where everything is done normally and we can still take a small levy and leave everything as it is. If the levy is not viable in a certain sector - landfill, warehousing and overfill - we have not applied it. We have only gone where we know that a little bit of levy will not have an effect.

**The Deputy of St. John:**

Just back to the proposition because I think this is one of the big issues for me in terms of the in principle side of things, now although it states that it is for a "contribution to offset the impact of that development on the Island community" means to me that is not really clear of the intentions, if you see what I mean. I think there is this distrust between the public and government about the way money is used. I think, in certain circumstances, they have a right to. For me, it is understanding and it is having clarification around if we are putting in some form of charge, some form of levy, then outcomes need to be clearer for me and so would you be able to expand on what you mean exactly by that?

**The Minister for the Environment:**

Yes, well, there are 2 things. There will always be a debate among us politicians as to how much detail you need for the principles and then those that say: "Well, there are too much details. It is not a principles debate anymore. We just want to decide the principles and get to the details" but I will leave that for now. What I would say is that it is certainly our intention that any monies received in

a levy would be ring fenced. That would be part of the law and the money would go into a pot specifically for the use that we intended and, moving forward, we have also indicated we will have a shopping list, if you like, where people will be able to see how much it costs to put a tree in a street or a bench or how much per metre it costs to double the width of the pavement or to resurface. My intention would certainly be to be able to say to the developer: "Well, you have paid X and we are going to use that X to put in those 2 trees and reduce parking in this particular street and make it more attractive and easier for pedestrians" so people could have a tangible debate. They would have something tangible to look at. They would say: "Yes, we put in £5,000 in the levy and do you know what? Our £5,000 made that junction much safer for pedestrians because they widened the pavement and put some bollards in and stuff like that."

**Chief Officer, Department of the Environment:**

Yes, our fundamental principle is to spend this on public transport, urban quality for St. Helier and obviously for some Parish areas as well if need be but it is about those areas which do not get investment but have an impact on development. So we need to make that clearer about how we are going to spend the money. It is on capital things. It is on things which physically will exist in our environment, in our urban quality which, if we get right, increases values as a whole in the longer term. If urban quality increases, land values increase and development opportunities increase as well. So the thing I would say back to the industry via the Chamber response is this does benefit not just the immediate people who live and use the town and the urban area but it improves the quality of a place. If you improve the quality of a place, everyone benefits including the land values you will see in the longer term. So it is a bigger picture we are trying to play here. At the moment, we do not capture this value. We do not capture planning gain on behalf of the community in this way. So that is the in principle conversation which is: does the Island want to capture value here which other places do? We think it is right to do that. We try to do an awful lot of work on viability. We have been criticised in previous years about: "This is not viable. This should not be done." I think the thickness of the report there and the fact that we have had experts in advising specifically on viability ... and this is where all the work has been. We have not focused on much else. It has all been about viability. It is not in anyone's interest to turn the development tap off. We need housing, we need commercial spaces, we need shops, et cetera, but that is the in principle decision. Is it right that the amazing amount of value that is created through uplifting land value worth capturing a small percentage of that for the wider benefit of a community? We think it is.

**The Minister for the Environment:**

Something else that happens in the U.K. We are talking about taking the value that is created potentially, let us, for example, say in St. Ouen and moving some of that uplift in value into St. Helier to make it better for everybody. In the U.K., there is an acceptance that a small percentage of that levy stays in the area in which it is generated so, for example, in the Jersey scenario if a development

in St. Ouen contributed, let us say, £1,000, the idea at the moment would be that £100 of that levy stays in the Parish for the Parish to use for community use so that only 90 per cent of it would come into the future of St. Helier in that way as a shared improvement.

**The Deputy of St. John:**

Sorry, I know that we are running just slightly over. If you do not mind.

**The Minister for the Environment:**

Well, I am happy to stay.

**The Deputy of St. John:**

So it would be good having an open transparent system understanding and knowing exactly where the money is being applied to but will that be the same applicable to, for example, the planning obligations? There was something mentioned to us on Monday about an increase in costing. I think it was the bus shelters, something like a 53 per cent increase.

**The Minister for the Environment:**

This is the figure here, yes.

**The Deputy of St. John:**

I think this is some of the areas where there is concern from gardeners, in particular, where there has been an increase maybe on the planning obligation side and then having the levy on top.

**The Minister for the Environment:**

Part of the work we did on planning obligations was to undertake a very precise and detailed analogy of how much things that are provided under P.O.A.s cost and bus stops are one of them. When we sat down with Infrastructure and worked through their costs, they realised that they were putting in a much lower cost than they should have been because these bus stops were costing them a lot more than they were charging. Yes, I accept there is an uplift in the cost of bus stops but that is one of a number of things which we have itemised on the new P.O.A. schedule. You have to remember the developer, the one who pays that P.O.A., also as the opportunity to provide that bus stop himself. The uplift in value is if you ask Infrastructure to provide that bus stop for you but you do have the option of doing that work yourself and we will talk a bit more about that. Certainly we have now got a very defined list of how much all these P.O.A. things cost. We did not have that before. Developers were getting to the end of their application where they were just about to receive an approval and suddenly they were faced with the possibility of a P.O.A. which might cost them money and they were saying: "We did not discuss this before. I did not know about these additional costs when I purchased the site or when I started thinking about how much this development is going to cost me."

We have got a new process in place now. These costs are all identified upfront. Everything you do has an identified number against it. You could ask Infrastructure to provide it for that cost or you can provide it yourself. You may be able to save yourself quite a lot of money in doing it that way.

**Director of Planning Policy:**

I think one of the issues we were responding to in revising the planning obligation agreements guidance was that developers were saying to us that we were not applying those charges consistently and that they were getting charged different amounts for the same bits of kit. So part of the bit of work that we did was to analyse all of the planning obligation agreements that had been attached to our planning consents, analyse the costs of the various bits of infrastructure that were provided and then sit down with DfI. (Department for Infrastructure) and say: "What are the reasonable costs here for this bit of either drainage infrastructure or bus shelters?" What that does is gives developers some certainty that if they know they have to provide some infrastructure as part of a planning application, the guidance gives them some parameters so that they know what those costs are likely to be upfront. When they sit down with colleagues in Infrastructure, they can have a conversation that has some constraints applied to it rather than figures being used inconsistently.

**The Minister for the Environment:**

The other thing I might say about those P.O.A. costs, if, for argument's sake, you end up contributing £1,000 to £5,000 of a P.O.A. and Infrastructure are going to do the work, 2 things happen. The first one is the money you give goes into a bank account at the Planning Department which is set up specifically for this and the money is paid over to Infrastructure when they complete the work. The other thing is if Infrastructure do not do the work within a specific amount of time, you can have your money back. Is it 5 years? I cannot remember.

**Chief Officer, Department of the Environment:**

Yes, generally it is 5 years but, yes, full transparency on what this money is for. It is outside of normal government revenues. It is capital money. As we do with planning obligation agreements now, if someone needs to contribute money rather than doing the work themselves, it is held in a separate financial area. It is ring fenced specifically for those purposes. If it is not spent on that, it goes back. That is under the P.O.A. laws. Under the J.I.L. approach, it would still be ring fenced. It would be very clear what it is being spent on and it goes nowhere near government running costs or things that we should be doing from other revenue streams.

**HDH Planning and Development:**

Could I just add something on this? When you look at the big house builders in England, when you look at their financial reports at the end of the year, if you look at the Barratt report, it boasts about how much it has paid out in dividends and towards the public benefit. "We have delivered X

thousand affordable houses this year. We have paid £X billion over the last few years towards infrastructure. We have provided ..." how many schools it is. All these things. The contribution ... those open-minded developers have, to a large extent, embraced it and say: "Well, look, we are not just evil house builders" which is sometimes said but they are providing these additional benefits and it looks good. So normally you can scrutinise but they have paid over the money and someone can just look up: "Okay, the department have spent ... last year, they got £1 million. So far, they have spent £700,000 on A, B and C." That transparency is really important.

**The Deputy of St. Mary:**

Could I just feed off Tracey's point and the reply? It was pointed out that with P.O.A.s, they know that that is their bus shelter or whatever it might be. With the infrastructure levy, it is more remote. I appreciate what you say about after the event but will there be a wish list before so the public again will be reassured this is going on to something for ...

[17:15]

**The Minister for the Environment:**

Certainly the future of the St. Helier group, which is headed up by myself but comprises the Minister for Infrastructure, the Constable of St. Helier and the Minister for Education, has a list of works that we wish to do in town at the moment and we know monies are in short supply coming forward. We know that we could say: "If we have got X amount of money, we can do that. If we have got this amount of money, we can complete that scheme there." So there would be, in my view, certainly a tangible direct link between the monies that come in and the work being delivered. We could say to people: "Yes, in your development, you have got 10 houses there. Your contribution was X thousands of pounds. That is going to do this piece of work in town and you can say to your people: 'You paid for that'."

**Chief Officer, Department of the Environment:**

I think it is absolutely vital for us to be very clear of what we have received in levy and be very public about that. We also need to be very public about how we spend levy money and whether that is an annual report or an annual report to the Assembly, whatever form that takes. Not only does the Assembly ask that of us, I think the community ask us of that. "You have been receiving this money. What on earth have you been using it for?" The principle here is this is for community gain so I think we have to be absolutely demonstrating to the community what we have received and what we spent it on.

**The Deputy of St. Mary:**

Yes, and that is what it is really about. Knowing in advance what it might be provided towards.

**Chief Officer, Department of the Environment:**

Yes, absolutely, yes.

**The Deputy of St. Mary:**

All right. Well, I think we have used up our time. Thank you, gentlemen, for that. Anything else? Well, thank you, Minister, and everyone else for your time and it will be a question of the other States Members to view the principles, will it not?

[17:16]