

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 7th NOVEMBER 2006

Question

- (a) On 24th October 2006, in answer to an oral question, the Minister stated that a dedicated post had been created within his Department to work on retail industry matters. Would the Minister inform members what targets, if any, have been set for the delivery of real and measurable assistance to the retail sector by this postholder?
- (b) Would the Minister inform members whether this post is an additional post and, if so, whether any post has been removed, or subsumed to create it?
- (c) In reference to the economic pressure on shops brought about by e-commerce, the Minister stated that *'the ebb and flow was no different to the past'*. Does the Minister have any evidence to back up this statement (for example the number of retail start-ups, closures or *désastres*) and, if so, will he provide this evidence to members?
- (d) Referring to high retail rental rates, the Minister introduced the phrase *'capitalisation of high margins in some retail sectors'*. Will the Minister explain to members what he meant by this and what concrete steps he can, or will, take to assist the retail sector suffering from high rents?

Answer

- (a) The retail sector (including wholesale) is one of the largest in the Jersey economy both in terms of employment and GVA. It employs over 7000 people (16% of the total employed in the Island) and is the largest industry employer outside the finance sector. Wholesale and retail contribute over £200 million in GVA annually (equivalent to 7% of the total economy) equating to over £30,000 GVA per employee.

The retail sector is clearly an important component of Jersey's economy in its own right. In addition, it provides a vital support mechanism to Jersey's success as a finance centre and visitor destination.

In April 2006, a document entitled 'A Framework for Developing the Retail Sector' was approved by the Council of Ministers. The framework was based on research undertaken and consultation within the retail industry and outlined a progressive and incremental approach to be adopted by Economic Development towards the retail sector.

The primary role of the Retail Strategy Manager is to work with the sector in order to contribute to the overall delivery of the economic growth target of 2%, with low inflation, whilst ensuring that the growth within the sector is managed in an incremental manner, is sustainable and integrates future retail development (for example on the Waterfront) with the existing town core.

Specific targets are -

Ensuring correct policies are in place to maximise productivity within Jersey's retail sector to reach 2% real growth in GVA. These include:

- updating legislation on Sunday Trading following a full consultation process;
- addressing implementation issues facing the retail/wholesale sector regarding the introduction of GST to ensure adverse effects on trading are minimised;
- examining potential for tax free shopping opportunities on goods for export;

- investigating and managing the potentially negative impact of any new legislation on the retail sector. Two current examples of this are the effects of European food labelling legislation and the Proposition to ban the importation of fur products into the Island;
- developing relationships with existing retailers/wholesalers to ensure they have a direct and personal link to government to address issues that may present barriers to growth;
- working with WEB to ensure that policies are in place for the successful integration of the existing town with any new retail developments on the Waterfront;
- working with the Harbours and Airport to facilitate any retail development as part of the implementation of the Retail Framework.

Research and evaluate the health of Jersey's retail sector from an economic perspective and identify and pursue areas which present opportunity for new business growth:

- evaluate and benchmark Jersey's retail environment and competitive position, identifying and pursuing sectors which focus on new business opportunities, both local start ups and inward investment;
- provide a 'first-stop-shop' for any new business or existing business wishing to expand or trade in Jersey for the first time to ensure that they are encouraged by States policies and procedures. Work in partnership with other Departments where necessary to facilitate business growth (e.g. Population Office, Planning & Environment Department);
- identify and research areas of retail leakage off-island and address these where possible, developing initiatives with local industry partners to stem losses;
- investigate and nurture export opportunities for local retail and wholesale businesses;
- develop and promote a 'brand identity' for St Helier to encapsulate the town's character, incorporating the Victorian Markets and al fresco lifestyle, in order to revitalise the local public perception of St Helier and to promote a strong identity for the town centre retail sector;
- as part of the forthcoming changes to Jersey.com, ensure that the local retail sector has a strong on-line presence, both for businesses wishing to trade with/in Jersey, and consumers investigating retail destinations;
- facilitate the retail sector's access to the Economic Development Enterprise and Business Development strategy to ensure that the sector receives all possible assistance, including educational initiatives, to create a positive image of a career in the retail sector for the Island's young population.

- ((b) The Retail Strategy Manager is a new rôle within the Department filled by transferring an officer from another part of the Department. It is not an additional post.
- ((c) My answer to an oral question that I answered was and remains a personal observation. However, as is clear from the other answers to this written question, the Economic Development is for the first time working extremely hard to understand the retail economy, moreover, make decisions based upon evidence. I am happy to discuss and share with the Scrutiny Panel all aspects of the Retail Strategy as they require.
- ((d) My own explanation for "the concept capitalisation of high margins" is that if there are high margins in certain retail businesses - these high margins sometimes tend to get capitalised in asset prices. This means that the actual premises from which the high margin business operates tends to increase the capital cost and hence rents.

I reiterate that we need to understand the retail economy in order to inform policy making, particularly where there may be doubt as to what isolated elements such as the level of rents may mean.