

2.1 Deputy K.C. Lewis of St. Saviour of the Minister for Economic Development regarding the closure of shops in St. Helier:

Further to yet more shops closing down in Jersey, will the Minister be encouraging landlords to reduce rents on retail units until the economy recovers and if not, why not?

Senator A.J.H. Maclean (The Minister for Economic Development):

The market will set rental values. It is not a matter for the Minister for Economic Development but I can tell the Deputy that in the current economic climate, landlords are being forced to negotiate on lease renewals. In a number of cases, rents are being reduced. It is a highly competitive marketplace driven by an increase in supply over demand.

[09:45]

The current retail environment is challenging where in St. Helier, 5.9 per cent of shops are currently vacant, an unusual number, although this does compare well with the U.K. (United Kingdom) average of vacant retail premises, which is currently 10 per cent. But there are some encouraging signs. For example, in 2009, 20 new shops opened in St. Helier while this year to date, 32 have opened and, indeed, I attended last night the opening of Liberty Wharf, which was a fine example of some retail space down at the Waterfront. These new businesses had a choice of premises and were therefore able to negotiate some attractive terms.

2.1.1 Deputy K.C. Lewis:

Since the *Jersey Evening Post* ran the story regarding my question to the Minister, 3 further retailers have called me to say that they will shortly be going *en désastre*. Was the Minister aware of this?

Senator A.J.H. Maclean:

Sadly, I am aware of a number of businesses that have not survived so far in the current very difficult economic climate, and it is very disappointing to see businesses that are not surviving. That is one of the reasons why we are investing as much as we are, for example, in enterprise and business development, £2 million a year, to try and support local businesses, to help them with the difficulties of raising finance and trading in difficult market conditions. I am pleased, as I have said a moment ago, to see there have been some new establishments of shops which are taking advantage of more competitive rates.

2.1.2 Deputy G.P. Southern of St. Helier:

Will the Minister estimate the impact on the retail sector of the proposed rise in G.S.T. (Goods and Services Tax) from 3 per cent to 5 per cent?

Senator A.J.H. Maclean:

I am not sure what sort of estimate the Deputy is after. We can see a number of new shops have opened. That is good. What we are going to continue to do is to work hard with businesses in all sectors, including retail, to ensure that they are successful, that they make tax returns and, importantly, they not only maintain employment but they also create opportunities for jobs within the economy.

2.1.3 Deputy G.P. Southern:

Supplementary, Sir, if I may. Does the Minister accept that a rise in G.S.T. will make trading problems heavier for local businesses than for foreign businesses?

Senator A.J.H. Maclean:

What I would accept - and businesses will share this view, I am sure - any increase in taxation is never welcomed by a business. Nevertheless, businesses will adapt and they will overcome over the passage of time, and I am sure that we will have a successful and thriving economy in due course. However, there is one area that we do need to bear down on and we need to look very carefully at, and that is the increase in red tape and bureaucracy that does affect, in particular, small businesses. It is a disproportionate effect on 80 per cent of small businesses who employ 5 or less people in the Island. That is an area that my department is about to look at very closely.

2.1.4 Connétable A.S. Crowcroft of St. Helier:

Would the Minister agree with me that now, as never before, the role of the Town Centre Manager has become critical to ensuring the vibrancy of St. Helier's retail heart? Would he join with me in thanking the ratepayers of St. Helier for funding that salary entirely [**Laughter**] [**Approbation**] now that Economic Development is no longer contributing to what was before a shared expense?

Senator A.J.H. Maclean:

The Constable does a wonderful job in ensuring that the town of St. Helier is vibrant and successful. Indeed, the placement of the Town Centre Manager, which was a joint initiative between the Constable of St. Helier and Economic Development, has proven to be successful. It has, I may say, proven that in terms of getting the initiative up and running, the seed funding from Economic Development was imperative. Now, of course, the Constable is very kindly continuing the initiative [**Laughter**] and without doubt, he is proving that he is able to fund it and he has also confirmed the fact that it is a very successful initiative and will continue to be so. I believe the Town Centre Manager does a wonderful job and is supported by retailers in the Island.

The Deputy Bailiff:

We are going to go back to normal Question Time; Deputy Trevor Pitman.

2.1.5 Deputy T.M. Pitman of St. Helier:

I am sure it will be the city of St. Helier one day. Following on from Deputy Southern's question, is the Minister aware that another 2 locally owned businesses in the town, who are about to go online, have told me confidentially that they definitely will if we are to have 5 per cent G.S.T.? So there will no longer be a shop front for people to visit; it will just be online.

Senator A.J.H. Maclean:

The development of e-commerce is very important. A number of local businesses who have found it difficult to compete in the confines of Jersey are looking to go online. They are developing their businesses outside of Jersey. They are realising that we have a worldwide marketplace that inimitable businesses in Jersey can benefit from. That will help drive growth, drive taxes and generate employment locally as well. The world is the oyster of local businesses, and I think that is something that we

should encourage, and we do very much so through enterprise and business development and elsewhere.

2.1.6 Senator F. du H. Le Gresley:

Could the Minister confirm that in order to help local retailers when G.S.T. goes up to 5 per cent in June 2011, the *de minimis* figure will be reduced to a figure, I believe, of £240?

Senator A.J.H. Maclean:

That is a matter for the Minister for Treasury and Resources. I do not believe that there is an intention to make any adjustments at this particular point but, as I say, it is a matter for the Minister for Treasury and Resources to consider. We will always work with businesses in order to ensure that they are as successful as possible and can deal with the challenges that they face in the current economic climate.

2.1.7 Senator P.F. Routier:

In recognition that some in St. Helier have been able to achieve a reduced rental, would the Minister speak to the Constables to see if they would be prepared to match the reduction in the rates which are paid by the businesses?

Senator A.J.H. Maclean:

If my Assistant Minister would like to attend such a meeting with me, I am more than happy to have a discussion with the Constables. **[Laughter]**