

## **2.5 Deputy M.R. Higgins of the Minister for Economic Development regarding the number of people directly and indirectly employed in the fulfilment industry:**

Will the Minister advise the Assembly of the number of people directly and indirectly employed in the fulfilment industry, and explain where he sees these people being employed in the economy in the short and near term if, as is widely believed, the UK Government abolishes overnight the low value consignment relief, upon which the industry is based.

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

The fulfilment industry directly employs approximately 1,000 rising to approximately 1,500 when including indirect labour in fulfilment related occupations. Any further significant changes to L.V.C.R. (low value consignment relief) could impact local jobs, but will not end the fulfilment industry in Jersey or the potential for growth in the wider e-commerce area. We are working closely with industry to develop a strategy to maintain our competitive position and to help create new opportunities for the sector. However, it is also prudent to prepare for the eventuality that businesses may be unable to maintain current employment levels in the short terms as a result of any changes to L.V.C.R. or, for that matter, any change in market conditions. That is why my department is working closely with Social Security to develop a package of measures to incentivise employers and thus help those seeking work. We are having meetings with representatives from a number of sectors where there are opportunities for those currently employed in fulfilment to redeploy. This includes retail, hospitality, agriculture and the construction sectors.

### **2.5.1 Deputy M.R. Higgins:**

Will the Minister go on and advise the Assembly of discussions he has had with Her Majesty's Government on this issue stating when they took place and what further measures we can expect from the U.K. Chancellor of the Exchequer and when. The relief has gone from £18 to £15, what is next?

### **Senator A.J.H. Maclean:**

As the Deputy would expect, and Members, there have been ongoing and detailed discussion, in fact, almost on a daily basis in recent weeks at both officer level and Ministerial level. Those discussions will continue until the matter is clarified. What I would say is there is absolutely no certainty at this stage that there is going to be any further change necessarily to L.V.C.R. Matters are still under discussion.

### **2.5.2 Deputy J.A. Martin:**

On that last point, would the Minister agree then, himself and the Minister for Treasury and Resources, loose tongues? I mean, coming back from the U.K. and telling us fulfilment will be gone in December and frightening people half to death is not the way you run a Government and is not the way you pander to the U.K. Government. Secondly, it seems to me, sitting on this side of the bench, that there is a lot more that is known by the 2 Ministers - the Minister for Economic Development and the Minister for Treasury and Resources - who graced the Conservative Party Conference and probably heard this in the coffee room. I do not know how much you would put on that. But, will they not even acknowledge that U.K. alone cannot act unilaterally by themselves on this; they will have to get dispensation from the E.U. (European Union), they cannot abolish it overnight? Will the Minister take all this

into consideration when the people on minimum wage are hearing that their jobs will not be there for Christmas? Thank you, Sir.

**Senator A.J.H. Maclean:**

There were a whole string of questions and comments made by the Deputy. I will cover briefly the points she has raised. First of all, I was not at the Conservative Party Conference. Secondly, I do not believe there were any loose tongues, certainly from my perspective. We have engaged, however, with the industry, as Members would expect. We have had confidential meetings. We hope they would remain confidential, because we believe it important that industry is kept updated with changes as they are occurring. As far as whether or not the U.K. can act unilaterally or not, the Deputy raises a very interesting point. This is a highly complex area. What I can say is that I have sought independent legal advice through the Law Officers. The Law Officers have done a fantastic job. In fact, they were working all over the weekend, I might add. We have had further independent legal advice and we are considering the legal position with regard to what the U.K. can and cannot do with regard to L.V.C.R.

**2.5.3 Deputy G.P. Southern:**

The Minister gave a figure of 1,000 rising to 1,500. Is he aware that the latest figure produced by the Statistics Department in June of this year is for 770 employed in the fulfilment industry? Will he also confirm that the majority of these workers are locally qualified and the majority of the workers in the fulfilment industry earn at or around the minimum wage?

**Senator A.J.H. Maclean:**

Yes, I can confirm that there are a high percentage of local jobs and a high percentage are low paid. As far as the figures are concerned, our estimates are, as I have stated approximately 1,000 directly employed and up to 1,500 considering other related industries.

**2.5.4 The Deputy of St. Mary:**

The Minister referred in one of his earlier replies to perhaps shifting some of the workforce into e-commerce or the potential for increasing the e-commerce sector. So, I have 2 questions on that really; double-barrelled. One is, would he like to comment on the fact that the same considerations might apply down the line to e-commerce as apply to L.V.C.R.? Namely the Governments across the E.U. might decide that using tax advantages in this way was not beneficial to their economies; and they are all under stress, enormous stress. Also, that there are the same risks with e-commerce as there are with L.V.C.R. Secondly, in the light of that, I am hearing nothing from the Minister about redeploying into the green 'new deal'-type industries, for instance, home insulation on a massive scale, which could possibly be an area for redeployment of somebody's labour?

**Senator A.J.H. Maclean:**

I think the Deputy misheard partly what I referred to. I was not necessarily suggesting that the low paid jobs could be redeployed into e-commerce. I did mention that we had been talking to other sectors, such as hospitality, such as construction, such as retail, where there is a possibility for redeployment. I further mentioned that e-commerce, as a sector, has a lot more to it than just the fulfilment industry. There are opportunities to develop the e-commerce area. We are in the

process of looking at establishing, for example, an e-commerce commission to help sell Jersey as a hub for e-commerce activity. I believe there is significant opportunity there. We will continue to consider that. But I think as far as re-skilling is concerned, we are going to have to also do some work with the employees currently in this industry to re-skill and redeploy into a variety of different areas.

**2.5.5 Deputy A.T. Dupré of St. Clement:**

I just feel the U.K. are calling all the shots here. I think we need to put our foot down, with a firm hand. The other problem is that we are paying V.A.T. (Value Added Tax) on so many of our things. Can we try and get something sorted out with these mainland companies, who are charging us V.A.T which we should not be paying?

**The Bailiff:**

I am not entirely sure that arises out of the question, Minister.

**Senator A.J.H. Maclean:**

That is a long running comment about the feeling that Islanders have of their paying effectively V.A.T. in Jersey. They are not, of course. What is happening is local businesses feel they can charge higher prices, which may well equate to a U.K. equivalent price. But, nevertheless, it is quite simply that local businesses feel when they are selling their products they feel that locally they can achieve a higher price. It is up to consumers and consumer groups, like the Jersey Consumer Council - the wonderful work that Senator Breckon's organisation does - to raise awareness about price and value and so on.

**2.5.6 Deputy M. Tadier:**

Following on from an earlier question about the amount of people employed in the industry; will the Minister finally give me the figures I have been asking for as a breakdown per the company in the fulfilment industry as to how many qualified and unqualified workers work in those individual firms, but anonymise it so that it does not convene any data protection criteria?

**Senator A.J.H. Maclean:**

We have been having a long-running debate with the Deputy on this particular point. I have supplied to him details on the qualified and non-qualified in the sector. If we break it down to individual companies, it is very easy then to break individual commercial confidentiality and I am afraid I am not prepared to do that.

**2.5.7 Deputy M. Tadier:**

Does the Minister accept that there is a valid political reason for wanting these figures? For example, one of those reasons is that a company which maybe employs 500 individuals, let us say over half of which are non-qualified and the rest of which are on a zero-hour contract, which would be offered no redundancy pay and have a much larger impact for our society and for social security than those employed, let us say, at Jersey Post with much more generous terms of conditions, who will not necessarily be relying on our system in order to claim the benefits after - hopefully not - they are made unemployed.

**Senator A.J.H. Maclean:**

Yes, of course I understand the consequences. That is why my department works very closely with Social Security to consider issues such as that. What I would say is

that if the Deputy feels strongly about this matter then perhaps he should push it towards the Economic Affairs Scrutiny Panel. We can certainly share a lot more detail with them under a confidential basis. That may be a route for the Deputy to consider, to encourage the Scrutiny Panel to look at that matter.

**The Bailiff:**

Deputy Higgins, do you wish for a final question?

**2.5.8 Deputy M.R. Higgins:**

Could the Minister confirm that he expects further moves by Her Majesty's Government at the time of the next U.K. budget?

**Senator A.J.H. Maclean:**

At the very latest. I would imagine that the position with regard to L.V.C.R. would be clarified in the very short term. As I have said, discussions are ongoing as we speak. They will continue to be undertaken in order to ensure that we can protect local jobs and local businesses. We will do all that is reasonable and possible to protect local jobs and local businesses in this area.