



## **Economic Affairs Scrutiny Panel**

### **Retail Policy Review**

## **Witness: Chamber of Commerce**

Thursday, 15th November 2018

**Panel:**

Deputy K.F. Morel of St. Lawrence (Chairman)

Deputy D. Johnson of St. Mary (Vice-Chairman)

**Witnesses:**

President, Chamber of Commerce

Chief Executive Officer, Chamber of Commerce

Chairman, Retail and Supply Committee, Chamber of Commerce

[10:30]

**Deputy K.F. Morel of St. Lawrence (Chairman):**

Thank you so much for coming in. We will start, as we do every time, just by stating our names, if that is okay, for the record. I am Deputy Kirsten Morel, chairman of the Economic Affairs Scrutiny Panel.

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

David Johnson, Deputy of St. Mary, vice-chairman.

**President, Chamber of Commerce:**

Eliot Lincoln, President of the Chamber of Commerce.

**Chief Executive Officer, Chamber of Commerce:**

Murray Norton, C.E.O. (Chief Executive Officer), Chamber of Commerce.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

David Dodge. I am a craft baker. I also chair the Chamber of Commerce's Retail and Supply Committee.

**Deputy K.F. Morel:**

Thank you so much for coming in and informing our retail review, which hopefully you will be able to take away, once we have done it, to your members on the retail side of it as well and it will help them and help inform the government strategy. So, it is just exploratory. It is to find out your views as the Chamber and to let us know where you think the retail sector should go and we, in turn, will inform the Minister. We will start just with some overarching questions. How would you describe the state of the retail sector in Jersey as it stands at the moment?

**President, Chamber of Commerce:**

I think the retail sector is facing some challenges, not just in Jersey but worldwide, changing customer demands, changing customer behaviours. I think Jersey is quite fortunate in a way that our High Street is quite busy and quite active. I think if you look around certainly the High Streets in the U.K. (United Kingdom) they have suffered a lot more in terms of the sort of shops that are there and the busyness of them, but I think retail is facing challenges right now.

**Chief Executive Officer, Chamber of Commerce:**

I would concur with the president there. I think it is defying the odds at the moment. It is doing better than it probably should do, given the competition that it has got against it from the Canaries, which I am sure we will discuss. I think if you match that against similar sized towns in the U.K. you will find that there are rows and rows of charity shops where the High Streets have moved out because of out-of-town shopping and because of online convenience and being able to get things by post during the same day, whereas we do not have that. I think there are reasons why it is still there. My big concern is that it may not be there in 2 years' time unless we take really positive action to value and to support the High Street.

**Deputy K.F. Morel:**

How do you see Jersey Islanders? Are we quite a consumer-based society in that respect? Is our desire to shop, is that helping to keep it afloat?

**Chief Executive Officer, Chamber of Commerce:**

I think that the success of business broad, if you look at all businesses, means that we have record low unemployment and we have record high employment. That means we have record tax intakes.

That means we have better spending capability and I think that spending capability is flowing through, both to online shopping, both to those spending outside of the High Street and to the High Street as well. So we are getting that from a successful economy broad but I think that there is a sliding scale and a tapering off, which we are in danger of sloping very quickly to unless we do something about retail.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think there are some keynotes that need to be understood in that the St. Helier offer or the Jersey retail offer is very different to the U.K. Too frequently we are benchmarked against towns in England when that is only part of the story. There are many K.P.I.s (key performance indicators) that probably should be running alongside those and bringing a better understanding of what retailing means to the strategic process is very important. I think generally we are doing very well. If anything, we have probably got too much retail space now where there needs to be a repeat of an exercise some years ago where we looked at the overall floor space as one measure. I think a number of companies have invested into the small local food stores, in particular. We will see shrinkage in the High Street, inevitably, but we can manage it and we can give it the best opportunity, but generally I think St. Helier does well at the moment.

**Deputy K.F. Morel:**

It is interesting, and we will pick up on a lot of those things as we go through as well, but you mentioned the K.P.I.s. Did you have any in mind when you were saying about comparing us to U.K. shops?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I can only be subjective.

**Deputy K.F. Morel:**

You are allowed to be here.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Okay. There is an organisation called the Association of Town and City Management, which provides vast reams of information. There are other commercial organisations such as Springboard. We have one metric they provide on King Street, for instance, the footfall counter. I am quite proud to say I think I might have been responsible for introducing that to the vocabulary of many States Members. We had another machine outside the market and another one in Conway Street, just to understand the the north-south drift. One was sponsored by the Chamber, one was sponsored by Property Holdings. Unfortunately both of those have been removed through lack of funding. So that is one measure, but there is a whole new knowledge-based science around town centre

management that we need to embrace to break down some of those barriers, perhaps, and bring the cohesive strategies together.

**President, Chamber of Commerce:**

But I think things like the percentage of income paid in terms of rentals, in terms of rates, employment levels, these are all really important K.P.I.s because I think retailers will operate and they will do what they can, whether opening times get affected because they cannot staff or the prices of products. There is a whole heap of things that are interrelated, so I think it is really important that we, as an Island, are looking at these metrics and assessing are we in a healthy place or are we not.

**Chief Executive Officer, Chamber of Commerce:**

Just taking it on from that point, I know you want to move on to other things but I think it is really important when we are talking cohesive strategy that it is fine having a retail strategy but you have to have more than one government department signed up to that, and that involves traffic management, that involves our Treasury and what they do - or do not do in this case - in terms of the budget. All of that has to point to supporting the same thing otherwise they are fighting against each other.

**Deputy K.F. Morel:**

Absolutely. We have found that in our review, the interaction with Infrastructure, with Environment, with Economic Development and Treasury as well, not all in public hearings but through submissions and so on. It comes from many different areas.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

If I could just add one subjective observation. I am a craft baker. I am aware that the market share in the U.K. for that sector is about 2 per cent and 90 per cent of U.K. bread comes out of a factory. In France and Germany the share of the small baker is 50 per cent, 60 per cent. So we do have a lot of complex pressures on the food market but also the Jersey consumer is very continental in his appetite and his lifestyle. I would like to think we are partially servicing it, and we are certainly not 60 per cent of the Island's market, but the 2 marketplaces are different in many ways although dominated by an English culture.

**The Deputy of St. Mary:**

I am not about to go off-piste but the various topics overlap into others. You have all mentioned about Jersey is holding its own quite well compared to places in the U.K. Is Jersey's specialism or privileged situation marketed well enough in the U.K.? You talk about the Jersey market having

certain demands but we are ... certain demands of the tourist market. Do we push that hard enough?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Tourism has a set of statistics and market research that far exceeds anything we have for the economic understanding of the retail market and I think shopping is one of the favourite pastimes of the tourists coming to the Island. They love lots of aspects, and they are well-documented, but they appreciate the shopping offer and I would like to think the food. They do not always buy a lot of food but they really do enjoy the slight niche and quirkiness of the independents, in particular.

**The Deputy of St. Mary:**

My point really was: is that aspect pushed hard enough in recruiting tourists, let us say, if we do recruit tourists?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think Visit Jersey do a great job and they recognise that. Visit Jersey will criticise this, so I have printed off their comments to you, in certain aspects, some of which are fair, some of which are unfair, but I can just say tourists like shopping in Jersey. It is a main activity. It is one of the top 3 things they like to do in Jersey.

**Chief Executive Officer, Chamber of Commerce:**

Taking the point of Visit Jersey. I think Visit Jersey have majored, rightly, on the things that are going to sell people to come to Jersey in the first place and they inevitably have been our environment, our beaches, what people would always aspire to enjoy from a holiday. I do not think shopping has probably been high up enough for retailers on that.

**The Deputy of St. Mary:**

That was really the point behind my question. That has been raised before.

**Chief Executive Officer, Chamber of Commerce:**

I am not one to criticise Visit Jersey because I think they do an amazing job and they have proved over the last 3 years or so of their existence what they have delivered in the way of tourists, but I think there is an opportunity to celebrate the uniqueness of our High Street a little bit better and I think Visit Jersey will probably have that very much in their minds.

**Deputy K.F. Morel:**

We have mentioned strategy a few times. How do you view the Government's strategic direction for the industry, its support? Are you concerned that retail is not mentioned specifically in the Strategic Plan?

**President, Chamber of Commerce:**

The word "retail" does not come up once in that document. It is a worry, the fact that we have not had a retail strategy in 9 years. The world has changed a lot in the last 9 years. Online shopping, customer preferences, these are ... it is not government's job to fix the problems here. It is everyone's job to come together to work on what kind of retail experience do we want on the Island. So the government has got a part to play but so have retailers, so have landlords, so have consumers, and we have all got to come together and work out in 10, 15 years' time what do we want this to be. Some of those things will happen just through commercial pressures but some things will not. So if we have a strategic direction, where does putting a 20 per cent tax on a sector that is really struggling fit in? If we had this cohesive strategy it would not be on the road map there. So my worry is that the Government is not doing enough to help start that process but we all have a part to play in making that process happen.

**Deputy K.F. Morel:**

Have you seen improvement? We were at a presentation a couple of nights ago by the Jersey Retail Association. They are only a year-old, barely a year-old. As far as cohesion within the industry is concerned, and including yourselves as the Chamber, are you seeing signs of that happening, whether or not government is involved in that?

**President, Chamber of Commerce:**

There are certainly some signs of that happening from the survey that was commissioned by the Government. The position of the J.R.A. (Jersey Retail Association) is quite an odd one because it is an independent retail body but it is funded if not 100 per cent certainly 50 per cent by the Government. That is something that we need to be looking at. Chamber, as an independent organisation, has a lot of retail members. We are seeing some movement in the right direction but it is not quick enough and the results that are coming out ... we need concrete actions and then once we have those Chamber will work together and I am sure we can rally our members to come together to work in that process.

**Chief Executive Officer, Chamber of Commerce:**

I think the pace that the J.R.A. has worked at over the past 12 months is absolutely fantastic and very helpful to obviously the retailers, because they are the retailers, but helpful to government in moving things along and taking some of that inertia out of the government's response. In terms of the last 12 months of government work, I would really like to know what they have done on a retail

strategy in the last 12 months, because we seem to be in the same position as when I left the note in the drawer before I left. So I do not see much has happened there. I know we have been assured at the Chamber of Commerce that we will see a draft of a retail strategy this side of Christmas and that the fully formed strategy will be something that we will see the other side of Christmas. I would be very keen to see that move on because that retail strategy is 9 years overdue in a least 5 of those and so it needs to move forward.

**The Deputy of St. Mary:**

You perhaps know that the Minister is due to appear before a public hearing on Monday, so I am sure our chairman will be asking questions.

**Deputy K.F. Morel:**

I hope you will too. Oh, no, you are not here.

**The Deputy of St. Mary:**

I am not here, I am afraid.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

A good example of how the economy and particularly the retail economy has not fitted into strategic planning for the States is the Island Plan.

[10:45]

I am hoping that is going to change next time around and the economy is going to appear a lot higher as an important factor in the way we go forward. Community, environment and economy have to run alongside each other. An excellent exemplar of that would be the North of Town Masterplan, which deliberately avoided the economy completely out of its terms of reference, and that has come to fruition now with street development. We were desperate for those housing units but to extinguish the roads is an important intervention and there has been no strategic thinking. There was a complex traffic report that was ineligibile and I imagine it is still online but it is about traffic movements and how much extra journey times would be made. It did not reflect on the under-resourced shopper parking facility in north of town. The Department for Infrastructure will say we have given back a lot of shopper parking spaces there, but are they enough? So I use that as an example of a specific case of how the retail economy has not fitted into strategic planning.

**Chief Executive Officer, Chamber of Commerce:**

I think the value of retail is something that we have been asking for a long time for some real hard evidence of what is the value of retail to Jersey, and I think it comes right to the very core of what

we are talking about today. You have a sector that employs 8,000 people, that is paying £187 million in salary, and the average wage per person of that 8,000 people is £23,500, so they are not on minimum wage, very, very few. In fact, it is down into the hundreds, I think, that are on minimum wage of those 8,000 people. They are a really good employer. They are very valuable to our economy and yet we do not see retail written anywhere and I just think that as a sector it is one that certainly needs to have some focus.

**Deputy K.F. Morel:**

One thing when you talk about the 8,000 staff, I was thinking about this the other day, but then you have got the people who support the retail economy beyond that, and I assume they are not counted in that 8,000; the logistics or construction or whatever, retail pools and all these things.

**Chief Executive Officer, Chamber of Commerce:**

No, they are not.

**President, Chamber of Commerce:**

And the support that having a busy retail environment has on hospitality. That cannot be understated.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

They are critical services, particularly food supply.

**Deputy K.F. Morel:**

Yes. Just before we move on, I want to ask you, you talked about the J.R.A. and the need for a cohesive voice within the industry itself. From your perspective of the Chamber of Commerce, the retail committee of the Chamber of Commerce, do you find that your members do speak with one voice or is it lots of different voices?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think we are very good at giving a broad-brush opinion. There might be one or 2 things people might have a slightly different view on, and that happens. The J.R.A., particularly the chief officer, are doing a terrific job, are doing a wonderful job.

**Deputy K.F. Morel:**

I guess one of the things is do your members have a sense of, when you are talking about the vision of 10, 15 years out, where they think the retail sector in Jersey could be?

**President, Chamber of Commerce:**

I think individually if you talk to any of our members, be they large or small retailers, they will all have an idea about what is good or what is not. I think you have hit the nail on the head. One of the key challenges as retailers is that cohesion and acting together, it does not tend to happen. Our members will work together and the J.R.A. will too, but more than any other sector I think retailers are used to competing with their next-door neighbours. So working together can be a challenge sometimes but we do what we can to assess individually but come back with what we feel is the best place.

**Chief Executive Officer, Chamber of Commerce:**

But I think that is where if the destination and the broad product is good and if that is raised and highlighted and supported then everyone will benefit, and it is getting that “benefit to all” message out to those competing retailers.

**The Deputy of St. Mary:**

Thanks for the general overview. I am sure we will come back to that. On various matters of detail, can I start with the *de minimis* charge: (a) do you have a view on it and (b) were you consulted at all?

**Chief Executive Officer, Chamber of Commerce:**

In terms of a view, yes, we do. In terms of consultation, I think it has been noted for quite some time that really we have not had a massive amount of consultation. The consultation that we did have with the Treasury was very productive. I think the Treasury - in fact I know the Treasury - agreed with our conclusion in that there was definitely a case for a reduction in the *de minimis*, albeit unpopular with those shoppers shopping online, of which there are many. But they saw, as we have found out, that the facility to collect a lower *de minimis* by the Post Office, the Post Office are fully kitted up and fully prepared and have spoken to both us and the Treasury and said that. The Treasury have been there and seen that and they know that if they were to reduce the *de minimis* to £100 they can collect from £100 upwards comfortably and make money. They do not know how much. They are quoting £900,000. I think it is a lot more than that and I think to turn down £900,000 of money that would be collected on behalf of the Island for the taxpayers of the Island is difficult to turn down. Now, I know that was supported by the Treasury and I understand it was supported by the Chief Minister. It was not supported by the entire Council of Ministers.

**Deputy K.F. Morel:**

We understand it was 50:50 and so the status quo prevails.

**Chief Executive Officer, Chamber of Commerce:**

But I think the reasons for not doing it are really unclear other than it might be a little bit unpalatable and unpopular to tell to the public that there is going to be a 5 per cent tax on anything over £100 that you buy online. The fact remains though that it is completely unfair.

**The Deputy of St. Mary:**

Aside from what you perceive as the lost revenue, there is a point that local shopkeepers are obviously disadvantaged and it is unfair on them, is what you would say presumably?

**Chief Executive Officer, Chamber of Commerce:**

It is not going to change people's shopping habits per se and it is not going to save the High Street on its own, but to bring the prices closer has to be seen obviously as a good support for the local retailers who are paying high rentals, who are already paying G.S.T. (Goods and Services Tax) whereas you can buy exactly the same thing online and not pay the G.S.T. That seems unfair.

**President, Chamber of Commerce:**

In the previous Assembly and the Chief Minister - and this sentiment is echoed in the current one - there were 4 words: low, broad, simple fair. The fact that our local retailers are collecting G.S.T. on behalf of the Government but those who are choosing to provide their services from off the Island are not just is not fair. As the Chief Executive says, a change in the G.S.T. *de minimis* will not change behaviour a small bit, but our local retailers are having to collect this G.S.T. and put it on the prices locally. That is not fair and something that we should be looking at.

**Deputy K.F. Morel:**

Do you know how much shopping is done online? We know in the U.K. it is about 20 per cent, I understand, of the whole retail sector is online.

**President, Chamber of Commerce:**

I would suggest anyone go down to Rue des Prés and just have a look. The floor there used to be all letter sorting. Now over half of that is this big conveyer belt and it is just boxes and boxes and boxes, all day. There are millions and millions, tens if not hundreds of millions of pounds of goods being brought in from off the Island. Shoppers need choice; they need variety; they are looking at price. We are not anti-online shopping. It is part of a good retail environment, but the fact is that those retailers are not suffering the same G.S.T. collection that the local ones are. For us it is about levelling the playing field. Whether we are charging *de minimis* on imports or any local retailer who chooses to sell their goods online, let us rule the G.S.T. for them. For us it is about levelling the playing field. Okay, 5 per cent, but it makes a difference for consumers and for the retailers that 5 per cent represents probably a significant part of their margin.

**Deputy K.F. Morel:**

I am just also interested in the idea that we talk about the lack of statistics, the lack of K.P.I.s, £240. There is a whole chunk of statistics that we are missing out because we basically do not know what is coming in there at all. Bring it down to £100 and you reduce that knowledge gap again just as another added benefit.

**President, Chamber of Commerce:**

There are millions, somewhere between £10 million and £20 million of G.S.T. is our guess, but as you say, we have not got the full manifesting. Manifesting is there for some goods and for some goods it is not. It is not beyond the wit of any person to work out what that is and what we should do with it. Coming back to David's point, it is about metrics and it is about making decisions on good measurements.

**The Deputy of St. Mary:**

Just going to Murray's point to clarify, you have had a dialogue with the Post Office who reckon they can cope with the ...

**Chief Executive Officer, Chamber of Commerce:**

The feedback that we have had - I know that you as the President has had that feedback - is, yes, to the best of our knowledge and to the best of the knowledge of the Post Office, they are ready, willing and able to cope with that and can cope with that extra workload. In fact, I think they are already talking about a couple of extra people that would need to be employed to operate that. So I think that from that perspective we have ... let me answer it this way: 2½ years, 3 years ago, as the Assistant Minister for Economic Development I sat at the Chamber of Commerce around a large table and the retailers of the Retail and Supply Committee, which is here today, said to me: "Minister, why are you not reducing the *de minimis*?" The reason we were not reducing that *de minimis*, and the reason that I gave that I was advised by my officers to give, was that we could not reduce it because the technology was not there to be able to reduce it and make it cost effective; 2½ years, 3 years later, that technology is there. That technology is there and we can make money for the Treasury. We can make money for this Island that we do not have to take off local people and now the reason we cannot do that is because it might be unpopular. Well, that goes against what I was saying 2½ years ago.

**Deputy K.F. Morel:**

The unpopularity plays into the affordability, does it not, in the sense of people are saying: "Jersey is too expensive so I shop online to cut my household bills"? But I guess there is also a sense of £240 is quite a hefty chunk of affordability. They are not your essentials. Most of your essentials come in lower than £240.

**Chief Executive Officer, Chamber of Commerce:**

That is a very good point and one certainly that we would make.

**President, Chamber of Commerce:**

But the point that you are making there is essentials are not G.S.T. free on the Island. The U.K. does, for some goods, remove V.A.T. (Value Added Tax). We do not do that here, so what we are saying is that we drive people rather than to local retailers to online retailers, because that is your essential stuff, so anything you buy under £240 is G.S.T. free. It is the wrong message to be sending.

**Deputy K.F. Morel:**

Interestingly, the Minister for Treasury and Resources has suggested it would be 2021. They might bring it in in the next Budget but there was a strong suggestion that she is going to wait until the E.U. (European Union) decide to get rid of *de minimis*. Can we afford to wait?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Do we need to?

**Deputy K.F. Morel:**

Yes, do we need to?

**President, Chamber of Commerce:**

There is one direction that the world is going in terms of G.S.T. and *de minimis*. Australia, for example, has gone through that process and that has not been particularly popular, but Europe is going in that direction, so this is the way that things are going. I am almost sure that it will fall on those retailers, if they want to shift to a jurisdiction, that they will have to do that G.S.T. or V.A.T. sales tax collection and then hand it on. I think that there is some nervousness at the moment about whether we can approach any of the big retailers and ask them to do that, but there is a significant amount of margin that they are making for selling goods on the Island so I am sure they would look at it. But this is the direction that things are going so, okay, it is 3 years but we do not need to wait. This is something we could do pretty quickly.

**The Deputy of St. Mary:**

I think we have dealt with that topic fairly fully. Thank you.

**Deputy K.F. Morel:**

We are staying on tax, retail tax. You saw we had Simon Buckley in yesterday and he had some rather strong views on the retail tax. Can you tell us what your views are and also again the same question about consultation? How involved in consultation were you before that tax was brought in?

**Chief Executive Officer, Chamber of Commerce:**

I will start with consultation and I will hand to my president who can tell us a little bit more. But in terms of consultation, as a former politician I stood up in the Assembly at the time - it is on Hansard - there was no consultation at the time. The consultation that the then Minister for Treasury and Resources ... and I was arguing against his defence of reducing retail tax down to 10 per cent at the time. The Chamber of Commerce was saying that they had nothing other than an invite to a meeting, which many could not attend, and that was the consultation. Since that period and since that vote, which we know was tied at 24:24 and would have been 25:24 if one Member who was very supportive of it had been in the Assembly at the time ...

[11:00]

Since then I do not think we have had any consultation that I am aware of in my time here and apart from a brief conversation that we had with Treasury pre-Budget where we raised the same question, again there has been nothing there. I think the issue with the retail tax - and we go back to that low, broad, simple and fair - is it is not low, it is not broad, it is not simple, it is not fair. It fails on all 4 and with the U.K. to bring their retail tax down to 17 per cent, we are so deeply uncompetitive in terms of investment coming into the Island. There are retailers, of course, that will not be paying the retail tax. Many of our retailers will not be paying the retail tax. However, they are the first to recognise that without a vibrant High Street, without investment into the High Street, then we do not have that vibrant, theatrical High Street that people want. There are many of our members that are not in favour of reducing the retail tax; there are some who are in favour of reducing the retail tax. However, the Treasury openly admits, and I sat in the Scrutiny hearing here, they do not know what the results of having a 20 per cent retail tax would be.

**Deputy K.F. Morel:**

They are waiting to see, as I understand it.

**Chief Executive Officer, Chamber of Commerce:**

They are waiting to see. That is a very dangerous gambling game to play that you are going to impose a 20 per cent retail tax without knowing how much it will raise. It is hypothecated. There is no sum. They do not know what damage it will do and they are going to sit and wait until they see what damage it does before they do something about that. That seems a completely bizarre policy

to take when you are dealing with retailers who are already suffering from online, as we have discussed, are already suffering with the thought and threat of Brexit and what that might bring to supply lines. All of those areas are coming together into possibly a perfect storm and at the same time as doing that, understanding that there should be some tax, reducing it to 10 per cent was always a very sensible idea and it seems to me astonishing that it is not something that was even considered into this Budget.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

No economic impact and it is simply unfair, the percentage.

**President, Chamber of Commerce:**

We have spoken to a number of larger retailers and it has impacted on their training, staff development, developing their own retail establishments. These large retailers, they have numbers that they want to hit in terms of top line and bottom line. So if there is a tax being taken off that was not there previously it is going to affect the operating costs of the organisation, which will ultimately hit things like training. We do not know but I am sure it may well affect any external organisation's decision to come to the Island also. I have got a choice of putting up a shop in the U.K. or in Jersey. Jersey's rate is 1 per cent higher than the U.K. and it will be 3 per cent higher than the U.K. It does not send out the right message that we are open for retailers to come and set up shop in Jersey.

**The Deputy of St. Mary:**

Just going back a bit, when that came in there was a mood of the public, I think, very simply that why should the larger companies who are off-Island get away with tax whereas the smaller retailers are going to have to suffer it and it was partly for that; it came up time and again. I think when it was brought in in the original Budget, I do not think there was that much dispute about it at that stage. When the amendment came in, when they suddenly realised what had happened, it was a wake-up call. Going back to the point, how much consultation was there at the earlier Budget rather than when the amendment was sought?

**Chief Executive Officer, Chamber of Commerce:**

Again, I repeat, there was very little if no consultation and looking back at it now it amazes me that the word "consultation" could have been used at the time as something that happened when it clearly did not. I have looked through all the records, I have looked at what consultation there was, and there was very little, if any, consultation. The point in terms of when people realised - and I agree with the sentiment - you said that there was a strong feeling that large retailers who were not paying any tax because they were based off Island were getting away with not paying tax and there was that strong feeling. I think it is measured as to where you place that tax and placing it at 20 per cent where it is uncompetitive ... and no one is saying that nobody should pay any tax whatsoever but a

10 per cent tax does seem a reasonable, sane way, if you are going to trial something, to see if it happens. Do not make it so extreme that it is going to pretty obviously cause damage. I was, in my previous role, party to lots of conversations with lots of inward investment that was coming into the Island because it was centred in the department that I was with. I quoted at the time of that amendment that there was indeed a large retailer, among many, who was considering coming to the Island and was looking at that time. It happened just at the point of the 20 per cent tax coming in. That retailer has opened in excess ... in double figures of large stores across England and Ireland. It has still not opened that store in Jersey and it blames the cost of doing business in Jersey and part of that is the potential of retail tax at 20 per cent. So it has had an impact.

**The Deputy of St. Mary:**

Your organisation represents the bigger boys and the smaller ones. Are you saying that the smaller retailers would be happy with the 10 per cent but even they are opposed to the 20 per cent?

**Chief Executive Officer, Chamber of Commerce:**

I think that there are smaller retailers - and there will be differences of opinion - that would be content for there to be a 20 per cent retail tax on large stores because they see that they are having to pay tax on their dividends of any profits that they take out. That is understandable because in their competitive mind that is what they are thinking. If you think in the cohesive mind of a broad brush of a vibrant High Street then you look at investment and they celebrate investment when it happens. They acknowledge if you are a small store that by having large stores, department stores - and we have got a couple of large ones just opposite us - if they are vibrant and they get footfall then the smaller stores get footfall as well. It comes to whether they are open or not. If the large stores are not open, people will not come into town to shop in the smaller stores. So I think it is all part of a larger package. It is depending on who you talk to and it is difficult to answer that question as to whether they do or whether they do not. I think it is drawing that happy medium; 20 per cent seems to be having and has had an impact and I believe will have an impact. The problem is that we will be 2 years down the line by the time we realise it has had an impact and then we will be trying to catch up and make amends for it when investment takes 18 months, 2 years between the start of investment and going to build on something. This could cause long-term damage.

**The Deputy of St. Mary:**

The final question I have on this particular aspect is that this hits retailers. Do you have a view as to why single out retailers? There are wholesale operators or other industries.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

When does retail stop and wholesale begin?

**The Deputy of St. Mary:**

Well, that is always a problem, yes.

**Deputy K.F. Morel:**

Good question. I think the builders' merchants' area highlights that really well. When does a D.I.Y. (do it yourself) store become a builders' merchant?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

The motor car industry, trade. I think, quite rightly, small guys are concerned but I think going straight to 20 per cent is far too much too quickly and the sensible action now would be to bring it back to 10 per cent and then understand the impact over a period of time, measured independently, perhaps through one of the big 4, understanding the tax revenue and then sort out the reasonableness and the fairness of the taxes.

**The Deputy of St. Mary:**

Can we move on to another favourite topic, parking?

**Deputy K.F. Morel:**

Parking and transport.

**The Deputy of St. Mary:**

Yes. There is perception, and I am not sure if it is more than perception, that the alleged lack of parking is affecting the retail trade. Do you go along with that?

**Chief Executive Officer, Chamber of Commerce:**

I think it depends where you are talking about geographically. There are areas where it is easier to park and I could say hand on heart right now, right at this minute, and there will be at most busy times of the day parking in Pier Road. Whether that destination is just too far for people to stretch is another point and yet you will see a queue at Sand Street or Minden Place because they are much more convenient. I think that parking is as much about perception as it is about reality. Perception is people's reality so, therefore, people will always ... and I think there are figures that will be released by lunchtime today on the retail survey that will point to people's perception of parking and I think it will be interesting to see what those figures say.

**Deputy K.F. Morel:**

Our submissions reflect that survey. In about 90 per cent of individual submissions at some point in there they talk about parking and the need for better parking, et cetera. What I find interesting is that that clashes with the Island's other aim of having a sustainable transport policy and reducing

the reliance on cars. For me, trying to work out recommendations about the way forward, I find that interesting. I was wondering whether you have any views on how you balance those 2.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

The D.f.I. (Department for Infrastructure) have been pretty poor historically in asking consumers what they think about parking generally. They will talk about journey times, they will talk about reducing commuter impact, but the north of town is very, very poorly served on the basis people want to make it more residential. Who cannot deny that is not a great idea but I refuse to accept it is not possible to replan the north of town to make it a combined urban environment that includes residential and commercial use. I declare the interest that I trade out of the markets. To make shoppers walk with a bag of spuds and a few pounds of mussels from the markets to Pier Road is quite ridiculous and there have been opportunities lost in the belief that if we make it less convenient for people perhaps it will just choke out the problem. I do not know, but it has never been raised properly, never been understood fully, and it needs to be addressed somehow and we need to ask people what they want. There was a queue outside Snow Hill at 9.45 a.m. this morning. One of the big focuses was to look at free parking on a Saturday as an initiative, which was a very far-reaching move, but we need to be smarter in the way we use telephones and the way we provide information about parking. There are about 12 different ways of a parking regime, which is confusing for visitors. But we could be doing this so much better. I am very passionate about this but as it stands now the Island Plan is to close Halkett Place and completely cut off that loop through. If we are ever going to do that, the only way it could be successful is to provide satellite parking around the north of town otherwise we will not be anchoring the north of St. Helier at the bottom of Bath Street. We will be anchoring it from Hettich's junction with Queen Street and King Street and it is a shame because it does make St. Helier special, the fresh food industries and markets. I am sorry to go on about this but I jotted down some of the key notes that the panel used in their online policy mandates for the elections and I picked out a few words that struck home with me and they are in particular: sustainable, diversified economy, traditional industries, family values, food security - I added that one.

**Deputy K.F. Morel:**

I think I mentioned food security.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Those things are really important to the Island. With Brexit approaching, those small food industries and trades bring great benefits to the Island and they must be given the opportunity to thrive and they need good parking around the centre of town in particular.

**The Deputy of St. Mary:**

There are 2 things arising. Thursday night shopping, that is successful. Is it helped by the free parking?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think you would probably want to address that to the High Street retailers, in particular the town centre manager and the J.R.A. I do not believe I understand the full benefit of it yet. I think members of the J.R.A. would say: "We need to slide our times later in the day to be more attractive." I do not think people understand that the fresh food trades would tend to be more traditionally busy in the morning. So if there was a requirement to make people sell cabbages at 6.00 p.m., I do not think that would necessarily bring any benefit to the retail economy. You have to understand the difference. Food and High Street fashion offer a difference.

**The Deputy of St. Mary:**

The other thing that we have trialled before is the Hoppa service. We were talking about satellite parking.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

That is something you would have to ask LibertyBus about. I think they are very reluctant to put buses through the congested town centre. There might be other options with Disney World type people movers, I do not know.

[11:15]

There was the possibility of building a large car park at Snow Hill at £50,000 per space, I believe, if I remember correctly. D.f.I. was against it. They thought it was costing too much, but it is costing too much within their model of the provision of a parking space. If we had the big picture and we could build that into the lift going up to Fort Regent, all of a sudden we are opening up St. Helier's new urban area into 20 acres of open space and how much did it cost? £1 million, less, to have a High Street lift fitting in with a car park?

**The Deputy of St. Mary:**

I take your point about the Island Plan and the need for integration of all these things to come together, but my question on the Hoppa service has been ... was it the Christmas before now? I am really asking the Chamber whether that has proved successful as far as you are concerned.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think it was a financial disaster, so it would be great if it worked.

**The Deputy of St. Mary:**

For LibertyBus or whoever?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

For whoever is going to fund it, because people were not prepared to pay even a small fee. They wanted it free and I do not think it is going to work, but I hope it would. As a town retailer, I would love it to.

**President, Chamber of Commerce:**

Just to close that part off, parking is vital for retail in St. Helier. Our bus service is great. The LibertyBus service is first class but shoppers want to be able to shop and take their stuff and pop it in the car and maybe go back for more stuff. So parking is vital and a good provision of cheap or free available parking for shoppers is really important to St. Helier.

**The Deputy of St. Mary:**

A final point. You say shoppers want to go and buy things and take them back. The taking back is a key. As you say, you do not want to haul a bag of spuds up Pier Road. In general terms, what is the delivery service like of retailers? Is there scope for expanding that?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Online food shopping has not been very successful in the U.K. and I do not think there is very much activity locally either. There are complications because of the nature of fresh food. Delivering refrigerated goods or leaving food outside if there is nobody in the household presents challenges. I am sure it will happen in the future but some things do not automatically lend themselves open to home delivery, if that is the suggestion. It could happen but there are major challenges.

**The Deputy of St. Mary:**

That is what I am getting at. It is the lugging the stuff back which is the problem rather than ...

**Chief Executive Officer, Chamber of Commerce:**

Click and collect is certainly an area where there are collection bays, but I think one of the necessary evils of having a difference in St. Helier compared to most places in the U.K. is if we do not have parking and we do not have the facility to click and collect locally and very close to the stores. The only other option is the major attraction of out-of-town shopping, which is what has happened to every High Street in the U.K. The reason why you have out-of-town shopping is because you have got fantastic parking and you can build a car park and build the shops round it. Now, we cannot do that here, but those are the 2 choices that you have. The reason you have out-of-town is so that people can get to it and get back to off ring roads with large parking. If we want a vibrant St. Helier,

one of the honesties that we have to own up to is that people will need access, be that sustainable transport systems. We can improve the transport systems only so far; there will be a niche of people that will always want to go by car.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

It needs to be convenient because the consumer wants convenience and choice. Going back to my point about the difference in the bakery markets, people shop for fresh food on a daily basis in Jersey whereas they might have the big shop in the U.K. and then top up a little bit mid-week. They are different habits and we need to eat more fresh food. There is too much salt, sugar and fat in our foods, which are preservatives. There is too much packaging.

**Deputy K.F. Morel:**

We will have to save that for a different review.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Okay. Fresh food matters.

**Deputy K.F. Morel:**

I am just going to ask about the central market. I am raising it in importance. You mentioned the market, you trade from the market. Do you think it is being used to its full potential?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

It is still there, still providing a fantastic service. I think there would be town centre managers all over the U.K. who would bite their fingers off to have an attraction like that in the centre of their towns. They have to respond to competition but there is still a very, very important role for the small businesses in the Island. Are we getting the support that we deserve? This is a personal opinion and not anybody else's. I have no mandate from fellow tenants. Parking is an issue. Developing a shared vision for the future is an issue. I am not parking that blame with anybody. I am saying we have to communicate. We need to develop those partnerships, as indeed we do across the Island on all of the various competing retailers.

**Deputy K.F. Morel:**

What about issues like the Thursday afternoon closure, because that has been brought up as well?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Yes, okay. It is not a supermarket. We have fresh foods and the definition of fresh food is food that goes off very, very quickly. People do not want to shop late in the afternoons for cabbages and bananas. They might do some later grazing up and down King Street looking at clothing, but they

do not buy those things later in the day. I should not plug my own business but we are trying to reinvent that continental lifestyle with more baking happening later in the day and I hope that is going to take off in the next 12 months. People are not going to go shopping for fresh fish at 8.00 p.m. Even a Thursday afternoon makes it special and a lot of those businesses are one-man bands. They might have 2 or 3 staff and if you are operating from 7.30 to 5.30 on 5 days a week, it is good to have one afternoon to have a bit of family time. There are mixed views on Thursday openings but the fresh food businesses in general probably do not want to open.

**Deputy K.F. Morel:**

That is fair enough. I just thought I would ask and because we are running out of time I am going to go through. On vacant shops, we have seen talk about different ways to deal with vacant premises in Jersey. I think the Constable raised an empty property tax. Is there really a problem of empty shops in St. Helier and, if so, how do you think you might deal with that, but only if there is a problem?

**Chief Executive Officer, Chamber of Commerce:**

I think it is the reason why there are empty shops that is the problem. I will leave this with the president because I know you have been looking into this and have thoughts to make on it.

**President, Chamber of Commerce:**

Yes, there is definitely an issue. There are more empty shops than we have had in well over 10 years, maybe far more than that. It is challenging for local people to see that but also our visitors. It does not look good. We should be doing whatever we can to encourage those shops to be filled. Obviously, the landlords cannot force retailers into that space, so whether rental prices have an impact on that, changing customer demand. For me we are in a really lucky place from the St. Helier point of view that we have got such a lively town centre, but there are a fair number of retail outlets in prime places that are either to let or standing empty at the moment, and that is a challenge.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Overall we are doing a lot better than the U.K. but the challenge is there. The north of town is suffering through lack of convenient access. South of town, Sand Street Car Park, bottom of the town is doing very, very well with the growth of the shift of the finance centre. I get these figures from my own observations because although we are a small player, I see staples across the Island and I get a really good idea from a subjective point of view, but the north of town is suffering badly because of access.

**Chief Executive Officer, Chamber of Commerce:**

One other point just on that with shops to let, there are 2 issues that do not often get taken into account. One is that sometimes the tenant that has moved out has already paid up for the 1½, 2

years, and in some cases that is true, so there is no urgency for the landlord to let it again, because they have already got the rent coming in because it has already been paid up. So that is being held over on a lease that is just unoccupied. So that is one reason not to go for urgency. The other is not to lower their rents because if they lower their rents in some cases that will affect the value of the property and their investments and investment portfolio, because by lowering the rent their credit is going to drop as well. So there are lots of reasons why rents are kept at the rate they are kept and it is very difficult ...

**Deputy K.F. Morel:**

Yes, it does seem to be a one-way street, rents.

**Chief Executive Officer, Chamber of Commerce:**

Rents only go one way. They never seem to go down and that is a frustration.

**The Deputy of St. Mary:**

Yes, we have had that debate.

**Chief Executive Officer, Chamber of Commerce:**

Maybe we should change leases.

**The Deputy of St. Mary:**

We had an estate valuer yesterday and he was saying it is not too much of a problem and he thought landlords generally were much more commercial maybe than they used to be.

**Chief Executive Officer, Chamber of Commerce:**

Sorry, is that the person representing the landlords said that?

**The Deputy of St. Mary:**

Yes, all right, but that is the general point.

**Deputy K.F. Morel:**

It is the broad perspective.

**The Deputy of St. Mary:**

That is a fair comment, but back to the general point, we have not quite got the same problem as a lot of small towns in England have got, have we, and hopefully we never will? Okay.

**President, Chamber of Commerce:**

But I think what you see in the U.K. is what happens when commercial pressures play out and in any towns of 100,000 people you see what a lot of those High Streets are looking like. We have not got that challenge at the moment, but I personally do not want to wait the next 3, 4, 5 years for those pressures to play out, at which point we have got a High Street that has gone beyond and is very difficult to recover from.

**The Deputy of St. Mary:**

We are sort of running out of time. Can I jump on to another major subject of Sunday trading? Is there a composite view, comprehensive view from the Chamber?

**President, Chamber of Commerce:**

It is quite a divisive subject. There are several of our members who do not want to open on Sundays and some of our members who very much would like to open on Sundays. For us, this is not about whether we are telling people to open or not. This is about a choice. This is about allowing retailers who do not currently have the option to open, and there are 30 large retailers that are affected by this.

**Deputy K.F. Morel:**

It is only a minority of retailers.

**President, Chamber of Commerce:**

Exactly. You look on a Sunday in King Street, for example, most of the shops choose not to open; some of them do. But in the summer we have significant footfall, especially visitors from off-Island. The call from Chamber is give those retailers the choice. They will be able to use their commercial acumen and their knowledge to know whether they should open or not. It should be a matter of choice and we should not be using legislation to decide whether these 30 retailers are allowed to open or not.

**The Deputy of St. Mary:**

But deregulation would open up the argument that effectively staff will be not forced to work but staff will be deprived of their family time on a Sunday. You are going down that road, are you not, that you are affecting family life of a large number of people and you are content to take that decision?

**Chief Executive Officer, Chamber of Commerce:**

I think that the effect on family life and the effect on people that have to work is felt right across the Island, in hotels, in restaurants. For anyone who goes for Sunday lunch, someone is going to cook that and someone is going to serve that. That is family life. There are people who work in the evenings in hospitality and other industries, people who work at the ports or work at the harbours.

There are very, very few people who do not or cannot work by law on a Sunday with the exception of 30 or so stores. As the president said, it is up to each individual retailer and owner of those businesses to decide whether they can manage it for staff, whether they can manage it for the well-being of their staff, which covers your point, whether they can get enough staff to cover that Sunday opening. In some cases they will make that choice and say: "We would rather not for all of those reasons" and there will be some that would want to do so, but they are not given that choice at the moment. That choice at the moment sits with the law and with the Government who decide who can and cannot open when they are not even qualified to decide whether they can do that. The choice really needs to be with each individual retailer, be it right or wrong for them to open, but at the moment, as the president said, there are some retailers that want to open and just simply cannot because the law says they cannot and there are some that can open that say: "We have made that choice already and we do not want to."

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I have a slightly contradictory view there insofar as there will not be choice for some. If we have large U.K. retailer next to a local large retailer, if the word from above from the U.K. retailer's head office says: "You must open" then the other party is going to have to open to maintain their market share. The apple pie is not going to get any bigger; the amount of trade available is not going to get any bigger. You could argue it would be more attractive for tourists but I do not think that would be very high on their list of things to do, because they do not spend that much, but there will be data on that. The practical, pragmatic problem and the wisdom perhaps is where are you going to find 15 per cent extra staff if you want to open. I am hypocritical here because I am in the food trade and we do work 7 days a week. We try to make Sundays different, but there will be practical consequences for us if the 30 open.

**Deputy K.F. Morel:**

Just before we finish, one more, which is out-of-town retail. We have spoken principally about St. Helier. When you look around the Island do you think we make the most of our out-of-town opportunities, and by that I am not thinking of creating a big ... I do not even know the names of the U.K. shopping centres but not a big shopping centre. We have got Les Quennevais and we have got the villages. Do we make enough of them, in your view, or could we make more?

**Chief Executive Officer, Chamber of Commerce:**

I think the vibrancy of the villages is something that has certainly been looked at and I think that there is a lot to be said for village vibrancy.

[11:30]

One that was particularly close to my heart was St. Aubin that grew up very much on the basis of hospitality and of the restaurant trade, which it still has but that has grown other retailers that have grown up in other areas and you have seen them become sustainable because people are drawn to those areas. I think there is something to be said about it is something between the Parish Halls and the amount of village markets that one has. That is a very good attraction. I know that can be in competition to other retailers but it can increase footfalls for those. So I think there are some offerings there. Les Quennevais is a great example. You try to go Christmas shopping in Les Quennevais in the next couple of weeks and you will see just exactly how busy it gets, and people do prefer sometimes to maybe not make that journey through into town and go out of town. So I think there is a place for it and it probably needs to be brought into that strategy.

**Deputy K.F. Morel:**

I was going to ask if you think it should form a part of the department's strategy.

**Chief Executive Officer, Chamber of Commerce:**

Without a doubt. I think that the pressures on transport particularly will increase if those areas are not given the support and love that they need to be, and I think they need to be included.

**The Deputy of St. Mary:**

A throwaway comment almost. The out-of-town shopping centres are not just shopping, are they? They have doctors' surgeries, banks, et cetera, and that takes away a lot of extra traffic from town which, on the one hand, avoids congestion problems but reduces the footfall too.

**Chief Executive Officer, Chamber of Commerce:**

I think there are essential services that have grown up and they only grow up around areas that are sustainable from footfall and they start usually as most villages do, around the basis of a church and a pub and a village hall and then other ancillaries, the local butcher, all of those. I am sure there are people within all 12 Parishes that cherish their local shopping centre, albeit not what we would call an out-of-town shopping centre in those terms. So I think that village shopping in those areas is very important and I think that most of the major retailers recognise that by the fact that they have placed some of their stores in them.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think the marketplace will sort itself out. I think we have got it about right. I would hate to see a very large development going into the countryside and we focus retailing in suburbia, but there should be other services dotted around the Island. I believe it is about right at the moment, personally.

**Deputy K.F. Morel:**

Are there any areas we did not quite get to? Online shopping we were just going to ask about that and also town facilities, whether the facilities were appropriate in town, but were there any areas that you wanted to mention before we finish?

**Chief Executive Officer, Chamber of Commerce:**

I think we are into an area that might take an awful lot of longer, but very shortly I think that parental changing areas is an area. I know that the Town Hall has those facilities. I think it will be incumbent on any strategy going forward that the right mapping of footfall gives us the idea of where we need those changing facilities. Public conveniences clearly people need from time to time and I think that we need to make sure that we have a proper mapping of that to make sure that that covers the amount of footfall that we have got. But I think parental changing facilities for children is a really important area.

**Deputy K.F. Morel:**

I understand the Town Hall facility is well used. It is very popular.

**Chief Executive Officer, Chamber of Commerce:**

I am just surprised we have not come up with a town creche facility yet for shoppers. I think it is an area that might come into some sort of retail strategy.

**Deputy K.F. Morel:**

Anything else?

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I think we do very well, generally speaking. The town is clean. It is well maintained by the Parish. There is always room for cleaner, more available toilets and disabled facilities. They are an important asset, pretty basic and vital.

**Deputy K.F. Morel:**

Yes, absolutely. It would make for a more comfortable journey round town.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

The digital economy in terms of the fresh food business is not fully understood. I think your 80 per cent estimate is about right, 80:20 is about right, but it will only go so far. Fresh foods still need to be an experience, fresh fish, fresh vegetables.

**Deputy K.F. Morel:**

Yes, that is interesting. I know that from a baking perspective absolutely. Supermarkets pipe through those bread smells for a reason.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

I am not sure if it is always fresh.

**Deputy K.F. Morel:**

No, I said they pipe through smells.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Nobody has chemically designed the smell of fresh bread yet. You need a baker for that. We have our uses.

**Deputy K.F. Morel:**

Thank you so much. Thank you for your time and for making the effort to speak to us.

**The Deputy of St. Mary:**

Thank you all for coming in.

**Chairman, Retail and Supply Committee, Chamber of Commerce:**

Could I just add as a postscript? If there are technical areas you need to understand about the retail industry trade, I probably will not know the answer but through Murray and myself we can probably push a technical question or 2 at a later date that you think is absent from your evidence. We can try and plug any gaps for you.

**Deputy K.F. Morel:**

That is really helpful. Thank you very much indeed.

**Chief Executive Officer, Chamber of Commerce:**

Thank you for the opportunity. We appreciate it.

[11:35]