



Economic Affairs Scrutiny Panel

Retail Policy Review

Witness: The Minister for Economic Development, Tourism, Sport and Culture

Thursday, 15th November 2018

Panel:

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

Deputy S.M. Wickenden of St. Helier

Witnesses:

The Minister for Economic Development, Tourism, Sport and Culture

Assistant Minister for Economic Development, Tourism, Sport and Culture

Group Director, Economy and Partnerships

Strategic Policy Manager, Economy and Partnerships

[10:01]

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

Thank you so much for seeing us. We are here to talk about the retail sector and it is obviously to explore so we can feed into our own review, which we hope will then feed into your own strategy as well. Before we start, just for formalities sake, we will just go round stating our names and why we are here.

Deputy S.M. Wickenden of St. Helier:

Deputy Scott Wickenden. I am Deputy of St. Helier District 1 and I am a panel member.

Deputy K.F. Morel:

Deputy Kirsten Morel. I am chairman of the Economic Affairs Scrutiny Panel.

Group Director, Economy and Partnerships:

Good morning. Dan Houseago, group director for Economy and Partnerships.

Strategic Policy Manager, Economic and Partnerships:

Chris Kelleher, strategic policy manager for Economy and Partnerships.

The Minister for Economic Development, Tourism, Sport and Culture:

Senator Lyndon Farnham, Minister for Economic Development.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I am Deputy Montfort Tadier, Assistant Minister for the department.

Deputy K.F. Morel:

We are going to be solely looking at retail today. We will not be looking at any other areas. It is just going to be focused entirely on retail. We know that you are working on a strategy at the moment so we do hope that any useful recommendations we come up with are to be considered for that as well.

The Minister for Economic Development, Tourism, Sport and Culture:

They will.

Deputy K.F. Morel:

I just start with a very general question. What is your take on the retail sector at the moment? What is the current state of the retail sector?

The Minister for Economic Development, Tourism, Sport and Culture:

If we look at other parts of the world relevant to us in terms of retail, for example, the U.K. (United Kingdom) and Europe, our retail industry is relatively buoyant. Having said that, it still faces serious challenges as the retail landscape continues to change. That is one of the reasons why we have decided to press ahead with the retail development strategy. I would stress it is a development strategy. It is going to be aiming at development with further development in retail to ensure a sustainable future.

Deputy K.F. Morel:

When you talk about challenges, which challenges are you thinking of?

The Minister for Economic Development, Tourism, Sport and Culture:

I think society has changed with the onset of technology, which means we all act in different ways and probably one of the most prevalent forms of that behaviour is the way we work online. So the biggest threat to the town centre and retail is online retail. I think over and above that we have seen a change to the economic landscape since 2008. So combined I think that has made for a challenging time.

Deputy K.F. Morel:

What do you think has really sheltered us compared to the U.K. High Streets in Jersey?

The Minister for Economic Development, Tourism, Sport and Culture:

We are a very affluent society. We have one of the highest G.V.A.s (gross value added) in the world. Islanders tend to have more disposable income than their counterparts in certain parts of the U.K. If you would speak to any of the key U.K. retailers you will find that the vast majority of them will say that their Channel Island stores tend to be the better-performing stores.

Deputy K.F. Morel:

I have heard that of other stores in the past. From the perspective of benefits, what benefits do you think a strong retail sector brings to the Island?

The Minister for Economic Development, Tourism, Sport and Culture:

The retail and wholesale sectors employ about 8,000 people, first and foremost. So they provide not just jobs but career opportunities for people who do not want to be involved in the other sectors of the economy. They also collect for the States a considerable amount of goods and services tax, so they are producing a lot of revenue for the Treasury. The larger retailers will be paying a tax on their profits.

Deputy K.F. Morel:

Beyond that as well - beyond the benefits to the States, the economy - I am thinking Jersey could have a flourishing online retail sector but that would not help the High Street. I am thinking as well from the perspective of Island life, whether you believe that a strong retail sector feeds into that.

The Minister for Economic Development, Tourism, Sport and Culture:

When you say we could have a strong online ...?

Deputy K.F. Morel:

Forget that bit. Just from the perspective of Island life just how do you feel the retail sector feeds into the culture and the way we live in the Island?

The Minister for Economic Development, Tourism, Sport and Culture:

I think retail is the oldest or the second oldest profession in the world and it is part of our culture and our heritage. Shopping and being able to buy the goods and services that you need I think is a human necessity. For an Island this size I think we have always had an extremely good retail offering. Not just now but in ... when I was a boy, quite a long time ago ...

Deputy K.F. Morel:

Before the pedestrianisation.

The Minister for Economic Development, Tourism, Sport and Culture:

Before the pedestrianisation, you are absolutely right.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

It was easy, there were no cars in those days.

The Minister for Economic Development, Tourism, Sport and Culture:

Jersey has always performed really well. It has always punched above its weight with retail and we have seen the communities around the Island change as consumer habits have changed. For example, the village shops and the shopping centres in the Parishes have been polarised into larger retail areas and the town centre. I call it a town centre because it is our town centre. We have a High Street at St. Aubin's but that is about it. I think that is really important. I hope when we debate the Island Plan for 2020 we bear that in mind and protect the town centre.

Deputy K.F. Morel:

Looking at the strategy that you are developing at the moment; over the last 5 years or so, do you feel the retail sector has been given sufficient support in terms of strategic direction?

The Minister for Economic Development, Tourism, Sport and Culture:

There are certain areas ... I personally believe in free market economy and I think politicians should stay out of it as much as we possibly can. I think it is our job and the States job to provide a stable society, a law-abiding society, a good framework of legislation. That is what we have been doing as an Island for decades. Since the economic challenges of 2008 we have started to have to consider how we help to develop certain sectors of the economy even more. The retail strategy has been on the agenda for some time but I have to say, from a ministerial point of view, that it was the rather rushed decision of the States, in my opinion - a sort of kneejerk decision of the States - to introduce a 20 per cent tax for the larger retailers that ... perhaps if we had had a strategy in place,

a development strategy, that would have better informed the debate. That was really the catalyst for my department to accelerate it.

Deputy K.F. Morel:

Yes, the sudden and unexpected imposition of 20 per cent tax. Staying with the strategy, where are you at the moment with the strategy? What is the current status?

The Minister for Economic Development, Tourism, Sport and Culture:

Can I ask my colleague?

Strategic Policy Manager, Economic and Partnerships:

You are obviously aware we have had some consumer research completed now. We have also been consulting with a number of stakeholders, both within the States department, because the way I have gone about developing the strategy is that it is a partnership, that is the only way it is going to work is ... some of that will be delivered through government departments, some of it will be delivered by retailers or through the Jersey Retail Association. Over the last 18 months or so, we have been talking to stakeholders across the Island, going out to St. Brelade, St. John, Gorey, for example, just talking to individuals because a lot of the industry is made up of small numbers of employees. Very few large organisations. Through that we brought a number of the stakeholders together in a workshop. There were 8 areas I was initially looking at, and we have drawn that down to 5 or agreed 5 key areas. Now with the consumer research that we have concluded with, we would be feeding the information from the consumer survey into those 5 areas. What is important is there is lots of talk about Sunday trading. But there are other big things like getting people to come into the industry who see it as a career. I think that is an important thing. Look at opportunities. While there is online ... we have almost had a sort of online with the old Kays catalogue in the old days, so you are just replacing one with another there. There are opportunities within the Island, within the actual Parish, that is working with Visit Jersey to try and see what the opportunities are there. There is also looking at what information we need and how we can use that from a strategic point of view and tactical point of view to protect consumers but also without forcing any issues on to the retailers themselves. So it is going to be an ongoing partnership. In terms of developing it, we are meeting on Wednesday. I think we have established a retail development strategic group and will be agreeing who will be taking forward a number of the action ... at the moment we have got 32 actions, which fall under the 5 key deliverables. That may be reduced again. That is for the group. So the idea of the meeting on Wednesday is for us to determine who is going to be taking that forward, who is going to be the lead. We are looking to have a draft by the end of the year. But that will be a first draft. There will still be some work to be doing where hopefully we will be delivering it in the first quarter of 2019.

Deputy S.M. Wickenden:

Could you just expand on which States departments you are dealing with that you see as key players in supporting the retail industry?

Strategic Policy Manager, Economic and Partnerships:

We will start with Skills Jersey, so within Education there. Also Environment in terms of the planning side of things. Infrastructure, for the sort of parking and roadworks. Also the former Chief Minister's Department to make sure ... because the whole of the actual strategy is dovetailing into the Future Jersey document. It is very much about how do we deliver on that vision.

Deputy S.M. Wickenden:

The Parishes as well?

Strategic Policy Manager, Economic and Partnerships:

I have tried to speak to some of the Parishes. We do have the town centre manager who sits on our steering group. In terms of the steering group, it is chaired by David Elliott, who is also chairman of the Jersey Retail Association. We have representation from Chamber, the Parish of St. Helier, a number of retailers and also States department representatives as well.

The Minister for Economic Development, Tourism, Sport and Culture:

I will be going to talk to the Parishes imminently specifically about the development strategy, about the potential deregulation of retail on Sundays. It might be worth pointing out that Deputy Tadier has responsibility for consumer affairs and works closely with the Consumer Council. That is a big part of the strategy because we are predominantly looking at consumer interests as well as business interests.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

If we just talk in general terms, there is a cultural overlap as well. In order to differentiate what makes people shop online, for example, or come into town, I mean clearly, I think we all do both. It is a bit like being a cyclist and being a car driver, is the mixed analogy, is that a lot of people do both and they co-exist quite well. We have to determine what kind of experience people are wanting and why they would come to a town centre. From my point of view, if we can create a vibrant town centre with a lot of things going on, music, et cetera, around it, so that people, if they are given a choice about sitting at home, having a meal at home, watching TV, and then doing their online shopping, if we can make it a more attractive option to come to town and do that, I think that is beneficial.

[10:15]

From a consumer point of view, we found that one of the key issues is around transparency of pricing. To jump to that, I think in the consumer survey that was quite high up; that often people were not convinced that pricing is as transparent as it could be, and some of that touched on the V.A.T. (Value Added Tax), which is perceived to be charged in the High Street. I think it is quite complex, but it all ties into what might put people off essentially shopping in town.

Deputy K.F. Morel:

You mentioned pricing. What, as a department, are your key takeaways from the retail survey?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Just one example is that when it comes to recommended retail price, if they are labelled from the U.K. it is important that they clarify whether it is a U.K. R.R.P. (recommended retail price) or a Jersey one and often in the shops, which are operating to best practice, they will have both of them in there. What is quite clear is that although Trading Standards is quite a relatively small team, they are very proactive and they often of course will be going out there checking things like the petrol station, making sure that the volumes distributed are correct. But they are also reactive, in a sense, that a lot of the information will come from shoppers who will just pick up a pen or send emails. I think even though they will probably say they, I suspect ... let us just say they do well with a small number of staff.

Deputy K.F. Morel:

Is there anything we can do to address that V.A.T. issue?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I just think the more transparency the better. I think if there are shops which are U.K. High Street shops in Jersey, and there is no shortage of them, people should be wondering why the price is the same as the U.K., if it is. It is not an easy one to resolve because of course you can ... retailers will say: "This is the price I charge. I have to reclaim money for the cost of coming over here." But I think ultimately ... maybe if there were 2 prices; they had to state the U.K. price and then a Jersey price, and if they were the same people can decide with their feet. I just think more transparency generally so people can make important decisions.

The Minister for Economic Development, Tourism, Sport and Culture:

That came through in the survey.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Yes, that came through.

Deputy S.M. Wickenden:

Once you have completed the work on the development policy, what do you hope to achieve?

The Minister for Economic Development, Tourism, Sport and Culture:

Ultimately a sustainable and vibrant retail sector. Not just town centre. When we talk about retail we talk about sort of Island-wide, so the objective is to keep our town centre and retail sector as vibrant as possible.

Deputy S.M. Wickenden:

Is this going to include out of town village areas such as St. Aubin and the like, rather than just town? It is about our shopping.

The Minister for Economic Development, Tourism, Sport and Culture:

We need to stress that. It is about retail, whether up in St. Aubin or country or in the town centre. So that is the whole sector.

Strategic Policy Manager, Economic and Partnerships:

The way people shop is changing. If you look at food shopping, a lot of people will go once a week but these days people are going more regularly and the smaller supermarket stalls in the various Parishes are being used more on a daily basis. That is changing quite significantly.

Group Director, Economy and Partnerships:

It is worth pointing out the kind of vision that we are trying to achieve with the strategy. At this stage, you know, we do not really want to prejudge what might be in that strategy. But the 4insight work is clearly a very good baseline. One of the benefits of the strategy going forward is in the past we have not had a good consumer baseline and so this is the first time we have established that. We have now got all the parts of the jigsaw in terms of our reconnaissance. As Chris has said, we have had over 50 stakeholders engaged, not just in retail but in subsidiary areas, and so on and so forth. It is a broad answer to your question. I think what we are trying to do is tie this in with our broader economic work. So the Future St. Helier has a number of constituent parts, and one of which is clearly to make sure that the St. Helier experience is an excellent one. It is quite interesting when you look at the survey because our perception of the High Street is much lower than the external perception. I thought that was really interesting. The external world sees the St. Helier retail experience as a lot better than we do ourselves. I think that is certainly something to bear in mind. So they do feel that the experience is better than the U.K. at the moment. It does not mean that we should rest on our laurels but that is a good starting point. If you look at a lot of the statistics around retail, we are in a better place than the U.K. But we need to make sure that whatever we do is focused on market information. I think that was the point about the survey. Let us really understand

properly how people respond to retail. I think the 4insight work was really good at identifying the different range of perceptions that people have around retail. So we would continue the strategy to make sure that we continued with a market-focused approach to government intervention should that be necessary or not. But the point really is to work out how going forward we explore new market opportunities. So we look at things like online as a threat but there may also be an opportunity there for us. It is about positioning and structure in the industry to make sure we take advantage of all the retail opportunities. If you look at the survey, nevertheless when people are asked where did they shop and how did they shop 91 per cent are still shopping in the Island. But nevertheless we have got to make sure we take advantage of that. Make sure we have got the right skills and talent to drive that business and therefore the interaction with the education piece and talent retention piece is also important. Pushing, I think, more than we have done in the past, this idea of a dynamic and proper strategic partnership of retailers on the Island. That is, as I see, what the strategy should be doing going forward.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

If I could just add to that as well. What is quite evidence in the retail survey, both from a visitor point of view and a local one, is for shops to be open after 5.00 p.m. and I think when we say after 5.00 p.m. we really mean after 6.00 p.m., between 6.00 p.m. and 8.00 p.m. That was the one biggest response from visitors; 59 per cent said that they want the shops open later and then they also talked about things like independent shops, which are perhaps less important for local shoppers. Even among Jersey shoppers there are 39 per cent that said it would make them shop more if the shops were open after 5.00 p.m. It seems to be logical. The big question is why would shops stay open for the time when most people cannot shop. If you are at work some people get a lunchbreak but often do not. I think that the industry needs to ask themselves that question. Of course it is important that we provide the environment and there is the big question about online versus physical shopping in town. But if shops are shutting when people want to shop then we cannot really blame them if people are shopping at home. I think that is something the industry needs to look at, and we need to look at it from a cultural perspective about making the town more vibrant. Also giving people money in their pockets so when it does come to around the pay negotiations, if we are not giving money to people, they are not keeping up with the cost of living, we cannot blame them if they are not going out shopping. That is a personal ...

The Minister for Economic Development, Tourism, Sport and Culture:

Or reductions in income tax so they have more to spend.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Exactly.

Deputy S.M. Wickenden:

There is a great deal of the retail sector now moving towards the Esplanade area, with all of the new developments there. Do you think there is room to regenerate retail in the north of town in my lovely district?

The Minister for Economic Development, Tourism, Sport and Culture:

I think there is most definitely. There is a large population in the north of town.

Deputy S.M. Wickenden:

Getting bigger.

The Minister for Economic Development, Tourism, Sport and Culture:

There is a great opportunity, not only to rejuvenate the commercial areas but rejuvenate the residential areas as well. I would like to see that to be a big component of the new Island Plan.

Deputy S.M. Wickenden:

Would this strategy be addressing this where the shops are north and south on the regeneration side of it?

The Minister for Economic Development, Tourism, Sport and Culture:

I am not sure how much geographical detail we are going down into it. I think it is going to be more generic in terms of retail rather than try and pinpoint.

Strategic Policy Manager, Economic and Partnerships:

I think that will form part of the next Island Plan for the regeneration of St. Helier for that piece of work. It is the development because we are not including things like public realm and open space. That is just too big a task.

Deputy S.M. Wickenden:

There is definitely a planning piece to do with the retail.

The Minister for Economic Development, Tourism, Sport and Culture:

We have. We have not put enough ... all of us from the States, the Parish, and we need to now really focus quickly on the town and the north of town especially. But that is something we recognised.

Group Director, Economy and Partnerships:

It is worth adding that the Minister's aspiration to drive any framework which effectively joins up the historically disparate parts of the economy into something that is a little bit more coherent and cohesive. It is not just the retail strategy that we are working on, it is trying to make sure that where we can see opportunities for economic development that they are effectively reflected in our spatial planning piece, to make sure that the Island Plan has a proper commercial element to it. I think this is running in parallel to that, and I am hoping the Minister will be in a position to inform the government plan accordingly. So where there are opportunities, from a spatial planning perspective, to have a better economic link; I think that is certainly where we are trying to get to.

Deputy K.F. Morel:

Picking up, Dan, you were talking about data and you were touching on data. Yes, we have had the retail survey but do you think at the moment we collect enough data to have a good understanding of the retail sector?

Group Director, Economy and Partnerships:

I think we have made a start with the 4insight work and that has been useful. As part of the economic framework work we are doing a G.A.A.P. (generally accepted accounting principles) analysis of what information we feel we might need. My feeling is at the moment we certainly have enough information now to create what I would describe as an outline strategy by this year, but of course this is work in progress and as we move through the analysis and deep dive into the economy that are associated with the economic framework work, I am sure more information will become available. But we are making a good start.

The Minister for Economic Development, Tourism, Sport and Culture:

We have got enough to make a start but do we have enough? I do not think you can ever have enough information on something as fluid as currently is the retail sector. That is why a key area of the strategy will focus on gathering proper focused market information on a regular basis.

Deputy S.M. Wickenden:

We heard in some of our submissions, things like mattresses are bought mainly online now. The mattress shops over here where you think would be the easiest place to get it are shipping in mattresses. There is a change for certain types of product that have moved from being bought on-Island to being bought over the internet.

The Minister for Economic Development, Tourism, Sport and Culture:

I would not fancy being a postman.

Deputy K.F. Morel:

You talk about starting to collect data. One thing that, as we brought up through submissions in our review so far, is that we used to have 3 footfall counters in St. Helier, we have now only got one and that is come down due to lack of funding, as far as I understand it. We used to collect sales data and issue that on an annual basis. That stopped in 2015. Why has the department not continued to collect data, which we were collecting? What were the dynamics? What was the thinking behind stopping that collection of data?

The Minister for Economic Development, Tourism, Sport and Culture:

It was not the department that collected it. It was the Chamber of Commerce, I believe, that did that. But that is why we have put the improvement to gathering information. I would certainly like to see ... I think it is a necessity to understand, to have more footfall ... better, more accurate footfall and if we need to put more cameras in we will work with the sector to do that. The gathering of sales data has always been difficult because it is in a small environment. It is very commercially centred. It is something we have often found challenging in the tourism sector as well, but we will work with the industry to do whatever they wanted.

Deputy K.F. Morel:

Is that why it stopped being collected because ...

The Minister for Economic Development, Tourism, Sport and Culture:

I am not sure why it was stopped being collected.

Deputy K.F. Morel:

It is 3 years ago.

Group Director, Economy and Partnerships:

I have got no idea, before my time, but I think the point is going forward, I personally believe that the Government needs to be in a better position to deal with intelligence and 4insight stuff. Historically the Stats Unit have dealt with our collection and collation and analysis of data. I think there certainly is strong feeling going forward that we need to strengthen that intelligence and the 4insight function. So I think that is work in progress. Again, the commissioning of 4insight is a sort of indicator of our desire to understand more and to produce more, in a sense, intelligent data-led policy development. I think the past is the past. In some sense it is about going forward. Certainly our aspiration is to make sure that whatever points of development comes forward in the retail sector it is evidence-based.

Deputy K.F. Morel:

I think Scott's point about the changing online ... the way we shop online and the changes and understanding what leakage there is. What are we now not selling in Jersey that we used to sell in Jersey and having a clear understanding of what is going to large online retailers and what would be helpful as well.

Group Director, Economy and Partnerships:

It is not just online. What we know about the retail sector is that these markets are relatively dynamic and it is not just the disruptive influence of online. Fall in the pound, screens on real income, et cetera, will make different businesses react in different ways in the context of retail. That was a case in the clothing market in 2017.

[10:30]

So there are lots of things we need to keep our eye on. Online is one of them but I think it is important that does not dwarf the other challenges in the High Street as well.

Deputy S.M. Wickenden:

It is also the travelling to France with your car and going off to Europe and filling up your car and driving back with stuff.

The Minister for Economic Development, Tourism, Sport and Culture:

A lot of Islanders go away specifically for shopping weekends, to go over to the U.K.

Deputy S.M. Wickenden:

An alcohol hoard or something.

The Minister for Economic Development, Tourism, Sport and Culture:

I drink it over there.

Deputy K.F. Morel:

Can we be clear, the development strategy when it comes through, will it include commitments to collecting new data and what that data would look like?

Group Director, Economy and Partnerships:

We are increasing our capacity to demand it. So I think we need to make sure that we have the right information, no matter how we collect it. Whether it is industry information, which, as we noted, is in some cases commercially in confidence. But I do not see how we can drive successful policy development without the right information. I am certainly committed to that.

The Minister for Economic Development, Tourism, Sport and Culture:

I think politically it is considered to be critical and particularly important.

Strategic Policy Manager, Economic and Partnerships:

We are working with one private real estate agency who sit on the group to get some information in terms of who owns King Street; private equity or is it privately owned. Likewise, over the last 10 years, to see what has moved where and why. In the old days it would have been sort of perfume shops and jewellery shops and the like. It is now changing to coffee shops and banks and some bookies. So the town has continually evolved. But the actual town centre itself will shrink over time. I think in terms of what we have in offering is too much for the Island. People often say that. If you took the whole of Guernsey's retail we could probably put it in either De Gruchys or Voisins. That is the size of their retail over there.

Deputy K.F. Morel:

It is interesting you say that because having that sense that it will shrink, given the benefits that the Minister listed at the very beginning of this, and the fact that we do let the market decide, it has not really shrunk so far. It has been under 15, 20 years of challenges.

Strategic Policy Manager, Economic and Partnerships:

Sure, but we are starting to see vacancies in Queen Street and over time ...

The Minister for Economic Development, Tourism, Sport and Culture:

Interestingly though, rents have increased over the last 5 years by about 20 per cent. That is what I mean about it is a relatively buoyant town centre when you look at some of the U.K. ones.

Deputy S.M. Wickenden:

We spoke about this in some of our other hearings, which is that most contracts talk about inflating rent rather than decreasing rent, so sometimes it is a contractual obligation and it only goes up in one direction.

The Minister for Economic Development, Tourism, Sport and Culture:

As long as the retailers can continue to pay the rent then that is going to happen. I suppose that is better than having a situation when retailers have been forced to close.

Deputy S.M. Wickenden:

That is the other thing, that while there are empty shops there is room for manoeuvrability for new offerings to come in. If no shop changed and there was no emptiness you would have a stale market

and that would probably be more damaging to retail. Can I ask, it may even be more on culture, but funding is certainly reduced for events such as Sunday markets, Christmas lights, and street theatre. Do you know what the reasons for this are and do you think we should be reversing that trend?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I do not have the exact figures about funding but I think it is true. I think you can perceive perhaps from where we were 10 years ago the town does not feel quite as vibrant. One small area that I have picked up on already is busking and street theatre. I think there could be various reason for that but that has been going down, the number of permits that have been issued and the number of people out there doing those activities has gone down. I think that is absolutely right. We are sitting here looking at the Royal Square. It has building work going on at the moment but anywhere else in Europe this would be a bustling al fresco area. People would be sitting out there certainly in summertime, and there would be table service from 2 or 3 establishments. There would be music playing late into the night.

Deputy S.M. Wickenden:

Some resprayed silver.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Possibly, or even gold. I think somebody has sprayed gold down there.

The Minister for Economic Development, Tourism, Sport and Culture:

Remember there is a cold easterly wind blowing this morning.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

So I think that is absolutely right. That goes back to the point, if you have got a reason for coming to town and if we can give reasons to people or at least create the culture for people to come to town, or stay in town rather because most people are in town everyday anyway, I think that is what we need to get to. We should be having the best of the European and British culture in this Island. I think steadily that is what we are seeing go. Getting back to the consumer survey is that there is a tension between what visitors expect. Visitors want a different experience if they are coming from the U.K. to what they would get back home. They do not just want to see the High Street filled with bare brand stores and discount stores, which ironically is what Jersey consumers seem to be wanting. They want the discount. I think that is an opportunity, when we look at shops which are becoming vacant. If rents are not coming down that is an issue but if there were free market forces available then we should not have any empty shops and we could have a vibrant pop-up industry, more galleries in towns, more independent shops. I am not saying that is easy to achieve but we

can certainly do something from a cultural point of view to create that. I think working with the town centre manager, the Arts Centre and retailers, there should be some will out there to achieve it.

Deputy K.F. Morel:

Do you think the department has a responsibility to ensure funding for these sorts of cultural activities, street theatre, Christmas lights, and if it does, is there a policy in the department to try and shift funding on to the retailers?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think there probably needs to be shared funding and also ... I think about 7 years ago I brought a jazz quartet over. They played in the Royal Square and that was done with the support of the Cock and Bottle, for example, the establishment. They did not need to pay but they would have if there was any contribution to be made. But they certainly helped plug in the electrics, things like that. I think that there would be a partnership, if you like, between retailers, between the Parish, and perhaps our department. There needs to be funding mechanisms there where appropriate for town. We will see that of course. We have got the Fete de Noué in the Royal Square in about a month's time, or less; it will be quite a vibrant place. So it is possible and it does happen. But we could extend that to the summer.

Deputy S.M. Wickenden:

What you were saying earlier, it does not necessarily have to be about funding if you issue more permits for people that want to do art-style stuff like busking and theatre within the town centre. That relatively costs you nothing but can have a massive impact.

The Minister for Economic Development, Tourism, Sport and Culture:

A permissive sort of regime to that sort of thing. A more permissive regime would be I think very helpful.

Deputy S.M. Wickenden:

One for you, Minister. The Jersey Retail Association received a one-off grant fund to establish itself and to get off the ground. Although it has a long-term aim to regenerate revenue via membership fees, it is unlikely that will be achieved by the end of the first year as accumulating membership requires time. Are you considering making another grant for a second year of funding and do you think this will be sufficient or do you think a longer-term funding outlook is required? That was a mouthful.

The Minister for Economic Development, Tourism, Sport and Culture:

Can you just say it one more time? No, that is fine, I have got it. If I can just start by following on from the previous question about funding. While we need a more permissive regime to encourage street theatre and cultural activity, what do the States ... this is a question we have asked: why do the States not give financially to the retail sector? The retail sector; 8,000 people employed. I do not have the amount of taxes collected, the amount of G.S.T. collected, but there is no doubt that they contribute a huge amount to the annual upkeep of the Island, that sector. We put very little into it in terms of ... if you look at what we pay to Jersey Finance, to Visit Jersey, to the agricultural industry, all very important, but I think it is time to perhaps start looking at some investment in the retail sector.

Deputy S.M. Wickenden:

Could not agree more.

The Minister for Economic Development, Tourism, Sport and Culture:

The new development policy will help guide us on that. For example, I have been working with Visit Jersey and I asked them recently to put together plans for a Christmas product, something that would turn Jersey into a real Christmas destination. Something that runs from mid-November to early in the New Year. Something that tour operators and travel agents, and the hospitality sector, as well as the retail sector, could get behind and market and actively use it to bring ...

Deputy S.M. Wickenden:

Like the Shore to Shoreditch video?

The Minister for Economic Development, Tourism, Sport and Culture:

That sort of thing. But to do that, we are going to have to invest in infrastructure and create some more visually attractive features to St. Helier. I will not go into too much detail now because we are still working on it, but that is one thing we desperately need to do. In terms of the idea behind setting up a Jersey Retail Association, which is affiliated to the British Retail Consortium, was really to put together ... first of all, it was some investment in the sector because we had not given them anything for many, many years. It is to get retailers to come together and start thinking about the development of their sector and working it. That first £100,000 was a 2-year grant, which takes them to the end of next year. It was aimed at to be funded by the retailers themselves but I think they are going to fall short by about half. They are not going to have ... if we want them to continue it will require further funding and we are having discussions with them now. We need to probably wait for the retail development strategy to come out, to find out how they will feature in it. But I will say that they have been key in developing the strategy. Our budget is very tight but I would like to find a way to keep the Jersey Retail Association going until such time as they can become self-sustaining or

perhaps they could work more and they could work more closely or within Jersey business and Visit Jersey because there is a synergy there.

Deputy S.M. Wickenden:

I felt they were very outcome-based, which was not always the case when you put money into something. I thought they were very good.

The Minister for Economic Development, Tourism, Sport and Culture:

It has been positive.

Deputy K.F. Morel:

Moving on to empty shops. Certainly, you see a lot in the U.K. news. First, do you think those ... St. Helier this is mainly, but do you think we have a problem with empty stores, in your perception of walking around town?

The Minister for Economic Development, Tourism, Sport and Culture:

Nobody likes to see empty shops but it is a reality of a modern retail economy. It is keeping those number of shops to a minimum. Keeping a vibrant centre. I would quite like to see those empty shops, as some are, used for other means while they are looking for tenants but of course the rental values are intrinsically linked, property values, and as Chris alluded to earlier, depending on how they are owned, the structures they used to be owned, it is not simple. I mean you half the rent on a large retail property you change significantly the financing model that has been used to finance a purchase of that real estate. Another thing we need to look at as well, as States and with the Parishes, are the businesses rates. I have been to different parts of the U.K. recently and the business rates are significantly higher than we charge here. I do not know, I have not seen the comparisons in different parts but I think because the business rates are higher that the rents are lower. Our rent is very high because business rates ... I am not suggesting we put business rates up. In actual fact there needs to be a complete relook at the business rate because we have got some very large businesses in the financial services sector who are paying very low business rates on big properties and we have small hotels, shops, restaurants, that are paying quite a lot of business rates on a much smaller and less profitable premise. I think there perhaps needs to be a recalibration. I guess your question; I do not think it is a big problem, the fact that we have got empty shops. In many ways if there was a big demand for shops right now, and no empty shops, I would be worried that we would be seeing rental increases. Hopefully it will keep the property sector that supplies shops on its toes a little bit. I do not think it is a major problem. It is something we have to watch.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Where it can be an issue, and I think there has been some improvement, is when we look at the out of town areas, so Les Quennevais Precinct is a good example. I think for a long period there, probably in the last 5 years, a number of shops - probably a significant number - that were empty for different reasons. I think part of that was that they were owned essentially by a company which did not need the rents so they were quite happy to leave them empty whereas if you just own one or 2 and your livelihood or your pension is dependent on that you are going to make sure you get a tenant in there and keep it occupied. I think there is an opportunity for the outlying retail sector to be innovative, to think out of the box. For example, when the new Les Quennevais School is built and the old one is demolished there will need to be a conversation in the community about what goes there. In those areas, whether it is in St. Brelade or St. Ouen, the village feel is very important. People do not necessarily want to come to town.

[10:45]

I think it is about getting a balance in the retail let. You could be radical. This is not departmental policy but it is just thinking outside the box about whether the Parishes could own some retail areas, which they would then be able to at least direct what kind of shops go in there, and what kind of rents are charged.

Deputy S.M. Wickenden:

Start-ups and the like.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Yes. We talk about the Parishes being involved in different areas of life and that is perhaps one where Parishes could have some direct say.

Deputy S.M. Wickenden:

I will ask you this question first and then move on to the Minister to hear both your views. But what are your thoughts on the idea of an empty property tax?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think there is a difference between commercial properties and residential. So from a personal point of view, that was one of our key policies as a party that we look at residential taxes for properties, which are not being put on the market because we think there is something of a housing crisis. I think the commercial sector is much more complex and that there are different reasons why shops may be kept empty. Personally, I do not think we should remove that from one of the options. It could well be effective but if people are leaving shops vacant or offices even for a year - I have seen one in Snow Hill, an office that has not been filled for about 3 years - I do not think having an extra

tax on that of 5 per cent or 10 per cent is necessarily going to make them change their mind because they are losing all that revenue potentially anyway. So I think we need to understand what the factors are for empty shops in the first place.

Deputy S.M. Wickenden:

So targeted rather than broad.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think there is a difference between residential and commercial, is what I am saying, but it could be a tool that would work. But it might not be as effective for commercial properties.

The Minister for Economic Development, Tourism, Sport and Culture:

From my experience of commercial property, no property owner wants an empty premise. It would be empty because they simply cannot find a tenant to fill it. So I am not quite sure ... while I think it is an idea and perhaps should be left on the table, I cannot see how it would help fill the premises. I would like to take a more ... rather than penalise somebody for having an empty shop, give them an incentive to putting somebody in the shop. Come at it from the other way.

Deputy S.M. Wickenden:

The public opinion is always either it is not being rented because it is not in a fit state and asking to put it in a fit state, or the rent may be too high. If it is not in a fit state and they cannot afford to put it in a fit state would you rather help them get it into a state where it is usable, those kinds of things, so look at the issues.

The Minister for Economic Development, Tourism, Sport and Culture:

Be proactive rather than proposing a financial penalty.

Deputy K.F. Morel:

Going back to the business rates you were talking about. One of the things with Jersey is the Parish. Parishes kind of run the rates system in that respect. Do you see that as being a problem perhaps or an obstacle to reform of the rates system?

The Minister for Economic Development, Tourism, Sport and Culture:

Not at all. I think we have got a fantastic rates system. I think we should give the Treasury to the Constables to run. I mean we get tremendous value for our rates I think generally speaking on an Island-wide basis. I am speaking to different parts of the U.K. who will pay 2, 3, 4, 10 times the amount of domestic rates, generally speaking, and even the commercial rates are not too bad. I think the rates are very good. I just think we need to have a separate conversation. It is on the

agenda but we have been putting it off. I think there just does need to be a recalibration of the commercial rate. That is a bit fairer.

Deputy K.F. Morel:

You are talking about the revaluation?

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, so ...

Deputy K.F. Morel:

There have not been any valuations since 2003, I think.

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, something like that. A long time ago. Even sooner, I think. I think it might have been late 1990s, even.

Group Director, Economy and Partnerships:

I was just going to put a contextual piece in. So our vacancy rates are less than half that of the U.K. at the moment. It is only 4 per cent. There is a lot of demand where people want to do retail where there is a lot of footfall, accommodation, and there are also lots of opportunities at least to these sites, so I can see where there is potential for new development. It is just a little bit of perspective on the scale of the problem.

The Minister for Economic Development, Tourism, Sport and Culture:

There was an idea, sort of a Brighton Lanes idea for Colomberie, which I think is phenomenal. I particularly like Ordnance Yard, at the side of the museum. I think that would make an incredible sort of artisan area but it is privately owned.

Deputy S.M. Wickenden:

It is a bin store, that is how it feels when you go down there.

The Minister for Economic Development, Tourism, Sport and Culture:

It is privately owned, there is car parking. I think it would be impossible to achieve it but would that not make a phenomenal area? I think we have to start looking to places like that, Art in the Frame at St. Aubin has been a great example. They were funded with a Tourism Development Fund grant probably about 15 years ago. That has been very successful.

Deputy S.M. Wickenden:

When we met the Constable of St. Helier, he said he would arguably like the Parish to have more responsibility over St. Helier's infrastructure, particularly the urban areas and the market. Do you have any views or do you think that is a good idea?

The Minister for Economic Development, Tourism, Sport and Culture:

I think empowering Parishes more to have more say in their community areas is a good idea, in principle. How that might work in practice I am not really sure. I think the idea has potential depending on ... we do not need to have 2 infrastructure departments to deliver the best value. When we are looking at the big infrastructure projects then there needs to be more partnership, there needs to be more understanding. I think we are heading towards that.

Deputy S.M. Wickenden:

In some ways we do anyway because you have got Parish roads and Parish responsibility and the infrastructure responsibility, so we kind of do in each Parish have 2 infrastructure departments.

Deputy K.F. Morel:

We do and I think that it was not the big infrastructure issues that the Constable seemed to be focusing on, it was the tiny micro issues.

The Minister for Economic Development, Tourism, Sport and Culture:

For example, what we can do in the Royal Square is perhaps a good example of where more power could be devolved to the Parish.

Deputy K.F. Morel:

He was talking about things like there are some bollards in the wrong place but he has to wait for Infrastructure to move them, whereas he could just get on and move them.

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, that sort of stuff ...

Deputy K.F. Morel:

That sort of thing is where he felt frustrated.

The Minister for Economic Development, Tourism, Sport and Culture:

Common sense needed to prevail there and that needs to be handed over to the people that know and operate the areas and understand it best.

Deputy S.M. Wickenden:

Do you feel there is the same issue in St. Brelade?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

With the bollards?

Deputy S.M. Wickenden:

Small changes.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think the St. Brelade context is slightly different. If we are looking at the Les Quennevais Precinct, it is again the problem that it is in private ownership so we get the perennial issues of people saying: "Why have we not got a Christmas tree?" or: "Why does St. Aubin look nicer than Les Quennevais?" You get those kinds of issues. That is essentially because in St. Aubin there is a much bigger public realm where the Constable can make the village feel like a Christmas village. I think it is difficult in that part. I think St. Aubin has different dynamics with the municipality because it is just such a big place.

Deputy K.F. Morel:

Moving on to Sunday trading, which you have mentioned already. Do you think there is likely to be deregulation?

The Minister for Economic Development, Tourism, Sport and Culture:

It is a matter for the Assembly. It is probable now that the department will take it to the Assembly in the New Year and we have some more discussions to have internally. We want to feed it into the development strategy. I foresee the States having a debate on that early in the New Year.

Deputy K.F. Morel:

Do you think from a public perspective there is still a sense that people prefer it to be a day of rest or family day?

The Minister for Economic Development, Tourism, Sport and Culture:

Yes, of course. In this sort of eclectic society a lot of us have our own views and beliefs. So I am against imposing ... if I do not want to eat chicken in a restaurant I would not suggest that every restaurant did not sell chicken. Also, the same, I think we need to respect people's religious beliefs or any other beliefs they might have. This is about choice in a modern society. I just think at the moment we stop about 30 shops from opening. Some of them want to, some of them do not, because we have ... I think probably now for the wrong reasons, and so if we deregulate that or regulate to allow those larger shops to open for a period on a Sunday, I think it is just reflects more

to the demand of a modern society and then it gives the consumer and the retailers a choice to do that.

Deputy K.F. Morel:

If you do end up bringing something before the Assembly about deregulating Sunday trading do you think you would look to put in any protections for people who, for religious reasons, chose not to work on that day?

The Minister for Economic Development, Tourism, Sport and Culture:

Since it was last debated, and over the years, the States have introduced significantly better legislation to protect employees. I have asked officers I met recently to just verify the situation in the U.K. and bring that back. There is, as I understand - and any officer can come in and help me out here - opportunities for employees to opt out of working on a Sunday. There are sectors of the economy that are excluded, such as agriculture, hospitality and public service, where working on a Sunday is essential to the site. So we will have a look at that, but I certainly would not want to ... I think really to get the States behind it we need to have those bases covered and understood.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think from a worker's point of view, for me it is more important about getting the rest days in place. We do not want people to be working 60-hour weeks and not being able to spend time with their family. So I think it becomes less about which day you get off a week, if you get a fixed day at all, because of course as soon as you go down the religious route you might have Jewish people who do not want to work on a Saturday or the people who might not want to work on a Friday. I might not want to work on a Tuesday evening because that is when my accordion club is.

Deputy K.F. Morel:

I am not sure that is a religion.

The Minister for Economic Development, Tourism, Sport and Culture:

It is to him.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

You get some fanatics so it could well be. I think it is about giving people the choice that they do not feel forced to work and they are getting break times.

The Minister for Economic Development, Tourism, Sport and Culture:

I think that is a good point, to make sure employees are not forced to work longer hours because of it, but they can do the same hours but over a more flexible week.

Deputy K.F. Morel:

Again, thinking about if you bring this deregulation to the States Assembly, do you intend to have a look at how such deregulation for very large stores, we are talking about the bigger supermarkets, department stores in town, about how that might affect small, independent convenience stores that may be reliant on Sunday for quite a bit of trade?

The Minister for Economic Development, Tourism, Sport and Culture:

I do not think that is particularly much of a ... the answer to that is yes, but if you look at the convenience sector, the majority of stores up to 700 square metres, M. and S. (Marks and Spencer), Morrisons, many of those stores are overtrading on a Sunday, if we are honest. I think perhaps that suits some of the larger retailers, so larger retailers with those stores will enjoy the fact that they do not have the expense of opening the big store and consumers have to go to the smaller stores. That is fine, but I think now we are getting to a stage where we have to put the consumer first.

Deputy K.F. Morel:

Yes, but it does not sound like you are doing it with an understanding of the data behind it, if you know what I mean. Everything you just said about the overtrading, et cetera, it sounds like that is more the perception rather than hard and fast fact.

The Minister for Economic Development, Tourism, Sport and Culture:

I spent my whole business career in the retail sector so I do understand it personally. There is no hard and fast data. We do not have data on that. But I know that for convenience food stores Sunday is the busiest day of the week by far.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I think there is a sense in which you do not need the data, with respect. It is a bit strange to dictate that it is one day a week where shops cannot open.

Deputy K.F. Morel:

That is perfectly reasonable to have as well, it is just to understand how ...

Assistant Minister for Economic Development, Tourism, Sport and Culture:

It may well be that shops find if they are open on a Sunday they do not need to open on a Monday morning, for example.

The Minister for Economic Development, Tourism, Sport and Culture:

I think the smaller true independent stores, the sole traders that run their shops, those shops have survived over the years because of the ingenuity of their proprietors. I do not think that further bit of deregulation will have impact on those traditional village stores but it will redistribute the Sunday trading among the larger convenience stores and the supermarkets for the benefit of the consumer. I do not think we need stats to back that up.

Group Director, Economy and Partnerships:

The stats that we do have say, in terms of the 4insight work, are overwhelmingly in favour of Sunday trading. The 75-plus age group are the only ones that really say they do not want to do that. But it is quite significant and so if you are basing retail on consumer needs and desires that is pretty hard to ...

The Minister for Economic Development, Tourism, Sport and Culture:

A pretty compelling result.

Deputy S.M. Wickenden:

A lot of our submissions we received commented on the lack of accessible parking in St. Helier. In your review and what you are doing, do you believe that there is a lack of parking and are you looking to it?

The Minister for Economic Development, Tourism, Sport and Culture:

It is not for someone like myself and my family that drive into town and park and a 10-minute walk from the car park to the town centre. It is not an issue really but it is for many people. We seem to lack parking where you can ... with the exception of Minden Place, which is always full, Sand Street which is not always full but is popular, I think it would be great to have a really well-positioned car park, right in the centre that cars can drive in. That is right in the centre of town it would make a big difference. So there is parking, there is capacity, but perhaps the logistics of it can be improved.

[11:00]

If we could find a way to allow shoppers to park without a charge, perhaps in the evenings or the Saturdays, find a way so that commuters and workers and residents did not take advantage of it, I think that would be another tremendous bonus for the town centre.

Deputy K.F. Morel:

Out of interest, do you know what happened when ... the results of the pilots that they have done for free parking?

Deputy S.M. Wickenden:

Like Thursday 3.00 p.m. onwards.

Strategic Policy Manager, Economic and Partnerships:

This was done through Infrastructure, as it was then, by Parsons Brinckerhoff; very interesting in terms of the Saturday free parking. What they modelled it on was looking at who was using the car parks and in a lot of cases it was employees or employers using that. It is an opportunity so if they had taken a bus, so it was lost revenue for the actual buses. There was also, in terms of where people were spending their money on a Saturday, it was moving from sort of the convenience here in their particular Parishes to come into St. Helier. The overall net benefit ... it was not a net benefit. It was a net cost to the Island if you had carried on doing it on that basis.

Deputy K.F. Morel:

The benefit you were looking for was increasing people coming into St. Helier but that did not take off.

Strategic Policy Manager, Economic and Partnerships:

It was the same number of people, it was just the car park.

The Minister for Economic Development, Tourism, Sport and Culture:

It was just a redistribution.

Deputy K.F. Morel:

I mean it did not attract new people to St. Helier? People were not suddenly thinking: "It is free parking, I will head to St. Helier."

Strategic Policy Manager, Economic and Partnerships:

I think what we also have to be mindful of, parking ... wherever you go people think parking is an issue but night-wise, you have to think St. Helier is not just about retail and people coming in. There is a cost associated with parking, and it is not only about parking in St. Helier, it is about the upkeep of other car parks all over the Island, which is owned by the States. It is the issue in terms of people who are going to live in St. Helier, it being a nice environment to live in; they are not going to want lots of cars travelling around. The survey showed I think 70 per cent of people go shopping using their car; very little walking or using buses. Maybe that is something we should be looking at.

Deputy S.M. Wickenden:

We have a single transport policy that is trying to reduce the use of the car and then move people on to cycling, walking and buses. Do you think that maybe we should be looking at increasing our bus provision as many other towns around the world do?

The Minister for Economic Development, Tourism, Sport and Culture:

The easier you make public transport the more people will use it. I think that is a simple equation. But to go shopping, quite often to drive up to the shop from home, it is a 10-minute walk, but I will drive up there. But it is easier to get perhaps the bus into town and the bus back again. If we are just honest, if we have any quick visions of getting Islanders to stop using their cars, it is not going to happen just like that. The best opportunity we have to do that is when we start thinking seriously about being a lot more environmental. We are seeing the end of fossil fuel as the main forms of preparing our personal public transport and I think it is when we get into that area we can really start to make a difference.

Deputy K.F. Morel:

At the moment it seems like the desire for increased parking stands in contrast to the policy for reducing driving. It sees the public and government at loggerheads.

The Minister for Economic Development, Tourism, Sport and Culture:

I was very careful to say I have never been into St. Helier and not been able to park. So I do not think it is about capacity; it is about logistics and it is about thinking really carefully about how we place the parking so it benefits the most people.

Deputy S.M. Wickenden:

I could probably go on the Love Jersey app now and pull up how many empty parking spaces in Pier Road; we will probably have about 140 right now.

The Minister for Economic Development, Tourism, Sport and Culture:

When I parked in Sand Street this morning there were 315 spaces.

Group Director, Economy and Partnerships:

If we asked consumers whether or not parking would improve their shopping experience the numbers that answer in the affirmative are relatively low. Less than 10 per cent sampled are concerned about that, and even less than that are concerned about the price. So if we are going to do evidence-based work around parking let us look at the data we have collected recently. So it is not not an issue but it is quite low.

Deputy S.M. Wickenden:

So not many were concerned about the price, because we have heard comments in some of our other hearings about we are penalising shoppers by charging them to park.

Group Director, Economy and Partnerships:

So, if you look at the actual numbers, when we asked that question of 516 people, 45 called for better parking out of 516 and 36 specifically mentioned parking price. I know that is a small sample, but again making sure that we are working to the data. The other thing is whether or not we need to explore with retailers the opportunities for delivery. Of course if you want to come in and buy something big you might not necessarily be able to carry that back on the bus, so opportunities for different models around how you service your customers and home deliveries and all that sort of stuff I think is important. The sustainable transport bit is important as well because of course we have an award-winning world-class public transport system and it is right that we look at ways of plugging into that. So the parking issue can be, in some cases, a bit of a red herring but the data is starting to help us understand that a bit more.

Deputy S.M. Wickenden:

Dan, you raised the deliveries at homes and I raised this with the Sandpiper C.E.O. (chief executive officer) who says: "My brother lives in Bristol; he sits and has his daily shop from whichever supermarket he chooses and every now and again they will sit and go through the special offers and tick boxes online and it just appears at their door, some man drives it and drops it off." Were there any questions in the survey that talked about shopping at home?

Group Director, Economy and Partnerships:

Not that I am aware of but certainly in the subsequent conversations with the retail group that was an issue that was discussed and whether or not retailers could do more about that. Personally, from my own personal experience, it is undersold, so it is an option for many consumers but they are not aware that is in fact an option. So promotion of what the services are may be the way forward as well. But it is quite interesting, as you get into the detail and you look at the stats, you start to highlight areas that perhaps you had not thought about. It certainly was an issue that the retailers started to discuss early doors once that work had been done.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

It would also be interesting to see how the industry reacts to this. So essentially, they paid for this piece of work, which has been commissioned by us, which is useful for them, and it is up to them to decide, depending on their operating models, what might work for them. So it may well be that one of the big supermarkets says: "Right, why do we not start doing home deliveries?" But then it is a question of the economy of scale and if the demand is there.

Deputy K.F. Morel:

Demand seems to be one of the problems at the moment because we have had it in the supermarkets but it has not been taken up usually.

Deputy S.M. Wickenden:

I am just getting a message that says that Pier Road has 239 parking spaces and Sand Street has 143 right now, so in the middle of the day coming up to lunch time.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

If only we had more cars so that we could fill it.

Deputy K.F. Morel:

We have the cars; you just need the drivers to drive them.

Strategic Policy Manager, Economic and Partnerships:

The other thing on the parking is the fact that a lot of parking in St. Helier is private. That obviously creates issues as well. On the basis of what Dan was just saying in terms of click and collect, a lot of people are still unaware that there are shops that offer that.

Deputy K.F. Morel:

Talking about as far as clicks are concerned, looking at online in a bit more detail, as Minister, do you think online retail currently poses the greatest threat to the Island's retail sector?

The Minister for Economic Development, Tourism, Sport and Culture:

Consumers purchasing online from outside the Island?

Deputy K.F. Morel:

Yes, as in purchasing goods from outside the Island.

The Minister for Economic Development, Tourism, Sport and Culture:

Deputy Tadier gave a really good analogy. Some of us, we ride a bike and drive a car and walk, none of us are ever going to just say: "Right, I am only ever going to shop online" or: "I am not going to shop online." Because it is competition and we have not talked about competition because there are areas in the sector where I do not think competition is working, food prices is one of them. So from an economic point of view I think competition is good. The more competition you have, the more you shake the tree and the more you encourage businesses to be efficient and productive and on top of their game, so competition is good. All the retailers are reacting to online and we are entering what is going to be called the golden age of the consumer where there is going to be more

choice than ever before. Retailers and online retailers have to embrace that and they are going to compete. So in many ways it is good for the consumer, but it is going to impact on our local retail trade because we are importing a lot.

Deputy K.F. Morel:

Yes, absolutely.

The Minister for Economic Development, Tourism, Sport and Culture:

One thing from a tax-collecting point of view, so I look forward to the time, and it is coming soon, where it will be a legal requirement in the U.K. and the E.U. (European Union) for online retailers to be responsible for collecting and distributing the consumption taxes. For example, if you go to an online site called very.com it recognises you are in Jersey and at the end of your purchase it will deduct the V.A.T. and add the Jersey G.S.T. and then it will send that to the Treasury. When that becomes a norm that is going to be a much fairer situation.

Deputy K.F. Morel:

That is what I was going to say. Competition is good, you can say, but it certainly is better when it is fair and one of the problems we have at the moment is that local retailers are saying it is enormously unfair, in fact to the tune of at least 5 per cent, if not more, because online competitors are not having to pay G.S.T.

The Minister for Economic Development, Tourism, Sport and Culture:

This will put it on a more even playing field. I do not think it makes a blind bit of difference to the consumers really but it will be fairer to the taxpayer because we will be getting the full G.S.T. on the goods that come into the Island. In fact there is a big issue in the U.K. where, for example, a retailer in the High Street in the city or a town in the U.K. will be paying very high business rates for their premises but an Amazon or an online retailer based out of town with a huge warehouse will not be paying that.

Deputy K.F. Morel:

But they are still paying business rates on their premises; it will just be different business rates in a different area.

The Minister for Economic Development, Tourism, Sport and Culture:

Much lower business rates.

Deputy K.F. Morel:

Can I ask; when this was discussed in the Council of Ministers, what were your views? Were you keen to see the *de minimis* level brought down?

The Minister for Economic Development, Tourism, Sport and Culture:

I was totally opposed to changing the *de minimis* level.

Deputy K.F. Morel:

What was the reason for that?

The Minister for Economic Development, Tourism, Sport and Culture:

Because within the next 2 to 3 years the E.U. and the U.K. will be legislating to resolve the problem.

Deputy K.F. Morel:

But in 2 to 3 years, number one, the U.K. probably will not be in the E.U.

The Minister for Economic Development, Tourism, Sport and Culture:

That is why I said the U.K. and the E.U.

Deputy K.F. Morel:

Yes, but whether the U.K. goes along with that we do not know because they can choose to go their own route and not follow the E.U.

The Minister for Economic Development, Tourism, Sport and Culture:

I am pretty sure they will.

Deputy K.F. Morel:

Is the Council of Ministers not just saying: "Do it in 3 years' time" rather than dealing with the issue, which is now?

The Minister for Economic Development, Tourism, Sport and Culture:

I am interested in the Jersey consumer and while I want to make sure we have a vibrant future for our retail sector I certainly do not want to penalise local consumers. If local consumers can find a really good deal and want to buy something online, for example Australia did that and Amazon pretty much shut down their distribution.

Deputy K.F. Morel:

They did that only because Australia insisted that the online retailer collect the tax as opposed to the postal service. So at the moment asking the postal service that can be done tomorrow, we can ask Jersey Post to collect the tax and that would not affect Amazon in the slightest.

The Minister for Economic Development, Tourism, Sport and Culture:

The logistics of it, we are speculating at the moment, but I just felt the logistics of it and we would have upset an awful lot of Islanders for very little in return.

Deputy K.F. Morel:

So from your perspective the important ...

The Minister for Economic Development, Tourism, Sport and Culture:

I think we would have been giving lip service to the retail sector, cause delays on tens of thousands of packages and we would not have seen any difference to the retail sector at all, in my opinion.

Deputy K.F. Morel:

It is difficult to know because we are not changing it so we will not find out.

Deputy S.M. Wickenden:

In competition we have always had, whenever a big retailer comes over and they say: "We are going to be in, we are going to do lower prices." It does not tend to normally turn up because when they come to Jersey they either realise that there is a higher cost than they were expecting to import or even on building rates or that the Islanders are happy to spend that kind of money. So do you think there should be more done in that kind of competition area?

The Minister for Economic Development, Tourism, Sport and Culture:

I do not think we can get involved in telling retailers or any business what to charge, the market has to decide, and if they want to stay in business they are going to have to be competitive.

Deputy S.M. Wickenden:

But the statement earlier was that good competition is good for retail and it is good for prices and choice, but we have not always seen that in practice.

The Minister for Economic Development, Tourism, Sport and Culture:

Most U.K. retailers have different price structures by region, by town, by city, and they analyse the economies where they are operating very closely and they have pricing structures set to maximise the business in that area. I think they come to Jersey and quickly realise that Jersey consumers are more resilient to higher prices so they tend to price Jersey and the Channel Islands at the higher

end of their pricing scales. Now there seems to be a lot of competition in, for example, the food retail sector, but the perception is, and the reality to a point, but not on everything, we do get some really good deals in the food sector, but generally speaking we are quite a bit more.

[11:15]

So we have the Co-op, Waitrose, Morrisons, and then Sandpiper still is an independent, and the new Tesco in partnership with Alliance, and I would hope to have seen that polarise and make more competitive the retail sector. Perhaps reduce the retail space being utilised at the moment rather than having so many smaller shops, polarised into fewer bigger shops, we could reduce the cost of the sector and bring prices down. But that does not seem to be happening and that is perhaps something we need to look at in the future, something that perhaps Deputy Tadier would look at with the Consumer Council and Competition Authority. But I do not understand why it is not working, but there are, in this affluent society, a lot of people struggling and I think they should not be.

Deputy K.F. Morel:

That is the thing. I agree with what you say about price resilience, and I know Deputy Tadier is very concerned about the people who are the least price resilient in Jersey; they are the ones who are most vulnerable and competition does not seem to be working in that respect.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

From a layperson's point of view, I am relatively new to the department, but it seems that we just do not have any discount retailers in Jersey. That is the bottom line. So there is not a Wetherspoons, there is not a Lidl, and I do not know what the reasons are for that, but were there to be one it would be interesting to see whether they stuck to their prices and offered discount and what kind of impact that would have. But then again there is only so far you can go in terms of your pricing, so how far do you want to drive down the pricing, especially of food, and then you have the question of quality. In the Island, generally speaking, it is not food that people struggle with in terms of their overall budgeting, it is probably things like rent, paying bills, et cetera, all of which attract the 5 per cent G.S.T. of course. So I think, while it is an issue, you cannot have it all ways.

Deputy K.F. Morel:

Do you think C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) has a role to play in making goods, and particularly food, more affordable in Jersey?

Assistant Minister for Economic Development, Tourism, Sport and Culture:

Again, I do not know fully of C.I.C.R.A., but I know that in the last Assembly that there were big issues expressed about their role and whether they were able to perform it fully effectively. I think

there are market conditions in Jersey, which perhaps prevail, which are beyond what C.I.C.R.A. might be able to do in practice.

The Minister for Economic Development, Tourism, Sport and Culture:

There is certainly scope for us to have a closer look at the market to see how it is working. But, having said that, I want to emphasise we have a tremendous amount of choice, a huge amount of choice with food retailers here, and I think we get really, really good quality. I am just not sure why the prices are not a bit sharper in certain circumstances.

Group Director, Economy and Partnerships:

You have got your premium brand stores. Iceland continues to perform well. Tesco is expanding 4 more stores on one a year ago, offering significantly lower prices. So the market is functioning and it will be interesting to see where that business is coming from. But I think the options are starting to expand; I think there is no doubt that the cost of food is higher than the U.K.; that is absolutely right. But recently we have got companies like Tesco coming in and putting some inroads into that and providing better choice.

Deputy K.F. Morel:

One of the areas that many retailers cite is transport costs and obviously freight varies. 2017 we had a freight review done by C.I.C.R.A.; are you happy that the freight market is operating as efficiently as it should be?

The Minister for Economic Development, Tourism, Sport and Culture:

The C.I.C.R.A. review indicated that the freight market was working well. It was on forward freight.

Deputy K.F. Morel:

Are you happy with that? Do you agree with that as well?

The Minister for Economic Development, Tourism, Sport and Culture:

I have no reason to disagree with that. So the freight-forwarding, that was a review on the freight-forwarding aspect; that market. So, yes, we would expect goods and services over here to be a little bit more because of the logistics of getting here, the size of the market, the scale.

Deputy K.F. Morel:

You are right that it focused on the freight-forwarding market and certainly Tony O'Neill felt that C.I.C.R.A. should have a look at the ferries themselves, the ferry company itself. Would you agree with that? Do you think perhaps it needs to have a look at the way those costs are built?

The Minister for Economic Development, Tourism, Sport and Culture:

I certainly would not be against that but the lifeline element of the Condor agreement is based around freight, not passengers. The reason we have that sort of agreement with Condor is because of the huge investment into running a shipping line if we want to have regular freight and passenger ships. So I think the market works well. I think the market works well with the logistical side and the report that C.I.C.R.A. did indicated that the freight was arriving at the retailers in an acceptable manner in relation to logistics and costs. So it is easy to keep having a go at Condor, but with the best part of £300 million tied up in shipping that is something I do not think the States or the taxpayer would have an appetite in getting involved in, although we are watching it very closely and we are constantly talking to Condor about improving their fleet. Perhaps at some stage in the not-too-distant future I hope to be sitting down with Condor and discussing a reconfigured fleet that will give a lot more flexibility over freight and passenger deliveries that might help to ensure that we contain the costs in the future.

Deputy K.F. Morel:

Do you think the apparent sale of Condor, which is apparently likely to happen in the coming years, is likely to affect this?

The Minister for Economic Development, Tourism, Sport and Culture:

I do not think it will have. Whether it is Condor, Condor is owned by Macquarie ... whether Macquarie own Condor or somebody else owns Condor, I do not think it will have a material impact on these negotiations because they are going to want their business to succeed and we are going to want them to succeed.

Deputy S.M. Wickenden:

Unless somebody comes along and says that: "We want to do this for Jersey as well." So Condor does not always have to be the only service provider within Jersey.

The Minister for Economic Development, Tourism, Sport and Culture:

The thing is, when you have so much capital tied up in fleet, it is unsustainable to have more than one operator doing that; it just would not work out. By having one monitored, we get the best value. We saw what happened with Emeraude back in those days, it was not enough of a market to sustain 2 operators. In many ways I wish there was; in many ways if we had a population of a million people then it could sustain 2 operators and we could see some more competition there, but that might create more problems than it solves.

Deputy S.M. Wickenden:

Shall I end on the happy one, retail tax? I think we were both against it in the States Chamber, but could you just for the sake of this tell us what your views on the retail tax are and where we should go?

The Minister for Economic Development, Tourism, Sport and Culture:

My view was - and I know Deputy Tadier has a different view, which I am sure he will want to share afterwards - but having sat on the Council of Ministers and discussed where we were going to make savings from 2014 to 2017 and where we were going to perhaps gain some additional revenue from, so I sort of know the timeline pretty well, from what I saw, the attempt to get new environmental taxes failed because of lack of proper consultation. So the States quite rightly said: "Go back and rethink this." Now that caused a little bit of panic I think, is my reading of it, and a number of options were quickly put before C.o.M. (Council of Ministers) and C.o.M. decided to go for this retail tax. I just thought there was not proper consultation, there was not a retail development strategy, and I said: "Hold on a minute, because we do not fully understand the challenges that are facing us." Plus the brief consultation, it was not really a consultation, it was an intention: "This is what we are going to do. What are your opinions?" The retail sector came back and said: "While we all agree we are happy to make a contribution via tax, we think 20 per cent is too high." 10 per cent, in my opinion and the opinion of the retail sector, would have been a far better starting point; it is what we charge regulated entities and it is a fairer starting point. We could have then produced a retail strategy and understood the impacts of this, looked at increasing it in the future if we felt we should. I felt it was rushed a little bit on the back of the rejection of the environmental taxes, and that is my view and I retain that view. Again, I absolutely think it is right that the larger retail points should be making a further contribution over and above the contribution, but not 20 per cent, it is too high, too soon.

Deputy S.M. Wickenden:

Properly consulted, understand the possible impacts before you throw something into the retail trade.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

I really only have a personal view so I do not think that is necessarily relevant in terms of representing the department. But my points are on Hansard and I completely understand the view put forward by the Minister.

Deputy K.F. Morel:

We have talked about Jersey as a whole, when you look at the way retail perhaps is brought in, and certainly we have had some issues from retailers where the lack of consultation has really quite angered them. Do you think it gives off the wrong message that Jersey is a location for investment

from the point of view of we talk about having a stable tax regime, but we also seem to just bring in taxes willy-nilly, so it is a bit odd?

The Minister for Economic Development, Tourism, Sport and Culture:

It has unnecessarily exasperated a lot of our bigger retailers who have made a big commitment. I do not always agree with what Mr. O'Neill says, but they have made a huge commitment to the Channel Islands and the same with the other big retailers, so I think it was again just unnecessary to do it in that way so quickly.

Deputy K.F. Morel:

You do not think it gives off, from the perspective of who would invest in the Island, not just in current big retailers.

The Minister for Economic Development, Tourism, Sport and Culture:

What worries me is Jersey has a reputation for stable government, for considered government, for stable taxation, and introducing these sorts of taxes in short order like that, we would not want to do that too often before it would start to impinge upon our reputation as a stable jurisdiction.

Assistant Minister for Economic Development, Tourism, Sport and Culture:

If I can talk in general terms, there is an understanding that there will be times when Government needs to increase revenue to pay for particular services or capital expenditure, but the last administration were particularly bad at the way they went about that, so they had a whole scattergun approach to different charges, indirect taxation, which they were not even clear about the rationale for. We are seeing it again. So you say: "We are doing this for this particular reason so we want to bring in this for health reasons." But the real reason is that they are doing it to make savings or to increase the revenue. So when the word gets out to the public, whether it is the retail sector or the hospitality sector, the credibility of the rationale behind that just goes out the window. Whereas if you just said: "We have to put taxes up, it is going to cost you this much and it will be for this and this is the rationale," the respect and the basis for that ... no one likes paying taxes necessarily, but if you know it is going to a good reason. I think they were terribly shambolic at putting that rationale forward, so I hope this current Government will be a bit better, so any taxes will be justified and necessary.

The Minister for Economic Development, Tourism, Sport and Culture:

A proper measured approach.

Deputy S.M. Wickenden:

You just outlined my amendment that I was lodging today brilliantly.

Deputy K.F. Morel:

As you said, unfortunate one to end on, so we will not end on taxes, we will end on careers. You mentioned your work in Skills Jersey right at the beginning of this session; you mentioned that you worked in Skills Jersey. In the last couple of minutes would you mind letting us know what work you do in Skills Jersey to create the perception of the retail sector as a long-term career choice?

Strategic Policy Manager, Economic and Partnerships:

Skills Jersey has been working with what formerly was the Retail Development Group and they developed an apprenticeship scheme. The first cohort, I think there were 14 people who started in September 2 years ago, and those first 14 people have now gained their level 2 and I think are moving on to a level 3. There is also, through Skills Jersey, making people aware. The courses are run by Highlands College and the ladies who running it are very enthusiastic.

Deputy K.F. Morel:

Yes, we have all met Victoria.

Strategic Policy Manager, Economic and Partnerships:

But also again making people aware, because there are other courses that are there, which are equally as important to retailers as anybody else in terms of management and they are seeing benefits of some of the larger stores sending their staff on some of these courses with people from other sectors to get a broader view in a similar situation. So it is growing but certainly Skills Jersey sit on the steering group of this and they are keen to work with industry to find out where the shortcomings are and how we can do better. It is like everything, industry are wanting people to come into their industry, but it is how you do that. You want ambassadors to be going into schools, you want to be holding events at the skills show and in other particular areas where you can win the hearts and minds of parents. That is who you need to go to because there are a lot of Saturday jobs where people work but they just see it as a Saturday job rather than seeing it as a career, and that is where industry as a whole, and hopefully through the Jersey Retail Association, will be able to put some structure in place.

[11:30]

Deputy K.F. Morel:

Certainly talking to retailers there is no question that it is rewarding in terms of the interest levels and the variation that you get, but do you think wages in the retail sector will depress people's view of it as a long-term career option?

Strategic Policy Manager, Economic and Partnerships:

I think that does have a bearing. You can say the same about people wanting to work in agriculture or tourism or construction. That is an issue; wages is always going to be an issue. But, as time goes on, with technology, the skill set you are going to need in the sector, particularly with technology, the way people buy things, then you are going to have to pay people significantly more than they are at the moment.

Deputy K.F. Morel:

That is interesting. So you think the skill set is going to develop and the role?

Strategic Policy Manager, Economic and Partnerships:

Absolutely. It is quite scary when you see some of the things that have been developed, particularly in the United States with people sitting on couches looking at virtual dresses and slipping on their bodies, sending photographs of themselves; that will come. We do not think it is at the moment, but that is something that will come in the future. So to design those types of things is technological.

The Minister for Economic Development, Tourism, Sport and Culture:

I would like to see more opportunity for management to train. I myself spent 3 years at Harrods as a management retail trainee, it was tremendous and if we can get people in, retail is a great pickup; quite often the leaders of the retail industry came in at shop floor level and worked through. So there is great opportunity for young people to get into retail and then work their way through. I would like to see a lot of the larger stores working together with retail management opportunities and maybe having retail management trainees working in the different shops as part of their qualification.

Deputy K.F. Morel:

That is really interesting. Thank you very much indeed.

The Minister for Economic Development, Tourism, Sport and Culture:

Can I finish by thanking the Scrutiny Panel, you have taken a big interest in this subject and I know you have been very busy speaking to a very broad range of people and we look forward to working with you with your recommendations. Thank you.

Deputy K.F. Morel:

Thank you very much. Thank you for your time.

[11:32]