

2.8 Deputy R.G. Le Hérissier of the Minister for Economic Development regarding the compatibility of the new Jersey Post scheme (Ship2Me) with the ‘Think Twice, Buy Local’ policy:

Does the Minister regard the new Jersey Post scheme called Ship2Me is compatible with the ‘Think Twice, Buy Local’ policy of his department?

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

The ‘Think Twice, Buy Local’ campaign was aimed at encouraging individuals, public sector organisations and private businesses to think about the broad range of high quality products and services available on Island before making any other purchase. Research into the effect of the campaign is ongoing, however, there is evidence that local retailers are closely examining their pricing structures in order to compete, or are willing to discount or add value in order to achieve a sale. The campaign was never intended to persuade local consumers that they must buy local, but it was designed to encourage them to give serious consideration towards supporting local retailers and suppliers. The ‘Think Twice, Buy Local’ campaign and Ship2Me service are not incompatible. They provide Islanders with greater choice, competition and potential value while providing local on Island businesses with a greater level of commercial opportunities. Thank you.

2.8.1 Deputy R.G. Le Hérissier:

While not doubting at all the advantages and this is, of course, a difficult area, would the Minister acknowledge that one of the factors perhaps driving the Post Office is the enormous cost of regulation, for example, alleged to be a £500,000 fee paid to the Competition Authority and alleged to include the payment of 2 Post Office staff members just to meet regulatory requirements? Would he not acknowledge that what was seen as a system which would increase competition is indeed not securing such competition in the postal sector, and we are in this rather paradoxical situation where the Post Office has to generate revenue from a monopoly position in order to pay for regulation which is not leading, in its case, to competition and it is doing so in perverse ways like encouraging on Island competition with U.K. catalogue companies?

Senator A.J.H. Maclean:

I would not agree with that, certainly not in full. Postal services are by nature not particularly profitable activities and I think it is fair to say that the Jersey Post Office has had to look at all sorts of commercial opportunities in order to drive additional revenues. Of course the benefit of that is that it is going to help to sustain our postal services and contain costs, which is obviously important in the interests of Islanders and in the interests of local businesses and so on. I think it should be borne in mind that from a competition point of view, and also the Deputy mentioned regulatory issues, that the Jersey Competition and Regulatory Authority would, of course, take a great deal of interest should the Post Office act in an anti-competitive manner.

2.8.2 Senator B.E. Shenton:

Could the Minister advise whether the new ‘Think Twice, Buy Argos’ campaign [**Laughter**] is a political move to help dampen down any concerns the U.K. may have over the fulfilment industry to show that trade goes both ways?

Senator A.J.H. Maclean:

Absolutely not. That could not be further from the truth and, in fact, from a political point of view there is absolutely no input at all in this particular campaign. This campaign has been conceived by Jersey Post. They have an independent board and they have an independent and commercial decision which they are pursuing.

2.8.3 Deputy A.T. Dupre of St. Clement:

Back to the Argos catalogue, I have been contacted by a number of my parishioners very concerned about the fact that they are going to be on their doorstep, which they do not want, and they want to know how they can go around recycling them. This is yet another question.

Senator A.J.H. Maclean:

Yes, the Deputy raises a very valid point and I would suggest that parishioners who are concerned or any other Islanders concerned with regard to this matter should contact the Post Office and have their names removed, hopefully, from the mailing list.

2.8.4 Deputy K.C. Lewis:

While I would say in the short term this is going to be an enormous boost to Jersey consumers and indeed the Post Office, in the long term this is going to put enormous pressure on small local retailers who have to pay enormous Jersey rents. On walking in today, I noticed there were 8 empty shops I came to and, as I said before, this is at odds with 'Buy Local.' Does the Minister agree?

Senator A.J.H. Maclean:

No, I do not, I am afraid, agree with the Deputy. I do not agree that it is at odds with the 'Think Twice, Buy Local' campaign. That campaign was conceived as an awareness campaign to encourage local Islanders to think about the opportunities of buying local products and services. It was not a campaign that was in any way protectionist. It was not prescribing that Islanders had to buy locally. It was merely encouraging them to think about the opportunities. It was also encouraging businesses to step up to the mark and ensure that they are both competitive and offer a good quality of service. I have no doubt that local businesses can compete with Argos or anybody else for that matter.

2.8.5 Deputy J.A. Martin:

The question I would like answered is in the question, the new Jersey Post scheme Ship2Me. Could the Minister advise if this is a Jersey Post scheme? Ship2Me, I am told, has been brought to Jersey by an entrepreneur from the U.K. - a millionaire - and I am also told that Jersey Post employees who now work at Jersey Post are being told they have to reapply for their jobs at at least £5 an hour less. Can he explain how this company is set up and who will profit from it? Thank you.

Senator A.J.H. Maclean:

First of all I should point out again, which I have already mentioned, that this particular organisation, Jersey Post, is incorporated. It operates independently and, as far as I am aware, the particular service, Ship2Me, is an initiative that they have set up themselves. With regard to the Argos publication, that is an arrangement between Jersey Post and Argos themselves. With regard to the staffing matters, that is a matter, of course, for Jersey Post.

2.8.6 The Deputy of St. John:

Given that the States sent out the message some years ago to Tesco and others not to set up fulfilment/e-commerce on the Island, has the policy changed given the downturn in the finance industry? If so, will the Minister make it known to all, and will any company that wishes to set up, be paying Jersey income tax?

Senator A.J.H. Maclean:

The policy has not changed at all. The policy is exactly as it was in 2006. There were approximately 16 companies providing fulfilment services in the Island which were not consistent with the policy. The policy quite simply supports local e-commerce businesses, there are a number; and genuine local businesses employing local people are supported by the department and will continue to be supported by the department in developing this important area of the economy.

2.8.7 Senator S.C. Ferguson:

I have a couple of items. One, there is already a large amount of catalogue business existing in the Island. Will that qualify for Ship2Me? The other, raised by Deputy Lewis, that one of the problems for retailers is our shop rentals. With landlords insisting on increases, even during a recession, will the Minister ask for a review by the J.C.R.A. (Jersey Competition Regulatory Authority) of rentals for small businesses in the Island? **[Approbation]**

Senator A.J.H. Maclean:

The Senator raises an interesting point about the catalogue. There are a number of companies - local businesses - that have already been in contact with the Post Office hoping to utilise the Ship2Me service so there are local retail companies that will potentially benefit from this new service which I think is very encouraging. With regard to shop rentals, that is really a matter for the market to determine. What I can tell the Senator is that we have evidence that landlords are now having to consider very carefully rental reviews and indeed there are examples of rents being reduced due to the current market conditions. That is exactly as I would expect it to be and indeed we are seeing similar instances in the U.K. It is market driven.

2.8.8 Deputy R.G. Le Hérissier:

Given the faith that the Minister has in the market, does he not think it is a somewhat unfair imbalance or balance where a very major government monopoly is allowed to take on Jersey small retail industries and, secondly, has his department projected the loss of G.S.T. (Goods and Services Tax) revenue as a result?

Senator A.J.H. Maclean:

First of all, with regard to G.S.T., any items coming into the Island that are above the *de minimus* level will, of course, be subject to G.S.T. - £400, yes. No, we do not believe that there is going to be any great loss locally. We believe that local businesses can compete very successfully in the marketplace and I do not think this is a situation that should, in any way, concern local businesses.