

Deputy S.G. Luce

Chairman Economic Scrutiny Panel

States of Jersey

18<sup>TH</sup> December 2013

Dear Deputy Luce,

#### RETAIL POLICY REVIEW

With reference to your recent communication in respect of the Review your Panel is conducting into the challenges faced by the Island's retail sector.

I have now had an opportunity to discuss the same with the Chief Executive of the Genuine Jersey Product Association and Executive Director of Jersey Product Promotion Limited, John Garton, both bodies that I have the honour of Chairing. By way of response we offer the following comments on behalf of our significant and growing membership. Please view them in the context of these members being essentially "producers" with a direct interest of course in the retailing of the products they create. I have also attempted to distance these comments from personal views on current Retail Policy held by myself following my 40 year plus career in the sector, which came to an end three years ago, and attempted to cover only issues of direct relevance to our membership. (Of course I would be more than happy to express personal views on the issue at another time should you and your Panel feel it desirable although I must express some confusion on where EDD, Treasury and indeed the Competition Authority currently stand on the subject whilst investigations into food prices etc. proceed).

As many of our members are "small" producers they along often with some of our larger organisations (the Dairy and Vienna Bakery for example) rely heavily on the support and good-will of major island retailers to make their wares available to the public. In the food sector the Co-op remains heavily committed to sourcing and selling locally produced product, including non-edible products in their Homemaker store where practical, whilst Waitrose are adopting a similar positive stance. Both organisations heavily stress the provenance of locally produced and sourced product and use this to persuade consumers that often it is better to pay any small premium in order to secure the excellent quality of such goods. Sandpiper with their Checkers operation is much less proactive in this area whilst their Marks and Spencer franchise only tend to sell locally produced product where they are forced to as in the case of milk. The farm shops intrinsically tend to feature local product wherever they can.

Most of our "craft" producers and our niche food producers find their own ways to market with only limited opportunity for them to feature product in other retailer's stores. There is considerable co-operation across these areas and the major key to success often revolves around critical mass being created to attract customers through featured "markets" and locations such as the Harbour Gallery. In this context Jersey's "jewel in the crown" in the Central and Fish markets are critical to on-going success with good exposure of local product here but what is a high degree of

concern over future longevity. It appears that traders in these locations find it difficult to work collectively and the management control of the two locations seems to lack drive and initiative. If we are not careful and significantly more pro-active these vital routes to consumers run the risk of slow terminal decline as was the case with the Guernsey equivalents in the not too distant past. This would be a huge disappointment in terms of the breadth and depth of the “offer” across Jersey.

On a similar note the occasional Farm and Craft markets across the island, often promulgated by Tourism, are also vital to the continued wellbeing of many of our members not only in terms of what is sold at these but also in keeping the scope of what is available to consumers from local producers widely known. It would be useful if the range and regularity of these could be boosted especially in locations such as The Royal Square should the Bailiff be persuaded to permit this.

Key to capitalising on the potential of local production and sales especially in terms of employment and revenue generation is continued political support for the generality of what assists to promote this activity. A case could certainly be made for the removal of GST on true locally produced product (there has historically been lower import rates on product produced by smaller local brewers). This would certainly be a tremendous help to the local farming community along with many of our producers. The battle over LVCR might have been lost, although there are still possibilities particularly with horticulture product, but perhaps we could tackle the issue of VAT having to be charged on all goods sent to the UK whereas UK producers with a turn-over of less than £72k do not need to charge the same. Perhaps Government could also be more pro-active in terms of diminimus levels and GST reclaim for off island purchasers.

The Authorities in a broader sense could also be significantly stronger in supporting local provenance much in the way regional support is handled in the UK. Stronger Consumer Protection legislation that mitigates against the old chestnut of “Jersey Cream Fudge”, produced in the UK perhaps from product produced from Jersey cows but certainly not using any in island produced ingredients. Other descriptions like “Island Fayre” could easily mislead consumers. Perhaps a case could also be made for pro-active conditions to be placed on operators renting, leasing or in some cases apparently simply using States owned land to carry out their operations, by insisting they sell locally produced product where it makes sense to do so. Locally produced Jersey ice cream is a classic example rather than cheap and nasty imported product. Can you imagine Cornwall allowing “Walls Ice Cream” to dominate the shop window of their prime tourism locations?

In conclusion although in terms of the scale of things the product produced under the banner of “Genuine Jersey” might be relatively small it should be recognised that many of the issues that are important to us in retail terms has relevance to the broader retail scene. Support from the overall sector for in island produced product, bolstered by opportunity to sell direct to the public even if in part promulgated by direct Government action can and should have immediate impact on local employment and diversity of offer and activity.

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John Garton

Jim Hopley