

# Retail in Jersey

Economic Affairs Scrutiny  
Panel

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# 1. Chairman's Foreword

In compiling this review of Jersey's retail sector, the Economic Affairs Scrutiny Panel has been heartened by the positive attitude of the many retailers that have taken part. Whilst shop owners face challenging times, they are aware of the issues ahead and want to act proactively to overcome them. In looking to government, they are not asking for miracles but for practical support in trying to make the island's retail sector sustainable into the long term.

Importantly, we found that the government understands that the value of the sector is not confined to pounds and pence but includes community and cultural development, as well as playing an important role in attracting visitors to the island.

Unfortunately, the delivery of these benefits is threatened by the acceleration of rising prices caused by the declining value of the pound and the wider uncertainty of Brexit. Online shopping is growing rapidly with islanders ordering more goods via the internet. Whilst this helps make the island more affordable for individual households in the short term, the danger is that the continuation of this trend will eventually result in store closures and job losses. In the longer term, this could have a significant negative impact on the island's whole economy and its attractiveness as a place to live.

Through our conversations with retailers and in reading the many submissions we received, it became clear to the Panel that the need to think fast and act quickly will be crucial to the sector's sustainability. Retailers need to stay on top of their game by introducing technologies that improve the customer experience and by opening their stores to "retail theatre" that turns shopping from a necessity into an exciting and entertaining event.

The town centre also needs to remain flexible for the same reasons and it is because of this necessity to act decisively to changing needs that we have recommended the Department for Infrastructure and the Parish of St Helier work together to find whether there are better ways of allocating responsibilities. By doing so, it is hoped that the town centre will be able to adapt and continually improve, making it better from both an islander's and a visitor's perspective.

We were pleased to see that the recommendation from the last scrutiny review of the sector, for a "town centre champion" has been delivered through the creation of the Jersey Retail Association. The Association has moved quickly in its first years and has achieved a great deal, not least helping to galvanise retailers to work together where they have common interests.

As a Panel, we hope that more retailers will join the Association and so strengthen the work it is doing in providing a voice for retail and in helping with the training of staff. Training is already changing perceptions of the sector as a career option and could also help to set new industry-wide standards of customer service. Arguably, this work, more than any other will provide the framework for sustainability that the sector seeks.

The next three years will be crucial for the retail sector and so the Panel will revisit this review and the Department's Retail Development Strategy before the end of this parliamentary term. By doing so, we will see how the sector has developed and whether the Department's strategy is working.

Whether you are a shopper or a retailer, I hope you find this review interesting and worthwhile. It is just one point along the way to the delivery of a sustainable retail offering in the island and I hope it is well received by all stakeholders.

I would like to thank my fellow Panel members, Deputy David Johnson (Vice-Chair), Senator Kristina Moore and Deputy Scott Wickenden, for all the work they have done in compiling this review. I would also like to thank our Scrutiny Officer whose hard work has made this report possible but most of all, I'd like to thank everyone who contributed to the report via public hearings and written submissions. Every piece of evidence has been reviewed and formed a part of this document and I hope that by engaging with such a wide cross-section of stakeholders, we have demonstrated the importance of Scrutiny in connecting islanders with the political process.



**Deputy Kristen Morel**

**Chairman, Economic Affairs Scrutiny Panel**

## 2. Executive Summary

The retail sector is one of the biggest industries in Jersey and includes a large number of people and companies in the production, distribution and selling of goods and services. The value of the sector should not be underestimated as it has a major impact on the local economy, contributing around £310 million and operating as the third largest private sector employer in the Island.

In recent times, there has been a lack of strategic direction for the retail sector and although various policy and strategy documents have been published over the years, it has been difficult to determine which ones are still in use and which ones are now redundant. We are pleased that the Department is developing a new Retail Development Strategy which is based on work that has included a number of focus groups and a consumer survey. The Panel expects that this review will feed into the final strategy and looks forward to its eventual publication.

As a major importer of goods, the retail sector provides islanders with immediate access to a wide range of products. Although there is a growing trend for shopping online, there are clear benefits to having bricks and mortar shops on the Island.

Shopping is one of the most commonly undertaken activities by visitors to destinations around the world, and in Jersey, tourists spent £15.9 million on shopping in 2017. Therefore, it is vital that there are enough retail opportunities available to tourists on a year-round basis and that the current retail offering is clearly publicised to potential visitors. We believe that deregulation of Sunday trading, which is expected to be brought forward in 2019, will benefit the tourism industry by ensuring St Helier remains an interesting destination for weekend visitors.

As well as the main retail area in St Helier, there are also a number of villages, garden centres and farm shops located around the Island which offer different retail experiences for islanders, tourists and local communities. The shops in these areas tend not to be the main source of shopping for islanders but often feature specialist shops or convenience (“top up”) stores. Research in the UK has found that corner shops particularly benefit those who are disadvantaged by lack of personal transport or with limited physical mobility. With an ageing population, these out of town retail ‘pockets’ are likely to play an increasingly important role as social and community hubs.

There is no doubt that there are a number of challenges for retailers including tax (GST and the retail tax for larger companies), parking, rent levels, the threat of online shopping and the potential effects of Brexit. The current de minimis level of GST does go against the tax policy principle that tax should be low, broad, simple and fair, thus making a government-created disadvantage for local retailers.

Parking featured in many of the submissions we received from both shoppers and retailers. Better access to on street parking and the location of available car parking spaces (such as Pier Road) were recurring themes. The Panel believes that convenient and adequate shopper parking is essential to supporting St Helier’s retail activities. One of the main aims of the Sustainable Transport Policy 2010 was to persuade people out of their cars to reduce the demand for parking spaces (both public and private). We question how successful this policy has been as 70% of respondents in a recent consumer survey use their own cars whilst shopping in Jersey.

One of the recommendations made in the Sustainable Transport Policy was to increase the quantity of short stay (shopper), off street parking in St Helier. However, we note that parking spaces have

decreased rather than increased since the policy was adopted in 2010. The decrease in parking spaces is mainly due to the construction of the Millennium Town Park in 2011 when 390 public and 230 private spaces were removed. Although it was identified that this had not resulted in increased usage at other town car parks, it may have added to commuters having to “hunt” for available spaces. It is hoped that when the development at Gas Place has been completed, there will be an additional 172 public parking spaces available. We recommend that the Minister for Infrastructure should investigate new measures for improving the convenience and cost of short term parking in town. These could include free parking pilot schemes for limited periods and increasing the availability of on street parking.

Although excessively high rents were a consistent topic raised by retailers throughout the review, we note that, as of July 2018, only 2% of the available shops in St Helier were vacant. This leads us to believe that high rent levels are not necessarily causing shops to become or remain vacant. Indeed, shop vacancy levels are a lot higher in parts of the UK.

We have found, however, that high rent levels create challenges for retailers and may put off new entrants to the market. In that regard, we have recommended that the Minister for Economic Development collect the necessary data to monitor rent levels on a quarterly basis and explore whether the current practice of increase-only rent reviews is appropriate.

In terms of the rates system, we note that rating assessments were fixed in 2003 and so are still based on rental values from that time. This means that some larger businesses in the financial services sector are paying low business rates, whilst some smaller businesses, including retailers, are paying much higher rates. This means it is very likely that the retail sector is currently paying a higher proportion of the rates burden than they would if there was a revaluation process. In order to rebalance this inequity, we have recommended that a Rates Assessor should be commissioned to undertake a revaluation and that this should occur every 10 years.

Over the past five years, online sales of non-food items has increased. Most retailers commented that the growth of online shopping was one of their biggest challenges. Similarly, it is evident that consumers are also feeling the strain, particularly as household incomes have increased by less than inflation. “Feeling the pinch” is likely to be a key factor as to why, in a recent consumer survey, 88% of respondents said cost was one of the main reasons they shopped online instead of in Jersey.

The Panel note that, although the consumer survey commissioned by the Department will give retailers useful insights and information about consumer attitudes to shopping in Jersey, data collection in the retail sector overall, is poor. As a result, there is no clear view of the industry. Robust data on the value of retail to the Jersey economy is essential for the effective management of the sector. It would enable the Minister and the Department to identify weaknesses and problems in advance, as well as provide an insight for potential investors into the Island’s retail economy. The Panel believes that more data should be gathered, particularly regarding footfall, retail sales, rent levels and also that consumer surveys should be commissioned every two years.

A real positive for the retail sector has been the establishment of the Jersey Retail Association (JRA), which plays a pivotal role in giving a voice to retailers across the island. Although the JRA was given a two year start up fund of £100,000 by the Department, its future remains uncertain in terms of financial stability. As the JRA exists to champion the sector and provide practical support and advice to retail members, we believe a long-term funding strategy should be identified in the new Retail Development Strategy.



Although retailers are experiencing challenging times, particularly with the increase of internet shopping, the future outlook is promising if retailers remain open to new ideas, technologies and innovation. This is particularly relevant as research shows that brand authenticity and sustainability are becoming increasingly important in the retail industry. Consumers want to associate themselves with brands that have a sense of purpose and, in particular, brands that support environmental issues. Recently there has been an emergence of sustainability-focused shops on the island, adding a new point of difference in that could help with the rejuvenation of Jersey's retail sector.

There is also research to suggest that consumers' expectations today go well beyond that which town centres can provide in terms of their retail offering. Most of the stakeholders the Panel spoke to commented that event-led retail, which focuses on experience as well as product, is increasingly important. In recent times, there have been notable examples of the emergence of "retail theatre" which gives consumers a reason to stay in town and shop locally.

Another important element that will encourage islanders to shop locally is the quality of the customer service they receive. Research shows that customer experience is the biggest contributor towards brand loyalty, with a negative experience being the most significant factor in affecting a customer's likelihood of making a repeat visit. The introduction of a retail course (run by Highlands College) is a great example of enhancing the skill levels in the retail workforce. In addition to the course run by Highlands, we have recommended that, in order to guarantee a minimum level of customer service throughout the Island's retail sector, a customer service-focused course should be rolled out in 2019 and, via industry, be made compulsory for all new members of staff to attend.

It is hoped that the findings and recommendations made in this report will assist the Department in producing a cohesive and co-ordinated strategy for this very important sector. We intend to follow up with a review of the effectiveness of the new strategy after its completion and before the end of the Panel's term.

### 3. Key Findings

#### Key Finding 1:

Since 2006, various policies and strategies on the retail sector have been developed by the Department. Whilst these may have served a purpose at the time, it has been difficult to determine which ones are still in use and which ones are redundant. The last policy was published in 2010 and the last strategy was an interim measure developed in 2014.

#### Key Finding 2:

The retail sector in Jersey is broad and wide ranging. The main retail area in St Helier, which offers a mix of local and non-local produce, is a major source of attraction for tourists and islanders. There are a number of secondary retail areas outside of St Helier which offer different retail experiences for local communities and tourists.

#### Key Finding 3:

There are several groups which exist to develop, improve and regenerate parts of St Helier. The Parish of St Helier has the greatest overall understanding of the needs of the Town Centre and in this regard, the Panel has suggested that discussions take place between the Parish and the Department for Infrastructure to determine whether responsibility for some functions, which are currently held within the Department, could be transferred to the Parish.

#### Key Finding 4:

The retail sector is one of the biggest industries in Jersey and involves a vast amount of people and businesses in the production, distribution and selling of goods and services. It also has a major impact on the local economy. In 2017, the retail sector generated approximately £38 million in GST and is estimated to deliver almost £6 million in retail tax in 2019.

#### Key Finding 5:

Although tourists generated £800,000 of GST revenue in 2017, this is a relatively small amount of GST balanced against the figure generated by the sector as a whole (£38 million).

#### Key Finding 6:

Although the retail offering in the town centre is wide ranging, it lacks a specific offering dedicated to attracting 'consumer tourists'. Jersey may be able to attract consumer tourists by encouraging the development of a section of the town that is focused on enhancing the local tourist economy.

#### Key Finding 7:

Physical stores offer a distinctly different retail experience to online shopping. The possibility of social interaction between shoppers and retailers gives local shops the opportunity to compete and win business by offering excellent personal service.

#### Key Finding 8:

Out of town retail areas, such as St John's Village and Gorey, are vital, particularly for parishioners who may find travelling to St Helier difficult. Although shops in these areas may not be people's main source of shopping, they offer convenience and play an important community role.

#### Key Finding 9:

The current de minimis level is not in line with the tax policy principle of fairness and creates a disadvantage for local retailers.

**Key Finding 10:**

Before the retail tax was introduced, there was a lack of consultation with retailers and other key stakeholders, creating a lack of fairness in its implementation.

**Key Finding 11:**

The retail tax only applies to companies if 60% of their trading turnover is from retail sales. Therefore there are some larger companies who supply goods wholesale as well as retail but who are not liable to pay the tax because 60% of their turnover is not from retail sales.

**Key Finding 12:**

The Sustainable Transport Policy 2010 recommended that the amount of short stay (shopper) parking was increased. Since the policy was approved, however, the amount of parking spaces has decreased rather than increased, with the removal of 390 public and 230 private parking spaces at Gas Place to enable construction of the Millennium Town Park in 2011. Although this has not resulted in increased usage of other town car parks, it may have added to people having to “hunt” for available spaces.

**Key Finding 13:**

The Sustainable Transport Policy 2010 aimed to persuade people out of their cars, reducing the demand for both public and private parking spaces. The Panel questions whether the policy has been successful as 70% of respondents to the consumer survey use their own cars whilst shopping in Jersey.

**Key Finding 14:**

The high level of rents is creating challenges for retailers and may put off new entrants to the market.

**Key finding 15:**

Unlike parts of the UK, Jersey does not have a general problem with empty retail shops. As of July 2018, just over 2% of the available shops in St Helier were vacant.

**Key finding 16:**

Rating assessments were fixed in 2003, based on rental values at that time. Therefore, it is highly likely that the retail sector is currently paying a higher proportion of the rates burden than they would if there were a revaluation process.

**Key finding 17:**

Although retailers are experiencing significant challenges, particularly with the growth of online shopping, it is evident that consumers are also feeling the strain as household incomes have increased by less than inflation. This could be a contributory factor as to why, in the recent consumer survey commissioned by the Economic Development Department, 88% of consumers said cost was one of the main reasons why they shopped online instead of in Jersey.

**Key Finding 18:**

It is unclear what impact Brexit will have on the retail industry, and it will remain an unsettled time for both retailers and consumers. The main challenges will likely be the potential disruption of supply lines and the possible weakness of sterling, which will raise prices.

**Key Finding 19:**

Data collection in the retail sector is poor and as a result we do not have a clear view of the industry. Robust data on the value of retail to the Jersey economy will be beneficial and should enable the

Economic Development Department to identify weaknesses and problems in advance, as well as providing an insight for potential investors in the Island's retail economy.

**Key Finding 20:**

Footfall cameras measure the number of people walking in the street. By counting footfall, retailers and the Town Centre Manager are able to identify trends in consumer behaviour. Currently there is only one footfall camera in town whereas previously there were three.

**Key Finding 21:**

The Jersey Retail Association (JRA) was established in 2016 and is pivotal in giving retailers across the island a voice. The JRA was given a two year start up fund of £100,000 by the Economic Development Department.

**Key Finding 22:**

Events such as the Christmas lights switch on, Sunday markets and street theatre play an important role in animating the town centre. Such events are highly anticipated by islanders and are vital for supporting retailers.

**Key Finding 23:**

Although retailers are experiencing challenging times, particularly with the increase of internet shopping, the future outlook is promising if retailers remain open to new ideas, technologies and innovation, and focus on exceeding customers' expectations.

**Key Finding 24:**

In recent times the retail sector has seen the emergence of sustainability-focused shops. Sustainability can be a key differentiator if Jersey's retail sector is to rejuvenate itself, for example, aligning practices with plastic free Jersey. Research from elsewhere shows that consumers want to associate themselves with brands that have a sense of purpose and represent their views, beliefs and values.

**Key Finding 25:**

Retail Theatre improves the consumer experience and is a key differentiator for physical versus online retail. Retail Theatre, through the organisation of events, particularly at peak times of the year, adds to the vitality of the town centre and attracts islanders and tourists alike.

**Key Finding 26:**

The impact of online shopping has been felt acutely by the traditional retail sector. Therefore, it is important, now more than ever, that retail staff have the necessary skills to improve the quality of their customer service and so encourage customers to choose to shop on island rather than online.

**Key Finding 27:**

It is likely that the Minister for Economic Development will propose the deregulation of Sunday trading in 2019.

**Key Finding 28:**

Current regulations mean that most shops can already open on a Sunday. The Panel is generally supportive of the principle that the decision to open on a Sunday should be made by the retailer. By giving larger shops the opportunity to open on a Sunday, it is believed that an overall uplift in footfall on Sundays, will be experienced. This is likely to particularly benefit the tourism industry by ensuring St Helier remains an interesting destination for weekend visitors.

**Key Finding 29:**

In a sector that has very little data available to it, the consumer survey provides very useful insights and information about consumer attitudes to shopping in Jersey.

## 4. Recommendations

*Please note: Each recommendation is accompanied by a reference to that part of the report where further explanation and justification may be found. Recommendations are ordered only by the place they are found in the report.*

### **Recommendation 1:**

Although certain functions, particularly regarding roads are the legislative responsibility of the Minister for Infrastructure, potential benefits could be realised by transferring some responsibilities to the Parish of St Helier. The Panel recommends that the Parish and the Department work together to determine whether there is any advantage to be had through the delegation or transfer of certain responsibilities to the Parish. This work should be undertaken in 2019 and any outcomes should be reported to the Panel [section 7.1].

### **Recommendation 2:**

The concept of consumer tourism should feature in the new Retail Development Strategy. The Department should consult with experts in this field in order to explore ways to incentivise the mass market and increase the selection of luxury brands in Jersey [section 8.2].

### **Recommendation 3:**

The Treasury Department should consider levelling the playing field to ensure that the Retail Tax is fair and introduce these measures in the Budget 2020 [section 9.2].

### **Recommendation 4:**

The Department for Infrastructure should investigate new measures for improving the convenience and cost of short term parking in town. These could include revisiting free parking pilot schemes for limited periods and increasing the availability of on street parking. These should be undertaken before the end of the second quarter of 2019 [section 9.3].

### **Recommendation 5:**

The Economic Development Department should collect the data necessary to monitor rent levels on a quarterly basis [section 9.4].

### **Recommendation 6:**

The Economic Development Department should explore whether the current practice of increase-only rent reviews is appropriate [section 9.4].

### **Recommendation 7:**

In order to balance the rates system, the Minister for Treasury and Resources and the Comité des Connétables should commission a Rates Assessor to undertake a revaluation. Such revaluations should then be undertaken every 10 years to ensure fairness in the rates system [section 9.4].

### **Recommendation 8:**

The Economic Development Department, Treasury and External Relations must work together in order to seek clarity around Brexit negotiations and the impact it could have on shoppers, retailers and most importantly the security of food supplies. This should be incorporated into the new Retail Development Strategy with input from both the Treasury and External Relations Ministers [section 9.5].

**Recommendation 9:**

Statistics Jersey previously undertook a Retail Sales survey which sampled businesses (including food and non-food) operating in the retail trade in Jersey. Statistics Jersey had to stop collecting data in 2015 because of a lack of funding. The Minister for Economic Development should work with Statistics Jersey to restart the collection of retail data. This work should be completed and funding identified before the end of June 2019 [section 9.6].

**Recommendation 10:**

In order to gain a true understanding of consumer behaviour, the Minister for Economic Development should invest in more footfall cameras in St Helier. Additional footfall cameras should be installed before the second quarter of 2019 [section 9.6].

**Recommendation 11:**

The future of the Jersey Retail Association should not remain uncertain and a long-term funding strategy should be identified in the new Retail Development Strategy [section 9.7].

**Recommendation 12:**

The Economic Development Department should work with the Parish of St Helier and the Town Centre Manager to ensure funding is available for the provision of a year-round schedule of events. This should feature in the new Retail Development Strategy [section 9.7].

**Recommendation 13:**

In order to guarantee a minimum level of customer service throughout the Island's retail sector, the Minister for Economic Development should work with the Jersey Retail Association to create and deliver a customer service course that is required as part of the training of new members of staff. This should be rolled out before the end of 2019 [section 10.3].

**Recommendation 14:**

When the Minister for Economic Development brings forward proposals to deregulate Sunday trading, appropriate protections for staff in terms of religious beliefs and adequate days in lieu should be included. The effects on out of town convenience stores, should also be monitored [section 10.4].

**Recommendation 15:**

The Department for Economic Development should repeat the consumer survey every two years [section 10.5].

## 5. Introduction

### The retail sector in Jersey

Jersey has a varied retail offering which includes both food and non-food offerings, UK and European chain stores, local independent shops, large, medium and small units. Most retail outlets are concentrated in St Helier although there are additional shopping hubs in other Parishes, most notably Red Houses and St Aubin in St Brelade, Gorey, and several Parish villages.

The retail sector has a significant impact on the economy, contributing £310 million<sup>1</sup> and is the third largest private sector employer in Jersey<sup>2</sup>. Retail is well known as a major source of employment but not so widely recognised for offering a wide range of long-term career opportunities including but definitely not limited to shop management, brand management and marketing<sup>3</sup>.

As a major importer of goods, the retail sector gives islanders immediate access to a range of products. Whilst there is a growing trend for shopping online, there are clear benefits to having physical shops on the island, allowing products to be displayed so they can be tested, tried on and assessed before buying. In the absence of food warehousing, shops also act as de facto storage facilities in the event of supply line disruption.

A wide and diverse range of local and non-local retailers in Jersey is important for both islanders and tourists. A lively town centre, which offers a diverse range of events, can also be a major source of attraction for tourists and islanders. This can make a significant contribution to the local economy and foster a strong sense of community and inclusiveness<sup>4</sup>.

### Scrutiny

The last Scrutiny review of retail was undertaken in 2014 by a previous Economic Affairs Scrutiny Panel. The review focussed on examining the policies and actions of the Minister for Economic Development towards the retail sector.

In July 2018, we agreed to undertake a fresh review, not only to explore the current challenges and opportunities facing retailers, but also to follow up on recommendations made by the previous Panel. The Panel's Terms of Reference for the review can be found in appendix two.

The review has included both the main retail area of St Helier and other retail areas on the Island as highlighted in the map below:

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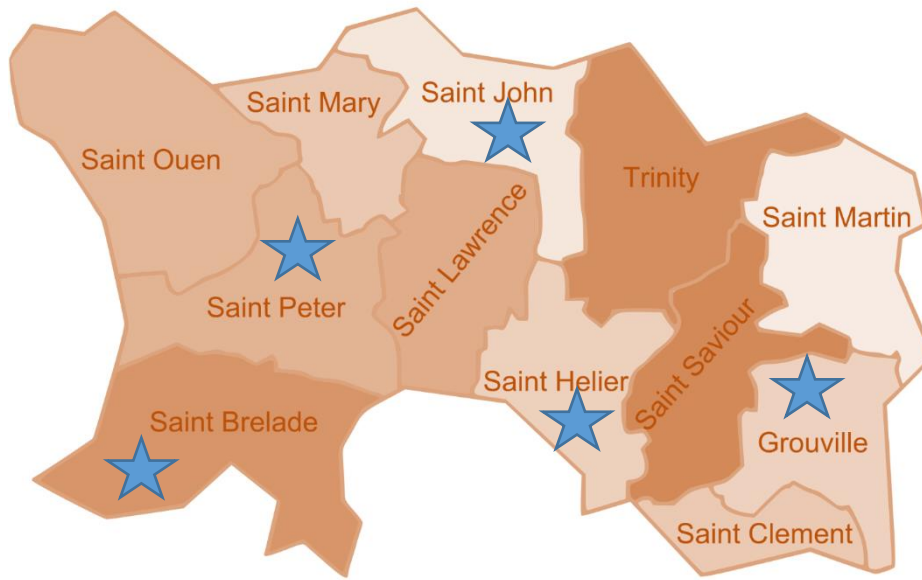
<sup>1</sup> As measured by Gross Value Added (GVA)

<sup>2</sup> [Jersey Labour Market](#), December 2017

<sup>3</sup> [Written Submission](#) received from Romerils

<sup>4</sup> [Successful town centres - developing effective strategies](#)





## 6. Retail Policies and Strategies: Past and Present

Over the years, the Economic Development Department has developed and published various policy and strategy documents focused on the retail sector. Whilst these may well serve a purpose, it has been difficult to determine which ones are still in use and which ones are now redundant. The following section explains the work that has been carried out since 2006.

### 6.1 Retail Policy 2006 (updated 2010)

A [Retail Framework](#) was published in 2006 and updated in 2010. Its main focus was food retailing, food price competition and supermarket operators. The key policy aims were:

- There should be no barrier in the Island Plan to the consideration of applications by new large food store operators. The Minister supported a ‘sequential test’ to protect Island Planning objectives and to consider whether there is an appropriate site for any potential entrant.
- In order to avoid establishing an ‘uneven playing field’, all applications for retail developments should be treated in a similar manner, and no special concessions should be granted to arriving operators. In every case, an application should be treated on its merits, balancing social, environmental and economic issues.

### 6.2 Jersey Retail Business Development Strategy 2013

In August 2013, a Jersey Retail Business Development Strategy was produced which summarised the current situation and plans for areas to be addressed. The strategy focused on the exploration of business development opportunities that could support Jersey retailing, with particular interest in St Helier. The Strategy was not aimed at proposing changes to the existing Retail Policy (mentioned in the paragraph above).

The Jersey Retail Business Development Strategy is not publically available and we have been advised that this piece of work was led by the Department’s then Chief Executive. Although Terms of Reference were produced and several meetings were held with the “Town Team”, work on the strategy was curtailed due to the creation of the “Future St Helier” Group whose work had cross-over with the proposed strategy<sup>5</sup>.

### 6.3 Interim Retail Development Plan

As an interim measure, the Department published an Interim Retail Development Plan in 2014. This included many of the initiatives previously considered by the “Town Team” with up to £150,000 of funding identified.

The Panel requested an update on each of the initiatives and the Department provided an overview of them and the action taken, if any. Although all are relevant, perhaps the most notable completed initiatives since 2014 have been:

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<sup>5</sup> Correspondence to Panel: Minister for Economic Development, Tourism, Sport and Culture dated 30 August 2018

- ✓ The establishment of the Jersey Retail Association and the appointment of the Executive Officer (to act as “retail champion”)
- ✓ The appointment of a Town Centre Manager to lead on the promotion of Town Centre activity and trading support
- ✓ Jersey Business supporting retail owners and managers with the operation of their business

## 6.4 Retail Development Strategy: Current work

The Department has advised that consultation with the retail sector, as well as research and development work, took place during 2017 and early 2018. This resulted in the production of an outline “Retail Development Strategy” in which the Department identified 5 high level aims that would drive the new strategy<sup>6</sup>:

1. Thriving St Helier experience
2. Focused market information
3. Exploiting new opportunities
4. Leading edge skills and talent
5. A dynamic partnership

We understand that the strategy is currently being validated in conjunction with the Jersey Retail Association, Chamber of Commerce, Jersey Business and local retail users. As part of this exercise, the Department commissioned a local research company (4insight) to undertake focus groups as well as a consumer survey to help inform the final strategy. The Panel had planned to undertake a similar survey exercise as part of this review but did not want to duplicate the effort or costs and so has incorporated the Department’s survey findings into this work. As a Panel, we are supportive of the Department’s desire to understand the views of island consumers in order to develop a worthwhile strategy.

It is hoped that the findings and recommendations made in this report will assist the Department in producing a cohesive and co-ordinated strategy for the Island’s retail sector. We intend to follow up with a review of the effectiveness of the Department’s strategy after its completion and before the end of the Panel’s term.

**Key Finding 1:** Since 2006, various policies and strategies on the retail sector have been developed by the Department. Whilst these may have served a purpose at the time, it has been difficult to determine which ones are still in use and which ones are redundant. The last policy was published in 2010 and the last strategy was an interim measure developed in 2014.

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<sup>6</sup> Retail Development Strategy - Terms of Reference

## 7. An overview of retail in Jersey

### St Helier and the Central Market

The main retail area in Jersey is St Helier town centre which hosts the majority of Jersey's approximately 1,060 shops<sup>7</sup> and incorporates the Central Market and the Fish Market. The main shopping street, which spans King Street and Queen Street, houses Jersey's largest department stores but there are also a wide range of local boutiques and high street stores in other areas of St Helier. A street map of St Helier can be found in appendix one.

The Central Market contains 36 stalls which cover a broad range of products including fresh food, antiques, flowers and jewellery. We received many positive comments regarding the Central Market highlighting that it is considered a real asset to St Helier's retail offer:

**Robert McAllister:**

*"The market is undeniably the historic hub of the town"*<sup>8</sup>.

**Visit Jersey:**

*"The Central Market and Fish Market are attractive features of St Helier that are not now seen in most UK towns..."*<sup>9</sup>

**Jersey Business:**

*"The market remains an iconic building, which continues to be a draw from both local and tourist shoppers alike"*<sup>10</sup>.



<sup>7</sup> [Submission](#) received from Jersey Retail Association

<sup>8</sup> [Written Submission](#) received from Robert McAllister

<sup>9</sup> [Written Submission](#) received from Visit Jersey

<sup>10</sup> [Written Submission](#) received from Jersey Business

## Retail outside of St Helier

Outside of St Helier, there are a number of shops situated in St Aubin and Gorey. Les Quennevais precinct also provides retail amenities and there are several villages, garden centres and farm shops located around the Island which offer different retail experiences for islanders, tourists and local communities.

**Key Finding 2:** The retail sector in Jersey is broad and wide ranging. The main retail area in St Helier, which offers a mix of local and non-local produce, is a major source of attraction for tourists and islanders. There are a number of secondary retail areas outside of St Helier which offer different retail experiences for local communities and tourists.



## 7.1 Retail Infrastructure

Although responsibility for the retail sector lies primarily with the Economic Development, Tourism, Sport and Culture Department [Department for Growth, Housing and Environment], it also interacts with a number of other States Departments<sup>11</sup>:

- **Education [Department for Children, Young People, Education and Skills]** - Skills Jersey, which facilitates an apprenticeship scheme that enhances retail skills;
- **Infrastructure [Department for Growth, Housing and Environment]** - responsible for parking and layout of roads;
- **Environment [Department for Growth, Housing and Environment]** - responsible for planning decisions;
- **Chief Minister's [Office of the Chief Executive]** - ensuring that the strategic direction of the new retail strategy dovetails into the "Future Jersey" document;
- **Treasury [Department for the States Treasurer and Exchequer]** - in relation to tax matters - GST, retail tax and VAT;
- **Social Security [Department of Customer and Local Services]** - helping people back into work (Back-to-Work Scheme) and in terms of skills and training.

<sup>11</sup> Please note that under [One Government](#) changes, the Departments have now been renamed. For consistency, we have used the previous names for Departments as, on a number of occasions, stakeholders have referred to the previous names for Departments in submissions and Public Hearings.

The retail sector also connects to the Parishes in a number of ways:

- Paying rates
- Community services
- Organising and publicising events

## **Parish of St Helier and the Department for Infrastructure**

As part of the Parish of St Helier, a Town Centre Partnership was founded in November 2008 (funded by the States of Jersey and the Parish)<sup>12</sup>. The aim of the Town Centre Partnership is to work with town centre businesses, property owners, residents and community groups to encourage investment and promote the town centre as a premier place to work, visit and live. The partnership is led by Daphne East who was appointed as Town Centre Manager in 2014. Part of her role is to develop relationships within the retail and hospitality sector to encourage vitality and economic growth in St Helier.<sup>13</sup>

When the Panel met the Town Centre Manager and the Connétable of St Helier, the Connétable told the Panel that he would like the Parish to be given delegated responsibility for aspects of St Helier's infrastructure, which is currently the responsibility of the Department for Infrastructure. The Connétable explained that having responsibility, particularly in relation to transport, would be beneficial:

### **Connétable of St Helier**

*"We are largely kept in the dark about what the departmental priorities are for the town. That is why I have come to the view that delegated responsibility to certainly this Parish for how the town works is in order, because we have a Roads Committee that is in charge of the Parish roads, which tend to be the minor ones. We meet in public. We are very accountable as a body. I think it would be absolutely right for the States to hand over responsibility for how St. Helier works in terms of transportation to the Parish, together with a budget, because obviously ratepayers are not going to take on more financial burden for the States. But if we had probably at least the same budget as the States currently spend on town, I suspect we would use it at least as efficiently as the States does, and possibly more efficiently."*

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

*"You have asked the question I was going to raise about is responsibility at the moment in the right place, i.e. for St. Helier you say not and the Government should relax it in your favour?"*

### **The Connétable of St. Helier:**

*"I think we should have delegated powers, yes<sup>14</sup>."*

To understand more about the merit of these suggestions about the transfer of certain responsibilities from the Infrastructure Department to St. Helier, the Panel wrote to the Minister for Infrastructure asking for his views on the matter. The following excerpt has been taken from his response:

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<sup>12</sup> [Parish of St Helier](#)

<sup>13</sup> [Chamber of Commerce](#)

<sup>14</sup> [Public Hearing](#) with the Town Centre Manager and the Connétable of St Helier, 9th November 2018, p.10

### **Minister for Infrastructure**

*“The Loi Sur La Voirie 1914 states that ‘The States shall be directly responsible for the administration of the main roads and shall meet all costs of construction and other expenses’ and that ‘The States shall appoint a Committee for the Administration of Main Roads, authorised to take all necessary measures for suitable maintenance of the main roads’. This authority is delegated and embodied within the office of the Minister for infrastructure.*

*Subsequently, the Road Traffic (Jersey) Law 1956, set requirements for the other parochial road authorities to consult or seek the approval of the Minister for Infrastructure, for changes to roads and traffic that require Orders to be made.*

*The rationale for this hierarchy of authority, reflects the Island’s strategic need for consistency in roads and traffic regulation and policy. It seeks to coordinate the efforts of the parochial authorities with the States and to avoid a situation whereby a change is made by one authority to the detriment of the Island as whole.*

*This is an eminently sensible legal arrangement where central government sets national policy, which is mirrored in many other jurisdictions, and local authorities must abide for the benefit of road safety and efficient operation of the overall transport network. I am aware of no imperative for change that I could support. The powers vested by the States in the office of the Minister for Infrastructure cannot be delegated beyond his control.*

*However, I can confirm that Growth, Housing and Environment (now incorporating the Department for Infrastructure) has for many decades endeavoured to work closely with the Parish and has delivered many urban renewal schemes for and in partnership with the Parish, for example the recent improvements to Conway St and Charing Cross and larger schemes such as the award winning Millennium park<sup>15</sup>.*

Although the legislative framework is clear, the need for St Helier to maintain flexibility in order to adapt quickly to changing circumstances gives weight to the Constable's suggestions. At present, the Department of Infrastructure sits with the Parish of Helier on a number of groups to develop, improve and regenerate parts of St Helier and whilst they bring a range of necessary focal points and perspectives, it is the Panel’s view that the town centre could benefit from a reassessment of the division of responsibilities between the Department and the Parish. It is possible that the transfer of certain minor decisions to the Parish would provide the speed and flexibility that the town centre needs to adapt and compete in the 21st century.

Below are example of groups currently overseeing the development of St Helier:

- States Regeneration Steering Group (implements urban regeneration schemes)
- The States of Jersey Development Company (investing in the Esplanade Quarter Scheme)
- Safer St Helier Group (reducing crime and antisocial behaviour)
- Havre des Pas Improvement Group (regenerating Havre des Pas area)

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<sup>15</sup> Correspondence received from the Minister for Infrastructure, 26th November 2018

- Roads Committee (highway authority for parish roads). In St Helier, the larger Roads Committee undertakes additional responsibilities regarding parks and other matters.

**Key Finding 3:** There are several groups which exist to develop, improve and regenerate parts of St Helier. The Parish of St Helier has the greatest overall understanding of the needs of the Town Centre and in this regard, the Panel has suggested that discussions take place between the Parish and the Department for Infrastructure to determine whether responsibility for some functions, which are currently held within the Department, could be transferred to the Parish.

**Recommendation 1:** Although certain functions, particularly regarding roads are the legislative responsibility of the Minister for Infrastructure, potential benefits could be realised by transferring some responsibilities to the Parish of St Helier. The Panel recommends that the Parish and the Department work together to determine whether there is any advantage to be had through the delegation or transfer of certain responsibilities to the Parish. This work should be undertaken in 2019 and any outcomes should be reported to the Panel.

## 7.2 Number of undertakings (businesses and companies) in Jersey

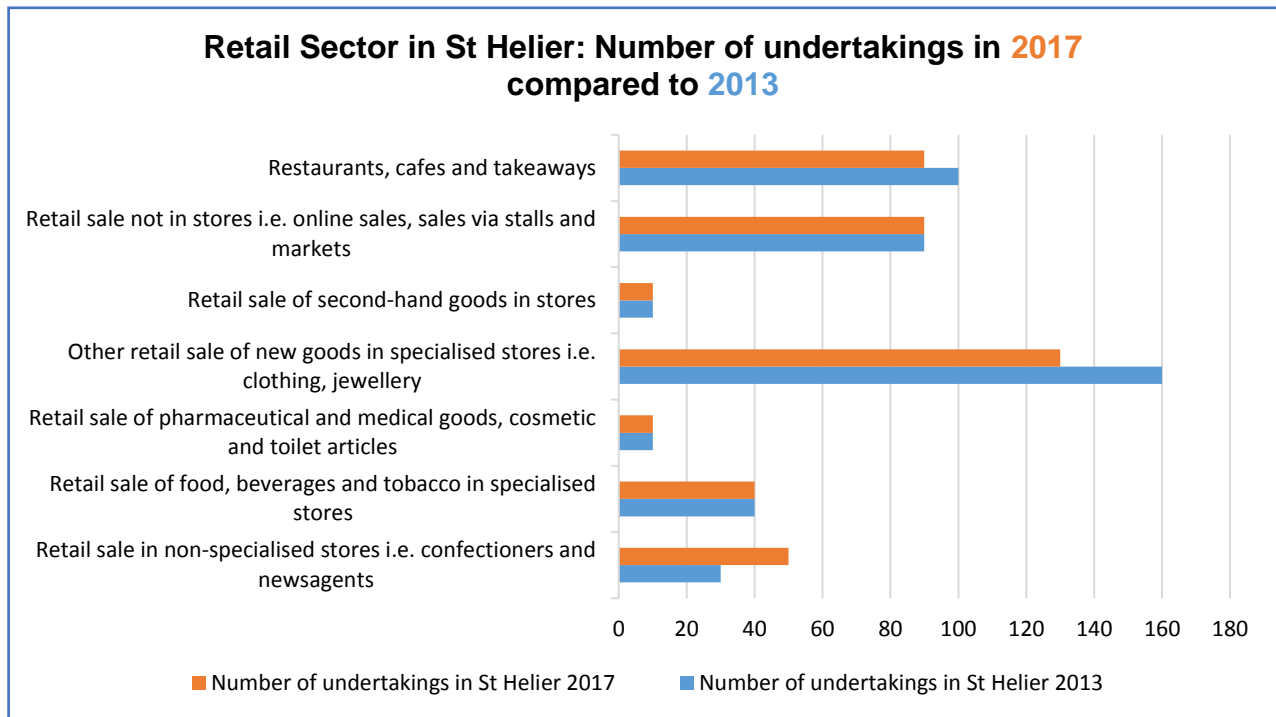
The table<sup>16</sup> below, shows the number of retail businesses and companies in Jersey in 2013 and 2017. Most notably, the prevalence of online shopping has seen a significant increase in the last 5 years, whilst there has been a small decline in the number of specialised and pharmaceutical retail stores.



<sup>16</sup> Statistics received from Statistic Jersey. Please note these differ from JRA figure of 1,060 retailers due to alternative classifications.



Similarly, in St Helier, the table below shows there has been a decrease in the number of specialised stores (i.e. shops which sell clothing and jewellery) but an increase in the number of confectioners and newsagents. A street map of St Helier can be found in appendix one.



## 8. Benefits of the retail sector

### 8.1 Economic impact

The retail sector has a major impact on the local economy. In 2017, it generated in the region of £38 million in GST<sup>17</sup> and is estimated to deliver almost £6 million in retail tax in 2019<sup>18</sup> each of these taxes are considered further in the next chapter. The Minister for Economic Development said:

**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”<sup>19</sup>.*

Retail sales are often used as an economic indicator because consumer spending and confidence can drive the economy. The retail sector is one of the biggest industries in Jersey and it involves a vast amount of people and companies in producing, distributing and selling goods and services<sup>20</sup>.



**Retail  
employs  
7,670  
people**

Therefore the retail sector could be considered an enabler for other industries. It supports local businesses and can create indirect jobs in other sectors. For example, in order for retailers to sell goods and services to the consumer, products must first be brought to the Island. Therefore, retailers must use logistics service providers.

Condor Ferries provides a year-round freight and cargo shipping service which carries both imported cargo into Jersey and exports from Jersey<sup>21</sup>. Similarly, products from Jersey, such as Jersey Royal crops, destined for supermarket chains in the UK, must reach their destination in order to be sold. The CEO of Sandpiper explained the journey food products take to reach the shelves in Jersey:

**Deputy K.F. Morel:**

*“...would you be able to briefly describe the kind of journey that products take to get to our plates here in Jersey? What are the key factors?”*

**Chief Executive Officer, Sandpiper CI:**

*“Let us take Marks & Spencer as being a glossy example. We are serviced from the food warehouse that Marks & Spencer has in Thatcham in Berkshire, not far from Newbury. Just as Guernsey are, we are a shop that comes out of that depot and that depot is taking in products all day today. It will have a cut-off time, I believe, of 2.00 p.m. and that product then*

<sup>17</sup> [Tax Statistical Digest](#) p.19 [please note this figure includes repair of motor vehicles and motorcycles].

<sup>18</sup> Budget 2019

<sup>19</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.3

<sup>20</sup> [Why retail sales are important](#)

<sup>21</sup> [Submission](#) received from Condor Ferries, 12th September 2018

*will be despatched to all of their shops. So M. & S. lorries will be going up the M4 and down the M5, et cetera. That will arrive for the U.K. in time for those shops to fill the shelves and open the doors the same morning. So no night lost. Ours goes in the trunker, goes down to Portsmouth harbour, then is obviously taken off because of course the trunkers that M. & S. use are too big so they have to be double handled, cost, taken off and then put on to containers here. That then comes across overnight so that we then will pull the product off first thing or handle all the products off first thing in the morning. We will get it into stores in time for store opening tomorrow.”<sup>22</sup>*

**Key Finding 4:** The retail sector is one of the biggest industries in Jersey and involves a vast amount of people and businesses in the production, distribution and selling of goods and services. It also has a major impact on the local economy. In 2017, the retail sector generated approximately £38 million in GST and is estimated to deliver almost £6 million in retail tax in 2019.

## 8.2 Tourism

According to Visit Jersey, shopping is one of the most commonly undertaken activities by visitors to destinations around the world<sup>23</sup>. In Jersey, tourists spent £15.9 million on shopping in 2017<sup>24</sup>, which generated £800,000 of GST revenue. Tourists are able to claim a GST refund if goods are purchased from a retailer and are over £300 in value. Figures obtained from the Taxes Office show that during a 12 month period, approximately £5.69 million of goods (excluding GST) would go through the GST visitor refund scheme per year, with approximately £285,000 of GST being refunded<sup>25</sup>.



**Tourists spent  
over £15m  
in 2017**

Visit Jersey told the Panel that visitors from Great Britain are twice as likely to ‘shop for items they don’t regularly buy’ when in Jersey. To that end, it is important to ensure there are enough retail opportunities available to tourists on a year-round basis, and that the current retail offering, including the GST visitor refund scheme, is clearly publicised to potential tourists. We note that the Genuine Jersey brand, which offers shoppers distinct and unique local goods, should contribute in a positive way to Jersey’s unique and diverse retail offering.

**Key Finding 5:** Although tourists generated £800,000 of GST revenue in 2017, this is a relatively small amount of GST balanced against the figure generated by the sector as a whole (£38 million).

### Consumer Tourism

Visit Jersey also told the Panel that the town centre is lacking a section for designer brands and that it is common for regional towns and cities to have a cluster of such brands, either on a street or in a centre. In this regard, Tessa Hartmann (Jersey based entrepreneur and founder of Hartmann

<sup>22</sup> [Public Hearing](#) with the CEO of Sandpiper, 12th November 2018, p.14

<sup>23</sup> [Submission](#) received from Visit Jersey

<sup>24</sup> Information taken from Visit Jersey [website](#)

<sup>25</sup> Note: the amount of GST actually refunded to visitors will be reduced by any administrative fees charged

House) said that if the right strategy was put in place, Jersey could reap the benefits of consumer tourism:

**Dr Tessa Hartmann:**

*“I delivered a speech last Christmas at the Jersey Chamber of Commerce where I spoke about how Jersey can attract ‘fashion tourism’. Greater understanding of retail and what it can deliver to the local tourist economy is required with a strategy to incentivise the mass market and select luxury brands.”<sup>26</sup>*

As an example of consumer tourism, we looked at Bicester Village, a designer shopping outlet near rural Oxfordshire which opened in 1995. It attracts more than 6 million visitors a year from all over the world and sales have grown year on year since it opened<sup>27</sup>.

**Key Finding 6:** Although the retail offering in the town centre is wide ranging, it lacks a specific offering dedicated to attracting ‘consumer tourists’. Jersey may be able to attract consumer tourists by encouraging the development of a section of the town that is focused on enhancing the local tourist economy.

**Recommendation 2:** The concept of consumer tourism should feature in the new Retail Development Strategy. The Department should consult with experts in this field in order to explore ways to incentivise the mass market and increase the selection of luxury brands in Jersey.

### 8.3 Social impact

Retail is by definition a business designed to be profitable through sales of goods<sup>28</sup>. However, there are also social elements to retail, as evidenced in one of our submissions [emphasis added by Panel]:

**Fit Footwear:**

*“Online retailing has created a way for people to buy easily and get goods delivered to their front door in a matter of days. They are also offered a much bigger choice and competitive prices than small local businesses could ever compete with. The only way we can fight back is to offer superior customer service. **This means for some of our over 60’s, offering them 10% discount and the chance to come in for a chat, as well as buying something. For many, we are possibly the only people they speak to all day.**”<sup>29</sup>*

We note that the social interaction between shopper and retailer is one of the key points of difference between shopping in physical shops and online. In that regard, it is important that this part of the shopping experience is positive for the shopper. Customer service in physical shops is an area where expectations must be met and if possible, exceeded, if physical stores are to compete with online stores<sup>30</sup>.

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<sup>26</sup> [Written Submission](#) from Dr Tessa Hartmann

<sup>27</sup> [Bicester Village](#)

<sup>28</sup> [Retailing with purpose: How the pursuit of social responsibility can inspire and sustain retail growth and innovation](#)

<sup>29</sup> [Submission](#) received from Fit Footwear

<sup>30</sup> [Guernsey Retail Strategy](#)

**Key Finding 7:** Physical stores offer a distinctly different retail experience to online shopping. The possibility of social interaction between shoppers and retailers gives local shops the opportunity to compete and win business by offering excellent personal service.

### **Out-of-town retail: community hubs**

In Jersey there are a number of small retail areas, such as in St John's Village and Gorey. The shops in these areas may not be the main source of shopping for islanders but will act as convenience stores or "top up" shops. Recently, the States Assembly approved the development of the old school site in St Martin to include retail and commercial facilities [emphasis added by Panel]:

*"This is a **community-focused** project which enables the school building to be retained within the ownership of the Parish. It will **bring essential amenities closer to the heart of the Parish and reduce travel for many residents, particularly the elderly**. The project is **aimed at providing facilities for the community** rather than maximising financial return, albeit within the parameters identified through the consultation exercise"<sup>31</sup>.*

In order to find out exactly what islanders wanted on the St Martin site, a consultation exercise was run which received 400 responses. It is interesting to note that one of the most popular Parish facilities used was the corner shop (43%). Studies in the UK have found that corner shops particularly benefit those who are disadvantaged by lack of personal transport or with limited physical mobility. They also engage large numbers of the community and stimulate social activity<sup>32</sup> (particularly if they host other services such as cafés and post offices).

The Jersey Retail Association (JRA) commented that out-of-town retail outlets are vital for the community and that not all islanders can travel easily or regularly into St Helier: *"With an ageing population, the importance of smaller retail pockets outside St Helier as social and community 'hubs' cannot be overlooked. The JRA has received numerous reports from out-of-town retailers of unfair rents, insufficient investment in local infrastructure and poor communication."*<sup>33</sup>

**Key Finding 8:** Out of town retail areas, such as St John's Village and Gorey, are vital, particularly for parishioners who may find travelling to St Helier difficult. Although shops in these areas may not be people's main source of shopping, they offer convenience and play an important community role.

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<sup>31</sup> [P.117/2018](#)

<sup>32</sup> [Plunkett Foundation](#) - Community Shops

<sup>33</sup> [Submission](#) received from Jersey Retail Association

## 9. What are the key challenges for retail in Jersey?

Representatives of the retail sector reported a challenging environment when they met with the Fiscal Policy Panel (FPP) in July 2018. In its annual report, the FPP said that while food retail was seeing growth, there was less optimism on non-food:

### Fiscal Policy Panel:

*“This reflects a more general trend for declining high street retail in the face of the challenge of online shopping. While this has resulted in reports of falling occupancy rates on the high street, the situation does not appear to be as acute as in the UK. The sector has reported a number of other challenges to margins, including continuing high property costs / rent and the extension of a positive rate of corporate tax to large corporate retailers. The sector also continues to struggle with recruitment, with the situation having worsened over the last twelve months”.*<sup>34</sup>

The Panel wrote to most retailers in St Helier, St John, St Peter, Les Quennevais Precinct and Gorey. We received many submissions and most retailers identified several key challenges they face within their industry, which mirrored those mentioned in the FPP report. From analysing the submissions we received, the main challenges are: Tax (GST and the tax on large corporate retailers), parking, rent levels and online shopping. We explore these, and other issues, in the following sections.

### 9.1 Goods and Services Tax (GST) “de minimis level”

#### What is GST?

GST is a tax on sales of goods and services and is charged at 5% on the majority of goods and services supplied in Jersey for local use, including imports.

#### GST on online sales

GST is only charged on goods imported by consumers by post/freight services worth £240 or more (referred to as the “de minimis level”)<sup>35</sup>. In the [Budget 2019](#), it is recognised that the current de minimis level conflicts with Jersey’s tax policy principle that taxation should be low, broad, simple and fair because it creates an un-level playing field between domestic and off-island retailers. It explains that the de minimis level only exists to avoid paying more in administrative costs to collect the GST on the goods than that tax would yield.

The de minimis level featured heavily within responses from retailers:

- **Local retailer:** “GST- is an additional expense for retailers with turnovers under the GST threshold [so have no reclaiming element]<sup>36</sup> - yet - online consumers do not pay GST on purchases being delivered to the island, and may still get the VAT removed

<sup>34</sup> [Fiscal Policy Panel Annual Report, October 2018](#)

<sup>35</sup> [GST quick guide](#)

<sup>36</sup> Businesses with turnover below the registration threshold can voluntarily register for GST.



at source. This makes it very difficult for local retailers with smaller buying power to offer products at competitive rates”<sup>37</sup>.

- **Sandpiper:** “The absence of a level playing field for island retailers in the form of a GST de minimis threshold continues to be a running sore. Without the buying scale of major brands, it is hard enough for local retailers to compete with large scale, international internet and High St competitors and this is exacerbated by the exemption from GST of goods bought off island below £240”<sup>38</sup>.
- **Island Music:** “When GST was introduced, the argument for having a £300 [sic] exemption was the cost of posting the average item to Jersey, which would set back the importer at least £15 (5%) in postage. It has now been reduced to £240, but the reality is that many UK online retailers offer free postage on all purchases, even small items for less than £10. This puts us at a disadvantage when trying to match an online price.

You might think a consumer would prefer to buy locally. However, to do so they not only have the added cost of coming into town, there is the cost of parking. They also have the knowledge that their purchases will cost them 5% more”<sup>39</sup>.

The Budget 2019 explains that Ministers need to be satisfied that abolishing the de minimis limit and seeking to put a GST obligation on to off-island retailers would not result in such retailers withdrawing their online shopping services, which Ministers say could harm consumer choice and reduce price competition. Abolishing the de minimis limit could happen in the future when the EU introduces a system whereby retailers from outside the EU must account for (and pay over) taxes due in the country of their customers. The Treasury Minister said:

**The Minister for Treasury and Resources:**

*“I am mindful that smaller retailers on the high street are struggling and I have listened carefully to their representations with regard to the impact of internet shopping and the impact of the de minimis level. While I am most sympathetic to their representations, I have – after consultation with Ministerial colleagues – decided not to adjust the de minimis level in this Budget. I will consider whether to reduce the de minimis level in my subsequent Budgets, as a transitional step towards its inevitable abolition in the future.”<sup>40</sup>*

**Key Finding 9:** The current de minimis level is not in line with the tax policy principle of fairness and creates a disadvantage for local retailers.

## 9.2 Retail Tax

### What is the retail tax?

The [Budget 2018](#) introduced a 20% tax on profits (the “retail tax”) for larger retailers where their retail profits are more than £750,000 a year. If their retail profits are less than £500,000 a year, retailers are not taxed on their profits. If their profits are between £500,000 and £750,000 a year, a

<sup>37</sup> [Local retailer](#) who asked to remain anonymous

<sup>38</sup> [Written Submission](#) received from Sandpiper

<sup>39</sup> [Written Submission](#) received from Island Music

<sup>40</sup> [Budget 2019](#)

tapering provision reduces the effective rate on a sliding scale from 0% to 20%. It was estimated that this would raise around £5.7 million a year from 20 retailers<sup>41</sup>.

Retailers liable for the retail tax must meet the following tests:

- 60% of the business' trading turnover is from retail sales to customers in Jersey; and
- Retail sales to customers in Jersey are equal to or greater than £2m per year

We received many submissions from retailers about the retail tax and some commented on the lack of consultation before it was introduced.

- **Voisins:** *“Unfortunately, there was no discussion or debate as to why the Retail sector should be singled out to move away from the standard tax rate or an assessment of how much tax the sector already contributes, furthermore, no consultation was undertaken with the industry or business advisors on this tax and any detrimental impacts were not identified”<sup>42</sup>.*
- **St Peter’s Garden Centre:** *“No Consultation. The Law was passed by one vote, with a member absent due to urgent private business!!! He later said, had he been there he would have voted against it”<sup>43</sup>.*

When we met the Minister for Economic Development he conceded that the retail tax had been a “kneejerk decision of the States<sup>44</sup>”. Furthermore, he went on to say [emphasis added by Panel]:

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

*“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**”<sup>45</sup>.*

**Key Finding 10:** Before the retail tax was introduced, there was a lack of consultation with retailers and other key stakeholders, creating a lack of fairness in its implementation.

<sup>41</sup> [Budget 2018](#) p.6

<sup>42</sup> [Written Submission](#) received from Voisins

<sup>43</sup> [Written Submission](#) received from St Peter’s Garden Centre

<sup>44</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.4

<sup>45</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.37



During the debate on the Budget 2019, Connétable Crowcroft lodged an [amendment](#) to decrease the tax rate from 20% to 10% (the same level applied to financial services companies). The amendment was narrowly defeated by 25 to 21. We note that this is not the first time a States Member has called for a reduction in the tax - former Senator Ozouf also asked the States to approve a new limit of 10% but this was also defeated.

### Does the retail tax create an un-level playing field?

Retailers are only liable for the retail tax if 60% of their trading turnover is from retail sales. We note that retail sales do not include wholesale supplies or the provision of services. Therefore there will be some larger companies who supply goods wholesale as well as retail but who will not be liable to pay the tax because 60% of their turnover is not from retail sales. This was a point made by Gerald Voisin, Chairman of Voisins Department Store Ltd:

**Voisins:**

*“The tax is not fair, it discriminates in favour of business with a large wholesale or internet business meaning that businesses selling exactly the same products in the same manner are taxed differently.”<sup>46</sup>*

This matter was also raised by Steve Jewell, Managing Director of Romerils:

**Romerils:**

*“Why only “Retail?” By definition, and declaration; Government will only collect tax on retailers with 1) Profit over £500k and 2) with 60% of their business directly to the consumer, the States of Jersey are missing out on some significant revenue<sup>47</sup>.”*

**Key Finding 11:** The retail tax only applies to companies if 60% of their trading turnover is from retail sales. Therefore there are some larger companies who supply goods wholesale as well as retail but who are not liable to pay the tax because 60% of their turnover is not from retail sales.

**Recommendation 3:** The Treasury Department should consider levelling the playing field to ensure that the Retail Tax is fair and introduce these measures in the Budget 2020.

## 9.3 Parking

There are a number of long stay (all day) and short stay (3 hours) car parks in Jersey. There are a number of ways people can pay for parking, depending on the car park, including paycards, season tickets, the PayByPhone app and Eco-Permits.

### Parking in St Helier

Most of the car parks are situated in the main shopping area of St Helier. As well as on street and off street parking, St Helier has 5 multi-storey car parks as illustrated in the table below<sup>48</sup>:



<sup>46</sup> [Written Submission](#) received from Voisins

<sup>47</sup> [Written Submission](#) received from Romerils

<sup>48</sup> States of Jersey, Jersey Future Hospital, Transport Assessment, 10th October 2017

Car Park	Number of Spaces	Maximum Stay
<b>Patriotic Street</b>	620*	All day
<b>Sand Street</b>	542	All day
<b>Pier Road</b>	715	Level 1: 3 hours Level 2 - 12: all day
<b>Green Street</b>	608	All day
<b>Minden Place</b>	249	3 hours

\* Additional parking allocated to hospital staff and patients

Parking in St Helier featured heavily in most of the submissions we received. The recurring themes were:

- Difficult to “park and collect” shopping in most areas of St Helier
- Limited disability parking spaces
- Cost of parking acts as a disincentive to visit St Helier
- There should be free or reduced parking charges on Saturdays
- Town centre needs to be opened up for more on-street parking and access
- Parking should be free for short stays
- The location of available car parking spaces are inconvenient (for example Pier road)



### Free-parking in St Helier on Saturdays

In 2013 a study was undertaken to assess the impact on retail sales in St Helier if free parking was provided at short stay sites in town or if free parking was provided at all sites in town. The study confirmed that town centre retailers could potentially see revenues increase by more than £20,000 on a Saturday as a consequence of free parking measures being adopted. However, the study also revealed that, when accounting for other losses i.e. trade at alternate shopping locations, bus fare losses and car park revenue losses, free parking could result in an annual loss to the island’s economy of more than half a million pounds<sup>49</sup>.

As a consequence of this study, the Town Retail Group elected not to invest any funding into free parking on a Saturday. It did, however, receive a fund of circa £300,000 to support the sector. It is understood that the fund was used to support customer service training, events to create a customer friendly experience and other measures to make the St Helier retail offering more attractive<sup>50</sup>.

<sup>49</sup> [Written Submission](#) received from the Minister for Infrastructure

<sup>50</sup> [Written Submission](#) received from the Minister for Infrastructure



## Parking Survey

A parking survey was undertaken in April 2016 and February 2017. This analysed the spaces available at 13 parking areas in St Helier at three separate times (8:00am, 11:00am and 2:00pm). The survey found that there was spare capacity within the 13 areas and that a significant number of the long-stay parking spaces available were located at Pier Road multi-storey<sup>51</sup>. During our review, Pier Road multi-storey was identified as a car park where consumers would be less likely to park, particularly in the winter months.

*It is argued that there is sufficient parking capacity in St Helier; however, the reality is that much of the parking is in the wrong place. Who wants to carry all of their shopping up to Pier Road car park on a wet and windy day? Parking has to be close to the centre if you want people to visit town.*

**Hettich Jewellers**

It seems that the issue is not with the amount of spaces available but where they are situated for shoppers. The Minister for Economic Development supported this view, he told us:

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

*“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”.*<sup>52</sup>

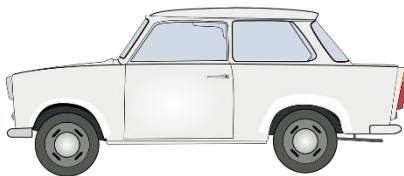


*Parking remains an issue but the authorities maintain the view that there is sufficient parking in St Helier. However, much of this is at the Pier Road carpark where shoppers do not like to park because of the walk up Pier Road, especially when there is wind and rain.*

**Gerald Voisin**

### Sustainable Transport Policy 2010

We agree that convenient and adequate shopper parking is essential to support St Helier’s retail activities. This was identified in the Infrastructure Department’s Sustainable Transport Policy (2010), its aim is to persuade people out of their cars and therefore reduce the demand for parking spaces (both public and private)<sup>53</sup> during the working week. Subsequently the long term ambition being to reduce long stay parking in favour of short-stay parking.



*In a recent consumer survey conducted by 4insight, 70% of respondents use their own car whilst shopping in Jersey.*

This is highlighted in one of the recommendations in the policy which is to increase the quantity of short stay (shopper), off street parking in St Helier. The Infrastructure Minister explains in his submission to the Panel that this has been done through temporary measures such as changes to the Esplanade and Ann Street car parks, as well as new permanent facilities such as those being constructed at Anne Court (although there is a question mark over whether this development will go ahead).

<sup>51</sup> States of Jersey, Jersey Future Hospital, Transport Assessment, 10th October 2017

<sup>52</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November, p.26

<sup>53</sup> [Sustainable Transport Policy](#), 2010, p.14

Since the policy was approved in 2010 however, we note that parking spaces have decreased rather than increased, with the removal of 390 public and 230 private parking spaces at Gas Place to enable construction of the Millennium Town Park in 2011. The Ann Place and Charles St Car Parks were created, providing 193 new public parking spaces, resulting in a net loss of 197 public spaces. Similarly, with regards to private spaces, the Anne St Brewery site was opened creating 145 new spaces, resulting in a net loss of 85 private spaces. Thus, a total of 282 public and private spaces have been lost from this area of town.

Although the Infrastructure Department identifies that this has not resulted in increased usage at other town car parks<sup>54</sup>, submissions to the Panel showed that there is a perception that people have to “hunt” for available spaces. We do note, however, that when the development at Gas Place has been completed there will be an additional 172 public parking spaces<sup>55</sup>.

**Key Finding 12:** The Sustainable Transport Policy 2010 recommended that the amount of short stay (shopper) parking was increased. Since the policy was approved, however, the amount of parking spaces has decreased rather than increased, with the removal of 390 public and 230 private parking spaces at Gas Place to enable construction of the Millennium Town Park in 2011. Although this has not resulted in increased usage of other town car parks, it may have added to people having to “hunt” for available spaces.

**Key Finding 13:** The Sustainable Transport Policy 2010 aimed to persuade people out of their cars, reducing the demand for both public and private parking spaces. The Panel questions whether the policy has been successful as 70% of respondents to the consumer survey use their own cars whilst shopping in Jersey.

**Recommendation 4:** The Department for Infrastructure should investigate new measures for improving the convenience and cost of short term parking in town. These could include revisiting free parking pilot schemes for limited periods and increasing the availability of on street parking. These should be undertaken before the end of the second quarter of 2019.

## 9.4 Rent levels in the retail sector

Excessively high rents levels were a consistent topic raised by stakeholders during our call for evidence. Rent levels certainly seem to be a major issue for some retailers, with concerns over the type of retail businesses moving into retail areas affecting the style and nature of certain commercial zones. One retailer said:

*“The rents being asked are, in the main, vastly excessive and it is impossible for any potential (or existing) retailer to pay them whilst running a financially stable business. It is essential for any business to make a decent profit if it is to stay in business. We are not all trading in the Finance Industry which has high profit margins. A lot of us are in “The Real World” of smaller profit levels and competing against the Internet”.*<sup>56</sup>

**Key Finding 14:** The high level of rents is creating challenges for retailers and may put off new entrants to the market.

<sup>54</sup> [Sustainable Transport Policy - update report](#), 2015

<sup>55</sup> [Andium Homes](#)

<sup>56</sup> [Written Submission](#) received from Mike Jouanny

**Recommendation 5:** The Economic Development Department should collect the data necessary to monitor rent levels on a quarterly basis.

**Recommendation 6:** The Economic Development Department should explore whether the current practice of increase-only rent reviews is appropriate.

### **Vacant retail properties**

Alongside rent levels, respondents also commented that high rent levels means that many properties are vacant or remain vacant for long periods of time. Statistics received from the Town Centre Manager reveal that as of July 2018 just over 2% of the available shops in St Helier are vacant.

CBRE, a commercial letting agent, told us that activity in St Helier's prime and secondary retail markets has recently improved but it is slow, with only a handful of letting having taken place during the last 36 months. CBRE also said that, compared to the UK, vacancy levels are low throughout the retail sector although enquiries for units from both local and multi-national retailers are sporadic and a long way from the peak of the mid to late 1990s, when key money was frequently exchanged<sup>57</sup>.

In the submissions we received, there seems to be a perception that, in some instances, it is worthwhile landlords keeping properties vacant, particularly when there is still a lease on the property. We raised the example of the old Next building, which has remained vacant for a long period, with Simon Buckley, Managing Director of Buckley & Co. Mr Buckley told the Panel that there was an incentive for the landlord to find a new tenant for this particular property:

**Managing Director, Buckley and Company:**

*"There is every incentive on the landlord's part because I act for them, to find a new tenant because when Next's rent finishes, they will have no rent and they will want a new tenant. They will be more than willing to take a surrender from Next for the balance of their lease to do a deal with a new tenant on a longer term, end of story"<sup>58</sup>.*

In contrast, the Chamber of Commerce took a different view on whether landlords were incentivised to occupy their properties. Eliot Lincoln, President of the Jersey Chamber of Commerce told the Panel:

**President, Jersey Chamber of Commerce:**

*"Landlords locally are not incentivised to attract retailers to occupy their properties and elect instead to maintain higher rental prices to maintain higher asset values on their balance sheet. We suggest that some sort of incentive be devised to encourage landlords to find tenants for their properties. One suggestion would be that following six months of a rental space being unlet, that a charge is applied equal to the tax that would be generated from the advertised rental cost of the property. We must also look closely at the contractual relationships between landlords and their tenants as significant periods coupled with "increase only" rent reviews, which will deter many from moving in"<sup>59</sup>.*

**Key finding 15:** Unlike parts of the UK, Jersey does not have a general problem with empty retail shops. As of July 2018, just over 2% of the available shops in St Helier were vacant.

<sup>57</sup> [Written Submission](#) received from CBRE

<sup>58</sup> [Public Hearing](#) with the Managing Director of Buckley & Co, 14th November 2018, p.12

<sup>59</sup> [Written Submission](#) received from Chamber of Commerce

## Business Rates

The rating assessments are calculated by the Parish Assessment Committee and the Parish officials who can advise the amount payable for each property whether domestic or non-domestic. The Panel note that rating assessments were fixed in 2003 which were based on rental values at that time. Since 2003, rates have remained unchanged. This means that some large businesses in the financial services sector are paying lower business rates and some smaller businesses such as shops, hotels and restaurants are paying higher business rates:

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

*“...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”<sup>60</sup>.*

This point was raised by the former Chairman of the Association of Jersey Rates Assessors who told the Panel:

**Former Chairman of the Association of Jersey Rates Assessors:**

*“Our last revaluation was based on the rental values in 2001/3 and since that time the relativity of rents has changed. Good offices have increased, farm land has increased, prime retail has decreased, secondary retail has decreased even more. Due to the fact that the Constables and the Assessors, other than in St Helier don't want to revalue as they say we use Attributes not values it is proving difficult to correct the unfairness of the present situation. The public don't understand Attributes nor quarters and this even covers some of the Estate Agents! Generally, shops are paying too much in rates and warehousing, farms and offices too little. Taxes should be fair to all and currently they are not.”<sup>61</sup>*

In this respect it is highly likely that the retail sector is currently paying a higher proportion of the rates burden than they would if there were a revaluation process. In that regard, the Panel recommends that the Treasury Minister and the Comité des Connétables look at the rates system with a view to commissioning a Rates Assessor to undertake a revaluation. This should then be undertaken every 10 years.

**Key finding 16:** Rating assessments were fixed in 2003, based on rental values at that time. Therefore, it is highly likely that the retail sector is currently paying a higher proportion of the rates burden than they would if there were a revaluation process.

**Recommendation 7:** In order to balance the rates system, the Minister for Treasury and Resources and the Comité des Connétables should commission a Rates Assessor to undertake a revaluation. Such revaluations should then be undertaken every 10 years to ensure fairness in the rates system.

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<sup>60</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018

<sup>61</sup> [Written Submission](#) from Edward Trevor (MBE FRICS IRRV (Hons), Chairman of the Association of Jersey Rates Assessors

## 9.5 Online shopping

Over the past five years, online sales of non-food items have more than doubled in the UK (from 11.6% in 2012 to 24.1% in 2017<sup>62</sup>) with Jersey also seeing an increase. An Island analysis of online shopping trends for Jersey, Guernsey and the Isle of Man found that “convenience”, “price” and “product range and choice” were the three dominant reasons for shopping online<sup>63</sup>. Most retailers who wrote to the Panel commented that online shopping was one of their biggest challenges.

### Jane James

*“The other challenge is competing with online retailers such as Not on the High Street that also specialise in selling unique gifts”<sup>64</sup>.*

### Bambola

*“We believe the main issues the retail sector is facing relates to parking, access to St Helier and the online threat to retail, including the GST de minimis”<sup>65</sup>.*

### Fit Footwear

*“Online retailing has created a way for people to buy easily and get goods delivered to their front door in a matter of days”<sup>66</sup>.*

### Town Centre Manager

*“Online shopping has increased definitely dramatically and I think one of the retailers I deal with said that Amazon is the biggest retailer in Jersey without even having a shopfront”<sup>67</sup>.*



Although retailers are experiencing significant challenges, particularly with the growth of online shopping, it is evident that consumers are also feeling the strain. As cited in an Annual Retail Survey by KPMG:

### KPMG

*“...times are hard for consumers too. Faced with increased inflation, job insecurity and perpetual uncertainty, consumers cite saving money as a key motivation for online shopping, and they are flocking to platforms such as eBay and Facebook Marketplace to make their cash go further”<sup>68</sup>.*

This finding can also be applied to Jersey consumers who indicated that price was one of the most important factors for shopping online<sup>69</sup>. A survey which analyses Jersey household incomes found that mean and median household incomes have increased by **less than inflation** (as measured by the Retail Prices Index)<sup>70</sup>. This means that if wages remain the same but inflation causes the price of goods and services to increase over time, it will take a larger proportion of an islanders' income to purchase the same goods or services in the future.

<sup>62</sup> [Online retail sales continue to soar](#), Financial Times

<sup>63</sup> [Online Purchasing Trends](#), Jersey Business, 2014

<sup>64</sup> [Written Submission](#) received from Jane James

<sup>65</sup> [Written Submission](#) received from Bambola

<sup>66</sup> [Written Submission](#) received from Fit Footwear

<sup>67</sup> [Public Hearing](#) with the Town Centre Manager and Connétable of St Helier, 9th November 2018, p.29

<sup>68</sup> [KPMG Annual Retail Survey 2018](#)

<sup>69</sup> [Online Purchasing Trends](#), Jersey Business, 2014

<sup>70</sup> [Jersey Household Income Distribution Survey 2014/15](#)

Therefore, this is likely to be a contributory factor as to the reasons consumers are looking for cheaper prices on the internet - 88% of the respondents to the 4insight consumer survey said that cost was one of the main reasons why they shopped online instead of in Jersey<sup>71</sup>. This, coupled with the fact that the GST de minimis level (discussed earlier) creates an un-level playing field between domestic and online retailers. As one retailer told us:

*“...online consumers do not pay GST on purchases being delivered to the island and may still get the VAT removed at source. This makes it very difficult for local retailers with smaller buying power to offer products at competitive rates”<sup>72</sup>.*

**Key finding 17:** Although retailers are experiencing significant challenges, particularly with the growth of online shopping, it is evident that consumers are also feeling the strain as household incomes have increased by less than inflation. This could be a contributory factor as to why, in the recent consumer survey commissioned by the Economic Development Department, 88% of consumers said cost was one of the main reasons why they shopped online instead of in Jersey.

## The impact of Brexit

The UK is due to leave the EU on 29th March 2019. Jersey is only treated as being part of the EU for trade in goods. In that regard, we questioned whether the UK leaving the EU would impact the retail industry in Jersey. As noted by KPMG, the uncertainty surrounding Brexit is impacting consumer confidence: *“But this is just part of a perfect storm for retailers who are grappling with ramped-up inflation driven by the fall in the pound’s value and the knock-on effect this could have on interest rates”<sup>73</sup>.*

When we met the Minister for Treasury and Resources we asked whether Brexit will have an impact on the retail industry and whether it was an area Treasury is looking at:

### **The Minister for Treasury and Resources:**

*“External Relations have been working extraordinarily hard on behalf of Jersey in negotiating, not only with the U.K., but globally with different countries. The Minister for External Affairs is in New York as we speak. This is so we are not going to get caught out, whichever way this goes with international trade deals, and that we may become, not totally reliant on, but certainly have to expand our thinking, because 80 per cent of our trade is done with the U.K. Whichever way it goes, the impetus is to maintain the free trade of goods with the U.K., as far as possible. Obviously, it is just an unknown quantity at that moment. However, we have covered every single option of a hard or soft Brexit or no Brexit at all...”*

### **Deputy K.F. Morel:**

*“As the Treasury Department, do you have a view on the exchange rate? Effectively if there was a hard Brexit, which is likely to affect the pound quite considerably, do you have a view on how that would play for the economy if the pound were to weaken even further and how that would affect the retail sector as well? Is that something that you have looked at?”*

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<sup>71</sup> [Jersey Retail - Perceptions, experiences & needs](#). Consumer research results 2018

<sup>72</sup> [Local retailer](#) who asked to remain anonymous

<sup>73</sup> [KPMG Annual Retail Survey 2018](#)



**The Minister for Treasury and Resources:**

*“That, again, is External Relations. They have gone through everything with a fine-toothcomb with that.”*

**Deputy K.F. Morel:**

*“Surely the Treasury Department would want to have a view on how the pound might play out?”*

**Treasurer of the States:**

*“Some of it would depend on where those goods come from. Obviously if the underlying input is coming from the U.K., rather than elsewhere, then we are pegged on to a better rate with the U.K. If, on the other hand, of course, those goods are coming in from the U.K., but inputs to those are coming in from elsewhere, then there could be an impact<sup>74</sup>.”*

The Panel believes that Brexit will remain an uncertain threat to the retail industry in Jersey. We would encourage the Economic Development Department, Treasury and External Relations to work together in order to seek clarity around Brexit negotiations and the direct impact it will have on both shoppers and retailers.

**Key Finding 18:** It is unclear what impact Brexit will have on the retail industry, and it will remain an unsettled time for both retailers and consumers. The main challenges will likely be the potential disruption of supply lines and the possible weakness of sterling, which will raise prices.

**Recommendation 8:** The Economic Development Department, Treasury and External Relations must work together in order to seek clarity around Brexit negotiations and the impact it could have on shoppers, retailers and most importantly the security of food supplies. This should be incorporated into the new Retail Development Strategy with input from both the Treasury and External Relations Ministers.

## 9.6 Data collection in the retail sector

### Retail Sales

In her submission to the Panel, the Town Centre Manager said robust data on the value of retail to the Jersey economy would be beneficial. This included gathering retail sales data which could be used to understand the market and highlight St Helier as a retail hub with inward investors. It would also highlight any issues within certain areas of retail<sup>75</sup>.

Statistics Jersey previously undertook a Retail Sales survey. This was a quarterly survey that sampled businesses (including food and non-food) operating in the retail trade in Jersey. The survey was most recently run in the last quarter of 2015. We understand that Statistics Jersey had to stop collecting this data as there were no resources to continue doing so following a reduction in the budget.



<sup>74</sup> [Public Hearing](#) with the Minister for Treasury and Resources, 7th November 2018, p.19

<sup>75</sup> [Written Submission](#) received from Town Centre Manager

When we met the Minister for Economic Development, we questioned him on data collection and why the retail sales survey was no longer undertaken:

**Deputy K.F. Morel:**

*“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:**

*“.....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”<sup>76</sup>.*

**Key Finding 19:** Data collection in the retail sector is poor and as a result we do not have a clear view of the industry. Robust data on the value of retail to the Jersey economy will be beneficial and should enable the Economic Development Department to identify weaknesses and problems in advance, as well as providing an insight for potential investors in the Island’s retail economy.

**Recommendation 9:** Statistics Jersey previously undertook a Retail Sales survey which sampled businesses (including food and non-food) operating in the retail trade in Jersey. Statistics Jersey had to stop collecting data in 2015 because of a lack of funding. The Minister for Economic Development should work with Statistics Jersey to restart the collection of retail data. This work should be completed and funding identified before the end of June 2019.

## Footfall cameras

Footfall also known as ‘people counting’ or ‘shopper counting’ is the measurement of the number of people entering a shop. By counting footfall, retailers are able to identify how many purchasing opportunities they have in-store. If retailers know the hourly, daily and weekly retail footfall they can target peak hours<sup>77</sup>.

Currently there is one footfall camera in the town centre. The Town Centre Manager told the Panel that additional footfall cameras would be beneficial in order to further understand the movement of people and the impact of development.<sup>78</sup> The Connétable of St Helier also highlighted the importance of footfall cameras and data gathering:

**The Connétable of St. Helier:**

*“... if we had more footfall cameras we could get better data about the drift to the south and hopefully we would see, as we do work in the north of town, as the North of Town Masterplan eventually gets moving, I think we would be able to measure the footfall better. So I would certainly want to see the States supporting the Parish with more footfall cameras, data-gathering exercises”<sup>79</sup>.*

Although footfall in St Helier has increased by 8% compared to 2017<sup>80</sup> there is no way of knowing whether this translates into sales or whether it is simply people walking to work:

<sup>76</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.12

<sup>77</sup> Information taken from Ipsos Retail Performance [website](#)

<sup>78</sup> [Written submission](#) from Town Centre Manager

<sup>79</sup> [Public Hearing](#) with the Town Centre Manager and Connétable of St Helier, 9th November 2018, p.4

<sup>80</sup> Written [Submission](#) received from Jersey Retail Association

### **Town Centre Manager**

*“We are very lucky that our footfall has been consistent, so we have not had a huge drop-off in footfall, but again that is based on the fact that the workers are in the town centre as well”<sup>81</sup>.*

We understand that there used to be three footfall cameras in the town centre but due to a lack of funding there is now only one. The Jersey Retail Association identified a lack of data as one of the main barriers to retail. The JRA said that without the information to analyse and track key performance indicators, retailers are not able to predict, monitor or respond to emerging trends. When we asked the Minister he said:

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

*“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.”<sup>82</sup>*

**Key Finding 20:** Footfall cameras measure the number of people walking in the street. By counting footfall, retailers and the Town Centre Manager are able to identify trends in consumer behaviour. Currently there is only one footfall camera in town whereas previously there were three.

**Recommendation 10:** In order to gain a true understanding of consumer behaviour, the Minister for Economic Development should invest in more footfall cameras in St Helier. Additional footfall cameras should be installed before the second quarter of 2019.

## **9.7 Funding in the retail sector**

### **Jersey Retail Association**

The Jersey Retail Association (JRA) was established in December 2016. The JRA’s priorities are as follows:

- To give the retail industry a voice, communicating the sector’s interests, views and needs;
- To champion the sector with policy-makers, stakeholders and media;
- To provide practical support and advice to retail members, helping them to enhance their business trading performance, thus supporting their employees and local community;
- To share insights, information and statistics to help the industry’s growth

In January 2018, the JRA received a start-up seed fund of £100,000 from the Economic Development Department. Steve Jewell, Managing Director of Romerils, commented that the funding allocated to the JRA may not be sustainable:

### **Romerils:**

*“Through EDD, Government’s support, of the Jersey Retail Association and the Island’s 2nd largest employing industry has been excellent especially in terms of the two-year financial support. It has also made itself evident to the Retail Sector that the Economic Development Department (and Government in general) wanted to support local “Retail”.*

<sup>81</sup> [Public Hearing](#) with the Town Centre Manager and Connétable of St Helier, 9th November 2018, p.29

<sup>82</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.12

*However, the two-year financial deal does need to be extended, as I do not believe the JRA has the ability to self-fund in the same way as other organisations (JeCC, Chamber of Commerce, Iod, AJA) do. If the JRA and supporting retailers have the support and time to deliver on their business plan and objectives this will have strong all-round economic, social benefits island wide<sup>83</sup>”.*

When we met the Minister for Economic Development, we asked whether there were any plans for future funding for the JRA:

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

*“That first £100,000 was a 2-year grant, which takes them to the end of next year. It was aimed 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<sup>84</sup>”.*

**Key Finding 21:** The Jersey Retail Association (JRA) was established in 2016 and is pivotal in giving retailers across the island a voice. The JRA was given a two year start up fund of £100,000 by the Economic Development Department.

**Recommendation 11:** The future of the Jersey Retail Association should not remain uncertain and a long-term funding strategy should be identified in the new Retail Development Strategy.

**Funding for events**

The JRA and the Town Centre Manager both highlighted the need for funding for events such as the Christmas lights switch on, Sunday markets and street theatre which, particularly in the build-up to Christmas, are highly anticipated by islanders and vital for supporting retailers<sup>85</sup>.

It appears that funding has steadily decreased for these types of events<sup>86</sup> and when the Panel met the Minister for Economic Development, he explained that he had been working with Visit Jersey to plan an event around Christmas:



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

*“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*

<sup>83</sup> [Written Submission](#) received from Romerils

<sup>84</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.17

<sup>85</sup> [Written Submission](#) received from the Jersey Retail Association

<sup>86</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.15

*operators and travel agents, and the hospitality sector, as well as the retail sector, could get behind and market....*<sup>87</sup>

The Panel is supportive of this idea, particularly as Christmas is a peak selling season for retailers, and looks forward to seeing the proposals.

**Key Finding 22:** Events such as the Christmas lights switch on, Sunday markets and street theatre play an important role in animating the town centre. Such events are highly anticipated by islanders and are vital for supporting retailers.

**Recommendation 12:** The Economic Development Department should work with the Parish of St Helier and the Town Centre Manager to ensure funding is available for the provision of a year-round schedule of events. This should feature in the new Retail Development Strategy.

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<sup>87</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.17

## 10. What are the key opportunities for retail in Jersey?

We note that there has been much media coverage recently about the struggles of the retail industry. News headlines such as:

**“Black Friday: Online shopping dominance keeps high street quiet”** [JEP article, 23rd November 2018]

**“Retail tax, Brexit and online shopping taking toll on town”** [JEP article, 12 March 2018]

**“Support your shops before it is too late”** [JEP article quoting owner of “The Entertainer”, 22nd November 2018]

In a recent article, Deloitte said that it believed the industry was witnessing an evolution rather than a demise. It also said that success stories can be found in every sector and the future outlook is promising with evidence of reinvention and investment. *“Retail will survive and it will be a stronger sector as a result of this evolution”*<sup>88</sup>. This view is supported by the Chief Executive of the Jersey Retail Association who said:

*“Shops are having a challenging time as consumers change their spending habits and have less disposable income. Fifteen per cent of retail revenue now comes from online trade and that has grown from 12% just two years ago. Challenging yes, but as we need to make sure the industry is sustainable for the future, I believe this is not doom and gloom, but a reinvention that will stimulate innovation in the sector.”*<sup>89</sup>

**Key Finding 23:** Although retailers are experiencing challenging times, particularly with the increase of internet shopping, the future outlook is promising if retailers remain open to new ideas, technologies and innovation, and focus on exceeding customers’ expectations.

### 10.1 Sustainability and plastic free Jersey

Deloitte comments that brand authenticity and sustainability are becoming increasingly important in retail. Consumers want to associate themselves with brands that have a sense of purpose and represent their views, beliefs and values<sup>90</sup>.

“Retail Sector” (a UK resource for retail professionals) explains that simple changes such as reducing the amount of packaging on products can have a drastic impact on a business and how sustainable it is, ensuring resources are used more effectively, preventing waste, and reducing energy costs<sup>91</sup>.

Research shows that 93% of global consumers expect more of the brands they use to support social and environmental issues, and up to 20% will spend more on environmentally sound products,<sup>92</sup> therefore it would seem logical for retailers to incorporate sustainable business practices into their systems. We do appreciate, however, that this may not be possible for some retailers, particularly for the smaller independent businesses.

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<sup>88</sup> Deloitte [“Retail Trends 2018”](#)

<sup>89</sup> [“How are we embracing the ever-changing face of retail?”](#)

<sup>90</sup> Deloitte [“Retail Trends 2018”](#)

<sup>91</sup> [Retail Sector](#)

<sup>92</sup> [Retail Sector](#)

Plastic Free Jersey is an initiative that brings together individuals, groups, businesses and organisations to reduce the amount of plastic islanders use. The initiative provides tips on how to become plastic free. In relation to retailers, it advises to<sup>93</sup>:

- Get rid of single-use plastic bags
- Educate staff to think plastic free “shall I pop that in your bag for you?” instead of “would you like a bag?”
- Remove single-use plastic items from sale and replace with plastic free alternatives
- Encourage customers to bring reusable containers
- Ask suppliers to remove plastic wrapping on deliveries
- Get rid of plastic tags and replace with an alternative

The Panel notes that “Mini Mall”, a minimal waste shop, recently opened in St Helier which offers food, cleaning and self-care products which are free from packaging. One consumer told us:

**Kate Sibcy**

*“There is a growing number of vegan, vegetarian, anti-waste, anti-plastic and ethical, aware consumers who wish there was somewhere to buy clothes, shoes, food and home care products that don’t damage people, animals or the planet. With the right outlook, this could be a real feature of the Jersey high street and a draw for ethical consumers from elsewhere”<sup>94</sup>.*

**Key Finding 24:** In recent times the retail sector has seen the emergence of sustainability-focused shops. Sustainability can be a key differentiator if Jersey’s retail sector is to rejuvenate itself, for example, aligning practices with plastic free Jersey. Research from elsewhere shows that consumers want to associate themselves with brands that have a sense of purpose and represent their views, beliefs and values.

## 10.2 Event led retail “Retail Theatre”

[The Great British High Street](#) (an advocacy group) explains that: “*a growing body of research argues that consumers’ expectations today go well beyond what town centres can provide in terms of their retail offer. Instead, it is the quality of the overall town centre experience that is becoming key to visitor engagement, satisfaction and local resident loyalty*”.

Most of the stakeholders the Panel spoke to agree that event led retail which focuses on experience, is important. Deputy Tadier, Assistant Minister for Economic Development said: “*..... 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.*”<sup>95</sup>

The Town Centre Manager also said that customers will spend more time in town if retailers focus on providing an experience: “*We talk about retail experience and it needs to be a retail experience.*”

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<sup>93</sup> [Plastic Free Jersey](#)

<sup>94</sup> [Written Submission](#) received from Kate Sibcy

<sup>95</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.15

*Coming into town is no longer just to come into shop, you have to have an experience, you have to have some kind of draw apart from just going in to buy a dress or whatever you are focused on. People spend more time in town if they have got an experience, an event, live music, whatever that may be and what we try and do from ... my time is spent getting the retailers to understand that that retail experience is hugely important<sup>96</sup>.*

Some retailers in Jersey have organised 'retail theatre' events in their physical stores, which means they are reinventing the physical retail store to focus on experience. For example, Romerils held a two day event "The Greatest Homeshow" in September, which offered customers free hot dogs, pop-corn and soft drinks as well as the chance to enter a prize draw. The Co-op also organised a Halloween Hunt event in October aimed at children aged over 3.



When the Panel met the Chief Executive of Sandpiper he said that there was room for improvement in terms of retailers using event-led initiatives to encourage customers into their shops:

**Chief Executive Officer, Sandpiper CI:**

*"I think in certain instances we are not doing ourselves any favours with the amount of theatre and creativity we are using, and I think that is something that we, as retailers, have to work on"<sup>97</sup>.*

**Key Finding 25:** Retail Theatre improves the consumer experience and is a key differentiator for physical versus online retail. Retail Theatre, through the organisation of events, particularly at peak times of the year, adds to the vitality of the town centre and attracts islanders and tourists alike.

### 10.3 Increasing skill levels

It could be argued that the impact of the digital industry, with the increasing choice of online shops, has been felt most acutely within the retail sector. It is important, now more than ever, that retail staff have the right skills to improve the quality of their customer service to encourage customers to return to their physical stores. As one retailer told us:

**Rivoli Jewellers:**

*"...competition from online is not going to stop however, by providing excellent customer service, choice and an attractive, accessible town centre, people will continue to come and enjoy shopping locally"<sup>98</sup>.*

An online platform for luxury brands explains that customer experience is the biggest contributor towards brand loyalty, with a negative experience being the most significant factor in affecting a customer's likelihood to make a repeat visit<sup>99</sup>. One consumer told us: *"Most retail staff could do with knowing more than I do about their products"<sup>100</sup>*

<sup>96</sup> [Public Hearing](#) with the Town Centre Manager and Constable of St Helier, 9th November 2018, p.21

<sup>97</sup> [Public Hearing](#) with the Chief Executive Officer, Sandpiper, 12th November 2018, p.15

<sup>98</sup> [Written Submission](#) received from Rivoli Jewellers

<sup>99</sup> [Luxury Interactive website](#)

<sup>100</sup> [Written Submission](#) received from Roberto who asked for his surname not to be publicised



The Skills Strategy 2017 - 2022 explains that the retail sector calls for relatively low levels of qualifications. It also says that job turnover and the need to replace workers who retire will mean there will be a demand for relatively low-skilled jobs in Jersey. However in relation to retail, even though applicants might not require many qualifications, the strategy acknowledges that the nature of the skills they require is changing. Few of the jobs will call for no skills at all and many of these jobs require applicants to have good communication skills, team-working and customer care skills<sup>101</sup>. In this respect we note that Highlands College runs a retail course<sup>102</sup> which enables those currently working within the retail sector to gain a certificate in retail skills.

This was emphasised in a submission we received from Romerils:

**Steve Jewell, Managing Director, Romerils:**

*“We absolutely agree, that delivering a high quality of customer service is an essential requirement for retailers especially when trying to compete with online retailers.*

*As an active member of the JRA; we have been involved in discussions on training with specific relevance to retailers i.e. Entry level customer service training AND middle management retail training. The funding initiative through Trackers was, in our opinion, very effective and one that had a specific benefit for this organisation as one of our colleagues completed the City and Guilds Level 2 Diploma in Retail Skills. We would like to see more opportunities for customer service training at different levels, for instance an introduction to customer service that people who are new to the industry attend”.*<sup>103</sup>

**Key Finding 26:** The impact of online shopping has been felt acutely by the traditional retail sector. Therefore, it is important, now more than ever, that retail staff have the necessary skills to improve the quality of their customer service and so encourage customers to choose to shop on island rather than online.

**Recommendation 13:** In order to guarantee a minimum level of customer service throughout the Island’s retail sector, the Minister for Economic Development should work with the Jersey Retail Association to create and deliver a customer service course that is required as part of the training of new members of staff. This should be rolled out before the end of 2019.

## 10.4 Regulation of opening hours

### Sunday trading

Under the current scheme, shops with a retail area under 700 square meters in size are able to open on any Sunday. Shops over that size can open up to five Sundays per year and on special occasions that are set by the Minister for Economic Development (such as the six Sundays before Christmas). Retailers must obtain a Sunday trading permit, which is granted by the Constable of each Parish.<sup>104</sup>



<sup>101</sup> [Skills Strategy 2017-2022](#)

<sup>102</sup> City and Guilds Level 2 and 3 Certificate in Retail Knowledge

<sup>103</sup> [Written Submission](#) received from Romerils

<sup>104</sup> [Sunday trading](#), gov.je

From the submissions we received, Sunday trading was a contentious topic with some retailers supporting opening on a Sunday whilst others were opposed. The Jersey Retail Association explained that some of the retailers currently prohibited from opening have data suggesting that the ability to open on Sundays would increase their sales and contribution to the economy. Other retailers in this category are opposed to opening on Sunday, citing either religious beliefs or a reluctance to 'erode family time and values'. Interestingly, the Jersey Retail Association also said that there is a lack of awareness among stakeholders, businesses and shoppers that the regulations currently prevent only 30 out of the Island's 1,060 retailers from opening on Sunday<sup>105</sup>.

When we discussed the matter with the Minister for Economic Development, he said it was likely that deregulation would be brought to the States and debated in the New Year:

**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:**

*".....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"<sup>106</sup>.*

In the 4insight consumer survey, 63% of respondents were in favour of opening on a Sunday and 27% said that if Sunday opening was possible in Jersey they would be "highly likely" to use it. 39% of residents and 59% of visitors also said that they would be more inclined to shop in Jersey if shops were open after 5pm<sup>107</sup>.

**Key Finding 27:** It is likely that the Minister for Economic Development will propose the deregulation of Sunday trading in 2019.

## Impact on tourism

In an economic report for Visit Jersey it found that one implication for tourists travelling to Jersey for a long weekend is that they may wish to visit shops on the Sunday but this is constrained by the

<sup>105</sup> [Written Submission](#) received from the Jersey Retail Association

<sup>106</sup> [Public Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, 19th November 2018, p.23

<sup>107</sup> [Jersey Retail - Perceptions, experiences & needs](#). Consumer research results 2018

current restrictions. This was identified as a potential challenge for Jersey in marketing short breaks, especially to travellers from the UK and France who are used to shopping on a Sunday<sup>108</sup>.

The Chamber of Commerce also made the comment that not opening on a Sunday underestimates the value of retail on the tourism industry: *“Many smaller shops would open if larger stores, the premium attractions, could also open. Footfall and the potential for increased business is high on a Sunday and we further underestimate the value of retail to the Tourism industry”*<sup>109</sup>.

The Panel is generally supportive of the principle that whether or not to open on a Sunday is a decision made by the retailer. When the Proposition is brought to the States to deregulate Sunday trading, the Panel would like to see appropriate protections or considerations for staff in terms of religious beliefs and adequate days in lieu. The effects on out of town convenience stores, should also be monitored.

**Key Finding 28:** Current regulations mean that most shops can already open on a Sunday. The Panel is generally supportive of the principle that the decision to open on a Sunday should be made by the retailer. By giving larger shops the opportunity to open on a Sunday, it is believed that an overall uplift in footfall on Sundays, will be experienced. This is likely to particularly benefit the tourism industry by ensuring St Helier remains an interesting destination for weekend visitors.

**Recommendation 14:** When the Minister for Economic Development brings forward proposals to deregulate Sunday trading, appropriate protections for staff in terms of religious beliefs and adequate days in lieu should be included. The effects on out of town convenience stores, should also be monitored.

## 10.5 Consumer survey

As part of its current work to develop a new retail strategy, the Department for Economic Development commissioned a local research company (4insight) to undertake focus groups as well as a consumer survey to help inform the final strategy. As mentioned at the beginning of this report, the Panel had planned to undertake a similar survey exercise as part of this review but did not want to duplicate the effort or costs. As a result of the Department’s research, it found:

- When shopping in Jersey the top three reasons for using a specific location were:
  - Close to where I live (43%)
  - Specific shop there (52%)
  - Parking availability (48%)
- When traveling to shop, 70% of respondents use their own car
- The top items purchased in Jersey in the last month were food and groceries (92%) and clothing and footwear (66%)
- The top items purchased online in the last month were clothing and footwear (72%) and books and stationery (49%)

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<sup>108</sup> [The Economic contribution of Tourism to Jersey: The productivity opportunity](#), May 2017

<sup>109</sup> [Written Submission](#) received from the Chamber of Commerce

- Nearly 60% of respondents reported that the items they had bought in Jersey in the last month were available online
- Speed (59%), convenience (42%) and the ability to test/try items (44%) were key reasons for buying products in Jersey (as opposed to online)
- Cost (88%), convenience (58%) and larger range of sizes/colours (37%) were key reasons for buying products online (as opposed to in Jersey)
- 63% of respondents were in favour of Sunday opening in Jersey
- 34% of respondents believe that Jersey retailers were “not at all” transparent on pricing
- 61% of retailers said that the presence of UK/EU discount retailer (i.e. Primark, H&M) would encourage them to shop more in Jersey

**Key Finding 29:** In a sector that has very little data available to it, the consumer survey provides very useful insights and information about consumer attitudes to shopping in Jersey.

**Recommendation 15:** The Department for Economic Development should repeat the consumer survey every two years.

## 11. Conclusion

In this report, the Panel has found that, even though there are challenges for the retail sector, these are not overwhelming. It is clear that the decline in the retail sector is not as pronounced in Jersey as it is in some parts of the UK. Jersey offers an attractive and concentrated retail offering to both islanders and tourists.

We believe that the future outlook of the sector is promising, as long as retailers remain open to new ideas, technologies and innovation. We have already seen examples of new ways of retailing with the emergence of sustainability-focused shops. Sustainability in particular, can be a key differentiator if Jersey's retail sector is to rejuvenate itself.

Whilst Jersey's retail sector is relatively healthy, this should not in itself, lead to complacency. The uncertainties created by Brexit and the overall fragility of the global economy mean that consumer spending could decrease in the coming years. Although the Panel understands that it is not the place of government to step in to directly affect this market-driven sector, it should be ready to provide help in a variety of ways, should an economic downturn occur.

It is because the fortunes of the sector can change quickly that the Panel has recommended the Department for Infrastructure and the Parish of St Helier work together to identify areas of responsibility that could be transferred to the Parish. It is envisaged that such areas would be relatively minor (i.e. not major roads) but the transfer of control would give St Helier a greater ability to quickly adapt the town centre to changing circumstances. The Panel acknowledges that the Department for Infrastructure has an overall strategic view of the island's needs but there are times when the town centre needs to act tactically and speedily.

Although the retail offering in Jersey is wide ranging, it does lack a section for designer brands. This highlights an opportunity for Jersey to build a consumer tourism offering by exploring ways to incentivise the market and increase the selection of designer brands. This could both enhance the local tourism economy and add to the selection of brands available for sale to islanders.

It is interesting that all parties, including the Treasury Department, believe the GST de minimis situation is unfair and many also believe this to be the case with the retail tax. Fairness in taxation is a stated government policy and so ways of improving the fairness of taxation of the sector should be found.

It is hoped that the findings and recommendations made in this report will assist the Department in finalising its Retail Development Strategy. The Panel believes it is vitally important that the government plays a supportive and continuing role through the development of a cohesive and co-ordinated strategy for the island's retail sector.

# 12. Appendix 1 - Street view of St Helier



## 13. Appendix 2

### 13.1 Panel Membership



### 13.2 Terms of Reference

1. To identify the current challenges and opportunities facing Jersey's retail sector.
2. Assess the current value of the retail sector to the island in term of its economic, social and environmental impacts.
3. To assess what the current policies, strategies and initiatives of the Minister for Economic Development are and whether these are fit for purpose.
4. To follow up on past accepted recommendations of the previous Economic Affairs Scrutiny Panel in relation to its retail policy review.
5. To determine what effect the 20% tax on retail profits above £500,000 has had on the retail sector.
6. To assess the role of out-of-town retail areas and the impact they have on local parish communities.

## 13.3 Evidence Considered

### Public Hearings

- Minister for Treasury and Resources - 7th November 2018
- Town Centre Manager and Connétable of St Helier - 9th November 2018
- Chief Executive Officer of Sandpiper - 12th November 2018
- Managing Director of Buckley & Co - 14th November 2018
- Chamber of Commerce - 15th November 2018
- Minister for Economic Development, Tourism Sport and Culture - 19th November 2018

### Written Submissions

36 written submissions were received during the Panel's review which can be viewed [here](#). The Panel is grateful to everyone who took the time to provide their views.









States Greffe | Morier House | Halkett Place | St Helier | Jersey | JE1 1DD  
T: +44 (0) 1534 441 020 | E: [statesgreffe@gov.je](mailto:statesgreffe@gov.je) | W: [Statesassembly.gov.je](http://Statesassembly.gov.je)

