

Submission 8 - Tony Bellows

Dear Sir/Madam

A few comments in submission.

Kind regards

Tony Bellows

1. To identify the current challenges and opportunities facing Jersey's retail sector.

Certainly Brexit is one of the fundamental challenges, but another is the increasing use of online shopping. While a reduction in the de minimis limit so that GST would apply to all goods would, in my opinion, be unworkable in terms of the demands on HMRC, a reduction to £100 (even though as a consumer I would not like it) would be a good start, and would at least make a more level playing field with the upper end of the market.

But part of that - online - is also the way the market is going, and retailers will have to come to terms with that, either by establishing their own online presents (done very effectively by Lucas Bros for example) or by reducing the number of shops selling a product. This change can be seen in the banking sector, where more online banking has seen cut-backs in counters - or their complete removal (as NatWest Bath Street).

A significant part of level playing field also is exactly the same facing the UK, where the High Street is also under pressure from large retailers like Amazon. A business run from stock warehoused premises away from the high street is always going to have an advantage which is why in the old days, the catalogues for clothes, household products etc - also made inroads. They have been superceded by online markets which are quicker and easier to access.

The two significant local burdens to businesses are high rents, and high cost of freight. These add cost which is invariably passed on to the consumer.

The number of empty premises are testimony to the problem, and perhaps some kind of empty property tax - if not let or otherwise use (for a charity for example) within 12 months would help. I have spoken to business owners who have been priced out by rent hikes, as the ratchet effect pushed rents up even after the recession which began in 2008. This is not a problem for St Helier alone. Les Quennevais Parade has lots of empty premises.

Freight costs to the island also add significant cost, and it is interesting that in the fuel market, an element of competition - Augres Garage on petrol - has shown how much middlemen are creaming off in terms of profits.

Freight of course also benefited from the return leg, which lost massive market share when the use of Jersey as a conduit for Amazon etc was lost.

5. To determine what effect the 20% tax on retail profits above £500,000 has had on the retail sector.

A 10% tax would have certainly been much fairer and while not accepted with enthusiasm, it would have been accepted. But part of the problem of the last Council of Ministers was the lack of joined up strategy. The proposed waste tax on business was mooted not just for environmental ground but also because businesses paid 0% tax whereas taxpayers had to

taken on that burden. But no one seems to have seen how this fitted with the 20% tax. This piecemeal approach to the sector was not really useful.

6. To assess the role of out-of-town retail areas and the impact they have on local parish communities

Parking in town is expensive, and out of town retail areas allow parishioners to use cars less, which is actually good for the environment, and good for traffic management. However, as the greatest wealth in the Island resides in residents who live outside of St Helier, this could have an impact on certain retailers who provide services or goods at a higher cost as they may lose custom. It is interesting that M&S removed men's clothing from their retail outlet at Red Houses, but perhaps realised that people might well go elsewhere rather than have the inconvenience of going to town, and it was duly reinstated.