

# The Jersey Chamber of Commerce

Chamber House, 25 Pier Road, St Helier  
Jersey, Channel Islands, JE2 4XW

Tel: 01534 724536

E-mail: [admin@jerseychamber.com](mailto:admin@jerseychamber.com)

Website: [www.jerseychamber.com](http://www.jerseychamber.com)



Thursday 4<sup>th</sup> October 2018

Dear Deputy Morel,

**Please find below The Jersey Chamber of Commerce written submission to the Economic Affairs Scrutiny Panel Review of Retail Policy in Jersey.**

## **About the Jersey Chamber of Commerce.**

The Jersey Chamber of Commerce is the largest employer and employee representative organisation in Jersey, with over 550 business Members employing a workforce of 27,000. Jersey Chamber is an independent, non-Government funded organisation.

Our Retail Committee and Members are from across the full spectrum of the sector. From the largest of supermarkets, DIY stores department stores, to the wholesale suppliers, transporters and sole traders.

## **Challenges faced in the retail sector in Jersey.**

Some have increased in their clear and present danger as global purchasing habits have evolved, whilst others remain consistent issues. The fact these issues remain a high priority to resolve, is indicative of the scant regard Government has given to the production of a Retail Strategy over several political terms. Without a concise, cohesive plan, the dangers to the survival of the local retail sector cannot be underestimated. Any resolution will involve several Government departments, the parishes, the retail representative organisations and the consumers agreeing on what they can supply and require. Previous plans, scrutiny reports and Government platitudes have resulted in few changes. This should not detract from the excellent revitalising work achieved by the Town Centre Manager in late night opening and entertainment within St Helier on Thursday nights.

## **De Minimis**

The rapid growth of online purchasing during the last four years has and will increasingly change shopping habits. Added to the almost unlimited stocks and more competitive purchasing power global online suppliers have, there is an uneven playing field, put in place by our own Government, whereby GST must be collected by local retailers, whilst only purchases over £240 online are subjected to GST being collected. The Jersey Government has consistently stated on record that the £240 De Minimis limit matched the cost effectiveness of collecting the GST on online purchases in Jersey. Further to this, Government has, on record stated that when the technology improved and therefore costs of GST collection reduced, so would the De Minimis rate. Discussions this year between the States of Jersey Treasury and the Jersey Chamber of Commerce, revealed that these collection processes and costs have reduced sufficiently to significantly reduce the De Minimis and continue the policy of user pays taxation. To not do so, given the previous promises to do so, to not better level the playing field on taxation between local and global online suppliers and to miss the opportunity to collect valued GST income to provide better services for Jersey, are unmissable opportunities.

2014 Scrutiny panel review stated:

**4.26 Finding 26:** Local retailers are effectively forced to compete on an uneven playing field with off-island/online retailers, due to the application of 5% GST on the price of locally sold goods and the existence of the £240 de minimis level under which imported goods attract no GST.

**4.27 Finding 27:** Potential GST revenue is being missed out on by the Treasury, and increasingly so, with the growing trend in off-island, online shopping.

Nothing has been done to further address these points, whilst the growth in online shopping in four years has increased several-fold. As with many of the 55 findings of 2014 Scrutiny Report, such as the need for a Political 'Retail Champion' removing Government bureaucracy, the lack of a Government policy on unoccupied shops and the lack of a Retail Strategy, much remains untouched.

## **Retail Tax**

The imposition of a 20% Retail Tax, which is higher than the UK, is according to some of our retail Members, stymying investment in larger stores. The States of Jersey Treasury, states 'we just do not know the effect of a 20% Retail Tax but will judge the effects after three years. Many in industry deem this to be a high-risk strategy, brought in without any evidence or prior thought to the possible consequences, at a crucial pinch point in this sector and with scant consultation. A review 2021 after three years of the effects, maybe too late to reverse the untold damage to investment by large retailers. Several members who have recently invested, have categorically said they would not have invested if they had known at the time. Others are now holding back, reconsidering or shifting investment into the UK/Ireland.

## **Sunday Trading**

This must surely be a business decision, whether it is commercially viable to open on a Sunday or not, rather than a restrictive Government policy based on nothing more than the square footage of the business. 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.

For many working five or six days a week, the limited opportunity of times to shop are time pressures which are damaging not only for flexible family time but also for potential shoppers on the High Street, who turn to online shopping, which in turn has its' busiest trading day on a Sunday. If the 'keep Sunday special' moral argument has any merit, we would not permit any business whatsoever to operate – including bars, restaurants, agriculture, finance and all small shops. By removing this hurdle, choice becomes that of the business to open or not and choice to the consumer to shop or not. Chamber also recognises that this must also come with choice to the employee as to whether they wish to work on a Sunday.

### **Parking incentives**

Parking difficulties, whether based on reality or perception, play an important part in making St. Helier less enticing to those considering making our town centre their shopper destination. Further engagement and improved flexibility from the Department for Infrastructure is required, to better understand the value of a vibrant shopping area, balanced against the income from parking charges. Free parking time, limited areas and reduced parking periods should be evaluated.

### **Data and benchmarking**

More data is needed on our shopping habits and what consumers want and in identifying the strategy. Benchmarking Jersey against other similar jurisdictions is difficult. Accuracy will only come by comparing like with like, however if one compares with a UK town, consumers are generally mobile enough to shop in another town, out of town shopping centre or larger nearby city, where choice and scale of the offering is an option. Jersey is very different to most other locations geographically, population wise, economically and with shipping and smaller sized, highly expensive shop floor space considerations.

### **Employment and Recruitment**

Jersey Chamber of Commerce Members are reporting increased difficulties in recruitment, both in attracting and retaining staff. Entitled Permissions and Licenced Permissions are generally given to higher earning employment (Economic Benefit to Jersey) or to those within the teaching or medical profession (Social Benefit to Jersey). Whilst the value of a sustainable shopping High Street to the local community, the front face of St Helier, the job creation of over 7000 workers, GST income, the service provided to tourism, High Net Worth relocations and the supply to other industries are often spoken of, the Retail Sector rarely fits into the policy model of 'Economic or Social Benefit to Jersey' to gain Entitled/Licenced Permissions. The Jersey Chamber of Commerce would argue that a thriving retail sector does add social and economic benefit to Jersey and should be considered and the current policies of such re-evaluated to consider the value of retail. Given the reduction of workers coming from the European Economic Area alongside current policies on limited permissions afforded to the Retail Sector, the Jersey Chamber of Commerce would ask the Government to examine the viability of a ten-month visa from areas outside of the EU to ease the current shortages. This should work in parallel to a joined-up approach to skills and development training, with greater strategy cohesion from the Education Department. We question training and development within the States and how retailers can work more closely to grow local talent. The responsibility for skills training and support for back to work programmes is confusing and appears to sit across several areas.

## Rental prices

A note must be made in relation to the extreme rental prices charged by local landlords for retail space. We have amongst the highest rental prices to be found anywhere, including London or Hong Kong. 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 6 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.

The Jersey Chamber of Commerce wishes to inform of the needs and concerns of the retail sector to our Government decision makers, to enable better policymaking, better strategy, and to promote greater partnership working. We are therefore keen to engage with the Economic Affairs Scrutiny Panel and would welcome the opportunity to meet and expand on the points raised in our response.

Yours sincerely,



Eliot Lincoln.  
President, Jersey Chamber of Commerce.