

Submission 11 - Island Music

Dear Scrutiny Panel

As a retailer in St Helier I am deeply concerned for the future of our town. Perhaps with a new leadership in the States, a more pragmatic approach can be achieved to resolve what may be an inevitable demise of the retail sector.

Some decisions may not be vote winners, which I believe is why they haven't been implemented before now.

Firstly, my background in retail started with my first shop in 1989 on the outskirts of St Helier in Green Road. I was then one of five music retailers. All of us managing to employ at least one member of staff and contributing to the economy. In 1996 I amalgamated with another long established music retailer to my current premises in Bath Street. We traded together for three years. I then created Island Music which has been trading ever since, on average employing at least three full time and one part time.

Now, present day we are the only music retailer in St Helier.

In my view the sole reason for the demise in retail has been the introduction of the internet, with ever increasing numbers of purchases on line. The reality is that we have to accept this, people's habits are changing, however, there must be an even playing field for local retailers to compete in Jersey.

When GST was introduced the argument for having a £300 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 on line 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 on line 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.

It has been said many times that local retailers are ripping off the public with their inflated prices, compared to the Internet. However, this is not the case. We all have overheads, staff, rents, rates, high cost of carriage, all to come out of our commission. When the online prices are making less than 10% against our trade prices, there just isn't enough to cover our costs if we try to price match. Take another 5% out of the equation for the GST, and that is why your shops are closing.

Personally I love to match an online price and give the customer the satisfaction of having the local after sales service. It is not for the want of trying. We have to give the consumer the incentive to shop locally.

Steps to be implemented;

1. Free parking for the first two hours in all car parks. (Using the old yellow disk, Paycards after the two hour period. Compensation to be paid to the Parish of St Helier for the loss of parking revenue)

2. 5% GST implemented on all imports. (To be collected by the post office. They are quite happy to collect the VAT on behalf of the UK Government when we post to the UK!)

Present day, the States must be losing vast sums in taxes due to the monies spent online, outside of the Island.

It might not be a vote winner, but the reality is that the States have to achieve their revenue somehow. It must be in the States' interest to increase sales locally. With the demise of retailers' profit the public are going to be facing increases in taxation.

So whether the public pay the GST on all purchases or they pay increased taxation it will be the States' choice.

Should the States charge the GST on all imports, the benefit will be the retail sector employing people and the town remaining vibrant.

We don't want to see Jersey losing its town centre, it wouldn't be good for the tourist industry.

It isn't a huge ask, but I believe these two basic changes could help keep Jersey's town alive.

Yours sincerely

Jonathan Scriven

Island Music Centre Ltd