

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY THE DEPUTY OF ST. MARY
ANSWER TO BE TABLED ON TUESDAY 7th JUNE 2011**

Question

In view of the continuing high cost of living in Jersey, can the Minister provide Members with details of the Jersey Competition Regulatory Authority's (JCRA) inquiry into the costs of goods in Jersey, which he announced during the debate on GST on 19th May 2011?

Will the inquiry cover the whole chain of importation?

What powers will the JCRA have?

What are the terms of reference for this inquiry?

Can the Minister provide details of the monitoring carried out by the Economic Development Department into the costs of trading in Jersey compared to the costs in other jurisdictions?

Answer

As I indicated to the Deputy on 18th May I have asked the J.C.R.A. to investigate the level of food prices in Jersey.

Currently the JCRA are conducting two highly involved market studies into road and heating fuel prices, and they are also undertaking a comprehensive review of the merger notification thresholds to enable the JCRA to concentrate its resources on those mergers and acquisitions that have the greatest likelihood of substantially lessening competition in Jersey. These pieces of work are being conducted in conjunction with the JCRA's legal obligations and normal administrative workload. The JCRA are also committed to undertaking further market studies in the energy sector later this year.

Given the importance of the issue to Islanders, both I and the JCRA believe it is essential that the scope of any study is carefully set so that key factors which may be influencing the price charged for food in Jersey are identified and properly assessed. I have therefore asked the JCRA to undertake this scoping work initially so that the terms of reference may be drafted appropriately. Clearly given the very heavy workload in the JCRA at the moment it will be a number of months before I expect this scoping work to be complete. However I expect the study itself to commence in early 2012.

As a study of food prices will be conducted at the request of the Economic Development Minister under Article 6 (4) of the Competition Regulatory Authority (Jersey) Law 2001, powers will be available to the JCRA under the Competition (Jersey) Law 2005 to require that information be provided, to enter premises and if necessary to obtain information from computers etc. While I do not expect that these powers will be required, they will be available.

The cost of trading in Jersey in comparison to other jurisdictions is not the subject of specific ongoing monitoring by my Department, primarily due to and the difficulty inherent in determining these costs. Beyond the publicly available information regarding utility costs,

business rates etc, additional costs to businesses in small Island jurisdictions can arise from reduced access to economies of scale, shipping costs, wage costs etc. As many of these costs comprise sensitive commercial information held by many different businesses it would be extremely difficult to assess those costs both in Jersey and in other jurisdictions.