

STATES OF JERSEY



DRAFT PRICE INDICATORS (JERSEY) REGULATIONS 200- (P.14/2008): COMMENTS

**Presented to the States on 11th March 2008
by the Economic Affairs Scrutiny Panel**

STATES GREFFE

COMMENTS

The Panel's comments on these Regulations are informed by work carried out for its review on the principal Law, Price and Charge Indicators (Jersey) Law 200- (S.R.17/2007).

The Panel acknowledges the problem that these Regulations are intended to address – that several large retailers have indicated that they will drop pre-priced imported lines rather than submit to the additional manpower cost of re-marking them individually to reflect GST, as the marginal benefit of selling these goods would be lost.

Jersey is reliant on imports for many of its staple goods, but it is not a large enough export market for any other jurisdiction to have an economic interest in labelling products specifically for it. The Island is in many cases treated as a sub-division of the UK market, and to treat goods for such a small market separately would remove the integration benefits to Jersey and incur additional costs for the manufacturer.

Accordingly, pre-priced products in Jersey bear UK prices. As these are almost exclusively food products, VAT inclusion is not an issue. Because of the higher costs of doing business in Jersey, and the fixed sale price, these products do not realise the same profit for local retailers as they would if sold the UK. While local retailers may recoup the cost of selling these products by slightly increasing the prices of other items, pre-priced UK products still represent good value for money to consumers in Jersey's high-cost economy.

The Panel agrees that larger retailers would be negatively affected by wholly inclusive pricing. It considers, however, that these businesses will be able to absorb the effects of 3% GST on such items, probably by passing the costs back to the consumer on other items. If consumers demand these pre-priced UK goods, they will still be sold.

The Panel believes the consumers should be able to see the price they will pay for goods clearly marked on the shelf. Notwithstanding the objections from the larger retailers, it supported this principle when the Minister for [Economic Development](#) brought the Draft Price and Charge Indicators (Jersey) Law 200- to the States. The Panel considers that the Minister could have resisted this pressure and maintained inclusive pricing. It believes that running parallel systems in this manner is worst of all possible worlds and can only lead to confusion.