

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT
BY DEPUTY A. BRECKON OF ST. SAVIOUR**

ANSWER TO BE TABLED ON TUESDAY 6th NOVEMBER 2007

Question

Is the Minister aware of any practice of traders charging prices equivalent to United Kingdom (UK) Value Added Tax (VAT) inclusive prices to Jersey consumers and, if so, what steps, if any, has he taken to publicise and discourage this practice?

What steps, if any, will he be taking to address the significant price differences between Jersey and the UK of many basic goods and services and could he explain if / how sums equivalent to UK VAT will be identified in receipts to Jersey consumers in any price marking legislation?

Answer

Yes, I am aware of certain traders charging the same prices in Jersey for their goods as they do on high streets in the UK and have expressed concern on many occasions in the past.

Before responding to the next part of the question I would like to quote from the constitution of the Jersey Consumer Council of which Deputy Breckon is Chairman.

“The functions of the Council shall be – to seek information, investigate, highlight and publicise anomalies and irregularities in consumer affairs and to encourage good trading practice by local business”

I understand from this extract that publicising such information to enable informed confident consumers about such pricing and indeed discouraging it is the job of the Consumer Council, not me as Minister for Economic Development.

In my view credit needs to be given to the Jersey Evening Post “Fair Play” journalists who have achieved a great deal to highlight to consumers those traders who do remove the VAT element. This has been done at no cost to the taxpayer. They launched their “NO VAT” poster campaign and as many as thirty retailers have proved that they remove the VAT equivalent element from their prices and are guaranteed lower than the UK high street.

Regarding what the Deputy refers to as significant price differences between Jersey and the UK, I think that it is worth mentioning that, apart from the traders who have participated in the JEP “NO VAT” initiative, significant large stores in Jersey have a policy of charging lower prices than their UK stores for most goods. In addition, one of our largest department stores displays a bold statement at every entrance which indicates that all prices charged, apart from books, are lower than those for the same goods in the UK. However, it is a fact that food prices in many cases are higher than the UK and one of the reasons for this is that, in Jersey, we do not enjoy the same level of competition in food retail or indeed the trade in low cost clothing. As was reported in last week’s Competition Commission Report competition reduces prices and I have asked the JCRA to review the case of the introduction of a third supermarket group to Jersey to improve competition.

On the question of VAT and price marking legislation, there is no legal basis for trying to do what the Deputy is suggesting. VAT is a UK tax collected from UK retailers by the UK government. It does not exist in Jersey so would be impossible to either assess or make reference to it in local receipts. Jersey businesses are free to set the prices of their goods and services. This is why in a free open market, competition is of crucial importance in helping to drive prices down. It is also crucial that in making purchasing decisions, consumers are given clear, accurate and unambiguous price information before they purchase. I welcomed the thorough investigation into price marking recently carried out by Deputy Southern’s Scrutiny Panel which stated that consumers have a right to know the total price they have to pay for goods. The Panel then went on to recommend that prices are marked

and displayed inclusive of GST which as many members will know, I have been supporting for some time.

Additional information

Since January 2005, the Consumer Council has received a total of £225,000 pounds grant of which £90,000 was specifically for a "Price Watch" initiative. I have looked at the Partnership Agreement with Economic Development which was signed by Deputy Breckon in April 2005 and I shall quote the objectives:-

- to generate greater public interest and awareness in the prices of goods and services
- to research, publish and make more general price comparison information readily available
- to encourage community debate about prices of goods and services
- to develop a positive and effective communication strategy
- to make more links with the wider community
- to establish and develop an active database of those who are price conscious in the community
- to ensure value for money from the Price Watch campaign.

I believe the Deputy should be seriously considering whether the Price Watch campaign has and continues to deliver value for money to the Jersey taxpayer.