

STATES OF JERSEY



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

**Lodged au Greffe on 6th February 2007
by Senator L. Norman**

STATES GREFFE

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

PAGE 11, REGULATION 3 –

1. *In paragraph (4)(b)(ii) delete the words “, or of the percentage of the price marked on the package,”.*
2. *In paragraph (5)(b)(ii) delete the words “, or of the percentage of the price so printed,”.*

PAGE 11, REGULATION 4 –

3. *In paragraph (1) delete the word “, percentages”.*

SENATOR L. NORMAN

REPORT

I have always maintained that if the States were minded to proceed with the introduction of the Goods and Services Tax, which even I now regard as inevitable, it should be as simple as possible and be maintained at a low rate for as long as possible.

But, equally importantly, the impact on the consumer should be our major concern. All over Europe, including the United Kingdom, the consumer is entitled to clear, unambiguous and consistent price marking. So should it be in Jersey, and the passing of the Price and Charge Indicators (Jersey) Law 200- gave every indication that this would be the case.

However, the Regulations proposed by the Minister for Economic Development move away from this principle and allow significant exemptions whereby certain items, namely imported packaged pre-priced food items, newspapers, books and periodicals, may be displayed at one price and sold at another, albeit there will need to be a sign near the said items to indicate what percentage will be added to the price at the till.

This is totally inappropriate. Consumers purchase these items in pounds and pence, not percentages.

I have found no other jurisdiction where such a practice would be permitted.

It is my contention that the consumers must have the right to know exactly how much, in pounds and pence, the retailer requires them to pay for a particular product. And not just for some products, but for all products.

Presently retailers are able to charge whatever price they wish for any item they offer for sale, including the items exempted under the Minister's proposals. This includes items which arrive in stores pre-priced, such as some pre-packed food items, newspapers, periodicals and some books. Quite simply, retailers do not have to sell at the marked price. They can offer these goods at a higher or lower price.

This will also be true when the Goods and Services Tax comes into effect, except that if these Regulations are approved, the price offered must be the price at which the item is sold. The problem is that the Regulations proposed by the Minister remove any incentive for retailers to price more competitively. They will have the easy option of putting up a sign saying that a percentage will be added at the till on these items. This is not in the interests of the consumer.

The Minister's proposals will discourage competition in the newspaper, periodical, book and pre-priced food market. And competition, as well as clear, unambiguous and consistent price-marking, is essential if the impact of GST on consumers is to be minimised.

For the sake of clarity, it will, if my amendments are approved, not be necessary for retailers to change the price on each and every newspaper, periodical and book they offer for sale, but rather, if they wish to sell at other than the marked price, place a sign as described in Regulation 4 of the Regulations indicating the price the consumer will be expected to pay. This might be simply a list of newspaper, book and periodical titles indicating the sale price. That is all that will be required. Not, I submit, a particularly onerous obligation, and one which is fair and reasonable. Clearly, if the retailer chooses to sell at the marked price, no additional signage will be necessary.

The same requirement will apply to packaged pre-priced food. The difference here is that very often the products will be of varying weight and therefore have marginally different prices. Again, the retailer will have the choice either to sell at the marked price, or re-price each item at a lower or higher price. There is a further option for retailers who sell variable weight food (for example blocks of cheese). They could, under the draft Regulations, indicate the amount to be added at the till in cash terms within certain price or weight bands.

I cannot accept that this is an onerous task, nor indeed one that should not be undertaken by any responsible retailer wishing to offer clarity and consistency to the customer.

A further flaw in the Regulations as drafted is that no limit is placed on the percentage that may be added at the till on the specified items. Initially the rate of GST will be 3%. Under the Minister's proposals, a retailer will be

entitled to add any percentage he decides. That is manifestly unreasonable, and anywhere else in Europe could be potentially unlawful.

Another difficulty for retailers if my amendments are not accepted will be how to decide the percentage to be added. Take a newspaper with a marked price of 50 pence. If the retailer simply wants to add the GST element one would think that all he need do is put up a sign indicating that 3% will be added at the till. But 3% would mean adding 1½ pence, something which would not be possible as our smallest denomination coin is 1 penny. So the retailer will have to show that he is adding 2% (1 penny) or 4% (2 pence). But some newspapers are priced marked at 45 pence (3% of 45 pence is 1.35 pence). To add a penny the retailer would have to show on his signage that he will be adding 2.22(recurring)% at the till; and on a 40 pence newspaper 2.5%; and on a 60 pence newspaper 1.66(recurring)%; or 3.33(recurring)% if he wants to add 2 pence. This mind-boggling potential for confusion is endless, as these difficulties will be experienced not only with newspapers, but also with books, periodicals and pre-priced packaged foods.

My amendments will remove the difficulties described and provide clarity and consistency in that every retailer will be required to display the price of these products in a similar manner, and by allowing the consumer to see clearly how much he will be expected to pay for any given item, in cash terms, before going to the checkout or till.

There are no financial or manpower implications for the States arising from the adoption of these amendments.