

2.10 Senator L. Norman of the Minister for Treasury and Resources regarding decisions to be taken regarding the application of G.S.T:

Following the decision of the Minister for Economic Development to withdraw the Draft Price and Charge Indicators (Jersey) Law, would the Minister inform Members whether all decisions on how, when and where to apply the Goods and Services Tax when it comes into force will be taken by the retailers?

Senator T.A. Le Sueur:

There is a sense of déjà vu here, but the short answer is, no. In the case of any lingering doubts I would refer Members to the news release issued on Monday, 9th July, which made it absolutely clear why the Draft Price Marking Law has been withdrawn. The decision was taken jointly between the Economic Development Minister and myself taking into account the best interest of all concerned, but mainly the businesses and the consumers. Although retailers will be able to choose whether to include G.S.T in their prices or add it on at the till, regulations will be issued under Article 94 of the G.S.T law requiring the retailers to put up clear signs explaining whether their prices are G.S.T inclusive or exclusive in order to minimise consumer confusion. Retailers are required to comply with all aspects of the G.S.T law and the Regulations.

2.10.1 Senator L. Norman:

Does the Minister not accept that the decision has in fact been made in the best interests of retailers? Many retail items are price-sensitive under the current regime, and therefore difficult for retailers to increase the price. Will not the freedom they have now been given with the lack of price marking legislation; the freedom they have been given to protect their profit margins, make it easier for retailers to increase their prices to the detriment of the consumer?

Senator T.A. Le Sueur:

There is no price restrictions in place now or in the future, and retailers have already been free to charge exactly what prices they choose and what prices they think their customer is prepared to pay. I accept that there may be other incentives which will maybe motivate consumers in a certain way, but that is something which legislation will not deal with in a sensible way.

2.10.2 Senator L. Norman:

Given the choice the retailers will now have, is it not almost certain that the majority of them will choose the system which will protect their profit margins rather than act in the consumers' best interests?

Senator T.A. Le Sueur:

My objective, and I am sure that of the Economic Development Minister, would be to ensure that there is adequate competition to ensure that those retailers who might try to increase or maintain the profit margins when others are charging with a lesser margin, then the consumer will be encouraged to vote with their feet and look at the prices, but we will have to see when the legislation comes into place and I think as the retail spokesperson of the Chamber of Commerce said: "It is a sensible short-term compromise and the market will probably find its own level."

2.10.3 Senator B.E. Shenton

Would the Minister not concede that the whole price marking debacle could have been avoided if we had the same exemptions as our main trading partner, i.e. the U.K.?

Senator T.A. Le Sueur:

No, Sir.

2.10.4 Deputy P.J.D. Ryan:

Is the Minister aware, or could he confirm that he was aware, and as also was the Economic Development Minister, that Corporate Services were about to lodge an amendment to the price marking law on the very morning that it was withdrawn, and that that amendment would have given effect to Corporate Services' report SR7 where we effectively were promoting the same kind of situation that we have now where the market decides in the very early stages? Would he not accept that it might have been better to have allowed the law to come forward with the amendment, and if the amendment had been passed at least we would have the law in place so the Economic Development Minister could act in the interests of consumers one way or another, we all know how long it takes to get laws through with Privy Council, and what have you? Does he not think that would have been a better option?

Senator T.A. Le Sueur:

Firstly, yes, I am aware that the Panel were considering lodging an amendment to the Price Marking Law and that that amendment would have been consistent with their Scrutiny Report SR7, a report which I welcomed. But the Price Marking Law is a law which was lodged by the Minister for Economic Development and it is to that Minister that the Deputy would have to ask the reasons for withdrawing. I think the reasons for withdrawing have been made perfectly clear and I think the objective, which maybe the Deputy would have tried to achieved in the Scrutiny Panel's amendment, which the words I have not seen so I cannot be certain, that an objective has been achieved in the short-term by the withdrawal of that law and the use of Article 94.