

#### **4.4 Deputy D.J.A. Wimberley of St. Mary of the Minister for Economic Development regarding the latest consumer price figures and the ‘Think Twice, Buy Local’ campaign:**

Given the latest consumer price figures and the Think Twice, Buy Local campaign, will the Minister be asking the Jersey Competition Regulatory Authority to launch a full investigation into the anti-competitive practices which may be causing this huge gap in the cost of living between Jersey and the United Kingdom?

#### **Senator A.J.H. Maclean (The Minister for Economic Development):**

The Deputy’s question is a difficult one to answer, given that it links a number of apparently disparate issues, while seemingly providing a pre-determined solution. In reality there is no link between Jersey R.P.I. (Retail Price Index) and the Think Twice, Buy Local campaign. Think Twice, Buy Local is aimed at promoting consumer awareness of local products and services. R.P.I. is the statistical measure of the cost of goods. The Deputy is correct in stating that there are disparities in costs between the Island and the United Kingdom. But he should be wary of attributing differentials to anti-competitive practices in the Island. Much has already been done to investigate price differentials. The J.C.R.A. (Jersey Competition Regulatory Authority), of course, does not need to be asked to undertake competition investigations. Indeed, it is required to do so by the terms of its remit and the articles of the Competition Law. To that extent the J.C.R.A. can be relied upon to exert its own independence and act in the best interests of the Island. I do understand and share the Deputy’s concerns in this area and it is an area where we are and will remain vigilant.

#### **4.4.1 The Deputy of St. Mary:**

Just a supplementary: does the Minister think that these high prices have no cause and if they do have a cause, what is he going to do about it?

#### **Senator A.J.H. Maclean:**

Sorry, I missed the first half of the Deputy’s question.

#### **The Deputy of St. Mary:**

It appears from the Minister’s answer that he tries to muddy the waters, first of all, and then suggests that a lot has been done to look at these high prices. And I am asking him whether he thinks that the high prices do have a cause or causes and what is he going to do about it?

#### **Senator A.J.H. Maclean:**

Yes, price differentials between the U.K. and Jersey obviously have a cause. Some of the cost differential can be found in freight costs, some of it can be in higher premises costs in the Island, some of it can be in higher wages and staffing costs. There are a number of different reasons. In terms of what has been done: the introduction of the J.C.R.A., the Jersey Competition Regulatory Authority, has been a tremendous introduction to bear down on prices, and I believe they have been very successful to date and will continue to be so.

#### **4.4.2 Deputy M. Tadier of St. Brelade:**

Following on from the initiative of Think Twice, Buy Local, will the Minister consider publishing a list of all companies in Jersey who pay 0 per cent tax under the new Zero/Ten scheme so that Islanders may know which stores and which services

are paying tax in the Island, and will he perhaps consider giving that list to his good friend in the Jersey media so that they may publish it?

**Senator A.J.H. Maclean:**

I think that the Deputy might be confused. All companies operating in the Island are paying tax.

**4.4.3 Deputy M. Tadier:**

Under the Zero/Ten proposal, this is what the question relates to, so those companies which are maybe registered in the U.K. - I am not going to name any names - but companies which previously were Jersey companies which are re-registered in the U.K. so do not pay any tax on their profits as such, would he consider giving a list of those out to the Jersey public?

**Senator A.J.H. Maclean:**

If the Deputy is referring to U.K. companies, of course they will be paying U.K. tax, so whether they are trading here or trading in the U.K., of course the companies will be taxed in one jurisdiction or the other.

**4.4.4 Deputy M. Tadier:**

I am glad that the Minister has finally understood the question. But the point is, they will not be paying any tax in Jersey and I think that would help purchasers and consumers to decide whether they want to give their custom to those stores or not. So will he now answer the question, now he has understood it?

**Senator A.J.H. Maclean:**

There was no question of not understanding the Deputy's question, but, nevertheless, I think it is fair to say that it is pretty clear which companies are U.K. based and in the future may or may not be paying tax under any Zero/Ten. I am sure that if it is a matter of further awareness, that is something that the Jersey Consumer Council does very good work on and I would suggest that as Economic Development gave the grant to that particular organisation, that that would be the publication to publish any information of that type. So it is a question for the Jersey Consumer Council which I would support.

**4.4.5 Deputy G.P. Southern:**

Does the Minister have a figure for the comparison between the English cost of living and the Jersey cost of living and not just simply the annual R.P.I. figure, which may vary up or down from one to the other? Does he have an overall picture, an overall figure, for the difference in the cost of living, not the R.P.I., in the U.K. and in Jersey?

**Senator A.J.H. Maclean:**

The Deputy asks a question, which, from a relevance point of view is a difficult one to answer because if he is interested in knowing the differential, for example, in particular categories, that is perfectly clear. We can see, for example, and this is an interesting point in the recent comparable statistics, that food prices in the U.K. and in Jersey are rising at broadly similar prices in the latest quarter.

**4.4.6 Deputy G.P. Southern:**

If I may have a supplementary? Given that one measure from the household expenditure survey indicates a figure of 46 per cent difference between the U.K. and

Jersey and the reasoning for the wage freeze was that the figure for Jersey employees, public sector employees, was 39 per cent ahead of the U.K., will he ensure Members that he will encourage his department and others to come up with a figure which gives a definitive comparison between the cost of living in Jersey and the cost of living in the U.K.?

**Senator A.J.H. Maclean:**

My department is continually looking at statistics with regard to the cost of living, the cost of products and the cost of services between the U.K. and Jersey. There are a whole raft of statistics produced by the Statistics Unit which I believe are extremely valuable in informing the debate in the differentials and costs.

**Deputy G.P. Southern:**

Will he give the assurance that he will seek an overall figure, because that does not exist yet?

**Senator A.J.H. Maclean:**

I am more than happy to ensure that statistical units will give the most detailed information possible when considering future statistics of this type.

**4.4.7 The Deputy of St. John:**

Buy Local - is it right, then, to put in place tax-free shopping at the airport, given the company who operate the outlet at the airport do not pay Jersey tax under Zero/Ten and the employees they employ are not the most highly paid within the Island? How does he square this with the other local businesses in the Island?

**Senator A.J.H. Maclean:**

The operation at the airport is a valuable attribute for that particular facility. It is essential that revenues are generated to support that important function. As far as the company in question is concerned, the employees pay tax. They may not be the highest paid, but nevertheless they pay tax. It is important to remember that all produce, or the majority of products sold by the outlet are, where possible, sourced locally. So there are a lot of local businesses generated from that particular activity.

**4.4.8 The Deputy of St. John:**

Supplementary on that. Can the Minister please explain then, how come cigarettes, *et cetera*, that have to carry certain warnings on them are not necessarily sourced from within the Island?

**Senator A.J.H. Maclean:**

As I said, where possible, products are sourced locally from local wholesalers. That is the case with all suppliers, and, not only that, at the airport there are, for the first time, a number of local businesses who have been given opportunities to sell their products and services. That is something we should be very pleased about and I am sure that we will continue to encourage businesses operating out of the airport that are not locally owned, to source their products locally, as is the case at the moment.

**The Deputy of St. John:**

Supplementary on that, Sir.

**The Bailiff:**

I am sorry, Deputy. You have had 2 now. There are other Members wanting to ask questions.

**4.4.9 Senator S. Syvret:**

I have been asking successive politicians that have responsibility for economics or financial activities in this Assembly for probably about 13 years now: would they please instruct the departments to produce a dedicated purchasing power parity study? Will this Minister agree to finally stop the prevarication and ask the Statistics Department to produce such a figure?

**Senator A.J.H. Maclean:**

That is extremely interesting. I have not had any such requests from the Senator and if Senator Syvret would care to approach me, I would be happy to discuss it and get a greater understanding of what it is that he is wanting and see if we can assist him.

**4.4.10 Senator S. Syvret:**

Supplementary, Sir. I have just approached the Minister, in effect, and asked him to do it. It is a purchasing power parity calculation that is required that would test and define the purchasing power of £1 as spent in Jersey compared with, say, the U.K. average and perhaps a few city centre environments as well. It is a fairly standard kind of thing.

**Senator A.J.H. Maclean:**

I am more than happy to have a meaningful discussion with the Senator to get a greater understanding of what it is that he is hoping to achieve from such a study.

**4.4.11 Deputy P.V.F. Le Claire:**

It is quite a serious revelation I heard this afternoon following the question of the Deputy of St. John, that cigarettes - as I understand from the answer - in the airports do not carry the Channel Islands health warning. As the politician who was tasked to bring forward some work up the smoking strategy, one of the tenets of the smoking strategy was that the Channel Islands advertising requirement on cigarettes ensured that illegal or poor quality of cigarettes, which were more harmful to people, were not introduced to the Channel Islands. For years this has been something that has caused those that would wish to bring in cigarettes extra cost to ensure that the cigarettes that were being supplied in Jersey were of the safest possible variety and were not some of the more dodgy products on the market that were smuggled in. Is the Minister now telling us, through answers to the Deputy of St. John, that the people who are operating the facilities at the airport are able to sell cigarettes without the Channel Island advertising requirement on the cigarettes, and, if so, is that not a serious cause for concern?

**Senator A.J.H. Maclean:**

The Deputy raises a good point but he should bear in mind that the cigarettes being sold at the duty free facility at the airport are for export, so they are going out of the Island. They do meet necessary international standards with regard to the warnings that are printed on them.

**4.4.12 Deputy P.V.F. Le Claire:**

A supplementary, Sir. Does that mean that if somebody buys 200 cigarettes and leaves the Island for the day and returns within that same day, that they are not going

to be able to smoke those until they leave? What a ridiculous answer. I have never heard anything more nonsense in my life. Is the Minister willing to look into this issue because it does carry health concerns? We are committed to tackling the Island's number one killer and I certainly believe that the Minister should be too.

**Senator A.J.H. Maclean:**

Yes, of course we are also committed to tackling the number one killer. I am more than happy to agree to look into the matter but my previous answer still stands.

**The Deputy of St. John:**

Given the reply that the Minister has given, will he also look into the ...

**The Bailiff:**

Sorry, Deputy. I think you are leaping in when I was looking towards the Deputy of St. Mary.

**The Deputy of St. John:**

I thought you were looking at me, Sir. I know I am large but I thought you ...

**4.4.13 The Deputy of St. Mary:**

It must be the similar coloured jacket, Sir. Yes, I would like to get back to the J.C.R.A in the final question. The Minister said in his first reply: "Much has already been done to look at price differentials." But the point is that the J.C.R.A. did not exist when these things were done before and there has been some publicity in the local media about commercial rents in particular and commercial leases. I have just been speaking to somebody who pays £85,000 for a lease on Queen Street and a further £40,000 for a rent on Quennevais Parade. These are extraordinary figures, and it is only the J.C.R.A. who have the remit and the power and the resources to conduct an investigation into possible monopolistic practices which would be driving up prices. So would the Minister not agree or would he comment on the fact that he is apparently resisting asking the J.C.R.A. or inviting them or leaning on them or pointing out to them that there is an issue here, not only with respect to rents and leases but also, as you mentioned, with respect to freight costs? This is an important issue and I am surprised at his reluctance to act ...

**The Bailiff:**

I think you are going on to a comment rather than a question now, Deputy.

**Senator A.J.H. Maclean:**

There is no reluctance to act, either by the J.C.R.A., or, indeed, from my department's perspective, where there would be a suspicion of anti-competitive behaviour. However, the Deputy is referring to, for example, rent in the High Street. Now, there is no question here that there is anything other than an open and competitive market. The market will determine prices that are being paid, and that is exactly how it should be. A competition authority should step in where there is an abuse of such a position and I think the J.C.R.A. do an effective job in that position.

**4.4.14 The Deputy of St. John:**

Referring back to the purchase of cigarettes at the airport, could the Minister enlighten the House, please? Is it not policy nowadays that you can purchase goods from the

duty free or tax free area and pick them up on your return because I have seen that advertised? So will you please explain whether or not that is happening?

**Senator A.J.H. Maclean:**

No.

**4.4.15 The Deputy of St. Mary:**

It would be nice to know from the Minister on this in the same vein as Senator's Syvret's question. Do we have any comparable figures for business rents and leases for Jersey and comparable areas elsewhere?

**Senator A.J.H. Maclean:**

Yes, there are some general comparison figures. In fact, the Statistics Unit do a number of comparisons on a number of different products and so on. But how useful they are is questionable at certain degrees unless the area is particularly comparable, and that is very difficult to achieve with an Island economy.