

Comparison of consumer prices June 2015

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Overview

This report has been produced on an annual basis by the Statistics Unit since 2002. The 2015 edition focuses on the relative movement of retail prices in Jersey, Guernsey and the UK between June 2005 and June 2015 and also presents a comparison of price levels for a sub-set of items at June 2015 between Jersey and the UK.

A more comprehensive comparison of overall relative consumer price levels in Jersey and the UK was published by the Statistics Unit in March 2014:

“Jersey-UK Relative Consumer Price Levels for Goods and Services 2013”.

Summary

Price movements

- over the ten-year period from 2005 to 2015, the overall increase of the RPI in Jersey (30%) has been similar to that in Guernsey (32%) and to that of the RPIJ¹ in the UK (28%);
- during the twelve months to June 2015 the RPI increased by 0.9% in Jersey and by 1.9% in Guernsey; over the same period RPIJ increased by 0.4% the UK.

Price levels (June 2015)

- direct food price comparisons show that:
 - ⇒ fresh fruit and vegetables were, respectively, about a third and two-fifths more expensive in Jersey than in the UK;
 - ⇒ meat was, on average, a sixth more expensive in Jersey than in the UK;
- the mean **retail** price of:
 - ⇒ alcohol was higher in Jersey than in the UK: by 58 p for a pint of bitter; by 46 p for a pint of lager; and by 35 p for a nip of whisky;
 - ⇒ cigarettes was lower in Jersey than in the UK, by £1.25 for a pack of 20 cigarettes;
 - ⇒ unleaded petrol and diesel was lower in Jersey than in the UK, by 4 p and 11 p per litre, respectively;
- the **pre-tax** prices of alcohol, tobacco and motor fuels were higher in Jersey than in the UK in June 2015. The mean **pre-tax** price of:
 - ⇒ a pint of bitter and a pint of lager was almost £1 higher in Jersey than in the UK, and that of a nip of whisky was 60 p higher in Jersey;
 - ⇒ cigarettes was 14 p per pack of 20 cigarettes higher in Jersey than in the UK;
 - ⇒ petrol and diesel was higher in Jersey than in the UK by around 20 p per litre.

¹ For methodological reasons, the appropriate comparison with the UK is that of the Jersey RPI and the UK RPIJ.

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Overview

The purpose of this report is to compare price changes in Jersey, Guernsey and the UK by looking at the Retail Prices Index (RPI) for each jurisdiction. This report primarily examines the *rate* at which prices have changed by looking at the behaviour of RPI group and section level indices.

Additionally, direct comparisons of prices are made where possible between Jersey and the UK, in order to give an indication of relative price *levels*².

Introduction

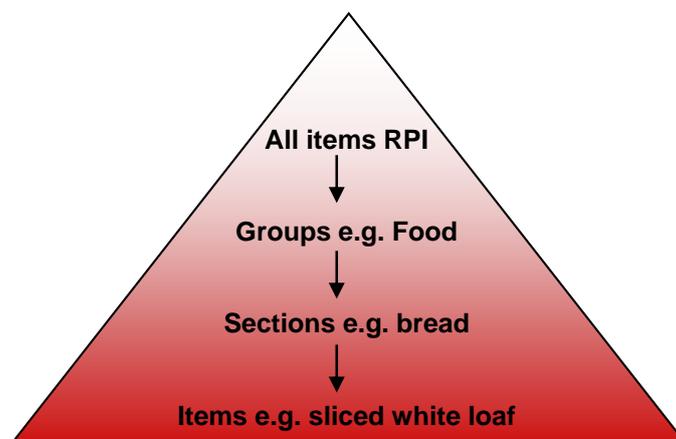
Conceptually, the RPI may be thought of as a 'shopping basket' which contains the various goods (e.g. bread, televisions, wardrobes) and services (e.g. doctors, dentists, hairdressers) purchased by resident households in Jersey. As the prices of the various items in the basket change over time, so does the total cost of the basket.

On or around the 15th day of March, June, September and December the current total cost of the basket is calculated and then compared with the total cost three and twelve months earlier. In this way, consumer price inflation is measured on an ongoing quarterly and annual basis.

In principle, the cost of the shopping basket should be calculated with reference to all consumer goods and services purchased by all households, and the prices measured in every shop or outlet that supplies them. In practice this is not feasible; instead, the RPI is calculated by collecting a sample of prices for a selection of 'representative' goods and services from a range of retail outlets and service providers. The Jersey RPI is calculated from over 5,000 separate price quotations in total. The same basic approach is adopted in other jurisdictions (e.g. in the UK by the Office for National Statistics, ONS) for the compilation of consumer price indices.

Structurally the RPI is composed of 14 groups; each group is composed of several sections (there are 85 sections in total); and each section is made up of a number of representative items:

RPI Structure



² Direct comparisons of prices are based on information published monthly by the Office for National Statistics (ONS) on the mean average price of around 60 non-brand items which are included in the UK RPI.

A fundamental concept of the RPI is that the representative items are weighted. Weights are required in order to ensure that items which account for a greater proportion of a household's spending have a greater influence on the index. Without weighting items, the change in the price of a kilogram of cheese, for example, would have the same impact on the RPI as a change in mortgage interest rates.

To ensure that the contents of the RPI basket of goods and services, and the associated weights, remain representative of actual household spending a review is conducted on completion of each round of a survey which records the expenditure of households. In Jersey this survey³ involves the analysis of detailed expenditure information from more than 1,000 households and covers over 300,000 individual purchases. In the UK, a Living Costs and Food survey (LCF) is carried out annually by the ONS.

When interpreting the comparisons presented in this report, it is important to remember that the data relates to average (mean) prices in each of the jurisdictions. Whilst averages provide a meaningful perspective, there will of course be differences in the prices of items in shops throughout each jurisdiction; some prices will be lower than the average and others will be higher. In addition, for the UK there will also be differences between regions and within regions⁴.

Another source of difference that can affect price comparisons is quality; higher quality goods or services generally cost more than those of lower quality. This is accounted for in the RPI by ensuring that the index is representative of the range of products available for a specific item. However, in considering the comparisons it is important to remember that a higher quality product is likely to be priced above the average.

Furthermore, a product could be rising in price at a faster rate in one jurisdiction than in another but may be starting from a lower price base; thus, a greater rate of price increase does not necessarily mean a product is more expensive.

³ The 1998/9 and 2005/6 Jersey Household Expenditure Surveys (HES) and the 2009/10 Jersey Household Spending and Income Survey (HSIS). The data collected by the 2014/2015 HSIS is currently being analysed by the States of Jersey Statistics Unit.

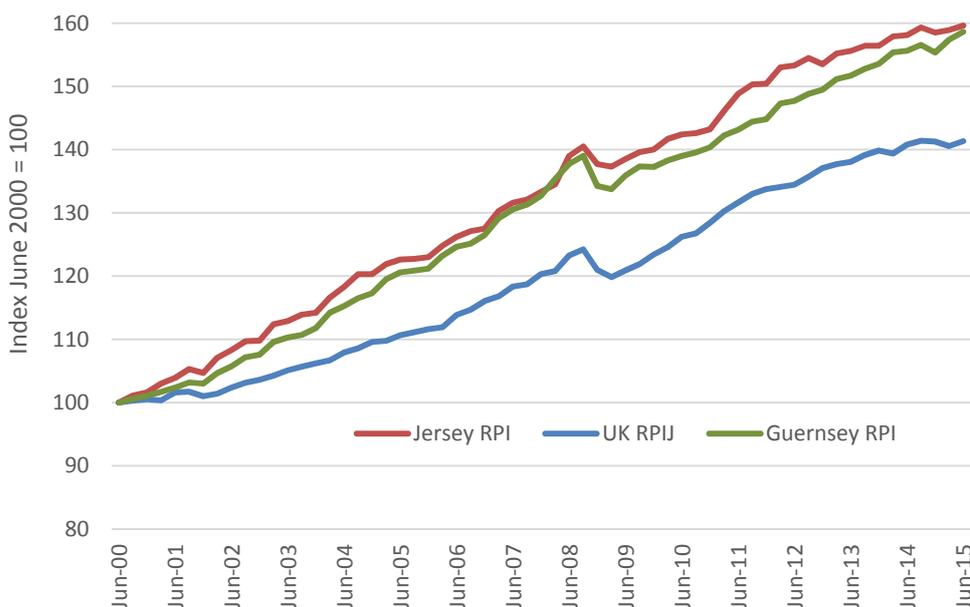
⁴ UK Relative Regional Consumer Price levels for Goods and Services for 2010; Office for National Statistics.

Overall Consumer Price Inflation

For methodological reasons⁵, the appropriate comparison with the UK is that of the Jersey and Guernsey all-items RPI with the UK RPIJ.

Figure 1 shows that the Jersey RPI increased by 60% between June 2000 and June 2015. The Guernsey RPI recorded a similar increase of 59% over this period; whilst the UK RPIJ saw a smaller overall increase of 41%.

Figure 1 – Jersey and Guernsey RPI and UK RPIJ; June 2000 to June 2015⁶



Since 2000 there have been two distinct periods in the relative behaviour of retail prices in the three jurisdictions:

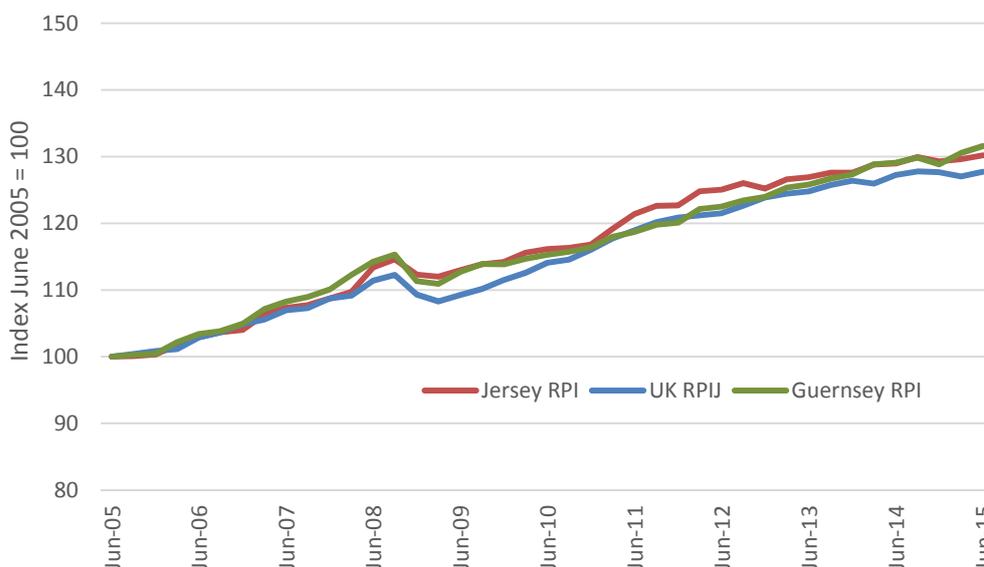
- between 2000 and 2005 prices increased by more in Jersey (23%) and Guernsey (21%) than in the UK (11%);
- from 2005 to 2015 the overall price increases have been relatively similar: 30% in Jersey, 32% in Guernsey and 28% in the UK (see Figure 2).

Since most of the divergence between the three jurisdictions in retail price indices (overall and at group and section levels) occurred before 2005, focussing on more recent years removes the effect of the earlier divergence and provides a better understanding of any more recent differences.

⁵ The outcome of a consultation on the UK RPI conducted by the UK National Statistician in 2012 was that the UK RPI did not meet international standards and that a new index (RPIJ) should be published; from March 2013 the UK have published RPIJ. The annual percentage change in the UK RPI is systematically greater than RPIJ, due predominantly to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias and is methodologically similar to that of the UK RPIJ.

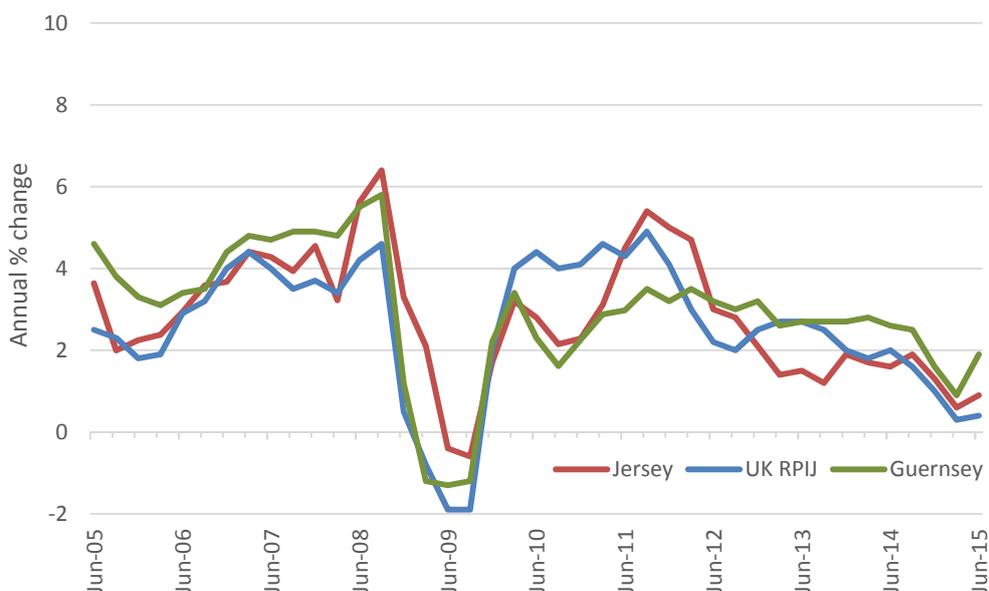
⁶ In Figure 1 all indices are based to June 2000 = 100.

Figure 2 - Jersey and Guernsey RPI and UK RPIJ; June 2005 to June 2015⁷



Most recently, during the twelve months to June 2015, the RPI increased by 0.9% in Jersey and by 1.9% in Guernsey, whilst RPIJ increased by 0.4% in the UK (Figure 3).

Figure 3 - Annual percentage change in Jersey and Guernsey RPI and UK RPIJ; June 2005 to June 2015



Underlying inflation

RPI(X) is the (all-items) RPI excluding mortgage interest payments; the annual change of RPI(X) may be considered as a measure of underlying inflation.

In June 2015, the annual change of RPI(X) was 1.0% in Jersey, 1.5% in Guernsey and 1.1% in the UK⁸.

⁷ In Figure 2, the Jersey, Guernsey and UK indices have been re-based to June 2005 = 100.

⁸ The annual change of the UK RPI(X) is also susceptible, in principle, to an upward bias due to the formula effect. The upward bias of the UK RPI(X) is not quantified by the UK Office for National Statistics.

Effect of tax changes

A major difference between the three jurisdictions is the type and amount of tax that is levied on certain goods and services. Alcohol, tobacco and motor fuels are subject to impôts in Jersey and Guernsey and to duty in the UK. Many items are also subject to VAT in the UK at the rate of 20%⁹, whilst in Jersey many items are subject to a Goods and Services Tax (GST) at the rate of 5%¹⁰. Although the majority of items are subject to GST in Jersey there are some exemptions, for example school fees, doctors, dentists and optician fees. Guernsey does not currently have a comparable tax.

The impact of these different tax structures on price changes and on price levels is discussed throughout the report where impôts and duty apply. Furthermore, it is important to consider the effect of the changes to the rate of VAT in the UK which occurred between December 2008 and January 2011 and of the introduction and change in the rate of GST in Jersey:

- the introduction of GST in Jersey at the rate of 3% in May 2008 contributed 1.9 percentage points (pp) to the annual rate of increase of the RPI in June 2008; this contribution from GST remained in the annual increases of the RPI for four quarters, up to and including March 2009;
- the increase in the rate of GST in Jersey from 3% to 5% in June 2011 contributed 1.3 pp to the annual rate of increase of RPI in June 2011; this contribution from GST remained in the annual increase of the RPI for four quarters, up to and including March 2012.

RPI(Y) is a measure of underlying inflation which removes mortgage interest payments as well as the effects of the introduction or changes in indirect taxes¹¹ such as GST and VAT. Over the twelve months to June 2015 the annual change of RPI(Y) in both Jersey and UK was 1.0% and in Guernsey it was 1.3%.

Group level analysis

Considering the groups which make up the RPI shows can help explain any differences seen in the overall rates of increase of the RPI. Therefore, it is useful to look directly at the annual *percentage* changes of each RPI group in each jurisdiction (Figures 4 to 6).

It should be noted that the UK RPIJ is not published at group level. Therefore, *group-level comparisons are made between the Jersey's RPI and the UK RPI.*

The effect of a percentage change for a particular group on the overall RPI could, in principle, be susceptible to different weights being used in each of the RPIs. For example, if a group had a larger weight in Jersey than in the UK then the same price rise for that group would result in a larger impact on the Jersey RPI. However, broadly speaking, the weights are similar in both indices, with differences easily understood.

⁹ UK VAT rate was increased from 17.5% to 20% on 4th January 2011.

¹⁰ GST was introduced in Jersey in May 2008 at the rate of 3%; the rate of GST increased to 5% in June 2011.

¹¹ RPI(Y) was introduced as a measure of underlying inflation in Jersey in December 2007. The annual change of the UK RPI(Y) is susceptible, in principle, to an upward bias due to the formula effect. The upward bias of the UK RPI(Y) is not quantified by the UK Office for National Statistics.

For example, Personal goods and services has a weight of 6.6 out of 100 in the Jersey RPI compared with a weight of 4.1 in the UK RPI. This group has a larger weight in the Jersey RPI largely because the proportion of average household expenditure on health and personal care in Jersey is greater than in the UK. Similarly, Household services has a weight of 10.4 in Jersey compared with 6.5 in the UK; this group includes school fees, which has a larger weight in the Jersey RPI due to the proportion of average household expenditure on private education being greater in Jersey than in the UK.

Figures 4 to 6 show the annual percentage changes in June 2015 of the groups that make up the RPI in Jersey, the UK and Guernsey.

Figure 4 - Jersey RPI group percentage changes, June 2015

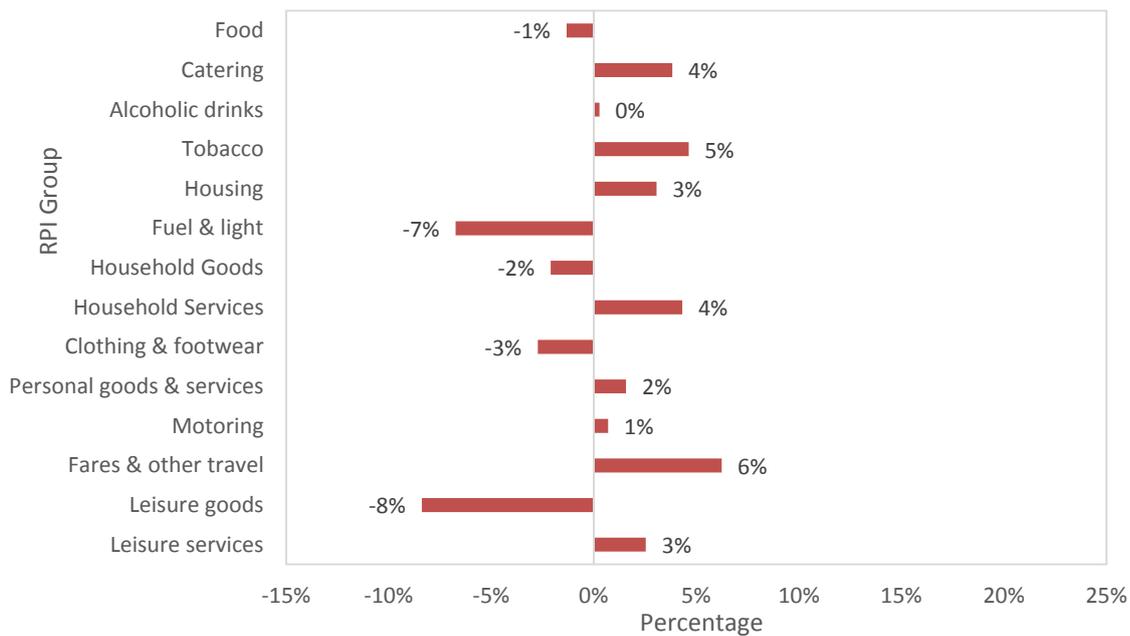
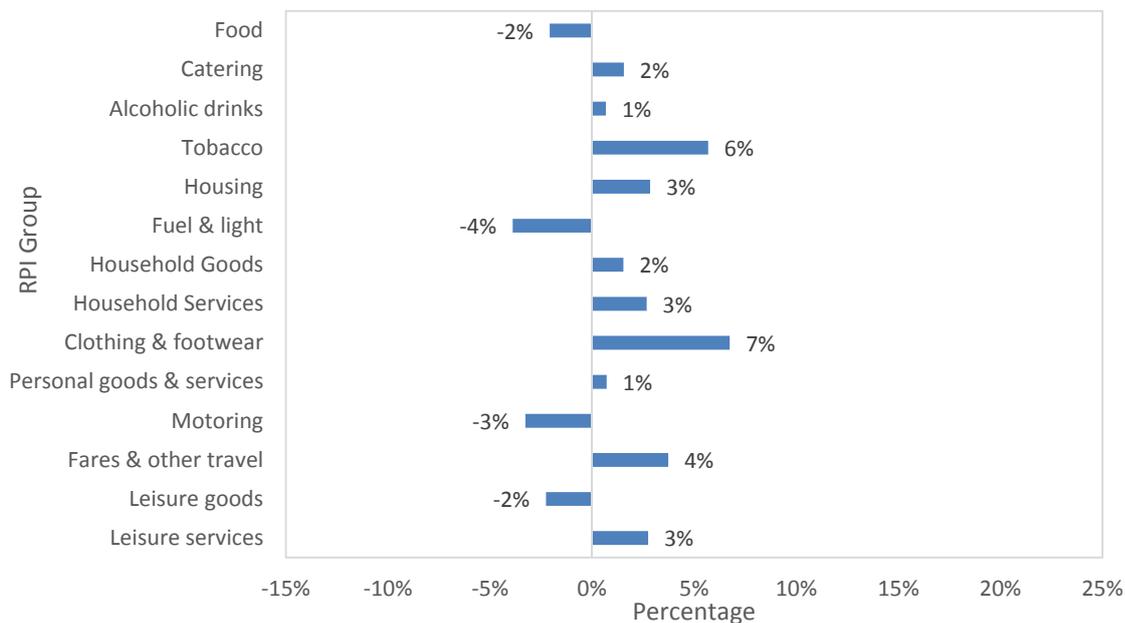


Figure 5 - UK RPI group percentage changes, June 2015



Despite the fact that global factors influence all three jurisdictions, local trends and issues in each location dictate the full effect of such factors. In particular:

- **Motoring** costs, overall, decreased by 3.3% over the twelve months to June 2015 in the UK but increased by 0.7% in Jersey. This difference was largely due to two factors: the cost of purchasing motor vehicles decreased in the UK but increased in Jersey; and the fall in petrol and diesel prices is given greater weight in the UK indices than in Jersey;
- in contrast, **Clothing & footwear** saw lower prices in Jersey on an annual basis but increased in price in the UK over the same period; whilst **Leisure goods** saw a greater fall in prices on an annual basis in Jersey than in the UK.

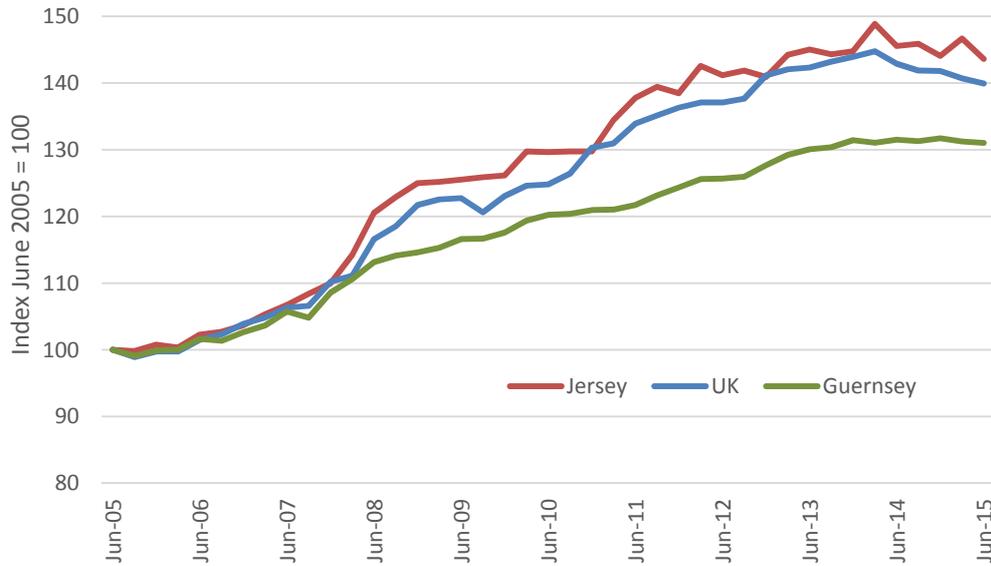
Comparing price indices with Guernsey, over the twelve months to June 2015 the annual change of the RPI in Jersey (0.9%) was lower than in Guernsey (1.9%). At group level (Figures 4 and 6) the difference in the annual rates of increase of the RPI in Jersey and Guernsey was largely due to the Fares & other travel and Leisure services groups, both of which saw greater increases on an annual basis in Guernsey than in Jersey, and the Leisure goods group which saw prices decrease, on average, in Jersey but were relatively unchanged in Guernsey. In contrast, during the twelve months to June 2015, the Household services group saw a greater increase in prices in Jersey than in Guernsey.

Figure 6 - Guernsey RPI group percentage changes, June 2015



Group 1: Food (weight in Jersey RPI: 10.9 out of 100)

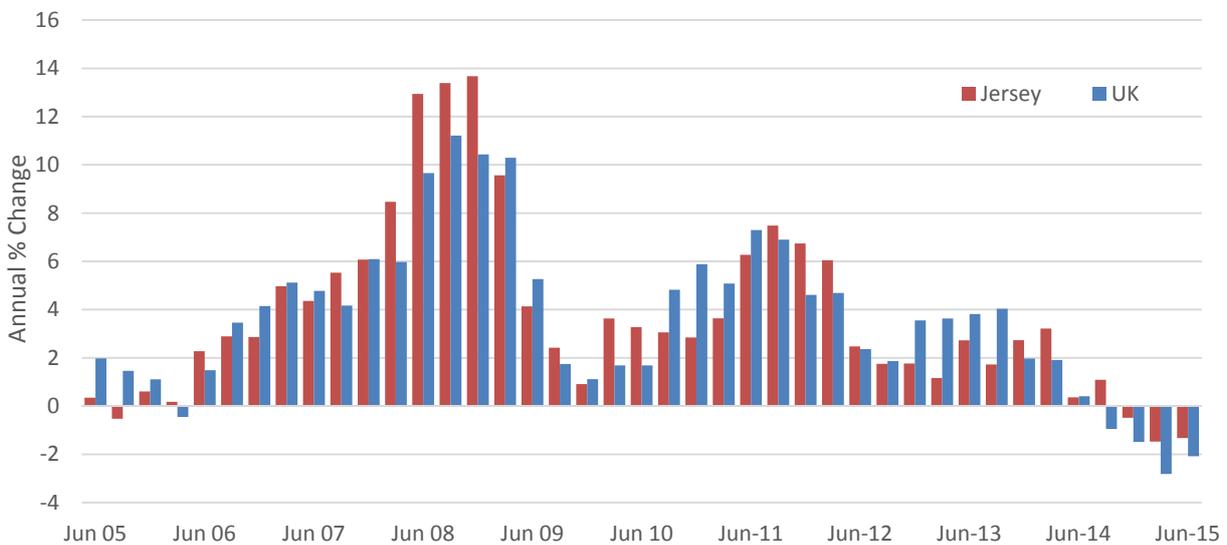
Figure 7 - Food group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015



Over the last ten years, Food prices overall have increased by 44% in Jersey, by 40% in the UK and by 31% in Guernsey (Figure 7). The effects of the introduction and increase in the rate of GST in Jersey in May 2008 and June 2011, respectively, are apparent in Figure 7.

The Food group saw rates of inflation peak in 2008, with both Jersey and the UK recording annual changes of more than 10% (Figure 8); increases of this magnitude had not been seen by the Food group since the 1990s. More recently the food group has recorded decreases in overall prices on an annual basis; over the twelve months to June 2015, Food prices decreased by 1.3% in Jersey, by 2.1% the UK, and by 0.4% in Guernsey.

Figure 8 - Jersey and UK Food group annual percentage changes;
June 2005 to June 2015



There are 29 sections in the RPI Food group; the sub-indices for several sections are presented in Figures 9 to 16 for Jersey and the UK. In interpreting the relative difference in prices between jurisdictions it should be noted that special offers and seasonality can impact upon the prices of some foods. Furthermore GST applies to all food items in Jersey whilst VAT applies to only some food items in the UK.

Figure 9 shows that bread prices have increased by 40% in Jersey and by 35% the UK since 2005. During the twelve months to June 2015 the average price¹² of bread decreased in both Jersey and the UK, down by 3% and 8%, respectively.

Figure 9 - Bread section of RPI

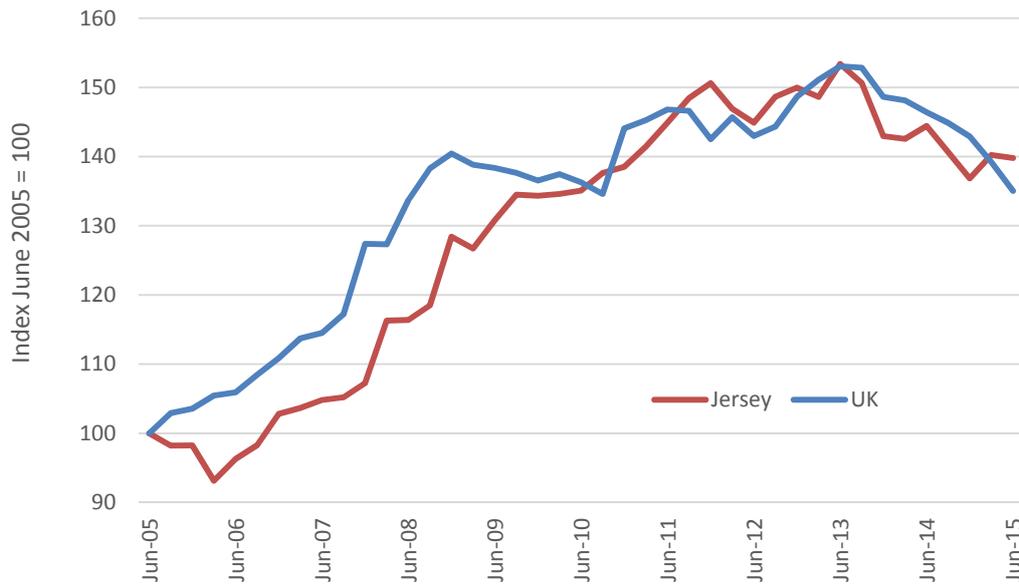
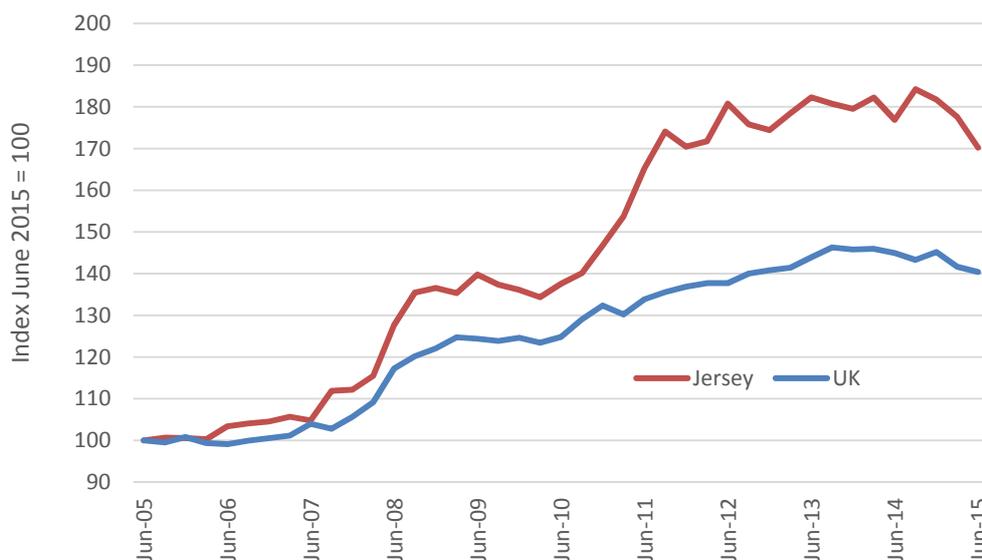


Figure 10 shows that over the last ten years, the prices of cereals have risen by more in Jersey (70%) than in the UK (40%). During the twelve months to June 2015 cereal prices decreased by 4% in Jersey and by 3% in the UK.

Figure 10 - Cereals section of RPI

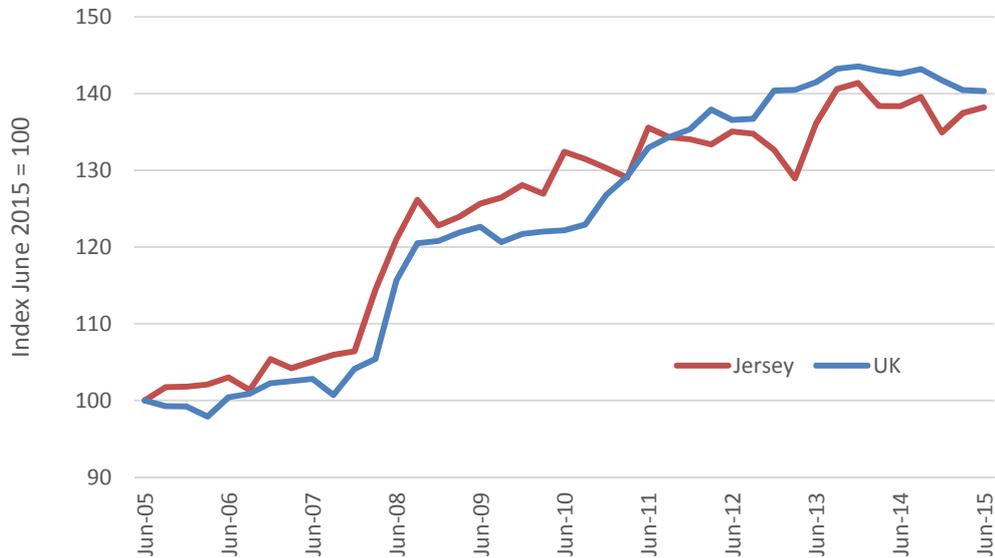


¹²Unless specified, all “averages” are calculated as the mean average.

The prices of biscuits and cakes have risen by more in Jersey (66%) than in the UK (54%). During the twelve months to June 2015 the price of biscuits and cakes in both Jersey and the UK was essentially unchanged over the year.

Since 2005, both Jersey and the UK have seen meat prices increase, overall, up by 38% in Jersey and by 40% in the UK – see Figure 11.

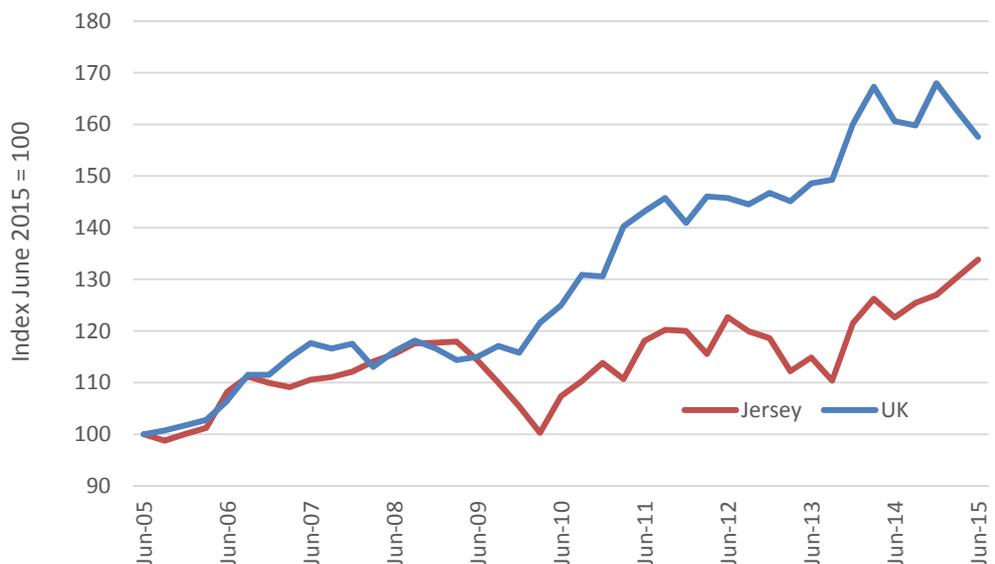
Figure 11 - Meat section of RPI



Within the meat sections, the prices of pork, lamb, bacon and poultry have seen greater overall increases since 2005 in the UK than in Jersey. In contrast, beef prices have increased more in Jersey compared to in the UK over the same period.

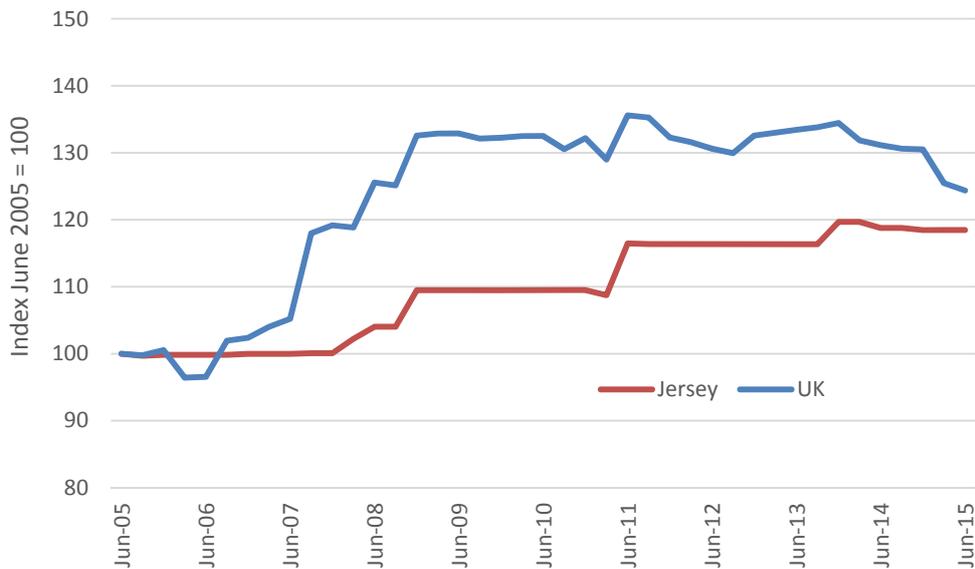
Between June 2005 and June 2015 fresh fish prices rose by 34% in Jersey and by 58% in the UK (Figure 12). Over the twelve months to June 2015 the price of fresh fish increased by 9% in Jersey while prices decreased by 2% in the UK.

Figure 12 - Fresh fish section of RPI



Since 2005 the price of milk has risen by a quarter (24%) in the UK and by almost a fifth (18%) in Jersey (Figure 13). The average price of milk in Jersey in June 2015, however, was over two-fifths higher than in the UK (corresponding to 19 p per pint - Table 4).

Figure 13 - Fresh milk section of RPI



Since 2005, the price of butter has increased by less in Jersey (58%) than in the UK (86%). Most recently, over the twelve months to June 2015, the price of butter was unchanged in Jersey and decreased by 4% in the UK. In contrast, the price of other milk products (yoghurt, cream etc.) has risen more in Jersey (59%) than in the UK (35%) over the last ten years.

The price of tea in both Jersey and the UK decreased by 5% over the twelve months to June 2015. Over the last ten years, since 2005, tea prices have seen similar overall increases in Jersey (45%) and in the UK (48%) – see Figure 14.

Figure 14 - Tea section of RPI

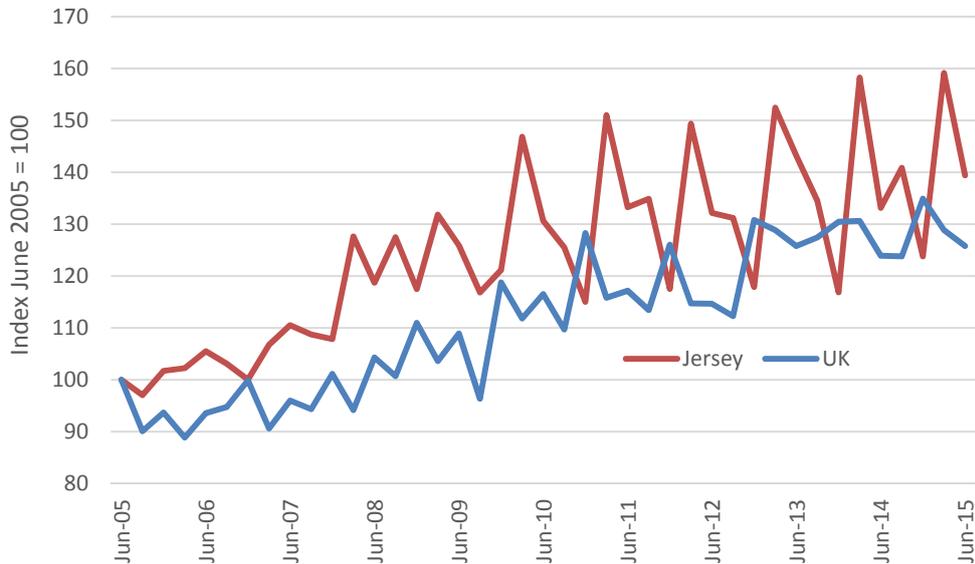


Coffee has seen a smaller overall increase in price in Jersey since 2005, up by 25% compared with an increase of 47% in the UK.

The price of oils and fats has increased by 48% in Jersey and by 36% in the UK since 2005. More recently, over the twelve months to June 2015, prices decreased by 5% in Jersey and by 11% in the UK.

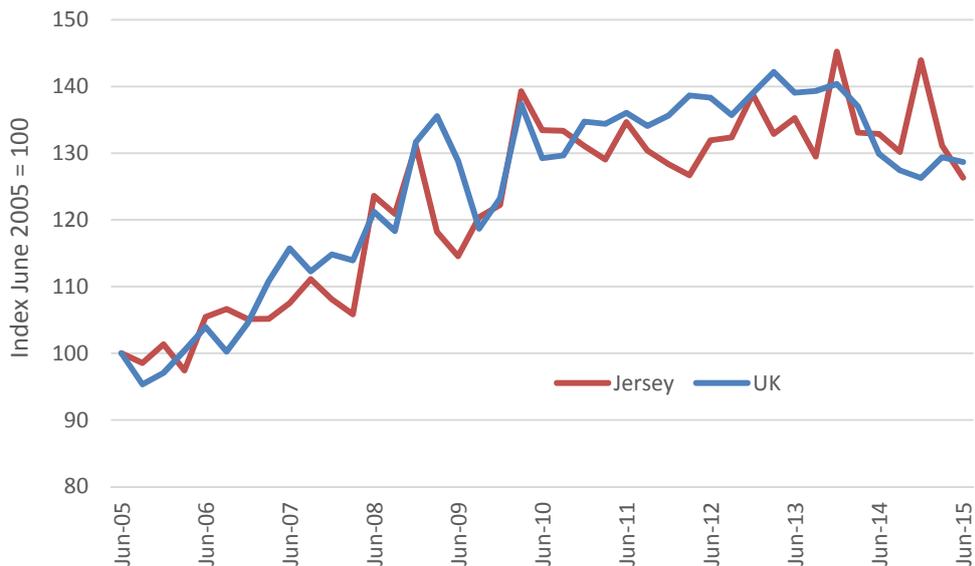
Since June 2005 the price of fresh fruit has increased by around two-fifths (39%) in Jersey and around a quarter (26%) in the UK. The clear seasonality in the average overall price of fruit is apparent in Figure 15.

Figure 15 - Fresh fruit section of RPI



Fresh vegetables have seen similar overall increases in price in Jersey and in the UK since 2005 (Figure 16), up by 26% and 29%, respectively.

Figure 16 - Fresh vegetables section of RPI



Where data are available, it is possible to look at a direct comparison of average prices of various food items in June 2015 for Jersey and the UK (Tables 1 -5). Comparisons over the ten-year period 2005 to 2015 are shown in the Annex for Jersey and the UK.

Percentage differences between Jersey and the UK, shown in tables and annex, are calculated from un-rounded numbers and are then rounded to the nearest integer. A positive percentage difference implies that the Jersey average price is greater than that in the UK.

Meat and fish

In June 2015 the average price of meat (items for which prices were available) was about a sixth (17%) higher in Jersey than in the UK (see Table 1). This overall price difference for meat was similar to that seen during the preceding ten years.

**Table 1 - Average retail prices of matched Meat & Fish items in Jersey and the UK:
June 2015**

Item	Mean price (in pence)		Percentage difference
	Jersey	UK	
Beef: fresh per kg			
Best beef mince	701	779	-10
Topside	1320	1157	14
Rump Steak	1717	1627	6
Lamb: fresh per kg			
Shoulder (without bone)	1005	839	20
Pork: fresh per kg			
Loin (with bone)	758	647	17
Chicken: roasting, oven-ready, per kg			
Fresh or chilled	396	314	26
Other Meat			
Gammon, per kg	764	746	2
Bacon, back, per kg	945	865	9
Ham 100 - 125g	215	164	31
Pork sausages, per kg	593	478	24
Overall (Weighted) – all Meat			17
Fresh fish: per kg			
White fillets	1530	1305	17
Salmon fillets	1530	1467	4
Overall (Weighted) – all Fish			12

The price of fresh fish was 12% higher in Jersey than in the UK; white fish was 17% more expensive in Jersey and salmon was 4% more expensive in Jersey.

Fruit and vegetables

Overall, the average price of fruit was a third (33%) higher in Jersey than in the UK in June 2015. This overall price difference was similar to the average difference seen during the preceding ten years (32%). No items (for which matched price quotes were available) were cheaper to purchase locally (see Table 2).

Fresh vegetables (for which matched price quotes were available) were two-fifths (39%) more expensive in Jersey than in the UK in June 2015. This overall price difference is greater than the average difference seen during the preceding ten years (28%). There were no fresh vegetables (for which matched price quotes were available) cheaper in Jersey than the UK in June 2015 (see Table 3).

Table 2 - Average retail prices of matched Fruit in Jersey and the UK: June 2015

Item	Mean price (in pence)		Percentage difference
	Jersey	UK	
Fresh fruit			
Apples: cooking, per kg	199	170	17
Apples: dessert, per kg	212	193	10
Pears: dessert, per kg	236	206	15
Oranges: all sizes, each	45	35	27
Bananas, per kg	144	86	68
Grapes, per kg	588	438	34
Avocado, each	117	97	21
Overall (Weighted) – Fresh fruit			33

Table 3 - Average prices of matched Vegetables in Jersey and the UK: June 2015

Item	Mean price (in pence)		Percentage difference
	Jersey	UK	
Fresh vegetables			
Potatoes: old whites, loose, per kg	108	77	41
Potatoes: new, loose, per kg	170	156	9
Tomatoes, per kg	237	203	17
Cauliflower, each	156	100	56
Carrots, per kg	122	78	56
Onions, per kg	107	82	31
Mushrooms, per kg	404	310	30
Cucumber, each	109	56	95
Lettuce: iceberg, each	108	61	78
Overall (Weighted) – Fresh vegetables			39

Dairy produce

A pint of milk was, on average, 19 p (44%) more expensive in Jersey than in the UK in June 2015 (see Table 4).

**Table 4: Average retail prices of matched dairy produce in Jersey and the UK:
June 2015**

Item	Mean price (in pence)		% difference
	Jersey	UK	
Dairy produce			
Block butter, per 250g	173	160	8
Cheddar cheese, per kg	910	782	16
Eggs, size 4, per dozen	323	228	42
Milk, pasteurised, per pint	63	44	44

Bread and other foods and drinks

In general, the other foods for which comparable prices were available were more expensive to purchase in Jersey than in the UK in June 2015 (see Table 5).

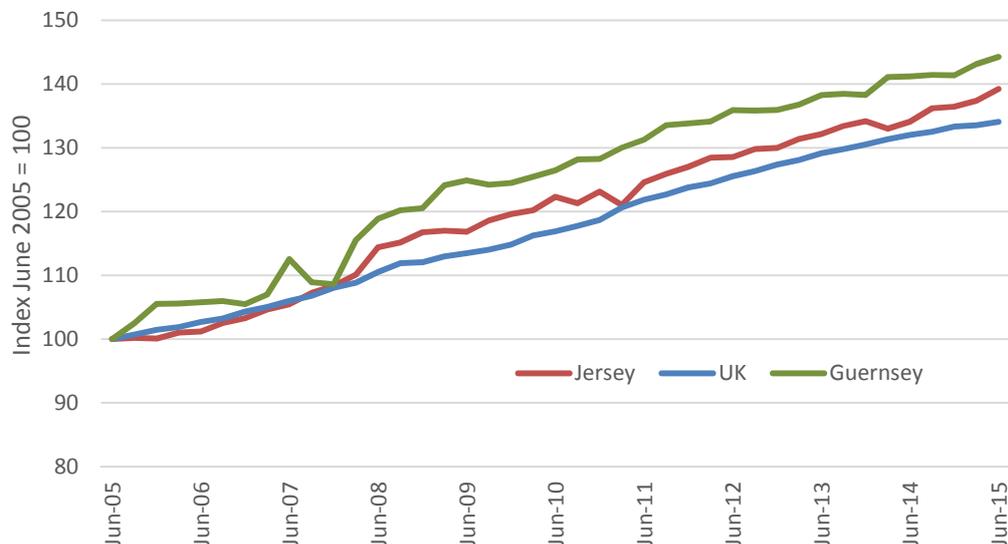
**Table 5 - Average retail prices of matched other food items in Jersey and the UK:
June 2015**

Item	Mean price (in pence)		% difference
	Jersey	UK	
Other foods & soft drinks			
Bread: white loaf, sliced, 800g	116	102	13
Bread: wholemeal loaf, sliced, 800g	155	100	55
Flour, self-raising, per 1.5kg	158	90	76
Sugar, granulated, per kg	83	74	12
Tea bags, per 250g	236	186	27
Coffee, pure, instant, per 100g	333	275	21

Group 2: Catering (weight in Jersey RPI: 4.6 out of 100)

The overall increase in prices since June 2005 in for the Catering group has been similar in all three jurisdictions (Figure 17): up by 39% in Jersey, by 44% in Guernsey and by 34% in the UK.

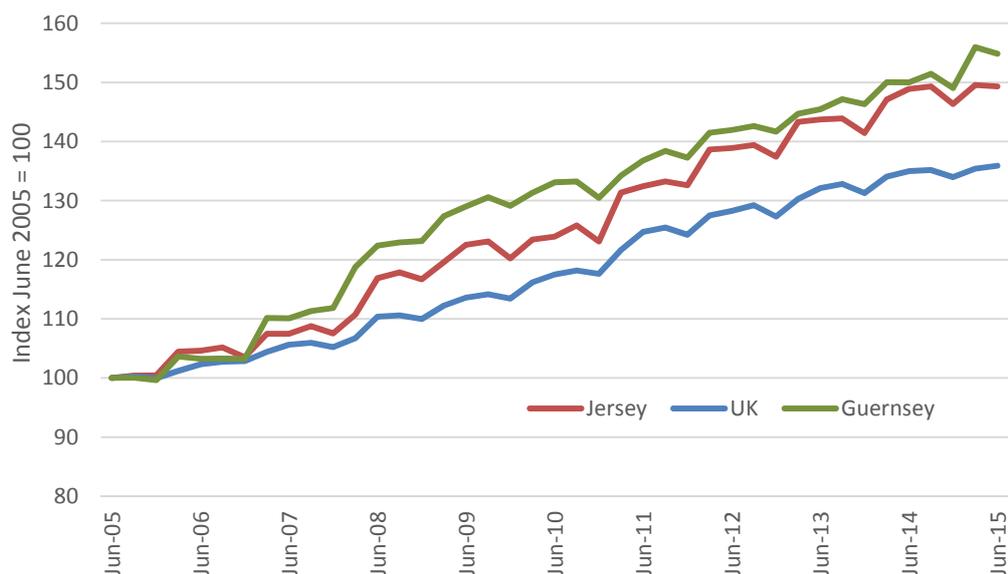
**Figure 17 - Catering group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



Group 3: Alcoholic drinks (weight in Jersey RPI: 5.5 out of 100)

Over the last ten years, the average price of alcoholic drinks has increased by more in both Guernsey (55%) and Jersey (49%) than in the UK (36%).

**Figure 18 - Alcoholic drinks group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



Over the latest twelve months, the price of Alcoholic drinks increased by less than 1% in Jersey and the UK, while prices in Guernsey increased by 3%.

The level of taxes (impôts and excise rates) on alcoholic drinks in each jurisdiction has an impact on this group of the RPI.

For example, the effect of increases in impôts is apparent in the alcoholic drinks index of the Jersey RPI shown in Figure 18; impôts increases levied in a given January result in a step change of this index in the subsequent March.

Table 6 shows the levels of impôts and duties levied on alcoholic drinks in Jersey and the UK in 2005 and the latest two years.

Table 6 - Impôts and Excise duties on alcohol in pence

Item	Jersey			UK		
	2005	2014	2015	2005	2014	2015
Draught bitter / pint	22	34	34	29	43	42
Draught lager / pint	27	45	46	37	53	52
Whisky / 25 ml nip	20	32	32	20	28	28

1. In the UK VAT is also applied to these items, currently at 20%.
2. In Jersey GST is also applied to these items, currently at 5%.
3. ABV (alcohol by volume) is the alcoholic strength.

Table 7 shows that the mean retail prices of alcoholic drinks in Jersey in June 2015 were higher than those in the UK, by 20% for a pint of bitter and by 13% for both a pint of lager and a nip of whisky.

Table 7 - Average retail prices of matched alcoholic drinks in Jersey and the UK:
June 2015

Alcoholic drinks	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
Draught bitter, per pint	354	296	58	20
Draught lager, per pint	391	345	46	13
Whisky, per 25 ml nip	295	260	35	13

The mean **pre-tax** prices of alcoholic drinks, i.e. *before* the application of duties and taxes, were higher in Jersey than in the UK, by almost a £1 for a pint of bitter and lager and by 60p for a nip of whisky. (Table 8).

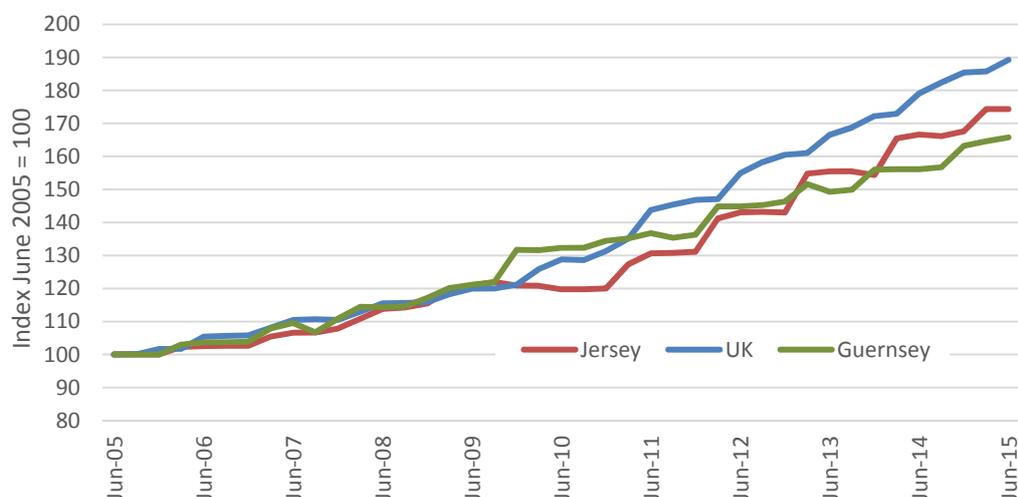
Table 8: Average pre-tax prices of matched alcoholic drinks in Jersey and the UK:
June 2015

Alcoholic drinks	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
Draught bitter, per pint	303	205	98	48
Draught lager, per pint	327	235	92	39
Whisky, per 25 ml nip	249	189	60	31

Group 4: Tobacco (weight in Jersey RPI: 1.7 out of 100)

Over the last ten years, since June 2005, tobacco prices have seen a greater overall increase in the UK (89%) than in Jersey (74%) and Guernsey (66%).

Figure 19 - Tobacco group of the RPI in Jersey, Guernsey and the UK:
June 2005 to June 2015



The impact of increases in duties is also clearly visible in Figure 19, which shows the tobacco group index of the Jersey, Guernsey and UK RPIs.

In the twelve months to June 2015, the price of tobacco products increased by 5% in Jersey and by 6% in both the UK and Guernsey.

Table 9 shows the impôts and duties levied on a pack of cigarettes in Jersey and the UK in 2005 and in the latest two years.

Table 9 - Impôts and Excise duties on tobacco products in pence

Item	Jersey			UK		
	2005	2014	2015	2005	2014	2015
20 Cigarettes	280	476	499	305	507	526

Note: In addition to impôts and excise duties, GST is applied in Jersey and VAT in the UK.

Overall, impôts and taxes accounted for 70% of the retail price of a pack of cigarettes in Jersey in June 2015 and for 76% of the retail price in the UK.

In June 2015 a pack of 20 cigarettes was, on average, 14% less expensive in Jersey than in the UK, corresponding to being £1.25 per pack cheaper in Jersey (Table 10).

Table 10 - Average retail prices of matched tobacco products in Jersey and the UK:
June 2015

Item	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
20 king size filter	764	889	-125	-14

However, as Table 11 shows, the **pre-tax** price of cigarettes was 6% higher in Jersey than in the UK in June 2015, corresponding to 14 p per pack¹³.

Table 11 - Average **pre-tax** prices of matched tobacco products in Jersey and the UK:
June 2015

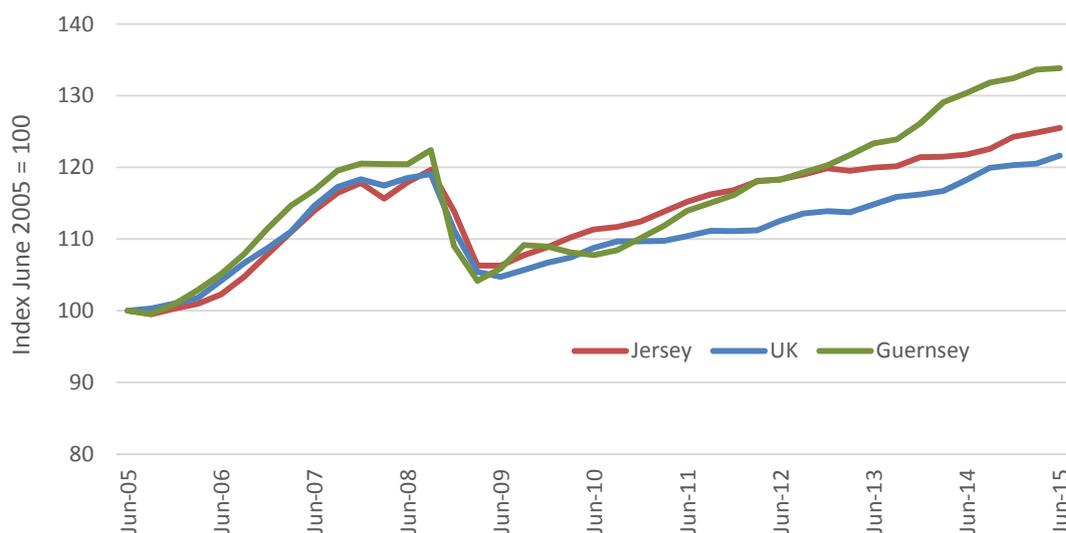
Item	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
20 king size filter	229	215	14	6

Group 5: Housing (weight in Jersey RPI: 21.0 out of 100)

The Housing group has the largest group weight in the Jersey RPI, accounting for more than a fifth of the overall index. The group itself consists not only of house purchase costs (the interest paid on mortgages) but also rents (public and private), rates (Parish and all-Island), water rates, housing repairs and maintenance and DIY materials.

The overall increase in Housing costs (Figure 20) has been greater in Guernsey (34%) than in Jersey (25%) over the past ten years, and greater in both these jurisdictions than in the UK (22%) over the same period.

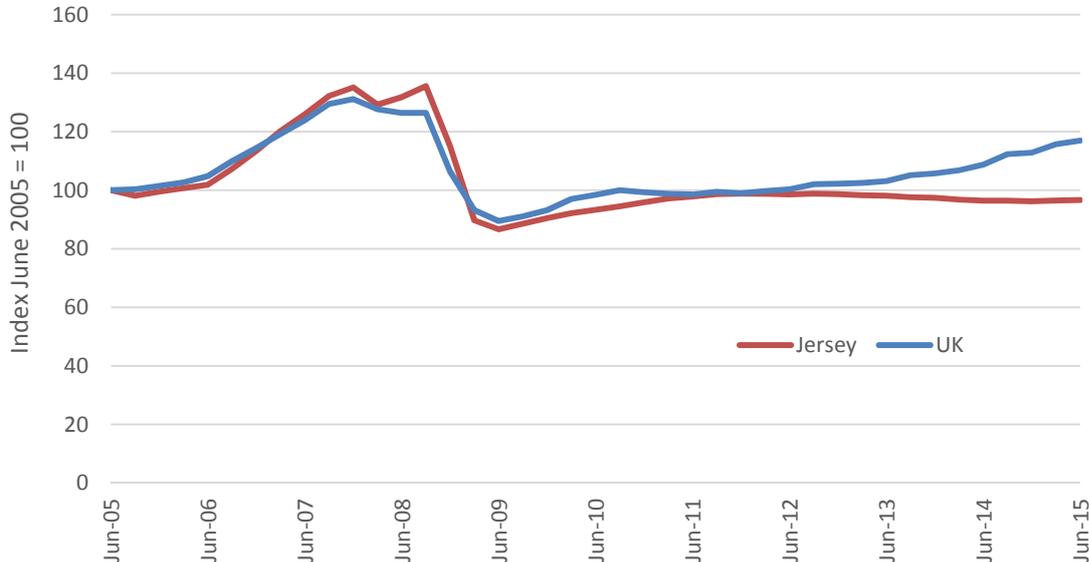
Figure 20 - Housing group of the RPI in Jersey, Guernsey and the UK:
June 2005 to June 2015



¹³ The effect of the different consumption distributions of premium, mid-range, value for money (vfm) and sub-vfm brands in the two jurisdictions is to increase the mean retail and pre-tax prices for Jersey relative to the UK. If a similar consumption distribution was seen in Jersey as in the UK, the mean prices shown for Jersey in Tables 10 and 11 would reduce by almost 10p per pack, such that the mean retail price in Jersey in June 2015 would be around £1.35 lower in Jersey than in the UK and the pre-tax price would be less than 10p greater in Jersey than in the UK.

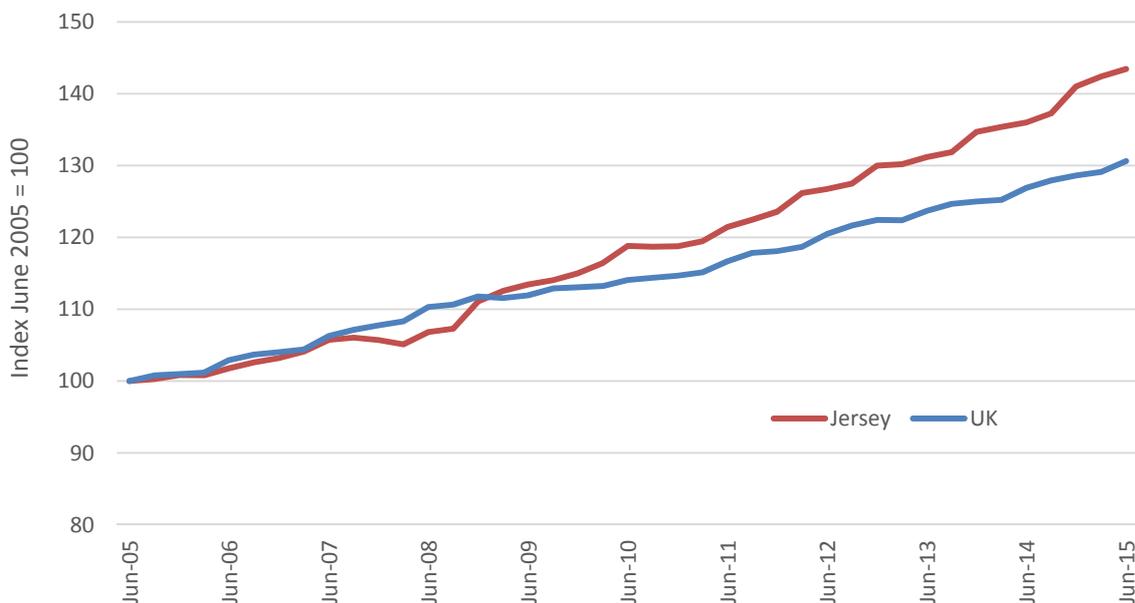
The fall in the Housing group index in late 2008 and early 2009, see Figure 21, was driven by mortgage interest payments reflecting the series of cuts in the Bank of England base rate during that period, from 5.0% in September 2008 to 0.5% in March 2009. Over the ten-year period from June 2005 to June 2015 house purchase costs have decreased by 3% in Jersey but have increased by 17% in the UK.

Figure 21 - House purchase section of RPI



Rental costs (public and private) have risen by more than two-fifths (43%) in Jersey over the past ten years (see Figure 22), a greater increase than that seen in the UK (31%). More recently, over the last twelve months, the increase in rental costs was also greater in Jersey (5%) than in the UK (3%).

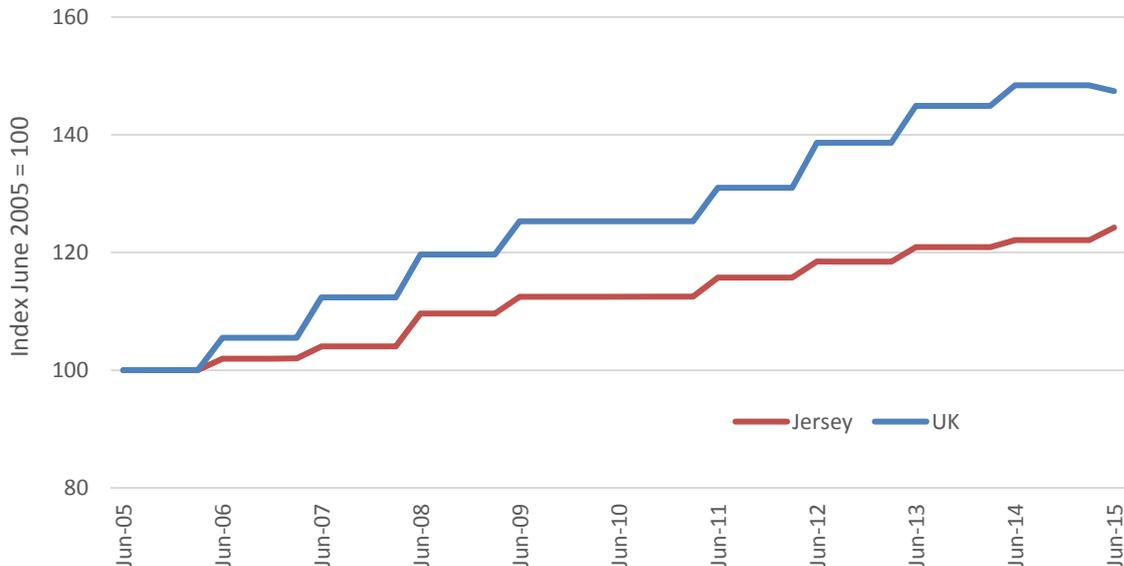
Figure 22 - Rent section of RPI



Overall, since June 2005, domestic rates (council taxes in the UK and Parish and all-Island rates in Jersey) have risen faster in the UK (22%) than in Jersey (8%).

Water rates increased by 2% in Jersey, but decreased by 1% in the UK over the twelve months to June 2015. Since June 2005 water rates have increased by more than a quarter (24%) in Jersey compared with an increase of almost a half (47%) in the UK.

Figure 23 - Water rates section of RPI



Another element of the Housing group is DIY materials. Prices have risen by around two-fifths in both Jersey (42%) and the UK (43%) since June 2005. Over the year to June 2015 prices rose by 3% in Jersey and were essentially unchanged in the UK.

Over the past ten years, repairs and maintenance costs have increased in both jurisdictions, up by 28% in Jersey and by 23% in the UK.

Group 6: Fuel and light (weight in Jersey RPI: 4.7 out of 100)

The Fuel and light group covers fuels used at home i.e. electricity, oil, gas and coal¹⁴.

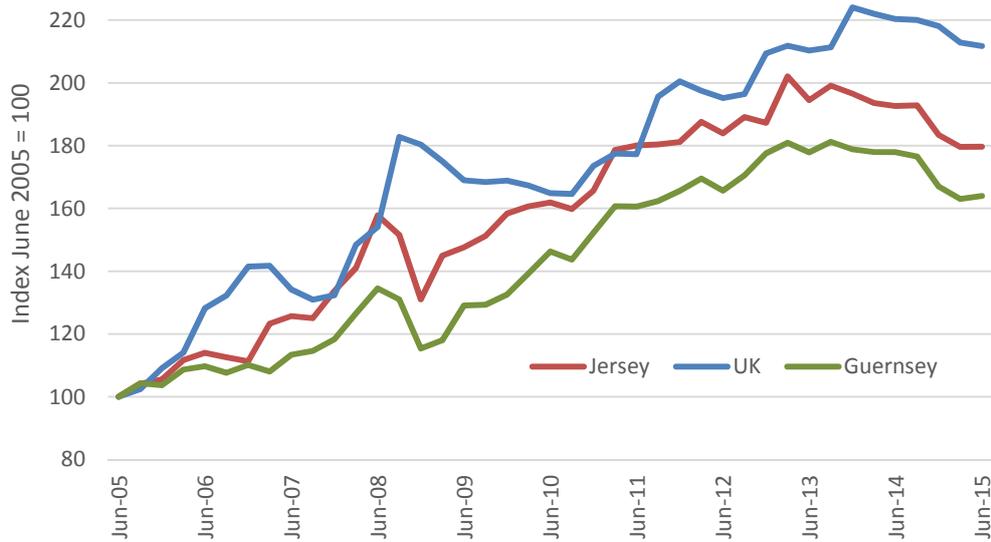
Over the ten years to June 2015, domestic energy prices have increased by more in the UK (up by 112%, corresponding to more than doubling) than in Jersey (up by 80%). During the same period Guernsey recorded a smaller overall increase of 64%.

In the Jersey RPI, heating oil accounts for more than a third (36%) of the Fuel and light group whilst gas accounts for only 6%. In contrast, in the UK gas accounts for 47% of the group and oil for only 4%. Electricity costs account for 55% of the group in Jersey and for 47% in the UK. These differences in proportions mean that the Jersey RPI is more susceptible to short term changes in the price of oil. Fuel proportions in the Guernsey RPI are similar to those for Jersey.

Over the twelve months to June 2015, domestic energy costs, overall, fell by 7% in Jersey and by 8% in Guernsey, while in the UK costs fell by 4%.

¹⁴ Motor fuels are included within the Motoring group.

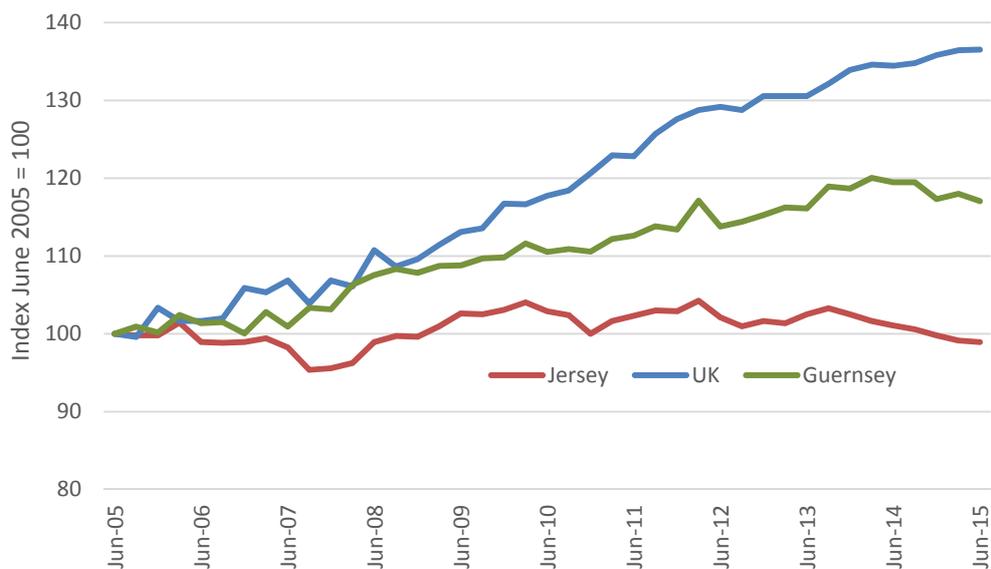
**Figure 24 - Fuel and light group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



Group 7: Household goods (weight in Jersey RPI: 5.5 out of 100)

The Household goods group is wide-ranging, covering furniture, soft furnishings (e.g. duvets, carpets), electrical appliances, kitchen equipment, everyday household items (e.g. washing-up liquid, pens) and pet food. Prices in this group, overall, have seen a marginal decrease in Jersey since June 2005, down by 1% over the ten-year period (see Figure 25) but have increased by 37% and 17% in the UK and Guernsey, respectively. Over the twelve months to June 2015, prices in both Jersey and Guernsey fell by 2%, while the UK recorded an increase of 2%.

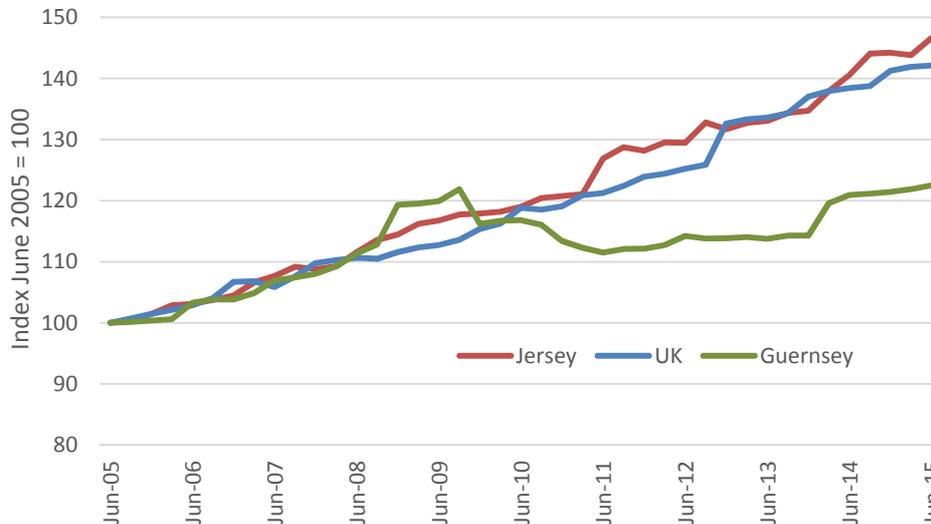
**Figure 25 - Household goods group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



Group 8: Household services (weight in Jersey RPI 10.4 out of 100)

The Household services group includes postage, telephone charges, domestic services (such as dry-cleaning and child-minding) and fees and subscriptions.

**Figure 26 - Household services group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**

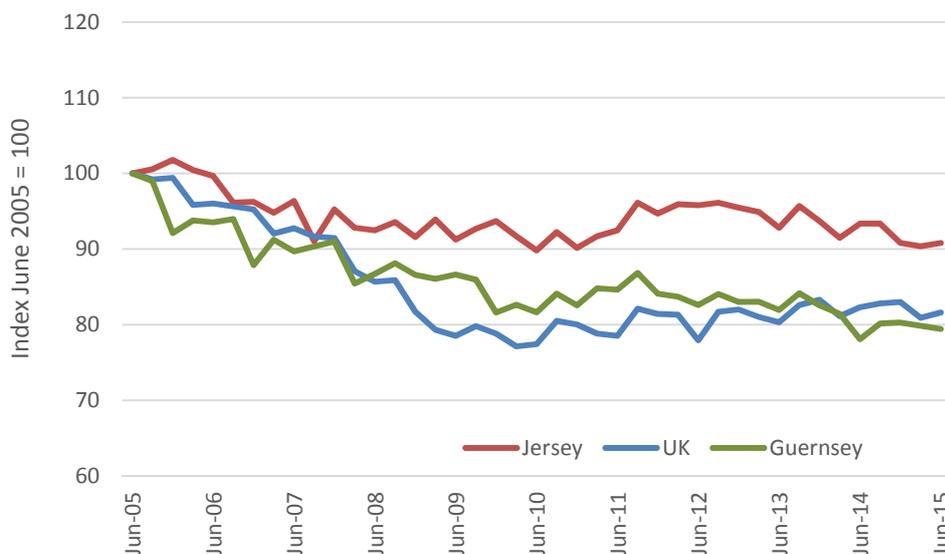


Overall prices in this group have increased by similar amounts in Jersey (47%) and in the UK (42%) over the last ten years; Guernsey has seen a smaller overall increase (22%). Over the twelve months to June 2015, costs rose in Jersey by 4%, in the UK by 3% and in Guernsey by 1%.

Group 9: Clothing and footwear (weight in Jersey RPI: 3.2 out of 100)

Due to methodological differences between Jersey and the UK RPI, the appropriate comparison of the Clothing and footwear group in Jersey is that with the Clothing and footwear division of the UK Consumer Prices Index (CPI).

**Figure 27 - Clothing and footwear group of the RPI in Jersey, Guernsey and CPI the UK
June 2005 to June 2015**



The overall average price of clothing and footwear followed a generally downward trend in all three jurisdictions between 2005 and 2011 and has since been relatively flatter.

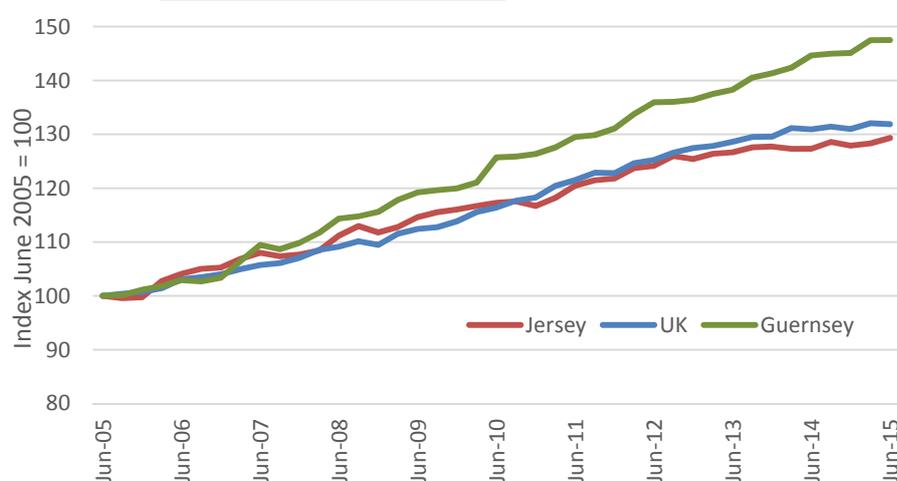
Group 10: Personal goods & services (weight in Jersey RPI: 6.6 out of 100)

The Personal goods and services group includes products such as chemist goods (ranging from painkillers to shampoo and nappies), bags, jewellery and watches, and services such as hairdressing, medical consultations and eye tests.

Overall, prices for these items in Jersey have risen by 29% over the past ten years (see Figure 28); a similar overall increase has been seen in the UK (32%) whilst Guernsey has seen a greater rise (48%).

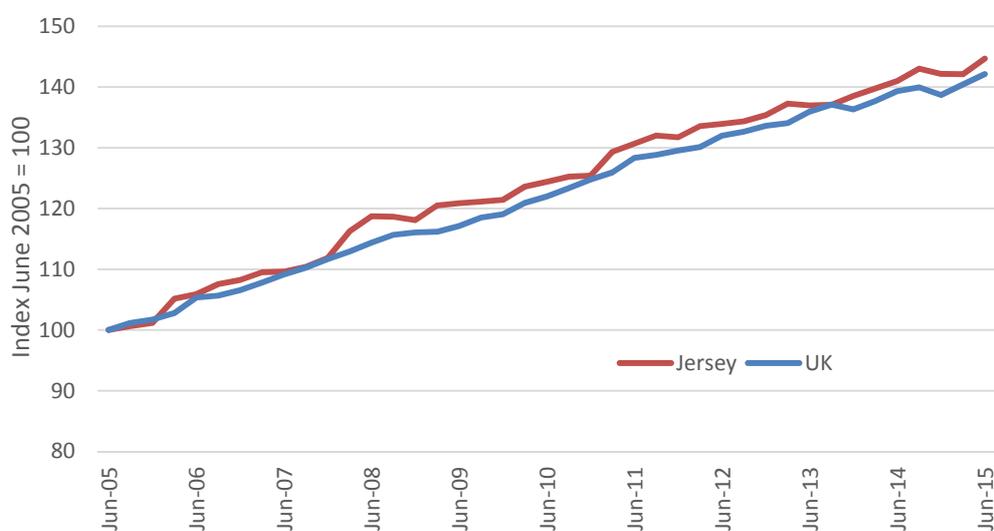
In the twelve months to June 2015 prices increased by 2% in both Jersey and Guernsey, whilst the UK saw a smaller increase of 1%.

**Figure 28 - Personal goods & services group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



Personal services (which includes GP consultations, dentists, opticians, hair and beauty treatments) have seen similar overall price increases in Jersey (45%) and the UK (42%) since 2005 (Figure 29). In the twelve months to June 2015 costs rose, on average, by 3% in Jersey and by 2% in the UK.

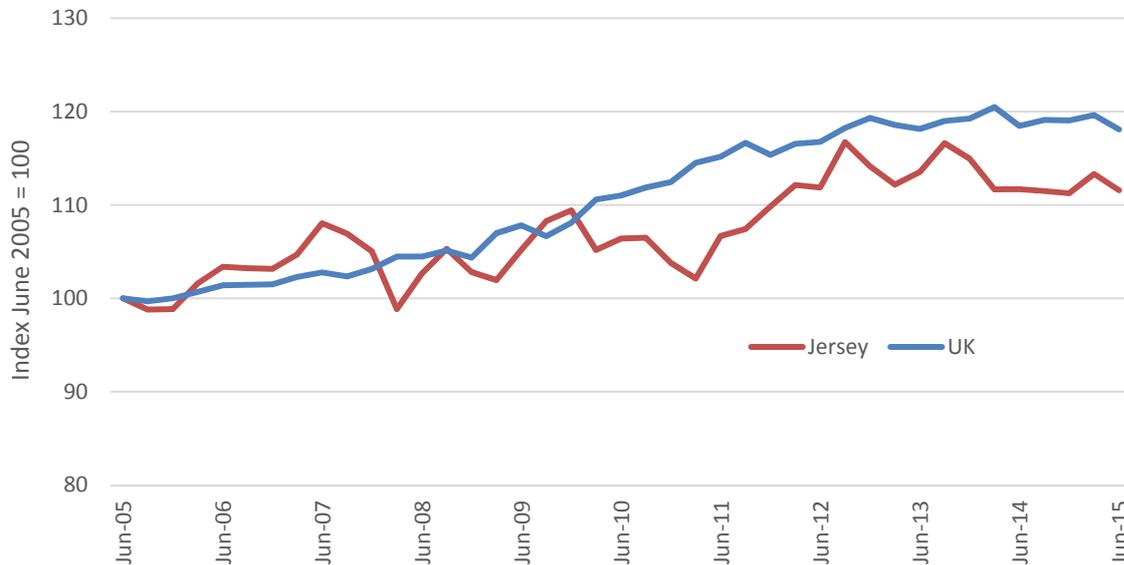
Figure 29 - Personal services section of the RPI



The UK has seen an increase of 18% in the average price of chemist goods over the ten years from June 2005 to June 2015; Jersey prices have increased by 12% over the same period (Figure 30).

Over the latest twelve months, the overall average price of chemist goods has been essentially unchanged in both Jersey and the UK.

Figure 30 - Chemist goods section of the RPI

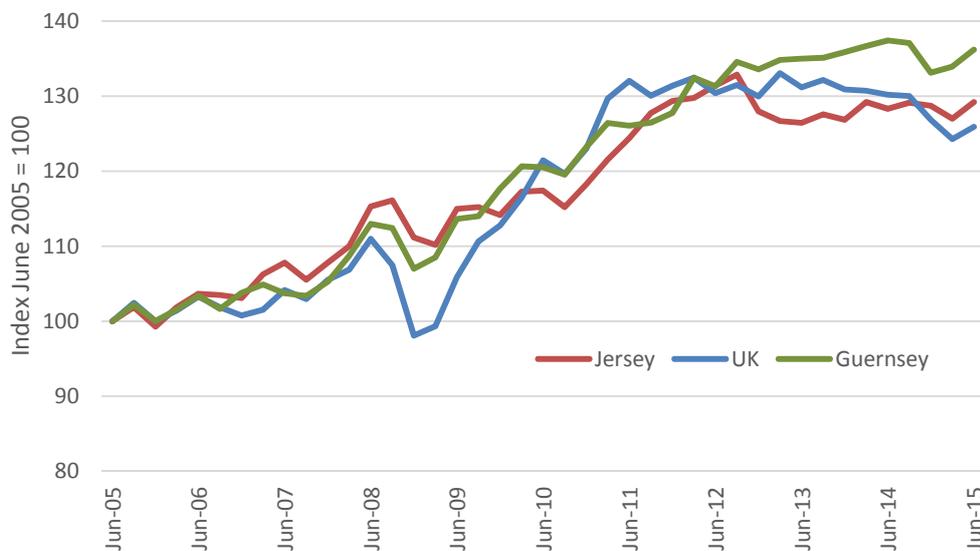


Group 11: Motoring (weight in Jersey RPI: 10.3 out of 100)

The Motoring group has a large group weight in the Jersey RPI and therefore can have a major influence on the movement of the overall index.

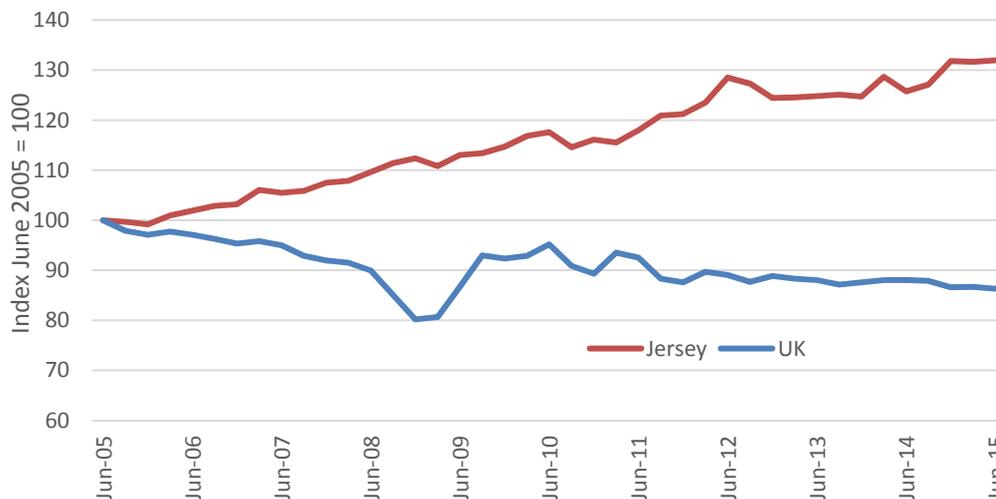
Between 2005 and 2015, motoring costs have increased similarly in Jersey and the UK (up by 29% and 26%, respectively) whilst Guernsey has recorded an increase of 36%.

Figure 31: Motoring group of the RPI in Jersey, Guernsey and the UK June 2005 to June 2015



The largest weight within the Motoring group is for the cost of purchasing motor vehicles. Since 2005 the cost of purchasing motor vehicles has fallen by 14% in the UK but has risen by 32% in Jersey (see Figure 32). More recently, between June 2014 and June 2015, the cost of purchasing motor vehicles decreased by 2% in the UK but increased by 5% in Jersey.

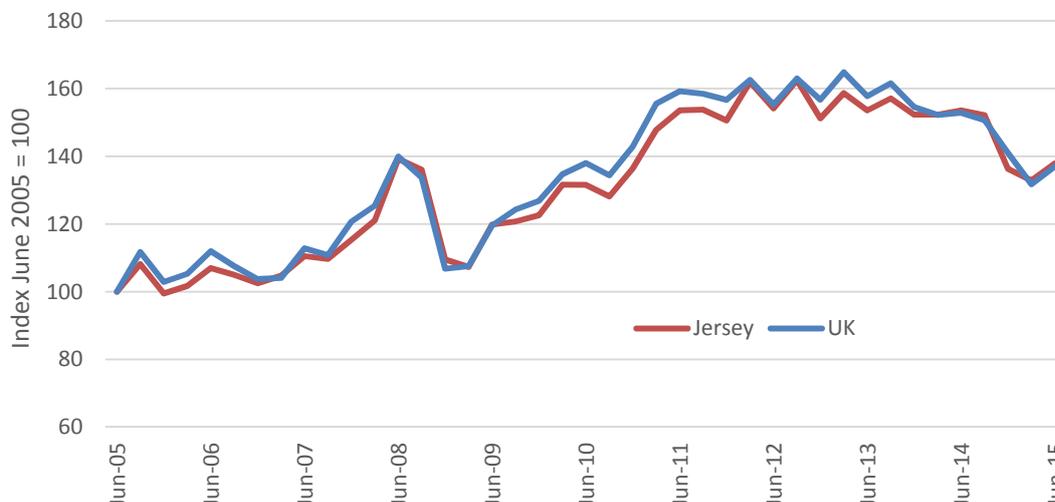
Figure 32 - Motor vehicles section of the RPI



It is important to note that until February 2012 there were methodological differences between Jersey and the UK in terms of how the costs of purchasing vehicles were calculated for use in the respective RPIs. The most significant difference was that in Jersey a range of price quotes were collected from various vendors on a quarterly basis, including new and used cars. In the UK RPI price quotes were only obtained for used vehicles; prices for new cars were then calculated using the used vehicle quotes together with weights for new cars that reflected the manufactures' market share. Since February 2012 the UK methodology has been similar to that of Jersey; between June 2012 and June 2015 the price of motor vehicles increased, on average, by 3% in Jersey but decreased by 3% in the UK.

Another major element of Motoring costs is motor fuels (constituting the largest component of the petrol and oil section of the RPI). Prices have increased by similar amounts in Jersey (38%) and in the UK (37%) between 2005 and 2015.

Figure 33: Petrol and oil section of the RPI



Most recently, between June 2014 and June 2015, motor fuel prices fell by 10% in both Jersey and the UK.

In the latest year, duties on motor fuels increased by 1 p per litre in Jersey; the UK saw no change in duty (see Table 12).

Table 12 - Taxes levied on motor fuels (*pence per litre*)

Fuel	ULSP / premium unleaded			ULSD / diesel		
	2005	2014	2015	2005	2014	2015
Jersey impôts	37	44	45	37	44	45
Jersey impôts + GST	37	49	50	37	49	50
UK duty	47	58	58	47	58	58
UK duty + VAT	60	80	77	60	81	78

ULSP = Ultra low sulphur petrol; ULSD = Ultra low sulphur diesel.

In June 2015 the retail prices of premium unleaded petrol and diesel were, respectively, 4% and 9% lower in Jersey than in the UK, corresponding to being 4 p and 11 p per litre cheaper in Jersey (Table 13).

Table 13: Average retail prices of motor fuels in Jersey and the UK: June 2015

Fuel	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
ULSP/premium unleaded	112	116	-4	-4
ULSD/diesel	110	121	-11	-9

Removing taxes and duties shows that the average **pre-tax** price of premium unleaded petrol in June 2015 was almost 60% higher in Jersey than in the UK, whilst that for diesel was 40% higher in Jersey than in the UK.

Table 14 shows that the **pre-tax** prices of motor fuels was around 20 p per litre higher in Jersey than in the UK.

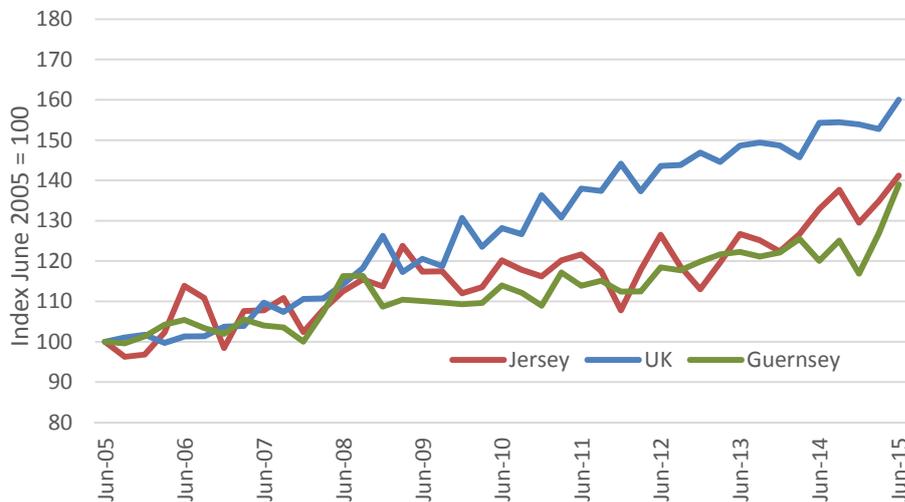
Table 14: Average *pre-tax* prices of motor fuels in Jersey and the UK: June 2015

Fuel	Mean price (in pence)		Difference in Pence	Percentage difference
	Jersey	UK		
ULSP/premium unleaded	62	39	23	59
ULSD/diesel	60	43	17	40

Group 12: Fares & other travel costs (weight in Jersey RPI: 2.6 out of 100)

The majority of this group is made up of travel fares, e.g. air, bus, ferry and taxi in all three jurisdictions and includes train fares in the UK. Over the last ten years, the overall Fares and other travel group index has increased by 41% in Jersey, by 60% in the UK and by 39% in Guernsey (Figure 34).

**Figure 34 - Fares and travel group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**



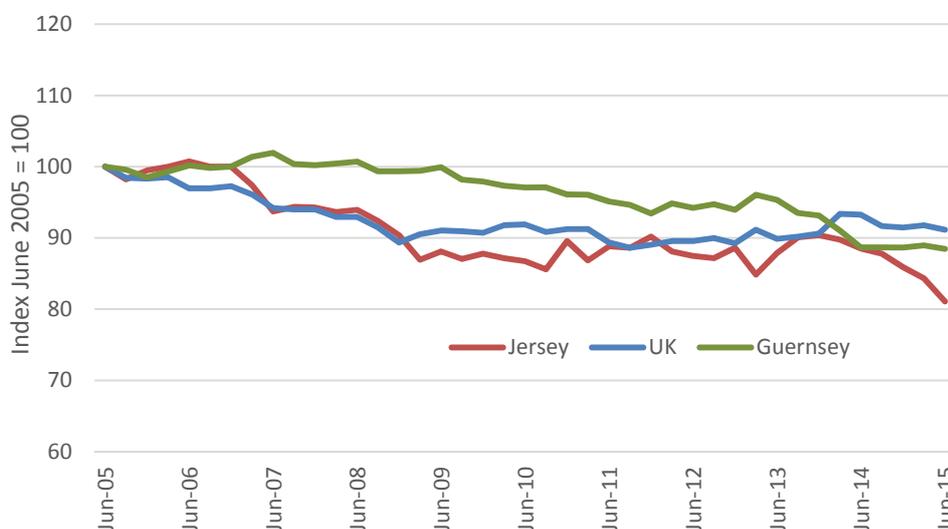
Between June 2014 and June 2015, prices increased by 6% in Jersey, by 4% in the UK and by 16% in Guernsey.

Group 13: Leisure goods (weight in Jersey RPI: 4.1 out of 100)

Leisure goods cover a wide range of items which people buy for leisure-time activities, such as audio-visual and photography equipment, CDs, toys, sports equipment, books and newspapers.

Between 2005 and 2015, prices decreased in all three jurisdictions: by 19% in Jersey, by 12% in Guernsey and by 9% in the UK.

**Figure 35 - Leisure goods group of the RPI in Jersey, Guernsey and the UK
June 2005 to June 2015**

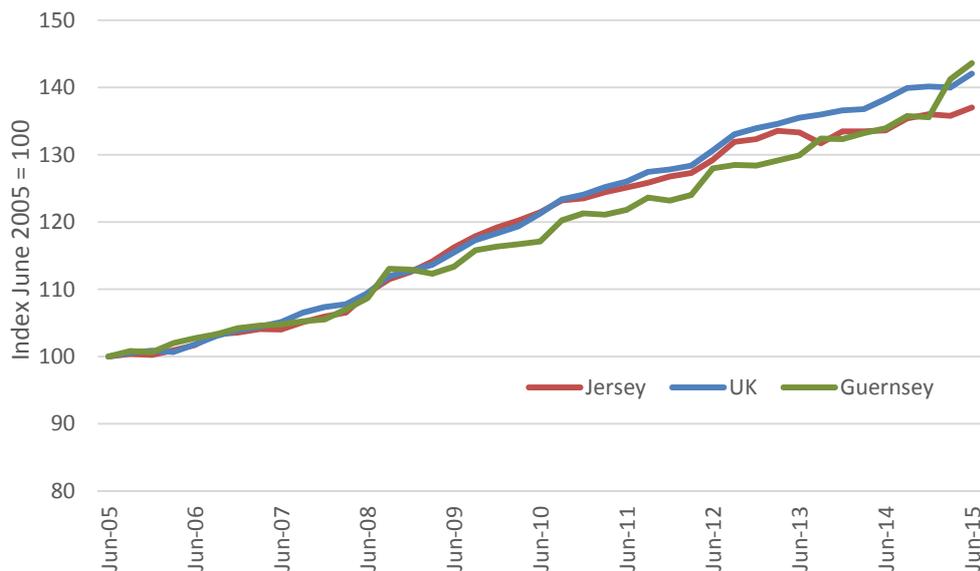


As a result of the broad nature of this group, the price movements in individual sections can differ greatly; for example:

- the average cost of audio-visual equipment has fallen by almost two-thirds in both Jersey (65%) and the UK (63%) between June 2005 and June 2015. This reflects the tendency for the cost of established products to fall as technology progresses;
- in contrast, over the past ten years the cost of books, papers and magazines has risen in both Jersey (28%) and the UK (55%);
- over the last ten years, the average price of toys, photographic and sporting goods has decreased in both Jersey and the UK by 17% and 11%, respectively. In the most recent twelve months, prices decreased by 7% in Jersey and by 1% in the UK;
- since 2005, the prices of gardening products have decreased by 7% in Jersey but have increased by 20% in the UK. In the latest twelve months, the average price of gardening products decreased by 10% in Jersey and was relatively unchanged in the UK.

Group 14: Leisure services (weight in Jersey RPI: 8.9 out of 100)

Figure 36 - Leisure services group of the RPI in Jersey, Guernsey and the UK June 2005 to June 2015



The RPI Leisure services group includes items such as TV licences, cinemas, sport and fitness club membership, evening classes and off-Island holidays.

Prices have risen similarly in Jersey (37%), the UK (42%) and Guernsey (44%) over the last ten years (Figure 36).

In the latest twelve-month period, prices in both Jersey and the UK rose by 3% while prices in Guernsey saw a greater increase (7%).

Annex: Average retail prices of matched items in Jersey and the UK June 2005 – June 2015

Table A1 - Meat and fish¹⁵

Item	Mean prices (in pence)								
	2005			2014			2015		
	Jsy	UK	% diff	Jsy	UK	% diff	Jsy	UK	% diff
Beef: fresh per kg									
Best beef mince	522	428	22	680	815	-17	701	779	-10
Topside	681	670	2	1206	1082	11	1320	1157	14
Rump Steak	1077	902	19	1758	1615	9	1717	1627	6
Lamb: fresh per kg									
Shoulder (with bone)	565	424	33	984	842	17	1005	839	20
Pork: fresh per kg									
Loin (with bone)	624	500	25	740	650	14	758	647	17
Chicken: roasting, oven-ready, per kg									
Fresh or chilled	272	231	18	399	335	19	396	314	26
Other Meat									
Gammon, per kg	669	582	15	833	788	6	764	746	2
Bacon, back, per kg	837	706	19	982	882	11	945	865	9
Ham (not shoulder) 100-125g	n/a	n/a	n/a	234	181	29	215	164	31
Pork sausages, per kg	490	343	43	602	498	21	593	478	24
Fresh fish: per kg									
White fish fillets	1012	874	16	1505	1361	11	1530	1305	17
Salmon fillets	998	796	25	1550	1714	-10	1530	1467	4

n/a: comparison not available

¹⁵ Percentage differences between jurisdictions, shown in tables and annexes, are calculated from un-rounded numbers and are then rounded to the nearest integer. Note that where the percentage difference is a positive value, the Jersey average price is greater than that of the other jurisdiction.

Table A2 - Fruit and vegetables

Item	Mean prices (in pence)								
	2005			2014			2015		
	Jsy	UK	% diff	Jsy	UK	% diff	Jsy	UK	% diff
Fresh vegetables									
Potatoes: old whites, loose, per kg	62	44	41	111	84	33	108	77	41
Potatoes: new, loose, per kg	87	92	-5	234	167	40	170	156	9
Tomatoes, per kg	155	147	5	262	202	30	237	203	17
Cauliflower, each	89	74	20	139	105	33	156	100	56
Carrots, per kg	89	73	22	121	81	50	122	78	56
Onions, per kg	71	71	1	131	81	62	107	82	31
Mushrooms, per kg	397	257	54	451	302	49	404	310	30
Cucumber, each	75	57	31	111	64	74	109	56	95
Lettuce: iceberg, each	83	62	34	111	73	52	108	61	78
Fresh fruit									
Apples: cooking, per kg	152	145	5	201	175	15	199	170	17
Apples: dessert, per kg	137	120	14	206	197	5	212	193	10
Pears: dessert, per kg	153	132	16	223	203	10	236	206	15
Oranges: all sizes, each	29	22	31	50	32	56	45	35	27
Bananas, per kg	136	96	42	142	86	66	144	86	68
Grapes, per kg	500	398	26	561	406	38	588	438	34
Avocado, each	65	66	-2	133	97	37	117	97	21

Table A3 - Dairy produce, other foods and soft drinks

Item	Mean prices (in pence)								
	2005			2014			2015		
	Jsy	UK	% <i>diff</i>	Jsy	UK	% <i>diff</i>	Jsy	UK	% <i>diff</i>
Dairy produce									
Block butter, per 250g	106	84	13	175	156	12	173	160	8
Cheddar cheese, per kg	569	541	5	1012	806	26	910	782	16
Eggs, size 4, per dozen	162	153	6	330	249	33	323	228	42
Milk, pasteurised, per pint	55	35	56	64	46	38	63	44	44
Other foods & soft drinks									
Bread: white loaf, sliced, 800g	109	69	58	151	115	31	116	102	13
Bread: wholemeal loaf, sliced, 800g	120	82	47	170	120	42	155	100	55
Flour, self-raising, per 1.5kg	87	65	33	216	125	73	158	90	76
Sugar, granulated, per kg	84	74	14	97	89	9	83	74	12
Tea bags, per 250g	181	121	50	256	197	30	236	186	27
Coffee, pure, instant, per 100g	200	182	10	349	275	27	333	275	21

Table A4 - Alcohol and tobacco

Item	Mean prices (in pence)								
	2005			2014			2015		
	Jsy	UK	% diff	Jsy	UK	% diff	Jsy	UK	% diff
Alcoholic drinks mean retail prices									
Draught bitter, per pint	204	212	-4	344	294	17	354	296	20
Draught lager, per pint	242	242	0	386	337	14	391	345	13
Whisky, per 25 ml nip	184	174	6	283	254	11	295	260	13
Alcoholic drinks <u>pre-tax</u> prices									
Draught bitter, per pint	182	151	21	294	202	45	303	205	48
Draught lager, per pint	215	169	27	322	228	41	327	235	39
Whisky, per 25 ml nip	164	128	28	237	184	29	249	189	31
Cigarettes mean retail prices									
20 King size filter	458	457	0	728	839	-13	764	889	-14
Cigarettes <u>pre-tax</u> prices									
20 King size filter	178	84	112	217	193	13	229	215	6

Table A5 - Petrol and diesel

Item	Mean prices (in pence)								
	2005			2014			2015		
	Jsy	UK	% <i>diff</i>	Jsy	UK	% <i>diff</i>	Jsy	UK	% <i>diff</i>
Petrol mean retail prices									
ULSP unleaded petrol, per litre	83	85	-3	123	130	-5	112	116	-4
ULSD diesel, per litre	87	89	-2	124	136	-9	110	121	-9
Petrol mean <i>pre-tax</i> prices									
ULSP unleaded petrol, per litre	46	25	84	74	50	46	62	39	59
ULSD diesel, per litre	50	29	74	74	55	34	60	43	40

Statistics Unit
9 September 2015