

## Overview

This report presents the relative movement of retail prices in Jersey and the UK by looking at the Retail Prices Index (RPI) for each jurisdiction between June 2005 and June 2019.

In addition, a comparison of both retail and pre-tax prices for selected dutiable goods that are subject to Impôts (excise duties) is also presented.

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

[“Jersey-UK Relative Consumer Price Levels for Goods and Services 2013”](#).

## Summary

### Price movements

- over the fourteen-year period from 2005 to 2019, the overall increase of the RPI in Jersey (46%) has been higher than that of the UK adjusted RPI<sup>1</sup> (39%)
- the overall increase in 7 of the RPI groups, Food, Catering, Alcoholic drinks, Housing, Household services, clothing & footwear and motoring, were higher in Jersey than in the UK
- in contrast, the overall increase in 7 of the RPI groups, Tobacco, Fuel & light, Household goods, Personal goods & services, Fares & other travel, Leisure goods and leisure services were lower in Jersey than in the UK

### Dutiable goods

- the pre-tax prices of alcohol, tobacco and motor fuels were higher in Jersey than in the UK in June 2019. The mean pre-tax price of:
  - a pint of bitter was £1.09 higher in Jersey than in the UK, a pint of lager was £1.29 and that of a nip of whisky was 88p higher in Jersey
  - cigarettes were 43p per pack of 20 cigarettes lower in Jersey than in the UK
  - petrol and diesel were higher in Jersey than in the UK by 17p and 13p respectively

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<sup>1</sup> In 2012 a consultation exercise on the UK RPI was conducted by the UK National Statistician. The principal outcomes of this consultation were that the UK RPI did not meet current international standards and that a new index (RPIJ) should be published. The annual percentage change in the UK RPI was systematically greater than that of RPIJ; the upward bias was predominantly due to the “formula effect”. The Jersey RPI is not susceptible to such an upward bias. As a result, the appropriate comparison with the UK is that of the Jersey RPI and the UK RPI adjusted for the formula effect

## Overall Consumer Price Inflation

The 2019 edition shows the relative movement of retail prices in Jersey and the UK by looking at the RPI for each jurisdiction between June 2005 and June 2019. For methodological reasons, the appropriate comparison with the UK is that of the Jersey all-items RPI with the UK RPI adjusted for the formula effect.

From 2005 to 2019 the overall increase of the RPI in Jersey (46%) has been higher than that of the UK adjusted RPI (39%)

Figure 1 - Jersey and UK adjusted RPI; June 2005 to June 2019<sup>2</sup>

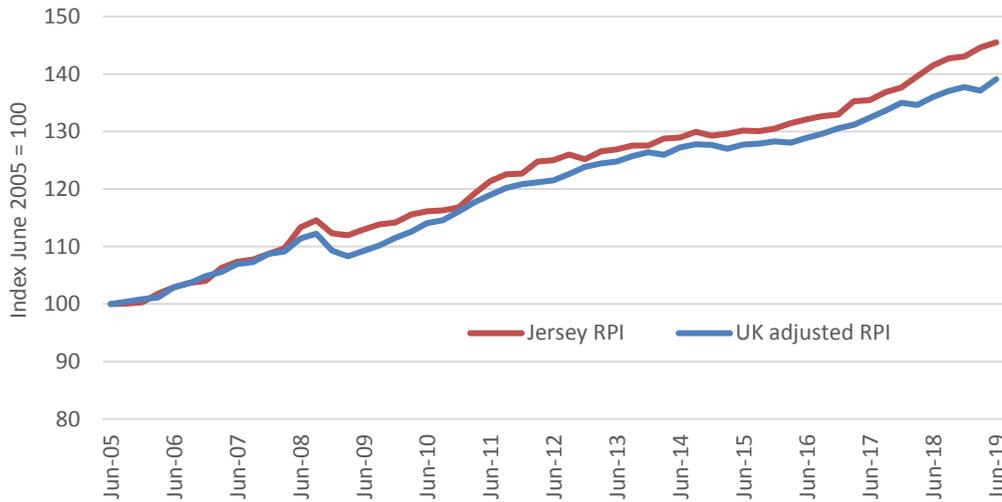


Figure 2 shows the annual percentage change in the RPI for Jersey and the UK. During the twelve months to June 2019 the RPI increased by 2.8% in Jersey and the UK adjusted RPI increased by 2.3%.

Figure 2 - Annual percentage change in Jersey and UK adjusted RPI; June 2005 to June 2019



<sup>2</sup> In Figure 1, and subsequent figures in the section "Group level analysis", the Jersey and UK indices have been re-based to June 2005 = 100.

## Group level analysis

Structurally the RPI is composed of 14 groups; each group is composed of several sections and each made up of a number of representative items. The representative items are weighted to ensure that items which account for a greater proportion of a household's spending have a greater influence on the index.

Considering the groups which make up the RPI can help explain any differences seen in the overall rates of increase of the RPI. Therefore, it is useful to look directly at the *percentage* changes of each RPI group in each jurisdiction, Table 1.

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.

It is important to remember that a greater rate of price increase does not necessarily mean a product is more expensive, 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.

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

**Table 1 – Percentage change of the RPI groups in Jersey and the UK; June 2005 to June 2019**

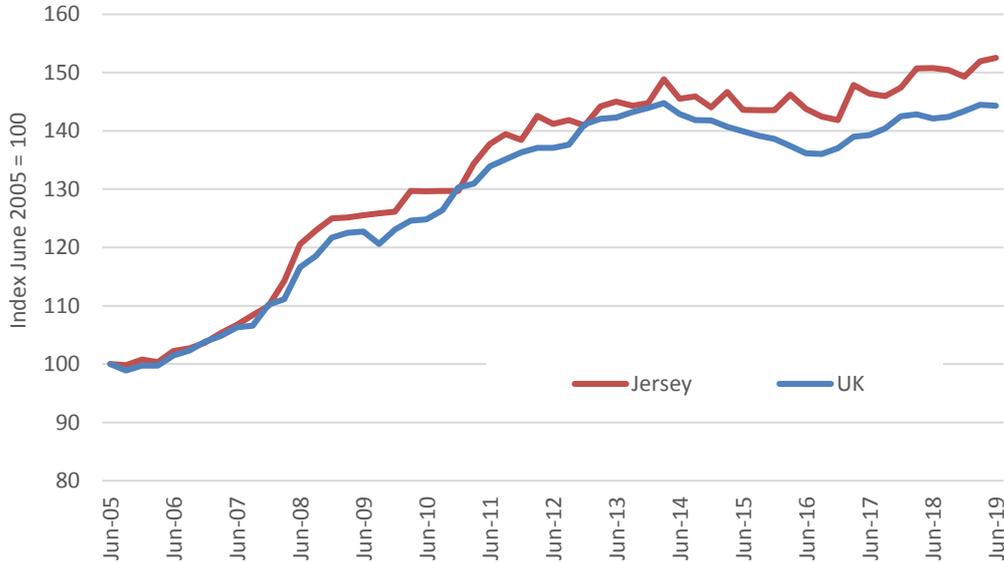
	Percentage change Jun 05 to Jun 19	
	Jersey	UK
Food	53	44
Catering	56	49
Alcoholic drinks	68	46
Tobacco	116	139
Housing	44	35
Fuel & light	93	145
Household Goods	3	51
Household Services	85	61
Clothing & footwear <sup>3</sup>	-13	-16
Personal goods & services	35	41
Motoring	46	43
Fares & other travel	48	88
Leisure goods	-14	-2
Leisure services	56	63
<b>All items RPI</b>	<b>46</b>	<b>39</b>

<sup>3</sup> 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).

## Food

The Food group includes food and non-alcoholic drinks bought in shops. Over the last fourteen years, food prices overall have risen by more in Jersey (53%) than in the UK (44%).

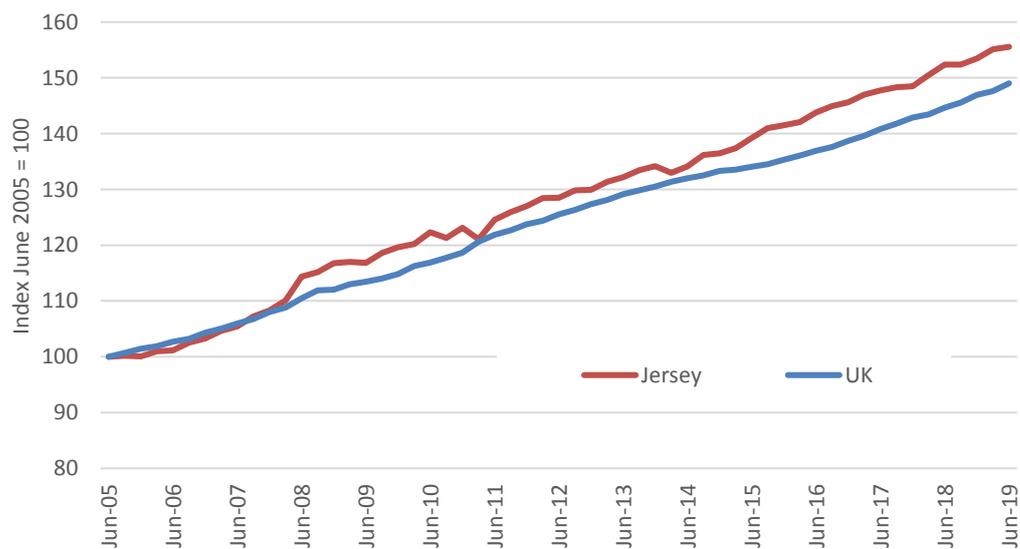
Figure 3 - Food group of the RPI in Jersey and the UK; June 2005 to June 2019



## Catering

The Catering group includes food and non-alcoholic drinks bought in restaurants, cafes and take-aways. Figure 4 shows that over the last fourteen years the prices in the Catering group overall has increased by more in Jersey (56%) than in the UK (49%).

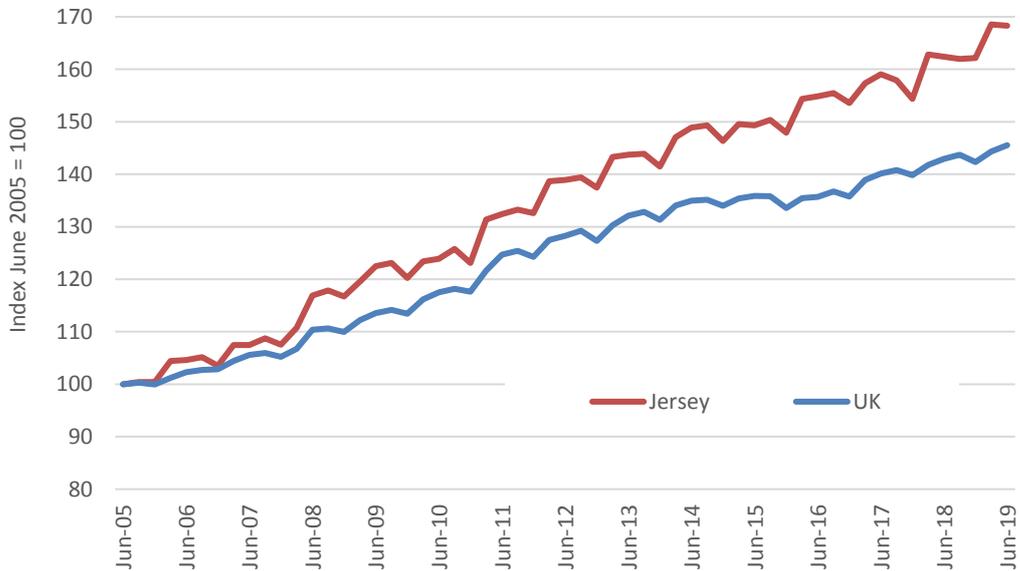
Figure 4 - Catering group of the RPI in Jersey and the UK; June 2005 to June 2019



## Alcoholic drinks

The Alcoholic drinks group includes alcoholic drinks bought in shops as well as in restaurants, bars and pubs etc. Since 2005 the average price of alcoholic drinks has increased by more in Jersey (68%) than in the UK (46%).

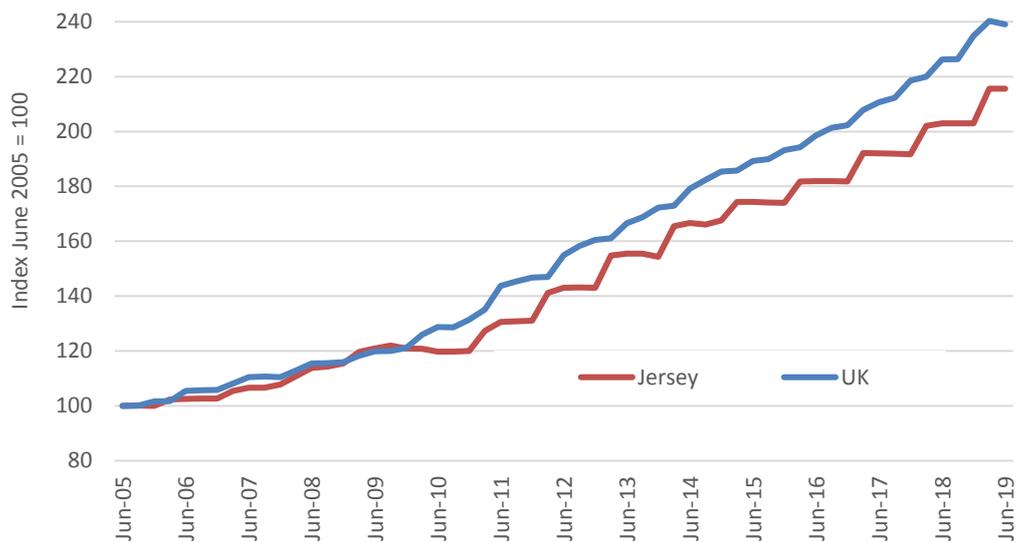
Figure 5 - Alcoholic drinks group of the RPI in Jersey and the UK; June 2005 to June 2019



## Tobacco

The tobacco group includes cigarettes, cigars and hand rolling tobacco. Over the last fourteen years, since June 2005, tobacco prices have seen a greater overall increase in the UK (139%) than in Jersey (116%).

Figure 6 - Tobacco group of the RPI in Jersey and the UK; June 2005 to June 2019



The impact of increases in duties is also clearly visible in Figure 6, which shows the tobacco group index of the Jersey and UK RPIs.

## Housing

The Housing group consists not only of house purchase costs (the interest paid on mortgages) but also rents (public and private), rates (Parish and all-Island), housing repairs and maintenance, water rates and DIY materials. The overall increase in Housing costs over the past fourteen years (Figure 7) has been higher in Jersey (44%) than in the UK (35%).

Figure 7 - Housing group of the RPI in Jersey and the UK; June 2005 to June 2019

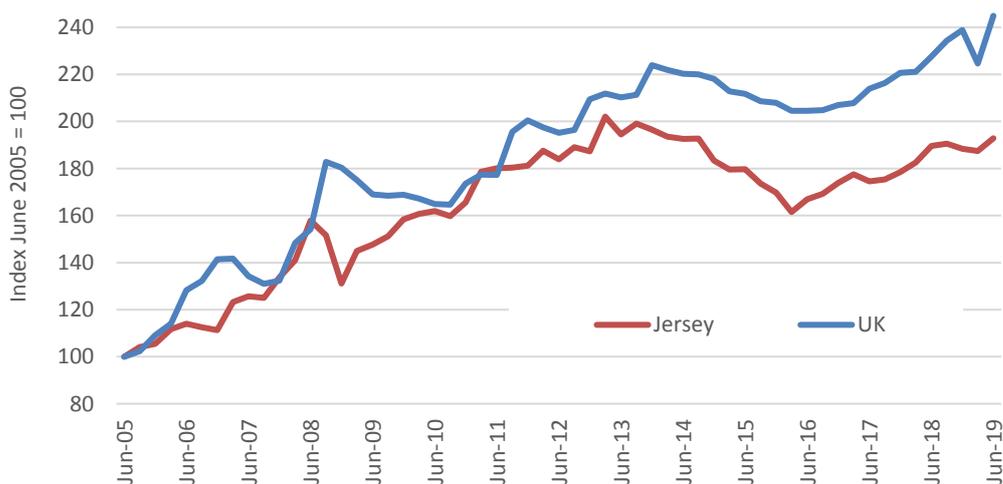


## Fuel and light

The Fuel and light group covers fuels used at home i.e. electricity, heating oil, gas and coal<sup>4</sup>. Over the fourteen years to June 2019, domestic energy prices have increased by more in the UK (145%) than in Jersey (93%).

In the Jersey RPI, heating oil accounts for around a quarter (23%) of the Fuel and light group whilst gas accounts for only 9%. In contrast, in the UK gas accounts for 39% of the group and oil for only 8%. These differences in proportions mean that the Jersey RPI is more susceptible to short term changes in the price of heating oil.

Figure 8 - Fuel and light group of the RPI in Jersey and the UK; June 2005 to June 2019

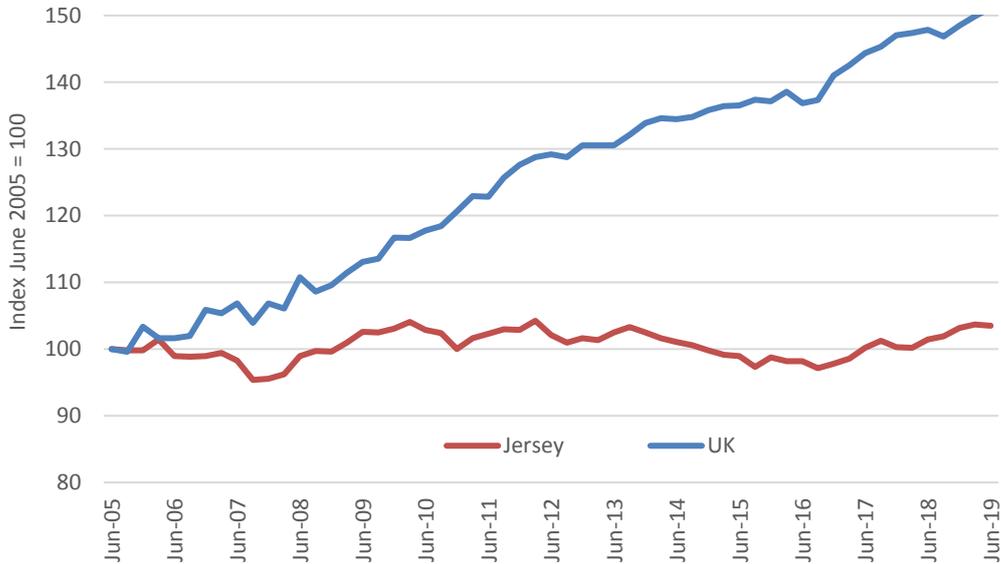


<sup>4</sup> Motor fuels are included within the Motoring group.

## Household goods

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 (3%) increase in Jersey since June 2005 but have increased by 51% in the UK (see Figure 9).

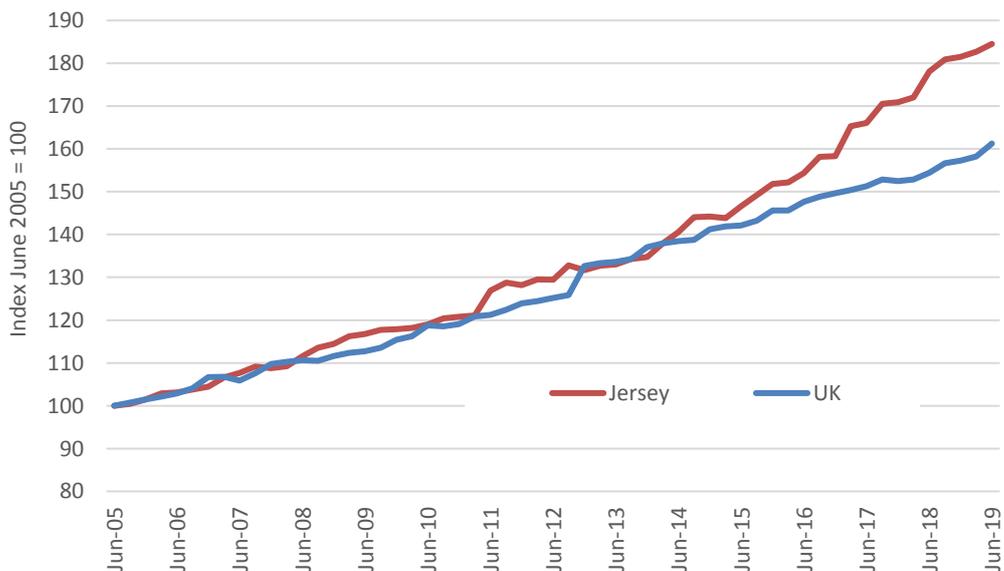
Figure 9 - Household goods group of the RPI in Jersey and the UK; June 2005 to June 2019



## Household services

The Household services group includes postage, telephone charges, domestic services (such as dry-cleaning and child-minding) and fees and subscriptions. Overall prices in this group have increased by 85% in Jersey and by 61% in the UK over the last fourteen years, figure 10.

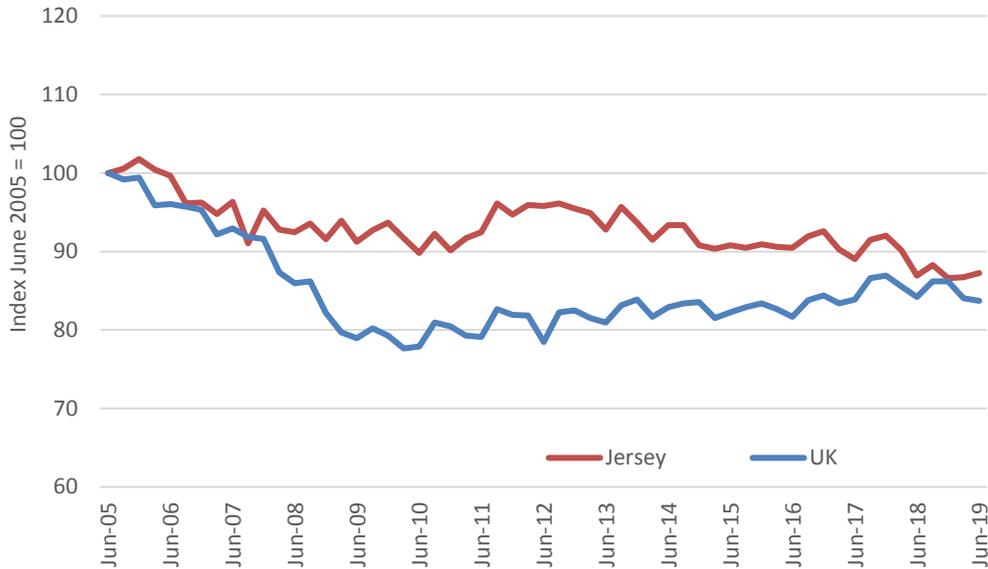
Figure 10 - Household services group of the RPI in Jersey and the UK; June 2005 to June 2019



## Clothing and footwear

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). Between 2005 and 2019, prices decreased in both Jersey and the UK (by -13% and -16% respectively).

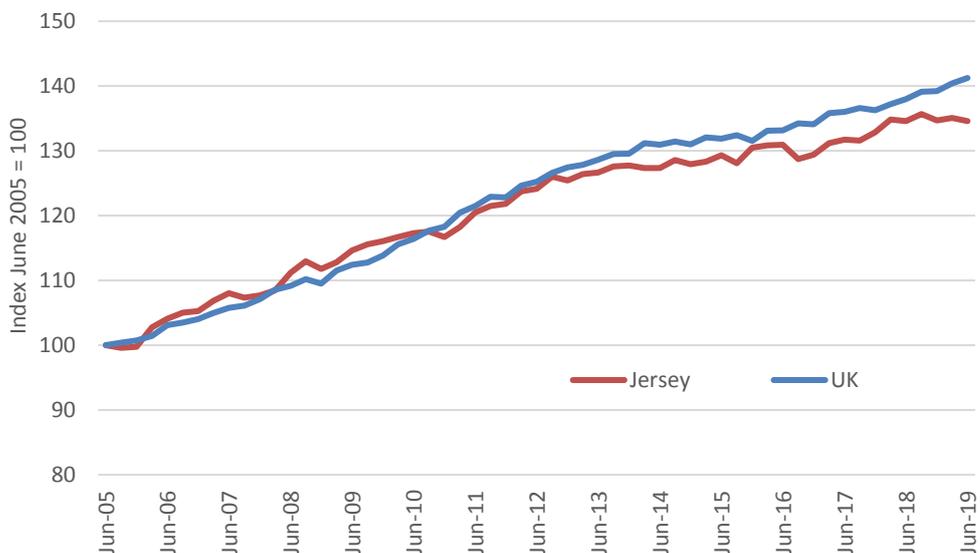
**Figure 11 - Clothing and footwear group of the RPI in Jersey and CPI the UK;  
June 2005 to June 2019**



## Personal goods & services

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 marginally less over the past fourteen years compared to the UK (32% in Jersey compared to 36% in the UK).

**Figure 12 - Personal goods & services group of the RPI in Jersey and the UK;  
June 2005 to June 2019**



## Motoring

The Motoring group includes purchasing new and second-hand cars, service and maintenance, motor fuels and motor insurance. Between 2005 and 2019, motoring costs have increased similarly in Jersey and the UK (46% and 43%, respectively).

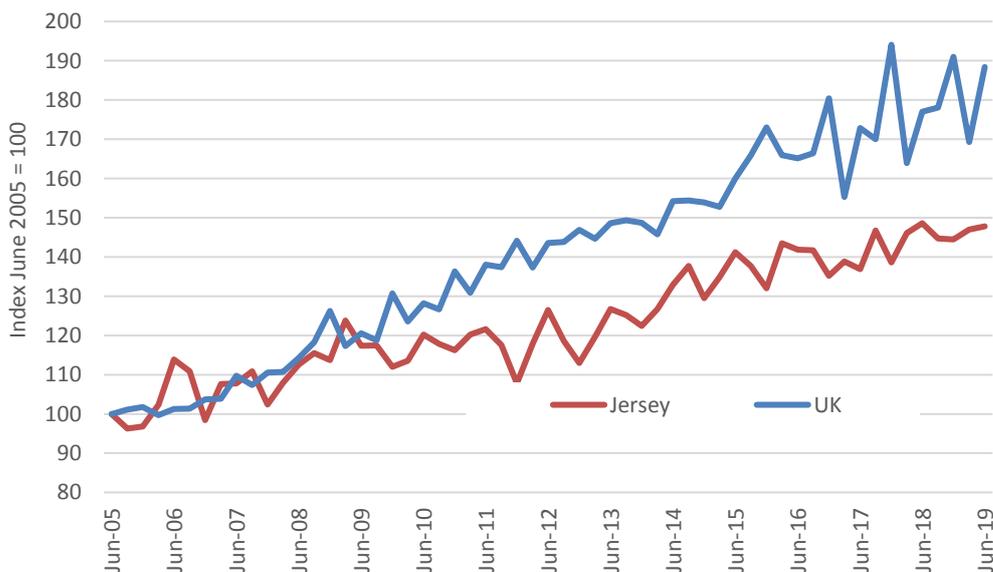
Figure 13 - Motoring group of the RPI in Jersey and the UK; June 2005 to June 2019



## Fares & other travel costs

The majority of this group is made up of travel fares, e.g. air, bus, ferry and taxi in both jurisdictions and includes train fares in the UK. Figure 14 shows that over the last fourteen years, the overall Fares and other travel group index has increased by less in Jersey (48%) than in the UK (88%).

Figure 14 - Fares and travel group of the RPI in Jersey and the UK; June 2005 to June 2019



### Leisure goods

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 2019, prices decreased in both Jersey and the UK (by -14% and -2%, respectively).

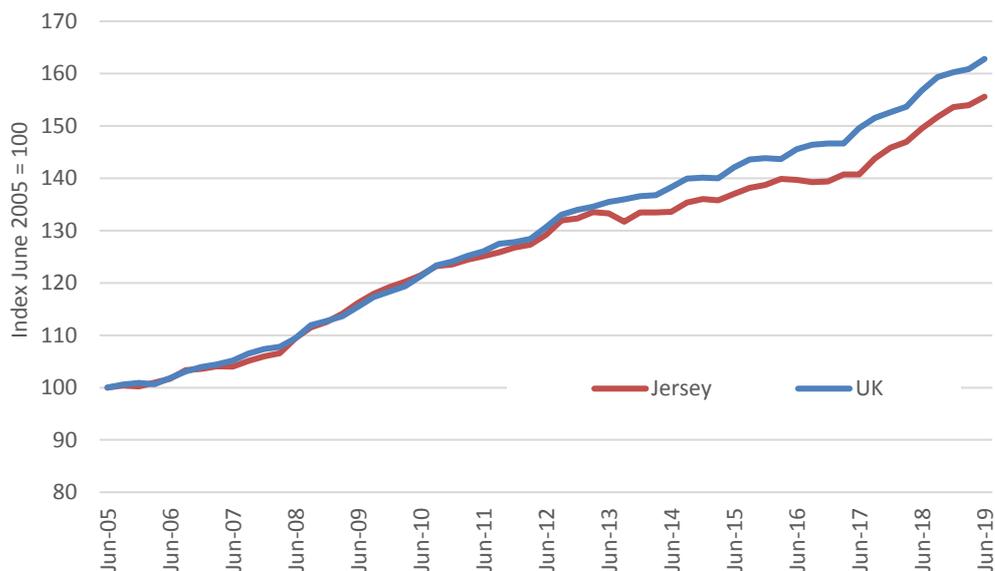
Figure 15 - Leisure goods group of the RPI in Jersey and the UK; June 2005 to June 2019



### Leisure services

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 by less in Jersey (56%) than in the UK (63%) over the last fourteen years (Figure 16).

Figure 16 - Leisure services group of the RPI in Jersey and the UK; June 2005 to June 2019



## Dutiable Goods

A major difference between Jersey and the UK 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 to duty in the UK. Many items are also subject to VAT in the UK at the rate of 20%<sup>5</sup>, whilst in Jersey many items are subject to a Goods and Services Tax (GST) at the rate of 5%<sup>6</sup>. Although the majority of items are subject to GST in Jersey there are some exemptions, for example school fees, doctors, dentists and optician fees.

The following pages present comparison of both retail and pre-tax prices for selected dutiable goods that are subject to Impôts (Excise duties).

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<sup>5</sup> UK VAT rate was decreased from 17.5% to 15% on 1 December 2008. UK VAT rate was increased to 17.5% on 1 January 2010 and was increased to 20% on 4 January 2011.

<sup>6</sup> GST was introduced in Jersey in May 2008 at the rate of 3%; the rate of GST increased to 5% in June 2011.

## Alcoholic drinks

The level of taxes (impôts and excise rates) on alcoholic drinks in each jurisdiction has an impact on this group of the RPI. Table 2 shows the levels of impôts and duties levied on alcoholic drinks in Jersey and the UK in 2005 and the latest two years.

For the purposes of this comparison:

- Draught bitter is assumed to fall within the “exceeding 2.8% abv but not exceeding 4.9% abv” standard rate of impôts duty in Jersey and at an average of 4% abv in the UK.
- Draught lager is assumed to fall 50% within the “exceeding 2.8% abv but not exceeding 4.9% abv” and 50% within the “exceeding 4.9% abv” standard rates of impôts duty in Jersey and at an average of 5% abv in the UK.
- Whisky is assumed to have an average abv of 40% in both Jersey and the UK.

**Table 2 - Impôts and Excise duties on alcohol in pence**

Item	Jersey			UK		
	2005	2018	2019	2005	2018	2019
Draught bitter / pint	22	37	38	29	43	43
Draught lager / pint	27	50	52	37	54	54
Whisky / 25 ml nip	20	36	37	20	29	29

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 3 shows that the mean retail prices of alcoholic drinks in Jersey in June 2019 were higher than those in the UK, by 23% for both a pint of lager and a pint of bitter. The mean retail price of a nip of whisky was 22% higher than in the UK.

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 in June 2019, by £1.09 for a pint of bitter, by £1.29 for a pint of lager and 88 p for a nip of whisky.

**Table 3: Average retail and *pre-tax* prices of matched alcoholic drinks in Jersey and the UK; June 2019**

Alcoholic drinks	Mean price (in pence)		Difference (in pence)	Percentage difference
	Jersey	UK		
<b>Alcoholic drinks mean retail prices</b>				
Draught bitter, per pint	379	308	71	23
Draught lager, per pint	456	370	86	23
Whisky, per 25 ml nip	360	295	65	22
<b>Alcoholic drinks <i>pre-tax</i> prices</b>				
Draught bitter, per pint	323	214	109	51
Draught lager, per pint	383	254	129	51
Whisky, per 25 ml nip	306	217	88	41

## Tobacco

Table 4 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 4 - Impôts and Excise duties on tobacco products in pence

Item	Jersey			UK		
	2005	2018	2019	2005	2018	2019
20 Cigarettes	280	618	677	305	604	634

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%

In June 2019 a pack of 20 cigarettes was, on average, 13% less expensive in Jersey than in the UK, corresponding to being £1.36 per pack cheaper in Jersey (Table 8). The **pre-tax** price of cigarettes was 16% less expensive in Jersey than in the UK in June 2019, corresponding to 43 p per pack.

Table 5 - Average retail prices and **pre-tax** prices of matched tobacco products in Jersey and the UK; June 2019

Item	Mean price (in pence)		Difference (in pence)	Percentage difference
	Jersey	UK		
<b>Cigarettes mean retail prices</b>				
20 king size filter	941	1077	-136	-13
<b>Cigarettes pre-tax prices</b>				
20 king size filter	220	263	-43	-16

## Fuel

Table 6 shows the levels of taxes levied on petrol and diesel in Jersey and the UK in 2005 and the latest two years.

Table 6 - Taxes levied on motor fuels (*pence per litre*)

Fuel	ULSP / premium unleaded			ULSD / diesel		
	2005	2018	2019	2005	2018	2019
Jersey impôts	37	49	51	37	49	51
Jersey impôts + GST	37	54	56	37	54	56
UK duty	47	58	58	47	58	58
UK duty + VAT	60	79	80	60	79	80

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

In June 2019 the retail prices of premium unleaded petrol and diesel were, 5% and 8% lower respectively in Jersey than in the UK, corresponding to being 5 p and 7 p per litre cheaper in Jersey (Table 10).

Removing taxes and duties shows that the average **pre-tax** price of premium unleaded petrol and diesel in June 2019 were, 35% and 24% higher respectively in Jersey than in the UK, corresponding to being 17 p and 13 p per litre more expensive in Jersey

Table 7 - Average retail prices and **pre-tax** prices of motor fuels in Jersey and the UK; June 2019

Fuel	Mean price (in pence)		Difference (in pence)	Percentage difference
	Jersey	UK		
<b>Petrol mean retail prices</b>				
ULSP/premium unleaded	123	129	-6	-5
ULSD/diesel	124	135	-11	-8
<b>Petrol mean pre-tax prices</b>				
ULSP/premium unleaded	67	50	17	34
ULSD/diesel	68	55	13	24