

## **JCRA Media Release**

**2 May 2006**

### **Trade Associations abolish Pricing and Wage Practices to comply with Competition Law**

The Jersey Competition Regulatory Authority (JCRA) welcomes the decisions by three of Jersey's major trade associations to abolish minimum recommended charge-out rates, and minimum recommended wage rates, to comply with the Competition Law.

The three associations are the Jersey Building and Allied Trades Federation, the Jersey Electrical Contractors Association, and the Jersey Plumbing and Heating Engineers Association. Together, the associations represent approximately 200 businesses, most of which are amongst the largest in their respective sectors.

Previously, each association had recommended to its members minimum rates which they should charge to customers. As part of its efforts to raise awareness of the Competition Law, the JCRA approached each association to inform it that such practices, by leading to a potential reduction in price competition (and hence a potential increase in prices) would almost certainly fall foul of the Competition Law, and had been held illegal under the competition laws of other jurisdictions such as the EU. The JCRA was also concerned that recommending minimum wage rates, by standardising a major element of cost, would lead to a similar effect.

The JCRA also informed the associations that, while these practices were protected from the impact of the Competition Law until 1 May this year (because they were already in place before 1 November 2005) they could be exposed to enforcement action were they to continue the practices thereafter.

Following these discussions, the associations have recently informed the JCRA that they have abolished these practices.

Bill Brown, JCRA Executive Director, said:

*'We are pleased that the associations have taken positive steps to remove these practices in time for the full entry into force of the Competition Law on 1 May. For most consumers, the amount they spend on either home improvements or new construction represents a significant investment. A States Committee of Inquiry expressed concerns about the high level of building costs on the Island and advocated the early introduction of the Competition Law to help deal with the problem. The JCRA believes that the removal of recommended charge-out rates and wage rates, by encouraging competition on prices to customers, will be one step towards keeping costs down, and should have a positive knock-on effect for consumers'.*

ENDS

All enquiries should be addressed to Bill Brown on +44 (0)1534 514990