

## **JCRA Media Release**

5 June 2007

### **JCRA Tackles Driving Instructors' Fees**

Following intervention by the Jersey Competition Regulatory Authority ('JCRA') under the Competition (Jersey) Law, the members of the Jersey Driving Instructors Association, comprising at least 17 (i.e most) driving instructors on the Island, have abolished their practice of agreeing on prices for driving lessons.

The Competition (Jersey) Law - like competition laws in other jurisdictions - prohibits arrangements between competitors which influence the prices they charge for their products or services. The JCRA found that certain rules of the Association breached this prohibition. In particular, the Association had been empowered to "regulate and control the driving tuition fees charged by Members of the Association by annually or subject to market forces fixing a single and standard fee for driving tuition to be charged by members". In addition, the general business to be transacted at the Association's Annual General Meeting included "to review, determine and agree the driving tuition fees to be charged by members."

The Association claimed that, in practice, it only recommended the charge - currently £26 per one hour lesson - and that members were free to (and in fact some did) charge differently. However, under Competition Law, even recommended charges are objectionable, since they are likely to reduce price competition, to the detriment of consumers.

Although this was not required for the purpose of the JCRA's findings under the Competition (Jersey) Law, as a matter of interest the JCRA conducted a comparison between the £26 charge in Jersey and the standard hourly charge in various locations in

the south of England. The JCRA contacted 32 driving instructors across London and found that, in all but one case, the London prices were cheaper than the Jersey charge, the average being £21.63. Similar results were found in Norwich (average £18.66), Salisbury (average £21.50) and Cambridge (average £22).

**Bill Brown, Executive Director of the JCRA said:**

*“Almost all Jersey citizens require the services of a driving instructor at some point in their lifetime, and the service is therefore an important one for consumers. We are not prepared to tolerate a situation where Jersey consumers are at risk of paying higher prices through practices which breach the Competition Law.”*

In response to the JCRA’s concerns, the Association has agreed to remove the offending rules on setting prices, and instructed its members that they must set their own prices independently of each other, and remove from their vehicles the plaque advertising the current £26 charge.

**Welcoming these steps, Bill Brown said:**

*“This case has shown that even the conduct of small businesses can have a detrimental effect on consumers, and further justifies our caution in responding to the Jersey Chamber of Commerce’s call for an exemption of small businesses from the Competition Law. That said, we have on this occasion taken into account the small size of the businesses involved, as well as the prompt, open and cooperative manner in which they have responded, in deciding not to impose financial penalties in this case.”*

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