

2025.01.21

Deputy P.F.C. Ozouf of St. Saviour of the Minister for Treasury and Resources regarding budget amendments in Government departments (OQ.11/2025):

Would the Minister explain how the government departments are implementing budget amendments aimed at reducing cost-of-living pressures and confirm timeline for delivery?

Deputy M.E. Millar (The Minister for Treasury and Resources):

I am not aware of any amendments to the Budget that were adopted by the Assembly that specifically aimed to reduce the cost-of-living pressures. Nonetheless, any amendments that were adopted will be reflected in heads of expenditure in 2025 and in departmental business plans as appropriate. One of the measures in the proposed Budget was a freeze on alcohol and fuel duty and this has already been implemented. Waste charges have also been deferred until 2027. We are also continuing the plan to transition towards the living wage with a support package for businesses and charities and that work is being led by the Minister for Sustainable Economic Development.

3.8.1 Deputy P.F.C. Ozouf:

Apologies if the Minister is ... the Budget amendments, in other words the changes to the Budget, and maybe that was not made clear in the question. Obviously, the reason why the question is being asked is inflation and does the Minister share the view that given the fact that over the last 2¹/₂ years inflation in Jersey has risen by nearly 60 per cent versus the U.K. and 45 per cent, that this is basically meaning that on a budget of £1 billion, she has lost the ability of about £158 million? I am trying to ask the Minister to agree or otherwise the importance of rising inflation continuing, is the F.P.P. (Fiscal Policy Panel) concerned and whether she, as Minister of Treasury and Resources, will be focusing on this issue based upon the budget concerns that were raised in this Assembly before Christmas?

Deputy M.E. Millar:

In that case, I think the Deputy's question was rather cryptic and if he had perhaps mentioned inflation, it would have been easier to answer. Of course, we care about inflation, but the Deputy will also know that there is a limit to what we can do about inflation because so much of it comes from off-Island. Inflation is falling; we have seen that. September inflation was 3 per cent so it is starting to slow down. Inflation in the U.K. is falling broadly in line with forecasts, and we are waiting to see if that will translate to Jersey. Of course, prices are still higher following a period of high inflation, and we are aware of that but pensions, benefits and tax allowances have all been up-rated, I believe, by R.P.I. to protect Islanders who rely on those benefits. While earnings have lagged over a period of time, they are also now starting to catch up, and 2024 saw a positive growth and real earnings of 1.3 per cent.

3.8.2 Deputy L.M.C. Doublet of St. Saviour:

I have previously asked questions about the cost of living for specific groups that may be more vulnerable to cost-of-living pressures, namely single parent families and pensioner households. there was a commitment to go to the Cost-of-Living Ministerial Group and come forward with some measures to help these groups. Can the Minister advise what stage that work is at, please?

Deputy M.E. Millar:

The Cost-of-Living Group, I think, last met in October where we discussed transition to living wage. The group was meant to meet in December, but that meeting had to be cancelled due to budget plans and absences and the group will next meet in January. I am sure that will be on the agenda then.

3.8.3 Deputy L.M.C. Doublet:

Would the Minister provide an update to States Members on the considerations of those issues, please?

Deputy M.E. Millar:

I am not necessarily sure that sits with me. I think that really sits with the Minister for Social Security if she is interested in specific groups, but I am sure an update can be given in due course.

3.8.4 Deputy P.F.C. Ozouf:

I said in my supplementary that cost of living equals inflation and the cost of living in Jersey has risen by 60 per cent versus the U.K. 45 per cent. Does the Minister agree that that indicates that there is a domestic inflationary issue that is maybe caused by the issues and having to be paid for out of public funds by rising all these pensions and other things at a higher rate of inflation? If the Minister has not had a meeting about inflation since October, does she not think this is a massive issue of public importance and would she take an opportunity of meeting with people, such as myself, who are concerned about the divergence of these 2 figures? We have a cost-of-living crisis, would she not agree?

Deputy M.E. Millar:

Sorry, I have slightly lost my train of thought. I am not quite sure what period the Deputy ... yes, clearly, we have had a period of high inflation but, as I have said, inflation is coming down, which is a good thing. Government here has a limited number of levers they can pull as regards to inflation, which he is well aware of, but what I said was that the Cost-of-Living Group had met in October. That is a different thing from whatever Treasury may choose to do with its economists and with the wider Council of Ministers about dealing with inflation as a concept. There are very many ways and many, many impacts on inflation and, as I say, the Minister for Sustainable Economic Development is working on the plan to support businesses. The Minister for Social Security, I am quite sure, is very well aware of the impacts of the cost of living on groups in this Island and we are keeping a very close eye on it.