

2025.02.04

Deputy P.F.C. Ozouf of St. Saviour the Minister for Treasury and Resources regarding structural inflationary pressures in Jersey (OQ.30/2025):

In light of the higher living and housing costs in Jersey compared with the United Kingdom, will the Minister state the specific long-term policies, if any, she intends to introduce to address structural inflationary pressures in Jersey?

Deputy M.E. Millar of St. John, St. Lawrence and Trinity (The Minister for Treasury and Resources):

In most economies there will almost always be some degree of inflation and therefore, the term “structural inflationary pressures” is a little confusing. Small amounts of inflation are positive and indeed deflation can be as bad, if not worse for the economy, than high inflation. Comparing jurisdictions is always difficult and must be done with great care. Indeed, currently inflation is lower in Jersey than it is in the U.K. That said, the measurements themselves are often different and therefore comparisons can be misleading. R.P.I. (retail price index) in Jersey is currently 2.5 per cent and falling. This contrasts well with the U.K. R.P.I., which is currently 3.5 per cent, and the U.K. consumer price index, which is also 2.5 per cent. Both of which are calculated differently from Jersey’s R.P.I. Guernsey, as another comparison, is currently 4.6 per cent. That said, we are not complacent about the cost-of-living pressures and the impact of recent high inflation. The Deputy will also know that monetary policy, the key lever to tackle inflation, is not in our control and, in fact, with higher interest rates, are contributing to the cost-of-living pressures for Islanders. This means that fiscal policy and other levers, such as competition, become even more important for a small Island economy. The Ministerial Cost-of-Living Group is tasked with addressing those issues in as strategic a manner as possible. Examples of work that this Government has taken forward include increasing the minimum wage to counter cost-of-living issues, while providing support for productivity, improvements to the competition law and a commitment to keeping Government fees and charges as low as possible.

4.5.1 Deputy P.F.C. Ozouf:

Would the Minister not agree that the results of, albeit an imperfect comparison with the United Kingdom, but she is right to say R.P.I.X. (retail price index excluding mortgage interest) versus the U.K. consumer prices index, does she not agree that there is a structural problem, because the F.P.P. (Fiscal Policy Panel) warned her of that?

Deputy M.E. Millar:

To the extent that there is a structural problem, it must be due to the fact that we are a small Island that has to import everything. We are importing inflation that arises in other jurisdictions as a consequence of that. As I have just said, there is very little that we can do because we cannot control interest rates and we are subject to interest rates in other jurisdictions. We are seeking to address those as best we can and will continue to do so.

4.5.2 Deputy R.S. Kovacs of St. Saviour:

To address the high cost of living and high housing costs just mentioned, would the Minister agree with rental stabilisation measures being introduced and if not, why not?

Deputy M.E. Millar:

I think rent stabilisation measures is moving into another realm and I think they could equally ... while they may be beneficial, they could have many adverse unintended consequences.

4.5.3 Deputy S.M. Ahier of St. Helier North:

Although our inflation rate is running at 2.5 per cent, I notice that the cost of the *J.E.P.* (*Jersey Evening Post*) has risen by 20 per cent yesterday. Does the Minister condone such rises?

Deputy M.E. Millar:

I cannot possibly comment on the costs of the *J.E.P.*, and I am sure they have to take its own pressures in terms of print and staffing into account as well. I think that you will have to ask the editor that question.

The Bailiff:

Presumably no supplementary questions.

4.5.4 Deputy P.F.C. Ozouf:

Would the Minister, given the fact that many Islanders, as she has explained very well, are clearly feeling the pinch and feeling the effects of the cost of living, would she be of the view that there is a need to ... not accepting the fact that you cannot do anything about it, would she believe that a wider group of Back-Benchers or Ministers together would be useful in dealing with what is, I think, the problem I hear, the biggest issue that Jersey people are facing, the rising cost of living and the thing that we can do something about, which is the domestic economy? Would she think that we need to have some more thought and work done on this rather than just relying on simple statements that we cannot do anything about it?

Deputy M.E. Millar:

What I said was that we cannot do anything about things like interest rate because we cannot control monetary policy. Government is doing everything it can to address cost-of-living issues for Islanders, which all the figures tell us that the cost of living ... inflation is falling, and it has fallen quite considerably since its peak in 2022, and even then that was lower than the U.K.. We are doing what we can. The Cost-of-Living Group is considering that closely. I will ask the Ministerial Cost-of-Living Group at the next meeting whether they think there is merit in including more Back-Benchers in that group or taking views of Back-Benchers. But I would just say, as someone who does travel to the U.K. regularly and who watches the news and has been in other countries, we are not alone in facing cost-of-living pressures. Cost of living is as much an issue in the U.K. as it is in very many other jurisdictions worldwide and across Europe. We are doing everything we can to minimise the impact of that on Islanders on low incomes.