

ORAL QUESTION FOR TUESDAY 18th MARCH 2025

Deputy P.F.C. Ozouf of St. Saviour will ask the following question of the Chief Minister –

“Given that Jersey’s rate of inflation has exceeded that of the UK since 2022, will the Chief Minister advise what steps, if any, the Government will take to commission a review into the causes of this inflation differential, including wage-cost pressures, retail pricing structures, and market inefficiencies, and what measures are being considered to alleviate the resulting cost-of-living burden for Islanders?”

In accordance with Standing Order 63(9) the following written answer has been provided to this Oral Question.

63(9). If any Oral question has not been asked before the end of the 2 hours and 20 minutes allowed, the Member of the States who was due to answer it must provide a written response to the Greffier for distribution as soon as practicable.

Answer

From June 2022 to December 2024, inflation, on as near as comparable basis as possible (Jersey RPIX and UK CPI), was 12% in Jersey and 11% in the UK. In the 12 months to December 2024 the headline measures of inflation were more closely aligned, with the UK CPI at 2.5% and Jersey’s RPI at 2.5%.

The cause of inflation in Jersey, the differential with the UK and the potential levers were addressed in the report of the Inflation Strategy Group in 2020 States Assembly | R-16-2020 and are already well understood.

Jersey has relatively few levers with which to affect inflation. This is the result of the Island’s currency union with the UK, which means monetary policy is set by the Bank of England and may not always be appropriate to manage demand and control inflation in Jersey. Other factors are also outside Jersey’s control, not least geopolitical factors and the global price of fuel.

R.16 notes that the Government of Jersey has other policy levers that can directly affect and influence prices across the economy, and hence the rate of inflation, for example:

- Indirect taxes, e.g. impôts and GST
- Prices/fees charged by government or by States-owned entities
- Competition and productivity

Government’s overall priority is to improve income equality and the standard of living - aiming for low and stable inflation is only one part of how we will meet the overall priority.

The Government is committed to addressing cost of living pressures and low inflation is only one element. The issue is being addressed through the Cost of Living Ministerial Group and our Common Strategic Priorities in the following measures:

- Introduction of a living wage
- Reduction in GP costs

- Government fees, duties and charges are being kept as low as possible
- More affordable homes are being provided through the *First Step* shared equity scheme, making home ownership a reality for more Islanders.
- Businesses are being supported by reducing unnecessary bureaucracy, improving planning processes and through the Better Business Support Scheme, helping Jersey businesses invest for the future.
- The JCRA monitors competition through its merger and market study work.

The UK and Jersey measure inflation differently and there is no directly comparable measure of inflation. The Government economics team advise that the most comparable measures are Jersey's RPI(X) and UK CPI. On this basis Jersey's inflation (RPIX) has been below that of the UK (CPI) for the period June 2021 to late 2023 and since then has been above CPI. See below.

