

2020.03.09

**8 Connétable K. Shenton-Stone of St. Martin of the Minister for Economic Development, Tourism, Sport and Culture regarding the proposal that all Propositions would be accompanied by an inflation impact assessment: (OQ.65/2020)**

Given that Action 4 of the *Report of the Inflation Strategy Group* (R.16/2020) states that: “All relevant Propositions presented to the Assembly will include a brief ‘inflation impact assessment’”, will the Minister state what specific resources and advice he will make available to States Members and Scrutiny to ensure that any Amendments or Propositions that they bring to the Assembly include such an assessment?”

**Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):**

[Electronic interruption] That was not me, Sir.

**The Deputy Bailiff:**

I do not know who it was.

**Senator L.J. Farnham:**

The requirement for an inflation impact assessment applies to Ministers’ and Members’ Propositions where there is a proposal for a new charge, or fee, or an increase above 2.5 per cent. Estimating this impact requires an expert understanding of how the statistics on inflation are compiled and may also require access to data that is confidential. So, in the first instance, Statistics Jersey will support officers, Members and Scrutiny who are working on relevant Propositions and have agreed to provide the inflation impact assessment. The Head of Statistics Jersey has agreed to this, with the assistance of his team and will be working closely with the Economic Adviser and his team where necessary too.

**3.8.1 The Connétable of St. Martin:**

What penalties would States Members face if they do not include an inflation calculation? For example, would the Government reject an Amendment if it did not calculate the inflationary impact?

**Senator L.J. Farnham:**

I was sort of thinking of a jail term in the first instance followed by ... or a large fine. [Laughter] The *Report of the Inflation Strategy Group* suggests that the States will have to agree a new Standing Order and we can deal with that issue as we put the Proposition for that together.

**3.8.2 Deputy K.F. Morel:**

As we wait for this new Standing Order, will the Minister be asking his colleagues around the Council of Ministers’ table to be addressing this, the issue of inflation now and making it a part of their reports from now?

**Senator L.J. Farnham:**

The short answer to that is yes. Prior to lodging the report we have discussed this at the Council of Ministers. The report, Members that have received the report and read it, will understand that there is not a huge amount we can do to influence inflation, because the majority of it is dictated by external terms, but there is something we can do and the Council of Ministers is committed to doing its bit.

### **3.8.3 Deputy K.F. Morel:**

With that in mind, will the Deputy Chief Minister be speaking to the Head of Statistics Jersey to ask him to offer support to the Minister for the Environment as he works through the reference back from the Registration of Rented Dwellings Law where an inflation impact report was requested?

[15:45]

### **Senator L.J. Farnham:**

I am not sure I understood the question fully. I think I want to say yes, but I also think the Minister for the Environment is capable of asking that question himself.

### **3.8.4 Deputy G.P. Southern:**

Is it not the case that estimates of the impact on inflation can be so vague as to be defined not as fact, but as speculation?

### **Senator L.J. Farnham:**

Of course, when we look to inflation estimates, of course, we draw on advice from the Fiscal Policy Panel and the very good work and the detailed work Statistics Jersey do. But, yes, inflation estimations are exactly that. They are estimations but based on actual economic data.

### **3.8.5 Deputy R.J. Ward:**

Does this inflationary impact mean every single aspect of our community and, also, is this not purely in large part a political lever being controlled by the Council of Ministers on Propositions from across the Assembly is given that ... it is a very vague science, the definition of inflation? Look at what is happening in the world economy at the moment.

### **Senator L.J. Farnham:**

It could be argued that financial and manpower implications are also a vague science at times. But the idea of this anti-inflation strategy is to start to change the culture of thinking, not only with this Assembly, but with the Government, with Government States taxpayer owned organisations and arm's length bodies and Government charges. To think about the impact and to understand the impact of inflation of sometimes the very quick decisions we take in allowing charges to increase without, in my opinion, proper consideration. I can refer to recent decisions of the States, which in my opinion were taken largely on the hoof, such as the introduction of the retail tax at 20 per cent and certain large duty increases.

### **3.8.6 Deputy R.J. Ward:**

Does this not simply mean that every single Proposition brought to this Assembly could simply be referred back, due to its impact on inflation and then to do a full-time long-term assessment of that and we will come to an even greater grinding halt than we are now in any change and in any impact on the lives of Islanders?

### **Senator L.J. Farnham:**

No, it does not mean that at all. I refer to the answer I gave a little bit earlier, which the Deputy clearly missed. It said the requirement for an inflation impact assessment applies to Ministers' and Members' Propositions where there is a proposal for a new charge or fee or an increase above 2.5 per cent.