

**WRITTEN QUESTION TO
THE MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE
BY DEPUTY M.R. HIGGINS OF ST. HELIER
QUESTION SUBMITTED ON MONDAY 14th FEBRUARY 2022
ANSWER TO BE TABLED ON MONDAY 21st FEBRUARY 2022**

Question

“Notwithstanding that inflation is acknowledged to have many causes, will the Minister explain what steps he is taking to make sure that any price rises in Jersey are genuinely justified by increased costs and that consumers will not be exploited; and will he use his influence on States-owned, partly-owned and subsidised firms to keep prices down to the necessary minimum; and if not, will he explain why not and state what alternative actions, if any, he proposes to take?”

Answer

The conclusions of the most recent Inflation Strategy Group report remain relevant and contain key actions for the Government. I have asked the Director General Economy to raise this issue with the Executive Leadership Team and have reconvened the Inflation Strategy Group to closely monitor inflation data and trends with a view to assessing options for additional measures.

The factors that affect inflation are largely outside of Jersey’s control and energy costs and supply issues have been the main drivers of the recent global increase in the rate. It is recognised that inflation may rise further in 2022 and that measures taken in Jersey to reduce inflation are likely to have a limited effect.

The six actions of the Inflation Strategy Group report are as follows:

1. The Government will consider the impact on inflation of any changes to indirect taxes, including the production of an assessment of the impact on inflation of changes to duties. This will inform broader policy objectives, for example to achieve a reduction in the use of carbon-based fuels, tobacco or alcohol.
2. The Government will seek to keep its own price increases low, while ensuring sufficient revenue to make the investment necessary to maintain services. Increases in government charges and fees will aim to average less than 2.5% per year in the long run (ie. over a ten-year period).
3. The Government will develop and publish a fees and charges policy. This will facilitate each department to consider the overall impact on inflation of the aggregate changes to fees and charges within their control each year.
4. Should any significant new charges be planned, the Government will consider the impact of this on inflation and living costs and include this analysis to support decision-making. The Minister will bring a change to Standing Orders so that all relevant Propositions presented to the Assembly will include a brief ‘inflation impact assessment’.
5. The Government will consider the impact on inflation from any price rises over which they have influence or control (including States wholly-owned entities, social housing providers and fee-paying schools) and be mindful that any price increases above 2.5% will put upward pressure on the trend rate of inflation. However, any price changes should be set with regard to the specific circumstances of the sector concerned, in order to protect consumers while ensuring sufficient revenues to support continuation of vital services and to enable the necessary investment.

As with Government charges, wholly or majority States-owned entities should consider the impact any change to their prices might have on the trend rate of inflation, whether the price increase is above 2.5% or not. Where the potential impact on the overall inflation rate is significant, States-wholly-owned entities should consult, subject to regulatory best practice, with the Government before implementing price increases. States-majority-owned entities are encouraged to consider the impact on inflation of price increases and are encouraged to seek an inflationary impact assessment from Statistics Jersey as part of their consideration.

6. The Government will ensure continued support for the JCRA and will review and assess the competition framework to ensure that it remains fit-for-purpose. The Government will work with the JCRA to ensure competition policy is directed at those sectors with potentially significant impacts on the living standards of households and the competitiveness of businesses.

The Government will improve consumer knowledge by providing enhanced support to the Jersey Consumer Council to invest in existing price comparison resources and developing new comparisons across a range of different markets, starting with Grocery Watch