

2025.02.25

3.15 Deputy P.F.C. Ozouf of St. Saviour of the Minister for Sustainable Economic Development regarding the high costs of food and groceries in the Island (OQ.46/2025):

Will the Minister advise what steps, if any, are being taken by the Government to investigate and address the high costs of food and groceries in the Island, and the disparity with other jurisdictions, and will he explain what support, if any, is available to Islanders struggling with these escalating costs?

[11:15]

Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Economic Development):

I will start by taking the last part of the question first: “Will he explain what support, if any, is available to Islanders struggling with escalating costs.” That is a question that I think better placed asked of the Minister for Social Security, rather than the Minister for Sustainable Economic Development. But with regard to the cost of living and the cost of food and groceries in the Island, research in 2023 by the J.C.R.A. and Frontier Economics identified a number of Island specific factors which influenced the higher cost of groceries in Jersey, compared to the U.K. or mainland Europe. We also understand and recognise the value that competition can provide in ensuring pricing efficiency and mitigating inflation. With that in mind, the Department for the Economy is working to deliver updates to the Competition Law. Additionally, the new concession agreement for ferry services removes artificial barriers to competition, as well as placing caps on price increases for future years for the next 20 years, so that Islanders are not exposed to significant increases, as we have seen in recent years. The Government service committed to aiding Islanders with the cost of living and the Deputy will, I am sure, be familiar with the measures taken by the Government under the affordable living section of the Common Strategic Policy.

3.15.1 Deputy P.F.C. Ozouf:

I am not alone in, I think, asking Ministers in Government about what is regarded and called in this week’s *Economist* the cockroach that is the problem of inflation and the real and underlying historic issues that we have in cost of living. Is the Minister able to give some public information in maybe a written response or some briefing for States Members about exactly what are the issues that he says and refers to, kindly and rightly, about what the J.C.R.A. is doing and the Government is doing? Not to put money back into people’s pockets by way of more taxpayers’ funding but dealing with the underlying costs of inflation, which are rising, as I have been asking on a number of occasions.

Deputy K.F. Morel:

It is interesting. Obviously inflation in the right amount is seen economically as a good. If you were to have deflation it is usually seen as a bad. Looking to previous U.K. Chancellors of the Exchequer, they suggested a 2 per cent inflation rate was the target for the Bank of England at the time, and 2 per cent is seen as generally the appropriate level of inflation to ensure you have a growing economy. Jersey’s R.P.I. most recent release was 2.5 per cent and so I do not think it can be argued to be excessive inflation. We have of course in the past few years seen excessive inflation as high as 10 per cent in the Island. There is no doubt that that was excessive but was clearly driven in the main by off-Island factors. I think the context is

very important and right now the figures we have suggest that inflation is not where it has been over the past few years and has reduced significantly. The Government will continue to work with that and I will continue through the Cost of Living Group especially to ensure that the Government does maintain a view on inflation and I believe should seek to mitigate potential risks. I, myself, am concerned about potential damage that could be caused to the Island and cost of living in the Island should the U.K. economy continue to deteriorate, and particularly in terms of valuing of the pound. Because any significant devaluation in the pound in the U.K. would lead to significant cost rises in Jersey and I think that is something that we should have on our radar.

The Bailiff:

Very well we come to question now 14 that the same Deputy will ask of the Minister for Housing. **[Aside]** No, the way it works is that if no other Member asks there is no final supplementary.