

STATES OF JERSEY



MINIMUM WAGE: INCREASE TO MATCH THE LIVING WAGE

Lodged au Greffe on 5th April 2024
by Deputy M.B. Andrews of St Helier North
Earliest date for debate: 30th April 2024

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to request the Minister for Social Security to consider, when referring changes to the minimum wage for examination by the Employment Forum, in accordance with the Employment (Jersey) Law 2003, that the minimum wage should be aligned, no later than 1st January 2026, with the prevailing hourly rate assessed by Caritas to be the Jersey Living Wage.

DEPUTY M.B. ANDREWS OF ST. HELIER NORTH

REPORT

Since June 2022, much progress has been made with the minimum wage increasing from £9.22 to £11.64 ([Minimum wage \(gov.je\)](#)), however, the current minimum wage is still £1.77 less than the living wage rate, set by Caritas, of £13.41. I believe it is essential that the minimum wage is increased to match the living wage to support workers financial independence before the end of this term of office. It was one of my mandated policies to introduce a living wage and the lodging of this proposition seeks to do just that.

Why we need a living wage

Maintaining the minimum wage as the baseline wage is imprudent because Jersey's low wage economy sectors are indirectly subsidised with employees receiving state support via transfer payments and rental subsidisation. Whereas a living wage is set to support the financial independence of workers which reduces the need for financial support of low wage economy workers.

The government indirectly subsidising businesses via financial support packages will allow some unsustainable business models to continue to operate by maintaining tight mark-ups. It also means low wage economy sectors are depriving more thriving sectors of labour which could generate additional and more productive output in the economy.

Progress to date

Since June 2022, the minimum wage rate has increased above RPI ([Minimum wage \(gov.je\)](#)) and ([Retail prices index \(inflation\) \(gov.je\)](#)). This shows the States Assembly has taken proactive steps to assist baseline wage workers. Much more work ought to be done though as the minimum wage cannot be maintained, and to address this, the minimum wage will need to be raised to the Caritas living wage.

Consideration should be given as to how we reach the attainment of a living wage because drastic baseline wage increases could see labour income earners be displaced from the labour market. Despite Jersey having a tight labour market there could be some circumstances where workers encounter difficulties securing new employment.

The Chief Minister was recently asked about how he will support realistic increases in the minimum wage rate ([2024.01.25 states - edited \(eg\).pdf \(gov.je\)](#)). In response the Chief Minister had this to say –

“Well we made, this Assembly made, a commitment to the living wage and I believe we have got to stick to that, but I am also realistic about understanding the financial pressure that puts on small businesses who might not be able to afford it, especially in sectors such as agriculture, tourism, hospitality and retail”.

This demonstrates a desire to raise the minimum wage to the Caritas living wage.

I am asking the States Assembly to agree to raise the minimum wage to the Caritas living wage before January 2026. The proposed time frame provides the Council of Ministers and low wage economy businesses enough time to make the transition.

Financial and staffing implications

There will be legislative changes and therefore there will be a staffing requirement within the legislative drafting team. There will also be a staffing requirement in the Department for Sustainable Development to engage stakeholders regarding the transition from the minimum wage into the living wage. There will also be a staffing requirement in the Social Security department to adjust support packages for labour income earners pending on this proposition being successful.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.