

2024.04.30

3.2 Deputy H.L. Jeune of the Minister for Social Security regarding the living wage rate (OQ.88/2024)

Will the Minister advise what steps, if any, are being taken to determine how the living wage rate will be set and indicate what the timetable for this will be?

Deputy L.V. Feltham of St. Helier Central (The Minister for Social Security):

As the Assembly will know, reaching the living wage is indeed a priority for me, and I was pleased when the Council of Ministers agreed in its C.S.P. (Common Strategic Policy) commitment to bring the minimum wage to two-thirds of the median wage by this term of office, and I hope that the Assembly will support us in that when it comes to the C.S.P. debate. Statistics Jersey provide annual information on wage levels which will be used to set the two-thirds rate, and my current plan is to introduce an intermediate rate in 2025, with the full two-thirds rate achieved in January 2026. I have been working closely with the Minister for Sustainable Economic Development to work on what a suitable intermediate rate will be, and I will be shortly bringing regulations to the Assembly, asking the Assembly to enable me to set the rate without going to consultation with the Employment Forum. I have met with the chair of the Employment Forum, and I am comforted that this will not be detrimental to setting an appropriate rate. The 2025 rate that I will agree with the Minister for Sustainable Economic Development will be introduced in the coming weeks. Also during 2025, I will be working with the Minister for Sustainable Economic Development to develop a set of minimum income standards for Jersey households. This will provide valuable local information which can be used to inform future living wage rates.

3.2.1 Deputy H.L. Jeune:

Will the Minister include the value of subsidised food and accommodation or benefits in kind into the calculation?

Deputy L.V. Feltham:

I have met with key stakeholders, including employee stakeholders and employer stakeholders, and the subject of offsets for accommodation and food has come up. I have committed to stakeholders that I will look at offsets, but that would be on the basis of quality. So any increase in offsets would also, I would hope, lead to an increase in quality of accommodation standards where required. Of course, when we do the work on the minimum income standards, all of those things will be considered.

3.2.2 Deputy G.P. Southern:

Will the Minister outline for Members the means by which she intends to set minimum income standards. Will she accept that the setting of minimum income standards, because of the variability, for example, of rents, is a very, very difficult task? Is her target date actually doable?

Deputy L.V. Feltham:

I do accept that this is a difficult task. It will require detailed information, but I also believe that it is the only way that we can come to an agreed level of what is a decent minimum income standard for the Island. It will also be then available for us to inform potential changes to income support rates and also pensions. We cannot know that those rates are appropriate unless we know how much it costs to live on the Island, and a minimum income standard would enable us to do that.

3.2.3 Deputy G.P. Southern:

The first has not been answered, I am afraid. What was the mechanism by which we are going to set minimum income standards?

Deputy L.V. Feltham:

The Minister for Sustainable Economic Development and myself, along with the Cost-of-Living Ministerial Group, will take Ministerial responsibility for that and we will be working with officers. But that methodology has yet to be determined.

3.2.4 Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter:

In interviews on this subject, it was suggested that support would be available to businesses who were unable to meet the new living wage. Could the Minister explain how this will be achieved and how it will be funded?

Deputy L.V. Feltham:

We are currently working through my department and the Department for Economy on support packages that could be available for both employers and employees, as we go through this transitional process. We will be communicating those as we go through that process. We have been in consultation with employers, and one of the things that employment groups have said is very important to them is a clear direction and understanding at an earlier time of what minimum wage rates will be. So one of the key things that they have asked for us to do is to determine the rate at a much earlier part of the year than currently is done, so that they have the ability to plan for any change in rate.

3.2.5 Deputy K.L. Moore:

So 2 per cent of the working population is being paid a minimum wage at present. What percentage of the working population would be earning less than two-thirds of the median wage?

Deputy L.V. Feltham:

I do not have the percentage in front of me right now, and I will let the Deputy know because we have been working on those calculations. I was indeed surprised that the calculations had not been done when I took office as Minister for Social Security, and it appears that the previous Government had been making decisions without such knowledge. So that is some data that I have requested since taking office.

Deputy G.P. Southern:

Sir, in addition to circulating to the Member who asked the question could she circulate it to the rest of the States, please?

The Bailiff:

I am sure that is something that can be asked outside question time. Although that was a question, it was not yours.

Deputy G.P. Southern:

I am not having a good day.

The Bailiff:

We will both get there, I am sure, Deputy.

3.2.6 Deputy J. Renouf:

The Minister talks about subsidies or help for businesses. Does she accept that there is a danger here of undermining the whole point of a living wage? If businesses are subsidised to achieve that, or given money and help in some way, then what is the incentive for businesses who currently pay the living wage, who will essentially be told: "Look, we have made the effort to pay the living wage and now our competitors are being given help to achieve the living wage"? It surely undermines the intent of the whole drive to a living wage, which is to encourage businesses to pay the living wage and build their businesses around that model.

Deputy L.V. Feltham:

We are in a transitional process, and the change between the current minimum wage and the living wage is a significant one. I have taken advice from our Economics Unit to look at the risks. Part of the

process of offering support to businesses is around mitigating those risks. I have to say this is a priority for this Government, but it was not a priority for the Government before. Therefore I have found myself in a situation where a lot of the groundwork to get us into this transitional process has not been done. That is what I am doing now, and business support is required in order for us to mitigate those risks.

3.2.7 Deputy J. Renouf:

I am not sure that answered the question. Could I phrase it a different way? What message would she give to those companies who have paid the living wage to meet the standards that the Island expects and are now going to see their competitors potentially helped to do the same thing with government money.

Deputy L.V. Feltham:

It is always important that any subsidies or other processes to help businesses, or anybody that is receiving funding or any other support from Government, is undertaken in a fair process. So when we look at the processes for delivering that support, we will ensure that it is fair to all businesses that may well be impacted by the raise in the minimum wage.

3.2.8 Deputy H.L. Jeune:

Therefore, will the Minister confirm whether she is discarding the findings of the living wage and minimum wage investigatory report R.181 published in December 2023. If that is the case, if she is planning on releasing a new report to support the development of her proposals and if so, when?

Deputy L.V. Feltham:

The report that was issued last year that the Deputy referred to suggested that it was not feasible or desirable to move to a living wage. That is not a comment that I agree with on the basis that I now understand, that I have come into Ministerial office, that Ministers did not have basic information such as how many people were affected.

[10:00]

I think that that evidence was somewhat lacking, and I will be moving forward with the commitment that has been made by the Council of Ministers and also the States Assembly in its decision to move to two-thirds of the median wage.

Deputy H.L. Jeune:

Sorry, Sir, the Minister was unable to answer my question about if she is going to be publishing a report to be able to back up her point.

The Bailiff:

Yes, the question was in 2 parts. The first was: are you disregarding the first one? The second is: are you going to publish something different, if you are?

Deputy L.V. Feltham:

Yes, I am disregarding the first one. I will not be redoing the work that had been done because my focus now is on reaching the State Assembly's commitment of two-thirds of the median wage.

Deputy G.P. Southern:

Could I lift the *défaut* on Deputy Alves?

The Bailiff:

Yes, the *défaut* is lifted on Deputy Alves. That was the right question.