

**WRITTEN QUESTION TO THE PRESIDENT OF THE
EMPLOYMENT AND SOCIAL SECURITY COMMITTEE
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY 15th MARCH 2005

Question

In answer to my question on 1st March 2005, the President stated that the proposed level of income support is to be set at welfare rates and not the level of contributory benefits in order to maintain the incentive to work.

Would the President inform members –

- (a) whether the Committee will review the minimum wage level due to be introduced in Jersey in light of recent announcements from the U.K. government on the level of the minimum wage, in order to ensure that it still fully reflects the increased living costs on the Island? and,
- (b) whether the Committee's proposed Income Support Strategy will incorporate measures to deal with housing benefits?

Answer

On a point of clarification, the previous answer did not say that the proposed rates would be set at welfare rates. I was asked about the proposals from our model which used welfare rates as a base or control for the different scenarios that were being modeled. In all our examples but the base or control scenario, rates in excess of welfare rates were used and described in percentage terms above welfare rates. The incentive to work and save issue raised in the question has many facets, including wage levels and was described by Professor Walker during his recent visit in terms of replacement rates for the unemployed, which were low, demonstrating that the incentive to work in Jersey is high. The income support system is being designed to retain a high incentive to work through marginal deduction rates and a requirement to work where possible.

- (a) When the Employment (Jersey) Law 2003, comes into force the level of the minimum wage will be reviewed as set out in that Law and described in the report that accompanied the draft Employment (Minimum Wage) (Jersey) Regulations 2004, presented to the States last year through the mechanism provided by the Employment Forum. This will involve a good deal of consultation from which the Committee will receive recommendations and decide upon a rate in the light of economic, social and business factors in Jersey. It should come as no surprise to members that the position in the U.K. has been noted by the Committee and the Employment Forum and whilst the U.K. minimum wage has a relevance to the minimum wage debate, the States have to approve a rate that is appropriate for Jersey. In fact, these factors were taken into account and the rate being applied was "uprated" on the assumption that the implementation date would be 1st April 2005.
- (b) The Income Support system has been described in outline many times before, and I can confirm to members that the system has a component that will cater for the rent rebate and abatement systems and rental costs currently met by the Parish authorities if this is what the Deputy means by housing benefits.