

2014.11.25

4.10 Deputy G.P. Southern of the Minister for Social Security regarding the use of zero-hours contracts:

I smile because I have just heard a phrase I have not heard since the 1960s; certainly not from any economists. Will the Minister inform Members when she intends to report to the Assembly the results of her research into the extent of the use and abuse of zero-hours contracts as requested in P.100/2013 Zero-hours contracts: regulation?

Deputy S.J. Pinel of St. Clement (The Minister for Social Security):

As the Deputy is aware, this piece of work requires data from a combination of surveys that will be available by the end of 2014. In addition to the information that will be publicly released by the Statistics Unit, some additional detailed analysis of the data will be necessary to provide the particular information that we need for this piece of work, for example, to determine the characteristics of zero-hours contract workers such as age, gender and sector of work. The relevant departments, the Population Office and the Statistics Unit, are liaising with my department, and officers have recently reviewed what information relating to zero-hours contracts can be derived from the 2 surveys and when this might be provided.

[10:45]

When the information is available I will need some time to consider the findings and I intend to report the results to the States as soon as possible; realistically, this will be in the first quarter of next year. I understand that the J.A.S.S. results will be released tomorrow and I look forward to seeing the outcomes in relation to the questions that we asked about people's experiences of zero-hours contract work.

4.10.1 Deputy G.P. Southern:

Could the Minister say whether the practice that her predecessor had of using 27 agency workers on zero-hours contracts within the department, despite the fact that these people were employed over a long time and worked basically 9.00 a.m. till 5.00 p.m., if it was a regular job, they never received anything other than a zero-hours contract, whether it is her policy to continue with this practice or has she stopped this practice?

Deputy S.J. Pinel:

Again, as the Deputy is aware, valid zero-hours contracts remove mutuality of obligation so that work is offered and accepted on a casual basis. Zero-hours contracts have been criticised because of the lack of certainty that they provide to employees but when used appropriately such contracts can provide flexibility for both employees and employers.

4.10.2 Deputy G.P. Southern:

Does the Minister justify the use of zero-hours contracts for people, in this case, 27 agency workers, who are clearly working full-time and have been with the department for a length of time? Does she have arrangements to make sure that holiday pay, sick pay and pensions are also contributed to or is it getting employees on the cheap? Is her department leading the way in the abuse rather than the use of zero-hours contracts?

Deputy S.J. Pinel:

No, the department is not abusing zero-hours contracts. Zero-hours contracts permit flexibility to working hours. If the working hours extend to 35 or 37 hours a week then a permanent contract, or fixed contract, is offered. Zero-hours contracts often involve the inclusion of holiday pay which is normally rolled up to be given ...

Deputy G.P. Southern:

May I just ... a clarification?

The Bailiff:

No, no, I am sorry, you have asked 3 already and you will have the final question at the end. Deputy Martin.

4.10.3 Deputy J.A. Martin:

I thank the Minister for the replies; it sounds that this is being taken seriously. In the meantime, the Minister for Social Security does have it in her power for those who are finding, not abuse in that they are working the 35 hours, but these are the people who have come off income support, put their faith in the zero-hours contract and then find they have 2 weeks' work and then none. Is the Minister checking her internal practices that these people are paid quicker from Income Support and that their rent and their food money is there? Because this is the complaint I had from people who are on the zero-hours contracts. Thank you.

Deputy S.J. Pinel:

I thank the Deputy for her question and if she would like to come and see me at the department then we can look through this together. But the whole essence of zero-hours contract, as I have said before, is to provide flexibility and if they are used correctly it is far better to have people in work than not working and just on income support. In a lot of cases zero-hours contracts provide this and often lead to an opportunity for somebody to get permanent employment from where they have been on a zero-hours contract with a business beforehand.

4.10.4 Deputy M. Tadier:

Can the Minister confirm or state how many of those 27 agency workers on zero-hours contracts have been offered permanent or full-time employment, if any?

Deputy S.J. Pinel:

No, I do not have those figures with me but I will get back to the Deputy with them. Thank you.

Deputy M. Tadier:

Would she seek to circulate that information widely to the Assembly?

Deputy S.J. Pinel:

Yes.

4.10.5 Deputy S.Y. Mézec:

We know that zero-hours contracts in Jersey are 3 times more prevalent than they are in the U.K. if we are looking at it proportionately. How does the Minister account for this? What does she think it is about the Jersey economy that means zero-hours contracts get used more here? Does she believe that there is a link between abuse of zero-hours contracts and poverty?

Deputy S.J. Pinel:

There is concern in the U.K. about the increasing use of zero-hours contracts in many areas of the economy. An Office of National Statistics study of 5,000 firms earlier this year showed 1.4 employee contracts that did not guarantee a set number of hours but provided work during a 2-week period. I think the zero-hours contracts, as I have said before, allow the flexibility of businesses to employ people without the necessary permanent contractual obligations which by dint of their obligation cost the company money and it is far better for somebody to have work, albeit not 37 hours per week, than not have any employment at all.

4.10.6 Deputy M.R. Higgins:

Does the Minister accept that zero-hours contracts and the uncertainty that normally comes with them for many people who are engaged on those contracts, together with the very low salaries that are paid to many workers in our society, and with the lack of annual wage increases for many, are a major factor in the slowness of the Jersey economy to recover from its recession? As long as these patches have been there we are stunting our own growth going forward and we are just going to be in a perpetual recession or near recession. Does the Minister accept that?

Deputy S.J. Pinel:

No, I do not. I believe, as I have said before, that zero-hours contracts allow people to get back into the workplace. It is a known factor that it is far better for people to be working than not, even if that is only for 2 weeks at a time. As the Minister for Treasury and Resources said earlier, that the minimum wage is “the” minimum wage that these contracts are subject to but in a lot of instances a lot more than the minimum wage is paid to these people.

4.10.7 Deputy A.D. Lewis:

Will the Minister agree that perhaps the reason for the prevalence of zero-contracts in Jersey is because there are over 7,000 small businesses in Jersey that struggle with Employment Law, administering it and understanding it? What would her department do to try and educate those small businesses better so that they do not fear Employment Law, therefore do not resort to zero-hours contracts to mitigate it? Thank you.

Deputy S.J. Pinel:

Social Security fund an employment adviser under the auspices of J.A.C.S. (Jersey Advisory and Conciliatory Service) who goes out to employers and businesses at all times of the day and evening and weekends to answer any questions that small businesses and employers might have on this subject.

4.10.8 Deputy A.D. Lewis:

Is the Minister saying that she does not believe then that that is part of the reason why there are so many zero-hours contracts, fear of the Employment Law?

Deputy S.J. Pinel:

No, I am not saying that. I am just saying that an adviser which is funded by Social Security but employed by J.A.C.S. goes out to help people with their queries on Employment Law specifically.

4.10.9 Deputy G.P. Southern:

We were promised back in January 2014 at the very beginning of this year that a policy on the use of the zero-hours contracts was under development. Is the Minister in a position, notwithstanding her previous answer, to deliver a final complete report by the first quarter next year to state how far that policy has developed?

Deputy S.J. Pinel:

Yes, I think I answered that in my opening remarks that it will be delivered in the first quarter of next year which is in line with the P.100 that the Deputy brought to the States in 2013.

4.10.10 Deputy G.P. Southern:

A final supplementary, if I may? Does the Minister accept that many employers use zero-hours contracts to avoid or evade the current light touch Employment Law?

Deputy S.J. Pinel:

No, I do not think the Employment Law is light touch. It is constantly under review by the Employment Forum and any “abuse” - as the Deputy mentioned and I do not like the word - of the

zero-hours contract immediately goes before the Employment Tribunal and resolved by the Employment Tribunal. Thank you.