

**WRITTEN QUESTION TO MINISTER FOR SOCIAL SECURITY  
BY DEPUTY M.R. HIGGINS OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 4th MARCH 2014**

**Question**

Will the Minister state whether he agrees with the following statements and, if so, state what steps he is taking to correct or improve the situation and, if he disagrees with them, state fully why, giving evidence to support his contentions -

1. that Jersey has, or is in danger of creating, a two-tier labour market in which a growing number of workers will earn little more than the minimum wage;
2. without new thinking on the minimum wage there is a risk that its purpose will be perverted and might be seen as a drag on wages;
3. that the minimum wage was set to avoid extreme exploitation but instead is now being seen as a going rate for entry level staff;
4. the minimum wage shows little sign of transforming people's lives as it keeps the majority of people on subsistence levels of wages.

**Answer**

Data collected by the States Statistics Unit via the average earnings surveys undertaken in 2012 and 2013 provides no evidence that there is a growing number of minimum wage earners in Jersey, or that Jersey has a two-tier labour market. In both June 2012 and June 2013;

- 6 percent of jobs (around 3,000) were being paid at the minimum wage
- Less than 100 jobs were being paid at the trainee rate.
- Less than 100 jobs were being paid between the trainee rate(s) and the minimum wage.

Minimum wage jobs in Jersey are primarily in two sectors that are export oriented and that rely on international competition; agriculture and fishing (48% of jobs in that sector are minimum wage jobs) and hotels, restaurants and bars (40% of jobs in that sector are minimum wage jobs).

Given the low percentage of minimum wage jobs overall and the concentration of around two-thirds of minimum wage jobs in the hospitality and agriculture sectors, the Minister is not aware of any evidence to suggest that the minimum wage has a drag effect on wages generally. Minimum wage increases contribute to annual increases in the average earnings index and often have a differential impact on wages throughout a business.

The minimum wage was intended to remove the worst cases of low pay whilst taking into account business realities and supporting a competitive economy. The intention is to balance the desire for minimum wage increases against the risks for businesses, e.g. job losses if staff costs become unsustainable. The minimum wage is reviewed each year allowing the independent Employment Forum to react to new information and evidence in relation to jobs, competitiveness and the economy. In addition, the States of Jersey has established its intentions regarding the future of the minimum wage by deciding that the minimum wage should be increased to at least 45% of average earnings over a 5 to 15 year period. The Minister reminded the Employment Forum of that objective in 2013.

The Minister is not aware of any evidence to suggest that the minimum wage has become a going rate for entry level staff in Jersey or that it keeps the majority of people on subsistence wages, particularly given

the low percentage of minimum wage jobs overall, the concentration of those jobs in the hospitality and agriculture sectors and the comparatively low number of minimum wage jobs in the remainder of the economy.

It has never been the stated purpose of the minimum wage to transform lives. The purpose of the minimum wage is to set a minimum standard in the employment relationship and to create a level playing field between employers, irrespective of their size and sector.

The level of the minimum wage will always be constrained by the need to take into account the two most affected sectors and it is likely that the rate is lower than it might have been if the disproportionate impact on the hospitality and agriculture sectors was not taken into account.

Work is underway to investigate the introduction of a voluntary Living Wage for Jersey.