

2015.05.12

3.6 Deputy M. Tadier of the Minister for Social Security regarding the living wage for Jersey:

What part, if any, does the Minister think that Government should play in the adoption of a living wage for Jersey?

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

My department has been working with the Chief Minister's Department on the production of a report on this subject. Members will be aware that the Chief Minister is providing a briefing session tomorrow in conjunction with his publication of the report. In advance of that presentation I can confirm that in other countries governments are not responsible for setting living wage rates. Instead these are set by non-governmental campaign groups. In the event that a reputable campaign group wish to organise and fund the research, design and maintenance of a living wage rate for Jersey then in my opinion the Government should consider their proposals at that time and consider what part, if any, the Government should play.

3.6.1 Deputy M. Tadier:

While it is of course true that different jurisdictions take different approaches and many facilitate third sector organisations in their efforts, that it is true that governments all over the world have to pick up the consequences of when a minimum wage is significantly less than a living wage because it is them who funds the difference. Will the Minister at least acknowledge that it is Government's place to facilitate a living wage and, in fact, tomorrow can we expect that we have got a report saying why a living wage is a bad thing rather than an open minded review of what the living wage could achieve under all circumstances?

Deputy S.J. Pinel:

As the Deputy well knows I cannot comment on a report which has not yet been released. The briefing is tomorrow lunchtime and all will become apparent.

3.6.2 Deputy G.P. Southern:

On a more general front and not referring to the specifics of the report, does the Minister accept that one of the aims of moving to a living wage is to reduce the dependency culture, dependency on benefits, in order to have a reasonable wage?

Deputy S.J. Pinel:

Again, I refer to the report. It is not Social Security's report. It is the Chief Minister's report and I cannot possibly comment on it until it is released tomorrow.

3.6.3 Deputy G.P. Southern:

The report is not specifically about ... it is specifically not about the report. It is about the general thrust of the living wage to take people out of the benefit culture. Is that not the case?

Deputy S.J. Pinel:

I can only compare with London where only 2 per cent of low-paid employees have had an increase in wages as a result of a London living wage. It is very small amounts. There are around 5,000 low-paid employees in Jersey based on those earnings less than the minimum wage plus 5 per cent, which means around 100 low-paid employees may benefit from the introduction of a living wage. This small percentage would have a minimal impact on benefits and supplementation.

3.6.4 Deputy A.D. Lewis:

The Minister in this Chamber has said before that the objective of the Government is to aim towards a living wage within the next 15 years. Does she feel that is an acceptable period of time when this similar effect could be achieved in less than 5 years?

Deputy S.J. Pinel:

I think the Deputy is referring to the increase of the minimum wage, which was set between 5 and no longer than 15 years, which takes us to 2026. But it would then reach 45 per cent of the mean or average wage.

3.6.5 Deputy A.D. Lewis:

Are you suggesting then that that calculation is nowhere near the living wage because my understanding was that that calculation was to get towards a rate that was likely to be very similar to a living wage?

Deputy S.J. Pinel:

One can do very many calculations, as will be seen in the report tomorrow, as to what a living wage will be. There is no set line for a living wage, as obviously demonstrated by the U.K. and the U.S. (United States), and the U.S. living wage is not applied in the U.K. So there are many jurisdictions with very many different figures on this. So the increase would certainly put the minimum wage up, which of course is statutory. The living wage is voluntary and it is up to the employers as to whether they can raise that level.

3.6.6 Deputy M.R. Higgins:

I must admit I am surprised that the Minister shows so little interest in arriving at a living wage in the Island when we know that her own department's budget is having to supplement low wages in the economy. At a time when we have a deficit I am surprised she is not trying to encourage employers to adopt living wages so that their employees will not be calling upon the Social Security Department to top up their salaries.

The Deputy Bailiff:

Is there a question, Deputy?

Deputy M.R. Higgins:

Yes, does she accept that analysis, that her department is paying an awful lot of money to low-paid workers ...

The Deputy Bailiff:

Deputy, could you just ask a simple question please?

Deputy M.R. Higgins:

Very well, Sir. **[Laughter]** How much money is the department paying out to low-paid workers on zero-hours contracts? That is a simple enough question. How much money? What is it costing us at a time when we have got a major deficit?

The Deputy Bailiff:

How much money is being paid out, Minister?

Deputy S.J. Pinel:

The amount of supplementation or tax-funded grants that helps to assist people on low wages, because it is not necessarily zero-hours contracts, it is low wages, is about £60 million a year.

3.6.7 Deputy M. Tadier:

Is this the final ...

The Deputy Bailiff:

This is your final supplementary.

Deputy M. Tadier:

You took me by surprise there. Does the Minister accept that if we are to look at a living wage in the round seriously that the first thing that we need to do as a government is establish what a living wage is in the Jersey context and forget about other jurisdictions. Then once we have that figure, then we can start having a meaningful discussion and if she does - she is nodding her head - when will we get a living wage figure for Jersey from which we can all start to work?

Deputy S.J. Pinel:

As a Deputy, you will be well aware the Social Security Department, in conjunction with the Chief Minister's Department, are producing this report and have taken some considerable time to do so with a lot of analysis and review. So once the report is released, we will then ascertain what the feedback is and go forward but it is not government that will set a living wage rate. It will be a campaign or pressure group and we will then have to see what they say. They will be the ones that will have to fund the further review on top of the already extensive analysis in the living wage report due out tomorrow.

3.6.8 Deputy M. Tadier:

A supplementary. Does the Minister accept that there needs to be some co-ordination? We have a body which sets the minimum wage and that is not the Government but it is a government setup body which is independent. Does she also acknowledge that for the living wage to have credibility, it needs to be perceived to be independent and it needs to be official and how would that work?

Deputy S.J. Pinel:

It absolutely should be independent because it is a voluntary situation and employers would have to agree on their own behalf to implement it within their own businesses and it should not be government backed.

The Deputy Bailiff:

That brings us to question number 7 that the Deputy of Grouville will ask the Minister for Economic Development. Deputy.

Deputy C.F. Labey of Grouville:

Sir, I would like to ask for the Assembly to withdraw this question as, since submitting it, I have managed to set-up a meeting with the Assistant Minister who deals with digital and coincidentally C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities) and I think this is a more constructive way to proceed initially anyway.

The Deputy Bailiff:

Yes, Deputy, you do not have to ask the question when it comes to you. That is then question number 8 which Deputy Tadier will ask of the Minister for Social Security.