

2015.10.20

### **3.7 Deputy G.P. Southern of the Minister for Economic Development regarding the growth in zero-hour jobs:**

Can the Minister account for the predominance of zero-hours jobs in the June 2015 Jersey Labour Market figures and state what impact, if any, the growth in such jobs will have on the Island's economy and in particular on tax revenues?

#### **Senator L.J. Farnham (The Minister for Economic Development):**

The June 2015 Labour Market figures shows that 11 per cent or 6,450 jobs in the private and public sectors were filled on zero-hours contracts. This does not represent a predominance of zero-hour contracts in the Jersey market. The Deputy is shaking her head but a predominance means when something is in the majority so I just wanted to be absolutely correct. Members will know, but just as a reminder, a zero-hours contract is a non-legal term used to describe many different types of agreements between an employer and an employee. The Jersey figures may look high in comparison to the U.K. but this is due to different reporting mechanisms. The Jersey data being more accurate as it uses actual figures from businesses as opposed to extrapolating results from a small sample of employers as they do in the U.K. Zero-hours contracts are useful where business and work demands are irregular or where there is not a constant demand for staff. Zero-hours contracts can also provide a level of flexibility for the individual which allows them to work around other commitments such as study, child care or other employment. Responsible and appropriate use of zero-hour contracts enables employers to expand and enable individuals to secure work. This is not only in the interests of business ... the Deputy really should listen because he might find it quite interesting. There is a lot of chatter in the background.

#### **Deputy G.P. Southern:**

I am listening intensely [**Laughter**] for anything that might resemble an answer to my question and not just a vague piece of waffle.

#### **The Bailiff:**

Minister, if I might add, you should finish your answer in 90 seconds, that is the rule.

#### **Senator L.J. Farnham:**

Sorry about that. This is not only in the interests of business and individuals but has a potential positive impact on tax revenues. Can I refer the Deputy to R.52/2015, a report produced by the Minister for Social Security, which investigates the extent to which zero-hours contracts are used across various sectors of the economy and provides useful statistics pertinent to the Deputy's question? Finally, there is an ongoing Scrutiny review into zero-hours contracts and I look forward to hearing their findings in due course.

#### **The Bailiff:**

Minister, would you please go back to those advising you on answers and say that that answer was too long.

#### **3.7.1 Deputy G.P. Southern:**

With some exhaustion, I believe, in trying to pick out an answer: what will the growth... and it is a growth, and they are predominant, because of the new jobs 55 per cent are zero-hours contracts? So they are predominant. Do not play sophistry please. Not with me anyway. The question was:

what does the growth in these jobs impact upon the Island's economy and particularly on tax revenues? What about tax revenues for these zero-hours jobs in low pay sectors? Is it not the case that the migration policy, for example, has gone completely off-beam? It no longer focuses on high-end jobs but on low-end jobs.

**Senator L.J. Farnham:**

The Deputy is one day going to have to accept that jobs are good for the economy. All jobs are good jobs. If he reads the report, R.52, he will realise that the average salary for people on zero-hour contracts has been calculated at £17,000 per annum, 6,500 jobs created. On average, £17,000 per annum is good for the economy because the majority of that money is spent in the local economy. So on top of whatever tax is paid on that the Island benefits from G.S.T. (Goods and Services Tax) and if we look further than... and Deputy Hilton raises a serious concern about, we do not refer to them as low value jobs because all jobs are good jobs. Look beyond the value of the jobs to the importance of them in areas such as hospitality which underpins the whole infrastructure of the Island.

**3.7.2 Deputy M. Tadier:**

The Minister trots out the trite aphorism that jobs are good for the economy but is it not possible to concede that in some cases the jobs, if the zero-hour contracts are not on the living wage, are not necessarily good for the individuals who hold those jobs and that we need to get to a point where we have a living wage and we have stable and fixed work hours, not a preponderance of zero-hour contracts being used to fuel so-called growth which does not help the individuals get out of their poverty traps in many cases.

**Senator L.J. Farnham:**

No, I do not agree with that. I stand by my earlier comments. I think all jobs are good jobs and zero-hour contracts provide a level of flexibility for individuals and employers which allows them to work around their other commitments, such as study, child care and employment if used properly, which the majority of them are. They are very beneficial for the employer and the employee and a benefit to the economy overall.

**3.7.3 Deputy M. Tadier:**

Supplementary. The Minister is saying that he thinks that all jobs are good jobs. There is no such thing as a bad job out there and he refuses to accept my reasonable question, and agree with it, that we should be getting to a point where people can reasonably expect to have a certain amount of hours a week and a certain wage a week which will at least cover their living expenses. Is that too much of a radical suggestion for this Minister?

**Senator L.J. Farnham:**

No, absolutely not but the Deputy should understand that people that are on zero-contracts are still protected by a statutory law. They are still entitled to a certain level of pay and they are still entitled to holidays and a day off, since September of this year.

**3.7.4 Deputy K.C. Lewis:**

In recent times the whole Tourism Department was ripped apart and decades of experience was lost. Now it is being advertised as people looking to take over this department possibly on zero-hours. Does the Minister not find this a ludicrous situation?

**Senator L.J. Farnham:**

That is a nonsense. It was not ripped apart. Absolute nonsense. We have Visit Jersey which has produced a new tourism strategy and which is building on the very good work that was carried out over the decades by the previous Tourism Department.

**The Bailiff:**

It has been suggested through the Greffe, Minister, that you should try and lean back a bit because the microphone is not picking up what you are saying, for Hansard.

**3.7.4 Deputy M.R. Higgins:**

Just following through on the “ripping apart”. We had a Tourism Department that was responsible for quite a number of different activities, including the Visitor Centre, including events. Visit Jersey is just purely and simply a marketing body and the staff who were in the department have been basically ripped apart and have to do other activities. Would the Minister not accept that Visit Jersey is only doing a fraction of the job that the old Tourism Department did?

**Senator L.J. Farnham:**

I am just trying to find a link between that and the original question.

**Deputy M.R. Higgins:**

With respect, I am following up on the Minister’s own answer.

**The Bailiff:**

I thought it was marginal, Minister, but it was picking up on your answer and I think ...

**Senator L.J. Farnham:**

Could the Deputy repeat it? No, I am only kidding.

**The Bailiff:**

The question was, whether Visit Jersey was just a marketing tool and was not ...

**Senator L.J. Farnham:**

Yes, Visit Jersey’s key responsibility is to use all of its available resources to market Jersey, to promote Jersey and bring people to the Island.

**3.7.5 Deputy S.Y. Mézec:**

I think we are all really enjoying this question. Deputy Southern’s initial question was about the impact of the predominance of zero-hours jobs on tax revenues and I do not think we have heard anything close to an answer on that yet. So we accept that people in zero-hours contracts will generally have irregular hours which makes it harder to work out what somebody’s tax liability is. When your income is irregular it makes it harder to plan what spending you are going to do and we want people to be spending in the local economy to help it grow. So the question is, what, if any, impact assessment has been done by his department and what impacts on tax revenues will the rise of zero-hours contracts jobs have and if he does not know the answer could he just admit that he does not know? That would be much more helpful for the rest of us than the answers he has given previously.

**Senator L.J. Farnham:**

I will explain it again and I urge Deputy Mézec to try listening this time. The zero-hours contracts, as explained - and there is a very good report produced by the Minister for Social Security - there are some very pertinent statistics. So I ask the Deputies - the 3 Deputies sitting in a line on the back

row - to read it because it contains facts pertinent to the questions they are asking. We do not know how much tax and I cannot tell you how much tax each one of those individuals on zero-hour contracts pays but the report states that the average pay for people on zero-hours contracts is £17,000 per annum; 6,500 jobs creating £17,000 per annum will generate tax and is good for the economy.

### **3.7.6 Deputy S.Y. Mézec:**

Supplementary. If those are indeed the figures of the average wage that people are making when they are on zero-hours contracts, since zero-hours contracts are on the rise, does he consider it a good thing that we will have more people on these wages rather than people in proper jobs, with full contracts, full hours, and higher wages? Does he genuinely think it is a good thing for our economy that the position of zero-hours jobs is rising? Does he genuinely suggest that that is good rather than an alternative which is based on more stable hours and higher pay?

### **Senator L.J. Farnham:**

One simply cannot sort of take a blanket approach to this because many of the people on zero-hours contracts ... in fact I think in the J.A.S.S. (Jersey Annual Social Survey) survey it was approaching 80 per cent were satisfied or found their situation advantageous.

[10:45]

So clearly it suits the majority of people because it allows them flexibility. Do not forget it also allows employers to create extra jobs because the flexibility created by the zero-hours contract means they can give people work that otherwise they could not.

### **3.7.7 Deputy G.P. Southern:**

It is nice to hear the Minister for Economic Development admit that these jobs are low paid jobs because £17,000 is relatively low pay. It is just above the income tax threshold, around £14,400 through £15,000 before you pay any tax whatsoever. That compares with the median wage on the Island of £28,000 and the average wage of something of the order of £35,000. So these are in fact low paid jobs which generate a relatively low amount of income tax. Is that not the case? Does the Minister believe that these low paid jobs, zero-hours jobs, contribute to the £145 million shortfall we have got in our tax revenues?

### **Senator L.J. Farnham:**

No, I do not.