

2017.03.28

**7 The Deputy of St. Ouen of the Chief Minister regarding the statistical evidence available to support statements that relative low income had reduced: [1(193)]**

What statistical evidence relating to income inequality has led the Chief Minister to conclude that “relative low income is reducing”, as reported in his answer to Written Question 1(160) tabled on 14th March 2017?

**Senator I.J. Gorst (The Chief Minister):**

I would like to ask Senator Routier to answer this. Thank you.

**Senator P.F. Routier (Assistant Chief Minister - rapporteur):**

As our economy improves, it is of course important that people across our society benefit. Members will have seen the written answer today listing the sources of evidence which are widely available. Income inequality reduced as our economy performed well before the financial crisis and then deteriorated afterwards as employment income suffered and low interest rates and rents stretched out the distribution after housing costs. Our economy is now improving with unemployment at a 6-year low and earnings rising above inflation for the last 4 years. As reported yesterday, our income tax system is also more progressive and we are considering the distributional impact of spending decisions. We need to continue with these improvements.

**3.7.1 The Deputy of St. Ouen:**

A supplementary, please? The Assistant Minister’s answer supports his view of a more positive outlook and many of the surveys he has mentioned in that answer and the written answer talk about essentially how people are feeling, but does he acknowledge that the employment, inflation, other surveys he has mentioned to justify his answer do not provide the firm, statistical evidence that the numbers of people in low income are reducing from the level seen in the last income distribution survey?

**Senator P.F. Routier:**

Certainly, it is recognised that there is more work to be done with regard to the analysis of the information which is available. I would be very pleased to make sure more work is done to ensure that we can get a clearer picture of that particular issue. I think we all in the Assembly want to ensure that the income distribution is better than what it currently is and we are going to work towards achieving that.

**3.7.2 Deputy S.Y. Mézec:**

Not a single thing said in the answer from the Assistant Minister contributes tangible evidence that income inequality is going down in Jersey. His Government in their M.T.F.P. (Medium Term Financial Plan) supported policies to cut the support to pensioners and single-parent families. The Income Distribution Survey showed that a third of pensioners live in relative low income and 54 per cent of single-parent families live in relative low income. What assessment has been done to see the effect of those 2 cuts to those 2 groups that already live in large amounts of relative low income? What assessment has been done to see the effects of those cuts on those people? If none has been done, how can he possibly make the statement that relative low income is reducing in the Island?

**Senator P.F. Routier:**

Looking at reports which look at historic situations of what has been going on obviously in the past is always a difficult thing to do when we are looking at things which have been carried out more

recently. Some of the decisions that the Deputy has just spoken about are more recent decisions of this Assembly which will no doubt be part of the work which the Statistics Unit and the Social Policy Unit will look at going forward. But, as I say, what Members will hopefully recognise is that we went through a very difficult time a few years ago with the recession and we are now getting back to try to improve the situation. There is work to be done. There is no denying we need to improve matters and we will be doing our best to achieve that.

### **3.7.3 Deputy S.Y. Mézec:**

A supplementary? I am glad that the Assistant Minister has made the point he has made at the end there and, in his initial answer, he referenced economic growth. Now ignoring the fact that there is no trend in economic growth in Jersey and it is fluctuating in each different year, what evidence does he have that what economic growth we have had in Jersey has benefited people at the bottom of the income scale? Because the last time I saw figures, 50 per cent of the jobs that were being created are zero-hour contracts, jobs which cause instabilities in people's lives and usually come alongside low pay as well. What evidence does he have that the economic growth we have had has benefited those people or is it just another statement like the one he has initially made that has no real meaning behind it?

[10:45]

### **Senator P.F. Routier:**

There is a lot of evidence out there which is being collated by our department. It is very difficult to pick out single items of information from each of those pieces of work which make the whole picture. The reason I am struggling with answering those specific questions about particular percentages is because the opening question was about: what was the range of the statistics which are available; what are we looking at? I have provided that answer. If you want to go into more depth about what all those surveys and all that information is, we need to do more work. I am quite happy to sit down with Members and with our officers to go through that information.

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

Has the Assistant Minister performed a fresh Income Distribution Survey so that he can justify making the statement that relative low income is reducing? If he has not, because that is the only way to measure relative low income, will he withdraw the statement that relative low income is reducing?

### **Senator P.F. Routier:**

The next Income Distribution Survey is in a pattern of surveys which is being carried out and that will happen by the Statistics Unit in the normal way. So, the answer to the question of being based on, as I said earlier, it is on historic information. When we are making decisions in the Assembly we can only work on the hard information we have. So, as I say, the next distribution survey will be in a couple of years' time and we will have to work from that.

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

A supplementary, if I may? Does the Assistant Minister accept that those on relative low incomes are likely to be in the income support system and that the income support components have been frozen since 2009? Therefore, for example, a single person on his own on income support is £15 a week worse off than he was in 2009. Does he not admit that rather than decreasing the relative low income, it is increasing via the freezing of income support components?

### **Senator P.F. Routier:**

I think the Deputy and I have had many years of discussing income support and the mechanisms of how it works. Income support is there to support people who are in work and we are finding that more people are now in work than in recent times. So, talking about a reduction in income support is not the whole picture because people are being able get work and we have found that over the last 4 years the earnings have been increasing by above R.P.I. (Retail Price Index) and that is hard evidence. So there are more people in work, they are earning more money ...

**Deputy G.P. Southern:**

That is not hard evidence ...

**The Deputy Bailiff:**

Deputy, please.

**Senator P.F. Routier:**

They are earning more money and that is what we need to encourage.

**The Deputy Bailiff:**

I have Deputy ...

**Deputy G.P. Southern:**

The Assistant Minister is misleading the House. Accidentally perhaps, but he is misleading the House by pretending that he has statistics which suggest ...

**The Deputy Bailiff:**

Deputy? If the ...

**Deputy G.P. Southern:**

... that relative low income is reducing. He is misleading the House.

**The Deputy Bailiff:**

If the President is speaking, other Members should not speak and should sit down, please. You have made your point, there is nothing that can be done about that allegation at this stage. The Senator has given his answer. I was to say that I have notification of Deputy Higgins, Tadier, Lewis and Mézec that they wish to ask questions in connection with this matter. I will allow those questions, plus the supplementary of course from the Deputy of St. Ouen, but I cannot take any more names wishing to ask at this point. Deputy Higgins.

**3.7.6 Deputy M.R. Higgins:**

I agree as well, the answers given by the Assistant Minister are basically without evidence. He has not done any research. Will the Assistant Minister accept that the income earnings growth is highly localised, largely in the financial sector, and is not permeated down into the other sectors? Together with the fact that many of the people we have employed in the Island are on zero-hour contracts at minimum wage, there is very little chance of any growth in income equality from that source?

**Senator P.F. Routier:**

The Deputy's perspective of the way the economy is working leaves a little bit to be desired, I am afraid, because certainly earnings have been increasing above R.P.I. and there has been increase in employment across all of the sectors. The number of people in work now is greater than it has been.

### **3.7.7 Deputy M. Tadier:**

If relative low income is indeed reducing, we would be grateful to see the evidence and for that to be circulated. I think the Assistant Minister has made a statement which I do not think is true. We all want to see income inequality get better. That is certainly the truth for me and my colleagues and I am sure for many Members of this Assembly but it cannot be true for the Council of Ministers who pursue a policy of giving tax breaks to the rich. The Assistant Minister himself who has been a member of multiple manifestations of government in recent years ...

#### **The Deputy Bailiff:**

Deputy, there does have to be a question, I am afraid, and there are other Members waiting to ask as well.

#### **Deputy M. Tadier:**

Yes, does the Assistant Minister accept that the Council of Ministers does not want to see income inequality get better because they have policies that give the rich a tax break on their long-term care which is capped, they have a 1 per cent tax rate for some people in the Island? The most obscenely wealthy in the Island pay 1 per cent tax, if at all, on their worldwide income while every other citizen in the Island has to pay 20 or 27 per cent on their disposable income.

#### **Senator P.F. Routier:**

We know that the philosophical difference between the Reform Party and the majority of other people in this Assembly is quite stark. The income inequality issue, Members seem to be forgetting that the exemptions in the income tax thresholds have been increased over recent years. The food costs bonus for G.S.T. (Goods and Services Tax) is there. There are lots of mechanisms which are protecting people who are at the lower end of income and not forgetting that we have also invested about £7 million in getting people into work. We are supporting people to get into work and we are ensuring that they are able to support themselves which has got to be better for the whole community not only for the community but for them as well.

#### **Deputy M. Tadier:**

May I have a supplementary?

#### **The Deputy Bailiff:**

Briefly.

### **3.7.8 Deputy M. Tadier:**

If the Minister genuinely thinks and it is the policy of the Council of Ministers that they want to see income inequality get better, what tangible steps will they take to close the gap? That is to say, if we want to see better income inequality it means closing the gap between the lowest earners and the highest earners in our society. Does he believe that we should be closing that gap and how will he do it?

#### **Senator P.F. Routier:**

I do believe that; that is something we should try and achieve. You will have seen the work which is published by the Minister for Treasury and Resources about all the tax information. I think if Members spend a bit of time reading that document, they will find it a very, very good piece of work. It shows that with the exemption thresholds which have been increased over recent years, we are supporting people at the lower income. The piece of work which we are going forward with will

come from that very useful information. With regard to specific matters which he is asking that we might put in place, the work has to be done to do it on an informed basis.

### **3.7.9 Deputy A.D. Lewis:**

It is of course laudable that more people are in work than ever before but many are on minimum wage or just above minimum wage. Does the Minister not agree that the fastest way to solve some of those inequality in wages is to have a higher minimum wage and not to wait some 11 years to get the 45 per cent of median earnings which is the current objective of this Government? Should the Minister not be pushing very hard his Council of Ministers to adopt a much higher minimum wage, more akin to the living wage so that people can live in Jersey on the salaries they are earning even though they are on low-paid jobs?

### **Senator P.F. Routier:**

It is always a difficult debate to have regarding minimum wage. I do not know if Members remember, I brought the minimum wage legislation to this Assembly many years ago so I have been a supporter of minimum wage since that time. But regarding the actual level, that is a decision which is made by this Assembly on the information which is provided by the Forum which looks at the appropriateness of a wage because they take into consideration the needs of the horticultural industry and the hospitality industry. There are issues around that which really need to be balanced to ensure that we do not affect those industries in a negative way. I do support the need to increase the minimum wage as soon as we possibly can but it is a balanced judgment which is very difficult to make and that is why we asked the Employment Forum to carry out that work for us to advise us. Because we all have our own personal opinions about these things but this piece of work needs to be done in a consultative way to ensure that we do not affect our economy in a negative way, as well as supporting those we want to support.

### **3.7.10 Deputy A.D. Lewis:**

A supplementary? But does the Minister though support a speedier approach to increasing the minimum wage and not take 11 years to get to median average earnings? This should be achieved in 5 years' maximum. Does the Minister not agree that this speed should be much, much faster?

### **Senator P.F. Routier:**

I would certainly like to see it carried out faster.

### **3.7.11 Deputy S.Y. Mézec:**

The Assistant Minister has had ample opportunity in both written questions and these oral questions today to provide us with the statistical evidence to back up the claim that relative low income is reducing. He has not been able to do so and has instead given us the most flimsy assumptions, every single one of which can be rebuffed simply by pointing out R.P.I., freezing income support components and reducing the disregard for other income support components too. So, therefore, would the Assistant Minister like to take the opportunity to stand up and apologise for saying something that just is not true? Would he like to restore a little bit of faith in politics out there by standing up and telling States Members the truth, which is that they have no evidence that income inequality is reducing in Jersey and they have all the evidence that their policies are making things much worse for the poorest people in our society?

### **Senator P.F. Routier:**

I do not like playing ping-pong with comments across the Assembly because it is not an appropriate thing to be doing. We are not a 6th form debating society; we are here to make decisions for our

community. If at any time Members are misleading our community, it may be we need to look closer at ourselves sometimes; some Members might be saying things which are perhaps inappropriate. The information that is available to our community through the various reports and surveys which are carried out are there, open and available, and we will continue to make decisions which are for the best of our community. I am not going to make any apology to anybody because we have carried out the work diligently and ensure we will do our best to ensure that we can protect those who are on lower incomes.

**3.7.12 The Deputy of St. Ouen:**

Surely, the Government should not seek to put a gloss on statistical information provided by an independent Statistics Unit. Given the Assistant Minister's acknowledgement this morning that he was in difficulty picking out specific items to give the whole picture, I give him an opportunity once again to withdraw the categorical statement that relative low income is reducing when the only reliable statistical evidence we have is entirely to the contrary.

**Senator P.F. Routier:**

That statement was made in answer to a written question a few weeks ago which the Chief Minister made. Obviously, using words in answers can be sometimes a tricky thing to do. The general principle of what was said was that things are improving. As far as withdrawing that comment, I do not think I am in a position to do that because that was a comment that was made in truth and honesty at that stage. But all I would say as of today is that we will do our utmost to ... picking on one specific piece of information from a report is a difficult thing to do. The Deputy is quite right, we need to get all the information together into one place and come to a view and that is what we will attempt to do in the future.

[11:00]

If there has been any sort of misunderstanding on the way the wording of the answer is, it can only be an apology for that. But certainly the intention is to reinforce the fact that our economy is doing well, there are more people in work and we are ensuring that we will do our best to protect those on low incomes and we will continue to do that.

**The Deputy Bailiff:**

Very well, we come to question ...

**Deputy G.P. Southern:**

If I may? The Assistant Minister is misleading the House. It may well be that he does not understand how relative low income is defined.

**The Deputy Bailiff:**

Deputy, an accusation of misleading the House cannot be made really in this context. That may be your view, it may be that you have to deal with it outside the Assembly or bring a proposition or something of that nature. But this is a question time, the question has been asked, it has been answered, and this was the final supplementary. There is no room for asking further supplementary clarifications or questions as a result of it. There has already been a very substantial amount of time allocated to this question well above the norm and I am going to move on to the next question. We come to question 8 that Deputy Southern ...

**Deputy G.P. Southern:**

Can the Chair indicate to me, because I am confused, how a Back-Bencher can challenge the voracity of a statement being made by a Minister then if it is not appropriate?

**The Deputy Bailiff:**

Well, firstly, when there is opportunity available, by asking supplementary questions, challenging it, secondly, by bringing a proposition, reciting the facts and circumstances where the Deputy believes, or a Back-Bencher believes, that there has been a misleading of the Assembly and dealing with it through the course of a proposition. But, Deputy, I must move on to the next question and I am going to deal with question 8 of which you will ...

**Deputy G.P. Southern:**

To the Chair, Sir, are you recommending I take the paths we have which are a motion of censure or a motion of no confidence in the Chief Minister?

**The Deputy Bailiff:**

No.