

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 12TH SEPTEMBER 2017**

Question

Given that the estimates of the impact of a significant rise in the minimum wage on the Jersey economy contained in the Oxera report R.83/2017 'Raising the minimum wage: economic and fiscal impacts', are largely positive, including, in relation to a 10% increase in the minimum wage –

- a rise in wages for almost 25% of the workforce, totalling approximately £2.9m (*see page 28*)
- an increase in consumer spending of £2.4m (*see page 28*)
- a fall in economy-wide profits of 0.03–0.07% (*see page 28*)
- an increase in inflation of only 0.05–0.06% (*see page 28*)
- a likely 0.1% increase in economy-wide productivity (*see page 28*)
- a net increase in government revenues of £0.3m (*see page 26*)
- a relatively small number of net job losses (*see page 19*)

what actions, if any, does the Chief Minister have under consideration in response to the report, with regard to the aforementioned estimates, and when will he bring any proposals to the States for consideration?

Answer

The Oxera Report R.83/2017 made it clear that a significantly higher minimum wage could bring both positive and negative consequences. It found that nearly one quarter of employees – 14,800 employees at the lower end of the earnings distribution - would benefit, and there could potentially be higher consumer spending, but it also warned of the potential for some job losses and lower incomes for some.

On balance, however, the report showed that many employees could benefit from higher earnings with limited employment and economic impact, and that the States' aspiration to achieve a minimum wage of 45% of earnings by 2026 is too slow. For this reason, the intention is to accelerate the timetable to deliver this change by 2020. A proposition is being prepared to achieve this, with a debate to take place after the Forum has made its 2018 recommendation.

In doing this we need to be particularly mindful of the effects on individual businesses with a large number of lower paid workers, including those in the agriculture, hospitality, and care industries. I have asked other Ministers to consider how we can help businesses to improve their productivity.

In the meantime, the Social Security Minister has asked the Employment Forum to take this report into account as part of its minimum wage review. The Forum's recommendation on the 2018 minimum wage is due later this month.