

2024.04.16.

4.11 Deputy G.P. Southern of the Minister for Sustainable Economic Development regarding the Earnings and Income statistics (OQ.65/2024)

Following the publication of the latest earnings and income statistics, will the Minister advise how he intends to address the increasing income inequality and to deliver economic well-being in an inclusive way for all Islanders?

Deputy K. F. Morel (The Minister for Sustainable Economic Development):

The strategic and long-term aims set out in the future economy programme are underpinned by the theme of fairness. We aim to grow our economy in an inclusive way that benefits all Islanders. Delivering against these principles is something I seek to influence through the Council of Ministers, as other Ministers are accountable for many of the policies that address income inequality. As an example, I am working closely with the Minister for Social Security to deliver this Government's commitment to introducing a living wage. I am also re-establishing the Cost-of-Living Ministerial Group. This group works to mitigate the cost of living, especially for those most affected by rising costs. The group has yet to meet under this new Government, and the role and remit will be fully decided at that meeting, but my hope is that it will build on previous work and work to help those most affected by the cost of living in Jersey. It is also worth mentioning that the Common Strategic Policy interventions already have the potential to support reducing inequalities through policies delivered by other Ministers, such as the minimum wage becoming living wage, housing, childcare and skills.

4.11.1 Deputy G.P. Southern:

Is the Minister aware that the lowest quintile after housing costs saw their income increased by 7 per cent in nominal terms and decrease by 23 per cent in real terms. What is the Minister prepared to do to correct this drop in the income of the bottom quintile, the poorest in our society?

Deputy K.F. Morel:

The Deputy is correct, it is an all-of-government approach that is needed to address these inequalities. It is not a single Minister that has responsibility for all of it, because, as the Deputy I am sure is aware, housing costs are a significant part of the issue with regard to income inequality, with those people in the lower quintiles having to spend a higher proportion of their income on housing. That, in itself, is one example which shows how we do need a whole-of-government approach. As I mentioned, the Common Strategic Policy, through the living wage policy, through housing policies, through the greater provision of childcare and through greater provision of skills training, is aiming to deal with these issues across the whole of government.

4.11.2 Deputy M. Tadier:

Does the Minister agree with the underlying premise of the question that income inequality or an increase in income inequality is in itself a problem? That is to say: does he think it is a problem if the rich are getting richer at a quicker rate than the poorer are getting richer?

Deputy K.F. Morel:

I believe an excess of inequality is a problem, that is correct. I believe there will always be a level of inequality that is there will always be higher earners and there will always be lower earners. There is a level of inequality that people are comfortable with and societies are comfortable with. But when that inequality becomes excessive, then it does become a

significant problem and can drive social issues, which become detrimental to the well-being of society.

4.11.3 Deputy M. Tadier:

In terms of the effort that Government expends, and perhaps his own department, on the one hand, ensuring that there are more and more super wealthy people that come to the Island, presumably that would drive the top end of inequality. On the other hand, the amount of effort that it spends on trying to increase the income of those at the bottom end, which does he think the Government is more comfortable and more successful at doing?

Deputy K.F. Morel:

I believe that in this Government we are addressing the lower end through the minimum wage and becoming the living wage policies. I believe that is a significant change, and it is one that this Government is doing.

4.11.4 Deputy G.P. Southern:

Will the Minister set targets to demonstrate this increase in income, say, for the Gini coefficient, which in this report has gone up from 0.38 to 0.43 significantly, and the 90:10 ratio as a measure? Will he set these targets?

Deputy K.F. Morel:

Yes, the 0.43 Gini coefficient is after housing costs. Before housing costs, it is less than that but that shows just how housing costs drive that inequality in the Island. I think that is a discussion that has to be had across the whole of government because there is no one single Minister responsible for income inequality. The discussion about whether we should have targets on that should be a Council of Ministers discussion.