



Deputy Richard Renouf
Chairman
Health and Social Security Panel
Scrutiny Office,
States Greffe,
Morier House,
St Helier,
Jersey
JE1 1DD

23 February 2016

Dear Deputy Renouf,

**Health and Social Security Panel
Living on Low Income**

I refer to your letter of 9th February in which you seek the views of Caritas Jersey and our associated Catholic Social Action Groups on a number of questions related to those struggling to live in Jersey on a low income. I have consulted my colleagues and we would respond as follows:

Question 1 – Has there been an increase in the number of people living on a low income and if so what are the causes of this increase?

Response 1 - We have noted increases in January and February this year in the number of requests for financial and material (mainly food) support. This increase has been greater on a 'month to month' basis than in previous years. That said, it is too early to say whether or not this increase will be sustained in the weeks and months to come or whether or not the increase is related to changes in States policies. However, we anticipate that the freeze on benefits will cumulatively increase the number and degree of dependency upon our charitable giving.

Question 2 – How does living on a low income typically affect the people we work with?

Response 2 – Living on a low income means having no savings, no cushion and great stress and worry. Having a low income in Jersey means having to work longer or having more than one job in order to have a decent standard of living. Working longer or on more than one job means less (or no) time for family or for

leisure, with all the consequent pressure on married life, quality of life and quality of parenting. Family break up is costly for the States. Poor parenting leads to poor achievement in education and life skills and this is transmitted down through the generations, again with increased costs for the Public Purse. All this stress impacts upon both physical and mental health and this is fast becoming an ever-greater burden on the States' budgets, a situation that is mirrored in the UK. But we would argue that this is a burden of the States' own making. The phrase 'penny wise, pound foolish' comes to mind.

Question 3 – Does the benefit system adequately support those on low incomes?

Response 3 – In comparative terms, the current benefit system is fair to those who qualify to receive benefits. However, as the proposed freeze on benefits bites it will become unfair. The benefits freeze will undoubtedly create further hardship and by 2019 we anticipate the problem will become very serious and require an urgent injection of public funds thereby negating the savings achieved and making the suffering of those on low incomes in this interim period of no benefit or consequence to the States or the Common Good. A cynic may point out that by then it will be somebody else's problem.

Question 4. – What improvements could be made to the benefit system?

Response 4 – As previously said, in comparative terms, the current system seems fair. What is decidedly not fair or just is the fact that benefits will not be allowed to keep pace with the cost of living in Jersey. It should be remembered that low income is synonymous with a higher cost of living. 'Low income' earners are too preoccupied with work to shop around for bargains. They do not have the savings to buy in bulk. Because of time pressures, they often have to buy in the local corner shop where prices are considerably higher and they have to do so on a daily basis. Unless they are one of the lucky few to be housed by the Housing Trusts, then 'low income' earners often have to tolerate low quality accommodation, at high rents. A progressive housing policy would ease this burden and consequently the demand on benefits. We would also suggest that there should be some flexibility in the interpretation of the 'five year' rule perhaps on a 'case by case' basis.

In the view of Caritas Jersey many of these problem arise from the fact that some who can work are being denied a fair wage: a wage that will allow workers to have a decent standard of living – a standard of living that many of us take for granted.

Some have argued that 'in work' benefits, when taken with the minimum wage, equates to a 'living wage'. We do not believe that this is the case. Even if it were so, what happens to those who cannot work or have no work or who (because of the five year rule or for other reasons) cannot access the benefit system? And even if the sum of the 'in work' benefits and the minimum wage did equate to a living wage, why is it fair and just that the burden of making up this difference should fall on the taxpayer and not the employer?

Caritas Jersey has committed itself to promoting the adoption of a 'living wage' in Jersey. We seek a voluntary adoption by employers. We are not campaigning for a statutory living wage. We hope that the economic and ethical arguments in favour of paying a living wage will find resonance with Jersey's politicians and employers. We recognize that this will be a greater challenge for some sectors of the economy than others but we do not agree that this can be resolved by absolving these challenged sectors from dealing fairly with their employees. For example, if indeed the burden of paying a living wage to agricultural workers is too severe for Jersey's farmers because they do not have the cushion of Government or EU grants and subsidies, then, in justice, the problem lies in that direction and not with the low paid worker.

Over the next few weeks and months Caritas Jersey will work with an independent Advisory Committee to consider how best to manage this promotion. We will also be taking independent advice from the distinguished economist who advises the Living Wage Foundation in UK on the national rate for a living wage. This gentleman has previously worked on aspects of the Channel Islands' economy and will be advising us on an appropriate rate for Jersey. We will be happy to discuss this rate with the Scrutiny Panel if it so wishes.

The evidence of the Statistical Unit, that income inequality has increased in recent years and that the gap is now worse in Jersey than in the UK, is of no surprise to those 'at the coal face'. We believe that the benefits freeze will exacerbate this inequality gap. We believe that the policy is flawed and will be an expensive error for the States.

We hope that these few comments will be of assistance to the Scrutiny Panel. We regret the absence, at the moment, of hard statistical evidence to support our assertions. We wish the Panel well its investigations.