

Jersey Citizens Advice Bureau Limited

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Date: 28th October 2020

Response to the Corporate Services Scrutiny Panel

Re. Government Plan 2021 2024

Foreword

I am the CEO of Citizens Advice Jersey, a position that I have held for the last 10 years.

We are pleased to respond to a letter from Senator Kristina Moore, received on 28th October, 2020, in relation to the Scrutiny review of the Government Plan 2021 2024. During the course of our work over the last few months, we have seen the problems directly associated with the pandemic, the financial impacts of which are only now starting to unfold.

Reducing Inequality

The decision to issue every citizen in Jersey with a £100 Spend Local card is a fantastic opportunity to learn exactly how this type of economic stimulus works in real life.

The anonymised data collected from this scheme will be such a powerful tool to track how people use this money and the benefit that it has on the local economy. Which local businesses will benefit and which sectors will benefit most? Will charities indirectly benefit by recipients choosing to make a donation after spending their allotted funds?

The decision to make this a universal payment is an interesting one. For years governments around the globe have considered the concept of a Universal Basic Income and some jurisdictions, notably Alaska and Finland, have implemented schemes that pay out to the whole community, the overriding principle being that people can best decide what to do with this money rather than leave it to the government.

Universal (or unconditional) Basic Income is paid to every citizen and would be an amount sufficient to secure basic needs as a permanent earnings floor no one could fall beneath, and would replace many of the temporary benefits, which are given only in case of emergency, or to those who successfully pass the applied qualification tests for work and income. Universal Basic Income would be a promise of equal opportunity,

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not equal outcome, with a new starting level set above the poverty line. It offers far more freedom to choose jobs that suit the individual rather than the job that they are forced to take or run the risk of losing their benefits. It also encourages more flexible working arrangements as people are not so reliant on earned income at certain times in their lives. It also makes sure that there are no barriers to work, as are present in our current benefits system. A basic income is the single most powerful weapon that could be used to reduce inequality.

The pandemic has brought all these issues into sharp focus. What may have once seemed to be a utopian ideology is something that suddenly starts to appeal as the 'new normal' sets in and people and governments start to reset their priorities and look for ways forward.

The idea is not so outlandish when you consider the costs associated with administering a benefits system, officer time, recovering overpayments of benefit and processing complex claims all become a thing of the past as a Universal Basic Income dispenses with all of these issues. Citizens not needing the monthly sum can set up a monthly direct debit to support their favourite charities or other institutions.

Two inevitable questions arise.

- 1) Will everyone having a guaranteed basic income make us, as a society, lazy? Studies suggest not.
- 2) What is the cost of such a scheme? Some economists understand that Universal Basic Income represents a *net* transfer and the true cost is much lower than the headline rate.

The decision to make our £100 payable to the whole community and the subsequent analysis of the data collected by tracking this £11M spend, may just prove to be the lightbulb moment that builds the modelling and provides the opportunity for our benefits system to move in a new direction.

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