

STATES OF JERSEY



MINIMUM WAGE: AMENDMENT OF STATES ACT DATED 21ST APRIL 2010 (P.121/2017) – SECOND AMENDMENT

Lodged au Greffe on 27th February 2018
by the Council of Ministers

STATES GREFFE

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After the words “the minimum wage should be set at 45% of average earnings by the end of 2020” insert the words –

“and, after the words “requested the Employment Forum to have regard to this objective when making its recommendation on the level of the minimum wage to the Minister for Social Security”, insert the words “; and further requested the Council of Ministers to investigate and propose a programme to deliver productivity improvements in low paid sectors, with outline proposals to be delivered in April 2018, and a detailed plan by December 2018”.

COUNCIL OF MINISTERS

Note 1: If this amendment were adopted, the proposition would read as follows –

to amend their Act dated 21st April 2010 on setting the minimum wage level as a percentage of average earnings by substituting for the words “the minimum wage should be set at 45% of average earnings, to be achieved over a period of not less than 5 years and not greater than 15 years from April 2011” the words “the minimum wage should be set at 45% of average earnings by the end of 2020” and, after the words “requested the Employment Forum to have regard to this objective when making its recommendation on the level of the minimum wage to the Minister for Social Security”, insert the words “; and further requested the Council of Ministers to investigate and propose a programme to deliver productivity improvements in low paid sectors, with outline proposals to be delivered in April 2018, and a detailed plan by December 2018.

Note 2: If both this amendment and the proposition of Deputy S.Y. Mézec of St. Helier were adopted, the Act of the States dated 21st April 2010, as amended, would read as follows –

THE STATES, adopting the proposition of Deputy Geoffrey Peter Southern of St. Helier, as amended, agreed that the minimum wage should be set at 45% of average earnings by the end of 2020 subject to consideration of economic conditions and the impact on competitiveness and employment of the low paid in Jersey; and requested the Employment Forum to have regard to this objective when making its recommendation on the level of the minimum wage to the Minister for Social Security; and further requested the Council of Ministers to investigate and propose a programme to deliver productivity improvements in low paid sectors, with outline proposals to be delivered in April 2018, and a detailed plan by December 2018.

REPORT

The Council of Ministers has been consistently clear that it wishes to increase the minimum wage to 45% of mean earnings by 2020, while also supporting our economy and lower-paid sectors such as agriculture and hospitality.

This approach is designed to support wage increases for many people – 14,800 could benefit, as estimated by Oxera in their report commissioned by the Council of Ministers –

<http://www.statesassembly.gov.je/assemblyreports/2017/r.83-2017.pdf>

The report also outlined that overall job losses would likely be limited – but that they would be concentrated in the hospitality, agriculture, and retail sectors – and that the overall economic and fiscal impact would likely also be limited.

This is the most authoritative and detailed analysis of this issue in Jersey.

At the same time, the Council of Ministers understands the concerns of businesses who rely on lower-paid workers, as expressed to the Employment Forum, and as reported by the Forum in September 2017.

In response, the Council of Ministers intend to outline by April 2018 an initial proposal to help lower-paying sectors to adapt to an increased minimum wage. Officers would then work to deliver detailed proposals, in close liaison with industry, for the new Council of Ministers to consider with a view to publishing a detailed plan in December 2018.

This work could also consider the wider costs and market pressures on low-paying businesses, appreciating that minimum wage changes are part of an overall approach to delivering a sustainable future for our traditional industries.

This amendment commits to this work and its scheduling, ensuring it is part and parcel of the proposed increase, and so that it can begin to be taken into account as part of the Forum's review of the minimum wage in 2018.

Alongside, this, and as outlined in November 2017, the Council would welcome expressions of interest from any Member who wishes to work with us over the coming weeks as this work is initiated.

Collective responsibility under Standing Order 21(3A)

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Ministers to the Chief Minister, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers ([R.11/2015](#) refers).

Financial and manpower implications

The Council of Ministers will investigate and propose a programme to deliver productivity improvements in low-paid sectors, with outline proposals to be delivered in April 2018, and a detailed plan by December 2018, with this programme to be developed within existing budgets. The cost of any such programme would then be

funded within existing allocations (including considering use of the Economic Productivity Growth Drawdown Provision) and be scheduled in the outline proposals and detailed plan.

Note:

This amendment has been re-submitted, as the original amendment of the Council of Ministers inadvertently removed the requirement for the Employment Forum to have regard to the decision of the Assembly when making its recommendation to the Minister. This amendment re-instates this requirement, while also maintaining the Council of Ministers' amendment to deliver proposals to support productivity improvements in low-paid industries.