

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 20th JANUARY 2015**

Question

Following the Chief Minister's commitment to making poverty a central focus of government, does he accept the international standard for the measurement of relative low income as 60% of median earnings or £323 weekly for a single person in Jersey and, if not, why not?

Does the Chief Minister also accept that a single person working 40 hours per week on the minimum wage falls some £50 per week below this low-income threshold?

Does the Chief Minister accept Reform Jersey principles that suggest that action should be taken on wage levels (living and/or minimum wage, zero-hours contracts) rather than benefits if poverty is to be alleviated in a sustainable manner?

Does the Chief Minister consider that, whilst the new Income Distribution Survey (2014/15) to be finalised in the 4th quarter of 2015 may indicate new levels of poverty, these are unlikely to be markedly different to those in the 2010/11 survey which showed 9,000 households, including 4,000 pensioners, 4,000 children and 10,000 working age adults to be below the relative low income threshold and that this should not preclude action early in 2015 to lay down the principles and policies to deal with poverty, and if not why not?

Answer

No.

The commonly used measure for relative poverty is *household income* (i.e. not individuals, and not earnings) against *60% of median household income*. This includes pensions, benefits, and investment income for the household as a whole.

This is the measure applied by the Independent Statistics Unit.

- In 2009/10, the relative low income threshold for a standard household (two adults) was £400 before housing costs.
- Applying this value to a single person household, the relative low income threshold value was £267 before housing costs.

This analysis is being updated as part of the latest household income survey due to report later in 2015.

- The minimum wage is currently set at £6.63 per hour, so an individual working 40 hours per week would earn a gross wage of £265.20. For a single person living in a bedsit supported by Income Support this would increase to a gross income £345.20 per week.

To support increased incomes, we must seek earnings growth that is driven by increased productivity, i.e. workers producing more economic value in the same amount of time and being rewarded accordingly. To complement this, benefits should be available to ensure people have sufficient money on which to live when they are unable to work, or when their wages need topping up to meet basic living costs. At the

same time, action should be taken on containing prices in key markets to make people's income go further, for example, updating our competition framework, promoting competition, etc.

As to the minimum wage, it is essential as a means of setting a minimum standard of pay to remove the excesses of low pay, while taking into account business realities, supporting a competitive economy and maintaining employment. This is how the minimum wage level is formulated. It would be counter-productive in tackling poverty to raise the minimum wage if that led to unemployment, or reduced hours. The world of work is also changing with increasing use of technology supporting part-time working, self-employment, and small businesses, and changing customer behaviour. We need to combine appropriate protection with flexibility.

This is the approach of this Council of Ministers: Increasing living standards – increasing productivity, increasing employment, containing prices – while also implementing a range of measures to improve education, health and social care, investing in housing provision and standards, all of which helps our community become more inclusive.

The new income distribution survey will provide valuable evidence of the impact of the recession on different household types, and it is not advisable to second-guess the outcome of the survey before the underlying data has been fully gathered, or to make significant policy changes to the income support system in advance of that analysis.