

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY G.P. SOUTHERN OF ST. HELIER**

ANSWER TO BE TABLED ON TUESDAY, 30th JANUARY 2007

Question

- (a) Further to his response to an oral question on 16th January 2007, would the Minister inform members whether the Data Protection Commissioner was asked to comment on the questions contained in the application form IS.01T or only on the statement in Section K?
- (b) Would the Minister explain why other members of a household are required to declare assets worth over £1,000 and can he confirm that this request does not breach privacy rights?
- (c) Would the Minister inform members whether the new scheme will remove the disregard on income from the Therapeutic Work Scheme and, if so, explain whether this will remove the incentive for this return to work scheme?

Answer

- (a) The Data Protection Commissioner was sent a copy of the whole form with an explanation as to the purpose, derivation and use of the data. My Department asked for comments on the declaration as well as any other issues of which it should be aware.
- (b) Income Support is to be based on the household unit and is claimed by an adult on behalf of all members of their household. The rate of benefit will be based on components relating to the members of the household and the total of the income and assets of all members of the household. I can not see how any privacy rights are being breached if the claim is being made on behalf of all members of the household.
- (c) Current disregards and limits on earnings lead to disincentives and this can be particularly relevant to the Therapeutic Work Scheme (TWS) where disincentives exist for the employee. Under Income Support, the complete disregard will be removed. Income Support will work in a different way and incentives will be given to retain earnings rather than benefits and therefore not only will there be a disregard of a proportion of earnings but individuals will also be able to earn above the current TWS limit and still receive Income Support.

Question 2

Does the Minister support the Employment Forum's recommendation of 40% of average wage as the standard for the minimum wage and, if so, would he explain why? Has the Minister undertaken any comparison to show how this figure compares with other minimum wage standards in Europe and, if so, would he provide details to members?

Answer

The Minister accepts that in its review of the minimum wage, the Employment Forum has taken into account the impact on local businesses and economic advice regarding inflation targets for the Island and supports the Forum's recommendation of 40% of average earnings as the standard for the minimum wage, at this time.

The Minister understands from the Forum's recommendation that the figure of 40% of average earnings is not fixed for future upratings beyond 2008, and supports the Forum's recommendation that after the 2008 minimum wage rate has been set by the June 2007 average earnings data, the appropriateness of this method and the percentage of average earnings used in the formula will be reconsidered by the Forum.

In the absence of up to date figures regarding median earnings, the Minister recognises the Forum's reasoning for applying a regularly reviewed index that can be relied upon for release in June each year. The responses received by the Forum demonstrated that being able to plan prices and wage costs a year in advance is crucial for the sustainability of some industries.

In comparing the recommended minimum wage figure with standards in Europe, the table below is of assistance, which presents the minimum wage as a proportion of average monthly gross earnings since 1995. The information has been sourced from the The European Industrial Relations Observatory (EIRO), which is a monitoring instrument offering analysis of European industrial relations.

The minimum wage rates referred to in the comparison table mostly relate to the adult minimum wage for employees over the age of 21 and lower minimum wage rates are payable to younger employees, whereas Jersey's minimum wage relates to all employees from the age of 16.

Minimum wage as % of average gross wage

Country	1995	1998	2001	2002	2003	2004
Belgium	52	49	na	46	na	na
Bulgaria	34	28	36	39	40	40
Czech Republic	27	23	34	36	37	37
Cyprus	na	na	na	na.	na	41
France	47-48	49	47-48	46-47	46-48	na
Greece	na	na	na	na	na	47
Hungary	31	29	39	41	36	36
Ireland	-	-	51	49	na	51
Estonia	26	27	29	30	32	34
Latvia	31	32	38	35	37	38
Lithuania	28	45	44	43	41	38
Malta	52	49	43	44	44	44
Netherlands	48	46	45	45	na	na
Poland	41	40	37	35	36	36
Romania	39	42	32	32	27	29
Slovakia	34	30	40	41	42	41
Slovenia	41	40	41	42	42	44
Spain	42	na	35	na	na	33
UK	-	-	37	38	39	40

Source:
EIRO.