

**WRITTEN QUESTION TO THE MINISTER FOR SOCIAL SECURITY
BY DEPUTY D.J. WARR OF ST. HELIER SOUTH
QUESTION SUBMITTED ON MONDAY 16th SEPTEMBER 2024
ANSWER TO BE TABLED ON MONDAY 23rd SEPTEMBER 2024**

Question

“In relation to the minimum wage being set as a ‘living wage’ will the Minister detail –

- (a) whether any calculations were undertaken to estimate the potential job losses that could arise and, if so, what figure was estimated;
- (b) what re-training and financial support will be available for those who are made redundant; and
- (c) the total budget allocated in 2025 and 2026 to manage the consequences of the move to a living wage?”

Answer

To clarify the misunderstanding in the question, the target set by the Council of Ministers as part of its Common Strategic Policy is to raise the minimum wage to 2/3 of median wage by the end of this term of office. This is considered to be a step towards taking the minimum wage to a ‘living wage’.

- (a) Detailed economic modelling has been undertaken to inform Ministers’ decisions. A total of 15,000 employees are estimated to see higher wages. The economic modelling also indicates that there may be circa 120 fewer jobs after reaching the target of minimum wage at 2/3 median earnings compared to increasing the Minimum Wage by average earnings. It is likely that much/all of the reduction in job numbers will be in the form of fewer vacancies and lower growth in jobs. Given the current strength of the local labour market it is anticipated that any employee losing their job as a result of a higher minimum wage will be able to find new employment quickly and easily.
- (b) It is not anticipated that there will be any significant redundancies due to the increase in minimum wage. The annual £10 million allocation (see below) will include projects to support the reskilling of individual workers. Islanders with 5 years residency will also be able to use the services of the Back to Work team (which includes training and job seeking support) and receive financial support through the Income Support system (subject to eligibility).
- (c) Subject to agreement from the States Assembly, up to £10 million will be available in each of 2025 and 2026 to support employers and employees in the transition towards a living wage.