

24.02.06.

9.8 Deputy G.P. Southern of the Chief Minister regarding the undertaking of a review of options to convert the Minimum Wage to a Living Wage. (OQ.27/2024)

Following the adoption of P.78/2022 and the response to Written Question 49/2023, will the Chief Minister agree to undertake a review of options to convert the minimum wage to a living wage by December 2024, ensuring that such a review takes into account the impact of rental levels on relative low incomes, and if not, why not?

Deputy L.J. Farnham (The Chief Minister):

Members will be aware that the previous Minister for Social Security published a review R.181/2023 at the end of last year. The review set out the reasons for continuing to work towards the existing States Assembly commitment of bringing the minimum wage up to a living wage at a level of two-thirds of the median wage. In light of this existing commitment, I do not see the need for a further review at present, but I would like to say that I will be discussing this commitment with the Minister for Social Security and other Ministers as a whole before further action can be agreed. I think it is very much a conversation that needs to be had on that.

9.8.1 Deputy G.P. Southern:

The issue I think around this question is, one, of timescale and, second, I do not believe anybody has done any work to evaluate the contribution that the high rental levels have on policy markers, and I believe that is 2 aspects that should be addressed in this consultation.

The Deputy Bailiff:

Is there a question at the end of that? You normally add: "Do you agree?"

Deputy G.P. Southern:

Would the Minister agree?

The Deputy Bailiff:

There we are. Do you agree?

Deputy L.J. Farnham:

I agree that there are indeed many ways of calculating a living wage. If we look at what we call the Caritas living wage which is £13.41, which is based on the London living wage plus 2 per cent, then we have our calculations based on two-thirds of the median wage. We could have a review that says we need to recalculate that and come to a different formula. I am not sure that is right and I want to discuss that with the Minister for Social Security, who will need to take advice as I am, I am sure, and I think that is a matter that needs to come to the Council of Ministers in short order, given the timescale.

9.8.2 Deputy A. Curtis:

The Chief Minister in his hustings stated that he believed certain businesses will need financial support during the transition to a living wage. Will the Chief Minister share in what form he expects this financial support to come, and if he does not see a need for a further review what consultation he will do in finding out the answer to that?

Deputy L.J. Farnham:

I did caveat that the living wage, if we are going to introduce it, in line with the States commitment, we need to ensure that businesses are provided with financial support to help bridge the gap over a period of time, so we avoid job losses or damage to business or even lose businesses as a result. I do not know what financial support looks like to business. It could take on a number of different forms from direct financial contribution to payroll. We have had experience with payroll schemes during COVID, or perhaps social security reductions on employees that fall into certain categories, but that is a piece of work that needs to be done.

9.8.3 Deputy A. Curtis:

As the Chief Minister is not entirely sure how to do it, does he not think that a review would be a good option?

Deputy L.J. Farnham:

I think we are running out of room on the shelf for reviews. I have only been in office a few days. I do not think we need a review. I think we need to sit around a table with our officers. We are quite capable of producing something internally.

9.8.4 Deputy P.F.C. Ozouf:

In view of that very can-do attitude, would the Minister, who I know is another member of the Council of Ministers who likes the *Economist* article, consider reading the *Economist* article: “Britain’s failed experiment in boosting low wage sectors” which at the heart of it struck at the Brexiteers’ plan to build a high-wage, high-skill economy? The article explains that they have failed, upon evidence. In other words, will his Government use the economic adviser, bring some people quickly and I will send him the article, to understand how we can get to a living wage, high wages with high productivity, with more than just words and promises and making some sectors of our economy completely unproductive, unprofitable and therefore requiring what I shuddered when I heard him say it, potentially bailing them out? Would he agree to have a meeting with me about my views, because I have got some?

Deputy L.J. Farnham:

If the Deputy sends me the article I shall endeavour to read it at some stage in the weeks ahead. I do not make light of that. Also, yes, I have a lot of time and respect for the economic adviser and his team who will be playing a key part in advising Ministers as we move forward to try to achieve what this Assembly has been promising for years. In relation to having a meeting with Deputy Ozouf, yes, of course I will. If he would like to make contact we will get something lined up, and I look forward to it.

9.8.5 Deputy P.F.C. Ozouf:

The article takes 5 minutes to listen to when he is walking his dog at St. Ouen, and I hope to go with him on his walk to explain to him what it means. I understand the pressure that he is going to be under, his Government is going to be under, to bring the living wage in but the experiment that has happened in the U.K. has largely failed and we spoke about productivity earlier. We must not and I do not want his Government to fail. I want them to succeed but there is a way of doing it, and this explains it.

Deputy L.J. Farnham:

I thank the Deputy for his kind remarks and if he would like to meet me at 6.30 a.m. tomorrow morning at the bottom entrance of Val de la Mare car park he can accompany me on the dog walk and he can tell me all about it.

Deputy P.F.C. Ozouf:

I will be there.

9.8.6 Deputy J. Renouf:

Following Deputy Curtis' question, if the Chief Minister cannot identify a way to support businesses that struggle with a living wage can he identify the business sectors that he thinks might need help?

Deputy L.J. Farnham:

I did not say I could not identify a formula. I could identify off the top of my head a number of formulas, but that would not be good governance to do that. We are going to do things properly this time. We are going to get proper advice. We are going to debate it around the Council of Ministers' table and then we are going to bring it to this Assembly, and that is how we are going to do it. Industries that I think will need support are likely to include agriculture, tourism and hospitality, perhaps retail and any other employers that have larger payrolls where below minimum wage hourly rates are being paid.

9.8.7 Deputy J. Renouf:

Does the Chief Minister not accept, slightly contrary perhaps to Deputy Ozouf's point, that if we do not have a living wage that persuades employers to meet what is a decent standard of living for citizens in this Island, that we will effectively be subsidising through other means the payment of low wages and failing to encourage employers to drive up productivity?

Deputy L.J. Farnham:

No, I do not and if I have not been clear I apologise. A minimum wage is to prevent exploitation. A living wage is to improve the standard of living. Now, what I am saying is not a permanent financial package. It is bridging support to help some employers to bridge the gap to allow them time to restructure their workforce and restructure their pay rates throughout their organisations, to ensure that they are not put under undue financial stress during this journey, which could lead to job losses, or even worse, some businesses closing down.

The Deputy Bailiff:

Was your light on, Deputy Tadier?

Deputy M. Tadier:

It was, Sir. You are being very indulgent today, Sir. The normal Bailiff would have cut us off by now.

The Deputy Bailiff:

I am always very kind to you, Deputy Tadier.

Deputy M. Tadier:

I do not need to ask my question.

Deputy P.F.C. Ozouf:

Point of order, you are not the normal Bailiff. You are the Deputy Bailiff, are you not?

The Deputy Bailiff:

Well, let us put that to one side. Any final supplementary, Deputy Southern?

9.8.8 Deputy G.P. Southern:

Yes, the eternal supplementary which is always, when you finish with your conversations with or without Deputy Ozouf, will you circulate the document that results to myself and Members?

Deputy L.J. Farnham:

Of course, but I would reiterate conversations need to be had with the Minister for Social Security and advice will need to be taken and it will need to come to the Council of Ministers. When we have done that process we will share with all Members and I think the Minister for Social Security can make sure that her colleague, Deputy Southern, will be the first to receive updates.