

2015.05.12

### **3.7 Deputy M. Tadier of the Minister for Social Security regarding the minimum wage:**

We get some continuity now that question 7 has been withdrawn. How much lower than the living wage does the Minister believe that the minimum wage should be?

#### **Deputy S.J. Pinel (The Minister for Social Security):**

In attempts to provide a much shorter answer, this is an unusual question and there is a large difference between the statutory minimum wage rate and the voluntary living wage campaign.

[10.30]

These 2 concepts have different underlying purposes and are calculated in different ways. To answer the specific question, I do not believe that it is possible to have a general rule that would make any specific link between a minimum wage rate and a living wage rate.

#### **3.7.1 Deputy M. Tadier:**

Yet we already do have a link which has been set-up when it comes to establishing what the minimum should be going forward. It should be 45 per cent of the median wage so we have already set a link up there. I suppose the underlying question comes back to the fact that every penny that the minimum wage is lower than the living wage, that is a penny that the taxpayer has to pay to subsidise employment and employers who cannot afford to pay a wage that meets the living costs of the individual who is providing their labour. Does the Minister accept that that is an issue that needs to be addressed because this is hidden subsidy which is ultimately being picked up by the taxpayer in times of belt-tightening and does she accept that that is an issue?

#### **Deputy S.J. Pinel:**

I agree with the Deputy that, in some cases, it is an issue but there are very many ranges of household costs which is what a living wage is supposed to address and, as I keep saying, the report tomorrow will answer a lot of these questions and I am not at liberty to discuss the contents of that at this stage.

#### **3.7.2 Deputy A.D. Lewis:**

It is generally accepted that the living wage is higher than the minimum wage. Relative poverty exists in Jersey. Does the Minister accept that and does she accept that introducing the living wage would give us a huge opportunity to deliver everybody out of relative poverty in Jersey?

#### **Deputy S.J. Pinel:**

As the Deputy started off at the beginning of the question, it depends what one's concept or expectation of a figure of a living wage is. In some calculations, as we mentioned earlier, the living wage comes out at a lesser sum than the minimum wage so I think a lot of preconceptions have been adopted in as much as the living wage potentially would be considerably higher than the minimum wage. This may not be the case and there is always, as I have said before, a way to supplement lower income families to have a reasonable level of household expenditure.

#### **3.7.3 Deputy A.D. Lewis:**

The Minister is misleading the House. The general acceptance of a living wage is that it is higher than a minimum wage. There is only one example I am aware of where it is different and can the Minister accept that? The living wage is generally always higher than the minimum wage in most cases throughout the world.

#### **The Deputy Bailiff:**

Presumably you meant the Minister is unintentionally misleading the House.

**Deputy S.J. Pinel:**

Increasing the living wage rate, or introducing one to start off with, theoretically increases a household's income but this does not guarantee that each household meets its basic cost of living. How can a single hourly rate be the same for each household? As living wage rates are voluntary, only those employees earning lower than the living wage and employed by an employer paying a living wage are positively impacted and, as I have said before, more details are available in the report tomorrow.

**3.7.4 Deputy G.P. Southern:**

Another piece of accidental, unintentional misleading. I think the Minister referred to 45 per cent of the median wage when she meant 45 per cent of the mean wage as the target for changing the minimum wage. Does she nonetheless accept that what both the living wage and the minimum wage seek to address is in-work poverty and that the relative low income line is 60 per cent of the median wage which works out as £16,500 a year which is way above the marks that we are talking about now? Does she accept that that is a target that the living wage or the minimum wage should be addressing, 60 per cent of the median?

**Deputy S.J. Pinel:**

I have to correct the Deputy. I did say "mean". It was somebody else who said "median".

**Deputy G.P. Southern:**

But that is no answer at all.

**Deputy S.J. Pinel:**

Can we just ask the Deputy to repeat the last part of his question please?

**Deputy G.P. Southern:**

Does the Minister accept that both the minimum wage and the living wage are designed to address the issue of in-work poverty and that the proper target is 60 per cent of the median wage which is the relative poverty line which should be addressed by either or both of those 2 wages?

**Deputy S.J. Pinel:**

Yes, I agree with the Deputy. Between the 2, the median wage and a potential living wage, then in-work poverty should be addressed.

**3.7.5 Deputy A.D. Lewis:**

Has the Minister not just stated what her calculation might be for the living wage?

**Deputy S.J. Pinel:**

No. The calculations almost comprise a tome of a book so I could not possibly go into it all now.

**The Deputy Bailiff:**

A final supplementary, Deputy Tadier.

**3.7.6 Deputy M. Tadier:**

Does the Minister share my aspiration that every full-time worker in Jersey should be able to enjoy a reasonable standard of living without having to rely on government to top up their wages to meet their living costs?

**Deputy S.J. Pinel:**

Yes, and the Deputy is well aware of the division of industries employing people on a minimum wage. Public sector rates of pay generally start at a minimum of £9.35 which, in anybody's expectation based on a London living wage, would be in excess of that.

### **3.7.7 Deputy M. Tadier:**

Is the Minister suggesting that we have different minimum wages and different living wages per sector to that we could see an agricultural sector ...

**The Deputy Bailiff:**

Is that the final, final ...

**Deputy M. Tadier:**

This is a supplementary.

**The Deputy Bailiff:**

... supplementary, is it?

**Deputy M. Tadier:**

Yes, thank you, Sir. Is she suggesting that we have different rates per sector so we could see an agricultural sector which exclusively employs immigrant labour at £2 an hour because that is more than what they get in their own country and that we have a finance wage which might be at £12 an hour?

**Deputy S.J. Pinel:**

No, not at all. The minimum wage has been introduced to avoid exactly that; avoid exploitation of any workers and to create a level playing field for employers.

**The Deputy Bailiff:**

That brings us now to question 9 which Deputy Andrew Lewis will ask of the Minister for Health and Social Services. Deputy Lewis.