

23.02.28

3 Deputy G.P. Southern of the Minister for Social Security regarding the measurement of relative poverty (OQ.32/2023)

Further to the response to Written Question 75/2023, will the Minister indicate to Members what measures she would prefer to use to reduce the number and type of households/individuals in relative poverty by (a) increasing pay rates in the minimum/living wage; (b) increases/revision of benefits; (c) a mixture of both; or (d) other mechanisms such as minimum income standards?

Deputy E. Millar (The Minister for Social Security):

This question also relates to Written Question 75, which again was largely about the high-level review of benefits, which we have just discussed at some length. The Deputy's list of possible Government action are areas that I already keep under review in terms of the annual review of minimum wage. The House will be aware that we have a considerable piece of work this year of the living wage and, because we keep under review benefits, how we revise or increase them. These are all areas that we do review regularly but they are limited in scope. The Government has much broader ambitions to support families through improving access to affordable housing and developing a robust future economy programme in building up skills within the local workforce to create a prosperous higher wage economy. I do believe that the more we can reduce the cost of housing and improve the wages that people earn through skilled jobs the better. Addressing all of these issues will take time and I will continue to work with my Ministerial colleagues to improve the life chances of all Islanders.

3.3.1 Deputy G.P. Southern:

I thank the Minister for her answer but she seems to depend rather heavily on the economy recovering and wages going up. Is she not prepared to look at and examine - review, if you like - some of the ways in which she can add to people's income through other mechanisms?

Deputy E. Millar:

Again, I think I have touched on that. The minimum wage is routinely increased annually. It will be due for review later on this year. We are looking at the living wage, moving to living wage, and we have already made significant increases to benefits this year. Last year saw 2 increases to income support rates, which fully reflected the rising cost of living over that period, and we will consider further rises in income support rates over the course of the year. Contributory benefits are automatically uprated in line with earnings. Similarly pensions are increased in line with agreed mechanisms. I do not think the Deputy is quite right in saying that I am relying on the economy improving. What I was suggesting, rather than just the economy improving that we develop better jobs, better paid and more skilled jobs so that people earn more. I think most people would rather earn more than have to go and ask for benefits, and that is really what Government, as a whole, is trying to do, is to maximise disposable income in people's pockets.

[10:15]

3.3.2 Deputy M.B. Andrews of St. Helier North:

The Minister for Social Security mentioned the need to increase human capital and investment essentially. Is one of the ambitions for the Minister for Social Security this term to try and reduce Government redistribution of those who are economically active, and if so how will that be measured?

Deputy E. Millar:

I am not entirely sure I understand the question because I do not think I was talking about capital spend.

Deputy M.B. Andrews:

Human capital in relation to skills and investment in people and their skill development to ensure that they have more disposable income. Therefore, is one of the ambitions this term to reduce Government redistribution for those who are economically active and if so, how is that going to be measured?

Deputy E. Millar:

I do not believe that to be part of the plan at the moment. We would hope that people will continue as wages arise, as they have done. In fact, wages have risen significantly over the last few years generally, which means that income support claimants have reduced. So fewer people are claiming income support because of improvement in employment. I do not think improving job opportunities really rests with Social Security but I know the Minister for Economic Development, Tourism, Sport and Culture and the Government as a whole are very keen, and the Minister for Education, as part of her plan in terms of skills development, and ensuring that we do have quality jobs here, particularly for young people. I think that is a real focus of this Government, making sure that people have jobs that are fulfilling and rewarding.

3.3.3 Deputy S.Y. Mézec:

The Minister made reference to working people using their earnings to sustain themselves, and many of them preferring to do that than to rely on the benefit system. Could the Minister therefore confirm that it is her strategy to reduce those living in relative poverty by supporting financial independence where more and more households are able to sustain their living based on the earnings that they get from their employment.

Deputy E. Millar:

Yes, I agree that the more people who are able to live independently based on their own earnings the better. That would contribute to a prosperous and much happier society as a whole, the higher the level of earnings of individuals the better in those respects. However, I do think it would be marvellous to think that we would reach a point where everybody was entirely financially independent. I think even in Jersey we may not reach that, so I think the focus for me is more about making sure that those people who do not earn higher wages are supported appropriately. Whether that is through income support or other forms of benefits that help them to maintain an adequate standard of living.

3.3.4 Deputy S.Y. Mézec:

I am just trying to get to the bottom of what was in Deputy Southern's original question where he referred to options (a), (b), (c) and (d). It sounds like the Minister's opting for option C. Can she just confirm that that is the case and that while supporting those in work to have higher incomes to sustain them outside of poverty that that will also come hand in hand with more generous welfare payments for those who are unable, for whatever reason, to seek income through employment.

Deputy E. Millar:

I would not be honest if I said I had considered it in this format but I think that the list of options that Deputy Southern has set out are all things that we have to consider. We have to look at a

satisfactory minimum wage, we are already looking at moving towards a living wage. Benefits do need to be increased as necessary to keep up with changes in inflation and we do need to think about where there are gaps. Children and particularly pensioners, as I have already said. So all of these things I think will become (a), (b), (c) are all relevant. But I do think they are part of a wider package of improving life chances through education training and better more affordable housing.

3.3.5 Deputy G.P. Southern:

Can the Minister explain to Members why the work done back in 2015 on living wage linked to minimum income standards was abandoned at the time and will she commit herself to restart this work on minimum income standards?

Deputy E. Millar:

I have no idea what happened in 2015 because I had just taken on another role, which was very demanding and I was not following this closely, I am afraid. I can only reiterate that as a result of the amendment we made last year to P.78 we will be looking at a living wage and we will be consulting on that. That work is due to commence very shortly and we will be bringing legislation and more material on that to the States before the end of this year, as we committed in P.78, the amendment.

The Bailiff:

Before moving on, I should thank the Connétable of St. Mary for his contribution to the fine fund earlier on.