

21.06.29

6 Senator S.Y. Mézec of the Minister for Economic Development, Tourism, Sport and Culture regarding grants provided for small and medium-sized businesses (OQ.137/2021):

Following the announcement that grants will be provided for small and medium-sized businesses to allow them to invest in measures that will improve their productivity, what conditions, if any, has the Minister considered applying to these grants to ensure that the businesses' employees, including any paid below the living wage, will benefit from wage increases as a result of increasing productivity?

Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):

Alongside the main criteria, the assessment of applications contains additional considerations, which identify and further endorse those projects that can support Government commitments to the living wage and the Jersey performance framework outcomes on sustainable well-being. The scheme guidelines are clear that priority for funding will be given to applications that can demonstrate both. Improving business productivity levels is one step towards making businesses more efficient and thus more profitable, which will support their ability to move towards paying higher wages. This is certainly one of the key objectives of the scheme.

5.6.1 Senator S.Y. Mézec:

Would the Minister be prepared to publish whatever information or guidance comes alongside these grant applications to demonstrate these criteria? So we can see them for ourselves and ascertain for ourselves whether we think they are robust enough in their requirements to move towards a living wage.

Senator L.J. Farnham:

The scheme guidelines are currently published on gov.je. Jersey Business are acting as the gateway and will advise and coach businesses through the scheme application process. So I am happy to provide any additional information that Members might not think is adequate in the current published scheme guidelines. But I could also ask Jersey Business to publish more details on the application gateway.

5.6.2 Deputy M.R. Higgins:

Has the Minister taken into account the productivity gains that the Americans have been discovering in adopting a 4-day week? Also with workers working at home. So are these considerations taken into account in his guidelines?

Senator L.J. Farnham:

If any applicant to the scheme can demonstrate how they plan to improve their productivity, then all of that will be taken into consideration. My department certainly have not carried out any specific work into a 4-day week but I can confirm that there would be no impediment to any businesses wishing to include that as part of their scheme. After all, improved productivity is about working smarter, not harder, and producing more economic output with less resource.

5.6.3 Senator S.C. Ferguson:

How does the Minister describe an increase in productivity? What is his understanding of the term, which is bandied around so much?

Senator L.J. Farnham:

It is not so much my term but the economic term we use to monitor our productivity. It is the value of business profits added to the compensation of employees, so all the payroll in businesses. If you add those 3 figures together that gives us our gross value added for the Island and you simply divide that figure by the number of full-time equivalent employees. That formula will be applied to the businesses applying to the scheme so their productivity can be monitored in the same way.

[12:45]

5.6.4 Deputy G.P. Southern:

Will such schemes involving increasing productivity through moves towards the living wage, will he be encouraging companies engaging in this route to seek accreditation from Caritas?

Senator L.J. Farnham:

I have not given consideration to accreditation from Caritas, but I would encourage all businesses to embrace improved productivity and I would support the appropriate accreditation with whoever it may be.

Deputy G.P. Southern:

I cannot see where there is an answer I can ask on that.

Senator L.J. Farnham:

I was trying to say that I would support companies seeking accreditation.

5.6.5 Senator S.Y. Mézec:

Would the Minister accept that if measures to improve productivity for Jersey businesses are successful, then in the future there will be fewer excuses for not accepting proposals to raise the minimum wage to the living wage?

Senator L.J. Farnham:

I, and certainly the majority, if not all of the Assembly, support the move to living wage. Promoting productivity through the productivity support scheme - and this is a pilot scheme, which if successful I hope can be rolled out on a much larger scale - is done for the sole objective of improving productivity and that means improving wages. I do support that wholeheartedly and very much hope these schemes will facilitate a much faster move to improve wages right across the workforce.