

Deputy Mary Le Hegarat
Chair Health & Social Security Scrutiny Panel,
Scrutiny Office,
States Greffe,
Morier House,
St Helier,
Jersey,
JE1 1DD

12th October 2021

Dear Mary,

Draft Social Security (Amendment of Law – Minimum Earnings Threshold)

I am writing further to the correspondence dated 22nd September addressed to my colleague James Turner regarding the above and the union's response to the proposal. As ever the union welcomes the opportunity to participate in and feed into such consultations.

Fundamentally Unite would support a social security contribution based upon earnings rather than hours worked as there is clearly inequity in a position that someone earning £50 per hour, but working seven hours a week pays no social security contributions and someone on minimum wage working ten hours per week does.

Whereas a stark example such as the one provided above illustrates a sound reason for the proposed change, there is a concern that such a change will have unintended consequences for those on more modest earnings and just above the minimum wage. There will undoubtedly be individuals that are working less than eight hours, paid over the minimum wage, but modestly so that do not pay social security contributions currently and would potentially under the new proposed system.

To avoid these unintended consequences Unite supports the panel's decision to undertake further work to assess the impact of the proposed changes; however unfortunately the union does not possess the detailed data and statistics that you are seeking as part of the further review.

Whilst the union is of the view that a MET based upon earnings and not working hours is progressive, as above the concern is that those working less than eight hours on modest hourly rates and not paying social security contributions currently, will be moving forwards. It is noted that whilst earlier this year a vote to increase the minimum wage in Jersey to £10 was narrowly defeated, a vote to explore the feasibility of setting Jersey's minimum wage at the same level as the living wage of £10.96 was passed by 24 votes to 20.

In light of this and to avoid the unintended consequences that might arise in respect of the change to the MET and in response to question four of your letter, Unite's view is that the MET should be set at eight times the living wage, therefore 8 x £10.96 which will avoid the lowest earners being captured by the MET change.

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If the panel has any further questions regarding Unite's views on the MET or requires any clarification these can be directed to James Turner as the Regional Officer for Jersey.

Yours sincerely,

A handwritten signature in black ink that reads "STUART DAVIES".

Stuart Davies

Unite

Regional Legal Officer – South West