

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 1st DECEMBER 2015**

**Question**

Given that figures revealed in the Income Distribution Survey 2014/15 show a fall in household incomes of 17% which, when combined with inflation at 13%, produces a reduction in purchasing power of 30% for those in the lowest quintile of the population, will the Chief Minister review the policies to promote social inclusion including benefit levels, minimum wage level, the transition to a living wage, and employment legislation concerning zero-hours contracts in order to urgently address the issue of financial hardship?

**Answer**

The Income Distribution Survey does not include information on purchasing power. It analyses income before and after housing costs, and reflects the economic situation during a period of global financial crisis. It provides valuable information as we seek to improve the incomes of all islanders, and needs careful consideration alongside other evidence.

For example, questions were asked in the 2014 Social Survey exploring how people were managing financially, which reported:

*Households were asked how easy or difficult they find it to cope financially. One in four households (25%) reported finding it either 'quite' or 'very' difficult to cope financially, a proportion which is unchanged from 2010. However, when asked to compare against a year ago about one in three (29%) said their situation was 'a little' or 'much' worse, a proportion significantly lower than found in 2010 when two in five (40%) had felt their situation had worsened over the previous year, and indicating a slightly improved picture in relative terms of households coping financially.*

This fits with other statistics, which show that average earnings declined in real terms between 2010 and 2012, and our economy shrank from 2009 to 2012. This is now reversing, with the economy having grown by 5% in 2014, real earnings growth every year since 2012, and employment at a record high. We need to continue to grow our economy, which will support social inclusion.

The strategic plan, as approved by the States earlier this year, explains how this will be done:

- Prioritising education and focusing on providing children with the best start in life to improve outcomes, for example, the pupil premium will support children with the highest needs.
- Investment in health and social services to improve people's health and well-being, including their mental and physical health.
- Continuing investment in infrastructure, including social housing, providing more and better housing, for example, incorporating higher insulation standards to reduce heating costs for tenants, and a better town in which to live and work.
- Improving productivity to deliver higher profits, higher wages, and more jobs for local people, while targeting migration toward higher value activities.

It is also important to ensure our benefits system protects the vulnerable as well as promoting work, and that we have appropriate minimum wage and employment protection.

This is why the Minister for Social Security welcomed the above earnings increase in the minimum wage recommended by the Employment Forum this year – delivering a minimum wage that is at its highest level compared to average earnings since it was introduced. The Minister also expressed optimism that as the economy improves that we will see greater increases in the minimum wage in the future.

An evidence-based approach is needed to ensure that increases in the minimum wage do not lead to reduced working hours or fewer jobs – neither of which would promote social inclusion. Detailed research has shown that 78% of people on zero hour contracts are satisfied with the type of contract, and that less than 10% of people on zero hour contracts were in receipt of income support. It has also shown that the minimum wage, plus income support, already satisfies the requirement for a living wage in Jersey when compared with schemes elsewhere.

Ministers believe that the best way to reduce financial hardship and to promote social inclusion is to help people into work, to deliver earnings growth that is built on productivity growth, and to constrain price rises so people have more money in their pockets.