

If there was one way in which you could change Britain or the world by 2020, what would it be and how would you go about achieving it? **Teresa Pearce** offers her 2020 vision

2020

A MINIMUM WAGE – BUT NOT A LIVING ONE

My vision for 2020 is for everyone to be paid a decent wage for a day's work. It is a simple vision based on fairness – and my belief that if there is to be dignity in work, then the national minimum wage needs to be replaced by a living wage.

The national minimum wage at the moment is not enough for workers, and especially those with children, to live on. Work done by the Joseph Rowntree Foundation shows that to have a minimum living standard in 2011 a single person needs to earn at least £15,000 a year before tax and a couple with a single earner and two children need at least £31,600.

But because many people are paid minimum wage, we have big levels of state subsidy through work-



TERESA PEARCE

Labour MP
for Erith and
Thamesmead

ing and child tax credits to bump up the incomes of people in low-paying jobs. I am not against tax credits but I think more people need to understand that in many sectors the taxpayer is subsidising the wage bill of some of the biggest employers, many of whom are household names. They are making huge profits on the back of what is in effect a state subsidy as their staff costs are topped up by the taxpayer.

I recently researched job advertisements for some of the big supermarkets where the hourly pay is below the living wage or London living wage. I'll use one I found at around £6.54 per hour as an example; this is by no means the lowest hourly rate of the jobs advertised. If you work full-time on a wage of £6.54 an hour then your annual salary will be £13,603 before tax and your take-home pay after tax will be £11,676.

If this supermarket worker has a partner who is not working, they will be in receipt of £4,539 in benefits excluding tax credits. This takes the combined income for the family to £18,100. If they have a child then they are also entitled to a maximum of £4,200 in child tax credits, bringing their pre-tax income to £22,300 but down to around £21,000 after tax.

But with average housing costs around £8,500 a year, transport costs of £3,000 and fuel, maintenance, electricity and council costs in the combined region of £4,200, life is already a struggle for families on the minimum wage even before childcare, food and clothing costs are taken into account.

We need a national living wage by 2020 to put an end to this deeply unfair situation where we are all subsidising poverty pay and the profits of big companies. The living wage is currently calculated at £7.20 an hour outside London and £8.30 in London, to allow a worker to provide their family with the essentials of life. It should be adopted sooner rather than later.

It is not too much to ask that workers at the bottom of the income ladder should at least be able to make ends meet. ■



In 2002 the Ingles sisters clocked up 30 years' combined service on the tills in Newport. Teresa Pearce would prefer workers not to have to rely on tax credits to make ends meet