
STATES OF JERSEY



MINIMUM WAGE RATES FOR 2019: EMPLOYMENT FORUM'S RECOMMENDATION AND MINISTER'S RESPONSE

**Presented to the States on 11th October 2018
by the Minister for Social Security**

STATES GREFFE

MINISTER'S RESPONSE TO THE EMPLOYMENT FORUM'S MINIMUM WAGE RECOMMENDATION FOR 2019

The Minister is pleased to accept the Employment Forum's unanimous recommendation to increase the minimum wage by 6.9% overall, to –

- £7.88 per hour on 1 April 2019; and
- £8.02 per hour on 1 October 2019.

Having considered the Forum's very detailed recommendation, the Minister appreciates the difficult balance that must be achieved by the Forum in reaching a recommendation. Within the context of the evidence this year, the Minister is satisfied that the Forum has recommended an appropriate overall increase to be applied in 2 stages.

The Forum recommended that the Jersey Advisory and Conciliation Service ("[JACS](#)") should be asked to provide a short guidance note on how to notify staff of changes to pay. The Minister agrees that it should be as straightforward as possible for employers to apply the 2-stage wage increase, and will ask JACS to prepare a short guide for employers.

The minimum wage rate of £8.02 for October 2019 is equivalent to 43.4% of the level of mean weekly earnings. The Minister recognises that this increase shows significant movement towards the States' aspiration to reach 45% of mean weekly earnings by 2020.

The Minister is pleased to take forward the biggest minimum wage increase in 10 years, which will give a 'real terms' wage increase for thousands of employees in Jersey.

The Minister also accepts the recommended increases to the trainee rates and the maximum offsets for accommodation and meals.

Law drafting instructions will be submitted for the amendments to the Minimum Wage Regulations and Order that are made under the [Employment \(Jersey\) Law 2003](#).

The Minister is very grateful to the Chairman and members of the Employment Forum for the time that they dedicate to the minimum wage review on an honorary basis.

RECOMMENDATION – Minimum wage rates for 2019



Issued by the Employment Forum on 28 September 2018

PURPOSE OF RECOMMENDATION

This is the Employment Forum's fourteenth minimum wage recommendation. The Forum has reviewed the minimum wage and the purpose of this recommendation is to recommend to the Minister for Social Security the minimum wage, trainee rates and maximum offsets for accommodation and food to apply in 2019. The Minister will decide whether to accept the Forum's recommendation before proposing any changes to the Law.

TABLE 1 – SUMMARY OF RECOMMENDATIONS FOR 2019

	April 2018	April 2019	October 2019
Minimum Wage (per hour)	£7.50	£7.88	£8.02
Trainee Rate Year 1 (per hour)	£5.63	£5.91	£6.02
Trainee Rate Year 2 (per hour)	£6.56	£6.90	£7.02
Maximum weekly offset against minimum wage for accommodation	£82.12	£86.23	£87.78
Maximum weekly offset against minimum wage for accommodation & food	£109.47	£114.94	£117.01
Maximum weekly offset against trainee rates for accommodation	£61.59	£64.67	£65.84
Maximum weekly offset against trainee rates for accommodation & food	£82.10	£86.21	£87.76

You can obtain a copy of this recommendation from the Forum Secretary or the website – www.gov.je/minimumwage

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SECTION 1 – BACKGROUND

The Employment (Jersey) Law 2003 (the ‘Employment Law’) gives employees in Jersey the right to receive a minimum wage or a trainee rate for each hour worked. The Employment Law also requires the independent Employment Forum (the ‘Forum’) to consult on the level of the minimum wage and make recommendations to the Minister for Social Security (the ‘Minister’). In making its recommendations, the Employment Law requires the Forum to consult and to consider the effect of the legislation on the economy of Jersey and on competitiveness.

In addition, the Forum takes into account the aspirations of the States Assembly in making its recommendations. In her letter directing the minimum wage review this year, the former Minister for Social Security, Deputy S.J. Pinel of St. Clement, noted that the States Assembly had given a clear statement of its aspiration for the future of the minimum wage. In 2010, the States Assembly decided that the minimum wage should reach a figure that is equivalent to 45% of average earnings by 2026, subject to low-paid jobs, the economy and competitiveness¹. A further decision of the States Assembly on 6 March 2018 accelerated the timetable, as follows² –

“The minimum wage should be set at 45% of average earnings by the end of 2020 subject to consideration of economic conditions and the impact on competitiveness and employment of the low-paid in Jersey; and requested the Employment Forum to have regard to this objective when making its recommendation on the level of the minimum wage to the Minister for Social Security; and further requested the Council of Ministers to investigate and propose a programme to deliver productivity improvements in low-paid sectors, with outline proposals to be delivered in April 2018, and a detailed plan by December 2018.”

The calculation of 45% of mean weekly earnings is a moving target as the figure changes based on the latest average earnings data published by Statistics Jersey in August each year. If the minimum wage today was equivalent to 45% of the mean weekly earnings (£740 for June 2018) it would be £8.33 per hour (an 11% increase). If the mean weekly earnings figure were to increase by a further £20 to reach £760 in

¹ P.26/2010, as amended

² P.121/2017, as amended

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June 2019, an hourly minimum wage rate equivalent to 45% of that figure would be £8.55 for April 2020 (a 14% increase).

Productivity plan

The Forum understands that the former Council of Ministers intended to provide a programme to help lower wage paying businesses in agriculture and hospitality to adapt to a significantly higher minimum wage. A commitment was given to deliver an outline proposal by April 2018 in order to ensure that the plan would be available for consideration at the start of the Forum's minimum wage review this year, with the final plan to be delivered by the end of December 2018.

The former Minister for Social Security noted during the States debate on 6 March 2018³ that, if the Forum is to make meaningful progress towards recommending a significantly higher minimum wage for April 2019, it is essential that businesses are reassured that the proposed programme to deliver productivity improvements will enable them to pay higher wages. The Minister also made it clear that a failure to deliver these proposals by April 2018 would make it difficult for the Forum to make significant movement towards the aspirational target of the States Assembly by 2020.

Following a request for information, the Forum was advised on 17 May 2018 that an outline programme to deliver productivity improvements would not be available in time for the minimum wage review due to the election and purdah period and the formation of a new Council of Ministers in June. The Forum was advised that *"Work will continue on that plan to consider the various options in conjunction with industry representatives and a detailed plan will be delivered later this year, with this work fed into decision making on strategic and financial priorities."*

The Forum was disappointed that an outline programme to deliver productivity improvements was not delivered prior to the minimum wage review this year and brought this to the attention of the former Minister and Chief Minister. The Forum decided to proceed with the review as planned, asking respondents to consider the impact of significant increases to the minimum wage by 2020 and whether any changes to the minimum wage system might be appropriate (e.g. to the timing and frequency of increases) in view of the States' accelerated aspirational target.

The Forum understands that work is commencing on a programme for productivity improvements in the low-paid sectors, looking at measures that might help businesses in Jersey. A first stage report is expected to be presented to the Council of Ministers in December 2018.

Living wage

In its minimum wage consultation paper⁴ this year, the Forum highlighted the distinction between the minimum wage, the living wage and the UK 'national living wage', as follows.

³ During the debate of P.121/2017, as amended

⁴<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/C%20Minimum%20wage%20background%20paper%2020180608%20KM.pdf>

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“There has been a lot of discussion and some confusion in Jersey about these different rates of pay, particularly during the recent elections in Jersey and during the debate of the States’ aspiration earlier this year. The Forum notes that a number of the respondents focussed on a living wage, rather than the minimum wage, and considers that it would be helpful to clarify the differences.

Minimum wage – *In Jersey, this requirement is set out in the Employment Law and the current rate is £7.50 per hour. Generally, the setting of a statutory minimum wage rate takes into account factors including competitiveness, economic forecasts and the labour market. The minimum wage is intended to remove the worst cases of low pay whilst taking into account business realities and supporting a competitive economy. It also sets a minimum standard in the employment relationship and establishes a level playing field between employers, irrespective of their size and sector. The Forum is directed annually by the Minister to consult and make recommendations in respect of the Jersey minimum wage and has statutory obligations in this regard under the Employment Law.*

Living wage – *A living wage is a different concept from a minimum wage because it is a voluntary benchmark, rather than a legally enforceable minimum level of pay. Unlike the minimum wage, the cost of living features heavily in decisions about the living wage. In Jersey, the voluntary living wage is set by local charity Caritas and the rate from 1 April 2018 is £10.20 per hour. It is outside of the Forum’s remit to consider a living wage for Jersey. The Living Wage Foundation sets a voluntary living wage for the UK by reference to the cost of living.*

National living wage – *Despite the misleading label, the ‘national living wage’ is in fact one of the UK’s minimum wage rates set by the Low Pay Commission. It is distinct from a living wage in that it is essentially a premium minimum wage rate – currently set at £7.83 – for workers over age 25. Section 2 provides more information about how the national living wage differs from the other rates of minimum wage in the UK.”*

Previous Recommendation

In September 2017, the Forum recommended a 4.5% increase to £7.50 per hour from 1 April 2018. This was the highest percentage increase that the Forum had recommended in 9 years, which significantly exceeded the increases in earnings and prices, giving a real terms wage increase of 2%.

The Minister accepted the Forum’s recommendation and the minimum wage rates increased from 1 April 2018. A summary of the recommendation and the evidence that supported it was provided in the Forum’s latest minimum wage consultation paper⁵. All of the Forum’s minimum wage recommendations can be found on the website⁶.

⁵ <https://www.gov.je/Government/Consultations/Pages/MinimumWageConsultation2018.aspx>

⁶ www.gov.je/minimumwage

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SECTION 2 – MINIMUM WAGES IN OTHER JURISDICTIONS

United Kingdom

The 'National Living Wage' increased from £7.50 to £7.83 from 1 April 2018. The Low Pay Commission's (LPC) remit for recommending increases to the national living wage is different from its remit for recommending increases to the other 4 minimum wage rates (see Table 2). The national living wage is increased based on the objective to reach 60% of median earnings by 2020, subject to sustained economic growth, with an inherent acceptance that there will be some negative impact on jobs. However, the remit for the LPC in recommending increases to the other 4 minimum wage rates continues to include the need to protect as many low-paid workers as possible without damaging jobs or the economy.

The level of the median earnings in 2020 is uncertain, and so wage forecasts are used to calculate the likely rate. Since the announcement of the national living wage in July 2015, wage forecasts have fallen. The latest estimate is that a national living wage set at 60% of median earnings in 2020 would be around £8.56⁷. The 'on target' rate for 2019 is currently around £8.20⁸.

The Low Pay Commission consulted during the period 5 March to 1 June 2018 and has been asked to recommend in October of this year the rates to apply from April 2019.

Table 2 – Minimum wage rates in the UK

Rate	Age range	Hourly rate from 1/04/17	Hourly rate from 1/04/18	% increase
National Living Wage	25+	£7.50	£7.83	4.4
Adult minimum wage	21–24	£7.05	£7.38	4.7
Youth development	18–20	£5.60	£5.90	5.4
Young person	16–17	£4.05	£4.20	3.7
Apprentice	Aged 16–18 or 19+ in their first year	£3.50	£3.70	5.7

Isle of Man

Following consultation in the first half of 2018, the Isle of Man's independent Minimum Wage Committee recommended increases to the 5 minimum wage rates, to apply from 1 October 2018. The recommendations included a minimum wage of £7.85 for workers over age 25 and lower rates for younger workers and trainees. In addition, the Minimum Wage Committee recommended that an 'escalator' should be published to increase the minimum wage by around 3% each year to reach £9.00 by 2023, subject to annual refinement based on economic performance.

⁷ www.ft.com/content/f98d01cc-cf9c-11e7-9dbb-291a884dd8c6

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/698901/Low_Pay_Commission_consultation_letter_2018.pdf

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The Isle of Man Government accepted some of the Committee’s recommendations, but decided that two of the age-restricted rates should be removed so that all workers aged 18 must be paid £7.85 per hour, except for trainees.⁹

Minister for Enterprise, Laurence Skelly, said of the increases, “*The recommendations to Tynwald are put forward in the spirit of fairness and equality as we continue to position the Isle of Man as a progressive, diverse, and attractive place to live and work. The simplification of the different minimum wage rates will also support our Island’s drive to attract and retain more young workers as well as streamlining the guidelines for employers.*”¹⁰

The minimum wage rates in the Isle of Man are shown in Table 3. Separate minimum wage rates for agricultural workers are set by the Isle of Man’s Agricultural Wages Board.¹¹

Table 3 – Minimum wage rates in the Isle of Man

Rate	Age range	Hourly rate from 1/06/17	Hourly rate from 1/10/18	% increase
Minimum wage	25+	£7.50	£7.85	4.7
Minimum wage	21–24	£7.20	£7.85	9.0
Minimum wage	18–20	£6.85	£7.85	14.6
Trainee (6 months)	21+	£6.85	£6.95	1.5
Young person	Over compulsory school age, under 18	£5.70	£5.85	2.6

Guernsey

Following consultation in 2017, the Committee for Employment and Social Security proposed a minimum wage of £7.75 to apply from 1 January 2018. The changes are shown in Table 4.

The President of the Committee for Employment and Social Security, Deputy Michelle Le Clerc, said of the new rates, “*The Committee has taken the view that an increase to £7.75 is appropriate at this current time and takes into account the needs of the employee and the employer. The Committee is also conscious that external factors such as Brexit and the weakening of the pound have had an impact on recruitment in certain industries. It is hoped that the new proposed minimum wage will help Guernsey remain a competitive and attractive destination in which to work.*”¹²

The maximum offsets against the minimum wage were increased to £75 per week for accommodation (up £9 per week) and £105 per week for accommodation and food (up £10 per week).

⁹ <https://www.gov.im/categories/working-in-the-isle-of-man/employment-rights/minimum-wage/>

¹⁰ <http://www.itv.com/news/granada/update/2018-07-11/iom-gov-proposes-increase-to-minimum-wage/>

¹¹ <https://www.gov.im/categories/business-and-industries/agriculture/agricultural-wages-board/>

¹² www.gov.gg/article/162101/New-minimum-wage-rates-proposed

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The Committee for Employment and Social Security is currently consulting on the rates to apply from 1 January 2019 and is expected to publish a proposed minimum wage rate on 8 October 2018. The States of Guernsey has directed the Committee to provide clarity on their medium term plan for increasing minimum wage levels over the next 5 years. One option under consideration is for the minimum wage rate to automatically increase by inflation. This would give a minimum wage of £7.94 for January 2019 (the June RPIX increased by 2.4%).¹³

Table 4 – Minimum wage rates in Guernsey

Rate	Age range	Hourly rate from 1/01/17	Hourly rate from 01/01/18	% increase
Minimum wage	18+	£7.20	£7.75	7.6
Young person	16–17	£6.50	£7.05	8.5

International minimum wages

It can be helpful to consider minimum wage systems in other jurisdictions. However, systems vary considerably, and so international comparisons have limitations. Variations in minimum wage systems include the following –

- different rates depending on age and experience
- limited coverage (e.g. blue collar, permanent, full-time)
- the relevant pay period (e.g. daily, monthly) and conversion to an hourly rate
- what counts towards minimum wage pay (e.g. benefits in kind)
- the mechanism and timing of any increase to the minimum wage
- changes may be linked to the economic conditions in that country
- subsidies and tax breaks for minimum wage employers.

In its November 2017 report on the National Minimum Wage¹⁴, the LPC compared recent minimum wage increases in the UK with increases in other jurisdictions, commenting as follows –

“Between 2016 and 2017, as shown in Figure A4.4 [see Table 5], all of the countries with similar or higher minimum wage levels saw smaller minimum wage increases than in the UK. Figure A4.4 [see Table 5] also shows that many countries had larger increases in their minimum wages than the NLW over the last year. These are all characterised by having significantly lower nominal levels of the minimum wage than in the UK. However, the large increases reveal a broad trend of rising minimum wages around the world. In several of these countries there is a concerted effort to raise the minimum

¹³ <https://gov.gg/minwage2018>

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661195/Low_Pay_Commission_2017_report.pdf See appendix 4

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wage. In Europe, the largest increases over the last 7 years have been in Romania and Bulgaria, which both joined the European Union in 2007 ... The trend is repeated to a lesser extent in all of the A8 EU countries – Estonia, Lithuania, Poland, Latvia, Hungary, Slovakia, Slovenia and the Czech Republic. One potential impact is that, as minimum wages increase in these countries, the attractiveness of the UK’s labour market for migrant workers wanes ... Exchange rate changes in the last 18 months have exaggerated the trend.”.

Table 5 – Selected recent changes in nominal adult minimum wages, by country, 2016–2017

Country/City	Previous hourly rate ^a	New hourly rate	Date of uprating	Percentage change
UK	£7.20	£7.50	1 April 2017	4.2
Australia	\$AU17.70	\$AU18.29	1 July 2017	3.3
Belgium ^b	€8.57	€8.84	1 June 2016	3.1
Bulgaria	BGN2.42	BGN2.65	1 January 2017	9.5
France	€9.67	€9.76	1 January 2017	0.9
Germany	€8.50	€8.84	1 January 2017	4.0
Ireland	€9.15	€9.25	1 January 2017	1.1
Japan ^c	JPY823	JPY848	August 2017	3.0
Netherlands	€8.87	€8.95	1 July 2017	0.9
New Zealand	\$NZ15.25	\$NZ15.75	1 April 2017	3.3
Portugal ^d	€3.06	€3.21	1 January 2017	5.1
Romania	RON7.21	RON8.37	1 February 2017	16.0
South Korea	KRW6,030	KRW6,470	1 January 2017	7.3
Spain ^d	€3.78	€4.08	1 January 2017	8.0

Source: LPC estimates.

Notes:

- For countries where the minimum wage is not expressed as an hourly rate, the rate has been converted to an hourly rate assuming a working time of 8 hours per day, 40 hours per week and 173.3 hours per month.
- Rate for workers aged 18 and over with no experience.
- Data for Japan are mean average of prefectural (regional) rates.
- Not including annual supplementary payment of two months of salary for full-time workers.

The table in Appendix 1 compares minimum wages as a percentage of the levels of mean and median wage in a number of other jurisdictions. The mean wage is usually higher than the median when the same data is used and so the median wage is sometimes preferred for minimum wage comparisons. Based on a 40-hour week, Jersey’s current minimum wage of £7.50 per hour is equivalent to 41.1% of the June 2017 mean weekly earnings and 52.6% of the estimated median earnings for June 2017.

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SECTION 3 – STATISTICS AND OTHER INFORMATION

In reaching its minimum wage recommendations, the Forum combines statistical information and data about the economy with the responses it receives during consultation with stakeholders. The following section highlights some of the data and other information that has been taken into account by the Forum this year.

Prices

The Retail Prices Index (RPI) measures the change from quarter to quarter in the price of the goods and services purchased by an average household in Jersey. According to the latest report from Statistics Jersey¹⁵, during the 12 months to June 2018, the All-Items RPI increased by 4.5%. This was the highest headline rate of inflation for more than 6 years.

Underlying inflation is measured by RPIX¹⁶ and RPIY¹⁷. Over the 12 months to June 2018, RPIX and RPIY each increased by 4.2%.

In its latest 'economic assumptions' letter (August 2018)¹⁸, the FPP has stated that *"Headline inflation in Jersey for the year to June was 4.5 per cent, significantly higher than the 3.2 per cent in the year to March 2018."* This was also significantly higher than the panel had previously forecast for 2018 (a 3.0% increase). The FPP forecasts RPI to increase by 3.4% in 2019 and 3.3% in 2020.

In Guernsey, the annual rate of increase in the 'all items' RPI over the 12 months to June 2018 was 2.6%. In the UK, the annual rate of increase in the RPI adjusted for the 'formula effect'¹⁹ was 2.7% over the same period. Despite the influence of global factors on all 3 jurisdictions, local trends and issues also affect prices, for example, the prices of fares and travel, fuel and light, household services and housing increased at a greater rate on average in Jersey than in the UK.

Earnings

Statistics Jersey's report on the Index of Average Earnings for June 2018²⁰ measures changes in gross wages and salaries paid to employees between the last weeks of June 2017 and June 2018. It includes overtime payments, but excludes bonuses, employers' insurance contributions, holiday pay and benefits in kind. The number of employees whose earnings were used to calculate the index represents nearly half (46%) of all employees in Jersey.

¹⁵<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Latest%20RPI%2020180518%20SJ.pdf>

¹⁶ RPIX: the RPI excluding mortgage interest payments.

¹⁷ RPIY: the RPI excluding mortgage interest payments and the effect of indirect taxes, including GST.

¹⁸<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/August%202018%20economic%20assumptions.pdf>

¹⁹The Statistics Jersey report on the Jersey Retail Prices Index for June 2018 advises that the UK RPI adjusted for the formula effect provides the appropriate figure for comparison with Jersey's RPI.

²⁰ <https://www.gov.je/News/2018/Pages/AverageEarningsReport2018.aspx>

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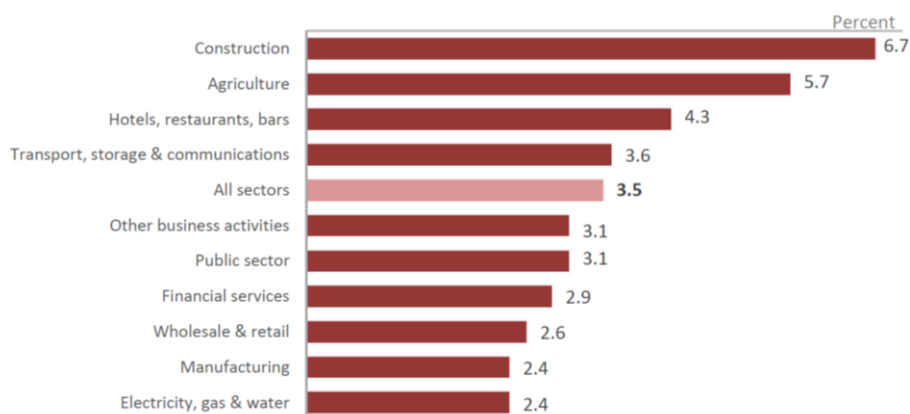
The average weekly earnings of workers in Jersey were 3.5% higher in June 2018 than in June 2017. This is greater than the increase in the previous year (2.6% to June 2017) and is the highest since 2008. Average earnings increased by 3.1% in the public sector and by 3.6% in the private sector.

In the same 12-month period, average weekly earnings in the UK rose by 2.8%²¹. Guernsey does not collect equivalent earnings data, but nominal median earnings increased by 1.8% between March 2017 and March 2018.²²

In real terms (i.e. adjusting for the increase in the RPI), earnings have been relatively flat since 2001. The latest 4.5% increase in retail prices means that earnings decreased by around 1% in real terms in the year to June 2018. This is the first time in 6 years that average earnings decreased in real terms.

The majority of sectors within the private sector saw average earnings increase by around 2 to 4% in the year to June 2018, as shown in Chart 1. The 6.7% average earnings increase in construction is the largest annual increase for more than 10 years. Earnings grew by 4.3% in hotels, restaurants and bars; and by 5.7% in agriculture, which the average earnings report notes as being predominantly driven by the 4.5% rise in the minimum wage from April 2018.

Chart 1 – Annual percentage change in average earnings by sector, June 2018²³



Source: Statistics Jersey

Average earnings data also provides information on the **level** of earnings²⁴. The level of mean weekly earnings across all sectors per full-time equivalent employee in June 2018 was £740 per week, £10 higher than in June 2017. By sector, the level of average weekly earnings was £550 in agriculture; £440 in hotels, restaurants and bars (which was the lowest of all the sectors); and £500 per week in wholesale and

²¹ The 2 measures are not strictly comparable due to differing methodologies.

²² <https://www.gov.gg/CHttpHandler.ashx?id=114620&p=0>

²³ 'Transport, storage and communications' includes Ports of Jersey, Jersey Post and JT Global.

'Other business activities' includes businesses servicing other businesses/households, private sector education, health and other services.

²⁴ These figures are estimates with an uncertainty of approximately £20.

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retail, which is just under half (49%) of the average weekly earnings in financial services (£1,020 per week).

The earnings distribution is skewed towards higher values, which means that the mean statistic provides a numerically greater measure of “average” earnings than the median. The Jersey Income Distribution Survey in 2014/2015 collected individual employment earnings which allowed a median earnings figure to be estimated. That data has been updated using the latest average earnings figure, and Statistics Jersey has estimated the median weekly earnings for June 2018 as £590 per full-time equivalent employee, which is £20 higher than in June 2017.

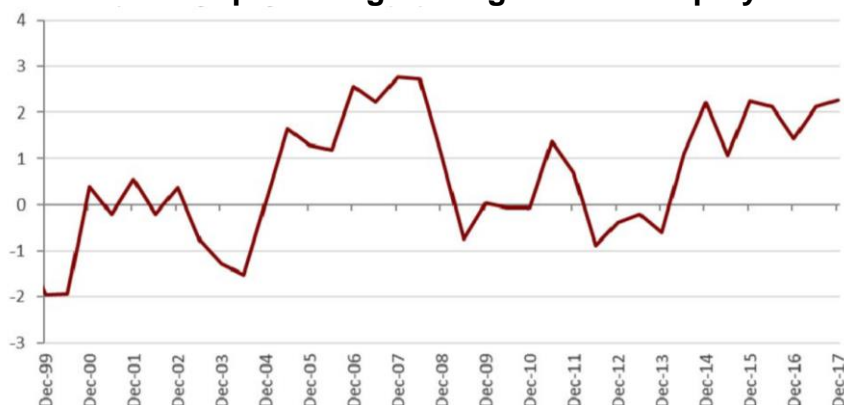
According to the latest economic assumptions from the Fiscal Policy Panel (FPP), earnings in Jersey were forecast to rise by 4.2 percentage points in 2018, 3.9 percentage points in 2019 and 3.0 percentage points in 2020²⁵.

Employment

The latest Labour Market Report²⁶ shows that total employment in Jersey in December 2017 was 59,950²⁷, which is the highest figure recorded to date and 2.2% (1,310 jobs) higher than in December 2016. Employment in the private sector increased by 1,220 jobs in the year to December 2017, and public sector employment increased by 90 jobs.

During the period 2009 and 2013, total employment was relatively flat. However, since June 2014, total employment has grown at a rate of around 1 to 2% each year.

Chart 2 – Annual percentage change in total employment: 1999–2017



Source: Statistics Jersey

²⁵ www.gov.je/SiteCollectionDocuments/Government%20and%20administration/August%202018%20economic%20assumptions.pdf

²⁶ www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Jersey%20Labour%20Market%20Dec%202017%2020180410%20SU.pdf

²⁷ Employment numbers are a count of jobs filled, not unique individual employees. Some people are therefore counted more than once in the figures if they are employed in more than one job with different businesses.

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Employment increased across most sectors in the year to December 2017, particularly in private education, health and other services (up by 470, with notable increases in social and health care activities) and in finance (up by 230 to the highest figure recorded for 9 years). Employment also increased in hotels, restaurants and bars (up by 110 employees), and in wholesale and retail trades (up by 60), but decreased in agriculture and fishing (down by 80 employees).

The FPP reported that, *“In fulltime equivalent (FTE) terms, employment was on average 2.3 per cent higher in 2017, outperforming the FPP assumption of 1.5 per cent.”*²⁸ The FPP estimates employment growth at 1.0% in 2019 and essentially flat – 0% – in 2020.

The total number of individuals paying Class 1 Social Security contributions indicates trends in employment. Compared to 2016, the average number of Class 1 contributors increased by 0.8% to 49,688 in 2017. The monetary value of the average Class 1 contribution per annum increased by 2% compared to 2016.

According to the Business Tendency Survey for June 2018²⁹, 60% of companies across all sectors reported no change in employment, compared to 3 months previously, 27% reported an increase in employment and 13% reported a decrease in employment. This indicator was essentially unchanged compared to the previous quarter. The Future Employment indicator for all sectors was slightly more positive compared to March 2018. Most companies (62%) expected no change in employment over the next 3 months. More than half of finance companies (56%) and 16% of non-finance companies expected to increase employment in the next 3 months.

Unemployment

As reported by Statistics Jersey, the number of people registered as actively seeking work on 30 June 2018 was 820³⁰. This total is 90 lower than the end of the previous quarter and 180 lower than a year earlier.

More women were registered as actively seeking work (430 individuals), than men (390 individuals), although there were more men than women actively seeking work in both the youngest (16–24) and the oldest (55–64) age-groups.

The last sector of employment was recorded for around 9 in 10 people registered as actively seeking work. On 30 June 2018 –

- 21% previously worked in ‘miscellaneous professional and domestic services’
- 19% previously worked in ‘retail and wholesale, motor repairs and sales’
- 15% previously worked in ‘banking, miscellaneous insurance, finance and business’.

²⁸<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/August%202018%20economic%20assumptions.pdf>

²⁹<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20BTS%20Jun%202018%2020180718%20SJ.pdf>

³⁰<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20June%202018%20Registered%20ASW%2020180710%20SU.pdf>

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Gross Value Added

Gross Value Added (GVA) measures the economic activity taking place in Jersey overall and at individual sector level. It provides one of the main measures of Jersey's economy in terms of its size and real-terms performance.

Statistics Jersey reports³¹ that on an annual basis Jersey's economy grew by 1% in real terms in 2016. This was the third consecutive year that the Island's economy grew in real terms. Several of the non-finance sectors of the economy recorded real-terms growth in GVA in 2016, including private sector service industries and the construction sector. Financial services, public administration and wholesale and retail sectors saw GVA decline on an annual basis.

When GVA is divided by the number of full-time equivalent employees in Jersey, this gives a measure of productivity, which is the value of the economic output produced per employee. Productivity declined by 2% in 2016. Over all sectors of the economy, productivity has fallen by more than a fifth (22%) in real terms since 2007, driven by a decline in the productivity of the Island's finance sector of almost a third (32%).

The FPP in its latest economic assumptions report³² stated that, *“while the GVA of the financial sector overall declined by 2 per cent in real terms in 2017, there was strong growth in trust and company administration. Overall this is likely to mean that Jersey's economy as a whole saw little if any growth in 2017 and the Panel's estimate has therefore been downgraded from 1 per cent in March to a now essentially flat estimate.”*

The headline all-sector Business Activity Indicator, according to the Business Tendency Survey for June 2018³³, was strongly positive for both the finance sector and non-finance sector. The proportion of businesses in Jersey reporting an increase in business activity compared with three months previously was 25 percentage points (pp) greater than the proportion reporting a decrease. One third of businesses reported an increase in business activity.

Economic outlook

In its letter to the Minister for Treasury and Resources on 2 August 2018³⁴, the FPP set out its latest economic assumptions, as set out in Table 6. The FPP noted that, since its previous letter in March 2018, the data on Jersey had been mostly positive, highlighting the following points –

³¹www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20GVA%20and%20GDP%202016%2020170929%20SU.pdf

³²www.gov.je/SiteCollectionDocuments/Government%20and%20administration/August%202018%20economic%20assumptions.pdf

³³www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20BTS%20Jun%202018%2020180718%20SJ.pdf

³⁴www.gov.je/SiteCollectionDocuments/Government%20and%20administration/August%202018%20economic%20assumptions.pdf

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- Total employment reached a record high in December 2017 driven by strong growth in the private sector and a rise in full-time employment.
- Registered unemployment decreased to the lowest level since December 2008, an 18% fall since the previous year.
- The latest Business Tendency Survey showed improvement in the key activity indicators for the current position and increased optimism for the future.
- Inflation in the first half of 2017 was significantly higher than forecast, housing costs being a major contributing factor.
- Jersey's economy as a whole is likely to have seen little growth in 2017 and so the FPPs estimate has been downgraded from 1% to essentially flat.

The FPP noted that the above suggest a less positive outcome for 2017, but a more positive outlook for 2018 and 2019. The FPP reiterated that considerable uncertainty remains in the medium term economic outlook for Jersey, and continued to urge caution in fiscal planning, the main reasons for uncertainty being as follows –

- The biggest immediate challenge is uncertainty about the implications of Brexit for the economy of Jersey.
- Uncertainty about the speed at which the Bank of England will increase the interest rate.
- Continued competitive and regulatory challenges for the financial services industry.
- Poor productivity over recent years with significant falls in the finance sector.

The FPP said in its letter, *“the Panel considers that by 2019 Jersey’s economy may be slightly above its non-inflationary ‘potential’ level.”* The Forum understands this to mean that, as spare capacity in the economy is used up, this may lead to a build-up of inflationary pressure.

Table 6 – Economic assumptions

Updated August 2018 assumptions

<i>% change unless otherwise specified</i>	2015	2016	2017	2018	2019	Return to trend 2020+
Real GVA	2.2	1.2	0.1	1.6	1.5	0.0
RPI	0.6	1.7	3.1	4.2	3.4	3.3
RPIY	0.6	1.7	3.2	3.8	3.0	3.0
Nominal GVA	2.9	1.9	3.3	5.4	4.5	3.0
Company profits	-0.7	0.9	-0.8	5.0	4.0	3.0
Financial services profits	-7.6	-0.6	-6.2	4.3	3.5	3.0
Compensation of employees	5.9	2.7	6.9	5.8	4.9	3.0
Employment	2.0	2.1	2.3	1.5	1.0	0.0
Average earnings	1.8	2.1	2.6	4.2	3.9	3.0
Interest rates (%)	0.5	0.4	0.3	0.6	0.8	1.0*
House prices	4.0	4.0	3.0	5.0	4.0	3.0

*Interest rate assumption for 2020 only

Source: FPP economic assumptions letter dated 2 August 2018

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SECTION 4 – CONSULTATION METHOD AND OUTCOMES

Consultation method

The Forum consulted during the period 11 June to 27 July 2018. The consultation was circulated to those on the Forum’s consultation database, which includes a range of stakeholders. The Forum’s online survey included questions suitable for all types of respondents, including employers, employees, trade unions, employers’ associations and independent bodies.

Details of the review were circulated to States members and to around 1,200 employers with the Social Security Department’s contribution schedules in June. The review was also promoted via the States of Jersey website, social media and the Jersey Advisory and Conciliation Service newsletter. Written responses to the survey were submitted by the respondent types shown in Table 7.

Table 7 – Written consultation responses

Respondent type	Number
Employer	72
Employee	118
Trade union/staff association	1
Employers’ association/trade body	4
Looking for work	6
Other (specified) ³⁵	15
Total	216

Some of the written responses are presented as a single response in Table 7 but represent the views of a group or organisation rather than an individual respondent, including the following –

1. The Jersey Farmers’ Union (JFU) was formed to promote the interests of those engaged in agriculture and horticulture in Jersey and to protect and preserve the industry. It has around 100 members.
2. The Jersey Chamber of Commerce (Chamber) is the largest independent employer representative body in Jersey and it represents approximately 550 member businesses across a variety of sectors, including finance, retail and tourism.
3. The Jersey Branch of the Chartered Institute of Personnel and Development (CIPD) is a professional body that represents a range of industries in the Island. The CIPD created a minimum wage survey for its membership and provided the Forum with a summary of the responses from its members.³⁶

³⁵ ‘Other’ includes, for example, HR professionals, advisory bodies and individual members of the public.

³⁶ Comments from those who responded to the CIPD survey have been identified as such.

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4. Unite the Union (Unite) represents around 1.4 million members across the UK, including 4,000 members in Jersey, across all sectors including manufacturing, public services, transport, food, finance and construction.
5. The response of the Jersey Advisory and Conciliation Service (JACS) was prepared by the Director of JACS following discussion with the members of the JACS Board.

The written responses, from both employers and employees, can be broken down by sector, as shown in Table 8.

Table 8 – Written responses split by employment sector, for employers and employees

Respondent sector	Number
Agriculture	9
Construction	7
Electricity, gas and water	3
Financial services	19
Manufacturing	1
Hotels, restaurants and bars	42
Public sector	34
Wholesale and retail	37
Transport, storage and communications	5
Other (specified) ³⁷	51
Total	208

The Forum’s consultation paper noted that, in addition to providing written responses, stakeholders were welcome to request individual meetings with the Forum. Seven meetings were held during the period of the review with representatives of the following –

1. JFU (including a visit to various agricultural sites)
2. CIPD
3. Chamber
4. Jersey Royal Company
5. JP Restaurants
6. Jersey Retail Association (JRA) – a non-profit organisation that promotes retail in Jersey and provides practical support to individual members and businesses. The JRA was established in February 2018 and currently has around 40 members.
7. Jersey Hospitality Association (JHA) – an independent trade association that represents and promotes the interests of Jersey's hospitality industry. The JHA represents around 400 industry partners in the hospitality, tourism, leisure and travel industry.

³⁷ 'Other' includes for example, digital, motor trade, legal services, education.

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In addition, the Forum was provided with an update on the economic outlook, relevant statistics and the proposed programme to deliver productivity improvements in the lower-paid sectors. The meeting was attended by the Senior Economist for the States of Jersey, the Chief Statistician for Statistics Jersey and a representative for Economy and Partnerships.

The Forum is very grateful to those who took the opportunity to provide their views in person. While the discussions at these stakeholder meetings are not directly quoted in this report, the views expressed were extremely informative and have been taken into account by the Forum as part of this review.

The Forum was very impressed with the quality of the written responses this year, particularly the detailed reasons given by many of the respondents. Unfortunately not all of the comments can be quoted in this report. The following sections provide an overview of the survey responses. Written comments have been included verbatim and, where the respondent has agreed to be quoted anonymously, quotes are attributed to the respondent type and sector where that information is available. Appendix 3 includes a more detailed selection of other comments that were received from the survey respondents who agreed to be quoted.

Consultation outcomes

Level of minimum wage

Respondents were asked to what extent they think the minimum wage is set at the right level; whether they think it is about right, or whether it should be higher or lower than the current level.

Based on the views of all respondent types, only a small proportion of the respondents overall (4%) said that the minimum wage should be either 'lower' or 'much lower' than the current level. Two thirds of respondents (67%) said that the minimum wage should be 'higher' or 'much higher' (compared to 72% last year) and 29% of respondents said the minimum wage is 'about right'.

Table 9 presents the responses to this survey question split by the respondents' sectors. This includes responses from both employers and employees. A greater proportion of respondents in the sectors that are most affected by minimum wage increases said that the minimum wage was 'about right'.

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Table 9 – To what extent is the minimum wage set at the right level; is it about right, or should it be higher or lower than the current level? By sector³⁸

Sector	Much lower	Lower	About right	Higher	Much higher
Agriculture	0%	11%	56%	11%	22%
Construction	0%	0%	29%	14%	57%
Financial services	5%	0%	16%	47%	32%
Hotels, restaurants and bars	2%	0%	35%	28%	35%
Public sector	0%	0%	21%	35%	44%
Wholesale and retail	0%	5%	43%	22%	30%

Table 10 presents the responses to this survey question split for different types of respondent.

Table 10 – To what extent is the minimum wage set at the right level; is it about right, or should it be higher or lower than the current level? By respondent type

	Much lower	Lower	About right	Higher	Much higher
All employees	4%	0%	12%	36%	48%
Employees that earn £7.75 per hour or less	0%	0%	14%	21%	64%
All employers	0%	4%	59%	24%	13%
Employers that pay £7.75 per hour or less to some staff	0%	7%	85%	7%	0%

Of the employee respondents, 84% said that the minimum wage should be ‘higher’ or ‘much higher’. A similar proportion of employee respondents who earned £7.75 per hour or less said that the wage should be ‘higher’ or ‘much higher’ (85%). Of the employer respondents, 37% said that the minimum wage should be ‘higher’ or ‘much higher’, and 59% said the minimum wage is ‘about right’. There was a marked difference in the responses from employer respondents that pay £7.75 per hour or less to some staff, 85% of whom said the minimum wage is ‘about right’ and only 7% said the minimum wage should be ‘higher’ or ‘much higher’.

Unite said that the minimum wage should be much higher and commented as follows –

“There continues to be pressure on the minimum wage in Jersey despite the increases in 2018, whether minimum wage rates in other jurisdictions or the true living wage rates. The aspiration of the States Assembly to achieve the 45% of mean weekly earnings, coupled with predicted inflationary increases of 2.4% (2018) and 3.3% (both 2019 and 2020) means that increases will have to be significant to ensure real rises in income and the minimum wage.”
(Howard Beckett, Assistant General Secretary, Unite Legal Services)

³⁸ Table 9 shows responses from employers and employees in a selection of sectors, particularly those that are most affected by the minimum wage.

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During the face-to-face meetings with stakeholders, the Forum heard that many employers considered the latest 4.5% minimum wage increase to be significant. Discussions also indicated that an increase in line with inflation from 1 April 2019 could be tolerated. However, there was an expectation that the increase might be significantly higher given the aspirations of the States Assembly to reach 45% of mean earnings by 2020 and the Chief Minister's commitment to move the minimum wage to £10 per hour. Written comments from respondents highlight the difficulties that this would bring for many businesses that employ minimum wage staff. As in previous minimum wage reviews, the JFU have advised the Forum that employers in this sector could tolerate a modest increase, commenting –

“Last year’s rise of 4.5% was significantly above the cost of living for the period and was of great concern to our Industry, particularly those growers in the salad, vegetable and flower sectors ... I am sure you will agree that if it was only our Industry that you had to consider, a nil or very small rise would be the sensible recommendation. But your responsibilities are to all Industries and all islanders. So, we must press the Council of Ministers to consult and implement a comprehensive productivity plan as promised in the Proposition of March this year so that the Island can have a minimum wage rate that protects the most vulnerable but allows the Agricultural Industry to maintain its profitability into the future.” (JFU, employers’ association)

Comments from other respondents included the following –

“We would recommend that the minimum wage is increased in line with inflation only.” (CIPD)

“Chamber does urge a cautious approach to increasing the minimum wage, whilst recognising the desire to reach higher rates of pay and moves toward a living wage. A steady increase linked to RPI, with a longer term timeline to reach targets, is a sensible approach that allows for realistic and gradual change within those industries most affected – Hospitality, Agriculture and Retail.” (Jersey Chamber of Commerce)

“The cost of living in Jersey is significantly higher than the UK, yet our minimum wage is below it. Jersey should be looking at a minimum wage set at a level that reflects the differential in cost of living here (i.e. 20% higher than the UK equivalent).” (Anonymous employer, real estate)

“Please learn the lesson of the UK where the minimum wage has increased significantly and has been a major contributing factor in the loss of 20,000 jobs in retail in 2018 alone and several high profile bankruptcies.” (Gerald Voisin, employer, wholesale and retail)

Impact of minimum wage increase on other wages

Respondents were asked if minimum wage increases have any impact on rates of pay for their other employees who earn more than the minimum wage.

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Of those who responded to the survey, 29% said that minimum wage increases have no impact on rates of pay for other staff (compared to 45% last year), 43% said that it sometimes has an impact (compared to 33% last year) and 28% said that minimum wage increases always have an impact (compared to 22% last year). Table 11 presents the responses to this survey question split for different types of respondents. Compared to last year, greater proportions of both employers and employees said that minimum wage increases have an impact on rates of pay for other employees.

Table 11 – Do minimum wage increases have any impact on rates of pay for other employees who earn more than the minimum wage? By respondent type

	Yes, always	Yes, sometimes	No
Employees	14%	53%	33%
Employers	54%	26%	20%
Employers that pay £7.75 per hour or less to some staff	70%	15%	15%
Employers that do not pay £7.75 per hour or less to staff	41%	34%	24%

Of the employer respondents that pay some of their staff £7.75 or less per hour, 70% said that minimum wage increases ‘always’ have an impact on rates of pay for other staff, compared to 41% of employer respondents that do not pay any of their staff less than £7.75 per hour.

The sectors with the highest proportion of respondents who said that minimum wage increases ‘always’ impact on wages for other staff were agriculture (67%), hotels, restaurants and bars (45%), construction (43%) and wholesale and retail (38%). In stakeholder meetings with the Forum, employers from the agriculture sector, for example, explained the importance of maintaining pay grades so that employees with more skills and responsibility (e.g. operating machinery) are rewarded appropriately.

Comments about the impact of a minimum wage increase on wages for other employees included –

“It must be recognised that paying the minimum wage only affects a small number of Chamber Members directly (approximately 20%) but will affect those on higher wages wishing to move further up a pay scale once the lowest wage increases. This does cause salary inflation. Added to a shortage of staff across many sectors, we are currently in an employee’s market, where workers will switch employment for marginal increases. We would suggest that any increases must be made in the knowledge that the ripple effect on all salaries will be felt and met by employers and then ultimately consumers.”
(Jersey Chamber of Commerce)

“If there does not exist meaningful wage differentials between grades and jobs, increases in the minimum wage can reduce and squeeze any existing differentials. This can mean that the difference in wages between more junior staff and those that could be team leaders or supervisors becomes negligible, which can impact the motivation of those more senior staff and potentially

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dampen a desire for progression by the junior staff.” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

“As a Farm business if Min wage rates increase ,we then come under pressure increase all staff/drivers accordingly. With the shortage of staff ,we are effectively held to ransom.” (Nick Mourant, employer, agriculture)

“Running a hotel business we have many layers of operational staff. Increasing the starting point of our wage structure impacts all staff. For example a kitchen porter receiving a larger then cost of living wage increase brings their salary in line with a chef so that wage has to be increased and then impacts senior staff in the kitchen and so on.” (Andrew Shrimpton – Director – Dolan Hotels)

“As our supervisory level employees are paid within 35% of the current min. wage, differentials will be required to be maintained. A move to £10/hour will mean a 46% increase in wages across the board.” (Anonymous employer, hotels, restaurants and bars)

“People who are paid up to about £1 per hr above the min. wage like to see this difference maintained, especially if they are remunerated for taking on additional responsibilities ... If the min wage is increased at a % that is more than the company wage review then this closes the gap between the min wage and those being paid just above the min wage.” (Gerald Voisin, employer, wholesale and retail)

“For those in retail, hospitality, agriculture and construction the impact will be high. This impact may create risk in their ability to recruit and retain the right number of resources i.e. if they need to keep the wage bill the same and so spread that over less people.” (Becky Hill, HR Now Ltd, HR consultancy)

Impact on business

Employers were asked if, in the past year, they had made certain changes in their business³⁹. The majority of employers reported ‘no change’ in most of these areas. The most common changes that the employer respondents reported making in the past year were –

- Increasing prices or tariffs (61% increased prices compared to 41% last year)
- Business efficiencies (59% increased efficiencies, 37% no change)
- Reprioritised key business initiatives/projects (57%)
- Changes to terms and conditions of employment (36%)
- Mechanisation of processes (33% increased mechanisation, 65% no change)
- Restructured the business (31%).

³⁹ Appendix 3 provides data from the March 2016 Business Tendency Survey which asked employers what actions they would take to manage increased wage costs if the minimum wage was increased significantly.

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While 30% of the employers who responded said they had decreased staffing levels, 31% had restricted recruitment, and 14% had made redundancies (compared to 24% last year). 10% of employer respondents had increased basic working hours (compared to 3% last year), while 10% had decreased basic working hours.

According to the Agricultural Statistics for 2017⁴⁰, there were fewer seasonal staff employed in agriculture in 2017 (-2.2%) when compared to 2007. The most significant decrease was in full-time staff (-28%), whereas seasonal employment figures have remained more stable. The JFU commented on changes that have been made in the sector, as follows –

“The potato sector has used more mechanisation and technical advances to mitigate the wage rises and staff shortages in recent years. However, the very difficult planting conditions, January to March 2018 meant that growers planted more by manual labour than they had anticipated. This highlights the fact that while mechanisation is the obvious answer to reducing wage bills, the condition of the soil at the time of planting and Jersey’s natural topography (cotils and early slopes), means that we will always require seasonal labour to get the job done.” (JFU, employers’ association)

The latest figures from Visit Jersey (June 2018) show a mixed picture. The number of people visiting Jersey in the first half of 2018 (around 300,000) fell by 3% compared to 2017, but the amount spent by tourists increased, contributing £107 million to the economy, an increase of 9% on 2017.

Many of the stakeholders who attended meetings with the Forum referred to increasing external pressures this year, including: Brexit, the exchange rate (respondents said that, in some cases, wages have been devalued by 20% since Brexit), local taxes and charges, licences for staff, high street rental costs, recruitment difficulties (with the highest ever number of vacancies in the hospitality sector), increasing fuel costs and new employment and discrimination laws. Written comments on the current position for businesses in Jersey included the following –

“Chamber is concerned for the many employers within retail and hospitality who are experiencing the costs of GST, retail tax, liquor duties, licensing fees, rising utility costs particularly in gas prices and high property rental and have the added pressures of a liquid waste charge and large liquor outlets tax looming. All of which leave very little profit margin, which diminishes further investment at a time when online sales are rising, and low cost flights make global consumer travel competition to Jersey. This, on the back of new Family Friendly and discrimination legislation which adds to the operational burden of our local businesses.” (Jersey Chamber of Commerce)

“The Wholesale and Retail sector in Jersey (particularly the non food retail sector) is going through a very difficult time as it is struggling to cope with

⁴⁰ <https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=3817>

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significant increased costs (much resulting from States legislation) and it is unable to pass on price increases to customers who will shop on line. Add to this the fact that GST is not payable for on-line purchases under £240, which provides a further incentive to shop on line and one can start to see why there are many empty shops in St Helier.” (Gerald Voisin, employer, wholesale and retail)

“The industry is on a knife edge. We simply cannot afford the cost of any rises in the minimum wage until the market place is able to pay us more, which it is not, or the States provide a way to soften the blow. Our Farming sector has NO control on price returns to our industry and after this most difficult trading year in 2018 ,profitability will be very low.” (Anonymous employer, agriculture)

Impact on employees

The Forum asked employees if they had personally experienced certain workplace changes in the past year. Almost half of the employee respondents had experienced a business restructure (48%) and ‘changes to other terms and conditions of employment’ (48%). Almost one-third of employee respondents had experienced an increase in their basic working hours (31% compared to 23% last year) and 11% had experienced redundancy (compared to 16% last year). One in 5 employee respondents (19%) had experienced reduced overtime hours or a reduced rate of overtime pay, and 22% had experienced reduced benefits and/or perks.

Experience of wage growth

Respondents were asked about their experience of wage growth in the past year. Some of the employers who responded said that wages for staff had been increased in line with the cost of living. Other employers said that it had been necessary to increase wages in excess of inflation due to external pressures, such as difficulties in recruiting and retaining staff.

Responses to the Forum’s minimum wage review in 2017 had indicated that some seasonal staff were leaving Jersey before the end of the season due to the poor currency exchange rate and uncertainty around Brexit. Employers were finding it more difficult to recruit and retain skilled staff. From the comments provided in response to this consultation, it appears that recruitment difficulties have continued to escalate during the past year. During meetings with stakeholders, the Forum heard that there is strong competition for staff, with employees often moving to higher-paying sectors when they become ‘entitled for work’. To attract and retain staff, stakeholders told the Forum that some employers have increased pay beyond the minimum wage and others have introduced alternative employment benefits to attract staff without wage growth, such as paying the registration card fee and end-of-season bonus systems. Written comments from respondents on wage growth included the following –

“Wages have increased dramatically due to the shortage of skilled labour in the Island.” (Andrew Shrimpton, Director, Dolan Hotels)

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“Needed to retain staff – competition for trained staff is very high with many attempts to poach staff. Lack of staff in hospitality sector in particular.”
(Anonymous employer, hotels, restaurants and bars)

“Staff wages have all increased during the year. We took the decision to pay £7.75 as our Min wage to retain staff.” (Nick Mourant, employer, agriculture)

“There has been pressure from outside agriculture for wage increases and expectations are far higher due partly to the exchange rate and weaker pound.”
(Anonymous employer, agriculture)

“Wage growth in my sector, Tourism, is being driven by supply and demand not regulation such as minimum wage. The attraction to work on a seasonal contract in Jersey is rapidly becoming unattractive, not due to low wages but aggressive and confusing taxation policy and lack of benefit entitlement despite paying full social security contributions whilst working.” (Anonymous employer, hotels, restaurants and bars)

“Wage demands have increased as the pound has decreased against other currencies. However, the announcements made by the States about restricting immigration went viral over social media. Our sources of employees have understandably dried up.” (Anonymous employer, hotels, restaurants and bars)

“There is upward pressure on wages and we have recently applied a salary increase to retain key staff. These salary pressures go in cycles and we expect this pressure will continue for another year or 18 months.” (Gerald Voisin, employer, wholesale and retail)

“Staff are now being poached by other companies from wealthy sectors of the economy offering hourly rates up to 25% higher. This mainly due to a general labour shortage and shows that we have no need to apply artificial increases to minimum wage.” (Anonymous employer, wholesale and retail)

“JACS have seen growth in wages in 2017/18 however these have been measured increases of around RPI in many sectors.” (JACS)

Right conditions for a more significant increase

Respondents were asked if they think the right economic and business conditions are in place to allow a more significant increase in the minimum wage, in the region of a 15% increase by 2020. The Forum explained in the survey that a 15% increase would be required to meet the States’ aspiration for the minimum wage rate to be equivalent

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to 45% of mean earnings by 2020, which was estimated to be around £8.66 per hour at that time⁴¹.

Overall, the responses to the survey were fairly split; 40% of respondents ‘agreed’ or ‘agreed strongly’ that the right economic and business conditions are in place to allow a more significant increase in the minimum wage, while 41% ‘disagreed’ or ‘disagreed strongly’.

Of the employee respondents, 53% ‘agreed’ or ‘agreed strongly’ that the right economic and business conditions are in place (compared to 70% last year), and 26% ‘disagreed’ or ‘disagreed strongly’ (compared to 13% last year). As expected, employer respondents were less likely than employees to agree that the right economic conditions are in place to allow a more significant increase in the minimum wage. Of the employer respondents, 67% ‘disagreed’ or ‘disagreed strongly’ that the right economic and business conditions are in place (compared to 59% last year) and 22% ‘agreed’ or ‘agreed strongly’ (compared to 33% last year).

Comments from those who agreed that the right economic and business conditions are in place included the following –

“Agree strongly, whilst there are clearly economic challenges, not least the impacts of Brexit, the counter point to arguments of unaffordable increases and managing inflationary pressures is that wage restraint will not grow the economy, will choke off growth and reduce Jersey’s competitiveness. As previously stated, Guernsey introduced 7.6% and 8.5% increases to their minimum wage rates on the 1st January 2018 as a result of “external factors such as Brexit and the weakening of the pound”. These increases were viewed as taking “into account the needs of the employee and the employer”.” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

“There needs to be a transition but whatever the economic climate business can and will adapt. It may mean some becoming more productive and some that can't going out of business but this isn't an issue in an island that needs to reduce its reliance on low-paid labour. The productivity that will result from higher wages (as has been case in France) will only benefit the island and its workforce.” (Anonymous employer, hotels, restaurants and bars)

“Probably yes, as at mid-2018. However it obviously depends on business trends and it is unlikely that the same economic conditions will apply in 2020. It is noted that the world markets are in an extended bull run, which must end at some point, probably within the next 2 years. At the point the bull run ends a decline in the economy would be expected, probably with business closures and job losses.” (Anonymous lawyer, legal services)

⁴¹ A minimum wage equivalent to 45% of mean earnings in 2020 is now estimated to be around £8.55. The mean weekly earnings figure increased by £10 to £740 in June 2018 and is estimated to increase by a further £20 to reach £760 in June 2019.

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In stakeholder meetings with the Forum, some of the employer groups indicated that they appreciated the moral argument for a higher minimum wage, but felt that the right conditions are not currently in place – not least because of the disappointing absence of a productivity plan – and they would need more time to adjust to a significantly higher rate.

The Forum received a large number of written comments from respondents who did not agree that the right economic and business conditions are currently in place, which included the following –

“This level of increase in that short space of time will make some elements of farming instantly unviable unless we have help in other areas. The Council of Ministers has already failed to deliver any proposed aid to the industry which it committed to do by April 2018. We did however see a major rise in the minimum wage in April. We simply cannot continue to have one without the other.” (Anonymous employer, agriculture)

“The Farming industry cannot sustain these wage increase UNLESS global food prices increase. This is currently NOT going to happen whilst we have the birth of the discounters Aldi/Lidl dragging everyone down to there levels.” (Nick Mourant, employer, agriculture)

“Labour costs are a big percentage of the total costs so any minimum wage rise affects profitability disproportionately. Further consolidation in the market place, e.g. ASDA/Sainsburys only increases the power of the purchaser over the supplier and as growers we continue to be price takers and not price makers.” (JFU, employers’ association)

“The sectors who are likely to be hit hardest by raising of the minimum wage are hospitality, farming and retail. These sectors have already been suffering from years of austerity, changing consumer spending habits and general slow down in demand for services and products. These sectors are still feeling the effects of the worst recession since the second world war. What economic policy can realistically justify a government intervention to increase the cost of employment to these sectors at this current time?” (Ken Jenkins, employer, hotels, restaurants and bars)

“Any increase of this size will seriously damage tourism businesses by increasing costs and thereby prices leading to loss of business just as tourism is at last showing signs of stability from its long-term decline.” (Anonymous employer, hotels, restaurants and bars)

“Not convinced the economy is strong enough for independent retailers, who are battling with diminishing footfall, potential tax increases, online GST free imports, UK franchises, and generally an uneven playing field.” (Anonymous employer, wholesale and retail)

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“Jersey’s economy has not recovered from the last recession, after 6 years of recession we have seen just 3 years of growth and this growth is slowing. Furthermore the Wholesale and Retail industry (in which this business operates) was in recession in 2016 by -3% and is now smaller in real terms than in 2000.” (Gerald Voisin, employer, wholesale and retail)

“An enforced large increase pre-Brexit, would be madness. Our export value of agricultural and hospitality and similar industries must be competitive as possible with countries paying considerably less wages ... A large increase will be inflationary, cost jobs and reduce employment opportunities.” (Anonymous employer, wholesale and retail)

Business reaction to a significant increase

In view of the States’ aspiration for the minimum wage to reach 45% of mean weekly earnings by 2020, employers were asked how they would respond if the minimum wage was increased by 15% over the next 2 years.

As anticipated, some employer respondents said that it would have no impact on their business while others said it would force them to consider closing down. A number of employers across a range of sectors suggested strategies that they might employ, such as reducing the number of staff by natural turnover, reducing working hours or operating hours, removing staff benefits or reducing the cost of those benefits, mechanising processes, increasing prices and postponing business improvements.

In the stakeholder meetings, one employer advised the Forum that in the UK, agricultural businesses are coping with the significant increase in the minimum wage by merging medium-sized businesses into larger-scale industry. The Forum also heard that there has been some mechanisation in local farming practices over the past 3 years, with scope to mechanise further in some areas, but there are limitations to mechanical solutions (e.g. automatic potato planters are ineffective on water-logged ground).

Written comments included –

“If the minimum wage increases by the same % as last year (4.5%) the areas most affected i.e. hospitality, residential care and agriculture may have to make redundancies; limit their offerings to the public therefore negatively impacting the economy; decrease or cut some or all of the current benefits they offer employees ... We also encourage pausing to consider the broader impact on Jersey’s economy. For example if hotels and restaurants decrease services / close down there may be a knock on effect on tourists coming to the island equating to a decrease in general spending, less flights required and so tourist attractions like Durrell and Jersey Heritage maybe impacted negatively. If the hospitality industry need to increase their wages by another significant percentage in April 2019 for example then they may not be able to do the improvements and building maintenance required resulting in the properties becoming run down and a loss of footfall/bookings.” (CIPD Jersey Branch)

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“Increasing input costs will invariably lead to higher costs of goods and services, many of which will be consumed by individuals on the island, including those themselves on minimum wage. And where higher costs are absorbed by a business, it will decrease productivity – this during a time where we are looking to do the opposite ... Following the Chief Minister policy agreement on a £10 minimum wage with the Reform Party, we have confirmed dialogue that certain large scale businesses within the agricultural sector would not cope and would simply cease trading.” (Jersey Chamber of Commerce)

“If wages are pushed up with above inflation level rises, these increases themselves will generate more inflation and without significant improvements in productivity, business’ will fail or cease trading. Improving productivity in our industry is notoriously difficult; we cannot simply mechanise activities without compromising quality or service or both ... Our customers, whether staying in a guest house, a camping site or a 5-star hotel want good value for money. If Jersey doesn’t supply a value for money product, the customer will go to a resort where they do get one.” (Michael Barnes, Director, Beausite Hotel)

“We would have to cut staff further and try and increase mechanization further, but we have nearly reached our limits until Robotic technology becomes viably available in Agriculture. Worst case cease Farming.” (Nick Mourant, employer, agriculture)

“Crops such as daffodils, cauliflower, courgettes etc. are very labour intensive. In fact, for some, labour costs can be over 50% of the total growing costs of the crop. The minimum wage has risen over 10% from 2015 – 2018 and the prospect of the Government’s wish is that it will probably increase about 12% – 15% in the next two years which will make some, if not all of these crops, unviable. Already, we know of one grower who is thinking of pulling out of two vegetable crops for 2019.” (JFU, employers’ association)

“We would look again at reducing staff and hours worked, but we have already done this so there is little expectation that sufficient savings would be made to offset the cost. Providing quality customer service is one of our key differentiators to keep customers coming to us instead of shopping on the Internet, so reducing service is a high risk approach.” (Gerald Voisin, employer, wholesale and retail)

“The business would have to follow some of the following policies: 1. Increase prices to maintain margin 2. Reduce the effects of the cost of the wage increase by cutting back on employment and restricting pay rises to other members of staff 3. Reduce annual leave.” (Ken Jenkins, employer, hotels, restaurants and bars)

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“We would have to raise prices dramatically and cut the hours of operation and/or cut the number of hours staff are working.” (Andrew Shrimpton – Director – Dolan Hotels)

“We would need to increase prices significantly or make redundancies. We are constantly competing with non Jersey companies on the internet and must remain competitive against them. If not we will end up closing the business.” (Anonymous employer, wholesale and retail)

“We will have no choice but to increase the cost to the consumer to fund such an increase, especially if our suppliers costs also increase in response to a wage increase.” (Anonymous employer, wholesale and retail)

“Assuming that we cannot increase our prices by 15% over the same period, we may look at the level of service we currently offer, although this will run contrary to increasing prices!? All property improvements will be put on hold. We will probably look to sell the property to developers.” (Anonymous employer, hotels, restaurants and bars)

“Reduce staff hours for those affected or consider introducing income producing staff only with no secondary staffing.” (Anonymous employer, wholesale and retail)

Minimum wage increase in two stages

Respondents were asked if they think that the impact on business of a more significant increase by 2020 might be reduced if the minimum wage was increased in stages, for example, twice a year in April and October. The Forum’s intention was that, if a significant increase were to be recommended, rather than introducing the full increase from 1 April 2019, a percentage of the wage increase could effectively be deferred for 6 months, with a cost saving for the employer, but ultimately achieving the aspiration of a significantly higher rate.

Overall, 40% of respondents ‘disagreed’ or ‘disagreed strongly’ that the impact on business might be reduced if the minimum wage was increased in 2 stages. 33% of respondents ‘agreed’ or ‘agreed strongly’ that the impact might be reduced.

Of those who responded, a greater proportion of employers than employees did not agree that the impact might be reduced if the minimum wage was increased in 2 stages (60% of employers ‘disagreed’ or ‘disagreed strongly’, compared to 29% of employees). As shown in Table 12, the difference is even more marked for employers that pay some staff £7.75 or less, almost three-quarters of whom (74%) either ‘disagreed’ or ‘disagreed strongly’ that the impact might be reduced. Only 8% of this group of employers either ‘agreed’ or ‘agreed strongly’ that the impact might be reduced by increasing the minimum wage in stages.

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Table 12 – Would the impact on business of a more significant increase by 2020 be reduced if the minimum wage was increased in stages? By respondent type

	Agree strongly	Agree	Neither agree nor disagree	Disagree	Disagree strongly
All respondents	12%	21%	27%	27%	14%
All employees	19%	25%	26%	25%	4%
All employers	1%	15%	23%	28%	32%
Employers that pay £7.75 per hour or less to some staff	4%	4%	19%	30%	44%

Comments from respondents who agreed that the impact on business might be reduced if the minimum wage was increased in 2 stages included the following –

“Agree, providing that the increases in the minimum wage rates are meaningful with significant movement towards the 45% aspirational target and beyond this to the Carita living wage of £10.20, then Unite could support the twice yearly approach to enable businesses to adjust to the increases. If increases remain at the rates experienced in previous years, then the union would disagree strongly to any phasing arrangements for minimum wage increases. Equally if a phasing approach was implemented it should be understood that this approach is adopted to transition larger increases and should increases fall back in future year then increases should revert to 1st April, yearly increases.”
(Howard Beckett, Assistant General Secretary, Unite Legal Services)

“Yes I would say do it in stages. OR you could give notice and say “ALL Businesses must increase there minimum wage to £9.50 (<-- Example) by March 2019.” (Jack Bailhache, employee, financial services)

“Yes, that would probably be more beneficial for the employer, whilst benefiting the employee also.” (William Hetherington, employee, hotels, restaurants and bars)

“Small businesses might find that less daunting on the accounts and also give them a chance to see the impact any wage increase will have to them, as a business.” (Anonymous employee, financial services)

“The longer it takes to raise the wage to a level it was not supposed to be at until 2026 the more chance of survival we have.” (Anonymous employer, agriculture)

“It allows employers to more slowly increase their prices and wouldn't seem as shocking to consumers.” (Anonymous employer, wholesale and retail)

“A significant increase in April is likely to cause some concern for employers, particularly as it would be prior to the summer season getting underway therefore if one assumes that wage costs are based on prior year takings, a twice yearly increase would allow for any price increases to be factored into

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budgeting purposes over the summer months. With a second (known) increase taking effect say 1st October ?” (JACS)

Some of the survey respondents commented on the administrative burden of 2 increases in one year, but may not have considered whether this might be outweighed by the potential wage saving during a 6-month period, which is likely to fall in peak season for many employers in agriculture and hospitality. Written comments included the following –

“The volume of work this will generate administratively would be unmanageable for most organisations.” (Anonymous employee, wholesale and retail)

“That would mean more administrative work ... we already have enough to contend with.” (Anonymous employer, hotels, restaurants and bars)

“A significant increase would be a significant problem – staggering the increases does not have any impact on the annual payroll cost.” (Anonymous employer, HR and training)

“It still equates to the same increase, with no regard/assistance to smaller businesses.” (Anonymous employer, hotels, restaurants and bars)

The Forum took the opportunity to discuss this option in meetings with stakeholders. While most shared the concerns about additional administration, some employers appreciated that there is a potential wage saving if, rather than introducing the full increase from 1 April 2019, a percentage of the wage increase was deferred for 6 months.

Other comments from respondents who felt that the impact would not be reduced if the minimum wage was increased in 2 stages included the following –

“No, you’ll force small business with less financial planning resource to re-adjust their projections, so fees/quotes and so on for what they sell. Please keep it simple.” (Becky Hill, HR Now Ltd, HR consultancy)

“Overall we consider that a percentage increase equal to last years or above to the minimum wage would ultimately have a negative impact on the worker we are trying to benefit. We do not consider that having two smaller increases per year in January or July instead on one increase in April would negate this negative impact.” (CIPD Jersey Branch)

“To move to a 6 month increase does nothing to reduce the risk that if there is a downturn in the economy then businesses will only be able to respond by laying off staff, an expensive and risky business.” (Gerald Voisin, employer, wholesale and retail)

“It will make no difference – we still couldn’t afford it.” (Anonymous employer, wholesale and retail)

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“I believe the annual increase is fine as it is and having it twice a year may create breaches. A lot of businesses align their salary review period to April for this purpose.” (Anonymous consultant)

Notice of minimum wage increase

Employers were asked if there is a particular period of notice that they require of any increase to the minimum wage. Of the employers that responded, 57% said that they require a minimum period of notice. This included 43% of employer respondents in wholesale and retail, 67% of employer respondents in agriculture and 83% of employer respondents in hotels, restaurants and bars. As would be expected, a greater proportion of employers paying some staff £7.75 or less said that they require a minimum period of notice (70% of whom said ‘yes’).

In stakeholder meetings with the Forum, employer groups indicated that the period of notice of any increase is more important than the specific date from which the increase applies (e.g. January or April) and that, for some employers, the period of notice required will depend on the size of the increase. The Forum heard from a number of stakeholders that the Chief Minister’s commitment to move towards a minimum wage of £10 has caused considerable anxiety amongst employers about the potential for a significant increase at short notice.

In their written comments, respondents generally specified a period of notice ranging from one month to 2 years, with 6 months as a common response. Written comments on the required period of notice included the following –

“The nature of agriculture is very slow. We are making decisions now that affect cropping in 2019 and 2020. The more notice we have means we have more time to assess crop viability ideally before we buy the seed or plant the crop.” (Anonymous employer, agriculture)

“6 months as a minimum so we can budget for these increases and align our selling prices for the future impact.” (Andrew Shrimpton, Director, Dolan Hotels)

“As much notice as possible in order to amend HR/Payroll systems, adjust employee contracts and if it is necessary to increase prices then it would be necessary to re-print menus, re-program tills and update on-line information.” (Ken Jenkins, employer, hotels, restaurants and bars)

“We would require sufficient time to put price rises in place.” (Anonymous employer, wholesale and retail)

“The longer employers are able to plan for minimum wage the ‘easier’ it is likely to be. So if there was an increase in April (of on or around the percentage previously seen) but an indication that there would be a further increase in 2019 say in October of X% employers can prepare for this.” (JACS)

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Trainee rates

Respondents were asked to what extent they think the trainee rates are set at the right level; whether they are about right, or whether they should be higher or lower than the current levels.

Based on the views of all respondent types in relation to the first year trainee rate (currently £5.63 per hour), 31% thought that it was 'about right' (compared to 23% last year), 65% said that it should be 'higher' or 'much higher' (compared to 71% last year), and only 4% said that it should be 'lower' or 'much lower' (compared to 6% last year). Respondents' views on the second year trainee rate (currently £6.56 per hour) were very similar.

As would be expected, of those who responded, employees were more likely than employers to say that the trainee rates should be higher. In relation to the first year trainee rate, for example, 79% of employee respondents and 40% of employer respondents said that the rate should be 'higher' or 'much higher'. Employer respondents were more likely than employee respondents to say that the rates were 'about right' (56% of employers compared to 17% of employees).

A number of comments were received about staff training and development generally, but few comments were received specifically about the trainee rates this year. Unite the Union said that the trainee rates should be much higher, commenting as follows –

“Whilst it is recognised that these rates sit in excess of the lower age bands within the UK minimum wage, there is an on-going concern regarding the demarcation of these categories and not being paid the full minimum wage. Previous consultation submissions have articulated the concerns of Unite and the potential abuse of these trainee rates. The trainee rate in the IOM is for six months and sits above the current Year Two Trainee Rate in Jersey (£6.85 per hour versus £6.56 per hour).” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

Other comments on training and the trainee rates included –

“Minimum wage for Trainee Year 1 and Year 2 should have the same percent increase as the Minimum Wage.” (CIPD Jersey Branch)

“There should be no difference between standard rate and a trainee/age-related rate on the minimum wage. A trainee should be earning the minimum wage, and once trained will earn more.” (Anonymous employee, real estate)

Maximum offsets

Respondents were asked to what extent they think the maximum offsets for accommodation and meals are set at the right level; whether they are about right, or whether they should be higher or lower than the current levels.

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Overall, most respondents (both employers and employees) said that the 4 rates of offset were 'about right'. Employees were more likely than employers to say that the rates should be lower. In relation to the maximum offset against the minimum wage for accommodation and meals, for example, 25% of employee respondents and 10% of employer respondents said that the rate should be 'lower' or 'much lower'. Employer respondents were more likely than employee respondents to say that the rate was 'about right' (67% of employers compared to 47% of employees). Responses in relation to the other three levels of offset were very similar.

During discussions with stakeholders, the Forum heard that employers in the hospitality sector often provide a number of additional employee perks and benefits that cannot be offset against the minimum wage, including uniform, utility bills and parking. This was reflected in some of the written comments. General comments on the levels of the offsets included the following –

“Very often there are elements that do not get calculated by those considering the minimum wage rate such as free parking, no cost of commuting, free services, free food, no maintenance costs, no cost of accommodation whilst the employees are on holiday. All of these are examples of why staff in low-paid jobs who live on site have a greater earning potential than the face value of the minimum wage.” (Anonymous employer, agriculture)

“Much lower. The offset rate in the UK relating to Accommodation from the 1st April 2018 is £7 per day, giving £49.00 per week across a seven day parameter, therefore remains significantly below the offsets in Jersey.” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

“I would imagine that in most circumstances the values actually deducted for accommodation and meals in the hospitality industry do not cover the actuals costs of providing them.” (Anonymous employee, hotels, restaurants and bars)

“The offsets should be based around the current room charges for private sector rentals and should be set by the room not the person so that if the room is shared then the offset is split.” (Anonymous employee, third sector charity)

“There should be provision for those businesses who provide staff with meals only.” (Anonymous employer, hotels, restaurants and bars)

“It really depends on the quality of the accommodation and meals. I am aware of substandard accommodation being used to house non local employees which should be addressed.” (Anonymous employer, construction)

Using the offsets

The Forum understood from the minimum wage consultation last year that some employers in the hospitality and agriculture sectors do not deduct the maximum amount that may be offset against the minimum wage. The Forum decided to seek further information via the consultation this year. Employers were asked –

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- Whether they currently provide either accommodation, or accommodation with meals, to any staff.
- Whether they currently offset a sum for accommodation, or accommodation with meals, against minimum wage pay and, if yes, whether the maximum or less than the maximum.
- If the minimum wage were to increase 15% by 2020, would that change the way they use the offsets against the minimum wage?

Of the employers who responded, 29% said they currently provide either accommodation, or accommodation with meals, to staff, including employers in agriculture, hotels, restaurants and bars, and wholesale and retail. Of the employer respondents that offset a sum against minimum wage pay for accommodation, or accommodation with meals, 81% said they offset less than the maximum.

Employers that do not deduct the maximum offset against minimum wage pay were asked to explain why. In the stakeholder meetings with the Forum, some of the employers explained that it is essential to provide live-in accommodation at a cheaper rate in order to attract and retain staff, as the high cost of accommodation often deters potential employees. This was also reflected in the written comments, including the following –

“We have left the rate the same as 2016 to try and keep staff numbers up.”
(Nick Mourant, employer, agriculture)

“If we started to deduct the current max offset we would lose skilled staff.”
(Anonymous employer, agriculture)

“To encourage the staff for future seasons.” (Anonymous employer, agriculture)

“We do not offset the maximum as we have to remain competitive against other businesses.” (Andrew Shrimpton, Director, Dolan Hotels)

“This is not used to its maximum rate in some industries, as this is a competitive tool that employees use between employers, however the rate allowance for accommodation in some cases is below the rental market levels that could be achieved in an expensive market desperately short of rental accommodation.” (Jersey Chamber of Commerce)

Comments on whether employers would change their use of the offsets if the minimum wage were to increase 15% by 2020 included the following –

“Yes we might. Assuming we cannot increase our yield by 15% in the same period, we would be obliged to review every aspect of our operation or go bust. We might decide to use Staff accommodation for a different purpose.”
(Anonymous employer, hotels, restaurants and bars)

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“Possibly increase the offset slightly more.” (Anonymous employer, hotels, restaurants and bars)

“Would offset maximum allowance.” (Anonymous employer, hotels, restaurants and bars)

“I would review the whole system and probably be forced to increase accom charges, but will loose staff.” (Nick Mourant, employer, agriculture)

Disproportionate increase in the offsets

Respondents were asked, if, in order to recommend a more significant increase in the minimum wage, the Forum should consider recommending that the offsets be increased by a greater percentage than the increase in the minimum wage. For example, a 15% increase in the minimum wage and a 25% increase in the maximum amount that the employer may deduct from minimum wage pay for accommodation and meals.

The Forum’s survey explained that it is unlikely to be able to make progress towards a significantly higher minimum wage unless action is taken to alleviate the impact on businesses in the 2 sectors that employ the majority of the minimum wage-earners in Jersey – agriculture and hospitality. Increasing the offsets by more than the increase in the minimum wage was suggested as one option that might be considered.

The Forum explored this option in the meetings with stakeholders and found that introducing a disproportionate increase in the offsets would not minimise the impact of a higher minimum wage rate for many employers, both in cases where the employer does not charge the maximum rate for accommodation, as well as where staff accommodation is not provided (e.g. cafés, beach concessions, retailers).

As Table 13 shows, the written responses to this question were similar across respondent types; 37% of employees and 32% of employers said that the Forum should not consider recommending that the offsets be increased by a greater percentage than the increase in the minimum wage. However, most respondents responded ‘don’t know’ (37% of employees and 41% of employers). The responses were very similar from employer respondents who pay some of their staff £7.75 or less (41% said ‘no’ and 33% said ‘don’t know’).

Table 13 – In order to recommend a more significant increase in the minimum wage, should the Forum consider recommending that the offsets be increased by a greater percentage than the increase in the minimum wage? By respondent type

	Yes	No	Don’t know
All employees	26%	37%	37%
All employers	27%	32%	41%
Employers that pay £7.75 per hour or less to some staff	26%	41%	33%

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Respondents who said the Forum should not consider recommending a disproportionate increase in the offsets provided most of the written comments in response to this question. Comments included the following –

“Please remember that NOT all hospitality offers accommodation or food ... those that do not are going to be worse off because they can not offset their increased costs.” (Anonymous employer, hotels, restaurants and bars)

“The offsets are currently too high and should be reviewed with a view to reducing. The offsets should be progressively reduced as a proportion of the minimum wage. The maximum offsets represent a disproportionate percentage of the overall minimum wage and should be pinned to reduce over a period of time as a percentage of the minimum wage payment. Any approach to increase maximum offsets at a greater rate than the minimum wage would mean that those workers in receipt of accommodation and meals as part of their employment would see a disproportionately lower benefit of the increases compared to other workers.” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

“The current level set is competitive. If we raise the rate staff may simply move out and live elsewhere. A significantly raised rate would probably also have an effect on the whole accommodation market which simply means other sectors will raise their wage rates putting agriculture back to square one if we want to compete.” (Anonymous employer, agriculture)

“If the maximum level isn't and can't be offset by employers due to competitiveness then there wouldn't be much point in increasing it more than the minimum wage increase.” (Anonymous employer, hotels, restaurants and bars)

“The example given would not really assist the standard of living of those employees. If those industries require support it should be given separately to any regulation concerning minimum wage.” (Anonymous employer)

Other comments

As in other recent minimum wage reviews, a number of respondents said that the minimum wage should be equivalent to a 'living wage'. A living wage is a different concept from a minimum wage because it is an informal and voluntary benchmark, rather than a legally enforceable minimum level of pay. Generally, a minimum wage takes into account factors including competitiveness, economic forecasts and the labour market. However, the cost of living features heavily in decisions about the living wage. It is outside of the Forum's remit to consider a living wage for Jersey. Page 4 of this recommendation sets out the differences in more detail.

A small number of comments were received proposing a lower minimum wage rate for young people. In one of the Forum's stakeholder meetings, it was suggested that a lower rate could be payable to Saturday staff aged 16 to 18 who work for less than 8 hours each week, as they have less responsibility than full-time staff. The Forum

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was not directed to consult on age-related minimum wage rates in this review. It is noted that proposals to introduce age-related rates have previously been rejected by the States Assembly.

The Forum also received a range of comments on matters that do not fall within the remit of this review, which have not been quoted in this report, including suggestions that the States of Jersey should review entitlement to social security benefits, social security contributions, taxation policy, population control and housing costs.

A number of respondents provided additional general comments on the minimum wage, a selection of which are quoted below.

“It seems obvious that any increase in the minimum wage will impact on the cost of living across the island. This increase will most impact on the people earning the least, so it seems a self defeating initiative. Surely it would be more sensible to try to lift people from the minimum wage level as quickly as possible by offering skills development to a much wider range of workers.” (Jennie Philpott, employer, training and education)

“The States of Jersey need to ensure that the agriculture and hospitality industries, which contribute a huge amount to the Island and Island life, are properly supported. (Sustainable agriculture is particularly important for the ecological wellbeing of the Island and contributes to the happiness of Islanders.)” (Anonymous lawyer, legal services)

“Retailing has not been given any coverage in this review so far and needs to be looked at as an industry in its own right, it is a large employer and one of the few alternatives in the island to the Financial Industry, but gets very little help or support, compared to other industries. e.g. licensing/GST free purchasing etc.” (Anonymous employer, wholesale and retail)

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SECTION 5 – RECOMMENDATIONS

Minimum Wage

The current minimum wage is £7.50 per hour. The Forum has considered the minimum wage rates, percentage increases and pence increases per hour that would result if the increase was based upon the indices and comparators that are available, as shown in Table 14.

Table 14 – Minimum wage increase comparison table

	Percentage increase	Pence increase	Hourly rate
Retail Price Index	4.5%	0.34	£7.84
Retail Price Index X	4.2%	0.32	£7.82
Retail Price Index Y	4.2%	0.32	£7.82
Average earnings index	3.5%	0.26	£7.76
41% of mean weekly earnings (£740) ⁴²	1.2%	0.09	£7.59
42% of mean weekly earnings	3.6%	0.27	£7.77
43% of mean weekly earnings	6.1%	0.46	£7.96
44% of mean weekly earnings	8.5%	0.64	£8.14
45% of mean weekly earnings	11.1%	0.83	£8.33
52% of median weekly earnings (£590) ⁴³	2.3%	0.17	£7.67
53% of median weekly earnings	4.3%	0.32	£7.82
54% of median weekly earnings	6.3%	0.47	£7.97
55% of median weekly earnings	8.1%	0.61	£8.11
56% of median weekly earnings	10.1%	0.76	£8.26

The Forum noted in particular the following evidence –

- The FPP has reported that the latest data for Jersey has been mainly positive, with record high employment, low unemployment and a positive outlook for 2018 and 2019.
- There is still significant economic uncertainty in the medium term, the biggest challenge being the impact of Brexit on Jersey.
- The FPP reported that the local economy is likely to have seen little growth in 2017 and has downgraded its estimate from 1% to essentially flat.
- The BTS survey for June 2018 showed improvement in the key business activity indicators as well as increased optimism for the future.

⁴² Calculation based on a 40 hour working week.

⁴³ Calculation based on a 40 hour working week.

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- Employment has grown to the highest levels recorded to date, with an increase of 2.2% on the previous year and a rise in full-time employment.
- Employment has increased in most sectors – up by 110 employees in hotels, restaurants and bars, up by 60 employees in wholesale and retail, but down by 80 employees in agriculture and fishing.
- The FPP forecasts employment growth at 1.5% in 2018, 1.0% in 2019 and flat in 2020.
- Registered unemployment in Jersey has fallen by 18% since the previous year and is at the lowest level since December 2008.
- Average earnings were 3.5% higher in June 2018 than in June 2017 – the biggest increase since 2008.
- In the year to June 2018, average earnings increased in hotels, restaurants and bars (4.3%) and in agriculture (5.7%), mainly driven by the 4.5% increase in the minimum wage in April 2018.
- The level of mean weekly earnings was £740, up from £730 in June 2017 – a 1.4% increase compared to a 3.5% increase in the index itself.
- The RPI increased by 4.5% in the year to June 2017, compared to a 2.5% increase in the previous year.
- With a high RPI increase, average earnings have decreased in real terms in the year to June 2018 for the first time in 6 years.
- For 2019, the FPP has forecast earnings growth of 3.9% and an RPI increase of 3.4%.
- The highest minimum wage rates in other jurisdictions are –
 - UK – £7.83 from 1 April 2018 for over-25s.
 - Isle of Man – £7.85 from 1 October 2018 for over-25s.
 - Guernsey – £7.75 from 1 January 2018 for over-18s.
- Jersey’s minimum wage applies to employees over age 16. The UK, Isle of Man and Guernsey all have lower rates for younger employees. For example, in the UK, 16 and 17 year-olds are entitled to a lower rate of £4.20 per hour.
- Almost 2 in 3 (62%) of low-paid jobs are in sectors that rely on competition with other jurisdictions; agriculture and fishing and hotels, restaurants and bars.
- Of the employers that responded to the consultation that pay £7.75 or less to some of their staff, 85% said that the minimum wage is ‘about right’. Of the employees that responded to the consultation who earn £7.75 or less, 85% said that the minimum wage should be ‘higher’ or ‘much higher’.

In 2017, the economic picture for Jersey was similar to 2016. Despite continuing uncertainty around Brexit and the performance of certain sectors in Jersey, earnings grew faster than inflation for the fifth consecutive year, there were positive signs from business tendency surveys, unemployment continued to fall and employment

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continued to rise. The FPP forecast moderate economic growth in 2017 and 2018, and forecast earnings growth of 2.5% in 2018 and 3% in 2019 and 2020.

Last year, the Forum recommended a 4.5% increase in the minimum wage on the basis of that economic position, as well as taking into account the States' aspiration to increase the minimum wage, the very high mean weekly earnings figure and the former Minister's direction to the Forum to recommend the highest minimum wage rate that it could for April 2018. This was the highest percentage increase that the Forum had recommended in 9 years, which significantly exceeded the increases in earnings (2.6%) and prices (2.5%), giving a real terms wage increase of 2%.

Minimum wage rate and timing of increase

This year, there appears to be more positive economic evidence to draw upon. Despite the continuing uncertainty around Brexit, the Forum cannot justify taking a more cautious approach than in 2017 based upon the economic evidence. Despite the 4.5% minimum wage increase in April 2018, the statistics show little evidence of job losses. More people are employed in Jersey than ever before and unemployment continues to decrease.

A minimum wage increase in line with the latest RPI increase was strongly supported by stakeholders. Some were concerned that the minimum wage might increase far more than RPI given recent political pressure. However, respondents had engaged more than in previous years with the likelihood of a significant increase and employers had reflected on methods they might use to cope with a more significant increase in wages.

It was also clear from the responses that employers are feeling the impact of external pressures more than in previous years, including the impact of Brexit and local taxes. The Forum recognises that employers across the lower paying sectors are increasingly finding it difficult to recruit staff and that, in some cases, this is pushing up wages beyond the minimum wage.

The Forum is not convinced that a decision to pay higher wages to attract staff should be taken into account by the Forum in recommending an appropriate minimum wage level for Jersey; the Forum considers this to be a choice for the individual employer. While the minimum wage is a factor in maintaining competitiveness with other jurisdictions, both in terms of attracting staff and the cost of products and services, the slightly higher minimum wage rates for older employees in the UK and Guernsey do not appear to be solving the recruitment problem in those jurisdictions. Comparisons with minimum wages in other jurisdictions can be problematic due to variations in minimum wage systems and other differences such as local costs and taxes.

The Forum appreciates that wage costs are often the biggest outlay for employers, particularly in the lower-paying sectors, and accepts that a significant increase in the minimum wage is likely to be challenging for some employers. However, having taken into account all of the evidence from the consultation, the Forum is persuaded that

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the recommended increase for 2019 should be greater than last year's increase of 4.5%.

The Forum is concerned about the impact of a significant increase on some sectors, particularly the agriculture sector and the potential end to the growing of certain crops in Jersey if local businesses become unprofitable. The Forum acknowledges its responsibility to recommend an appropriate minimum wage rate taking into account the impact on affected stakeholders. However, it is not the role of the Forum to ensure the future sustainability of any particular industry. With improvements in the economic climate, the Forum considers that it would be inappropriate to curtail minimum wage increases – to the detriment of employees in other sectors – in order to support agriculture. As the JFU⁴⁴ and other stakeholders noted, the Council of Ministers has committed to help lower paying sectors so that the minimum wage can be increased.

To reduce the impact of a significantly higher minimum wage on employers, the Forum has decided to recommend that the total percentage increase should be applied in 2 stages; the first stage on 1 April 2019 and the second stage 6 months later on 1 October 2019. This decision has allowed the Forum to unanimously support a more significant overall increase for 2019. This would give businesses more time to adjust – a full year until the second increase in October 2019 – and to implement some of the strategies that they have suggested to allow them to absorb a greater wage increase. Where business intend to raise prices or tariffs, staggering the increase in this way would also allow business more time to apply increases in smaller increments, which might be more acceptable to customers.

The Forum has noted the concerns expressed by respondents about the potential administrative burden of 2 wage increases in one year, and appreciates that some employers will need to take actions that may have a small cost (such as notifying staff, adjusting payroll and amending prices). However, it is clear that there would be a financial benefit to the employer in terms of annual wage costs that is likely to outweigh the cost of administering 2 increases. If employers have concerns about the burden of administering 2 wage increases in one year, they have the option to apply one wage increase in 2019 by paying staff the higher 1 October rate from 1 April 2019.

Applying a minimum wage increase in 2 stages gives the opportunity to achieve a greater overall increase in 2019, while saving on wage costs at potentially the busiest time in the season (April to October) for many employers in agriculture and hospitality.

A further advantage in deferring part of the 2019 minimum wage increase until October is that a programme to improve productivity in low-paying sectors is anticipated later this year. If employers or sector representatives are concerned about the level of the recommended minimum wage for 2019, this gives them more time to become involved in the development of the plan and to lobby government for the support they require to pay higher wages. The Forum hopes that this recommendation for a more significant minimum wage increase will encourage

⁴⁴ For example, see the comment from the JFU on page 19.

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government to drive forward an appropriate plan that meets the needs of the affected sectors by October 2019. If a plan is not delivered, or it is not effective, this is likely to have an impact on the Forum's minimum wage recommendation for 2020.

Subject to any direction from the Minister for Social Security, the Forum anticipates undertaking a review of the minimum wage again next year, to make a recommendation in respect of the minimum wage to take effect in April 2020. The Forum's decision to recommend 2 minimum wage increases in 2019 is not intended to affect the minimum wage review cycle, or to preclude a recommendation for a further increase in 2020.

It was clear from the consultation responses that some employers require 6 months' notice of any increase to the minimum wage increase, particularly those employers that pay around the minimum wage. Six months' notice would be given for the first stage of the increase (as usual) and 12 months' notice would be given for the second stage of the increase.

In considering how to split the total percentage increase, the Forum decided that the first increase to take effect on 1 April 2019 should be slightly higher than the current level of RPI, so as not to disadvantage employees in relation to the cost of living, but should not exceed RPI so significantly as to remove the advantage of delaying part of the increase for 6 months. Although the Forum does not have a statutory duty to increase earnings, members were conscious that, with the high cost of living increase, any increase of less than 4.5% would be a 'real terms' decrease in pay.

The Forum recognises the States' aspiration to move the minimum wage towards 45% of mean weekly earnings, and notes that the Forum is not obliged to meet this aspiration by 2020 if the evidence does not support such a move. As always, the Forum seeks to balance competing interests, including the aspirations of the States Assembly, while also trying to minimise job losses or reduced terms and conditions. This means that the recommended increase is often too high from the perspective of minimum wage paying employers, and too low for those who wish to reach 45% of the mean weekly earnings by 2020.

The Forum is satisfied that the recommended increase relative to the mean weekly figure by October 2019 demonstrates a willingness to reach the 45% relatively quickly, without being excessive in the absence of a productivity plan.

The Forum members have considered all of the evidence and have reached the following unanimous recommendation.

Recommendation – The Forum recommends an overall increase of 6.9% on the current minimum wage to be applied in 2 stages, the first to take effect on 1 April 2019 and the remainder of the increase to take effect 6 months later on 1 October 2019, as follows –

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1. 1 April 2019 – 5% increase – 38 pence per hour – to £7.88 per hour

This is the highest percentage increase that the Forum has recommended in 10 years. A 5% increase exceeds the increases in earnings (by 1.5 percentage points) and prices (by 0.5 percentage points). This would give a real terms wage increase of 0.5% overall, based on the latest RPI figure.

The pay increase for a minimum wage-earner based on a 40-hour working week would be £15.20 per week, which would give low-paid staff an extra £790 per year (compared to £666 per year extra last year).

Based on the June 2018 weekly earnings figures, a minimum wage rate of £7.88 per hour would be equivalent to 42.6% of the level of mean weekly earnings (compared to 41.1% last year) which equates to 94.6% of the 45% target (currently £8.33). £7.88 is equivalent to 53.4% of the estimated median earnings (compared to 52.6% last year).

2. 1 October 2019 – 1.8% increase – 14 pence – to £8.02 per hour

To achieve the overall increase of 6.9% in 2019, the remaining 1.8% increase would be applied on 1 October.⁴⁵

A 6.9% increase exceeds the increases in earnings (by 3.4 percentage points) and prices (by 2.4 percentage points). This would give a real terms wage increase of 2.4% overall, based on the latest RPI figure.

The pay increase for a minimum wage-earner based on a 40-hour working week compared to the current rate of £7.50 would be £20.80 per week, giving low-paid staff an extra £1,082 per year.

Based on the June 2018 weekly earnings figures, a minimum wage rate of £8.02 per hour would be equivalent to 43.4% of the level of mean weekly earnings, which equates to 96.3% of the 45% target (currently £8.33). £8.02 is equivalent to 54.4% of the estimated median earnings.

The Forum notes that, in order to accommodate 2 wage changes in one year, some employers may need to notify staff and amend payroll systems. However, contrary to a number of the comments received by the Forum, it is not necessary for employers to revise and re-issue all employment contracts when employees are notified of a change in hourly rate or salary, and this should not be a costly exercise. The Forum recommends that JACS could be asked to provide a short guidance note for employers on what is required, in order to make it as straightforward as possible for employers to apply the 2 wage increases.

⁴⁵ A 1.8% increase would be applied on 1 October 2019, rather than a 1.9% increase, due to rounding in April 2019. A 5% increase on the current minimum wage of £7.50 is £7.875, rounded up to £7.88).

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Trainee rates

The Forum has reviewed the responses and has concluded that the 2 trainee rates should continue to be available, and that the method of calculating those rates – as a proportion of the minimum wage – should continue to apply.

Recommendation –

1. **1 April 2019** – The ‘Year 1’ trainee rate should be set at a rate equivalent to 75% of the £7.88 minimum wage – £5.91 per hour (a 28 pence increase). The ‘Year 2’ trainee rate should be set at a rate equivalent to 87.5% of the minimum wage – £6.90 per hour (a 34 pence increase).
2. **1 October 2019** – The ‘Year 1’ trainee rate should be set at a rate equivalent to 75% of the £8.02 minimum wage – £6.02 per hour (overall in 2019, a 39 pence increase). The ‘Year 2’ trainee rate should be set at a rate equivalent to 87.5% of the minimum wage – £7.02 per hour (overall in 2019, a 46 pence increase).

Offsets

Around 1,000 minimum wage jobs in Jersey include accommodation, or accommodation with meals, as part of the employment package. These jobs are mainly in 2 sectors: agriculture and fishing; and hotels, restaurants and bars.

The maximum amounts that may be offset against the minimum wage each week have previously been increased each year in line with the percentage increase in the minimum wage. In its recommendation last year, the Forum stated that it is unlikely to be able to make progress towards a significantly higher minimum wage unless action is taken to alleviate the impact on businesses in the 2 sectors that employ the majority of the minimum wage-earners in Jersey. The Forum suggested in its consultation this year that a disproportionate increase in the offsets might help employers in hospitality and agriculture who provide tied accommodation to absorb a more significant increase in the minimum wage.

Having asked additional questions to find out more about employers’ use of the offsets, the Forum found that many employers in these 2 sectors have decided not to offset the maximum amount in order to remain competitive and attract staff as the cost of tied accommodation can be a deterrent. If the offsets were increased disproportionately to the minimum wage, some employers might review the rates they charge to mitigate a significant wage increase, but it is not clear if the market would currently allow higher rates to be charged for accommodation and meals.

A disproportionate increase in the offsets appeared to be a potential solution to minimise the impact of a significant wage increase on employers, while putting more money in employees’ pockets, particularly those who do not live in tied accommodation and pay private sector rents. However, the Forum concluded that proposing a disproportionate increase in the offsets to mitigate a significant increase in the minimum wage is likely to be a ‘red herring’ given the evidence provided by

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employers. In many cases the offsets are not being used to their full capacity (not necessarily through choice), and it would make no difference to employers that cannot provide staff accommodation (e.g. cafés, restaurants and retailers). For these reasons, the Forum does not intend to recommend a disproportionate increase in the offsets.

The Forum notes that Unite consider the offset against the Year 1 trainee rate to be unfair (their calculation is based on the offset as a percentage of weekly wages, rather than as a percentage of the full offset⁴⁶). The offsets against the trainee rates are currently set at 75% of the maximum offset. The Forum noted the difficulty in setting maximum charges for accommodation and meals as a proportion of earnings. Introducing additional rates of offset would over-complicate the minimum wage system and would be unlikely to have any practical impact. There are few (if any) trainees living in tied accommodation because employers in the agriculture and hospitality sectors do not generally pay staff the trainee rates.

The Forum also considered whether there is any evidence to support a freeze in the levels of the offsets. This would give the biggest effective pay increase to those living in tied accommodation, but with no additional benefit to those who pay private sector rents. For employers who continue to make use of the full offset, a freeze would remove their capacity to increase the amounts they charge for accommodation and meals, despite a high increase in the cost of living.

Recommendation – Having considered the consultation outcomes, the Forum recommends that the offsets against the minimum wage should continue to be increased proportionately to the minimum wage, and the offsets against the trainee rates should continue to be set at 75% of the maximum offset.

This means that the offsets against the minimum wage would increase by 6.9% overall; 5% on 1 April 2019 and the remaining 1.8% on 1 October 2019.

The recommended maximum offsets against the minimum wage and the trainee rates are shown in Table 13.

SUMMARY OF RECOMMENDATIONS FOR 2019

Table 13 – Minimum wage rates for 2018 and recommended rates for 2019

	April 2018	April 2019	October 2019
Minimum Wage (per hour)	£7.50	£7.88	£8.02
Trainee Rate Year 1 (per hour)	£5.63	£5.91	£6.02
Trainee Rate Year 2 (per hour)	£6.56	£6.90	£7.02
Maximum weekly offset against minimum wage for accommodation	£82.12	£86.23	£87.78
Maximum weekly offset against minimum wage for accommodation & food	£109.47	£114.94	£117.01
Maximum weekly offset against trainee rates for accommodation	£61.59	£64.67	£65.84
Maximum weekly offset against trainee rates for accommodation & food	£82.10	£86.21	£87.76

⁴⁶ See Unite's quote on page 60.

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APPENDIX 1 – Adult minimum wages relative to the levels of median and mean full-time earnings, latest data by country

Country	Mean	Median
Australia	44.7%	53.8%
Belgium	42.3%	49.5%
Canada	40.0%	45.8%
Chile	47.4%	68.9%
Czech Republic	34.1%	39.7%
Estonia	35.2%	41.3%
France	49.0%	60.5%
Germany	41.6%	46.7%
Greece	32.5%	47.9%
Hungary	39.0%	51.2%
Ireland	38.6%	45.4%
Israel	42.1%	57.7%
Japan	34.6%	39.7%
Korea	39.7%	50.4%
Latvia	40.6%	50.7%
Luxembourg	44.5%	54.7%
Mexico	29.4%	36.5%
Netherlands	37.9%	45.3%
New Zealand	51.4%	60.5%
Poland	43.4%	54.2%
Portugal	41.7%	58.3%
Slovak Republic	39.0%	47.7%
Slovenia	48.4%	58.7%
Spain	31.5%	37.3%
Turkey	43.2%	75.8%
United Kingdom	40.8%	49.0%
United States	24.8%	34.9%
Colombia	57.3%	86.2%
Costa Rica	48.5%	69.2%
Lithuania	43.4%	53.6%
Romania	41.3%	56.5%

Source: Data extracted on 22 August 2018 from OECD stats
(Organisation for Economic Co-operation and Development) – <http://stats.oecd.org>

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APPENDIX 2 – Low-paid, minimum wage and trainee rate jobs in Jersey

The survey undertaken by Statistics Jersey for the June 2016 report on the Index of Average Earnings included questions relating to low-paid jobs. The figures for 2016 were reported as not significantly different to those recorded in the 2013 average earnings survey, given the level of uncertainty on the sectoral and overall estimates. Questions relating to low-paid jobs are expected to be repeated in the 2019 average earnings survey.

In June 2016, employers were asked to provide information about jobs paid at £7.30 or less per hour, as well as jobs paid at the minimum wage (£6.97 at that time) and the trainee rates (£5.23 in year 1 and £6.10 in year 2 at that time). The estimates relating to minimum wage jobs can be summarised as follows –

- Around 6% of private sector jobs were paid at the minimum wage.
- Around 11% of private sector jobs were paid at less than £7.30 per hour.
- Of jobs overall (56,130 private sector **and** public sector) 5% of jobs were minimum wage jobs and 9% of jobs were paid at less than £7.30 per hour.
- Jobs paid at the minimum wage represented 38% of jobs in agriculture and fishing, and 16% of jobs in hotels, restaurants and bars.
- Less than 100 jobs were paid at the trainee rates.
- Employers provided staff with accommodation, or accommodation with meals, in around one-third of the jobs that were paid at the minimum wage or the trainee rates.

Low-paid jobs (£7.30 per hour or less)			
Sector	Headcount	Low-paid jobs	Low-paid as %
Agriculture and fishing	1,850	900	49%
Manufacturing	980	100	10%
Electricity gas and water supply	490	~	~
Construction and quarrying	4,730	100	2%
Wholesale and retail trades	7,450	600	8%
Hotels, restaurants & bars	6,110	2,400	39%
Transport, storage and communication	2,560	~	~
Financial and legal activities	12,680	~	~
Other business activities	11,100	1,300	12%
All	47,940	5,300	11%

Minimum wage jobs (£6.97 per hour)			
Sector	Headcount	Min. wage jobs	Min. wage as %
Agriculture and fishing	1,850	700	38%
Manufacturing	980	100	10%
Electricity gas and water supply	490	~	~
Construction and quarrying	4,730	~	~
Wholesale and retail trades	7,450	300	4%
Hotels, restaurants & bars	6,110	1,000	16%
Transport, storage and communication	2,560	~	~
Financial and legal activities	12,680	~	~
Other business activities	11,100	900	8%
All	47,940	3,000	6%

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Trainee rate jobs:

Employers were asked how many employees earned a trainee rate below the minimum wage – noting that this is a rate for staff undergoing approved training. The 2 trainee rates at the time were £5.23 for trainees in their first year of training and £6.10 per hour for trainees in the second year of training.

There were less than 100 trainee rate jobs.

The 3 sectors employing staff on those rates were construction, wholesale and retail and hotels, restaurants and bars.

Accommodation or accommodation with food provided by the employer in minimum wage and trainee rate jobs:

Sector	Minimum wage/trainee rate jobs with accommodation/food provided
Agriculture and fishing	300
Manufacturing	~
Electricity, gas and water supply	~
Construction and quarrying	~
Wholesale and retail trades	~
Hotels, restaurants and bars	600
Transport, storage and communication	~
Financial and legal activities	~
Other business activities	~
All	1,000

Notes –

- i. The figures related to one point in time only (the last week of June), which is a seasonal work peak.
- ii. One person businesses were removed from the analysis.
- iii. All numbers were rounded to the nearest 100 (apart from total headcount figures which were rounded to the nearest 10). Numbers less than 50 are denoted by ~.
- iv. All numbers relate to headcount, i.e. jobs filled, not full-time equivalents (FTE), so there may be double-counting of low-paid and minimum wage staff where people have more than one job.
- v. "Headcount" figures were derived from the June 2015 figures with minor adjustments/revisions, and exclude one-person businesses, so will vary from the published June 2015 manpower figures.
- vi. Total headcount includes 8,190 public sector jobs and 47,940 private sector jobs (excluding one-person businesses) = 56,130 jobs.
- vii. Sector estimates are ± 200 . Overall estimates are ± 300 .
- viii. The 2016 average earnings survey covered around 48% of workers in Jersey.
- ix. Questions about minimum wage jobs and low-paid jobs have been included in the average earnings survey 3 times; in 2012, 2013 and 2016.

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APPENDIX 3 – Business Tendency Survey, managing increased wage costs

Businesses responding to the Business Tendency Survey for March 2016 were asked, if the minimum wage was increased to £7.65⁴⁷ in **April 2017** for all staff over age 16, would they take any actions to manage increased wage costs. Responses were weighted so that the outcomes represent businesses overall and by each sector. The responses across all sectors are provided in the table⁴⁸.

Weighted percentages of respondents who ticked each option across all sectors

	All	FTE 2–10	FTE >10
Raise prices/fees	52%	57%	39%
Increase allocation for staff costs	43%	45%	38%
Freeze or reduce pay growth for other staff	28%	29%	26%
Reduce bonuses/discretionary payments	20%	16%	30%
Outsource work	19%	21%	13%
Freeze recruitment	18%	16%	24%
Reduce overtime	15%	15%	17%
Reduce working hours	9%	7%	13%
Reduce employee benefits	8%	3%	20%
Recruit more trainees	5%	7%	2%
Make redundancies	5%	0%	17%
Recruit more staff under age 16	2%	3%	0%

More than half of businesses overall (52%) said they would raise prices or fees in order to manage increased wage costs. Only 5% of businesses overall said they would make redundancies, but the figure was higher (17%) for medium and large businesses. Some businesses indicated that they would take other actions to manage increased wage costs, such as freezing or reducing pay for other staff (28%), reducing bonuses or discretionary payments (20%), reducing working hours (9%), or reducing overtime (15%).

⁴⁷ At the time of the BTS survey, the minimum wage was £6.78 and the mean weekly earnings figure was £680 (for June 2015). A minimum wage set at 45% of mean weekly earnings would have been £7.65 per hour.

⁴⁸ Presented in 3 business categories: all (>1 FTE); small (2-10 FTE); medium and large (>10 FTE).

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APPENDIX 4 – Selection of additional quotes from consultation responses

Level of minimum wage

“How many will lose there jobs if the minimum wage goes to £10 there will be job losses a plenty shops shutting down small companies can’t afford to pay this rate of pay, It worries me that people are able to survive on the present wage but a rise to £10 will cause much suffering.” (Robert Andrews, employee, wholesale and retail)

“Increasing the minimum wage will improve the standard of living for those directly impacted and will likely result in improved employee retention, quality of work etc. The improvement in their quality of life and their spending in the local economy indirectly impacts all of society, and businesses should benefit from employee loyalty. Some industries have noted their difficulty in attracting labour with their current wages; if they improved, they may become less reliant on migrant labour.” (Anonymous employee, public sector)

“Increasing the minimum wage will make Jersey more attractive to immigrants from lower wage countries not locals.” (Anonymous employer, agriculture)

“Artificially increasing the rate of a worker will impact the company’s ability to increase rates to their better members and eventually hire more people.” (Anonymous employee, healthcare)

“I realize and want to pay my staff the best wages possible, but if the returns aren’t available we cannot and may decide to retire from the business.” (Nick Mourant, employer, agriculture)

“I graduated 2 years ago and the only job I could get pays minimum wage. While I am grateful for having a job, I have no money at the end of the month due to paying bills, repaying a student loan, car insurance, petrol, rent and paying for day-to-day things such as food. I find it so hard to afford to live on minimum wage and am having to look for a second job to add extra to my monthly earnings.” (Anonymous employee, leisure)

“If persons earn a higher, more liveable wage then they will have more disposable income for purchasing goods and services, plus probably be unreliant on income support subsidy, and even pay taxes.” (Anonymous, looking for work, travel industry)

“I am mystified in how in the last 2 years that the Jersey min wage has fallen woefully behind the UK? Most western countries pay 25%-35% of their salary on rent/mortgage. In Jersey we are paying almost 50% in most cases and also pay GST on all goods making goods prohibitively expensive such as food as there is an import cost to pay. Increasing the min wage significantly will help to appease these difficulties endured by the working and middle classes.” (Anonymous employee, public sector)

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“Many people working full time are earning nowhere near enough to meet the basic living costs for themselves and their families. A better minimum wage or employers paying in excess of the minimum would help individuals to become financially independent and less reliant on benefits.” (Anonymous employee, public sector)

Impact of minimum wage increase on other wages

“Each pay grade is set based on what level of responsibility, expertise and experience the individuals have. If minimum wage increases then each grade needs to increase proportionally to allow for the additional responsibility/expertise/experience.” (Anonymous employer, agriculture)

“Indirectly, in that it will push up expectations and perceptions of what salaries should be. Many businesses will have few, if any, permanent staff on the minimum wage but may still use it as a reference point (e.g. when reviewing pay rates for hourly paid staff and/or when considering any payments to work placement students).” (Anonymous lawyer, legal services)

“Other employees in more responsible and accountable roles require levels of pay differential to be maintained – either as % or in real value terms.” (Anonymous employer, hotels, restaurants and bars)

“For businesses employing persons on the minimum wage, any imposed increase on this cost will undoubtedly squeeze the margin for profit. It does not therefore take a mastermind of economics to understand that in order to protect the profit margin (the driving force) the business will either have to increase prices to its clients/customers or reduce its costs by cutting back on employment/hours or potential wage increases to other members of staff.” (Ken Jenkins, employer, hotels, restaurants and bars)

“All employees expect to maintain a differential if one is present, therefore an artificial increase applied by dictate in one area creates a desire in another.” (Anonymous employer, wholesale and retail)

“In the retail sector a large proportion of junior management roles that have a high responsibility do not have a proportionate salary jump compared to sales advisor rates. Therefore any addition onto the lower end of the scale equates to a rise all the way up the management ranks.” (Anonymous employer, wholesale and retail)

“There are pay scales for a reason, just because minimum is too low doesn’t mean I shouldn’t receive a comparable % increase too.” (Anonymous employee, wholesale and retail)

“Some companies increase the wage for all the employees on 1st April and some only to the minimum wage employees.” (Anonymous employee, hotels, restaurants and bars)

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“We have recently raised the minimum wage paid in our business to £10.20 an hour ... Whilst it did create some questions from those who earned around that rate asking why more junior staff now earned near them and could they have a similar pay rise (an excuse used by some employers to resist a higher minimum wage because of its inflationary impact on all pay levels), when we refused and said they earned more and explained, it did not create any impact on staff morale or turnover.” (Anonymous employer, hotels, restaurants and bars)

“Other rates have to rise accordingly to retain top employees.” (Anonymous employer, care services)

“The minimum wage does not reflect on the wages of other employee and employers only react to an increase to the minimum wage when they are forced to do so. Those on minimum wage are seen as disposable employees.” (Anonymous employee, motor trades)

“If you increase the minimum wage, which is invariable the lower skilled positions, you also need to increase the other positions within the organisation by the same percentage. if you didn't do this, the differentiation between the positions becomes distorted.” (Anonymous employer, hotels, restaurants and bars)

“We try and give an equivalent rise to all employees, if this is financially possible without it affecting our end prices too much.” (Anonymous employer, wholesale and retail)

Experience of wage growth

“Difficulties in recruiting staff have led to wage increases well above inflation. This situation has been made worse by States imposition of staff 5 year requirements.” (Anonymous employer, hotels, restaurants and bars)

“Wage increases in line with COL have been applied and bonuses based upon company performance have been distributed to all employees.” (Anonymous employer, construction)

“We've cut back on staff extras like free laundry, pay cards and taxi home for late shift staff in order to pay higher wage.” (Anonymous employer, hotels, restaurants and bars)

“As wages increase costs go up and continue to squeeze final figures. Clients have gone elsewhere after a small 5% price increase.” (Anonymous employer, wholesale and retail)

“Profits have decreased giving no flexibility on wages.” (Jennie Philpott, employer, training and education)

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“It has picked up – Employees expecting cost of living at a minimum (which is up) and also recruitment is becoming more difficult.” (Anonymous employer, real estate)

“Experienced wage growth to attract talent due to the lack of suitable candidates in the current market.” (Anonymous employer, wholesale and retail)

“No increase in salaries for those working above minimum wage.” (Anonymous employer, HR and training)

Right conditions for a more significant increase

“Despite there being a decrease in unemployment in Jersey; questions continue to be asked around the economic reality of employment for some individuals (‘in-work poverty’). Therefore if there were to be a greater increase in the minimum wage this may enable more individuals to be able to support themselves. However, as a caveat to the paragraph above, it is likely that it will be agriculture, hospitality – and possibly retail – that will be impacted most by higher increases to minimum wage. It is these employment sectors that regularly report shortfalls in staffing levels (213 vacancies in hospitality on gov.je website as at 12 June 2018). Although agriculture is already looking at introducing more automation to reduce their reliance on manual labour. Therefore if the cost of recruiting already depleted numbers of employees does increase employers are likely to seek to increase the costs to their customers/clients.” (JACS)

“The government’s aim of a minimum wage that equals 45% of mean income is the first problem. The Jersey economy is very unbalanced with financial services in an overly dominant position with a bloated public sector contributing to the problem. The government should at least be weighting the figures (median income?) to counterbalance the particularly high salaries in Finance.” (Michael Barnes, Director, Beausite Hotel)

“There has not been as good a financial reason for over 10 years so it should be considered a good opportunity.” (Anonymous employer, construction)

“Business conditions don’t matter. People should be able to earn a wage that allows them to survive.” (Anonymous employee, transport, storage and communications)

“Yes it will have an overall beneficial impact on the economy. Price increases will be minor (most goods are manufactured off Island so it is purely the trade margins that will be impacted on most common products).” (Anonymous employer, real estate)

“If minimum wages increase then the cost of every service will increase impacting on the disposable income of every household.” (Anonymous employee, financial services)

“I will be out of work along with three other employees because the company does not have the turnover.” (Robert Andrews, employee, wholesale and retail)

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“Such as sharp increase in wages can only either cost businesses and their customers more or once again some may lose jobs. At the end of the day there is only an amount of cash to support wages or the business may shut down. Some may say, so what, if they can’t afford decent wages then they deserve to shut down, but what if it’s employees. A difficult choice, affordable pay or no job?” (Retired employee, public sector)

“Highly unrealistic that those earning above minimum wage would see anything like 15% increase by 2020. Such an increase is likely to impact inflation and damage economy. Someone earning £9 per hour, for instance, would see huge degradation of their wage. As a low earner they would not benefit from increase in any way and would likely see cost of basic essentials increase.” (Anonymous employee, public sector)

“Small businesses such as ours would suffer greatly. Putting up prices to cover such a major hike would not be an option when consumers are currently so price conscious.” (Anonymous employer, hotels, restaurants and bars)

“From a retail perspective, the only way this will be achievable is if the GST £240 ruling is reduced to a lower level which would encourage shoppers to use the high street. This would put more money in local tills.” (Anonymous employer, wholesale and retail)

“We also consider that aid to industry linked to productivity is necessary in order to reach the States Assembly aspiration of 45% of mean national earnings by 2020.” (CIPD Jersey Branch)

“If minimum wages increase then prices will have to increase or businesses will not be able to pay staff and will close. The balance of the argument to increase the minimum wage has 2 downfalls. First to the small business employer and secondly to the unskilled workers who will find it much more difficult to find work.” (Jennie Philpott, employer, training and education)

“Even if business conditions and the economy increase vastly over the next 2 years, it’s not to say that they then wouldn’t decrease. The minimum wage should be fair but it should also not be set too high whereby smaller businesses can’t afford the number of staff they need.” (Anonymous employer, wholesale and retail)

Business reaction to a significant increase

“I don’t pay my staff minimum wage as I do think it’s fairly low. If I was to increase the pay of our staff by 15% in the next 2 years we will close.” (Anonymous employer, wholesale and retail)

“We would keep assessing the staff numbers and the viability of certain jobs within the business. We are a farming business (mixed) in recent years many vegetable and

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flower crops have been dropped due to economic viability.” (Anonymous employer, agriculture)

“Little impact is expected.” (Anonymous employer, construction)

“Unless a meaningful level of aid is found in other ways we will continue to axe elements of the business until none of the crops are viable.” (Anonymous employer, agriculture)

“Prices would have to increase commensurately. Future investment plans would be scaled back due to expected turn down in business levels due to price increases.” (Anonymous employer, hotels, restaurants and bars)

“We would need to consider how and if we take the business forward. Such an increase would take the business into a loss making position.” (Anonymous employer, agriculture)

“We would find it difficult to continue to trade. We currently pay staff in excess of the minimum wage and provide meals/drinks. For the total number of hours we work, we earn less than the minimum wage from the business.” (Anonymous employer, hotels, restaurants and bars)

“Unfortunately sales are not increasing in my shop by 15% every year, so if minimum wage will increase, I will have to cut my employee working hours.” (Anonymous employer, wholesale and retail)

“We would stop employing trainees – and I would assume that we are not the only business who will respond in this way – it is a short sighted view of supporting junior staff members into the workplace.” (Anonymous employer, HR and training)

“Would have no choice but to raise prices. All other areas where efficiencies can be made have already been looked at and changed where necessary.” (Anonymous employer, wholesale and retail)

“We would be forced into increasing those on minimum wage and a number of others on a similar wage. Looking at who this would affect, it would cost the company approx. £22,000 per annum to make this change. This would eat into the budget of potential new positions, restricting recruitment/growth.” (Anonymous employer, wholesale and retail)

“Increase end product price and service cost.” (Anonymous employer, fabrication engineers)

“Increase in prices charged to customers.” (Anonymous employer, attraction/activity provider)

“We would have to consider staffing levels.” (Anonymous employer, care services)

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“We would have to increase prices to our customers which may affect occupancy levels.” (Anonymous employer, hotels, restaurants and bars)

“We would invariably look to invest in automation where possible to reduce our requirement on staff numbers.” (Anonymous employer, agriculture)

Minimum wage increase in 2 stages

“Increases every six months is better for the employee not the employer. The employer will save paying out the 50% of the increase for six months if it's a yearly increase.” (Anonymous employee, engineering)

“It's still a significant increase whether it's staged or not which will cost some business thousands of pounds per annum and/or some businesses will not be able to employ the number of employees they need.” (Anonymous employer, wholesale and retail)

“I do not really understand this question since it demonstrates a lack of understanding towards cash-flow. The effect of any increase in costs to a business are only really felt when those costs are absorbed into the cash-flow. Whether this is done annually or bi-annually in smaller increments makes no difference at all in my opinion since the end result is still going to be the same.” (Ken Jenkins, employer, hotels, restaurants and bars)

“Potentially creates additional administrative burden also most companies budget annually so certainty over increases in an annual amount are easier to account for.” (Anonymous employee, financial services)

“The proposed increase is unsustainable for small businesses. Raising it once or twice does not matter. Lack of employees should be addressed first.” (Anonymous employer, hotels, restaurants and bars)

“A staggered approach may help some employers a little. The end result will be the same, sooner or later.” (Anonymous employer, wholesale and retail)

“The wage increase should be at the end of the season or even in winter not at start of season or year.” (Anonymous employer, hotels, restaurants and bars)

“Agree somewhat – The admin of changing wage rates twice a year is a fairly sizable administrative burden.” (Anonymous employer, real estate)

“It may help some businesses that may struggle to adapt to higher pay.” (Anonymous employer, hotels, restaurants and bars)

“Should be done when we have our yearly budget prices go up our wages should go up.” (Anonymous employee, security services)

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“Most organisations operate a yearly pay review and it thus makes sense for there to be only one increase to minimum wage rates per year. Twice yearly would probably also increase paperwork etc. for employers.” (Employee, legal services)

Notice of minimum wage increase

“6 months would assist for budgeting purposes.” (Nick Mourant, employer, agriculture)

“If a large increase we would require at least six months notice to amend budgets etc.” (Anonymous employer, care)

“Ideally 12–18 months for anything beyond what would be considered normal or within expectation as prices and rates are negotiated with 3rd parties that far in advance in order to enable them to ‘get to market’. i.e. production of brochures, wholesaler negotiations etc.” (Anonymous employer, hotels, restaurants and bars)

“Annual – hotel rates set at least one year ahead for groups/tour operator businesses.” (Anonymous employer, hotels, restaurants and bars)

“At least a month in order for us to look at the salary scales and look at those who are close to this and decide what we will do to their wage too.” (Anonymous employer, wholesale and retail)

“6–12 months would be helpful for forecasting.” (Anonymous employer, wholesale and retail)

“6 months minimum – for budgeting and business planning. It is totally impossible to run and business if there is no notice given.” (Anonymous employer, HR and training)

“12 months – budgeting purposes and sufficient time to consult with clients.” (Anonymous employer, services)

Maximum offsets

“Meals should be free for in house staff. Accommodation much lower. In hospitality it is so hard to get decent staff in Jersey. By offering low rent will bring in staff and hope better qualified staff.” (Anonymous employee, hotels, restaurants and bars)

“The accommodation and food must be above and beyond the standards required by law. Clean and comfortable accommodation and healthy balanced nutritious meals.” (Anonymous employee, construction)

“Everywhere I have been in Europe when you go to work with accommodation and meal it is free which is fair for me.” (Anonymous employee, hotels, restaurants and bars)

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“The states can change this by reducing the tax levy on this allowance. This does not affect business but will put money in the pockets of those who need it most, as it’s money they have already earned themselves.” (Anonymous employee, hotels, restaurants and bars)

“It should be lower as the accommodation they offer is usually to a standard which most would deem poor.” (Anonymous employee, public sector)

“Some employers do not offer quality accommodation and the offset should also consider if it is one person in the room or 2 (or more) if three people sharing them they should only offset 1/3 of allowance etc.” (Anonymous employer, hotels, restaurants and bars)

“From a local perspective, accommodation is most normally available only to seasonal staff who would otherwise find it difficult to rent rooms in the open market. A further benefit to providing staff accommodation is that it reduces the pressure on local market rental properties thereby allowing people who are not restricted by seasonal permits to seek more permanent accommodation.” (Anonymous employer, hotels, restaurants and bars)

“One area that could be explored relates to the fixed rate for trainees regardless of whether they are first or second year. The maximum offset rate represents 41.7% of the first year trainee’s wages using the above example, but 35.8% of the second year trainee. If the maximum offset rate for a first year trainee was set at 35.8%, it would be £70.54 as opposed to £82.10. When turning to accommodation only, the maximum offset of £61.59 represents 31.3% of the weekly wage of a first year trainee (again using the above 35 hour week example), but 26.82% of a second year trainee. If the maximum offset rate for accommodation only for a first year trainee was set at 26.82% of wages, the rate would be £52.85.” (Howard Beckett, Assistant General Secretary, Unite Legal Services)

Using the offsets

- Reasons for not deducting the maximum offset

“Because otherwise we wouldn’t be able to recruit.” (Anonymous employer, hotels, restaurants and bars)

“To ensure there is sufficient disposable income for those members of staff and to maintain morale.” (Ken Jenkins, employer, hotels, restaurants and bars)

“The cost of accommodation is off putting for prospective employees.” (Anonymous employer, agriculture)

“Some of our accommodation requires staff to share rooms and they have limited “relaxation” areas. We feel this should be reflected in our levels of offset.” (Anonymous employer, hotels, restaurants and bars)

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- Change use of offsets if significant increase

“We would continue to charge the maximum rate as long as it rises broadly in line with the wage rate.” (Anonymous employer, agriculture)

“The market will dictate how this is to be absorbed. There is currently a huge staff shortage in the hospitality sector, due mainly to population control measures introduced in the island. As a result of an increase in minimum wage I fear less successful businesses will be in danger of going out of business or losing members of staff to those who can afford to absorb the increase.” (Ken Jenkins, employer, hotels, restaurants and bars)

“As I do now, as sensible offset based on offering and as considered within each staff members terms and conditions, number of seasons’ service etc.” (Anonymous employer, hotels, restaurants and bars)

“As we don’t use the offset we would have to increase the rent we charge our staff to cover the excess.” (Anonymous employer, agriculture)

“Would need to review that as a business at the time and would depend upon where the labour was being sourced.” (Anonymous employer, agriculture)

Disproportionate increase in the offsets

“The minimum wage is just that, the minimum wage a person should be paid; if specific industries require staff they should offer the incentives of higher pay based on market conditions. If the States want to then separately offer greater support to specific industries they should find a way to do this that isn’t meddling with the minimum wage formula. If the argument is for predominantly ‘seasonal workers’ then maybe a reduced Social Security contribution (and reduced benefits).” (Anonymous employee)

“Offsets should increase in line with inflation.” (Anonymous employee)

“It should be a proportional amount so that the individual is still left better off.” (Anonymous employer, wholesale and retail)

“Rental and food cost are being pushed up by the minimum wage and if supplied by an employer the offset needs to reflect this market increase.” (Anonymous employer, wholesale and retail)

“Any increase in offset does not benefit us in any way.” (Anonymous employer, agriculture)

“You will fail to attract the staff numbers required, we are already below where we would like to be.” (Anonymous employer, agriculture)

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“This is a false solution which would create a lesser quality of life for the employee but benefit the employer. The issue is now what offsets are provided, it's what the tax and contributions rates are set at for these industries.” (Anonymous employer, fabrication engineers)

“This would not benefit all businesses. If increasing minimum wage seems to be an overall negative impact on minimum wage employers then minimum wage should not be increased to that extent.” (Anonymous employer, wholesale and retail)

Other comments

“Change the age bracket – younger members of the team often still live at home and have different costs of living. Other countries have multiple age brackets (i.e. 16/18/21).” (Anonymous employer, hotels, restaurants and bars)

“Employers often site various reasons that the minimum wage should not be increased: job losses, reduced training, Businesses only employ the number of people required for the business to function. Training is given to improve the business and not for some charitable exercise. The public should not have to subsidise a business through the welfare system allowing them to pay low wages which requires the individuals to get rebates from the state. If a business cannot pay a living wage they should cease to operate and allow those skills to be put towards more productive activities.” (Anonymous employee, engineering)

“Local inflation and high prices for maintenance services already make it difficult enough to operate a tourism business in Jersey. Government led interference in the jobs market are unwelcome and unnecessary.” (Anonymous employer, hotels, restaurants and bars)

“The new government has generated much uncertainty. The press would suggest much change, at the cost of the employer, will be proposed. Too much will be of detriment to Genuine Jersey employers.” (Becky Hill, HR Now Ltd, HR consultancy)

“Jersey requires immigrant employment in order to meet the demand for lower skilled lower paid jobs. These jobs are generally taken up by those coming to Jersey for economic reasons. Hospitality and agriculture in particular need this in order to operate. Simply put, if the minimum wage was not a good deal for economic migrant labour then they would not come. Raising the minimum wage would not address issues of poverty in the island or those who require financial assistance from the State since most minimum wage employees are economic visitors to the island.” (Ken Jenkins, employer, hotels, restaurants and bars)