
STATES OF JERSEY



MINIMUM WAGE RATES FOR APRIL 2017: EMPLOYMENT FORUM'S RECOMMENDATION AND MINISTER'S RESPONSE

Presented to the States on 4th October 2016
by the Minister for Social Security

STATES GREFFE

MINISTER'S RESPONSE TO THE RECOMMENDATION

The Minister for Social Security accepts the Employment Forum's recommendation to increase the minimum wage to £7.18 per hour, for employees over age 16, from 1st April 2017. The Minister also accepts the recommended increases to the trainee rates and the maximum offsets for accommodation and food, as set out in the table on page 1 of the Forum's report.

The Minister recognises that the Forum's decision to recommend a 3% increase has resulted from a carefully measured approach to all of the evidence that was gathered during this year's review.

On the one hand, the recommendation reflects the fact that there were positive signs for the economy in the first half of 2016, and so the increase is considerably higher than the increases in average earnings (2.1%) and the cost of living (1.5%). This is also the biggest percentage increase since 2008.

On the other hand, with growth and employment levels forecast to be flat for the next 2 years and with no clear pattern emerging following Brexit, the Minister considers that it was reasonable for the Forum to be relatively cautious, while maintaining the hourly rate at a figure that is equivalent to 41% of mean weekly earnings.

Given the current level of uncertainty in the economy, a 3% wage increase may be a challenge for some employers. Increasing the wage bill relies upon business confidence, otherwise it brings the risk of negative consequences for employers and employees.

The Minister is satisfied that the Forum has presented credible evidence in support of its recommendation, having balanced all of the factors that it is required to take into account. These are; the economy, competitiveness, jobs, responses from stakeholders and the aspiration of the States Assembly to reach a figure equivalent to 45% of mean weekly earnings. The Minister considers it persuasive that the recommendation was supported unanimously by the 9 members of the Forum – 3 representatives of employees, 3 representatives of employers, and 3 independent members.

The Minister will request law drafting time for amendments to be made to the minimum wage Regulations and Order that are made under the Employment (Jersey) Law 2003.