
STATES OF JERSEY



EMPLOYMENT FORUM: MINIMUM WAGE AND OFFSETS REPORT 2023

Presented to the States on 4th October 2023
by the Minister for Social Security

STATES GREFFE



REPORT AND RECOMMENDATIONS
Minimum wage and offset rates from 1 January 2024

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INTRODUCTION

This is the Employment Forum's seventeenth minimum wage rate report and recommendations. It covers both the minimum wage rate and offset rates (deductions for meals and accommodation provided by employers to employees paid the minimum wage rate).

The Employment Forum is a statutory, independent and non-political body. It derives its mandate from the provisions of the Employment Law, to which it must adhere. The Forum has no mandate or remit in its minimum wage consultation exercise to consider either the abolition of the minimum wage or the introduction of a sector by sector process, which would give rise to different minimum wage rates for different sectors of the economy.

The Forum's membership is made up of employee, employer and independent representatives. In its consultation processes it gives equal weight to evidence provided from all sides of the community before arriving at its conclusions and recommendations.

These recommendations take account of the direction given to the Forum in June 2023 by the Minister for Social Security, in the following terms:

Ministerial direction to consult

The Minister for Social Security, Deputy Elaine Millar, directed the Forum to consult on a minimum wage rate for January 2024, with the following criterion in mind:

The following commitment made in Proposition [P.98/2021 as amended](#):

- *“to set the objective of raising the minimum wage to **two-thirds of median earnings by the end of 2024**, subject to consideration of economic conditions and the impact on competitiveness and employment of the low paid in Jersey; and to request the Employment Forum to have regard to this objective when making its recommendations on the level of the minimum wage to the Minister for Social Security.”*

As it set out in its 2022 Report, the Forum notes that the target figure of two-thirds of median average earnings is an aspirational one - subject to a number of other factors - set by the previous States Assembly. It is important to emphasise that the aspirational target is not one that the Forum is required to meet but is one of the factors required to be taken into account when the Forum makes its recommendations.

In her letter of Direction to the Forum, the Minister for Social Security also asked the

Forum to conduct a targeted and well-focused exercise, so that the best evidence of issues to do with the minimum wage and offsets in Jersey could be gathered and considered by the Forum.

Amendments to the Employment Law arising out of the Forum's 2022 recommendations

In its 2022 report, the Forum addressed the specific issue of trainee rates, as provided for in the Employment Law. The Forum's recommendation, based on the evidence received during the consultation exercise, was to align the trainee rates with the main minimum wage rate in future years. The Minister for Social Security accepted that recommendation, which was agreed to by the States Assembly in Proposition **P.5/2023**¹. The Forum has taken the opportunity in the 2023 consultation exercise to discuss further the implications of the decision to align the rates. A summary of those discussions is at Page 6 of this report.

The Forum also recommended that, in future, the offset rates for meals and accommodation should be set by Ministerial Order rather than by Regulations agreed to by the Assembly. The Forum considered this anomalous and unnecessarily complicated.

Again, the Minister for Social Security accepted the Forum's recommendation, which was agreed to by the Assembly in Proposition **P.38/2023**².

This report and recommendations have been prepared by the following members of the Employment Forum:

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SUMMARY OF RECOMMENDATIONS

The Employment Forum makes the following recommendations and observations for the future minimum wage rate and offset rates:

¹ [p.5-2023 amd.pdf \(gov.je\)](#).

² [Draft Employment \(Amendment No. 13\) \(Jersey\) Law 202- \(gov.je\)](#)

- The minimum wage rate should rise to £11.64 an hour from 1 January 2024, an increase in line with the current published Statistics Jersey RPI figure of 10.9% for the year to June 2023. This rate will also apply to those employees who are defined as trainees for the purposes of the Employment Law.
- This figure is the most the Forum feels able to recommend, having consulted widely (see Page 8 below for further commentary on this aspect).
- Offset rates should also increase by 10.9% from 1 January 2024. Again, these rates will also apply to those employees who are defined as trainees for the purposes of the Employment Law
- Details of the recommended new rates are set out in the table below:

	1 January 2023	1 January 2024 (increase)
Minimum wage rate (per hour)	£10.50 (from 1 November 2022)	£11.64 (10.9%)
Maximum weekly offset for accommodation	£115.00	£127.54 (10.9%)
Maximum weekly offset for accommodation and meals	£153.28	£169.98 (10.9%)

In making its recommendations in respect of the minimum wage, the Forum notes that average earnings increased by 7.7% in the year to June 2023. The Forum recommends an increase of 10.9% in the minimum wage from 1 January 2024, reflecting the Jersey RPI rate for the year to June 2023. It considers that an above average earnings rate increase is appropriate and will help, in particular, with the continuing pressures on household costs of living.

If the Employment Forum's recommendation in respect of offset rates for 2024 is accepted by the Minister, the comparative figures with other jurisdictions will look like this:

Jurisdiction	Maximum accommodation offset per week (main MW rate)	Maximum accommodation/food offset per week (main MW rate)
Jersey	£127.54	£169.98
Guernsey	£103	£144
Isle of Man	£42	£42
Great Britain	£63.70	N/A
Northern Ireland	£63.70	N/A

Minimum Wage and offset rate-setting process

The cycle of minimum wage and offset rate increases moved from April to January in 2022.

The Forum is conscious that as much notice as possible needs to be given to employers and employees about recommendations for future rate rises, and that it is the responsibility of the Minister for Social Security, under the provisions of the Employment Law, to decide when to direct the Forum to begin its deliberations.

Minimum wage rate

In its consultation on and consideration of a future minimum wage rate, the Forum has borne in mind the conclusions of the Fiscal Policy Panel (FPP) in its financial and economic assessments, as well as the data provided by Statistics Jersey in its Index of Average Earnings report. The Forum has weighed these figures in its conclusions about the appropriate level of increase for 1 January 2024.

The minimum wage increase from £10.50 an hour currently to a rate of £11.64 an hour from 1 January 2024 represents a rise of 10.9%.

Offset rates

In arriving at its recommendations in respect of offset rates – those permitted to be deducted from an employee’s wage for accommodation or accommodation and meals - the Forum has borne in mind the decision of the States Assembly to increase the rates by 26.2% from 1 November 2022³, to restore the balance with percentage

³ [Draft Employment \(Minimum Wage\) \(Amendment No. 17\) \(Jersey\) Regulations 202- \(gov.je\)](#)

increases in the minimum wage rate at that time. The Forum proposes that, this year, that balance should continue to be maintained.

The Forum continues to believe minimum wage increases and increases in the offset rates are no substitute for properly targeted Government support.

The Forum noted last year the intentions of the Minister for Economic Development regarding targeted increased support to those sectors of the economy which rely most heavily on the minimum wage and offsets. The Forum has received submissions again this year from the Minister in relation to the agriculture and hospitality sectors; his submissions can be found at Annexes A and B of this report, at pages 27 to 30.

Trainee rates – Years 1 and 2 – harmonisation with main minimum wage rate

The Forum has already noted the agreement of the States Assembly to harmonise the trainee rates with the main minimum wage rate with effect from 1 January 2024.

In its 2022 Report, the Forum discussed in detail the evidence relating to the use of the trainee rates, as provided for in employment legislation.

As highlighted earlier in this Report, the Forum has taken the opportunity to discuss with consultees any implications arising from the agreement of the Assembly to the harmonisation of trainee rates. The Forum views this as a sensible “temperature check”.

Skills Jersey – which oversees mentors who work with apprentices on the “Tracker” programme – highlighted the fact that apprentices are not just young people but cover a wide cross-section section of ages and experience. Wage rates are “hugely variable”, but it is invariably the case that employers retain apprentices on higher rates than the minimum wage. Where apprentices are on a course of study as well as practical employment, the vast majority of employers pay the same rate for study days as for working days.

Skills Jersey told the Forum that it had had no reaction from employers to the agreement of the Assembly to harmonise the trainee and main minimum wage rates. In terms of the trainee rates themselves, the clear view of Skills Jersey is that if the main minimum wage applied across the board, that would simplify matters for employers.

There has, according to Skills Jersey, been greatly increased mobility within the trainee sector in the last three years. Apprentices are not tied to a particular

employer for the duration of their study and training, and there is evidence that employers will pay a trainee a higher rate if they judge an employee to be of good quality. That is primarily down, the Forum is told, to tight labour market conditions as much as the minimum or living wage rates.

There is currently an excess of supply of apprentices over demand. Recent company closures have not meant that there is a more plentiful supply of apprentices looking for work; most have found employment with other employers.

The Jersey Chamber of Commerce indicated that trainee rates now have little relevance in either the retail or hospitality sector.

The Jersey Employment Trust (JET) made an important point to the Forum that employees who develop a disability during their working life may have to re-train, with the risk they may have to work for a much lower rate, at a time when they may have family and housing responsibilities. If a lower rate were enforced, this would have a potentially serious impact on them and their dependents.

The evidence gathered by the Forum reinforces its conclusion that the right approach to take is to pay the main rate to trainees who are classed as such under the provisions of the Employment Law.

Section 1 – The 2023 consultation exercise process

The Employment (Jersey) Law 2003 provides for minimum wage rates to be paid to employees for each hour worked. At the moment, the rates are made up of a main rate (currently £10.50 an hour) and Year 1 and Year 2 trainee rates (currently £7.87 and £9.19 an hour respectively). These wage rates are legally binding on employers. As indicated earlier, from 1 January 2024 the main rate will apply to Year 1 and Year 2 trainees as well.

As well as consulting with employee and employer organisations, businesses and individuals, the Forum has also had regard to the report and recommendations of the Fiscal Policy Panel (FPP), a statutory body whose role is to give the Treasury and Resources Minister and States' Members independent economic advice in a number of areas: tax and spending, growth rates and inflationary pressures.

In its 2022 report, the Forum recommended a 2023 minimum wage rate of £10.10 an hour, an increase from £9.22 an hour. The Minister for Social Security decided, as she is entitled to do under the provisions of the Employment Law, not to accept that recommendation but to substitute a figure of £10.50 an hour, to take effect from 1 November 2022. As a consequence, there will have been a gap of 14 months since the last minimum wage rate increase.

Progress towards the States Assembly aspirational target

Raising the minimum wage rate in November 2022 from £9.22 an hour to £10.50 an hour meant that the new rate was equivalent to 56% of median average earnings, against the two-thirds target (given a 40-hour working week and median average of £750 a week)⁴.

Increasing the minimum wage rate from £10.50 an hour to £11.64 an hour would represent a figure of 58.2% of median average earnings against the two-thirds target (given a 40-hour working week and median average of £800 a week)⁵. The Forum considers that this represents progress towards the two-thirds median average figure.

Based on the latest figures provided by Statistics Jersey in its Index of Average Earnings Report in June 2023, two-thirds of median average earnings of £800 a week would equate to a minimum wage rate of £13.33 an hour.

In percentage terms, a minimum wage rate of £13.33 an hour would equate to an increase of 27% on the current rate. In the Forum's considered view, that level of increase would not be sustainable for 1 January 2024.

The following section of the Forum's Report focuses on the two sectors of the economy where the minimum wage is most prevalent: agriculture and hospitality. These sectors are the ones with which the Forum has most engagement in its minimum wage work.

Section 2 – Continuing Government support for the rural economy: the views of the agriculture sector and a Ministerial submission

In its 2022 Report, the Forum highlighted the submission of the Minister for Economic Development regarding current and future Government support for the rural economy – principally the agriculture sector.

As with last year's consultation, the Forum accepts that the agriculture sector continues to function under economic strain. Evidence given to the Forum by the agriculture sector shows that while the costs of, for example, fertiliser have reduced, the costs of freight and inflation through the retail sector have not. Current turnover is in the region of £20 million, but businesses are failing to make a profit and next year the sector can expect no inflation increase from the retail sector; if anything, the Forum is told, prices paid are likely to fall.

⁴ Statistics Jersey, Average Earnings Index report – August 2022

⁵ Statistics Jersey, Average Earnings Index report – August 2023

The majority of employees in the agriculture sector are paid above the minimum wage (the total wage bill is estimated by the sector at £15 million a year). The Jersey Farmers' Union (JFU) suggested to the Forum that the minimum wage as a concept is becoming increasingly irrelevant.

In the JFU's submission, they told the Forum that seasonal employees on the minimum wage who are subject to the offset deductions benefit from the reduced costs of food and accommodation, compared to those employees in the private market.

The JFU argued that there are few extra costs, so compared to the local employment market these employees are better off. The agriculture sector does not have local people doing the types of job for which the minimum wage is paid. The JFU is attempting to recruit local people for apprenticeships, but the low pay and long hours are not attractive. The challenge for the industry for the future is to find more skilled employees.

Further rises in the level of the minimum wage would, the Forum is told, place additional strain on the sector. The 2023 minimum wage increase is said to have absorbed the financial support which was given by the Government. In addition, the Forum is told that attracting employees is challenging; the costs of work permits and visas have to be absorbed as well. The main source of recruitment to the agriculture sector is from the Philippines; the Philippines' Government labour laws require seasonal employees to be provided with the costs of return flights as well.

The sector argues that the actual wages that seasonal employees receive should be viewed in the wider context of the meals and accommodation that are provided, compared with these costs in the private market. When these benefits are taken into account, the sector suggests that these employees are earning nearer to the living wage rate. The agriculture industry guarantees payment for 41 hours a week, including when adverse weather prevents working outdoors.

In its 2022 Report, the Forum was pleased to note the introduction – shortly before the general election – of a Rural Initiative Scheme, designed to offer support to businesses in the agriculture sector. The Forum also noted the welcome given to this project by agriculture representatives. They have told the Forum this year that discussions have been held at a ministerial level to emphasise the current difficulties which the sector is experiencing, and the hope is for more financial support going forward.

This year, the Forum also invited the Minister for Economic Development to reflect on Government support for the industry and its future prospects. The Minister's response can be found at Annex A of this report.

In summary, the Minister expresses concern that the agreement of the Assembly to a target of two-thirds of median wage by the end of 2024 risks distorting the process for a proper calculation of the minimum wage and hence creating more uncertainty for business in term of future rate rises.

The Minister considers that an associated risk is that the agriculture sector is subjected to rising wage costs due to forces at play in other sectors of the economy, particularly in the finance industry.

The Minister notes that global events have had a significant effect on the costs to the industry in Jersey and acknowledges that Jersey's per capita support for the sector remains well below comparable jurisdictions, partly because of the effect minimum wage rate rises have had on the financial support already given.

The Forum's observations on the issues raised by the agriculture sector as the most significant employer of minimum wage employees

The Forum has already made clear that it does not underestimate the challenges that this sector continues to face.

As highlighted in previous Forum reports, the challenges faced by the agriculture industry have existed in one form or another for many years.

As far back as September 2018, a typical response from the agriculture sector highlighted the precarious nature of the industry and its future:

"The industry is on a knife edge. We simply cannot afford the cost of any rises in the minimum wage until the marketplace 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."

In the same year, another agriculture respondent echoed the point:

"This level of increase [in the minimum wage] 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."

These sentiments have been repeated by the agriculture sector in this year's review. The number of agriculture businesses has reduced. The potato and dairy industries have managed to mechanise more to reduce labour costs, but the Forum is told that there is now little more that can be done to bear down further.

The Forum finds itself once again in the position of having to draw attention to the apparent lack of a sustainable medium to long-term productivity plan for agriculture – notwithstanding the financial support provided by the Government to the industry over the last 12 months. The Forum’s view is well-established by now: both a productivity plan and financial support are key to the long-term viability of the sector.

The hospitality sector in Jersey and a Ministerial submission

The Forum has had the benefit of the input of the joint Chief Executive Officers of the Jersey Hospitality Association (JHA) into the consultation process.

They told the Forum that the business climate has changed quite dramatically in the last 12 months. More unexpected issues had arisen – such as increased cost bases, shipping and product buying - and knock-on effects were being felt.

Businesses are receiving lower revenues, hence making less profit. Hospitality, in particular, has not stabilised after the Covid pandemic.

However, the hospitality sector is not experiencing difficulties in recruiting staff and is succeeding in attracting employees from all over the world. The industry typically attracts over 2,000 people from abroad applying for jobs, so the demand for employees can easily be satisfied. The most intractable issue facing the sector - as in previous years – has been the availability of accommodation. The JHA has lobbied the Government to consider amending the housing law to enable those on time-limited work permits to rent property on the open market.

At the moment, the Forum is told, the attitude of hospitality employers is that the costs of finding accommodation to house staff are costs that could better be invested in their businesses. Hotel rooms are being used to accommodate staff because the majority of JHA members do not have the option to provide alternative accommodation.

A key issue for the JHA is that Jersey Electricity will be increasing tariffs by 12% in January 2024. The JHA told the Forum that this will place additional economic strain on the sector.

The Forum raised the issue of businesses closing on days of the week to save costs. The JHA told the Forum that there had been a dramatic reduction in operating hours because of increasing costs. Economic activity in St Helier has been hit particularly hard; people choosing to work from home on Fridays has had an effect on the Friday afternoon/evening footfall.

Minimum wage rates are generally found in the jobs of kitchen porters in restaurants and, in hotels, room cleaners, but even there, jobs tend to be outsourced to facilities companies.

The JHA estimates that fewer than 15% of employees are paid the minimum wage (Statistics Jersey suggested in the 2022 AEI report it was as little as 9%), but it is important, the Forum is told, to consider other benefits that staff receive as part of

their employment. This is an argument that has been presented to the Forum: given that offsets for food and accommodation are restricted in terms of the maximum amount that can be deducted from the pay of an employee who is engaged on the minimum wage, in reality, the Forum is told, the employee is in a better position financially than one who has to meet the costs of these items on the open market.

This “value” is highlighted also because the offsets themselves are not always used to their fullest extent, particularly in the hospitality sector. As the Forum reported last year, offsets appear to be ordinarily used as a competitive tool to attract and retain staff.

Ministerial submission: the hospitality industry in Jersey

Following an invitation from the Forum, the Economic Development Minister has also provided a submission, on behalf of the Government, which focuses on the hospitality sector. The Minister’s submission can be found at Annex B of this report.

In summary, the Minister reflects similarly on the increasing costs to the hospitality sector, as well as the impact that minimum wage rate rises have on the costs of the sector – and beyond - as a whole. The current inflationary environment, the Minister says, has led to some operators exiting the market, with the prospect of others following, as a result of a decline in consumer incomes.

Section 3 - Minimum Wage, Living Wage and low pay in Jersey

The setting of a **statutory minimum wage** is governed by the Employment Law and is a legally enforceable figure. It generally takes into account factors including competitiveness, economic forecasts and the strength (or otherwise) of the labour market. The minimum wage is designed to remove the worst cases of low pay exploitation while acknowledging business realities and the support of a competitive economy. It sets a minimum standard in the employment relationship and establishes a level playing field between employers, irrespective of their size and sector.

A **living wage** is a different concept. It is a voluntary benchmark, rather than a legally enforceable minimum level of pay. Unlike the minimum wage, the cost of living is often a feature in an analysis of the appropriate figure for a living wage rate. In Jersey, a voluntary rate is set by a local charity, Caritas.

The Forum met the CEO of Caritas to discuss issues relating to the minimum and living wages in Jersey.

The Caritas Living Wage Panel, the Forum is told, meets in December each year to agree a new rate for the following year. Firms who are accredited as Living Wage employers then have six months in which to implement the new rate. Currently, the

living wage rate is expressed in terms of a 2% uplift on the London living wage rate – the Caritas Jersey living wage rate is currently £12.19 an hour.

There is increasing interest by firms in the application of the living wage and Caritas suggests that there may be around 70 outstanding applications from businesses to be accredited by the end of 2023. At the present time, 48 firms and organisations are accredited as Jersey Living Wage employers.

The prevalence of the minimum wage and low pay in Jersey

The 2022 consultation exercise included up to date figures on the numbers of employees in Jersey who were in receipt of the statutory minimum wage or are classed as “low paid” employees. These detailed figures are produced by Statistics Jersey every three years; the next exercise will be conducted in 2025.

In this respect, the analysis published by Statistics Jersey on 26 August 2022 showed a significant decline over the last three years in the number of employees being paid the minimum wage - from 5% to 2% of the workforce. There was a similar significant reduction in the number of employees classed as “low paid” – from 11% to 4% of the workforce.⁶ Statistics Jersey define “low pay” as a wage that is 5% more than the minimum wage rate.

The Forum has no reason to believe that these figures do not represent the present position in Jersey.

Payment of the minimum wage versus the living wage in Jersey

In its 2022 report, the Forum noted that the number of jobs paying the minimum wage had reduced significantly over the previous six years.

Other respondents made the point again this year that in other sectors, apart from agriculture and hospitality, not many employees are on the minimum wage. As noted above, evidence was given to the Forum to suggest that employees continue to be prepared to move jobs where the opportunity exists to be paid more than either the minimum wage or the rate at which they are currently being paid.

The Forum invited views on the feasibility of moving generally to a living wage rather than a minimum wage structure.

⁶ Index of Average Earnings, Statistics Jersey, June 2022

Jersey Business (JB) told the Forum that there would be many challenges for business to move to a living wage structure, particularly in the current climate. A rise of 20% in the hourly rate would significantly impact cost structures. An increase of that magnitude would have a knock-on effect up the pay chain and would impact particularly retail and hospitality.

The Chamber of Commerce told the Forum that more time is needed, given the present tight economic climate, to achieve a living wage rate. Pressures from increased business rents had begun to have an adverse effect on their policy of paying more than the minimum wage rate.

Unite the Union told the Forum that some employers had found it difficult to achieve pay increases close to an RPI figure of (then) 12.7%, so the union, in attempting to try to negotiate a balanced package for its members, had focused on increasing the value of contractual annual leave and other employment benefits as well.

The living wage rate – results from the Average Earnings Index (AEI) Survey

This year the Statistics Jersey AEI survey included an additional question regarding employees earning less than £12.19 per hour (the voluntary Caritas Jersey “Living Wage”).

Respondents to the survey were asked about the number of employees who had an hourly rate of pay less than this. The headcount of employees earning below this level were then totalled and scaled up within each sector.

This provided sectoral and overall estimates for the number of employees earnings less than the living wage hourly rate. Statistics Jersey compared this with the total headcount for each sector from the June 2022 Labour Market report to produce an estimated proportion of each sector who earn below the voluntary living wage.

The full results can be found on Page 10 of the 2023 [AEI Report](#).

In summary:

Sector	Percentage of employees paid the minimum wage (2022 figures)⁷	Percentage of employees in sector paid less than the voluntary Caritas Living Wage (2023 figures)⁸	Headcount in sector 2023
Agriculture and fishing	14%	43%	1,490
Manufacturing	~	4%	1,240

Electricity, gas and water supply	~	~	530
Construction and quarrying	~	8%	6,260
Wholesale and retail trades	1%	36%	7,390
Hotels, restaurants and bars	9%	40%	6,060
Transport, storage and communication	~	2%	2,840
Financial and legal activities	~	~	13,360
Other business activities	2%	8%	15,450

⁷ Statistics Jersey, Average Earnings Index Report, August 2022

⁸ Statistics Jersey, Average Earnings Index Report, August 2023

In the private sector total of 54,820, 14% of employees are paid below the voluntary living wage figure of £12.19 an hour.

Section 4 – Minimum wage rates in Jersey and other jurisdictions

1) Jersey

2021- £8.32 an hour

2022- £9.22 an hour

2023- £10.50 an hour (from November 2022 - increase of 13.9%)

2) Great Britain and Northern Ireland – national living wage⁹ (available to workers aged 23 and above)

2021- £8.91 an hour

2022- £9.50 an hour

2023- £10.42 an hour (from April 2023 - increase of 9.7%)

3) Guernsey

2021- £8.70 an hour

2022- £9.55 an hour

2023 - £10.65 an hour (from October 2023 – increase of 11.5%)

4) Isle of Man

2021- £8.25 an hour

2022- £9.50 an hour

2023- £10.75 an hour (from April 2023 - increase of 13.1%)

Rates of pay in 2023 across sectors – recruitment figures

A brief analysis of the “Jobs in Jersey” section of the gov.je website showed that, at 5 September 2023, a total of 114 jobs in hospitality were advertised. Where rates of pay were given, 2 offered the minimum wage rate; 10 at a level between the minimum wage and the current voluntary living wage of £12.19 an hour; and 29 at or above the living wage rate.

⁹ The UK “national living wage” is in fact the highest level of the national minimum wage structure, not a Living Wage Foundation calculation

In the agriculture sector a total of 9 jobs were advertised, Of those where a rate of pay was given, 1 was offered at the minimum wage rate; 2 between the minimum wage and living wage rates; and 1 above the living wage rate.

The Forum reiterates its view, expressed in its 2022 report, that, in the interests of transparency and equity, employers advertising vacancies on the “Jobs in Jersey” webpages should display an hourly rate or an annual salary, rather than a “negotiable” amount. This point is covered in more detail below at Page 25 in the section relating to wider socio-economic factors.

Section 5 – Fiscal Policy Panel (FPP): The Economic Outlook

In its “[Economic Assumptions Summer 2023 \(gov.je\)](#)” paper, published on 26 July 2023, the FPP noted that, in the light of the latest UK inflation and interest rate forecasts, and in particular adjusting for the different energy price changes in the UK and Jersey, the forecast for RPI has been revised upwards. The Panel indicated that the continuing tight labour market in Jersey gives rise to a risk of wage increases keeping inflation higher for longer.

The Panel also notes that the 2022 outturn data for employment and earnings:

“show strong growth in both the non-finance and public sectors.....the Panel has not changed its employment growth assumptions. As financial services profits increase, remuneration in the sector is likely to increase. As such, the assumptions for average earnings are revised upwards in [the period] 2023 to 2026, implying some small real wage growth.”

The latest FPP assumptions forecast an annual RPI rate of 10.8% for 2023.

Average earnings are forecast by the FPP to rise by 4.2% in 2024, 2.6% in 2025 and 2.4% in 2026.

The Forum is also mindful of the FPP’s forecast for RPI over the next three years.

The FPP’s revised assumptions forecast RPI at 5.3% in 2024, 0.8% in 2025 and 1.2% in 2026.

The Forum has borne these projections in mind when considering what new minimum wage and offset rates to recommend to the Minister.

The FPP has produced the following updated Central Economic Assumptions, which contain detailed information about forecast figures¹⁰:

Updated economic assumptions

<i>Range unless otherwise specified</i>	2020	2021	2022	2023	2024	2025	2026	Trend 2027+
Real GVA	-9.6	9.2	8.7	1.7	2.6	-0.2	-0.5	0.5
RPI	1.3	2.7	9.3	10.8	5.3	0.8	1.2	2.4
RPI(X)=RPI(Y)	1.2	2.7	7.1	6.2	3.8	1.9	2.3	2.4
Nominal GVA	-8.1	12.1	16.8	8.3	6.5	1.8	1.8	2.9
Gross operating surplus (including rental)	-16.4	19.2	27.2	8.9	8.0	0.4	0.7	2.9
<i>Financial services profits</i>	-18.8	13.1	50.0	9.0	11.0	-2.0	-2.0	3.2
Compensation of employees (CoE)	-0.8	6.8	8.2	7.7	5.0	3.1	2.9	2.9
<i>Financial services CoE</i>	-0.5	3.9	5.1	9.0	5.4	3.4	3.4	3.4
<i>Non-finance CoE</i>	-4.4	8.7	11.3	6.8	4.1	2.6	2.6	2.7
Employment	-2.4	2.9	2.9	0.7	0.5	0.4	0.4	0.1
Average earnings	1.1	3.3	6.2	6.7	4.2	2.6	2.4	2.8
Interest rates (%)	0.2	0.1	1.5	4.8	5.9	5.1	4.4	4.0*

¹⁰ Updated Economic Assumptions, Jersey Fiscal Policy Panel, July 2023

House prices	6.1	16.0	11.0	-2.0	0.0	4.0	3.0	2.9
Housing transactions	-3.8	15.1	-12.9	-50.0	20.0	25.0	35.0	4.0

Section 6 – Statistics and other information

In reaching its conclusions and recommendations about the minimum wage rate and the offset rates, the Forum has considered statistical information and data about the economy, employment rates and the prevalence of minimum and low wage pay in Jersey, as well as the responses received during the consultation exercise with stakeholders and through the online survey.

While the information provided by Statistics Jersey and the FPP – together with consultation exercises with a range of stakeholders - forms the basis of the Forum’s considerations about the economic health of the Island and Islanders, the Forum cannot ignore the continuing pressures on household costs of living and the issues highlighted by them.

These continuing pressures have led the Forum to conclude that a new minimum wage rate for January 2024 should be more than the average earnings increase of 7.7% and should reflect instead the Jersey RPI figure of 10.9% for the year to June 2023.

Economic indicators

This section sets out a range of economic statistics and indicators, drawn from official reports.

Prices

RPI measures the relative level of prices from quarter to quarter in respect of goods and services purchased by the average household in Jersey.

According to the latest [report](#) by Statistics Jersey, during the twelve months to June 2023, the All-Items RPI increased by **10.9%**. For comparison, during the twelve months to June 2022, the All-Items RPI increased by **7.9%**.

Additional price measures include RPI(X) (RPI excluding mortgage interest repayments), RPI(Y) (RPI excluding mortgage interest payments and indirect taxes

such as GST and impôts), RPI Low Income and RPI Pensioners (pensioner households).

For the year to June 2023, RPI(X) stood at 6.1%; RPI(Y) at 6.0%; RPI Low Income at 6.4% and RPI Pensioners at 6.8%.

As detailed in its Updated Economic Assumptions, outlined above, the FPP anticipates an overall RPI increase of 10.8% for 2023. The Forum also noted above, given the assumptions made by the FPP, that the rate of RPI is predicted to fall significantly in years 2024, 2025 and 2026, to 5.3%, 0.8% and 1.2% respectively.

Employment

Here is a link to the latest [Labour market statistics \(gov.je\)](#) report published by Statistics Jersey in December 2022.

According to the latest labour market report, the hospitality sector saw the largest increase, with the number of jobs in hotels, restaurants and bars up 490 on the previous year's figures.

The number of Islanders actively seeking work (ASW) is shown in this [link](#) to the latest Statistics Jersey report.

As at 30 June 2023:

- the non-seasonally adjusted ASW total was 610; this total is essentially unchanged compared with the end of the previous quarter and 10 lower compared with a year earlier
- a greater number of females (330 individuals) than males (280 individuals) were registered as ASW
- the total number of long-term ASW (registered for more than twelve months) was 170; this total is essentially unchanged when compared with the previous quarter and 50 lower compared with a year earlier
- of the 610 people registered as ASW, 200 individuals were engaged in some form of paid employment and classified as underemployed; this includes 80 individuals who were classified as long-term ASW.

Current assessment of average earnings in Jersey

The Index of Average Earnings measures changes in gross wages and salaries paid to employees. It includes overtime payments, but excludes bonuses, employers' social security contributions, holiday pay and benefits in kind (for example, free accommodation).

On 25 August 2023, Statistics Jersey published its latest [report](#) on the Average Earnings Index.

In summary:

- At June 2023, average weekly earnings were 7.7% higher than in June 2022
- A calculated estimate of the median average earnings of full-time equivalent employees was £800 per week
- Bearing in mind the aspiration of the States Assembly to achieve a minimum wage rate of two-thirds of the median average weekly wage by the end of 2024, the June 2023 calculated estimate for weekly median average earnings would produce a minimum wage hourly rate of approximately £13.33
- Within the private sector, the lowest increase in average earnings was recorded by the **other business activities** sector (this sector includes a wide range of predominantly private service-based businesses and includes care homes, cleaning companies, private education and leisure services), an increase of 5.2% on an annual basis
- Average earnings in agriculture increased by 19.8% on an annual basis; hours worked in the sector were significantly higher in June 2023 compared to June 2022, and the increase in the minimum wage (from £9.22 to £10.50 per hour, or 13.9%) has contributed to the large increase in the sector
- Average earnings in the wholesale and retail sector increased by 8.3% on an annual basis. This was driven by some companies awarding substantial pay increases to staff and the increase in the minimum wage
- The construction sector recorded an increase of 13.1% in average earnings, this was driven by some companies awarding substantial pay increases to staff and more overtime being worked compared with June 2022

- Average earnings in hotels, restaurants and bars increased by 7.2% on an annual basis, partially attributable to the increase in the minimum wage; the other driving factor was some companies awarding substantial pay increases to staff

As noted above, during the twelve months to June 2023, the Jersey RPI increased by 10.9%. Over the same period, average earnings increased by 7.7%.

Section 7 – Consultation outcomes and responses

The Forum is grateful to those individuals, organisations and representatives who engaged with it in this year’s consultation exercise. There were 57 responses to the online survey and, additionally, the Forum held face-to-face sessions with, and/or received written submissions from, a range of business and trade union organisations and independent bodies, listed below:

- Jersey Chamber of Commerce
- Unite the Union
- Jersey Farmers’ Union
- Jersey Hospitality Association
- Jersey Business
- Jersey Advisory and Conciliation Service
- Citizens’ Advice Jersey
- Caritas
- Jersey Employment Trust
- Skills Jersey
- Institute of Directors (IoD)

The Forum consulted during the period 5 July to 11 September 2023.

The Forum’s online survey included questions relevant to a range of respondents, including employees, employers, trades unions, employers’ associations and independent bodies. Information about the survey was circulated to the Forum’s database of around 200 individuals and organisations.

In a departure from previous years, the online survey also included specific questions about the number of employers who pay their staff (a) the minimum wage rate; (b) a wage rate between the minimum wage and the Caritas voluntary living wage rate (currently £12.19 an hour); and (c) a rate at or above the voluntary living wage rate. Details of the answers to those questions can be found in data relating to the online survey, which is reproduced on the webpage of the Employment Forum on the gov.je website.

Written online consultation responses

Online responses to the 2023 consultation exercise break down as follows:

Employees – 10

Employers – 42

Organisations – 1 (identifying as a trade union)

Other – 4

Evidence received – stakeholder engagement exercise

This section summarises the evidence given to the Forum about some of the issues raised in the consultation exercise.

Consultees were in broad agreement that – as with last year’s report - the minimum wage applied to increasingly fewer sectors of the economy and, within those sectors, to increasingly fewer employees.

Jersey Business (JB) told the Forum that the results of their survey suggested that overall, in 2022, only 5% of businesses were paying 5% above the minimum wage (the “low pay” definition).

The online survey results show that, despite the relatively small numbers of employees receiving the minimum wage, by a large majority, employers consider that the level of the minimum wage is still relevant in the current economic climate.

The Jersey Advisory and Conciliation Service (JACS) advised the Forum that they received 26 contacts about the minimum wage out of a total number of 6,030, from January 2023 up to the end of July 2023. The main reason for the queries tended to be requests for information about the level of the minimum wage.

The majority of contacts made to JACS indicated that employees are earning at least the living wage rate.

In hospitality, although the great majority of employers are paying above the minimum wage, other costs are also being met by employers, such as flights and visas. The Jersey Chamber of Commerce emphasised that there should be a greater appreciation of the value of subsidised accommodation and meals to employees.

JB indicated also that, anecdotally, an increase of as little as 20p an hour can be enough to tempt an employee to move employers (a view echoed by other

consultees). JB also indicated that the typical hourly rate has settled at a level above £10.50 an hour.

Offset rates for accommodation or accommodation and food

Offsets – an allowance able to be deducted from an employee’s wages as a contribution to the cost of accommodation or accommodation and food – have formed part of the legislation relating to the minimum wage since its introduction in 2005. The States Assembly has agreed that in future the offset rates should be set by Ministerial Order rather than by Assembly-agreed Regulations. This will enable the Minister for Social Security to set offset rates using the same process as the minimum wage rate itself.

The Forum has reported previously (and also earlier in this report) that some employers do not use the offsets to the fullest extent allowed by the legislation.

The Forum is told, instead, that the deductions made for meals and accommodation are used as a competitive tool to attract staff. JB indicated that, in the sectors it provides advice and support to, offsets vary from nil to around £65 to £70 a week, well below the current thresholds. In the opinion of JB, as a result, employees have more in their remuneration packages than other employees who do not receive the minimum wage and have to rely on (for example) private market accommodation.

Again this year, consultees have made the point to the Forum that in the hospitality sector, living in, as opposed to exposure to the private rental market, is seen as a significant advantage for employees, as is the fact that the vast majority of living costs are covered by employers.

Regarding offsets in agriculture, the sector told the Forum that the full rates are now being applied to unskilled employees, but if an employee fulfils their entire contract, a partial rebate is given on termination. In the case of skilled agriculture employees, the offset charge is a maximum of £85 a week. This acts, the Forum is told, as an incentive to attract such employees back year on year.

In 2022, the offset rates were increased by 26.2%, in recognition of the fact there had been no increase since April 2020. The Forum recommends an increase in the offset rates of 10.9% from 1 January 2024.

The Forum notes that the same level of offset rates may be used, regardless of the type and standard of accommodation offered to an employee as part of their contract of employment. The Forum itself has no ability to assess whether the appropriate deductions are being made which reflect the type and standard of accommodation being offered but would encourage employers’ and employees’ feedback on this issue.

Section 8 - Wider socio-economic issues in Jersey

There are several other issues that independent organisations have identified to the Forum as being linked or potentially linked to low pay in general in Jersey, and to which the Forum wishes to draw particular attention this year.

The Caritas CEO highlighted particularly the growth in the use of foodbanks. The Forum is told that, until relatively recently, foodbank usage would decrease after the winter months. In the last year, however, that trend has reversed, and usage has remained consistently high. The CEO suggested that more users are visiting foodbanks in the third and fourth weeks of a month, which seems to indicate that monthly pay is not going far enough. As a result, those organisations which provide help through foodbanks are needing to accumulate more reserves to meet demand.

Caritas suggests that the evidence shows that the cost-of-living pressures have continued to affect more levels of earners than just those receiving the minimum wage.

The Forum wishes to focus this year on the interests of those Islanders, and those who come to work in Jersey, who have a disability and who wish to enter or be supported into the world of work.

The Forum has already mentioned its continued concern that the majority of salaries advertised on the Jobs in Jersey website in agriculture and hospitality are shown as “negotiable”.

JET is concerned – and the Forum shares this concern – that this lack of transparency could lead to discrimination, with less pay being offered to a person with a disability doing the same job as an able-bodied person. The lack of transparency is not helpful when trying to understand whether such behaviour is taking place and whether discrimination laws are being broken.

The Forum asks that those responsible for maintaining the Jobs in Jersey webpage on the gov.je website actively consider whether improvements can be made to the existing process.

In addition, the Forum was told of potentially discriminatory practice by some employers, relating to individuals coming to the Island, who are finding they are on a different, lower rate than others doing the same job. The Forum considers that equal pay for work of equal value is of the utmost importance, particularly to employees who are towards the bottom of the earnings scale.

Finally, as a general comment, the Forum considers that it is unacceptable to have the wages of the lowest paid suppressed, as a method of sustaining any industry.

Section 9 – Evidence received: online survey responses

As indicated above, 57 responses were received to the online survey. The Forum has fully taken into account those responses in its assessment of the levels of minimum wage and offsets.

The online survey posed 25 questions for employees and employers which related to the minimum wage and the experiences of individuals and businesses; 12 questions for employers and employees about the use of offsets; and 3 general questions reflecting “other” comments.

The detailed results of the online survey will be available on the Employment Forum webpage of the gov.je website, at [The Employment Forum \(gov.je\)](http://TheEmploymentForum.gov.je)

ANNEXES A and B – Submissions from the Economic Development Minister: agricultural sector and hospitality sector

25th August 2023

Dear Carla,

Thank you for your letter dated 16 August in which you invite comments on the proposed increases to the minimum wage, as part of the Employment Forum's consultation. I am pleased to have the opportunity to comment on the proposed increases and, in particular, the significant impact further increases would have on the agricultural sector.

I should note at the outset that I am concerned with the calculation of the minimum wage as set out [P.98/2021 as amended](#). By seeking to link the minimum wage to two thirds of the median wage we risk putting a free float on minimum wage increases, driving uncertainty as employers are unable to anticipate future increases from one year to the next.

Furthermore, the influence of the financial services sector on the Island's median wage I fear creates a risk that minimum wage increases will be required even as industries outside of financial services record losses. During the current period of higher interest rates for example, the finance industry has recorded significant profits with the Fiscal Policy Panel (FPP) recently upgrading their forecasted growth in the financial sector's profits from 30% to 50%. Unfortunately, higher interest rates have had an inverse impact on many other sectors including agriculture. This creates a situation where industries, such as agriculture, will be required to meet ever increasing wage costs due to increased profits within financial services or other sectors.

I would welcome the opportunity to discuss alternative methods for calculating the minimum wage rate with the Forum to mitigate this risk.

Additionally, I should note that, while the focus of this submission is on the agricultural sector, any increase to the minimum wage will naturally have implications for other sectors of the economy which fall within my portfolio. Amongst these the retail and hospitality sectors are particularly affected and I would be happy to meet with the Panel or provide a further submission to set out these implications in more detail.

In my letter to the Employment Forum last year, I noted that the economic outlook for the agriculture sector had deteriorated significantly when compared to 2021. This having been caused by substantial increases to input costs including fuel, fertilizer and animal feed, amongst others. The ongoing war in Ukraine and record inflation in the UK have continued to keep prices high and whilst there has been stabilisation in some input costs, prices remain well above 2021 levels and look set to remain high for the foreseeable future.

As I explained in my letter last year, businesses in the agricultural sector are particularly susceptible to increases in the minimum wage because the cost of labour makes up a relatively large percentage of expenditure and existing profit margins are typically low. Indeed, profit

margins for many businesses in the rural economy have shrunk further in recent years, the Jersey Royal industry for example had a profit margin of just 3% prior to COVID-19 and further increases to wage and input costs could render the industry unprofitable.

You note in your letter, my commitment to ensuring greater support is delivered for the rural economy sector. I am proud that during 2023 we have been able to increase the total Government support for this sector to over £3 million for the first time in over a decade. We have secured around £1.15m of additional funding in the 2024 Government Plan however £300,000 of this figure is dedicated to the new marine support scheme for our fishing industry and with the withdrawal of a number of legacy funding streams from COVID and one off support packages (totalling approximately £800,000), the total available budget to support the industry will only increase by a further £50,000 next year.

Jersey's per capita support for the industry will therefore remain well below comparable jurisdictions. This year's increased wage bill as a result of the increase to the minimum wage is estimated to have amounted to an additional cost to the industry of £1.5m while the total amount of new support provided was around £900,000 as a Government Plan bid and £600,000 via Economic Recovery funding which will fall away in 2024.

As these figures reflect, much of the additional government funding, which has been prioritised to correct historic underinvestment in the sector and substantial increases in essential input costs has largely been negated by the need to meet the increase in wage costs in the short term.

I am pleased that we have been able to secure an increase in support for 2024 (albeit a substantially lower increase than 2023), however it is clear that government cannot increase its financial support exponentially. With global increases to input costs and substantially higher levels of funding available to producers in neighbouring jurisdictions, Jersey's agricultural sector needs support to stabilise and address long-term challenges to its success. I am fully committed to supporting the industry through this process and hope that the funding secured in this year's Government Plan can be used to help secure this important industry's long-term future.

I would be happy to meet with the Forum to discuss the challenges and opportunities facing the industry and to answer any further questions you may have.

Yours sincerely,



Deputy Kirsten Morel
Deputy Chief Minister

Deputy Chief Minister |
Minister for Economic Development,
Tourism, Sport and Culture

19-21 Broad Street | St Helier
Jersey | JE2 4WE



By email

1st September 2023

Dear Carla,

Further to my letter of the 25th August, I am grateful to you for considering this additional submission as part of the Employment Forum's consultation. Having outlined the significant impact further increases would have on the agricultural sector, I am pleased to have the opportunity to provide a further comment on the impact a minimum wage increase could have on the hospitality sector.

The sector has been facing unprecedented rises in the cost of food and goods sold as well as labour and staff housing where that applies. In some areas, costs can be passed on to customers, but in some areas they cannot, with the impact being erosion of business margins, which in some cases calls into question the long-term viability of the business.

Increases in the minimum wage have impacts far beyond the employees directly employed at that rate; pay increases applied to the minimum wage need to be considered across the pay scales in order to maintain fair and appropriate differences across all staff. For some businesses the impact is likely to run into several hundreds of thousands of pounds a year, a significant amount in the overall cost structure.

Due to the current economic climate, and decline in real disposable consumer incomes, there is additional pressure on revenues, further exacerbating the issue, creating uncertainty and risk for businesses.

We continue to hear and see businesses struggle to adapt to the inflationary environment, resulting in some exiting the market, [the latest example of which is the Inn Hotel on Queen's road] and it is expected that more business closures in the hospitality sector will result from the current situation by the end of this year.

Support from government can play a mitigating role in helping businesses to weather the difficult trading conditions, and this includes avoiding introducing policies that place additional pressure on business. The sector is important to our island not just from an economic perspective, but in terms of the offering it provides to both locals and visitors as a vital part of making Jersey an attractive place to live, work and do business. I am therefore grateful for the opportunity you have accorded both me and industry representatives to ensure their concerns are heard and considered in the development of policy in this area, so that we can ensure that government does not unwittingly place further pressure on businesses at this time.

I would be happy to meet with the forum to discuss the challenges and opportunities facing these industries and to answer any further questions you may have.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kirsten Morel".

Deputy Kirsten Morel
Deputy Chief Minister
Minister for Economic Development, Tourism, Sport and Culture
E k.morel2@gov.je

