

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

AMENDMENTS TO STATUTORY MINIMUM WAGE ARRANGEMENTS
TO COME INTO FORCE ON 1ST JANUARY 2018

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled "Amendments to statutory minimum wage arrangements to come into force on 1st January 2018", dated 14th September 2017, they are of the opinion:-

To approve, pursuant to section 31(3) of the Minimum Wage (Guernsey) Law, 2009 ("the Law"), the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations, 2017 (as set out in Appendix 2 to this Report), which pursuant to sections 1(3) and 3(1) of the Law prescribe the hourly minimum wage rates set out below with effect from 1 January 2018:-

- adult minimum wage rate: £7.75 per hour (for workers aged 18 and over), and
- young person's minimum wage rate: £7.05 per hour (for workers aged 16 and 17).

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

The COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

AMENDMENTS TO STATUTORY MINIMUM WAGE ARRANGEMENTS TO COME INTO FORCE ON 1 JANUARY 2018

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

14th September, 2017

Dear Sir

1. Executive Summary

1.1 In accordance with the provisions of the Minimum Wage (Guernsey) Law, 2009, ("the Law") the Committee *for* Employment & Social Security ("the Committee") is seeking States' agreement to its proposals to increase the Statutory Minimum Wage Rate.

1.2 Section 31(3) of the Law provides that Regulations made by the Committee that set the hourly minimum wage rates shall not have effect unless and until approved by Resolution of the States.

Prior to consultation, the Committee was minded to recommend that the Adult Minimum Wage Rate increase from the current £7.20 per hour to £7.50 per hour from 2018. Similarly, it was minded to increase the Young Persons' Minimum Wage Rate from £6.50 per hour to £7.00 per hour.

1.3 Following the consultation undertaken in accordance with section 5 of the Law and the consideration of the requirements of section 6 of the Law, the Committee recommends the setting of the following minimum wage rates:-

Adult Minimum Wage Rate at **£7.75** per hour (currently £7.20 for workers aged 18 and over)

The Young Persons' Minimum Wage Rate at **£7.05** per hour (currently £6.50 for workers aged 16 and 17)

1.4 The Committee proposes that the States approves 1st January 2018 as the date for the introduction of these revised Minimum Wage Rates.

- 1.5 The Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) (Amendment) Regulations, 2017 have been drawn up to give effect to the change in rates.
- 1.6 For information, it is the Committee's intention to increase the associated rates (accommodation and food offsets). These changes do not require the approval of the States.

Accommodation & Food Offset: **£105** per week (currently £95)
Accommodation only offset: **£75** per week (currently £66)

2. Introduction

- 2.1 Section 5 of the Law requires that the Committee carry out a public consultation prior to making regulations setting minimum wage rates. A consultation was undertaken in May 2017, and the results are presented as Appendix I to this Policy Letter.
- 2.2 Section 31 (3) of The Minimum Wage (Guernsey) Law, 2009 requires the States, on recommendation from the Committee, to approve the Regulations that set the hourly minimum wage rates, prior to them coming into effect.
- 2.3 The 2007 States' decision to implement a statutory minimum wage established the fundamental principle that it is unacceptable in the current social and economic climate in Guernsey for employees and workers to be paid low wages to the point of exploitation.
- 2.4 In 2010, the States approved an amendment which was worded as follows:-
- “To direct the Commerce & Employment Department, whilst having regard to the requirements of the Minimum Wage (Guernsey) Law, 2009, to take fully into account when reviewing minimum wage rates that it is a policy objective of the States of Deliberation that the Young Persons' Minimum Wage Rate and the Adult Minimum Wage Rate should be equalised as soon as possible”. This view of the States has become a relevant factor to be taken into account by the Committee in arriving at its recommendation (see section 3.3 (ii) below).
- 2.5 Following the introduction of the Statutory Minimum Wage in October 2010, there have been numerous enquiries from employers and employees regarding the Minimum Wage provisions. To date, four complaints have been determined by the Employment & Discrimination Tribunal and none by Civil (Magistrate's) Court.

3. Considerations regarding the Minimum Wage & Associated Rates

3.1 Matters to be taken into account by the Committee

The Minimum Wage Law requires the Committee to consider and take into account the following before making Regulations setting the minimum wage rates:-

a) The current rate of minimum wage in the United Kingdom, the Isle of Man and Jersey

Table 1 – Current Minimum Wage Rates – UK, the Isle of Man and Jersey

Minimum Wage (Hourly) Rates			
	Young Persons' Rate	Adult Rate	Date effective from
Guernsey	£6.50 (aged 16-17)	£7.20 (aged 18 & over)	1 st January 2017
UK	£4.05 (aged 16-17) £5.60 (aged 18-20)	£7.05 (aged 21 to 24) £7.50 per hour (aged 25 & over). ¹	1 st April 2017
IOM	£5.70 (aged 16 but under 18)	£6.85 (aged 18 and over) £7.50 (aged 25 and over) £7.20 (aged 21 and over)	1 st June 2017
Jersey	Year 1 £5.39 Year 2 £6.28 ²	£7.18 (above compulsory school age, 16)	1 st April 2017

The Committee anticipates that the minimum wage rates in the other jurisdictions shown in table 1 will be increased in 2018. The UK is expected to announce the new rates in October, 2017 and an increase is anticipated given the UK Government's aspiration to move to the National Living Wage rate of £9.00 per hour by 2020. The States of Jersey Employment Forum's Minimum

¹ The National Living Wage Rate is the name the UK Government has given to a new rate of the National Minimum Wage (NMW) for those 25 and over. This is not the same as the Living Wage.

² Trainee Rate for a maximum period of 2 years for those on Social Security accredited training programmes.

Wage Recommendations are due to be released in September, 2017 and the Committee expects an increase to be recommended.³

b) The current economic and trading conditions prevailing in Guernsey

The Guernsey Gross Domestic Product Bulletin for 2015, issued 25th August, 2016 by the Data & Analysis Unit, estimated total GDP in Guernsey at £2,355m which was 0.4% higher than 2014 in real terms. Finance sector output declined by an estimated 1% and now contributes 33.4% of all output assigned by sector. Non-finance output is estimated to have increased by 0.7%. Total wages (less pensions) fell by an estimated 0.3% in real terms. Total profits increased by an estimated 0.1% with particularly strong growth in the legal industry.⁴

An overview of the Guernsey Economy was set out in the Guernsey Economic Overview Bulletin, issued on 19th May, 2017 representing quarter four of 2016. In the bulletin, economic conditions continued to be relatively strong, with employment and real earnings growth continuing to the end of the year. Statistics available for the first quarter of 2017 show a slight decrease in unemployment. Employment and real earnings growth in the Finance sector continued at a steady rate. Construction employment in particular continues a sustained downward trend.

In terms of looking to the future, the bulletin states the UK's strong growth at the end of 2016 appears to have lost momentum during the first quarter of 2017, with consumer spending and services slowing in reaction to the higher levels of inflation. The bulletin indicates that the slower rates of UK growth may be reflected in Guernsey but overall Guernsey's short term outlook is positive.

The President of the Policy and Resources Committee, gave a speech to the States Assembly on the 6th September, 2017 detailing the States of Guernsey's financial position as at July, 2017. The President of the Policy and Resources Committee reported that the States of Guernsey's financial position had improved, supported by a modest increase in population numbers and those economically active; increases in the numbers of employed and self-employed, and a significant increase in the number of local market property transactions. The President of the Policy and Resources Committee considered these as being indicative of a stronger economy. The President of the Policy and Resources Committee continued to report that the level of receipts of ETIs was encouraging. On a 'like-for-like' basis, ETI receipts in the first seven months show

³ . The States of Jersey Minimum Wage recommendations were not available at the time of drafting the Policy Letter.

⁴ The Guernsey Gross Domestic Product Bulletin for 2016 had not been issued by the Data and Analysis department at the time of writing the Policy Letter. The report was due to be issued in August, 2017 but has been delayed.

a 4.2% year-on-year increase. The President of the Policy and Resources Committee considered that the strong returns in ETIs in both the first and second quarter of 2017 strengthens confidence that this growth in employment-related income tax will continue throughout the year.

c) The annual rate of inflation in Guernsey

Year	Month	RPI	RPIX
2016	June	0.4%	0.6%
	September	0.9%	1.1%
	December	1.2%	1.6%
2017	March	2.4%	2.9%
	June	2.3%	2.8%

According to the Guernsey Economic Overview Bulletin, issued on 19th May, 2017, inflation in Guernsey rose sharply in the first quarter of 2017 which was in the upper end of the forecast range anticipated by the Data & Analysis Unit. Higher employment levels and earnings in sectors providing domestic goods and services may also have contributed to higher levels of inflation in Guernsey. The increase is mirrored by similar increases in the UK and Jersey.

d) The rate of unemployment in Guernsey

The level of unemployment in Guernsey remains low compared to the UK. Figures provided by the Committee stated that there were 256 people unemployed at the end of August, 2017, a decrease of 28 on the July 2017 figure, representing less than 1% of the working population in Guernsey. The figures released by the Committee are set out in the table below and show the highest unemployment rate to be those in the 20 to 29 age range.

Number of people available for employment at the end of August 2017		
Age Group	Number of Registered Unemployed	Percentage of total registered unemployed
16 - 19	35	13.67%
20 - 29	76	29.68%
30 - 39	45	17.57%
40 - 49	35	13.67%
50 - 59	47	18.35%
60 - 65	18	7.03%
Total	256	100%

Figure 1 overleaf provides a trend analysis between the number of people unemployed and the minimum wage rates from November, 2010 to date. The

graph shows that there is no direct correlation between the minimum wage being increased and the levels of unemployment. The fluctuations in the levels of unemployment are more likely to be due to economic factors such as the financial crisis and the resultant low interest rate environment.



Figure 1. Trend analysis between the number of people unemployed and the minimum wage rates from November, 2010 to date

e) Current rates of pay in Guernsey

Currently the States of Guernsey does not collate job-related pay data therefore there is little precision in any information on the market rates for specific jobs. However, information is available on median earnings per sector in the Guernsey Population, Employment and Earnings Bulletin (see section f below).

f) The increase or decrease in rates of pay in Guernsey over the previous twelve months

The Guernsey Population, Employment and Earnings Bulletin, published 4th August, 2017 shows median earnings for Guernsey employees as at the end of quarter one 2017. The figures are based on data collected from the Rolling Electronic Census IT system and reflects Guernsey only.

- The median of all employees' earnings was £31,773 compared to £31,215 in March 2016 an increase, in real terms of 1.8%.
- Nominal lower quartile earnings was £21,905 as at the end of quarter one 2017 increased by 2.4% in real terms between 31st March, 2016 and 31st March, 2017

- Upper quartile earnings (£46,688) increased by 1.6% in the same period.
- Finance sector employees had the highest four quarter average median earnings (£44,142) as at 31st March, 2017. This was 38.9% higher than the overall median.
- The Hostelry sector had the lowest average earnings of £18,614.

While considering the level of median earning by sector, it is worth noting that based upon a 40 hour week, the 2017 Adult Minimum Wage Rate of £7.20 per hour results in a gross annual wage of £14,976. This equates to around 47% of the median of all employees earnings as at 31 March, 2017. This Policy Letter is proposing that the Adult Minimum Wage Rate be £7.75 in 2018, which for a 40 hour week would result in a gross annual wage of £16,120. This would equate to around 50% of the median of all employees earnings as at 31st March, 2017. The Committee believes its recommendation to increase the Adult Minimum Wage is appropriate, given the UK's aspiration to raise the minimum wage level to 60% of median earnings by 2020. It is the Committees' expectation that the median earnings figure will rise in 2018, which will impact the percentage figure above.

g) Such other factors that appear to the Committee to be relevant

The following were identified as relevant when considering the statutory minimum wage rates:-

- i. Public and political expectations
- ii. Equalising the Minimum Wage Rates for all ages
- iii. Ensuring Guernsey remains competitive with the UK, Jersey and the Isle of Man
- iv. The impact on businesses

3.2 The Committee's comments on the other relevant factors

i. Public and political expectations

The introduction of a statutory minimum wage aimed to ensure that the '... worst cases of financial exploitation in employment were eliminated'. Given that only four complaints have been determined by the Employment and Discrimination Tribunal, the Committee considers that the rate is respected by most employers. In line with the requirements of The Minimum Wage (Guernsey) Law 2009, the Committee conducted a public consultation surveying

the views of the Guernsey community, employers and employees with regards to the minimum wage rates due to come into force on 1st January, 2018. Within the consultation documentation, the Committee indicated that it was minded to recommend a rate of £7.50 per hour. The majority of respondents opted for the £8.00 per hour option, detailed within the consultation questionnaire, for the Adult Minimum Wage Rate. The current public opinion as expressed through the consultation is in favour of an increase in the rates. The Committee has taken these views into consideration when determining the increased rates proposed within this Policy Letter and deemed an intermediate increase, to £7.75 per hour, to be appropriate at this time, taking into account the needs of employees and of employers. Further details regarding the consultation are detailed in section 4 and Appendix I.

ii. Equalising the Minimum Wage Rates for all ages

The UK government introduced the “National Living Wage” of £7.20 per hour for employees over the age of 25 on 1st April, 2016 and have seen fit to maintain 4 other age related rates (see information under 3.2(a) above).

The Low Pay Commission Report (Autumn, 2016) recommended that from 1st April, 2017 the Adult Rate (25 and over) rise to £7.50 per hour and that the other Adult Rate (21-24 years and over) should rise by 5.2% (since October, 2016) to £7.05 per hour . The rate for 18-20 year olds is £5.60 (5.7%) and for 16-17 year olds the rate is £4.05 (an increase of 4.7% since October, 2015, equivalent to an annual rate of 2.8%). Apprentices’ rate is recommended at £3.50 per hour (an annual increase of 4.5%). The accommodation offset is set at £6.40 per day (an increase of 40 pence to help the horticulture sector in particular).

In addition, the Committee is required to take into account the aspiration expressed in a States’ Resolution from 2010: “To direct the Commerce & Employment Department, whilst having regard to the requirements of the Minimum Wage (Guernsey) Law, 2009, to take fully into account when reviewing minimum wage rates that it is a policy objective of the States of Deliberation that the Young Persons’ Minimum Wage Rate and the Adult Minimum Wage Rate should be equalised as soon as possible”.

The Committee has taken into account the aspiration expressed in the 2010 States’ Resolution regarding the youth rate and recommends an increase in this rate to £7.05 per hour for 16-17 year olds.

iii. Ensuring Guernsey remains competitive with the UK, Jersey and the Isle of Man

As many sectors in Guernsey rely on short term workers, the Committee believes that the minimum wage rates must strike a balance between setting rates that

are affordable to all or most employers operating in Guernsey, yet not fuel the perception that Guernsey “pays low wages”. To date, the approach has been to set a rate that bears comparison with the UK, but which recognises the slightly higher cost of living in Guernsey. The Committee recognised the need for employers to attract and retain quality staff. The Committee acknowledge that to do so, Guernsey must remain competitive with other comparable jurisdictions.

The Committee’s decision on the Adult Minimum Wage Rate means that the rates in Guernsey would be £7.75 per hour for the Adult Rate and £7.05 per hour for the Young Persons’ Rate. This would be £0.25 higher than the UK National Living Wage Rate of £7.50 per hour (for those aged 25 and over). The UK National Living Wage Rate is due for review in October, 2017 and the Committee is anticipating an increase in the rate.

It should be noted that the qualifying age for the UK Adult Minimum Wage is 21 years. In Jersey, it is above the school leaving age of 16 compared to 18 years and over in Guernsey. In the UK, the Adult rates (there will now be 2 Adult rates) apply to those over 21 and to those aged 25 and over.

iv. The Impact on Businesses

The Committee gave consideration to businesses where the rate of pay is fundamental to their financial viability and which would be required to increase pay rates to at least match the statutory minimum wage. The Committee believes that the contribution these businesses make to the economy, and their employment of local labour, has to be balanced by the reality that the States may be subsidising these businesses because employees on low pay may still need to rely on financial assistance from the Committee *for* Employment & Social Security. Data on the wage rates of working families receiving benefit top-ups is not captured at present.

4. Consultation

- 4.1 Between 5th June, 2017 and 10th July, 2017, the Committee carried out a public consultation on minimum wage rates. Consultation papers were sent out to all employers and to targeted groups including hospitality, care and residential homes, agriculture and horticulture, trade unions and staff associations and groups representative of employers in Guernsey. Business associations, including the Chamber of Commerce, were invited to comment.
- 4.2 Members of the public were also invited to contribute as individuals through the States of Guernsey website. The consultation was supported by a communication strategy which included issuing media releases and utilising a strong social media presence to reach a wider audience and encourage engagement.

- 4.3 On this occasion, the Committee decided that the consultation questionnaire should indicate the level of minimum wage which it was minded to recommend i.e. a rate of £7.50 per hour for adults and £7.00 per hour for the young persons.
- 4.4 Engagement with the consultation was particularly high when compared to previous years, with 179 respondents. The majority of the respondents were in favour of increasing both the Adult and Young Persons' Minimum Wage Rates and the associated offsets. 71.3% of the respondents were in favour of increasing the minimum wage rate to £8.00 while 58.4% were in favour of increasing the young persons' minimum wage rate to £7.00. Having carefully considered the responses and all the results of the consultation, the Committee decided to recommend an Adult Minimum Wage Rate of £7.75 per hour.
- 4.5 A full summary of the responses to the public consultation are set out in Appendix I.

5. Conclusions

- 5.1 Having considered the criteria and relevant factors as set out in the Law, the Committee has concluded that there is a case to increase the statutory minimum wage rate with effect from 1st January, 2018.
- 5.2 It is the view of the Committee that the Adult Minimum Wage Rate should be increased from the current £7.20 per hour to £7.75 per hour. This will help support the lower paid and those vulnerable to exploitation in the community.
- 5.3 The Committee considers the UK Government's aspiration to move to the "National Living Wage" rate of £9.00 per hour by 2020 needs to be borne in mind when setting the adult rate for 2018. It believes that if Guernsey does not keep pace with the UK rate, this could have serious implications for the Island's competitiveness and reputation.
- 5.4 Furthermore, as explained in section 3.2 (f), employees working a 40 hour week on £7.75 per hour would be paid 50% of the median earnings figure for 2017. This being said the Committee expects the median earnings figure to increase in 2018. Given the UK aspiration to raise the minimum wage level to 60% of median earnings by 2020, the Committee believes that its recommended increase in the Adult Minimum Wage Rate is appropriate.
- 5.5 As stated in section 3.2 (ii), the Committee supports the aspiration expressed in the 2010 States' Resolution, but believes that full equalisation of the Young Persons' Rate with the Adult Rate is not achievable at this time. Therefore, the differential between these rates in 2018 will remain as it is now at 70 pence per hour.

- 5.6 The Committee has decided to offer higher than normal offset rates and the following will apply:-

Accommodation and Food	£105 per week
Accommodation only	£75 per week.

The Committee has deemed it prudent to provide a higher than recommended increase in the offsets, in order to mitigate the impact of the increased minimum wage rates on the hospitality sector, which tends to provide their workers with accommodation and food.

- 5.7 Increasing the Adult Minimum Wage Rate to the proposed level strikes a balance between setting rates that are affordable to responsible employers operating in Guernsey and reduces the risk of exploitation of workers. The Committee believes that its proposals align with its purpose which is “To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through a scheme of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation”.

6. Compliance with Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees

- 6.1 The Committee has carried out the consultation required by section 5 of the Law, as set out in section 4 of this Policy Letter.
- 6.2 The Law Officers of the Crown have been consulted on the drafting of the necessary regulations to give effect to the recommendations in this report.
- 6.3 The propositions contained within this Policy Letter relate to the Committee’s mandated responsibilities for social inclusion and labour market legislation and practices. The propositions are also in line with the visionary themes of the Policy & Resource Plan, approved by the States in November 2016 (Billet d’État XXVIII of 2016, Article 1), which are to be inclusive and equal, and to foster a mature international identity.
- 6.4 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the attached proposition has the unanimous support of the Committee.

Yours faithfully

M K Le Clerc
President

S L Langlois
Vice-President

M J Fallaize
J A B Gollop
E A Yerby

M J Brown
Non-States Member

A R Le Lièvre
Non-States Member

Appendix I

Summary of Responses to Consultation

1 Response Count

- 1.1 The responses to the Minimum Wage Consultation 2017 have surpassed all previous response levels reaching 179 respondents. This represents a 371% increase year on year, from the response levels of 2016 (38 respondents).
- 1.2 Of the 179 respondents, the results were skewed toward employees, 107 respondents, representing 59.78% of the total responses, against 51 employer responses or 28.49%. Of the 21 remaining respondents, 1 was from a Trade Union, 1 was from an Employers Association and 4 were from the third sector. The remaining respondents fell within the 'Other' category, which ranged from a deputy to self-employed people, students and an employment forum representative.

Respondent Capacity	Number	Percentage of Total Responses
Employee	107	59.78%
Trade Union	1	0.56%
Employer	51	28.49%
Employer's Association	1	0.56%
Third Sector	4	2.23%
Other	18	10.06%

2 Combination of the Adult Minimum Wage and the Young Persons' Minimum Wage

- 2.1 The questionnaire requested an indication from the respondents whether the Adult Rate and the Young Person's Rate should be combined. 126 respondents (representing 72.83% of the overall responses for this question) did not want the rates to be combined, against 47 respondents (27.17%) who were in favour of the rates being combined. 2 of the respondents did not answer this question.

3 Rates and Offsets responses - Increase or maintain the current rates

- 3.1 152 of 179 respondents, representing 84.92% of the total responses, indicated that the adult minimum wage should increase, while 128 of 179 respondents, representing 71.51% of the total responses, were in favour of increasing the Young Person's Rate.

- 3.2 In relation to the Accommodation Offset and the Accommodation and Food Offset, 109 of 179 respondents were in favour of both being increased, representing 60.89% of the total responses.

Rate / Offset	Remain the same		Increase		Total
Adult Minimum Wage Rate	27	15.08%	152	84.92%	179
Young Persons' Minimum Wage Rate	51	28.49%	128	71.51%	179
Maximum Accommodation Offset	70	39.11%	109	60.89%	179
Maximum Accommodation and Food Offset	70	39.11%	109	60.89%	179

4 Rates and Offset Responses – Increase Rate Options

- 4.1 Of the respondents in favour of increasing the rates and offsets, the minimum wage consultation requested an indication from the range of figures provided, which one they wished to propose for the Committee's consideration for each Rate/Offset.

4.2 The Adult Rate (18 and Over)

Of the 143 responses to this question, 102 respondents opted for the Adult Minimum Wage Rate to be increased to £8.00, 50 pence above that recommended by the Committee. 35 respondents agreed with the Committee's recommended rate of £7.50 with 6 respondents in favour of increasing the rate to £7.40.

The Adult Minimum Wage Rate							
Minimum Wage Rates	£7.40		£7.50		£8.00		Total
	6	4.20%	35	24.48%	102	71.33%	143

4.3 The Young Person's Rate

73 of 125 respondents (58.40%) favoured the increased rate recommended by the Committee of £7.00 for the Young Person's Rate. The second highest chosen was the £8.00 option at 32 responses (25.60%) while the least favoured was £6.85.

The Young Person's Minimum Wage Rate							
Minimum Wage Rates	£6.85		£7.00		£8.00		Total
	20	16%	73	58.40%	32	25.60%	125

4.4 The Maximum Accommodation Offset

The questionnaire offered two options from which the respondents could choose - £68.90 or £70. Of the 109 respondent whom answered this question, 79 chose the higher increased Rate of £70 with 30 choosing the £68.90 option.

The Maximum Accommodation Offset					
Maximum Accommodation Offset Options	£68.90		£70.00		Total
	30	27.52%	79	72.48%	109

4.5 The Maximum Accommodation and Food Offset

The questionnaire offered two options from which the respondents could choose - £97.75 and £100. 65 of 89 responses chose the higher amount of £100 with 24 responses choosing the £68.90 option.

The Maximum Accommodation and Food Offset					
Maximum Accommodation and Food Offset Options	£97.75		£100.00		Total
	24	26.97%	65	73.03%	109

5 **Comments provided by the Respondents**

- 5.1 Of the 179 respondents, 109 provided their comments and views in support of the options and Rates that they had chosen. The comments provided have been categorised within six categories to facilitate quantitative analysis. The six categories identified were Business Viability; Cost of Living; The Economy; Equality and Inclusion; a Living Wage and Young Persons. Some of the comments referred to more than one of the above categories. For the purposes of quantitative analysis and to ensure that all category comments are captured, the figures below represent the number of times the particular

category was mentioned as some comments spanned a number of categories.

5.2 A summary of the responses per category is as follows.

Comment Category	Number of Category Referrals	Percentage of Total Category Referrals
Business Viability	16	14.67%
Cost of Living	53	48.62%
The Economy	32	29.35%
Equality & Inclusion	14	12.84%
A Living Wage	9	8.25%
Young Persons	20	18.34%

5.3 The Cost of Living

The high cost of living in Guernsey received the most comment referrals, with comments received regarding the implications of Brexit on the costs of importing goods to the island. Some cost of living comments also eluded to social inequality as a consequence, with a number of comments specifically referring to the fact that people are living in poverty in an affluent island. One respondent in this category noted that the matter is not as clear cut with the requirement for balance needed between improving social inclusion and ensuring businesses are not financially impacted upon.

5.4 Business Viability and the Economy

Comments relating to business viability and the economy remarked upon the challenging economic environment and the difficulty in absorbing further operating costs without passing these onto the public. Reduced employment opportunities resulting in less revenue generation through taxation and a greater dependency on welfare were also noted. A combination, of views were received regarding the economy ranging from keeping the minimum wage rates to a level that will not hinder the service and hospitality industries to increasing the rates to encourage guest workers, innovation and training while creating a more competitive employment market across all sectors.

5.5 A Living Wage

Comments regarding the living wage focused upon increasing the minimum wage to reflect and work towards a Living Wage. One respondent recognised

that a living wage is fundamentally a different concept to the minimum wage but it was felt that it would reduce benefit dependency and encourage social inclusion.

5.6 Young Persons

Young persons received a high number of comments ranging from keeping the Young Persons' Rate low to encourage a focus on education and due to young people typically having less responsibilities, to raising the Young Persons' Rate to ensure younger workers were not exploited.

5.7 Equality and Inclusion

Comments regarding this category principally related to alleviating poverty, which goes beyond the primary purpose of minimum wage – the prevention of exploitation of those in employment. One respondent highlighted that we as an island, have a moral and social responsibility to ensure that all those in employment are given a reasonable reward to enable them to actively contribute to the island's economy.

**THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY**

THE COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

**AMENDMENTS TO STATUTORY MINIMUM WAGE ARRANGEMENTS
TO COME INTO FORCE ON 1 JANUARY 2018**

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St. Peter Port
GY1 1FH

2nd October 2017

Dear Sir

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, it is requested that the Policy Letter entitled 'Amendments to Statutory Minimum Wage Arrangement to come into force on 1 January 2018' be considered by the States of Deliberation at its meeting on Wednesday 29th November 2017.

The request is made because the Committee wishes its annual Uprating Report and this Policy Letter to be considered at separate meetings. In view of the effects of these proposals on employees and employers, it should also be noted that early publication of this Policy Letter maximises the time between the proposals being known and the debate in the States.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Me' followed by a stylized flourish.

Michelle Le Clerc
President

Shane Langlois
Vice President
Matthew Fallaize, John Gollop, Emilie Yerby

Mike Brown, Andrew Le Lievre
Non-States Members