



Diane De Garis
President
Council of the Chamber of Commerce

Date: 3 May 2023

By email

Dear Ms De Garis

Minimum Wage and associated rates for implementation on 1 October 2023

In November 2018, the States agreed a medium-term plan for increasing the rates of the Minimum Wage. The primary objective of the plan was to align the Adult Minimum Wage Rate with 60% of median earnings (based on a 40-hour working week) over a five-year period commencing on 1 January 2019. The medium-term plan also set an objective to equalise the Young Persons' Minimum Wage Rate¹ with the Adult Rate (in accordance with a policy objective set by the States in 2010) over the same five-year period.

The first two steps toward those targets were taken in 2019 and 2020, but the plan was paused in 2021 and 2022 due to the COVID-19 pandemic, when lower rates of increase were applied than would otherwise have been applied had the plan been adhered to, due to prevailing economic conditions. The medium-term plan resumed on 1 October 2022, when the Adult Minimum Wage Rate was increased by 5.5% to £9.55 per hour and the Young Persons' Minimum Wage Rate was increased to £8.95 per hour.

Table 1 sets out the Minimum Wage Rates that have applied in Guernsey since 1 January 2018 to present.

Table 1 – Minimum Wage Rates – January 2018 to present

Commencement date	Adult Rate	Young Persons' Rate	Medium-term plan
1 January 2018	£7.75	£7.05	N/A
1 January 2019	£8.10	£7.50	Step 1
1 January 2020	£8.50	£8.05	Pause
1 January 2021	£8.70	£8.25	Pause
1 January 2022	£9.05	£8.60	Step 2
1 October 2022	£9.55	£8.95	Step 3

¹ The Young Persons' Minimum Wage Rate applies to 16- and 17-year-olds, excluding apprentices.

In July 2022, the States replaced the policy objective to equalise the Young Persons' and Adult Minimum Wage Rates with a new policy objective that the Young Persons' Minimum Wage Rate should be set at a rate equivalent to 90% (rounded to the nearest 5 pence) of the Adult Minimum Wage Rate by October 2024. This decision was informed by feedback from some stakeholders who suggested that a differential was justifiable, given that additional training and supervision was generally required by younger workers.

The Committee *for* Employment & Social Security ('the Committee') is inviting views from organisations that represent employers and employees regarding the Minimum Wage Rates to apply from 1 October 2023. This will be the penultimate step towards the medium-term plan target of 60% of median earnings, which is now set to be achieved on 1 October 2024.

Median earnings for all employees as at the year ending 31 December 2022 were £38,829, which, compared with a year earlier, was 5.7% higher in nominal terms and 1.4% lower in real terms². 60% of this figure is £23,297, which would equate to an hourly rate of £11.20 based on a 40-hour working week. Recognising that median earnings is a moving target, which is expected to be higher in December 2023³, the Committee proposes that the Adult Minimum Wage Rate to apply from 1 October 2023 be £10.65 per hour. This is an increase of 11.5% on the current level. By way of comparison, inflation over the year ending in March 2023, as measured using the RPIX⁴, was 8.0%.

The Committee recognises that this is a high percentage increase, however it also notes that, in recent years, Guernsey's Minimum Wage Rates have fallen behind those of other comparable jurisdictions. In Jersey, the Minimum Wage is £10.50 per hour (next due to be increased in November 2023) while, in the UK, the National Living Wage⁵ is £10.42 per hour (next due to be increased on 1 April 2024).

It is proposed that the Young Persons' Minimum Wage Rate be increased to £9.65 per hour. Further, it is proposed that the accommodation and food offset be increased to £144.00 per week (currently £129.00 per week) and the accommodation only offset be increased to £103.00 per week (currently £92.00 per week). This is an equivalent percentage increase on the current levels as that applied to the Adult Minimum Wage Rate.

Mindful of the policy direction set by the States, I am writing to various organisations that represent employees and employers seeking any views or comments that you, or those who you represent, may have, with regard to continuing the medium-term plan for Minimum Wage Rates by increasing the Adult Rate to £10.65 per hour and the Young Persons' Rate to £9.65 per hour with effect from 1 October 2023.

² [Guernsey Quarterly Population, Employment and Earnings Bulletin – Issued 2nd May 2022](#).

³ This is the median earnings data point that will inform the rates to apply from October 2024, when the target of the medium-term plan is set to be achieved.

⁴ RPIX is "core" inflation excluding mortgage interest payments.

⁵ In the UK, the National Living Wage applies to workers aged 23 and over. The National Minimum Wage applies in respect of workers aged 22 and under.

If you wish to comment, I kindly request that you do so by **Thursday 25 May 2023**. Please email your response to employmentandsocialsecurity@gov.gg, or post it to the address above. Please note that, unless you object, the Committee intends to share responses to this consultation with the Committee *for* Economic Development.

If you have any questions, or require any further information, please email employmentandsocialsecurity@gov.gg or telephone Joshua Moore on 222885.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Roffey', with a stylized flourish at the end.

Deputy Peter Roffey
President