

# EXECUTIVE COUNCIL

## CONFIDENTIAL

**Title of Report:** Minimum Wage  
**Paper No:** 265/10  
**Date:** Thursday 25<sup>th</sup> November 2010  
**Report of:** Head of Policy

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### 1.0 Purpose

The purpose of this paper is to present to Honourable Members for their review and approval the key policy principles and mechanics of introducing minimum wage legislation in the Falkland Islands.

### 2.0 Recommendations

- a. That Honourable Members approve the recommendation that an appropriate starting level for a minimum wage would be £4.88 per hour.
- b. That Honourable Members approve the recommendation that the minimum wage should only apply to workers 18 years and over, and that the £4.88 rate should apply consistently across all age groups aged 18 and above .
- c. That Honourable Members approve the recommendation that the national minimum wage should be calculated on the basis of gross pay before deductions, and to approve the inclusions and exclusions listed in sections 5.3 for the calculation of the hourly wage.
- d. That Honourable Members approve the recommendation of the parties listed in sections 5.6 and 5.7 that a minimum wage should and should not apply to.
- e. That Honourable Members approve the recommendation in section 5.8 that the legislation should allow for the Governor on the advice of Executive Council to exempt by order any targeted, developing or labour-intensive industries if deemed appropriate in any particular case.
- f. That Honourable Members approve the recommendations outlined in sections 5.9 and 5.10 on Compliance & Enforcement and Implementation Timelines.

**NOTE:**

**RECOMMENDATIONS A, C, D, AND F WERE APPROVED.  
RECOMMENDATION E WAS NOT APPROVED**

**RECOMMENDATION B was amended to read “That Honourable Members approve that the £4.88 rate should apply consistently across all age groups aged 18 and above. Workers aged 16-18 should receive a minimum wage and a paper recommending a sliding scale for 16 and 17 years old should be presented to Executive Council in due course.” This new recommendation was agreed.**

### **3.0 Summary of Financial Implications**

3.1 There are no direct FIG cost implications from this paper. However, there is forecast to be some indirect impact where FIG are contracting in services which rely on low paid employees – but this should not be a major increase compared to general inflation.

3.2 There are also no known direct cost implications for Falklands Landholdings, Falkland Island Meat Company, Falkland Islands Development Corporation, Falkland Islands Tourist Board, Falkland Islands Museum and National Trust, Falklands Conservation - the major NGOs who receive annual subventions.

### **4.0 Background**

4.1 Over the past 6 months, the Head of Policy within FIG has been tasked with reviewing employment laws in the Falkland Islands. After much discussion and a public questionnaire, the issue of introducing minimum wage legislation was agreed to be the highest priority area. This was agreed by Honourable Members and they indicated in response to Executive Council paper 117/10 their wish to introduce legislation as soon as is practical. Honourable Members requested that the practical steps and the mechanics of a minimum wage be worked through, with policy recommendations to be made to Executive Council.

4.2 Therefore the head of policy has worked with representatives from the following groups to consider the workings of a minimum wage:

- Chamber of Commerce
- Rural Business Association
- General Employees Union
- FIG, including the Attorney General’s Chambers, Human Resources, Treasury and Policy Unit
- MoD
- *Falkland Islands Fishing Companies Association (one meeting only)*
- Legislative Assembly

4.3 These groups have had one representative in the discussions each and during October they have consulted with their respective Memberships (where applicable) on the key principles of the minimum wage that are presented in this paper. Where reasonable changes were proposed in that consultation, they are reflected in the recommendations contained here.

4.4 Therefore this paper summarises the conclusions the group came to on the key points that were thought of in relation to a minimum wage. Where appropriate and practical, the reasoning for the suggestion has been highlighted.

4.5 In parallel to this consultation, a business survey was also performed that asked all FI-based employees about their current wage and benefit levels. The findings of this survey are summarised in Appendix A. The business responses have also been used to inform the economic and financial impact sections of this paper. Generally, the survey responses point towards low wages being an issue in MPA predominantly. This supports considerable anecdotal evidence received during the review.

4.6 It is fair to state that the recommendations contained within this paper reflect considerable discussion and compromise across a wide range of interested parties.

4.7 This paper only details the key policy principles in relation to a minimum wage, the final legislation shall be presented to Executive Council once drafted, and it is recognised that a number of details that shall need to be ironed-out may arise at that stage.

## **5.0 Key Principles of the Minimum Wage**

### **STARTING LEVEL**

5.1 Initially, it was proposed that an appropriate starting level for a minimum wage would be £4.53 per hour.

- a) This was arrived at after considerable discussion and after reviewing methodologies from all around the world for setting a minimum wage. The generally accepted theme was that an FI minimum wage should be set at a level that means a 'living' wage is being paid.
- b) Therefore, the basic methodology for the £4.53 per hour is based on an average accommodation charge of £11.70 per day (£81.90 per week, as per lookout lodge rate) and £14.14 per day (£99 per week, as per FIG welfare benefit) for general subsistence. It was also agreed that a 40 hour week should be assumed, as this is the common measure worldwide. This results in the hourly wage of £4.53.
- c) Assuming a 40 hour week, this results in an annual gross wage of £9,422.

5.2 Following further consultation with the respective industry representatives and feedback from members of the public, it was suggested that the £4.53 per hour rate would need to be a net (take home) wage in order to be a realistic living wage. Hence, the £4.53 hourly rate may need to be grossed up by 35p per hour to £4.88 per hour to reflect the £12.50 weekly RPC (pension) contribution and the 1% MSL employee tax deduction.

- a) It must be noted, however, that factoring in RPC and MSL may set an early precedent of indexing minimum wage levels to future tax rate changes (not only to RPI changes).
- b) It must, likewise, be noted that in the UK, the minimum wage is set at pre-tax levels, i.e., minimum wage is subject to taxes.

- c) However, the proposed £4.88 hourly rate is approximately close to the average of 6 minimum wage setting methodologies presented earlier to the consultation group as outlined below.

Methodology	Non-Poverty Minimum Wage	Timeframe
1) World Bank World Dev't Report	£4.08 per hour	2008
2) Based on UK Poverty Line	£4.90 per hour	2008
3) JRF (for UK single working age)	£4.38 per hour	2010
4) Falkland RPI Basket (barebone)	£5.65 per hour	2010
5) SweatFree (purchasing power parity)	£4.54 per hour	2009
6) FIG lowest pay grade (Grade I/£10,962)	£5.62 per hour	2010
<b>AVERAGE</b>	<b>£4.86 per hour</b>	

- d) The consultation group, therefore, presents the £4.88 hourly wage as an option which MLAs and ExCo may wish to consider. (It must be noted that this new wage rate proposal has been consulted again amongst members of the Chamber of Commerce and RBA.)

## CALCULATION

5.3 It is proposed that the national minimum wage should be calculated on the basis of gross pay before deductions such as income tax, RPC and MSL.

- a) The following items are **included** in the calculation of the hourly wage for compliance purposes:
- Basic pay
  - Performance-related incentive pay
  - Bonuses
  - Payments by an employer of service charges or cover charges and which are paid to the worker through the employer's payroll
  - Deductions for reasons such as misconduct or poor work, advances of wages, or accidental overpayment
  - Cost of employer-provided board and accommodation (up to a maximum of 50% of the hourly minimum wage but capped at £90.60 per week maximum, the remainder needs to be a cash payment). The £90.60 cap is based on a 40 hour week and is there to ensure a level playing field between businesses even if employees work more hours than 40 per week and to protect employees from any further deduction for board and lodging.
  - And a gross up factor of 35p per hour representing the RPC contribution and 1% MSL employee deduction (as an alternative option for MLAs and ExCo to consider).
- b) The following items are **excluded** in the calculation of the hourly wage for compliance purposes:
- tips and gratuities (even if paid through the employer's payroll)
  - an advance of wages
  - loans
  - payment for flights in and out of the Islands

- redundancy payments
- the premium element only of shift or overtime enhancements
- unconsolidated special allowances (e.g. 'danger' or 'dirty' money, on-call payments)
- expenses
- deductions or payment for tools, uniforms etc.
- benefits in kind (other than board and accommodation)
- a reward under a staff suggestion scheme

5.4 It is also recommended that the minimum wage should only apply to persons aged 18 and over, and that the £4.53 (or £4.88 per hour) rate should apply consistently across all age groups 18 and above. The decision not to introduce a phased rate for 18-20 year olds as in the UK reflects the philosophy behind a minimum wage which is that it should be based on the cost of living; it does not cost an 18-20 year old any less to live in the Falkland Islands than a person aged 21+.

5.5 It is further recommended that the minimum wage should not apply to persons aged 16-17. Persons of this age are generally lacking in maturity and are not capable of working as effectively as adults, and there is a concern that if the minimum wage is extended to this age group employers may refuse to hire them. The counter argument is that the wage is usually paid 'for the job' and not 'for the person'. This recommendation also reflects the fact that persons under the age of 18 are still deemed to be minors under the law, and therefore there is an obligation on their parent(s) or guardian(s) to support them. Under 18s are also eligible for the e2e training scheme and other support from FIG.

## **ELIGIBLE GROUPS**

5.6 It is recommended that the minimum wage should apply to the following parties:

### *Entitled Persons for Minimum Wage in FI:*

- **People aged 18 and above.**
- **Employees of MoD contractors**
- **Temporary workforces** (e.g. one-off major projects such as runway or port development – *this is to be reviewed with relevant parties*)
- **Home workers**
- **Agency workers**
- **Casual labourers**
- **Part-time workers**
- **Those on short-term contracts**
- **Commission workers**
- **Agricultural workers**
- **Disabled workers** (excluding the FIG employment programme, which in essence is a benefit scheme)
- **Seafarers** (those people employed within FI territorial waters but not in the fishing industry)
- **Offshore workers** (e.g. oil industry workers)
  - the minimum wage provisions are initially intended to extend to all economic activities in connection with offshore mineral licensing,

but not to fishing activities (exact wording to be confirmed with AG).

- **Trainee or probation workers age 18 and above**
- **Workers from outside the Falkland Islands**
  - All workers who are working legally in the Falkland Islands must be paid at least the national minimum wage for the hours they work in this country.
- **Workers working outside the Falkland Islands**
  - All workers who usually work in the Falkland Islands under their contract but who are working temporarily outside the Falkland Islands must be paid at least the national minimum wage for their work done outside the Islands.
- **Apprentices**
- **Students** (aged 18 and above)
  - Who undertake work (excluding any work experience placement arranged as part of their course not exceeding one year).
- **Family Members** (aged 18 and above)
  - Who are in a contractual employment relationship with their relative-employer.

## **INELIGIBLE GROUPS**

5.7 It is recommended that the minimum wage should not apply to the following parties:

### *Non-entitled Persons in FI for Minimum Wage:*

- **People under the age of 18**
- **Self Employed**
- **Company directors**
- **Apprentices –**
  - Apprentices who are age 17 or under.
- **Students doing work experience as part of a higher or further education course**
  - Work experience undertaken by students as part of higher education courses or further education courses, where the work experience placement does not exceed one year.
  - Students on training courses.
- **Trainees on Government-funded training courses**
- **Trainee Teachers**
- **Armed Forces**
- **Falkland Islands Defence Force**
- **People living and working within the family -**
  - People who live in the family home of their employer (but who are not members of the family) and who share in the work and leisure activities of the household do not need to be paid the national minimum wage for work done relating to the employer's family.
  - For this to apply, the worker must be treated as part of the family in respect of the provision of accommodation and meals and the sharing of tasks.

- They must not be charged for the provision of accommodation or meals.
- Family members who live at home do not need to be paid for household chores.
- **Family, friends and neighbours**
  - When jobs are done under informal arrangements between people where no contractual obligation is formed.
- **Fishermen** (fishermen not based onshore and that work in FI territorial waters – *definition to be completed and consulted on with FIFCA*)
- **Prisoners**
- **Voluntary workers** (those that are employed by charitable organisations will be eligible for the minimum wage)
- **Religious and other communities**
  - A residential member of a community does not qualify in respect of employment by the community, providing that:
    - the community is a charity or is established by a charity;
    - a purpose of the community is to practice or advance a belief of a religious or similar nature.

5.8 It is also recommended that if any targeted, developing or labour-intensive industries were being developed in the Islands that are not currently exempt, then the Legislation should allow for the Governor to exempt by order those industries if deemed appropriate in consultation with Executive Council.

## COMPLIANCE & ENFORCEMENT

5.9 It is noted that ultimately the aim is for a labour market to self-regulate minimum wage legislation. However, it is still recommended that it will be necessary to do the following:

- a) It was agreed that the police would need to be first point of contact for any abuse or breaking of the minimum wage legislation whilst it is still relatively new (with the police taking the role of a Revenue & Customs enforcement officer).
- b) Put in place criminal offences for breach of the legislation similar to those introduced in the UK, and empower the court to order payment of compensation by offending employers to employees in appropriate cases.
- c) Allow an employee to sue their employer for any arrears of minimum wage, and empower the court to order the payment of compensation by the employer to the employee. The payment of compensation by a violating employer is viewed as an enforcement penalty and a deterrent to wage rate violations.
- d) Ensure all employers are properly informed of the legislation and its practical implementation. This will be done through an explanatory note/leaflet for businesses when the legislation is finalised.
- e) Require employers to notify their employees of minimum wage rates by displaying posters about minimum wage legislation in a prominent

position in each workplace (similar to the A4-sized notice of workmen's compensation arrangements which must be displayed by employers).

- f) Remind employers annually about their obligations under the minimum wage legislation by including an information sheet with their employer's tax pack.
- g) Require Customs and Immigration to publicise the minimum wage in their work permit application forms e.g. through a tick-box on the work permit form for employers to confirm (a) the minimum wage is being/will be paid and (b) the employer has provided an information sheet on the legislation [to be produced] to the prospective employee in their own language before they are recruited from overseas.

## **IMPLEMENTATION TIMELINES**

5.10 The following is proposed in relation to the implementation of the new minimum wage legislation:

- a) An appropriate implementation timeline would be for the legislation to come into force 12 months after the appropriate Bill has been approved by the Legislative Assembly. This would allow both the MoD and the private sector time to prepare for it coming into force (e.g. updating employment contracts, payroll systems etc).
- b) It would be helpful to MoD if the minimum wage legislation is timed anytime around or after April 2011 as this would enable CBFSAI to tie it in with their Multi-Activities Contract (MAC) re-lets.
- c) It should also be noted that if the writing of the legislation and resultant implementation date was significantly delayed then the proposed £4.53 (or £4.88 per hour) figure could be increased in line with the prevailing minimum living wage at that stage.
- d) The legislation should allow for the minimum wage to be adjusted by Order of the Governor in Council, but with mechanisms protecting employers by requiring there to be a period of at least 3 months between publication of the Order in the Gazette and it coming into force.
- e) It is also proposed that the level and impact of the minimum wage should be reviewed annually by a similar consultative group including public sector, private sector and MoD representatives. A recommendation would then be made to Executive Council annually on the need for any change in the level and structure of the minimum wage. Any changes would likely be notified to the private sector in line with the budget process in May each year, with it then coming into implementation in the following January.
- f) It is proposed that a financial penalty should be included in the legislation, which can be awarded by the court against offending employers either on a criminal conviction for breaking the minimum wage law or on a successful action by an employee to recover arrears of minimum wage from their

employer. This would act as a deterrent. The appropriate level and form of any penalty will be discussed as the legislation is drafted.

- g) In line with the UK legislation there are likely to be six criminal offences arising from the national minimum wage:
- i. refusing to pay the minimum wage
  - ii. not keeping records
  - iii. keeping false records
  - iv. producing false records
  - v. obstructing an enforcement officer
  - vi. refusing to give information to an enforcement officer
- f) The next step is for the policy unit to prepare detailed drafting instructions for the legislative drafter.

## **6.0 Important Items to note**

- The Ministry of Defence Representative that has been involved in the discussions wished it to be made clear that MPA have severe reservations as to the impact of the minimum wage legislation, as proposed, on operations at MPA. This is especially the case during this time of large cost cutting exercises across the MoD. They would expect the rate of £4.53 (or £4.88 per hour) to materially increase the costs of operating MPA as it will push up the costs of their third party contractors.
- An additional concern has been raised that due to many MPA-based employees being exempt from payment of retirement pension contributions, income tax and MSL, the introduction of a national minimum wage coupled with the introduction of MSL means that net take-home pay shall be better at MPA than in Stanley for people on the minimum wage. This issue already exists for higher paid workers, but the introduction of a minimum wage plus MSL (because unlike income tax it is paid from the first £1 of income) may exacerbate this problem.
- Government House have been consulted on the paper and have confirmed that from a direct FCO perspective, they have no issues with the minimum wage as proposed. It is assumed that the de-miners will be hired in the same basis as the MoD sub-contractors' civilian staff.
- The Director of Mineral Resources was also consulted and foresees no issues or impact on current Oil Exploration as well as any future oil & gas production if it were to occur.
- The Director of Fisheries and company managers that operate vessels in FI waters (e.g. Concordia Bay) were consulted with on the issue of including 'seafarers' within the minimum wage. This was confirmed as not being an issue as wage levels on these vessels generally considerably exceed the wage as proposed.

- Including ‘temporary workforces’ as being eligible for the minimum wage shall potentially increase the cost of future major projects for both FIG and the private sector e.g. port development work.
- Potential self-regulation by industry in relation to wage levels was discussed, as it had been in 2003, but was dismissed as an option as it is unlikely to be entirely effective as it is not certain to be adopted by companies operating at MPA, therefore removing a proportion of the problem area identified.

## **7.0 Next Steps**

7.1 If Honourable Members approve the principles detailed in this paper then the next stage will be for the Policy Unit to prepare detailed drafting instructions for the legislative drafter, based on the legislative framework set out in this paper. Once detailed drafting instructions are available, the legislative drafter can commence work on the necessary legislation, in accordance with the legislative drafting priorities set by Executive Council.

7.2 The existing terms of reference for the complete review of employment law (as per ExCo paper 177/10) shall still stand, with a staggered yet comprehensive review of FI Employment law in its entirety to be completed over the coming months and recommendations presented to Executive Council as appropriate.

## **8.0 Financial Implications (FIG)**

8.1 There are no direct financial implications on FIG from this paper, other than the cost of printing and installing public posters (if required), and printing and distributing information leaflets to businesses.

## **9.0 Economic Implications**

9.1 Unemployment effect. The Policy Unit conducted a survey in July to validate and update Dr. Mike Harte’s 2001 survey results. The recent respondents represented only 27% of the private sector workforce and 36% of all businesses surveyed. It must be noted with caution that the number of respondents to our recent survey was smaller than the one in 2001. The average of the 2 surveys, however, would indicate that those earning below £5/hour could possibly comprise 30% of the non-MPA private sector workforce.

9.1.1 The classic argument against the introduction of a minimum wage is that it will contribute to job losses, layoffs, and unemployment. New evidence have shattered past economic norms. Empirical evidence (1992-2004) from the OECD, USA, Canada and the UK indicate that a 10% increase in minimum wage led to a 1% to 3% reduction in employment, mainly of teens, young adults, and less educated, lower skilled workers.

9.1.1 In fact, there is an observed small positive spill over effect by raising the wages of those slightly above the minimum wage, particularly those just above the new minimum.

- 9.1.2 A substitution effect could result when employers substitute away from minimum wage workers by expanding the employment of those just above the minimum wage. This “churning” is regarded as undesirable, but does not result in a large net reduction in employment.
- 9.1.3 Likewise, there is evidence that employers increased the amount of responsibility in jobs affected by the minimum wage increase.
- 9.1.4 And there is evidence that employers provided some training and upskilling to enable workers to deal with those added responsibilities instead of keeping them in dead-end jobs with no training.
- 9.1.5 In Stanley and Camp, the industries expected to be impacted by a new minimum wage are retail, hospitality and horticultural establishments. However, an independent survey conducted by Penguin News (per article published August 13, 2010) showed that none of the Stanley employers are “reported” to pay below £5.00 per hour. Consultation meetings with industry and labour representatives, likewise, indicate that underpaid workers are not much an issue in Stanley and Camp, but rather the MPA foreign civilians employed by MoD subcontractors.
- 9.1.6 In the case of MPA subcontractors — the lowest paying employers in the islands — the employment effect could be more pronounced and could potentially lead to job cuts and a higher wage bill faced by MoD, thereby increasing the cost of the islands’ defence. The recent wage survey indicated about 90% (compared to only 51% in the 2001 Harte study) of MPA civilian workers (many on temporary work permits) earn below £5.00 per hour. In the absence of accurate employee wage data, it would be difficult to establish and accurately measure the financial impact on the MPA sub-contractors wage costs.<sup>1</sup>

9.2 Inflationary effect. The wages and salaries component of GDP represent about 50% of the economic value added across industry sectors. From the 2008 personal tax data, low income earners (i.e., those earning below £10,150 a year or £4.88/hour) represent below 24% of all non-MPA Falkland residents (about 410 individuals), including those who work part-time.<sup>2</sup> A suggested “higher” minimum wage of £4.88/hour would mean a 7.7% increase in their earning capacity (assuming a “notional” bare necessity living cost of £4.53/hour). The added cost to employers is estimated at £300,000. This additional labour cost will likely be passed on to the general consumer in higher prices. Considering a 1.86 total multiplier effect (wage inflation rippling across the rest of the economy), the economic impact of a 7.7% rise in the minimum wage over the “notional £4.53 hourly cost of living” would translate to an inflationary effect of £558,000, about 0.25% of the economy-

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<sup>1</sup> Based on our best estimates and intelligence, a typical Saint Helenian MPA worker taking home £550 per month and working 10 hours a day for 6 days a week (about 3,000 hours a year) would effectively have a monetary wage of £2.20/hour. Add the notional cost of food (£7.39/day for 3 meals per our MPA source) and lodging (using the Lookout Lodge long-term rate of £11.70/day), or £2.32/hour. The effective wage rate (with benefits in kind included) for the Saint Helenian MPA worker is approximately £4.52/hr. With about 528 MPA civilian workers (not all of whom are foreign contract workers), the additional minimum wage cost to MPA sub-contractors could potentially be about £15,840 (at the lower hourly rate of £4.53) to £570,240 (at the higher rate of £4.88/hour).

<sup>2</sup> The average income of this group, assuming all are employed part-time at 20 hours a week, would translate to about £4.75/hour.

wide (total) sales turnover of £220 million. Therefore, the overall inflationary impact of a minimum wage is not likely to be inflationary outside MPA. Nonetheless, higher wage costs will be felt by businesses heavily reliant on low wage, low skilled workers, such as retail trade, restaurants and hotels, horticulture, etc.

- 9.3 Henry Ford Effect. A minimum wage that effectively raises the pay of low-wage workers could stimulate consumer demand, as it is this group that has a higher propensity to consume rather than save. Hence, the cost of minimum wage will be offset somewhat for some companies (e.g. retailers) because it will push up disposable income for affected individuals/families and at least a proportion (60% or so) shall create higher demand for consumption of goods and services.

## **10.0 Legal Implications**

- 10.1 There are no legal implications arising directly from this paper.
- 10.2 If the drafting of the Minimum Wage legislation is approved, then this would mean adding the legislation to the drafting priorities and moving other items down the list appropriately. Further consideration will need to be given to criminal offences, and criminal and civil penalties for employers who breach the law.
- 10.3 The Attorney General is concerned at the recommendation that no minimum wage should be introduced for persons age 16-17. Although there is no specific age-discrimination legislation in force in the Falkland Islands, section 16 of the Constitution provides that no law shall make any provision which is discriminatory either in itself or in its effect. “Discriminatory” means affording different treatment to different persons, including on the grounds of “other status” (in this instance, age). Discrimination is justifiable only if the law has “an objective and reasonable justification” and there is “a reasonable proportion” between the law and the aim which the law seeks to achieve. The Attorney General is of the view that a lower minimum wage rate could be justified for this age group as they are generally not as competent as adult workers and so are less valued by employers, but that to leave them without any minimum wage is difficult to justify in light of the Constitution, particularly having regard to this group’s inherent vulnerability and the risk that they are left without support if living outside the parental home.

## **11.0 Human Resources Implications**

- 11.1 There are no HR implications arising from this paper.

## APPENDIX 1

### SUMMARY OF RESPONSES TO WAGE SURVEY

- Total responses received to date: 46 (36% of businesses sent to)
- The responses cover 468 employees – c.21% of the total active workforce (including MPA civilian workers)

**Survey Form A** – *Survey of hours worked and average hourly pay for week ending in Aug/Sep 2010 – money payments only*

#### Wages Paid to Employees by proportion of workforce

Pay Band	All	MPA	Non-MPA
under £3.01	23%	63%	0%
£3.01 to £3.50	5%	14%	0%
£3.51 to £4.00	2%	3%	2%
£4.01 to £4.50	5%	2%	7%
£4.51 to £5.00	6%	10%	3%
£5.01 to £5.50	3%	3%	4%
£5.51 to £6.00	6%	1%	9%
£6.01 to £6.50	2%	1%	3%
£6.51 to £7.00	5%	1%	8%
over £7.00	41%	3%	64%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Survey Form B** - *Survey of hours worked and average hourly pay for week ending in Aug/Sep 2010 – money payments and accommodation/food*

#### Wages Paid to Employees by proportion of workforce (including accommodation/food)

Pay Band	All	MPA	Non-MPA
under £3.01	21%	62%	0%
£3.01 to £3.50	4%	13%	0%
£3.51 to £4.00	1%	3%	0%
£4.01 to £4.50	1%	3%	0%
£4.51 to £5.00	5%	13%	1%
£5.01 to £5.50	1%	3%	0%
£5.51 to £6.00	4%	2%	5%
£6.01 to £6.50	2%	1%	2%
£6.51 to £7.00	7%	1%	10%
over £7.00	52%	0%	80%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Commentary

- Current total workforce is estimated to be 2,265, split 1,737 non-MPA and 528 MPA. Data was provided for 468 employees, accounting for c. 21% of the total workforce, and c. 27% of the private sector workforce (after stripping out 516 FIG employees).
- This data sample reflects what Mike Harte established in 2001 – that generally non-MPA workers are better paid and work fewer hours than MPA-based employees. For example in cash terms, 30% of non-MPA workers are paid under £4 per hour, whereas 80% of MPA workers are paid less than £4.
- Note that the numbers referred to above reference Survey Form A, which excludes food and accommodation. When factoring that in however, the numbers are similar.

#### Hours Worked Analysis

**Hours worked by employees as proportion of workforce**

<b>Hour worked in week</b>	<b>All</b>	<b>MPA</b>	<b>Non-MPA</b>
Under 15 hours	8%	0%	13%
Over 15, and under 20	0%	0%	1%
Over 20, and under 25	3%	0%	5%
Over 25, and under 30	1%	0%	1%
Over 30, and under 35	2%	0%	3%
Over 35, and under 40	28%	3%	42%
Over 40, and under 45	8%	0%	13%
Over 45, and under 50	9%	0%	15%
Over 50, and under 55	2%	0%	3%
Over 55, and under 60	38%	97%	3%
Over 60	1%	0%	2%

**Commentary**

- Note the large proportion of 55-60 hour weeks worked by MPA workers.
- With a sample size of only 27%, and a slightly skewed MPA sample especially (towards larger firms), these numbers need to be viewed with a degree of scepticism currently. However, they do provide an indication and raise concerns about both pay and hours worked by MPA-residents.

**PREVIOUS TABLES FROM MIKE HARTE'S ANALYSIS IN 2001**

Based on a sample size of 727 – c. 50% of the private sector workforce at the time.

**Wages paid to employees by proportion of workforce**

<b>Pay Band</b>	<b>All</b>	<b>MPA</b>	<b>Non-MPA</b>
Under £3.01	25%	32%	6%
£3.01 to £3.50	2%	3%	1%
£3.51 to £4.00	6%	6%	6%
£4.01 to £4.50	7%	3%	17%
£4.51 to £5.00	10%	7%	18%
£5.01 to £5.50	3%	4%	3%
£5.51 to £6.00	5%	4%	6%
£6.01 to £6.50	6%	7%	3%
£6.51 to £7.00	6%	4%	9%
Over 7.00	30%	31%	31%

**Hours worked by employees as proportion of workforce**

Under 15 hours	8%	3%	17%
Over 15, and under 20	4%	1%	10%
Over 20, and under 25	2%	1%	4%
Over 25, and under 30	3%	1%	7%
Over 30, and under 35	2%	2%	5%
Over 35, and under 40	21%	17%	30%
Over 40, and under 45	12%	14%	9%
Over 45, and under 50	9%	6%	17%
Over 50, and under 55	9%	12%	1%
Over 55, and under 60	27%	38%	1%
Over 60	4%	5%	0%