



Minimum Wage Committee

Bing Faill-By-Loo

**Isle of Man
Government**

Reilrys Ellan Vannin

15th March 2024

Hon. Mr T. Johnston, MHK,
Minister,
Department for Enterprise,
St George's Court,
Douglas,
Isle of Man.

Dear Minister,

Re: Minimum Wage Review

I write further to your e-mail of 21st February 2024 requesting the Committee to consider an interim increase to the Minimum Wage, whilst the outcomes of the Impact Assessment are awaited.

Some time ago the Committee considered a recommendation from one member for an inflationary increase, however this did not gain the necessary majority at that time. Your e-mail included a recommendation for a 6% increase, which the Committee considered on Thursday 7th March 2024. I am pleased to report that the meeting was quorate, and your suggestions were received favourably.

The Committee, in light of the evidence received so far considered the following:

(a) the wider social and economic implications of any minimum wage to be prescribed

The Committee has always felt that the cost of living on the Island is such that the rate should generally not be below that of the UK.

(b) its likely effect on —

(i) employment, especially amongst disadvantaged groups;

(ii) inflation;

(iii) its impact on the costs and competitiveness of businesses;

(iv) the costs of industry and public authorities in the Island;

The Committee is content with the interim recommendation below, but feels that there could be significant impacts if the scales of increases proposed to achieve parity with the Living Wage are carried out in the timeframe required. The Committee is particularly concerned that certain disadvantaged groups, particularly some disabled workers, may move towards becoming uneconomically viable to employ, and the Committee would welcome changes to the support offered via Social Security.

(c) its impact on pay, employment, and competitiveness in low-paying sectors and small businesses;

The Committee is concerned about the scale of increases required upon small businesses, and on the competitiveness of low paying sectors, and looks forward receiving further evidence on this point.

(d) its effect on different groups of workers;

**Chief Executive
Mark Lewin**

**Mr Nigel Walker
Secretary to the Minimum Wage Committee.**

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The Committee feels that this interim recommendation will have a limited impact upon different groups of workers, and looks forward to receiving additional information in due course.

(e) the effect on pay structures;

The Committee is concerned that certain lower pay grades will be overtaken by the increases required, and lead to the hastening of the erosion of differentials. The Committee has already noted that this will have an impact upon the public sector.

(f) the interaction between minimum wage rates and the tax and benefit systems.

The Committee considered that for a 37 hour week the NI and Tax take would increase from a total of 10.17% to 11.39%, leading to a very small increase in take home pay.

After discussion the Committee unanimously agreed to adjust your proposals as follows:

Single Hourly Rate should rise from £10.75 to £11.45, this is slightly above the 6% you proposed, because it would have led to a rate of £11.39, and have left the majority of Manx Minimum Wage earners earning less than their counterparts in the UK (shortly to rise to £11.44), and will leave Manx Minimum Wage earners ever so slightly ahead, as a minor recognisance of the increased cost of living on the Island, which the Committee intends to consider, and make recommendations regarding, fully once the evidence becomes available at a later date.


The Youth Rate should rise from £8.05 to £8.50. Your proposed 6% increase would have led to a rate of £8.53, and in the absence of evidence to the contrary, the Committee felt that the saving of 3p on the youth rate, may assist employers with the increase to the single hourly rate. Regrettably this rate will leave younger workers paid at a rate below that prevailing in the United Kingdom, whilst a full recommendation is awaited.

The Committee does not recommend a change to the accommodation offset at this time.

The Committee will meet again to consider the impact study which is presently underway. The Committee currently proposes for a more fully considered wage recommendation to be made so that the political process can be completed in time for an October commencement date.

I hope that this assists your deliberations pending completion of the impact study for which the Committee is grateful for the support from yourself and Minister Allinson.

Yours sincerely,



Ms Anne Marie Weadock, Dip RSA
Chair, Minimum Wage Committee.

c.c. Mr A. Allinson MHK, Minister, Treasury