

Review of the Minimum Wage Act 2001

Overview

It is not the purpose of this consultation to seek views on the rate of the minimum wage. Rather this consultation seeks views on the process by which the rate of the minimum wage will be determined in the future.

Our Island Plan sets out a vision of a secure, vibrant and sustainable Island, with a commitment for the Department for Enterprise to deliver reforms to employment legislation, ensuring the Island is aligned with international standards and remains a competitive and attractive place to work.

Though in 2017 the Equality Act made a number of significant changes to employment law in the Island in relation to discrimination, over a number of years the Isle of Man has been falling behind international standards in relation to employment rights. The Department intends to make a number of changes to employment law in the current administration.

In 2022, the Department consulted on a number of topics that came to make up the Employment (Amendment) Bill 2023 that completed its progress through the Legislative Branches earlier this year. Those measures, which focused mainly on family leave rights and whistleblowing, will be implemented in the spring of 2025.

Why your views matter

The Department now seeks to make further improvements to employment legislation on the Isle of Man. **This consultation seeks views on the operation of the Minimum Wage Act 2001.**

The consultation is issued in tandem with a series of other consultations that can be found on the Consultation Hub in relation to employment rights.

Throughout this consultation, the UK's legislation may be referenced. It should be noted that now the UK is under a Labour Government, that this may change in the future.

Following this consultation, the Department will review the responses and use this information to inform the development of the Employment (Amendment) Bill that will be brought forward in 2025.

A summary of responses will be published on this page within 12 weeks of the consultation closing.

More information on Minimum Wage and the associated legislation can be found on the [Minimum Wage page on gov.im \(opens in a new tab\)](https://www.gov.im/categories/working-in-the-isle-of-man/employment-rights/minimum-wage/)

<<https://www.gov.im/categories/working-in-the-isle-of-man/employment-rights/minimum-wage/>> .

If you would like to find out more about the Island's current statutory employment rights, please visit the [Guides to Employment Rights page on gov.im \(opens on a new tab\)](https://www.gov.im/categories/working-in-the-isle-of-man/employment-rights/guides-to-employment-rights/) <<https://www.gov.im/categories/working-in-the-isle-of-man/employment-rights/guides-to-employment-rights/>> .

Reasonable adjustments and alternative formats

The Department is committed to equal opportunities and our aim is to make our documents easy to use and accessible to all.

We will take steps to accommodate any reasonable adjustments and provide such assistance as you may reasonably require to enable you to access or reply to this consultation.

If you would like to receive this document as a paper copy, in another format or need assistance with accessing or replying to this consultation, please email jasmine.cowin@gov.im or telephone +44 1624 686559.

Responding to this consultation

You can respond to this consultation online by clicking on the 'Online Survey' link below.

About you

Please note that most questions on this consultation are **optional**, with the exception of the consent question below 'May we publish your response'. There are multiple text boxes provided throughout the consultation, but you are not required to complete them unless you want to explain your view.

What is your name?

Name

What is your email address?

Email

Are you responding on behalf of an organisation?

Please select only one item

- Yes
- No

Organisation

In what capacity are you responding as:

For clarity, an **employee** is someone who works under a contract of employment and perform their services personally for the employer.

Workers are people who are engaged on a contract for services. The term 'worker' can be used to cover a wide range of working relationships e.g. casual workers, freelance workers, employment agency staff and some independent contractors.

Please select only one item

- Employer
- Employee
- Worker
- Self-employed
- Other (please specify)

Other:

If you employ other people, how many employees & workers do you have?

Please select only one item

- 0
- 1 to 10
- 11 to 25
- 26 to 50
- 51 to 100
- 100+

May we publish your response?

Please read our [Privacy Policy](#) for more details and your rights.

More information

- Publish in full – your first name and surname, organisation name, along with full answers **will** be published on the hub (your email will **not** be published)
- Publish anonymously – only your responses **will** be published on the hub (your name, organisation and email will **not** be published)
- Do not publish – **nothing will** be published publically on the hub (your response will only be part of a larger summary response document)

(Required)

Please select only one item

- Yes, you can publish my response in full
- Yes, you may publish my response anonymously
- No, please do not publish my response

The Minimum Wage Act

The Minimum Wage Act was passed in 2001. The original intention behind the Act was to set minimum limits on the lowest pay to workers to act as a 'safety net'.

The Act requires that the Minimum Wage Committee makes recommendations as to the rate of the minimum wage and that the Department for Enterprise and Treasury consult the Committee and consider its recommendations before the minimum rate is specified in Regulations. There is though, no statutory requirement that the recommendations of the Committee be followed.

Regulations under the Act make no provision as to how the Committee should determine what the minimum wage rate should be, other than specifying that the Committee must consider the implications of the rate on a number of areas such as employment, inflation, and the effect of the rate on different groups of workers.

In recent years, the focus on the minimum wage has changed from a rate which provides a safety net to a rate which reflects the cost of living in the Isle of Man, i.e. the Living Wage.

Since 2017 the Isle of Man Government has calculated a living wage rate on an annual basis following a resolution of Tynwald that a voluntary living wage should be introduced.

The Isle of Man Government's current Island Plan goes further and sets out a commitment for a transition from a minimum wage to a living wage by April 2025.

Unlike determination of the rate of the minimum wage, the living wage is calculated on a specific methodological basis. However there is no statutory basis for calculation of the Living Wage.

The fact that the Isle of Man Government, and Tynwald, has agreed that the minimum wage should be brought into line with the living wage raises the question of the current role of the Minimum Wage Committee. As stated above, DfE and Treasury must consult with the Committee before specifying the minimum wage rate, and the Committee is empowered to make recommendations on the minimum wage rate.

If it is simply Government policy for the minimum wage to be pegged at the level of the Living Wage, what is the role of the Minimum Wage Committee? It may be that in future administrations there are issues to consider around the appropriate rate of the minimum wage. It seems that it might be appropriate, for example, for the Isle of Man Government to consult generally prior to introduction of a new minimum wage/living wage rate rather than a statutory Minimum Wage Committee being maintained.

On the other hand, in the UK the new Labour Government has committed to changing the remit of the Low Pay Commission (the equivalent of the Minimum Wage Committee there) so that the Commission takes into account the cost of living, in order to deliver a minimum wage that is 'a real living wage'. It may be that the remit of the Minimum Wage Committee simply needs to be amended in a similar way.

Do you have any views as to whether the Minimum Wage Committee should be abolished, and if so, what should replace it?

If the minimum wage reaches parity with the living wage, do you have any views as to what the method of specifying the rate of the minimum wage rate should be?

Do you have any other views on the Minimum Wage Act 2001 and how it should be amended?

Do you have any other comments?