



Isle of Man Chamber of Commerce

Submission to the Minimum Wage Committee | Minimum wage rate for April 2027

Dear Members of the Minimum Wage Committee

Chamber's recommendation is that the statutory minimum wage should not increase in April 2027.

We recognise the pressure that the cost of living places on lower-paid employees and the importance of fair pay. However, based on the evidence submitted by our members and the wider picture we are hearing consistently from businesses, we do not believe a further increase would be conducive to keeping businesses open, protecting employment or enabling firms to flourish and grow.

Businesses need a period of stability. Recent increases have not affected only those paid at the statutory minimum. They have moved through entire wage structures, increased employer on-costs, reduced margins and changed decisions about recruitment, staffing, investment and training. For many employers, there is now little or no capacity to absorb another rise.

The available data points to a weakening Island economy and labour market:

- GDP contracted by 7.4% over the two years to 31 March 2024. More recent indicators suggest that growth remains weak. (Source: Government National Income figures)
- Employment in export sectors has fallen by more than 1,200 since 31 March 2024. These sectors have long been important drivers of growth, Government revenue and activity across the wider economy. (Source: Government Economic Dashboard)
- Private sector median and average earnings fell by more than 4% in 2025, while public sector pay awards were at or above inflation. (Source: Government Earnings Survey)
- Job vacancies have fallen by more than 40% over the past two years. (Source: Government Economic Dashboard)
- Analysis by Island Jobs indicates that entry-level opportunities, particularly private sector graduate roles, have fallen further still. (Source: Island Jobs)



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The minimum wage has risen substantially in real terms since its introduction in 2001. Against this economic backdrop, Chamber believes a period of stability is now in the interests of workers, employers and the wider community.

Taken together with the evidence from our members, these indicators give Chamber serious concern that a further increase in April 2027 would lead some employers to reduce recruitment or hours, limit opportunities for young people and place additional pressure on the viability of local businesses and existing jobs.

Evidence from Chamber members

Chamber's August/September 2026 pulse check received 137 responses from businesses across 15 sector categories.

Headline findings	Result
Wage compression remains an issue	83%
Concern about employing and training young or inexperienced people	79%
Impact of minimum wage policy is greater than in 2025	69%
Wider employment costs are significant or very significant	78%
Employees do not receive the full headline benefit after tax and NI	72%

When asked whether minimum wage increases were still creating pressure to raise pay across the wider workforce to maintain appropriate differentials, 83% of respondents said this remained an issue. More than half of respondents said the impact had increased. 69% said the overall impact of minimum wage policy on their business was greater than in 2025.

The cost reaches far beyond minimum wage roles

A rise in the statutory rate does not translate into a matching percentage increase in payroll. Employers must maintain credible differentials for skills, experience and responsibility. National Insurance, pensions, holiday pay and other employment costs then increase alongside wages.



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"We have had to implement additional wage increases at all levels to alleviate the compression these minimum wage changes have caused. This has cost our business in excess of £200,000 extra per year and has not fully resolved the issue."

Upper-medium manufacturing and engineering business

"The previous minimum wage rise cost the company £9,000 plus employer National Insurance, and another £13,000 plus employer National Insurance for those who were just above minimum wage." **Small construction business**

Businesses are already changing employment and growth decisions

Among the respondents who selected at least one operational impact, the reported actions were:

Action already reported	Result
Reduced recruitment or vacancies unfilled	46%
Delayed growth or expansion	40%
Reduced staff numbers	39%
Reduced employee hours	37%
Restructured roles	27%
More automation or technology	27%
Increased outsourcing	13%
No significant impact	18%

These figures show that employers are already responding through vacancies left unfilled, lower headcount, fewer hours, delayed expansion and increased automation. A further rise would intensify those decisions rather than create the conditions for businesses to invest and grow.

"We are not able to employ at the current minimum wage rates as a micro enterprise. We cannot scale our business or grow and employ, so we have decided to replace labour with automation." **Micro producer**

Entry-level opportunities are being withdrawn

Respondents remain concerned about the affordability of employing and training young people, apprentices, trainees and inexperienced workers. The comments show that this is not theoretical: employers have stopped or reduced apprenticeships, traineeships, work experience and first-job recruitment, or now select an experienced candidate instead.



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"We have reduced the number of entry-level opportunities we can offer and are more likely to recruit someone who already has experience and can work independently." **Medium hospitality business**

"We have stopped recruiting young people and trainees and instead automate or contract work outside the Isle of Man." **Small manufacturing and engineering business**

This should be of real concern. If entry-level employees are priced out before they can gain experience, the Island will compound its existing skills shortages and weaken the future workforce pipeline.

Businesses cannot keep passing costs to customers

61% have raised prices and half have absorbed costs through lower margins. Members repeatedly say that customers are now resisting higher prices or reducing how often they buy. Others operate under fixed contracts, regulated rates, insurance-set charges or public-service funding arrangements that prevent costs being passed on. Further increases therefore fall back on staffing, investment, opening hours and viability.

"There is a ceiling to what customers are willing or able to pay. We therefore have to absorb part of the increases through reduced margins, while also reviewing staffing hours, recruitment and other expenditure." **Medium hospitality business**

"Construction projects are based on a bill of quantities. Any wage increase has to be absorbed because it cannot be passed on to the client." **Small construction business**

A further increase would not solve the underlying problem

72% do not believe employees receive the full benefit of minimum wage increases after Income Tax and National Insurance. Members describe a circular effect: wages rise, employment costs rise, prices increase and employees face a higher cost of living while retaining only part of the headline gain.

Minimum wage policy cannot carry the full burden of addressing the Island's cost of living. Housing, energy, freight, taxation and the cost of public services all affect disposable income. A further statutory rise would place the immediate cost on employers without addressing those underlying causes.



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Chamber's recommendation

Chamber asks the Committee to recommend no increase to the minimum wage for April 2027.

A freeze would provide a period of stability while businesses absorb recent increases and the new Administration assesses their effects on employment, hours and business viability. It would give employers more scope to retain staff, recruit, train and invest at a time when the wider economy and labour market are under pressure.

Chamber will ask the new Administration to examine whether changes to Income Tax and National Insurance thresholds could improve take-home pay more directly, alongside stronger support for apprenticeships, traineeships and first-job opportunities. Supporting living standards and access to work should remain priorities, but the cost should not fall solely on businesses already under pressure.

The minimum wage must protect workers without closing off opportunities to work. Our members' evidence points to a real risk that a further increase in April 2027 would mean fewer jobs, reduced hours and fewer entry-level opportunities. That risk warrants a pause and a careful assessment before any further increase is considered.

Kind regards

Rebecca George
Chief Executive Officer
Isle of Man Chamber of Commerce

Appendix: Survey response profile

The pulse check received 137 responses. Questions were optional, so the number answering individual questions ranged from 99 to 117. Percentages in this submission use the number answering the relevant question.