

## Consultation on Review of the Minimum Wage Act 2001

Closing Date: 29<sup>th</sup> November 2024

### Douglas City Council Response

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#### MINIMUM WAGE ACT

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

While there may be arguments on both sides regarding the future of the Minimum Wage Committee, any decision would need to carefully consider and weigh up the implications for workers' rights against economic realities faced by employers i.e., potential job losses, increased operational costs, etc.

Any method chosen for determining the minimum wage will need to carefully balance the implications for workers' rights with the economic realities faced by employers whilst creating a responsive and equitable minimum wage system that addressed both local needs and broader economic conditions.

**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?**

The minimum wage could be automatically adjusted (indexed) based on changes to the living wage, ensuring it remains aligned without requiring frequent legislative intervention.

Implement a system of regular assessments to evaluate the effects of the minimum wage on businesses, employment costs, economic status, etc.

Establish a formal process for consulting with various stakeholders including businesses e.g., retailers, hospitality sector, organisations, trade unions etc.

Implement a gradual increase in the minimum wage level over a period rather than all at once.

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

A balanced approach that considers both employee wellbeing and business sustainability should be considered if the Minimum Wage Act 2001 is to be amended.

**Do you have any other comments?**

Is Government anticipating the higher tax receipts forthcoming with the change, which should have a positive budgetary impact for it in the short term at least.

Some smaller employers may struggle to make sufficient profits to maintain a profit margin after the change, without putting up their prices, thereby generating a local inflationary hike. Treasury will need to bear in mind the inflationary impact,

**particularly when it is claiming that rigorous financial discipline is now essential at a time when Government finances are very finely balanced.**

**With a significant proportion of the retail and hospitality business based in Douglas, then the capital may be disproportionately affected by the change, with businesses experiencing an imposed squeeze on profit margins. Transitional support to local independent traders should be considered by DfE.**