



Isle of Man Chamber of Commerce

Open letter to the Treasury Minister of Isle of Man

28th February 2024

Dear Treasury Minister

Business Vote of No confidence in the 2024 budget

We are writing to you on behalf of our membership and their 22,000 employees drawn from across all sizes and sectors of our economy, we write to ask you to act decisively to re-establish real fiscal responsibility across Ministers and Departments to regain the confidence of businesses following last week's budget.

Please find enclosed and attached with this letter:

- The Chamber's media release expressing our reaction to the recent budget
- Results of a survey conducted across all sectors of our membership at the end of last week:
 - 98% say the budget won't help their business
 - 96% say it won't help their employees
 - 95% say that tax rises should have been matched with corresponding savings in government expenditure
 - Over half of employers don't believe the childcare support in the budget will help their employees
- A comprehensive summary of members' sentiments, including open comments after the announcement of the budget and tax strategy

In a nutshell, the overwhelming feeling of our members is that last week's budget was bad for business, employees, and demoralising for business owners.

To fund public services on Isle of Man we need positive, motivated, and investing businesses and employees.

In terms of future economic development, some comments express disappointment and a resulting lack of desire to either move here or stay here, citing a post budget erosion of our competitive advantages. There was surprise that a long-awaited tax strategy that many expected to be progressive and visionary but appeared to be far from that and was released a day after the budget, in advance of a UK General Election, which could change the adjacent tax landscape substantially.

We are therefore seeking urgent action to re-establish stability, confidence, and optimism for businesses by addressing the following:

- Chambers members have overwhelmingly declared a vote of no confidence in the 2024 budget. We need to turn this around, urgently. Responsibility for the Economy should be clearly defined via a Strategic Board of public and private sector members with a Minister reporting through to Comin. The remit would be to drive and deliver economic growth via macroeconomic modelling and impact assessments carried out by economists (following suit with other jurisdictions such as Jersey & Estonia) whilst ensuring mandatory oversight on key economic drivers.



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- In the meantime, the Island urgently needs a Treasury Minister and Team (Political and Officer) that understands business, our economy, and its structure, when taking decisions that affect future growth, government spending, investment, and the island's competitive advantages.
- The size, cost and scope of government needs tackling, urgently. The preference of many members is a move to a single legal entity.
- Ministers and Departments must be financially responsible and accountable with mandatory oversight on spending. Respecting their budget by prioritising essential and core services, taking a "back to basics" approach, whilst improving agility, productivity, and service.

Ministers must be prepared to listen and understand, not listen to answer. Too much recent interchange has been the latter, a union leader commenting on the budget last week spoke of it as "tokenism".

There is a perception that government is light on those that understand business and more importantly the impact of the rapid pace of change and transformation being driven by external market forces currently.

Members noted your comments to EPRC and on Manx Radio this week that "Government cannot 'arbitrarily' reduce its employee headcount without considering the provision of frontline services". However, these bleak survey results underline a strong and prevalent conviction amongst our members that the government has become overly large and financially burdensome and in many "non frontline" areas savings could be made. We cannot continue to compromise our economic strengths and competitive position to accommodate these expenditures, especially on non-essential services.

The Island is also of a size to foster informed public and private sector collaboration, by sharing knowledge and expertise. It is in all of our interests to do so.

As the Island's biggest business network, we have immediate access to business leaders who have done such transformation themselves recently, who could provide input directly to government on this and a range of other concerns highlighted here.

As the attached additional comments document show, there are already a number of cost and money saving suggestions for government from our members. Over the coming weeks, we intend to build a project across our membership to gather further examples and proposed solutions to share.

To restore confidence, we encourage you to act decisively and strongly to address the current negativity and instability in Manx politics and Business around the 2024 Budget.

Yours sincerely

The Chamber Board

Cc: Chamber members, MHK's/MLC's, sector representative bodies



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Isle of Man Chamber of Commerce: Budget comment media release

Government in denial about challenges facing businesses, employees & economy

The Island's biggest business network says the Budget shows Government is 'in denial' about the harsh realities being experienced by the majority of Island businesses, and their employees.

Isle of Man Chamber of Commerce says it is yet another missed opportunity to address many long-running issues which the organisation has highlighted for several years as being barriers to economic growth.

In more detail, Chamber has 5 major concerns:

1. Overall, the Budget will not drive economic growth or address the main challenges that businesses in many sectors are facing (i.e. rising costs, labour and skills shortages). The tax changes announced will increase these disparities. This makes the Isle of Man a less attractive option for workers from overseas – a crucial point in the context of employers needing to recruit in order to address labour and skills shortages, and in terms of meeting the Government's own target of increasing the economically active population. We also need to consider that many experienced and highly qualified professionals in critical roles with Island businesses right now have plenty of options to relocate to competitor jurisdictions. This Budget is unlikely to help employers address any of these challenges.
2. The Isle of Man is facing a demographic time-bomb that could explode in the next decade. Data from the UK and USA shows that for every 5 'Baby Boomers' who retire, only 2 from 'Generation Z' are replacing them – and anecdotal evidence Chamber has gathered suggests that the same trend is happening here.
3. It increases the tax-burden for many workers, especially single people and those on lower and middle incomes, at the same time as increasing the budgets for all Government departments. This, says Chamber, shows Government's continued failure to focus on making departments more efficient and providing better value for money, rather than increasing spending.



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4. In his closing comments to the Budget debate we were pleased to hear Treasury Minister rubber stamp the important work of the recently established Skills Board and are keen to hear more about the support he will enable to progress the key actions.
5. In short, the Budget is an example of Government being more focused on input than output in terms of the service delivery of departments. Chamber – as it has done since it published a [Business Manifesto](#) in the run up to the 2021 IOM General Election – has been calling for Government to do more to improve efficiency across all departments i.e. removing duplication across departments, focussing on delivery not producing more strategies and replacing paper with digitised services.

Chamber does acknowledge some positives in the Budget:

- Help for workers needing childcare (i.e. the additional funding of £3 million has been provided to the Department of Education, Sport and Culture for 2024-25 to assist with the initial implementation of the Child Care Strategy);
- A review of procurement regulations to maximise benefit to the local economy, while continuing to satisfy the requirements of international Free Trade Agreements.

We have today engaged with our membership to gain their feedback which will be shared next week.



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Isle of Man Chamber of Commerce survey results

Released on Thursday 22nd February 2024 and closed at 18:00 on Tuesday 27th February 2024. A total of 201 responses were received.

