



# Press Release

For immediate release  
Friday 25 February 2005

## **Minimum Wage Increase, a Concern for Business**

The Institute of Directors (IoD) today voiced its concern at the proposed 9% increase in the National Minimum Wage over the next 2 years. The IoD said that the increase - from £4.85 per hour now, to £5.30 in 2006 - will be ahead of average earnings growth and will provide upward pressure on wage costs across the board, as companies aim to maintain salary differentials with other members of staff.

Miles Templeman, Director General of the IoD said:

"In the past our members have been relatively relaxed about the impact of the minimum wage on their business, but at the same time, we have warned consistently about the cost implications of over-indexation. If companies allow pay differentials to narrow, they risk losing staff. If they maintain pay differentials, their cost base increases.

"Today's announcement means that business faces a stark choice between losing staff or increasing costs. We would argue that in the future, the minimum wage should increase no faster than average earnings growth."