



**TYNWALD COURT  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
QUAIYL TINVAAL**

**PROCEEDINGS**

**DAALTYN**

**(HANSARD)**

**SELECT COMMITTEE ON IMMIGRATION**

**BING ER-LHEH TINVAAL MYCHIONE  
ARRAGHEY STIAGH 'SYN ELLAN**

**Douglas, Monday, 11th February 2008**

**Members Present:**

Chairman: The Speaker of the House of Keys (Hon. S C Rodan)  
 Mrs C M Christian, MLC  
 Mr Q B Gill, MHK  
 Mr R W Henderson, MHK  
 Mr J P Watterson. MHK

*Clerk:*  
 Mr L Crellin

**Business transacted**

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*The Committee sat in private at 4.15 p.m.*

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## Tynwald Select Committee on Immigration

*The Committee sat in public at 2.30 p.m.  
in the Millennium Conference Room,  
Legislative Buildings, Douglas*

[MR SPEAKER *in the Chair*]

### Procedural

**The Chairman (The Speaker of the House of Keys, the Hon. S C Rodan):** Good afternoon everyone. Can I welcome you to this meeting, which is an open sitting to take evidence from invited witnesses, of the Select Committee of Tynwald on Immigration. This particular Committee was established in January last year, to examine and review the adequacy and operation of the existing legislation in the Isle of Man for monitoring and controlling immigration to the Island.

My colleagues on the Committee are: Mr Bill Henderson, MHK; Mrs Clare Christian, MLC; Mr Quintin Gill, MHK; Mr Juan Watterson, MHK; and Clerk to the Committee, Mr Les Crellin. Mrs Ellen Callister is our *Hansard* Editor who is recording today's proceedings, so everything that is said this afternoon will be recorded and published.

At this point, can I ask everyone to ensure that mobile phones are switched off to avoid any interference with the recording.

For today's sitting we have invited representatives of those organisations which make an invaluable contribution to the economy of the Isle of Man to present their views and comments on immigration matters.

Obviously, this Committee is not charged with looking specifically at reviewing work permits, but more of the broader legislation available to the Isle of Man for the control of immigration. However, we do acknowledge that the organisations which we are questioning this afternoon are actively involved in the recruitment and development of staff to enable business and services to function effectively, and the question of work permits will inevitably come into our discussion.

*Mrs Maddrell was called at 2.34 p.m.*

### EVIDENCE OF MRS J MADDRELL

**The Chairman:** So as the first witness could I invite Mrs Julie Maddrell, Director of the Manx Hospitality Partnership to come forward, please.

Good afternoon to you and thank you very much for coming to meet us. We have had a submission in writing – we had it last year – from Mr Fleurbaay, the Chairman of the Manx Hospitality Partnership. Could we get underway

by asking you just to say a little bit about your own position and the organisation you represent?

**Mrs Maddrell:** The Manx Hospitality Partnership logo, I suppose, is the voice of the industry, and the industry that we represent are hospitality providers. The profile of the Manx Hospitality Partnership, I would say, is 75 per cent small providers, so people such as myself with a five-star guest house with only three rooms and a holiday cottage – and my business is pretty typical – right through to the Hilton and the Steam Packet are also members of the Hospitality Partnership. We tend to sit as a voice between our members and people such as the Tourist Board, for example.

**The Chairman:** Okay, thank you. In the view of the Partnership and the members, how much of a problem is the recruitment of staff and how much of a problem is retaining staff in the sector that you represent?

**Mrs Maddrell:** I think the evidence that I give I would like to be based on fact and on things that have happened recently. I think we had a very good example of this problem in TT last year, when the hospitality school in Port Erin closed. It was a major problem for the industry at that stage; we had lots of emergency meetings and what came out there was that the large providers were the ones that were most hit. So, for example, at the Hilton Hotel, they were really severely concerned because this happened so quickly, obviously they had not had time to recruit new people, but a lot of their part-time staff were people who had been brought in by the Hotel School.

From the smaller providers such as myself, it is a different perspective. I need assistance, I need help, but it is seasonal – and I think it has always been such in the Isle of Man historically. There has always been tourism work in the tourist season and, of course, we know again, historically, the winter work schemes were probably provided earlier in the century to help out people who were not employed in the tourist industry. For people such as myself, I need someone in the season.

However, there is another element to that. Cleaners ask £10 an hour on the Isle of Man. People such as myself cannot afford to pay those rates. We are more than happy to pay minimum wage and above, but I think that again is a historic perspective, because there has been such high employment then people can tout themselves around and not be prepared to take a job for less than £10 an hour. I do not want to make a comment on what the value of this job is, but it means that people such as myself do find it difficult to find casual staff.

**The Chairman:** Thank you. Can I ask my colleagues if they would like to pursue the questioning? Mr Henderson.

**Mr Henderson:** Thank you, Vainstyr Loayreyder.

You said the Hilton was particularly hard hit last year. The comments that were shot round at the time, also, with regard to the closing of the catering school was that in fact the Hilton was reliant on *cheap* labour. How would you comment on that?

**Mrs Maddrell:** It is interesting you say the comments that were thrown around, because this was raised and we have to ask of course the viability of those comments – where did

### Procedural

they come from?

I am assured by the Personnel Director... we were assured at the time that people were being paid the minimum wage and above. I do not know whether this group here will be looking into the value of the job, but for an awful lot of jobs within our industry, minimum wage and just above minimum wage is the going rate. I hope that there is no sort of comment there that people were paying below the minimum wage because, as a Manx Hospitality Partnership, we are quite assured that that was not the case.

**Mr Henderson:** That is interesting to note. Are there any other observations with regard to the fall-out from the closing of the Port Erin school that you may wish to talk to us about? I find it interesting that the likes of the Hilton seem to be heavily reliant on that particular venue. I was wondering, why did they not advertise more widely and use more local resident employ or UK resident employ?

**Mrs Maddrell:** Again, I think this is historic. I also used to teach at the hospitality school at one stage, so I do see this from another perspective, and I also have to declare that I was the international officer at Salford University at one stage, so I do understand about employing students, etc.

Historically, the Isle of Man supported the Hotel School and part of the degree that they were studying for – part of the qualification they were studying for – had an element of work placement. So I think that there was a relationship formed between places such as the Hilton to support those students, to give them the work placement that was part of that qualification. I think that was probably a very good relationship at the time, and hence no need, perhaps, to look elsewhere, because there was a labour force here that was supported by the Government, because they were supporting those students. So it was a symbiotic relationship really.

**Mr Henderson:** When you say it was supported by the Government, are you aware that Government funding was being put in at that time to the catering school, only supported in a moral sense or Government grateful that they were there?

**Mrs Maddrell:** Three questions there. I know I am not aware of funding, that was not a funding comment. It was basically the fact that they were here and they were getting permits for the students to study on the Island, and therefore I presume that they were here with the Government's blessing.

**The Chairman:** Thank you. Mrs Christian.

**Mrs Christian:** Thank you.

You have indicated there is obviously a spectrum of businesses covered by your Partnership. Is it the case, because businesses such as your own which need help on perhaps a weekly basis because of changeovers, that you would be more likely to employ local labour, than immigrant labour with work permit requirements, or does that sector of the community, in fact, have a major work permit requirement?

**Mrs Maddrell:** I would say we would always look to local labour first, for many reasons, lots of them very practical. Local people live locally, can walk to their work,

can be called upon quite quickly. So yes, I think we would always look to local labour first; but the problem I have highlighted before is local labour, these days, comes very expensive.

**Mrs Christian:** So are you saying, then, that there is not a major difference between the seven-days-a-week providers and the smaller businesses, in terms of the element of immigration that impacts on? Clearly, I think in the submission there is quite a high percentage of foreign labour in some of the big businesses which are operating seven days a week.

**Mrs Maddrell:** Well, we are all operating seven days a week.

**Mrs Christian:** But you would not necessarily have help seven days a week, would you?

**Mrs Maddrell:** Yes, during the season.

**Mrs Christian:** So, you are talking about a daily provision, not self-catering?

**Mrs Maddrell:** Well, self-catering would be once a week, but from my perspective with a guest house as well, it would be daily.

**Mrs Christian:** Does your association cover self-catering?

**Mrs Maddrell:** Yes, we do.

**Mrs Christian:** Would you think there is a difference there in terms of the labour that they require?

**Mrs Maddrell:** Oh, most definitely, I would think that most self-catering properties probably do not hire extra labour.

**Mrs Christian:** Could I ask, in terms of the balance between the two, is there any prejudice exhibited against immigrant labour?

**Mrs Maddrell:** Not that I am aware of.

**The Chairman:** Mr Gill.

**Mr Gill:** Thank you Chairman.

Mrs Maddrell, could I ask you in your experience or the experience of your colleagues in the Partnership, how was the gap left by the departure of the Hotel School being filled?

**Mrs Maddrell:** I do not think it has been 100 per cent filled. I think it has been filled where it has been by local labour, but also particularly in the Douglas area, we seem to have a lot of Polish workers at the moment: a lot of European labour at the moment that has come onto the Island.

**Mr Gill:** Further to that, do you have any experience in, directly or indirectly, immigration on a purely seasonal basis, or is it people... as you mentioned earlier, there is a market place for people in between jobs depending on the advantages of that?

**Mrs Maddrell:** Yes, I think there is a marketplace and people do know. I think the way we understand it is that the people who are unemployed after the season probably look to other areas of work in the winter time.

**Mr Gill:** I do not want to put words in your mouth, but am I right in understanding, therefore, people, when they move to the Isle of Man, tend to stay here rather than be trained, they are purely for seasonal employment?

**Mrs Maddrell:** Yes.

**Mr Gill:** Thank you.

**The Chairman:** Mr Watterson.

**Mr Watterson:** The point that Mr Gill has raised to start with then: do many in your industry recruit people purely for seasonal basis, so that you would have people who would be, say, coming over, living on the Island for three or four months maybe, and then returning to either the UK or further afield?

**Mrs Maddrell:** I think there are two issues there. Yes, people would recruit for the season and what those people then do, I think, when they are not employed within a hotel for example, is not within our remit.

**Mr Watterson:** No, but I am looking for the anecdotal evidence.

**Mrs Maddrell:** Yes, we would employ them for the season.

**Mr Watterson:** I suppose that is what I am asking for in terms of... In your experience and talking of your colleagues in the Hospitality Partnership, do you find that people tend to be permanently resident here and move in and out of the job, as opposed to coming to the Island to work and then going back after the season?

**Mrs Maddrell:** Yes.

**Mr Watterson:** Do you feel that there is a need for a hotel school or similar institution on the Isle of Man?

**Mrs Maddrell:** For a hotel school? I am sure that the International Business School could probably cater for graduate and post-graduate qualifications. Whether the industry needs a school or not, I am not too sure.

**Mr Watterson:** Okay and again, a point that Mr Gill made, has there been seen a significant impact on the quality of service that has been delivered by the absence of a training school on the Isle of Man?

**Mrs Maddrell:** No.

**Mr Watterson:** As employers, do you see significant differences between employing EU and employing some further afield, or do most of your employees tend to be EU-driven?

**Mrs Maddrell:** I think there is a difference between

employing EU, further afield and local. There is another element there. From what we see, EU people are either very well trained or very well motivated and deliver quite a high quality of service with a smile. They see the job through, a professionalism and a pride in being, for example, waitressing staff. Locally, there is an issue there, as I think the job is seen as something that nobody really wants to do, because they can get better employment in banks and the finance sector. So the job tends not to really be done with a pride: it is something that fills in.

And your third element must be people from further afield, again there is a pride in the job. I think it is a cultural thing that there is a pride in working within the tourist industry.

**Mr Watterson:** In practical terms, the process of employing people, looking mainly at those subject to work permits of one form or another, do you find it any more difficult to employ from beyond the EU than you do within the EU?

**Mrs Maddrell:** No.

**Mr Watterson:** Just a final question, if I might, Mr Chairman.

In the submission that you made, you said you wanted a more flexible and pragmatic approach to the work permit system. What sort of things were you looking for?

**Mrs Maddrell:** I have to say that submission was not mine. Mr Fleurbaey was not able to attend today, so those are not actually my words, in fairness. I think we need to have – and again, I know that this has happened to us historically – perhaps a limit on the permit system, so perhaps we could apply for people to come seasonally, and people would be limited to the amount of time that they could stay.

**Mr Watterson:** If there are any other things about the work permit system in general it might be an opportunity for you to comment on?

**Mrs Maddrell:** No, I do not think so.

**Mr Watterson:** Thank you.

**The Chairman:** Mr Gill.

**Mr Gill:** Just briefly, Mrs Maddrell.

Are you aware, through your Hospitality Partnership or your own experience – other than personality clashes which is a given thing that will happen – of any significant level of difficulties or distinctions between indigenous workers and immigrant workers?

**Mrs Maddrell:** As you said, apart from personality clashes and just... no, I do not think so. I do not think there is a particular prejudice: people work side by side. If people work in a team, then again, I suppose that is down to the training and culture within each particular establishment, but I do not think it is a major issue.

**Mr Gill:** So, you have not picked up any suggestion that immigrant workers might feel that they are being treated adversely or unfairly, or there was any resentment about them being here?

**Mrs Maddrell:** Yes, you hear of prejudicial comments and I am conscious from my time teaching, for example, again at the Hotel School, that people do bring their perceived prejudicial comments. I certainly do not approve of that, but I am sorry to say in that society that happens. I do not think it is any worse – it is probably a little bit better actually – but let us say no worse or better in the Isle of Man than anywhere else.

**Mrs Christian:** May I just follow up, please? Can you tell us where recruitment actually occurs, to your knowledge? Is it through Job Centres here or local advertising or through agencies in the UK? What is the route for immigrant workers to get jobs here or is it word of mouth, ‘because my friend works here’?

**Mrs Maddrell:** There is certainly a big element of word of mouth. There is also, I think, an informal network and, in preparation for today, I actually spent some time on the internet yesterday, looking at various sites. One site I came across was a local site which had eight pages of people mainly from the Philippines, advertising themselves for work on the Isle of Man. This was the Isle of Man Portal site and so people actually putting themselves forward on the internet, to see if someone would employ them.

But I think there is a very much a network: once people arrive here, they can always find a friend who is prepared to come along and work for you. It is quite informal, I think, generally. That probably does not apply to the larger establishments – as much to the larger establishments – but certainly to the middle and smaller establishments it does.

**The Chairman:** Can I just ask you about work permits, the fact of having a work permit system. Does this give problems for members in their hospitality industry, would you say?

**Mrs Maddrell:** I think it does, in terms of the time it takes to get, because we have to have quite a good response time. Our season is quite short and because of the nature of people who work within the sector, they come and go, they move on quite quickly, as Mr Gill referred to earlier. People tend to move around from one hotel to another one, so you have to have quite a quick source.

**The Chairman:** So, if the system was to be changed in some way, at the moment, the work permit is issued to an employer, to employ a particular person, and if the person wants to change employer, a further permit is required? Do you think it would be good to have the system that a work permit is issued for a set period with a particular employer, before the employee can actually move on, or do you think, if the work permit was issued in the employee’s name for that category of work, to be able to change job whenever they wished...? How would you get the flexibility that is mentioned in the submission?

**Mrs Maddrell:** I do not think the latter is appropriate, because I think what we have to be careful of is that people come for a job at hotel A and they come over to the Isle of Man to get to the Isle of Man, rather than because they want the job. So I think it is far better if the work permit is issued for specific jobs and with a time limit.

**The Chairman:** Okay. Do you think would-be employees

who do not have to fill in work permit applications in the UK are deterred from coming to the Isle of Man because of the paperwork and the additional bureaucracy? Do you think the fact of having a work permit system deters people from seeking work in the Isle of Man, because of the form-filling and so on?

**Mrs Maddrell:** No, I don’t.

**Mr Henderson:** I am playing the devil’s advocate here now, so I might just chuck out some provocative questions, but the hospitality industry are notorious for paying low wages and keeping them pegged down. Now could you see that as a problem? You have admitted yourself that the hospitality industry pays the minimum wage and/or just above. Could you see that as a problem adding to immigration, whereby the Island’s local standard of living has gone up several pegs, but by deliberately pegging employee’s wages in this industry, it is leaving a vacuum then, where you will have no choice but to advertise away for the labour force and therefore it would be EU personnel who would be applying or further afield who are more willing to accept a lower wage because of the circumstances they are coming from?

**Mrs Maddrell:** Well, I think there is an element in that question that you have possibly not taken account of, and that element is that on the Isle of Man, within our sector, we have to limit our prices. I am a five-star guest house and therefore I ought to be able to charge quite a viable rate per night, and therefore I ought to be able to pay more to my staff, one would assume, if you follow that argument through. I know for a fact that my prices are as much as £10 per head per night less than I would be charging in the UK. That is affected by the cost of getting to the Island, so we have lower prices here, we charge lower prices for our product and therefore we are in a position where we perhaps... It is not because we want to, it is not because we are trying to rip people off; it is because we do not have a choice, otherwise there is no profit within the industry. You know yourselves, Port Erin for example, the number of hotels that have closed down there recently, and an awful lot of these closures are related to labour factors.

**The Chairman:** Thank you, and I have got an eye on the clock. Mrs Christian.

**Mrs Christian:** If I could just come to a point that you made a minute ago, where you said you felt that work permits should be for a specific job and limited. They actually are both those things, so I am not quite clear what the point is that you are trying to make. Say at the end of the season, are you saying that they should then have to leave the Island and your concern is more about residents?

**Mrs Maddrell:** No, I think it was in answer to Mr Rodan’s question, that we do not feel that people ought to be just given a work permit per se and then after coming to work within one job, they could move on every two weeks or every three weeks, because – only speaking for our own industry – that leaves us in as difficult a position as ever, because we cannot keep the staff. So we are just seen as a gateway to the Island.

**Mrs Christian:** So the obstructions, as you see it now,

or the inconvenience perhaps of having to get a new work permit when you move from one hotel to another is beneficial or not detrimental?

**Mrs Maddrell:** Not detrimental.

**The Chairman:** You made reference to Eastern Europeans. Do members of your Association actively seek Eastern Europeans or are the people here people who have come here anyway to seek work? Do you recruit direct?

**Mrs Maddrell:** I do not think it is possible, with employment legislation as it is today, to actively seek someone from a certain country. We actively seek people who will do the job with a professionalism and whoever comes forward, it is the best person for the job.

I think my point was that we tend to find that, when people do employ Eastern European people, there is a certain attitude to the job, a certain professionalism. But people do not look for someone from a certain country.

**The Chairman:** Where do you recruit? How do you recruit – simply advertising on-Island or do you advertise in the UK, or do any of your members advertise directly in other parts of the EU?

**Mrs Maddrell:** Again, it depends on the size of the establishment. The larger establishments – again, I will use the Hilton as an example – have a network within their organisation; but for the smaller people, it tends to be very much local recruitment and very much word of mouth.

**The Chairman:** Okay. Mr Henderson.

**Mr Henderson:** Yes, sure, it was following on from my last question and this with regard... you mentioned that folk from the EU have a different attitude when they are waiting on, in providing the service that they do, and the local employees seem to demonstrate something different, an ambivalence perhaps. I am just wondering, do you see the problem there, then, as the managers of the establishment not training the staff properly, in order to provide that service, or do you think we are letting the local people down by saying, 'Well, they are usually useless, let us bring the rest in.'?

**Mrs Maddrell:** I think that training is important and training is vital for any employee and to get the results from your staff; but I think the point that I was making there was that local people tend to see working in the hospitality sector as a stopgap, until they can work, for example, in the finance sector, because culturally, there is an attitude that working in our kind of work is not where people want to... they do not have a professional attitude to it.

**The Chairman:** Okay, thank you. Mr Watterson.

**Mr Watterson:** You mentioned that the hospitality industry was something of a gateway. Do you consider it is an important part of long-term recruitment that living on the Isle of Man gives eventually the rise to rights as an Isle

of Man worker? Is that an important consideration of the people you employ who come to work here?

**Mrs Maddrell:** I will have to answer this question personally. My personal opinion is that we should be very careful about rights for Isle of Man workers. I think there should be a longer period, personally. I think people should have to earn their spurs to live in any society. Personally, I feel that part of the training programme and, certainly within our industry, there ought to be a greater element of cultural awareness. People ought to understand our Manxness. So, I think we should actually extend the period for when people get right to residency and all the attendant rights.

**Mr Watterson:** Just the answer I was hoping for. Thank you.

**The Chairman:** Thank you. Just a final question, in your experience of migrant workers, would they be predominantly single people?

**Mrs Maddrell:** Yes. I think so, because there tends to be an age factor. People who apply for waitressing positions, chambermaid positions, etc, do tend – and these are great generalisations – to be younger people.

**The Chairman:** And are they looking, these single people, to work and travel or to work and settle?

**Mrs Maddrell:** I think to work and settle, but more to work and earn and often send money home to support families. But I think to work and settle.

**The Chairman:** So, to settle in the Isle of Man, would you say, then?

**Mrs Maddrell:** I would say to settle in either the Isle of Man or the UK.

**The Chairman:** So, perhaps, after two or three years here, with experience of remitting money home, would they expect to stay here or would they not, as single people, not just move on?

**Mrs Maddrell:** Again, these are generalities. I cannot speak for everyone, but I think there is, obviously, there is a hierarchy within the hospitality sector, so you may then gain your spurs working in a smaller hotel and have aspirations to go to work in a bigger one in the UK.

**The Chairman:** Okay. And lastly, are there any issues that you have come across with language being a problem. I am thinking particular of dealing with the public and understanding Health and Safety and rules and so on?

**Mrs Maddrell:** Not really, no. People tend to have extremely good English. Not good Manx, I am afraid!

**The Chairman:** Okay. Thank you very much, Mrs Maddrell. It has been most helpful. Thank you very much.

*Mr Hennessy and Ms Weadock were called at 3.05 p.m.*

**EVIDENCE OF MR M HENNESSY,  
MS A WEADOCK  
AND MR S BRADLEY**

**The Chairman:** Now, if I could ask our next witnesses: Mr Mike Hennessy and Anne Weadock of the Isle of Man Chamber of Commerce to come forward, please.

Thank you both very much for coming to represent the Chamber of Commerce. Perhaps, if I invite you just to say a bit about the work of the Chamber, with particular regard to the issues we are looking at: immigration, control measures and so on. Then we will put some questions.

**Mr Hennessy:** Okay. I think it is probably important to point out that the Chamber now has over 350 members across all sectors of the Island's employment. In fact, 80 per cent of members are what you could call small businesses. So, whilst I work for a larger organisation – I am the Area Manager of HSBC – and Anne works for a large organisation, what we are hoping to do is represent the overall views of the Chamber.

We have some representatives also behind us, who are from other sectors in the industry so, hopefully, across the next few minutes, we will be able to present a holistic view.

**The Chairman:** As far as recruitment and retention of employees for your members' companies, what is the pattern there, would you say, and what particular difficulties, if any, are you facing at the moment?

**Ms Weadock:** Well, I am actually Chairman of the Employment and Training Committee for the Chamber, but I am also the Company Secretary and in charge of HR at the Hilton, so there may be some questions I would like to have a bit of input that were addressed and the Hilton name mentioned.

One of our members who is from KPMG did an actual survey on the advantages/disadvantages on the recruitment and retention process, and there were certainly some interesting facts to come out. I am more than happy, at some stage, if you wanted me to send that on to you, I could.

**The Chairman:** Yes, would you. If we could have a copy of that, it would be helpful. Thank you.

**Ms Weadock:** Just to bullet point it: it was not a long-winded survey. The key aspects that they thought actually hampered recruitment, one of the main ones was immigration, i.e. the need to bring in skills. As I said, I represent the hospitality industry and the Hilton, but this is mainly directed at finance. So, there are skills there they actually do feel they need to recruit from further afield. The actual aspect they found that increased the likelihood of recruitment was the standard of living on the Island, the Island life. I consider it to be a fine balance.

There is a need from all of our members for recruitment off Island, as such, but there is a need to balance that with what could be seen to spoil what lifestyle we have on the Island.

As I said, I am not going to go into too many points here. The majority of the Committee I sit on, which is very varied,

do have recruitment problems, mostly of high skills. As far as I can see, they feel that they are given the title, 'Freedom to Flourish' and, if we cannot bring in the labour that we require to actually build the business, then the economy will stop growing. They are interlinked. The more growth in an economy, the more growth in employment.

**The Chairman:** When you say that members consider immigration the biggest issue, there has always been a need to recruit off Island to a lesser or greater degree. What is the issue? Is it the costs of bringing staff from off to on Island? Is it the paperwork through the work permit system that has to be gone through? What is the difficulty?

**Ms Weadock:** I think no business person or prospective employer would not wish to say, sitting here, they would love to be in the position to recruit a 100 per cent Manx, but unfortunately that is not possible. No business wants to go through the recruitment costs, that is relocation packages, travel expenses and the fact that, with a limited permit, you may lose the person after a period of time. The statistics from the unemployment, from the Economic Affairs, show that unemployment is still only at 1.4 per cent. The people are not there.

As I said, we would love to be able to do the opposite and employ local people all the time, but we are forced to go further abroad.

**The Chairman:** When you say, 'forced to go further abroad', are you forced to go beyond the UK or beyond the EU? How has the nature of the problem changed – if it is a problem – the nature of the immigration issue, in recent years, in your view?

**Ms Weadock:** Well, certainly from the lower paid sectors: retail and hospitality, they have an Overseas Labour Scheme which is in place with the Immigration. That scheme more or less negates hospitality and tourism because of the level of qualification that is required. That scheme would actually be used more in the finance sector: accounts, accountancy, as it is. We feel that... certainly, we do not actively recruit abroad. It is people, certainly in the hospitality sector, I can talk from the Hilton now, it is people walking in. We do not advertise in the EU apart from a liaison that I have built up with Malta, with a hospitality school, and we do training and work experience. We do not actively recruit. The people that come through the door are going to be, possibly now, EU nationals. It is a joy to see somebody who says, 'Well, I am Manx' – basically my HR teams say, 'Wow!' and it is a bit of surprise.

**The Chairman:** Why would employers feel it necessary to recruit from outside the European Economic Area and under the Overseas Labour Scheme, particularly in the hospitality industry?

**Ms Weadock:** Well, as I have said, the hospitality industry does not recruit under the OLS, mainly because, as I said, the requirements under the OLS are set at a level that it is not likely we are going to be able to recruit. It is mainly in finance, possibly e-gaming, because they need the second language, be it French or whatever.

**The Chairman:** But you do have, with respect, working

in the hospitality sector, people, migrant workers from South Africa, Australia, from outside the European Economic Area. How come they are working? I am not saying—

**Ms Weadock:** In hospitality, we benefited by the fact that up until two years ago, the South Africans, Australians and New Zealanders were granted two-year working holiday visas. We found that a great source, because the language skills were there, very open and friendly, but they were committed to stay on the Island for two years.

Then the UK Government, in 2005 or 2004, stated that they wanted that cut in half. So, the working holiday visas which we used quite a lot were actually cut to one year. Most of those people from South Africa said that for the cost of coming to the Island, it was not worthwhile. So, we lost the South Africans.

**The Chairman:** Just sticking with this point, then. Was that a bad thing, in your view, to have people coming who were clearly coming to work and travel and move on, single people, without coming to settle in the Isle of Man as such? The cutting back of that scheme, was that detrimental?

**Ms Weadock:** Yes it was.

**The Chairman:** To yourselves. And would you say to the Island?

**Ms Weadock:** I think it was in the fact that, as I said, they had no rights to stay after the two years. They came to work hard. They had a good customer service ethic, certainly in the hospitality sector, and they were a loss. I think in the end it was about 6,000 South Africans, but it was very transient. One would be here for two years and then another one would come in. So, it was never much bigger than that.

**The Chairman:** The people that have replaced those groups, would they tend to be not necessarily single people, but people with dependants and people from the EU itself?

**Ms Weadock:** No, as the lady previously stated, the majority of them would be around the 18 to 24 years of age and they are mainly single. Some have taken a year out of college or university in Poland or whatever. Again, I see them as quite a transient population.

**The Chairman:** Okay. Thank you. I will ask my colleagues, who would like to? Mr Watterson?

**Mr Watterson:** Certainly, I will pose similar questions to those which I put to Mrs Maddrell, if that is okay. Do you see significant differences between employing in the EU and outside of the EU? I think, perhaps I must be looking towards the finance sector there, as opposed to your experience in the hotel sector.

**Mr Hennessy:** When you are talking differences, are you talking about quality?

**Mr Watterson:** In terms of your experience as an employer to recruit. Do you find it harder in everything from logistically to the quality of the person you might get out of the process?

**Mr Hennessy:** I will talk about an experience. It does not really answer that question directly, but it will give you a flavour.

We employ 300 people on the Island and the vast majority are locally resident people, which is of huge benefit to us. Beyond that, I would say that less than 1 per cent of our organisation is... In fact, there are probably less than 10 people outside of EU, in terms of our organisation directly.

What I would say in relation to immigration and its necessity at times – and I back up what Anne said about the cost of a settling-in period of bringing somebody to the Island – you should never underestimate that. Six months ago, I advertised, twice, in the local papers, very large adverts for Head of Corporate Banking, which is a senior position in a large organisation like the bank. I do not suppose you can guess how many applicants I got from the Island? It was actually a big, fat zero – which amazed me, quite frankly! It really amazed me.

If you look at the KPMG figures, it does talk about senior management issues on the Island and ability to attract. Maybe we are not seen as a good employer, but in the end, what we did was we went to our UK counterpart and advertised the job and we got a very good person to come in.

Clearly, I would say the cost of bringing that person in at that level, probably, before they have settled into their role, is somewhere in the region of £50,000. So, we do not do it lightly. What it does do, however: at the senior end of our businesses, there is an absolute need to bring people in to add value to what the Island is trying to do. The Government has a growth strategy and within the Strategic Plan, it is clear that everybody wants to grow. The by-product of that is we have to do two things: probably employ more people, but definitely more added-value jobs. We cannot do that by not bringing people to the Island, to actually up-skill what we have already got.

**Mr Watterson:** Maybe that says we should stop hogging the bank managers here in the House of Keys and let them back out into the industry!

Going on to a slightly different point, because you are specifically looking at senior management in a technical industry. Again, the same question as I asked before: do you consider it an important part of long-term recruitment that living in the Isle of Man gives rise to residency benefits and Isle of Man worker status or access to other services?

**Mr Hennessy:** What do you feel about your part?

**Ms Weadock:** As I said, I have a very high labour turnover, if I am looking at hospitality and retail. Therefore, most of them are not trying to get onto the housing market. I would say more we have a problem in the getting of work permits in the first place, because of the amount of administration, as the lady previously said. We have been involved in the consultation on the changes in the control of work permits.

We did put forward, for certain sectors, such as hospitality or retail, a non-work permit issue for three months, as a way of limiting the administration costs and possibly trying to get staff and then losing staff because of delays, etc. As I said, from hospitality, we do not really use the Overseas Labour Scheme (OLS) and the Training Work Experience Scheme (TWES) forms very much.

**Mr Hennessy:** A lot of organisations which are large employers across the UK, such as HSBC, will deliberately bring people into the Isle of Man, for instance, to provide some additional benefit to the individual in terms of their own development – an offshore financial sector is very valuable on your CV and it gives you a lot back. It also adds value to the local business.

As I said before, we do not bring people in just to fill holes. We bring people into the Island to actually add value. What we find, probably alongside Barclays, RBS and a lot of the other employers of that ilk, is that people in seniority tend to come to the Island, love it and stay. There has been an awful lot of that happened.

**Mr Watterson:** So do you feel that you would find it harder to recruit if Isle of Man residence was not available at the end of this process: Isle of Man Worker status. Would you find it harder to recruit, if that was the case? As a hypothetical question.

**Mr Hennessy:** I am speaking personally, no.

**Ms Weadock:** Can I say on that, the issuing of the two-year permit to somebody that you are looking to come to the Island, move their home, their children and everything else, that can be quite a deterrent to recruitment on the higher levels because you are not going to give up a home in London and move your family and everything with the possibility that in two years' time you could be no longer in work.

**Mr Hennessy:** I would agree.

**The Chairman:** So, in that situation, you would expect, after five years, automatically, Isle of Man Worker status to be achieved. You would be relying on that for –

**Ms Weadock:** Peace of mind.

**The Chairman:** Peace of mind, as employer and employee.

**Mr Hennessy:** I think that opportunity should be available.

**The Chairman:** What about the notion of extending the period to 10 years because, potentially, after 10 years, the problem would not arise then, would it? Would that give a sufficient degree of comfort: a 10-year extension rather than five? Or does the issue still remain?

**Mr Hennessy:** I think the issue is still there.

**The Chairman:** Okay. Thank you. Mr Gill.

**Mr Gill:** Thank you, Chairman.

Could I ask the same question. Following your professional experience in the Chamber, are you aware of any significant level of difficulties between people who have moved to the Island for employment and people who are indigenous here?

**Mr Hennessy:** No.

**Ms Weadock:** I would state, having had that problem

highlighted, I think a lot of it is down to perception. Years ago, if you were walking down Strand Street in the summer season, in July, August, it was Scottish and Liverpudlians and Irish. We had the influx, which was a quite significant influx. You would be hearing those accents.

Unfortunately, it is because it is a foreign accent that the perception has gone the other way, and I think we have to be careful of that.

**Mr Gill:** But that perception, as you describe it, have you got any experience?

**Ms Weadock:** I cannot say I have had experience of ill feeling, no.

**Mr Gill:** And, I think, possibly, more yourself – do you have any experience that immigration is seasonal or does it enter the workplace and then move between it? Is there a time limit where typically you would expect people to be here and decide to stay or be here and then move on?

**Ms Weadock:** Well, if I can relate it back to hospitality – and I do not really want to concentrate too much on the hospitality – as I said, we have a high labour turnover. I would say between one and two years is the turnaround, where a young man or a young lady will come here from Poland, Latvia and will earn money and they spend very little and save an awful lot, to be able to go back within the 18 months, two-year period.

**Mr Gill:** Thank you, Chair.

**The Chairman:** Thank you. Mrs Christian.

**Mrs Christian:** Yes, thank you.

You commented on the experience you had in advertising a job in the Isle of Man and were shocked that you did not get any local applicants. Presumably, you believe that there should be a pool out there of people who are capable of applying for and doing a job?

**Mr Hennessy:** Absolutely.

**Mrs Christian:** What is your thinking, then, about this issue? Is it a lack of training on the part of the local firms? It is not the calibre, in your view, of the local people?

**Mr Hennessy:** I think that, if you look at the holistic banking industry, we pay well as a sector. Opportunities are abounding within organisations. The person who left that particular role did not go to another organisation on the Island. They needed to go home for personal reasons, home being the UK.

I think with a growing sector as we have at the moment, individuals are finding opportunity within their own organisations, without having the need to move outside. Hence, there is an overall shortage of quality in the growing environment.

**Mrs Christian:** Historically, the Isle of Man has always had immigration, however you define it. I think you have highlighted an issue that has arisen in recent times, in that the immigration has been from different communities and we notice different accents. (**Ms Weadock:** Yes.) Because of

that, there has been a highlighted perception of immigration and concern about population. There are, perhaps, some views out there that we should be controlling immigration, because we need to control the population. Do you have any views on that and whether or not we should have barriers at our ports?

**Ms Weadock:** I can only... certainly, I can speak personally here. I do quite a lot of work in Malta. Malta, landmass-wise, is roughly similar to the Isle of Man, just a bit squashed. They have got 450,000 people and you can actually feel it. You can feel that everything suffers from the overgrowth. Lovely place, lovely people, but too many of them, basically.

I think we do need to be careful of that. I personally would say that the Island is a long way off that. I think you may be referring to the Residency Act which is sitting enabled up there somewhere. I am Manx and I would not want the Isle of Man to turn into Malta. I think at the moment, though, it is down to a misperception of the growth of population, which is why we are sitting here today, personally.

**Mr Hennessy:** I would add that, in terms of the infrastructure of the Isle of Man and its growth in recent years, the hospitality and the retail sectors do suffer because the finance sector sucks in a lot of employment. Therefore, to provide the infrastructure for the Island to continue to flourish, we will continue to need to grow the population – although, it needs to be managed.

**The Chairman:** Thank you. Mr Henderson.

**Mr Henderson:** Thank you.

You have raised some interesting points in your comments. You have mentioned about, for the senior appointments, certainly within the finance sector, you had a problem finding the quality within. I take it then that groups such as HSBC do not operate succession training within their organisation, so that folk within have a fair chance to apply onwards and upwards?

**Mr Hennessy:** We do. We have succession meetings, three monthly.

**Mr Henderson:** Right.

**Mr Hennessy:** So that is indigenous in what we try to do, to develop people through the business. A person who notionally has been identified for that role... Obviously, I have to respect some confidences and it is quite difficult to talk about this. The job just came too soon for that person, in terms of our succession plan.

**Mr Henderson:** Right, so would you normally try to look at staff from within? I notice you said that you do not take it lightly, bringing people in, so you would be trying to encourage local growth. What do you do to promote local quality as well?

**Mr Hennessy:** Well, we start with our internal training programme, both on and off Island.

**Mr Henderson:** When I say local, you might have folk who have been just a few years here from the UK or,

indeed, a Manx person, so I am using an umbrella approach to that term.

**Mr Hennessy:** Everybody within our organisation has a development plan of their own. That development plan takes them through to whatever level they perceive they can achieve within the organisation. There is an awful lot of opportunity just on the Island. We map the opportunities that will be available for them and how we get them to the next level, to the next level, to the next level. That is an ongoing process.

Sometimes, that just does not happen, partly because people's ceilings are before they actually believe them to be themselves, and that is when we have skill gaps, and partly because individuals actually do not want to go any further, when they find a role which they are happy with.

**Mr Henderson:** Right. You mentioned about this particular appointment where nobody from the Isle of Man applied. What would you say to the theory that, maybe, your recruitment package might not have been pitched right for the Island? Do you think there has to be an Isle of Man factor to attract somebody, say, coming in from RBS or somewhere else?

**Mr Hennessy:** That could be a fair point; but we did not actually advertise any package at all.

**Mr Henderson:** Right. Was it just the salary or the grade of the position?

**Mr Hennessy:** It was Head of Corporate Banking for HSBC with a package that would be commensurate, and there were no applicants.

**Mr Henderson:** Were there any local enquiries?

**Mr Hennessy:** No.

**Mr Henderson:** Right. Thank you.

**The Chairman:** Thank you.

Can I ask you? The work permit system is something that the Chamber of Commerce members have become familiar with over the last 30 years, and it is part of recruitment, during that time. To one degree or another, you have always been recruiting from off Island. As you know, the Government passed a Residency Act a few years ago, not yet brought in. How does the Chamber of Commerce view the prospect of the Residency Act being implemented? Is it seen as a help or a hindrance to what its members do?

**Ms Weadock:** From when the discussions took place and the Residency Act went through and was enabled as an Act, again, the Chamber of Commerce was supportive of some sort of population management. Our only concern is the level it would be pitched at and also the controls that would be put in place. We were very for looking at the skills gaps on the Island and applaud the DTI's work with the setting up of the sector skills groups, which relates back to Mr Henderson's discussion on training and development of local staff. We feel that the idea of identifying gaps, be it in nursing and healthcare, is vital and a lot of work needs to go in it, to actually how they can make that work properly.

**The Chairman:** If the existing barriers to people coming here, through an open door, just on spec, were not here – and I am thinking of public housing criteria, certain social security measures, as well as the work permit – if these things were not in place and it was a free movement of people to come and work, as indeed it is the other direction from here to the UK... There are no work permits. You and I do not need to apply for a work permit in the UK. If those were not here, could you see the situation changing, potentially very quickly? Would that therefore support your view that there needs to be some mechanism in place to control immigration, however widely we define it?

**Ms Weadock:** I think there is a need for a form of population management and whether those are covered completely with what is in place now, I think we would be talking for days. I think that we need to look at the situation as happens. We are talking about downturns into the next year. We need to build into the Government strategy a way of continuous growth and admitting that that will probably mean further employment and further immigration and ways of handling it properly.

**The Chairman:** Yes, the work permit system itself, do I take it, is not considered particularly onerous in terms of the bureaucratic aspects of it?

**Ms Weadock:** The Chamber has submitted quite a lengthy report when asked on the consultation of... I think it was Nick Black's review of the work permit, and it was more tweaking the administration, again saying there is a need to control, a need for control but tweaking that administration process and possibly looking at, for example, as I said, three-month permits in certain sectors, for example, seasonal sectors might be applicable. We have yet to have a full and comprehensive feedback as to how many of these...

**The Chairman:** If the system was to become one of a full-blown immigration control, which would incorporate those coming here to work, presently governed by the work permit system, would the Chamber have misgivings just how bureaucratic that might be in terms of workload to administer, if it was seen as a deterrent to the recruitment you enjoy at the moment?

**Mr Hennessy:** Yes, I think that would be the detail on that particular scenario. An effective work permit system needs to have speed across the ground and there are observations that, at times, the current system can be a little bit slow.

**The Chairman:** Okay, thank you. Any final points, Mr Gill?

**Mr Gill:** If you please, Mr Chairman, thank you.

Just to go back to a point which was raised by the previous witness, the gap that was left by the departure of the hotel students, especially in relation to the Hilton, which was mentioned. What would your response be to that situation?

**Ms Weadock:** Well, firstly, they were for the Hilton. Yes, the students of the International Hotel School (IHMES) were allowed to work within their study periods for 20 hours. We, because of the nature of our business, may not be able to offer

a full-time role to people. We have the odd 250 function or 150, so it is very intermittent. They, being the students, were able to fill that gap. They were not allowed to work full time, so we were not taking full-time employment off anybody.

If I can relate it to the old scenario years ago, they had the elderly ladies, they always called them 'little ducks', who used to go around and did all the functions on the Island. They now no longer are there, so they actually filled a vital gap and it was also in retail – I know, Mr Gill, you were involved when we were discussing the closure – retail. They were the people who could fit in between 5.00 and 7.00 p.m. so people could pick up their paper. So, I felt that they were a very good source of recruitment for us on this casual part-time basis.

As far as minimum wage, they were never considered cheap labour, because we paid above the minimum wage and then, hopefully, trained them as part of their internships when they came to the Hilton. So, I was a little bit offended about the cheap labour, because they certainly were not because we would invest in them, not in a basic package but in what our development was.

**Mr Gill:** You obviously missed them in the short term. But, in the medium term, have you recovered from that and, if so, how?

**Mr Weadock:** Basically, what we had to look at was restructuring, multi-skilling. For example, housekeeping staff might be able to come down and do a function at the end of the night, in that sort of scenario. And it has got to be... we have recruited quite a lot of European staff.

**Mr Gill:** Thank you.

**The Chairman:** Any final points? Mr Watterson.

**Mr Watterson:** Talking about the skill shortage and certainly from my own experience, one of the elements... one of the industries that suffered from a skill shortage on a professional level is accountancy and I am sure you will know of others. Tell me how employers and maybe the Chamber get involved, in managing a transition, where you have a large pool of people at an A-level standard, who tend to go to university and then on to work in the UK, actually enticing them back to work, maybe, postgraduate in the Isle of Man, if you identify shortages of, say, chartered accountants or lawyers or chartered secretaries, those sort of professions where you have a greater qualification that you are looking for.

**Ms Weadock:** Well, we have raised this... bringing back graduates who have gone off to university and possibly look at trying to influence companies and Government to entice them back, whether it be a slightly discounted payback loan or company sponsorship. It is a bigger picture than that. We certainly feel that we are losing out on a lot of talent, because they are not coming back. We know the reasons why, the cost of living and possibly, the Isle of Man is not the coolest place to live any more for a 19 or 21 year old. That is why we need more effort into the service sector and what people actually enjoy on the Island. Raise our profile. But we have given it a lot of thought.

**Mr Hennessy:** I think there are merits in our high-quality

people of the future spending some time in the UK or further afield and Government and industry need to work together to agree how to bring them back for the good of the Island in the long term.

**The Chairman:** In the two or three minutes we have left – we have overrun a little bit – we are conscious that you have very kindly answered questions from the perspective of the finance sector and the hospitality industry. We are aware that you have colleagues from other parts of the Chamber there, the retail sector, for example. We are quite happy if there are some additional points that you feel could be usefully made if anybody wishes to...

Could you just identify yourself and come forward, if you would. Just bring your chair forward, so you can speak into the microphone which is on the table.

*[Mr Bradley came to the witness table.]*

**Mr Bradley:** My name is Stephen Bradley and I am the Chairman of the Retail Committee of the Chamber.

I think the main point that we would make with regard to retail is that the retail service level, without the current levels of immigration, would not exist. The impact that the Eastern Europeans and people from the UK have made to the service sector has been vital and also the role of the service sector and, in particular, retail in upping our game has been made very clear in making the Isle of Man into a good place to live.

**The Chairman:** Okay, thank you very much. Any restrictions to that would give you some issues?

**Mr Bradley:** Yes, and also, I am Managing Director of Tynwald Mills and we employ 130 people: of that 130 people, we have only got about 20 who are actually on work permits; and of that, over 80 per cent would be coming and going back. We are not finding the people who want to come here and live here for ever. They are here quite simply...

We did a survey... Some of the youngsters, specifically for education. To even save up for a car, literally you have got two or three of them who have to save up £10,000 to go back to Poland or to go back to Latvia and buy a car.

So, we are not seeing, in the retail sector, people wanting to come and live here permanently. On average, they are with us for about 18 months to two years and they are finding us now. We are not recruiting them directly. They are actually coming looking... They are on the Island anyway and they are applying for the jobs that we advertise locally.

**The Chairman:** Do any of the Chamber's members recruit directly in Eastern Europe through agencies or for cleaning staff, or for particular sectors, that you are aware of?

**Mr Hennessy:** Recruitment takes place in Eastern Europe.

**The Chairman:** Yes. Are efforts made to recruit single people of the sort we have talked about or is that not really one of the questions that is asked, whether there are dependants?

**Mr Hennessy:** I think it can often be a by-product but I do not think it is one of the criteria.

**The Chairman:** Work permit requirements do include size of family and dependants. Automatically, four or more dependants would be referred to the Work Permit Committee which would, at the very least, slow up the process.

**Ms Weadock:** Obviously, occasionally, it is salary based and certainly, in retail and hospitality, we are not paying the sort of salaries that the work permit would take four children for example.

**The Chairman:** Quite.

**Ms Weadock:** And the work permit would be turned down as being an onerous burden, the salary could be an onerous burden on the Manx taxpayer and we find that, in finance, they are paying slightly bigger salaries and may therefore be able to –

**The Chairman:** Would you confirm that these factors are taken into account when recruiting by employers?

**Ms Weadock:** Yes.

**Mr Bradley:** But we are losing them because the finance sector is so buoyant and there is such a skill shortage. We are often in critical situations of what we are trying to improve and do new things. There are not the heads there to do the jobs at any price. What I would say about work permits from a retail perspective is that it would be very valuable to us if we actually had no work permit, say, for three months so that people could be working for us both seasonally and we can be applying for the work permit while they are working for us. That would cut out an awful lot of the paperwork that we are currently doing at the moment.

**The Chairman:** Any final points on these additional matters? Mrs Christian.

**Mrs Christian:** It just seems to me, there might be, given the point that has just been raised, an issue which would put the onus on the employer to guard against illegal infringement. So, it was just a comment.

**The Chairman:** Okay. Well, I would like to thank you both and your colleagues very much for attendance. It has been very helpful.

**Mr Hennessy and Mr Bradley:** Thank you.

**Ms Weadock:** And where would you like me to send the copy?

**The Chairman:** If you would be so kind, to Mr Crellin, yes. That would be very helpful.

**Ms Weadock:** Thank you.

**The Chairman:** We will take a two or three minute comfort break and then we will ask Ms Furniss to come forward.

*The Committee adjourned at 3.44 p.m.  
and resumed its sitting at 3.48 p.m.  
when Mr Wood and Ms Furniss were called*

**EVIDENCE OF MR A WOOD  
AND MS L FURNISS**

**The Chairman:** Mr Henderson will join us in a moment. Mr Gill has another appointment.

It is Mr Wood, of course. Good afternoon. And Louise Furniss – Ms Furniss, you are the General Secretary. So, thank you very much for coming to us this afternoon. Just, really, to invite you to introduce yourselves and explain your roles in the organisation and what the organisation is there to do, and what, in a broad sense, the views of your members might be; and then, as previously, we will put some questions.

**Ms Furniss:** Okay. I am the General Secretary, so I am responsible for the day-to-day running of the Employers' Federation.

Broadly speaking, we have got approximately 200 members representing small and large companies: about 4,500 staff in total. We can split our membership down into thirds. One third would be major contractors; one third would be employing around 10 people; and the other third employing around 1 to 3 people.

The problem we always have is that we have got very, very diverse views on everything. The opinion that we will have from the one man and the white van is completely different from the major contractor, so it is very difficult to come across with one concise opinion. But we will try and help where we can.

**The Chairman:** Okay, thank you very much.

The question, really, that I put to the other representative organisations was how much of a problem is recruitment, how much of a problem is retention, bearing in mind the pattern of recruiting from off Island for many years? What way has it changed as you see it, or are the challenges or difficulties becoming any more pronounced or any different?

**Mr Wood:** I think you are right to make the observation. I guess for certainly 20 years, because of the amount of construction work that has been carried out on the Island, there has always been a demand in excess of supply and therefore, probably, for the first 10 years of that 20-year period, maybe 15 years, financially, there was a fairly large immigration. But of course, they were all English, Scots, Welsh and Irish, and that is why I am here.

Now we have moved on to more distant fields. We are finding, I suppose, predominantly Eastern Europe at the moment, but, prior to that a few years ago, there were people coming from the Iberian peninsula, with particular skills. And it is *always* going to be skills led. If there is a shortage, business is obviously looking for an outlet to find the skills it needs to move it forward. And it is as simple as that.

Even at the moment, and there have been some constraints in Government spending within the construction, I still would have to say that I do not see any let-up in the demand for skills. Skilled people are very valuable. That is what makes the industry work.

Can I just say one other thing? I think it is important.

When I say 'construction', I am talking about the industry on the Island that represents, in my view, something in excess of 15 per cent of gross domestic product (GDP). I am talking about construction across the board. In that, I include all the professional services that that conjures up: architects, engineers, quantity surveyors, etc, right down to the people who we more associate with trade skills. It is a very diverse industry and there are lots of manufacturing and construction, but it does, in my view, singularly represent more than 15 per cent of Manx GDP, that you should know.

**The Chairman:** I just wonder if you have a comment about the fact that, as you say, nationalities of the UK and Ireland might have predominated at one time, as the elements of inward immigration; now, of course, it is the EU. There are questions now being asked: when the likes of Poland and Eastern European countries develop their own economies, and we will see a return, as happened with Ireland, of their economic migrants returning home, who is going to do the jobs? And, of course, perhaps we look to other parts of Eastern Europe or, indeed, outside the European Economic Area. The UK is looking at its Overseas Labour Scheme and immigration from outside the EU, with a view to ensuring that the people who are coming to the UK are not unskilled people but have specific skills.

Do you see that happening in the Isle of Man or, indeed – if I can just ask a further question – do you see the shortage of labour in unskilled areas, as well as skilled areas as such, that we welcome people with little skills or with no skills regardless?

**Ms Furniss:** Yes, there was a lot there, wasn't there?

**The Chairman:** Yes, quite a lot. A convoluted question. *(Laughter)*

**Mr Watterson:** It would not be allowed in the House!

**Ms Furniss:** The unskilled element: a lot of the members come back to me and complain that when they put adverts in for labourers, plant operators – the base layer of the construction industry – that there just are no Manx workers willing to come back and take up those positions and there is a difficulty filling the undesirable or the less desirable positions in construction. So, there is that element there.

We have had some debate, obviously, on this subject and one of the things that we touched upon was that a lot of the Polish people in that region who work in the construction industry do seem to be here for a temporary period. They seem to come and make their money and go again. It seems to be quite flexible, meeting demand.

**Mr Wood:** I think there is very little rationale in somebody coming here, unless there is an economic reason. They are responding to a demand. They are only going to stay here as long as they see it is in their own personal interest to do that.

I think you have to subdivide what you are talking about, and it looked a bit like the previous discussion. If it is a senior role and somebody is actually moving here with their family, they are moving, I guess, because it is a career imperative and they want that to be medium to long term. If somebody is at the manual dexterity end of the business, then they are more likely to, perhaps, look at it, 'Well, it is a year or two

years there' and then move on to something else. So, you do have to make that distinction.

I, personally, do not really see that we should be too worried about it. If we are going to... the phrase is 'Freedom to Flourish', that says to me that we are still trying to expand the economy. If we are, we should be looking for good people to come and add to that experience because that is the only way it works. I think that construction in the Isle of Man has improved enormously in the last 15 years. It might not be evident to everybody outside the industry but it has. In some ways, in some parts of the industry, it has not changed one iota, but at one level, the sophistication is considerably greater than it ever was and I think that is to be applauded.

**The Chairman:** I ask my colleagues – Mr Henderson.

**Mr Henderson:** I have not got any questions just at the moment, thank you.

**The Chairman:** Right, thank you. Mrs Christian.

**Mrs Christian:** Because we touched on it earlier, the reason we are here is was that, over the last couple of years and prior to the last Election, there were perceptual issues in the community about people coming in poaching jobs, effectively. Is there any friction – and I accept that you have three, as you define it, very different categories of employers – has there been any friction to any significant extent created because you are employing immigrants with a different accent or language?

**Ms Furniss:** The construction industry is always an interesting one. There always tends to be a lot of teasing on site – I think that's fair to say, isn't it? – about anything.

**Mr Wood:** Amiable banter.

**Ms Furniss:** That's the one! I think people make mischief easily. There may... It will hide behind the guise that they will say something that can be construed in that manner, but there will be something else driving it. So, when you look at it objectively, I do not think there are any concerns in that area.

**Mrs Christian:** Would there be...? There are allegations that jobs have been taken at lower pay levels and that sort of thing, which some would regard as a competitive market and others would regard as inappropriate. But is it a fair assumption that, with our low levels of unemployment, there would be no reason for Manx workers to be put out of the jobs?

**Ms Furniss:** Are you referring to the bricklayer/blocklayer issue that we had? I know in that particular one, that, obviously, we looked into in some depth. We do issue standard rates through the Working Rule Agreement and that all fell within that remit, so that was not a particular problem.

**Mrs Christian:** These are perceptual matters, are they?

**Mr Wood:** Yes, I think it is very easy to use that as a convenient hook to hang another argument on – let us put it

that way. The levels of pay that are promulgated rates that are issued every year under the Isle of Man Working Rule Agreement are not insignificant levels of pay. They are approximately double the minimum wage, so we are not talking about low-paid people here.

I think there is an instinct to think, well, actually, there is an element that construction employment is very unskilled and low paid. I would not describe it as that. I would look at most of the people I employ – of which, there are over 100 – and suggest that every one of them gets above the average earnings level. So, you are not talking about cheap labour. We are nowhere near the minimum wage line; we are way above it.

Okay, because of the structure of construction, where a building site does not comprise one company's employees; it comprises an amalgam of some directly employed and a lot of subcontractors, you will get a degree of banter and rivalry between those people. Somebody will say, 'Well, why have you employed some Eastern Europeans and somebody else has not got the job there?' But nobody is unemployed in construction in the Isle of Man for very long, if they are reasonable at what they do, which I think is what you were saying.

**The Chairman:** Thank you very much. Mr Watterson.

**Mr Watterson:** Would it be fair to say that, in terms of the immigration, the employees that you bring from off Island would tend to be UK or EU, the vast majority of them? You do not recruit extensively beyond the EU, as an industry.

**Mr Wood:** No, we do not. One of the difficulties... It is not quite an answer to your question, no, but I think that the instinct would be to always try and find people from the Isle of Man if we can. As I say, the last certainly 10 years, in my experience, has been that there has always been a shortage and you do not actively go out and pursue it.

It is surprising how many times my phone rings and it is somebody either in Ireland or Liverpool, or somewhere else in the UK, saying, 'The grape vine tells us there is a lot of work in the Isle of Man. Do you want three bricklayers and three joiners?' Incredible, how often that happens: it is a very informal network. That is the way it works.

So, I think that there is not really a problem.

**Mr Watterson:** Okay. In terms of when we talk about the skills shortage on the Island, especially at the top end – the example that you heard in previous evidence given about senior bankers – again, I want to see how it applies in your industry, in terms of getting the people through from A-levels, who are Isle of Man workers, to actually encourage them to return to the Island and work in the industry.

**Ms Furniss:** That is always a challenge, to find the properly qualified people, but I think we are very fortunate, at the moment – aren't we? – within construction, because the Isle of Man College has put on some good courses. You can now get a degree in various construction-related things on the Island. They are still working here, so you are nurturing the people from within the company.

Obviously, in order to meet higher demand... The construction industry is very 'boom or bust'. It is on a roller coaster, really, of demand. There is always going to be a need to bring people to the Island to meet those skills.

**Mr Watterson:** You are satisfied that there is a sufficient pathway through that you are able to recruit your architect, your chartered surveyors – there is a local stream coming through there, a supply into the industry?

**Mr Wood:** Well, I think this initiative that now exists with the College is a very new initiative. It has only really started this year, so it has to be welcomed. I think what has happened previously is that Manx people who have gone away to study at UK universities have, to some extent, been encouraged back. We have probably, in 12 years, had 12 Manx graduates back and through our process. They are not all still there, but there is a hub of those that are still there.

I think the difficulty for graduates on the Isle of Man, certainly with construction companies and construction management, is that the opportunities are not there. There are only a very small handful of companies that would be able to put a graduate to work, and it is encouraging to the middle man to actually step up and become a little bit better. It does not have to be a graduate; there are several levels below that. But that philosophy of saying... to invest in people and put skill in your business so that, in actual fact, you can move it forward is something that did not come easy to the indigenous industry.

**Mr Watterson:** Staying with the theme of senior management, recruitment and retention on the Isle of Man, do you consider that leading to Isle of Man Worker status, residency rights, is an important part of the package that is able to be ultimately offered to an individual, and not being perpetually on a work permit?

**Mr Wood:** I think, at the higher level, it would be. I do not think people would want to up sticks and move here with their family if they thought that, really, at the end of the three-year or the five-year period, they might not have a job. I would not want to do that. I think, at the trade end, I do not think it makes one jot of difference. I think, by and large, people are not taking a job for that reason. That is not part of their initial consideration.

It might be when they get here. They may think, 'This is a marvellous place, I do not really want to leave and, therefore, I want to stay', because that is what happens. I suspect of all of those people who have come over in the last 15 years, an awful lot have gone back, but an awful lot stay here.

**Mr Watterson:** Again, I am not sure to what extent the Employers' Federation took part in the work permit process, but what sort of things are you recommending as a Federation to the review on work permits?

**Mr Wood:** I think, again, we have different challenges for that, really. I think, in terms of people who want to come here and stay long term, the work permit system, I guess, fulfils a purpose.

One of the sort of antagonisms that we have day in, day out, is we have a lot of subcontractors who are coming from the UK – they might be specialists, they might be prescribed by the client. They come here to do an element of work which may only last two, three, four, maybe six weeks on the Island, and yet their employees who work for them and have no intention whatsoever of coming to the Isle of Man and living here, have to go through the bureaucracy of filling in the work permit forms, which is a nonsense. It

is an absolute nonsense and just gets in the way and causes untold trouble.

Not only that, we then have the overlying Certificate of Tradesmen legislation which we have to deal with, and the Approved Contractors Scheme. All of these things are interlinked. It is a bureaucratic nightmare and, unfortunately, costs the taxpayer money, which seems to me to be a terrible thing to have to deal with. We should be changing it, root and branch. Hopefully, that is in the process of happening.

**Mr Watterson:** Thank you.

**The Chairman:** The nature of the industry... and it is the construction industry that you basically are dealing with, the short-term migrant workers that are coming. When they get here, do they find accommodation easily? Are there difficulties of housing, given that there is no right to public housing, and so on?

**Ms Furniss:** I do wonder myself, sometimes, looking at the housing market, how they manage to get on with the rent!

There is lots of anecdotal evidence about landlords and tenants, but it is nothing for sure. But I do know that one or two of the larger employers on the Island do provide housing for short-term workers.

**The Chairman:** Private rented flats, accommodation.

**Ms Furniss:** Yes. Right or B&B-style accommodation.

**The Chairman:** Yes, okay. Thank you very much.

What particular problems would you say face the construction industry in the Island? We have touched on a few of them. You have talked about the limitations of employment, the need for skills and so on. How do you see the thing going in the years to come? Is it going to be an on-going requirement for Polish construction workers, just to quote the typical example.

**Mr Wood:** I think the biggest challenge – and I am getting on the soap-box now, if you are not careful! – for construction is that if we are to be more professional – and some of them aspire to be more professional – it is about controlling the business, and being able to make a business plan.

Often our horizon is very short: if literally all you do is tender, then sometimes you cannot see beyond 12 months really, and that market-place is very exposed to changes, whether it is the Government changing something and we have got to tighten our belt, so we cut back on the capital programme, or confidence is just lost in part of the business community, so there is no work being pursued by private clients.

The market can change very quickly and, historically, as Louise was saying, really we are bedevilled by this sort of boom and bust approach to the world that was there, and that makes it very difficult to actually forecast, with any confidence, what resource you are going to need in two or three years. It is difficult to know what it is next year, sometimes. So that makes it very difficult, so I think that on a relatively small Island like the Isle of Man, there should be an emphasis on partnership.

If there are some key companies here who are wedded

to the Isle of Man, then really you could do a lot worse than make sure you have a very pragmatic and publicly accountable process of moving forward and doing business together, because that is a winning scenario. That will encourage training; it will encourage retention of local graduates that we have just been talking about, and I see all the pay-offs. But I do understand that it is very difficult to do that, particularly because of public accountability.

**The Chairman:** Okay, thank you. Any final points from the Committee? No? Les, have you any? Well, I would like to thank you both very much. Would you care to add something? Yes.

**Ms Furniss:** I have got to, haven't I? It is my turn!

Health and Safety: I do think it is worth briefly mentioning that it is a safety critical environment, construction, and that Health and Safety is my professional background, but this is one of the complaints brought to me often by my members is that this difficulty understanding and getting over the language barrier. Whilst we do have some extremely responsible employers, who even go as far as to provide English lessons to non-English-speaking staff, literature is freely available in their particular language. That is very much a concern, something that I do think needs to...

**The Chairman:** Are you saying there is a lack of literature on Health and Safety available officially?

**Ms Furniss:** No, it is not a lack of literature. I can give you all the information you want, in whatever language you want, but are you going to read it and understand it?

**The Chairman:** I see.

**Ms Furniss:** It is –

**Mr Wood:** If there is a problem on site and everything is actually set out in English, or the emergency procedures are based on English, will somebody who has a weak grasp of English be as safe as somebody who does not, when something happens and –

**The Chairman:** So that is the challenge for the employer?

**Ms Furniss:** It is and it is also the site manager who is giving out instructions. I speak frequently to a lot of site managers, when they feel frustrated. You tend to find that with the foreign workers, there tends to be a group of them – not within the large organisations, but within the smaller subcontractors – self-employed, that type of environment. There tends to be a group of them and one of them will speak really good English and the others will rely on this one person to do the translating and things, so there is this weakness that does need to... Within the service section and hospitality, that is not much of an issue.

**Mr Wood:** A can of worms here!

**The Chairman:** Okay. Mrs Christian

**Mrs Christian:** Yes, you have just said 'self-employed'. Are there, in the experience of the Employers' Federation, self-employed immigrant workers?

**Ms Furniss:** The problem I have is I cannot give you any figures, I do not know the figures. I have anecdotal evidence that there is a small instance of it, but I –

**Mr Wood:** I think perhaps we should say it is our belief actually that the numbers of Eastern Europeans in construction on the Isle of Man are actually very small. I suspect the public always focus on construction, but I think you will find actually there are more in some of the other sectors that we have been talking about.

The issue of self-employment is always an emotive one, isn't it? I actually think it is a fundamental part of the dynamic of major construction work and it keeps it efficient. There is nothing wrong with it, as long as you make sure that those people pay their dues and VAT. It has always been in construction and the reason it is there is because it does work. It does not have to be seen as a dirty word. I think we would all like to make sure that they do pay their proper taxes, they do pay their proper NI and, if they do that, I do not see a problem with that.

**The Chairman:** Any final points?

**Mr Watterson:** Yes, to pick up on that, if they can speak personally, it will help, because I should imagine that, as you say, people vary throughout the organisation. Do you therefore feel that, as part of their work permit application form, the individual should need to demonstrate a competency in English?

**Ms Furniss:** Personally, absolutely – absolutely fundamental. I have been battling the practicalities of that around the head, and I do not know how that would work. But personally, only in my environment, from what I see, it is critical. That view varies, although I had a group of site managers in the office, and I said to them, 'How do you feel about that?' and they all agreed that it is fundamental, but that is just...

**Mr Wood:** I think it is a good point.

**Mr Watterson:** Okay, thank you.

**The Chairman:** Right. Thank you both very much indeed. Thank you for your input, it has been very helpful.

*The Committee sat in private at 4.15 p.m.*