

**REPORT OF PROCEEDINGS OF
HOUSE OF KEYS**

**Douglas, Wednesday, 28th February 2001
at 2.30 p.m.**

Present:

The Speaker (Hon J D Q Cannan) (Michael); Mr L I Singer and Hon A R Bell (Ramsey); Mr R E Quine OBE (Ayre); Hon W A Gilbey (Glenfaba); Hon D North (Middle); Mr P Karran, Hon R K Corkill and Mr G T Cannell (Onchan); Messrs J R Houghton and R W Henderson (Douglas North); Hon D C Cretney and Mr A C Duggan (Douglas South); Mr R P Braidwood and Mrs B J Cannell (Douglas East); Mr J P Shimmin and Hon A F Downie (Douglas West); Hon J A Brown (Castletown); Hon D J Gelling (Malew and Santon); Mrs P M Crowe and Mr J Rimington (Rushen); with Prof T StJ N Bates,

Secretary of the House.

The Chaplain took the prayers.

Apologies for Absence

The Speaker: Now, hon. members, we turn to the agenda, and first of all I have apologies for absence from the hon. Chief Minister, the hon. Minister for the Treasury, the hon. Minister for Education, the hon. Sir Miles Walker and Mrs Hazel Hannan, the hon. member for Peel. The rest of us, I hope, are all present.

Trustee Bill — Clauses Considered

The Speaker: As Mr Rodan is away and as Mr Corkill is away, we will now move to item 15 on your agenda papers, the Trustee Bill, for consideration of clauses. Mr Rimington, sir. Clause 1.

Mr Rimington: Thank you, Mr Speaker. Just before I embark on clause 1, for the record I would just like to explain for the benefit of the hon. member, Mr Karran, who unfortunately is not with us at this precise moment but raised the query in the second reading regarding, as he loosely put it, 'passports and the need for passports to conduct trust business'. In relation to that, Mr Speaker, I would just like to explain that under the Anti-Money-Laundering Code 1998, which comes under section 17F of the Criminal Justice Act 1990, 'in conducting a relevant business, a relevant person shall not form a business relationship or carry out one-off transactions with or for another person unless the relevant person maintains identification procedures in accordance with appropriate paragraphs, record-keeping procedures et cetera,' and it is under that, the identification procedures, that the need for passports arises as a means of identification, and the relevant business as is listed in the code in the schedule of relevant businesses, part 17, 'the business of acting as a trustee in return for payment or providing or taking steps to provide persons to act as trustees in return for payment.' In this paragraph, 'trustees' includes the person who is registered as the legal owner of any interest in a share in a body corporate as the nominee for another. So I hope that I am able to answer the hon. member's queries from the second reading.

Very briefly the Trustee Bill, as explained at the second reading, is closely based on the Trustee Act 2000 of Parliament and is updating the law on trustees which is now 40 years old. To speak to clause 1 and clause 2 -

The Speaker: And schedule 1.

Mr Rimington: - and schedule 1, Mr Speaker, clauses 1 and 2 create a new precisely defined statutory duty of care, i.e. a duty to take care to avoid causing injury or loss applicable to trustees when carrying out their functions under the Bill or equivalent functions under the trust instrument. The new duty is intended to impose a certain and consistent standard of competence and behaviour on trustees in order to safeguard the interests of beneficiaries and thereby balance the wider power given to trustees elsewhere in the Bill. The duty will take effect in addition to the existing fundamental duties of trustees, e.g. to act in the best interests of beneficiaries and to comply with the terms of the trust, but will exclude any common law duty of care which might otherwise have applied. The duty is a default provision. It may be excluded or modified by terms of the trust, and this new duty will apply to the manner of the exercise by trustees of a discretionary power. It will not apply to a decision by the trustees as to whether to exercise that discretionary power in the first place.

In clause 2, schedule 1, in general terms the new duty will apply to any exercise by a trustee of a power to invest trust funds to acquire land, to appoint agents, nominees and custodians, to settle claims, to ensure trust property and to fix the value of a reversionary interest or trust property. That will not apply if the trust instrument provides that it is not to apply. I beg to move clauses 1 and 2 and schedule 1, Mr Speaker.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker. Hon. members, the motion is that clause 1 and clause 2 and schedule 1 stand part of the Bill. Will those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 3, sir.

Mr Rimington: Mr Speaker, may I move all the clauses in that section - 3, 4, 5, 6 and 7?

The Speaker: Certainly.

Mr Rimington: The following clauses 3 to 7 relate to the power of investment. It defines a new default power of investment for trustees who do not have specific powers of investment under the trust instrument or legislation of whose trust instruments do not make provision which would be contrary to the new powers.

Clause 3 creates the general power of investment under which trustees will, subject to certain safeguards and to any restrictions in the trust instrument, have the same powers to invest trust funds as if they were the absolute owners of the funds. The power is subject to the following safeguards: trustees will remain subject to their fundamental duties - e.g. the duty to act in the best interests of the present and future beneficiaries and to avoid any conflict of interest. The new duty of care in schedule 1 will apply and at present investment under the Trustees Investments Act 1961 is subject to the common-law duty of care.

Clauses 4 and 5 impose specific duties to have regard to the need for diversification and suitability of investments and to obtain and consider proper advice where appropriate.

Clause 6 provides that the general power of investment in clause 3 is in addition to any express power but subject to any statutory restrictions.

Clause 7 provides that clauses 3 to 6 generally apply to trusts in existence when part 2 comes into force. I beg to move clauses 3, 4, 5, 6 and 7, Mr Speaker.

The Speaker: Mrs Crowe.

Mrs Crowe: Thank you, Mr Speaker, I beg to second and reserve my remarks.

The Speaker: Hon. members, the motion is that clauses 3, 4, 5, 6 and 7 stand part of the Bill. Will those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 8, 9, and 10, sir.

Mr Rimington: Thank you, Mr Speaker. This section deals with the acquisition of land. At present, although trustees of settled land have power to buy land in the Isle of Man, other trustees only have power to acquire land if expressly authorised to do so in the trust's instrument. The new general power of investment introduced by clause 3 has only limited application to land and is in any event restricted to investment. Trustees of land in England and Wales have had power since 1996 to acquire land in the United Kingdom for any purpose, and that power is extended to all trustees by the Trustee Act 2000.

In clause 9, sir, the clause makes a provision similar to clause 6 in relation to the general power of investment which is in clause 3, i.e. the power to acquire land in clause 8 is in addition to any express power but subject to any statutory restriction or exclusion by the trust instrument.

Clause 10 excludes the power to acquire land in clause 8 in the case of trusts of settled land, but otherwise applies it to existing as well as future trusts. I beg to move clauses 8, 9 and 10.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: The motion is that clauses 8, 9, and 10 stand part of the Bill. Will those in favour please say aye; against, no. The ayes have it. Part 4, clause 11, sir.

Mr Rimington: Mr Speaker, if I could move clauses 11, 12, 13, 14 and 15 which form a coherent whole, sir?

The Speaker: Granted.

Mr Rimington: Part 4, clauses 11 to 15, contain a code under which trustees will be able to collectively appoint agents, nominees and custodians to undertake certain of their duties where express powers are not conferred by the trust instrument, replacing the limited powers of section 21 of the Trustee Act 1961. Under the present law the trustees of a trust as a body cannot, without express authority in the trust instrument, delegate their duty to distribute the trust property to those entitled to it under the trust, or any fiduciary discretion - i.e. any power implying a personal discretion such as the selection of trust investments or the decision whether or not to sell or lease trust property. The UK Law Commission considered that as trustees need to undertake tasks of an increasingly specialised nature, some of the restrictions now seriously impeding the administration of the trust and concluded that in

relation to trusts other than charities, it was out of date to treat powers of investment and similar powers of management as in all respects fiduciary and, therefore, non-delegable. So in general terms, the proper distinction to be drawn in a modern law of trusts for the purpose of ascertaining whether a particular function ought to be delegable was between initiative powers which would be delegable and distributive powers which would not. The Bill makes special provision for charitable trusts and it allows charity trustees to delegate powers relating to the execution of decisions taken by them, investment and fund-raising but no others.

Clause 11 gives trustees the wider powers to delegate certain of their powers to agents e.g. banks, advocates, accountants, stockbrokers, estate agents.

Clause 12 defines the persons who may act as agents for the trustees under clause 11 subject to a prohibition on the appointment of beneficiaries and to the requirement that if two or more persons are appointed they must exercise the function delegated jointly. There are no restrictions on the persons whom trustees may appoint as their agents under clause 11.

Clause 13 provides that subject to exceptions an agent authorised to act under clause 11 is subject to any specific duties or restrictions attached to the function delegated.

Clause 14 provides that general trustees are free to delegate functions to an agent under clause 11 or otherwise on such terms as they think fit, subject to restrictions as to sub-delegation by the agent, any limitation on the agent's liability and situations of conflict of interest. It is to be noted that the delegation of powers is in any case subject to the duty of care under clause 1 and schedule 1.

Clause 15 imposes special restrictions in relation to the delegation of asset management functions. Trustees who fail to comply with these requirements will be liable for breach of trust. Mr Speaker, I beg to move clauses 11, 12, 13, 14 and 15.

The Speaker: Mrs Crowe.

Mrs Crowe: Thank you, Mr Speaker. I beg to second and reserve my remarks.

The Speaker: The motion is that clauses 11, 12, 13, 14 and 15 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 16, 17, 18, 19 and 20, sir.

Mr Rimington: Thank you, Mr Speaker. Clause 16 gives trustees new powers to appoint nominees to hold trust property on behalf of the trustees in cases where the trust instrument contains insufficient express powers to do so. A nominee is a person appointed by the trustees to hold trust property in his own name. Thus a person may be registered as the owner of certain shares in the company but in fact hold them as a nominee for a trust. A custodian, which is coming up in clause 17, is a person who undertakes the safe custody of some or all of the assets of the trust or of any related documents or records. These powers are conferred on trustees of all trusts except pension trusts and authorised unit trusts, and trusts which have a custodian trustee as the trust property there will be invested in the custodian trustee. Also, the powers do not apply if the trust instrument or legislation provides to the contrary. The duty of care in clause 1 will apply to the appointment of a nominee.

Clause 17 gives trustees new powers to appoint a custodian to undertake the safe custody of any property of trust or related documents or records.

Clause 18 requires a custodian to be appointed in the case of bearer securities unless the trust instrument or statute provides to the contrary. It replaces the proviso to the Trustee Act 1961, section 4, but without the requirement that the custodian must be a banker or banking company.

Clause 19 is for the better protection of the beneficiaries, restricts the persons who may be appointed nominee or custodian under clauses 16, 17 and 18 to specialist persons or bodies.

Clause 20 makes a similar provision in relation to the appointment of nominees and custodians as clause 14 makes in relation to the appointment of agents. Generally, trustees are free to appoint nominees and custodians on such terms as they think fit subject to restrictions as to the sub-delegation by the agent. Note that the appointment is in any case subject to the duty of care under clause 1. I beg to move clauses 16, 17, 18, 19 and 20, Mr Speaker.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: The motion is, hon. members, that clauses 16, 17, 18, 19 and 20 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 21, 22 and 23, sir.

Mr Rimington: Mr Speaker, clause 21 introduces clauses 22 and 23 which requires trustees to keep their appointments of agents, nominees and custodians under review and exempt trustees from personal liability for their default.

Clause 22. Where this clause applies, it requires trustees to have appointed agents, nominees and custodians to keep their appointment and performance situation under review and, if circumstances make it appropriate, to consider to exercise any power of intervention. When carrying out their duties under this clause, trustees are subject to the duty of care under clause 1.

Clause 23 defines when a trustee will be liable for the acts or defaults of any agent nominee or custodian or his permitted substitute. It will enhance the protection of beneficiaries by replacing the unsatisfactory provisions of the Trustee Act 1961, sections 21 and 29. I beg to move clauses 21, 22 and 23, sir.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: The motion is, hon. members, that clauses 21, 22 and 23 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 24, 25, 26 and 27, sir.

Mr Rimington: These clauses are supplemental. Clause 24 provides that an appointment of agents, nominees or custodians under part 4 is not invalidated by any failure of the trustee to respect the limits of their powers. It will facilitate dealings by third parties with agents, nominees and custodians appointed by the trustees. Third parties will not need to satisfy themselves that trustees have complied with the requirements of the Bill.

Clause 25 provides that part 4 of the Bill applies equally to a trust with a sole trustee as to a trust with a body of trustees except that a trust corporation, which is a sole trustee, need not appoint a custodian of bearer securities under clause 18.

Clause 26 provides that the powers to appoint agents, nominees and custodians under part 4 are in addition to any other powers of the trustees but are subject to any limitations in the trust instrument or legislation.

Clause 27 provides that part 4 applies irrespective of the date of the creation of the trust so that it will benefit the greatest possible number of trustees and beneficiaries. Mr Speaker, I beg to move clauses 24, 25, 26 and 27.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, and reserve my remarks.

The Speaker: The motion is that clauses 24, 25, 26 and 27 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 28, 29, 30, 31, 32 and 33, sir.

Mr Rimington: Thank you, Mr Speaker. Part 5 governs the remuneration of professional trustees in two ways: by setting down rules of construction for express professional charging clauses in trust instruments as in clause 28; by providing for remuneration of certain trustees when there is no such clause in the trust instrument. The new provisions will generally apply to all services provided after part 5 comes into force whenever the trust is created. It is likely to benefit old trusts informally created trusts and trusts arising on intestacy.

Clause 29 implies that the professional charging clause in all trusts which did not make provision for remuneration of professional trustees except in the case of charities which are covered by clause 30.

Clause 30 enables regulations to be made by the deemsters to provide for the remuneration of charitable trustees at any time being excluded from clause 29.

Clause 31 restates the present law as the entitlement of a trustee to be reimbursed his expenses incurred in carrying out his duties.

Clause 32 makes provision for the payment by trustees, a reasonable remuneration and proper expenses to agents, nominees and custodians who are not trustees.

Clause 33 provides that clauses 28 to 32 operate in relation to services provided or expenses incurred after those clauses come into force, but apply to existing trusts as well as new trusts with a saving for charging clauses in wills of person dying before that time. Mr Speaker, I beg to move clauses 28, 29, 30, 31, 32 and 33.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: The motion is, hon. members, that clauses 28, 29, 30, 31, 32 and 33 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clauses 34, 35, 36, 37 and 38, sir.

Mr Rimington: Mr Speaker, under the present law there is probably a common law power and sometimes even a duty to ensure trust property, but this is not entirely certain. In addition, there is a power to ensure, under the Trustee Act 1961, section 17, which is restricted to fire insurance. This clause replaces section 17 with a clear, general power for trustees to ensure trust property as if they were absolute owners. That is clause 34, sir.

Clause 35 applies the Bill to personal representatives, i.e. executives and administrators, so that generally they will have the same powers and duties in respect of the deceased's estate as trustees have in respect of a trust.

Clause 36, sir, governs the application of the Bill to occupational pension schemes established as trusts under Manx law. Generally, part 1, the duty of care, has limited application. Parts 2 and 3, which are the investment and acquisition of land, do not apply and part 4, remuneration, applies with modifications. This is because pension funds are already covered by the UK Pensions Act 1995 to a limited extent and certain provisions are applied to the Isle of Man by an order under the Pensions Schemes Act 1995. Further provision is to be made by the current Retirement Benefit Schemes Bill.

Clause 37 excludes parts 2 to part 4 - that is, the investment, acquisition of land and appointment of agents, nominees and custodians - in the case of authorised unit trusts.

Clause 38 extends the perpetuity period from 80 years to 150 years in the case of trusts coming into existence after 2000. Mr Speaker, I beg to move clauses 34, 35, 36, 37 and 38.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: The motion is that clauses 34, 35, 36, 37 and 38 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 39, sir.

Mr Rimington: Clause 39 just defines the various terms which are used in the Bill, sir, and I beg to move.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker.

The Speaker: The motion is that clause 39 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 40 and schedules 2, 3 and 4, sir.

Mr Rimington: Yes, this clause introduces schedules 2 to 4 which contain minor and consequential amendments, transitional provisions and savings and repeals and I beg to move, sir.

Mrs Crowe: I beg to second, Mr Speaker.

The Speaker: Hon. members, the motion is that clause 40 and schedules 2, 3 and 4 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 41, sir.

Mr Rimington: Clause 41 enables the Council of Ministers to make an order making further consequential amendments of Acts or subordinate legislation. Such an order will be subject to Tynwald approval. I beg to move, sir.

The Speaker: Mrs Crowe.

Mrs Crowe: I beg to second, Mr Speaker.

The Speaker: Hon. members, the motion is that clause 41 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. Clause 42, sir.

Mr Rimington: Clause 42 gives the Bill its short title and provides for its commencement. I beg to move, sir.

The Speaker: Mrs Crowe.

Mrs Crowe: Thank you, Mr Speaker. I am pleased to second and to congratulate my hon. colleague on his handling of his first Bill through this House.

Members: Hear, hear.

The Speaker: Hon. members, the motion is that clause 42 stand part of the Bill. All those in favour please say; against, no. The ayes have it. The ayes have it. Now, that completes the clauses stage of the Trustee Bill 2001 and I also congratulate the hon. member on the conduct of the Bill.

Genetically Modified Organisms Bill — Clauses Considered

The Speaker: We now move on to item 16 on your agenda papers, Genetically Modified Organisms Bill for consideration of clauses. Mr Henderson, sir. Clause 1.

Mr Henderson: Thank you, Mr Speaker. In moving clause 1 I would just like to refresh members on this particular legislation, which will prohibit the planting and growing of any GM plants in the Isle of Man which have not been fully evaluated scientifically. This is in order to establish that planting and growing is only carried out when it is safe to do so in terms of public health and when the release of any commercial GM plants to the environment by way of a planted crop will not harm our flora and fauna, sir. In doing so, clause 1, sir, defines the term 'genetically modified organism' for the purposes of the Bill. The definition is taken from part 6 of the UK Environmental Protection Act 1990, which introduced a system of controls of GMOs to implement EC directives. That system differs from this Bill in that it allows for the release of GMOs subject to strict controls, whereas the Bill prohibits their release entirely, except for GMOs, the marketing of which is permitted within the EC.

Sub-clause (1) defines 'organism' widely so as to include substances containing biological matter which do not, strictly speaking, count as organisms.

Sub-clause (2) defines 'biological matter' as covering tissue, cells and genetic material including matter produced by cloning.

Sub-clause (3) defines what is meant by 'genetically modified organism': its genes, or those of its ancestors have been changed by an artificial technique which is prescribed - that means prescribed by regulations made by the Department of Agriculture subject to Tynwald approval.

Sub-clause (4) sets out the kind of artificial technique which may be prescribed by regulations for the purposes of (3) above. They do not include natural processes or techniques assisting them such as breeding and in vitro fertilisation.

Sub-clause (5) makes it clear that the techniques within (3) and (4), as mentioned, are not limited to laboratory operations acting directly on organisms but include indirect operations such as those induced by viruses. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: I beg to second and reserve my remarks, sir.

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, I am just a little bit disturbed today that we have not seen some sort of vision as far as this issue is concerned, as far as the Island's agriculture industry. I would have liked to see something in this clause and in this Bill to give some sort of period where we would see how it develops in the EU and then maybe have it evaluated by some sort of Manx environmental health standards before it is imported into the Isle of Man.

Now, I know that issue will be 'Oh well, we've got our agreement with the EU', but I believe that we should have seen some way of bringing in a piece of legislation that was not just following the EU; we should have been going for a GM-free Island for more of a period that what is going to be in the EU, and I think it is wrong today that there has not been any willingness or vision to go for some sort of derogation on this issue and I feel that we should have gone for a derogation as far as this issue is concerned, because I feel that the Island is missing a glorious opportunity to keep the island GM-free. Big business is behind this sort of technology. As the member for health, we see that with the drug companies. If they are not making their profits - that is what they are interested in.

I just feel that we should have seen this government not being a patsy to the United Kingdom and just saying, 'Oh well, we can't do anything about it because of the EU.' We should have been saying 'No, we want a derogation as far as our agreement with the EU is concerned. We want at least a 10, 15 or 20-year period so that we can stop this stuff coming in even when it has got into the EU.' because the problem we have got is that it is big business and it is big bucks in the United Kingdom. We have seen in some of our Commonwealth countries where the local producers have gone berserk over what the big multi-nationals have tried to do: they sell them seed that will not self-geminate and all this sort of thing. I just feel that today we are once again scoring an own goal for agriculture if we do not have the vision to say that we want to go further than just be part of the EU, where we say, 'If it's safe for the EU it's safe for the Isle of Man.' I believe we should be more protective than what has happened in the adjacent island and in the EU and I think the only way agriculture is going to survive in this country and in the west, the way things are going, is that we have to get back to more realistic, natural ways of farming in my opinion.

The Speaker: Mr Downie.

Mr Downie: Thank you, Mr Speaker. I am brought to my feet by the comments made by my colleague, the hon. member for Onchan, Mr Karran, who is himself a self-styled or self-imposed junk food freak. He is forever eating peanuts, potato crisps - all sorts of other items in this building. I wonder if he is aware that amongst the various ingredients of those are

genetically modified peanuts, genetically modified soya products and a whole range of other additives that are currently added to food. Now, I think he is losing the plot because what this Bill is trying to do - the whole thought behind the Bill is to prohibit the import, the release, the propagation and the supply of genetically modified organisms in the Isle of Man and thereafter provide a whole raft of powers which would control the situation if these types of organisms were brought into the Island.

Now, whether we like it or not, there is a good side to genetically modified organisms and there is a bad side. As far as I am concerned, there is a balance to be struck and what we do not want to happen in the Island is some of these more harmful elements getting in here, taking hold of our countryside, destroying our own flora and fauna and causing us all sorts of other problems in years to come. Now, a lot of development has taken place with plant health over recent years and, although it is not genetically modified, we do have a specialist type of milling wheat which grows in the Isle of Man which has been specifically designed to our own needs and developed to our own needs in agricultural laboratories. This is why we can grow a good crop of milling wheat in the Isle of Man. It can be milled in Laxey and we are now virtually self-sufficient in our own bread production.

Now, that is on the positive side, but I think the member must be aware that the danger comes when you bring elements into the agricultural arena or into the environment, that (a) you do not know what the outcome is going to be and (b) if they do take a hold in the countryside they become completely out of control.

So I would ask the member to bear that in mind as we go through the various clauses of the Bill and not to think that the Isle of Man is in a position to declare the Isle of Man GM-free, because if that were the case, I would say that 30 to 40 per cent of the junk food that is on the supermarket shelves would be removed tomorrow if we could do that. Thank you.

The Speaker: Mr Henderson to reply.

Mr Henderson: Thank you, Mr Speaker. I had hoped that we could progress the clauses section of this Bill with some degree of efficiency this afternoon and recognise that this is a milestone for the Isle of Man in that we are setting environmentally high standards as a first for the Island, a first for the British Isles and a first for Europe as far as I am aware, Mr Speaker. Unfortunately the ministry of nonsense in full flow, the electioneering in full flow and the rubbishing tactics, as we saw the disgraceful carry on yesterday with the Education Bill, are all back here today, Mr Speaker. So this is the clauses section. We have had the second reading. We have been down this road that the hon. member for Onchan has highlighted, although I feel I must now re-go over the old ground that has already been covered because unfortunately the last time we had these inane comments the press reported a strange headline 'Karran Mounts a Lone Stand'. Now, I am completely mystified as to what this lone stand would be apart from against his own arguments and his own shadow. What I am attempting to do here is to progress environmental standards of the very highest order. This Bill is not at the behest of the UK government; this Bill is not at the behest of the EU legislators in any shape, form or variety; this Bill was generated in the Department of Agriculture, Fishery and Forestries at our own assessment and assessments of people who have gone before me and who have realised that there is a legislative vacuum here on the Isle of Man which is really environmentally unsustainable inasmuch that it would allow for the growing of trial crops of the GM stuff. So I would like to get that out of the way first and I would

like to highlight that, especially for the press gallery, that we do not see lone stands for EU legislation and all that. This is the Isle of Man progressing high environmental standards generated by ourselves in recognition of the serious problems and issues that have been highlighted to us by the farming industry themselves.

I would also like to highlight those comments about the farming industry thrown in here just for good measure - pour the petrol on and see what happens. The point is that the whole industry and the department are behind what I am doing here this afternoon. I have got all the letters of consultation, I went through all that last time and if needs be the industry are quite happy to take the matter further inasmuch as they would be happy to extend any moratoriums to ensure the status of the Isle of Man stays as top standard as possible.

I just wish to go over my notes, because there were many allegations thrown in here which are completely groundless, and also we had the issue of the derogation. The whole point of this legislation and one of the foundations of it is that there is nothing in existence currently. There is a legislative vacuum. Therefore, that means that trial GM crops in theory could very well be tried all over the Isle of Man and there is nothing that we can do about it. That is why we are standing here this afternoon. If we hold the Bill up for a derogation that could take 10, 15 or 20 years to get in place, then we are leaving this vacuum intact. What is the point in that?

So it is a matter of urgency that we progress some legislation, and I have to say I admit it is not the tightest legislation that we would have liked to see, but we are bound by protocol 3 to a small degree. But I would in this instance urge the hon. member to take caution in what he is saying, because our industry are very concerned with genetically modified crop trials and so on and I firmly believe that even if something was passed on the EU common catalogue, it would be a long time before anyone really decided it was a goer for the Isle of Man, because they want to keep our standards high here.

So I just want to make sure hon. members are fairly clear about what is going on in here. Please, hon. members, and members of the press, do not be confused with the smoke screens and hedging techniques that are being used on this important legislation, which is a first for the Isle of Man, UK and Europe. I beg clause 1 stand part of the Bill, sir.

The Speaker: Hon. members, the motion is that clause 1 stand part of the Bill. All those in favour please say; against, no. The ayes have it. The ayes have it. Clause 2, sir.

Mr Henderson: Thank you, Mr Speaker. Clause 2 of the Bill sets out the main prohibitions in the Bill covering practically all activities relating to GMOs but with various exception and defences, principally an exception for GMOs, the marketing of which is permitted by EC legislation.

Sub-clause (1) prohibits specified activities relating to GMOs, principally importing them, acquiring them, releasing them, allowing them to escape, propagating them, selling or supplying them, possessing them, offering, exposing or advertising them for sale or supply.

Sub-clause (2) makes it an offence to contravene any of the prohibitions as stated in (1) above for penalties which I will come to in a minute in sub-clause (6).

Sub-clause (3) gives a defence of ignorance. The accused is to be acquitted if he shows that he did not a substance was a GMO and had no reason to think it was.

Sub-clause (4) gives a further defence in the case of a GMO, the marketing of which is permitted in the EC: breach of EC law by imposing a restriction of the free movement of goods.

Sub-clause (5) gives a defence in the case of possession of a GMO if the accused can show that he does not hold it for the purpose of propagating, selling or supplying it such as in experiments or a museum or something of that ilk.

Sub-clause (6) sets out the penalties for contravention of any of the prohibitions in (1) above.

Sub-clause (7) limits private prosecutions for offences under this clause. Prosecutions can only be brought by the department or with the consent of the Attorney-General.

Sub-clause (8) enables regulations to contain exemptions from the prohibitions or to set up a system under which the Department of Agriculture, Fisheries and Forestry can grant exemptions and (b) to set out cases in which GMOs can be marketed in the EC. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: I beg to second and reserve my remarks.

The Speaker: Mr Karran.

Mr Karran: Mr Speaker, I think the hon. mover after his tirade of abuse at the last clause. . . (*Mr Henderson interjecting*) Here we have a situation where it says that any community instrument within the member of the state of the European Communities. . . This piece of legislation is a step in the right direction, but for the minister to say that this is a milestone when it is a millstone - the fact of the matter, Mr Speaker, is that, yes, it is better than nothing, (**Mr Henderson:** Hear, hear.) but what I would like to do is see more done, and I believe that if we want to have a viable agricultural industry on this Island, one of the first priorities of any government is to be able to feed its own people. What I am trying to say, and in this clause, is that if it is accepted in this clause that the EU accepts any GM situation. . . and in the previous clause we are talking about, as member for health on drugs, how they spend millions of pounds on the medical profession to get them to buy the drugs to use the drugs for different illnesses. Well, what do you think the multinationals will be doing with the EU as far as GM products are concerned? And we are not talking about peanuts. Maybe the minister wants to grow peanuts in his agricultural industry, but I am not aware of them at the moment being grown on the Isle of Man. What I am taking about is that what I feel needs to be done is, yes, this Bill is better than nothing, but it is the political compromise that we should be making representation to the United Kingdom government and saying that we would like a derogation, a moratorium to be given extra flexibility because we are a small nation with a small agricultural industry and we should have that. What I am saying is that what we have here is just a rubber stamp of saying, 'Well, you know, that's the way it is with the EU. No-one can stand up. Let's just roll over and play dead.' That is what I am complaining about, and the hon. mover of the Bill, if he had read the Bill - in this clause it is saying the very thing that I am concerned about - the fact that what we are is just, as a legislator, saying 'Well, it's legal in the EU. You know, well what can you do?' and shrug your shoulders. All I am wanting is the government of this country to say 'Yes, we do value agriculture.' Agriculture will only survive in

this country if it has a viable market. I believe that if we do not go down that road and if we do not do that little bit more extra work nobody has said that they will vote against the Bill through the clauses, but all I am saying is that I believe that I would have been happier if we would have seen a situation where I had a government with a bit of backbone and a bit of vision prepared to take the cudgels up and say 'Yes, let this Bill go thorough if it has got to.' However, there is a major flaw in that in anything passed by the EU we are impotent as far as GM products are concerned.

I am just concerned that I would have liked to see this Island saying we should have a way of slowing up that, because at the end of the day GM produce will be a big business. If you read the stuff that comes out from all over the world about agriculture and about these multinational companies that deal with seeds and the like, you will see what many of the Third World countries are complaining about at the present time. But I do wish that people would not look at the messenger but listen to the message, because I am sure that this is the one problem with this Bill. We really could do with a little bit more backbone to say to the UK and to make representation on our part. My sitting here quietly, Vainstyr Loayreyder, is not doing the agricultural industry any good as far as I am concerned. It is not doing me any good standing up here and saying these things when all you do is allow yourself to be rubbished and abused because you do a bit of work on these things. But I do feel that members must be aware that what is happening is that once it is accepted by the EU you have got to rubber stamp it, and that is what it says in this clause in front of you now.

The Speaker: Mr Downie.

Mr Downie: Yes, thank you, Mr Speaker. I am glad that the hon. member in his speech introduced the subject regarding medicines, because there is a similarity and there are several hundred learned gentlemen throughout Britain and the EU who do monitor the manufacture of medicines, and his department have to strictly adhere to a list. On that list there are approved medicines which are readily available to be dispensed by the health service division. Now, if you want to disregard that list, fine, you do it at your own peril.

As far as agriculture goes, there is a similar system where we have a list of approved seeds, agricultural products; these are plants that are available for agriculture. These lists are put together by very clever and intelligent people in the UK and in the EU and there are a number of committees that monitor all these lists of the various plants.

Now, clause 2 is very easy to follow as far as I am concerned, where it states that no person shall import, acquire, release, permit to escape, propagate, sell or supply, possess or offer, expose or advertise for sale to apply any genetically modified organism. Now if a thing is not on that list as far as I am concerned, it falls into the category that clause 2 deals with.

In the Island here - the hon. member may not understand what strides have been made in the last few years - we are ahead of the field as far as aquaponics go; we have a small seed potato growing unit here which is supported both by the Department of Trade and Industry and by agriculture. There are different elements of it in the north of the Island, and they are leading the way in technology, but that small potato unit has to work very strictly within the guidelines laid down by this EU list. As far as I am concerned, I think that the hon. member cannot fail to realise that what we are trying to do here working within the system is very similar to the system that he works with in health. If you have no confidence in the health

services and the list of approved drugs that are supplied, you have little alternative. Because of the common agricultural policy and the way the list works, it is virtually impossible for a local farmer to grow his own strains of seeds and try to develop a particular type of seed suitable for growing in the Isle of Man. The seed market is a very big business and it is tightly controlled. But what we do not want to happen is somebody to buy some rogue seed and bring it into the Isle of Man or some genetically modified seed and let it go. That is what the Bill is all about and I only hope that when the Bill was introduced initially the hon. member could have come along and spoken to our agricultural advisers and other people who were available to get over to him the finer points on what is quite a complicated issue. Thank you, Mr Speaker.

The Speaker: Mr Rimington.

Mr Rimington: Thank you, Mr Speaker. I am brought to my feet by the comments of the last two speakers in the debate that is ensuing. When we start discussing environmental matters it is actually a very complicated business. Sometimes you can say, 'Oil is pouring out of the tanker into the sea and there is an obvious pollution problem.' Then the question is very straightforward. Yes, there is a danger that we must do something about that, and there are various other things: if, say, a chimney is pouring out vast amounts of nitrous oxide or sulphur and particulates, you would say, 'Yes that is a pollution problem. That is something we want to tackle' and work towards that. Those issues are relatively clear cut.

Now, I have followed the arguments about genetically modified organisms over the years since it has become a public issue and, as a person with an environmental interest, I find myself strung both ways. It is not a clear-cut matter for me personally. I would much rather say, 'No, I'll have nothing to do with them,' but, having looked at the arguments from both sides, there are good arguments from both sides. Yes, there are dangers in genetically modified organisms and there are things we want to avoid and there things we want to regulate and make sure we do not create little monsters for the future, or dangers for the future, and that is a legitimate reason to be concerned about them. There is also the issue, which I think the hon. members referred to, which is the actual control of seeds and agricultural produce by rather large multinational organisations which are dominating the market. Now, in the developed countries of Europe that is not so much of a problem, but in other parts of the world it is very much a problem. It is a very big social and economic issue there which I am afraid I am not at all happy with. That does not necessarily relate to this legislation, but it is a valid point.

On the other side there are things that can be done with genetically modified organisms which are of benefit and have the potential for benefit to humankind, and that is the other side. It is how we grasp those benefits and use them for the benefit of mankind, rather than be weighed under by the possible mistakes - that is the problem.

So it is a question of balance. I understand the member's concerns about 'Well, if it's on the European list, let's go for it' and when we have in times past, or the European Community, and particularly the United Kingdom, has rather been under the sway of the United States and that the United States presidency and the Congress have been firmly, firmly lobbied by the large multi-national industries in there, that force of persuasion has come from through into international law, into regulations relating to trade with the United Kingdom, the European Community. So, yes, there is a genuine concern that we do want to look closely at what is

coming to our shores, but I do not think we can realistically just put the shutters up and say no.

So I am divided on the issue, in myself, I cannot work out if I am in favour or abstain, so I will vote for it.

The Speaker: I call upon Mr Henderson to reply.

Mr Henderson: Thank you, Mr Speaker. I really was not wishing to respond in too much depth to the clauses because I feel after the second reading that the Bill is fairly straightforward, but unfortunately due to - I am sorry, Mr Speaker - the disgraceful rubbishing antics is all I can describe what is going on here this afternoon.

There is good reason for this legislation. There are no negative reasons being presented by the hon. member for Onchan and it is the same as yesterday, where the Education Bill was rubbished and now this is being rubbished for no other reason than for personal gain, and I think it is disgusting.

Nevertheless, the whole point of the legislation is to tackle the big companies that we hear about this afternoon. It is to close the door on them and the very reason that the legislation is coming into being is living proof that the department and the Isle of Man Government is not being manipulated by the large multi-nationals, otherwise we would not be here having this debate. So I am very proud to say that. That is not an issue, it never was and, as long as I am on the department, it never will be.

But now that we have to be drawn on our remarks, Mr Speaker, further to this I have to report that while we have been rubbished, the point is that every environmental organisation on the Isle of Man fully supports what is going on here this afternoon, including large organisations in London who are absolutely delighted, contrary to what we have heard from the hon. member for Onchan, and this Island has already made some headway in the UK national press for its endeavours on its environmental standards. (*Mr Karran interjecting.*) So I am afraid all the arguments we have heard have come to nought, Mr Speaker. I would urge hon. members to carry on in their support for this Bill so that we can have something in place and have a high standard. I beg clause 2 stand part of the Bill, sir.

The Speaker: Hon. members, the motion is clause 2 stand part of the Bill. Will all those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 3 and schedule, sir.

Mr Henderson: Thank you, Mr Speaker. This clause introduces the schedule which contains powers of entry, testing, inspection, seizure and destruction for the purposes of enforcing the prohibitions in clause 2. They are based on those in Part 6 of the UK Environmental Protection Act 1990.

Sub-paragraph (1) gives to persons authorised by the department various power in relation to premises where he believes there may be or have been any GMOs, except dwellings.

Sub-paragraph (2): these are powers to enter on land with other persons and equipment to carry out tests and inspections to require things to be left undisturbed, to take samples, to dismantle or test anything, to seize and detain anything thought to be or contain GMOs, to ask questions and take statements, to require records to be produced and to require assistance for any of those purposes.

Sub-paragraph (3) regulations made by the department will be subject to Tynwald approval and may prescribe the procedure for taking samples where anything is to be tested or dismantled. Anyone in charge of the premises can require that it be done in his presence and the authorised person must take appropriate advice on the possible dangers where anything is seized. The authorised person must leave on the premises a notice saying what it is and also leave a sample with the responsible person if possible. The privilege against self-incrimination applies to any requirement to answer questions under the above mentioned and legal professional privilege applies to any requirement to produce documents. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: Mr Speaker, I beg to second and reserve my remarks.

The Speaker: Mr Karran.

Mr Karran: I have to say that I was somewhat disappointed with the last clause. I was somewhat disappointed with the fact that if I want to ask questions or put legitimate arguments, if it goes over the mover's head, then that is not my problem, but at the end of the day, Vainstyr Loayreyder, I think it is wrong that members should not be able to ask legitimate questions both on and about this legislation. (**A Member:** Hear, hear.) I believe that the hon. member is shouting about the European Court of Human Rights and I believe that it is everybody's right to ask questions and I do not need the rights of the European Court, I have the rights of being successfully elected to this hon. House for the last 16 years. So I think the member must realise that if I want to ask questions about a piece of legislation, I think that is the right way. This House is a parliamentary assembly to discuss the issues of this House clause by clause as far as that is concerned. (*Mr Downie interjecting*) I believe that we should have the right to legitimately ask questions about things that we have a concern about. I will maintain that principle and I am glad that the member for Rushen, who seems to know a bit about what I am talking about, came up and asked questions about it. I do not need a response from the hon. member.

The Speaker: You have a response from me. You have all the rights according to standing orders. Mr Henderson.

Mr Henderson: Thank you, Mr Speaker. Of course I am happy to answer questions to the clauses and I have all the information here for hon. members if they so wish. I beg to move this clause and the schedule contained therein, sir.

The Speaker: Hon. members, the motion is that clause 3 and the schedule stand part of the Bill. All those in favour please say aye; against no. The ayes have it. The ayes have it. Clause 4, sir.

Mr Henderson: Thank you, Mr Speaker. This clause gives the court, on convicting a person of an offence under clause 2, to order him to take specified steps to remedy his offence.

Sub-clause (1) gives the court, on convicting a person of an offence under clause 2, to order him to take specified steps to remedy his offence within a specified time.

Sub-clause(2) enables the court to extend the time for compliance with an order under the above.

Sub-clause (3) provides that a person against whom an order is made under (l) above is not liable in respect of any continuing offence under clause 2 during the time specified in the order. I beg to move, sir.

Mr Singer: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: Hon. members, the motion is that clause 4 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 5, sir.

Mr Henderson: Thank you, Mr Speaker. This clause is a standard form provision under which a director of a company is himself liable for any offence committed by the company for which he is responsible.

Sub-clause (1) is a standard form provision enabling a director or other officer of a company in charge to be prosecuted for an offence committed by the company for which he was responsible.

Sub-clause (2) applies to the case of a body managed by its members - for example, a co-operative society; in that case the actual managers can be prosecuted for offences for which they are responsible. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: Mr Speaker, I beg to second and reserve my remarks.

The Speaker: Hon. members, the motion is clause 5 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 6, sir.

Mr Henderson: Thank you, Mr Speaker. This clause defines terms used in the Bill.

Sub-clause (1) defines specific words.

Sub-clause (2) gives a wide meaning to 'reproduction' in relation to organisms to cover replication and the transfer of genes.

Sub-clause (3) defines what is meant by 'release' and 'escape' in relation to GMOs. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: Mr Speaker, I beg to second and reserve my remarks.

The Speaker: Hon. members, the motion is that clause 6 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it. Clause 7, sir.

Mr Henderson: Thank you, Mr Speaker. This clause contains supplemental provisions.

Sub-clause (1) gives the Bill its short title.

Sub-clause (2) provides for commencement of the Bill on appointed day or days.

Sub-clause (3) requires Tynwald approval to regulations.

Sub-clause (4) provides that the Bill applies to the territorial sea of the Isle of Man. I beg to move, sir.

The Speaker: Mr Singer.

Mr Singer: Mr Speaker, I beg to second this clause and can I, in doing so, congratulate my colleague on the way he has conducted the clauses stage (**Mr Houghton:** Hear, hear.) and the way he has replied.

The Speaker: Hon. members, the motion is that clause 7 stand part of the Bill. Will all those in favour please say aye; against, no. The ayes have it. The ayes have it. That completes the clauses stage of the Genetically Modified Organisms Bill.

Minimum Wage Bill — Consideration of Clauses Commenced

The Speaker: We now, hon. members, move to item 17 on our agenda, and that is the Minimum Wage Bill 2001 and I call upon the hon. member for Douglas, Mr Shimmin. Clause 1, sir.

Mr Shimmin: Thank you, Mr Speaker. Before moving clause 1 may I just cover a couple of issues that were raised at second reading? Firstly, the hon. member for North Douglas raised a number of issues regarding right to representation, industrial tribunal and trade union. I can advise the House that since then, we have had a meeting and we are looking towards issues for an Employment Amendment Bill which hopefully will satisfy some of those issues. That also covers one of the comments from Mr Karran regarding public holiday payments.

Also, the member for East Douglas, Mrs Cannell, raised the query as to whether it was intended to get this through before the House folds. I would advise the chamber that it is my genuine belief that, provided things go smoothly, we shall be able to come forward before Tynwald hopefully by June with regulations. The discussion on that will be open for members of Tynwald, but it is our intention to work towards that timetable.

She also asked about a presentation prior to the clauses. I believe that the clauses are pretty well established, the principle via Tynwald, and it would be my intention to have a presentation for all hon. members after the consultation process and before the regulations are laid before Tynwald.

If I can therefore move on, sir, clause 1 imposes on an employer an obligation to pay not less than the minimum wage to any worker of his or hers who works in the Isle of Man and is over compulsory school age.

Sub-clause (1) gives any person qualifying for it the right to be paid not less than the minimum wage. This is an entitlement to be paid for work in any pay reference period at a rate not less than the minimum wage and is enforceable by civil action taken by the worker and by official action.

Sub-clause (2) states who is qualified for the minimum wage - that is, that he or she must be a worker, working or ordinarily working in the Isle and over compulsory school age.

Sub-clause (3) defines the minimum wage as an hourly rate prescribed by regulations.

Sub-clause (4) provides for 'pay reference period' to be defined by regulations and sub-clause (5) states that subsections (1) to (4) are subject to the remainder of the Bill. I am looking forward to an interesting half-hour Mr Speaker. I beg to move.

Mr North: I beg to second, Mr Speaker, and reserve my remarks.

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, I move this amendment to clause 1 because I believe that £5 an hour is a minimum amount we should be having for anybody on a liveable wage.

We have heard so much about how this amendment will lose jobs, and we have heard so much in the past whenever we hear about any piece of social legislation which helps the working man in the street. As a member that has been here for 15 years, I have never heard anything else but scare tactics when we have talked about social legislation. Imagine how these people must feel when they hear the Treasury minister talking about an average wage of £343 per week. How anyone in this House can make an excuse for not supporting £5 per hour to start this long overdue piece of legislation, especially in the middle of an economic boom, is beyond me.

For just one of the commodities of life, accommodation, if you had not purchased your home several years ago or live in a local authority house, £5 an hour, a 40-hour week wage packet, would more likely be what you would need just to put a roof over your head.

Hon. members, I hope that this hon. House will not pander to the vocal and powerful vested interests within this Island and also look after the taxpayer's interests by not having the taxpayers subsidise bad employers through FIS for not paying a decent wage in the first place. I hope this House will show real, sincere commitment and say very forcefully that we want everybody within our prosperous and caring society to have this piece of legislation starting at a meaningful rate.

Can I also, just before sitting down, Vainstyr Loayreyder, make it quite clear, which I hear with the misinformation that has been going on, that this amendment is flexible; it just puts in a starting date. There is none of this nonsense that I have heard in the Members' Room about that it is tied into primary law. I have done all that; I have done the homework as far as that is concerned. This amendment just makes a clear undertaking that we should start a minimum wage legislation of £5 an hour. I believe that is not unreasonable and I hope this hon. House will show its commitment to the ones at the bottom, who are working at the present time in this boom time. I beg to move:

Page 1, line 11; for sub-clause (3) substitute -

“(3) Subject to subsection (3A), the minimum wage shall be £5 per hour.

(3A) The Department of Trade and Industry (“the Department”) and the Treasury acting jointly may by regulations vary the rate specified in subsection (3) (or the rate substituted for it by previous regulations under this subsection).”

The Speaker: Mr Henderson.

Mr Henderson: Mr Speaker, I will second this amendment because I think it is important, the principle that the hon. member for Onchan is presenting to this hon. House.

Now then, Mr Speaker, reasons for seconding. Very simple - the hon. member has placed some ideas already which, of course, are causing social concern at the minute. In relation to the average wage indicators that are published, I have taken some keen interest in this, possibly for 20 years, in how things are going and with my industrial relations background, but I have to say that if one asks the Treasury and the economic affairs division what

percentage of employees in the Island earn below the average wage, then we start to see a rather different picture, and there are quite a lot, and there is a reasonable percentage of our working population who are actually under that figure.

So, that being so, we also have the other issue of housing, which the hon. member has mentioned, and people trying to afford something. Houses that start at £85,000 upwards and a wage which I have just alluded to would not cover the expense to any great degree as far as I am concerned. In fact, it would put people in considerable hardship trying to meet those demands. Even a two-bedroomed apartment could command £600 to £800 pounds a month in rent. Having said that, if we look at a grade one government manual worker, their first starting point is £5.60 and I think that is starting point which perhaps should be looked at in time. But at present, Mr Speaker, the hon. member for Onchan has flagged up an interesting situation that this hon. House should take very seriously at this time, especially in the economic success of the community, because underneath that is the grey area that I keep on highlighting and have highlighted since I have come into this hon. place: these people are struggling, and I think it is only fair that we give them a chance as well, Mr Speaker. Thank you.

The Speaker: Mr Cannell.

Mr Cannell: Thank you, Mr Speaker. Having twice before previously nailed my colours to the mast on this, despite intense lobbying along my travels in recent times, I am quite prepared to stand up and be counted on this matter. We have heard about the average wage. I am well aware that an average, like anything else, of course has to be by lows and by highs but, as the previous speaker has said, of course you only need a few high-rollers at the top end to drive the figure down to the well below average for the remainder. I do suspect that he has a well-founded case, that in fact many people are struggling.

We have in my constituency an engineering company. We have in the south of the Island an engineering company as well, both of which have proved a mainstay to the work of the Isle of Man. They now recognise that they have to pay good rates, but nevertheless, the average person doing ordinary day's work, doing an ordinary job in this Island is still, I am amazed to say, not actually rising up and becoming part of a revolution, when they see all that has happened.

I am not going to go over the mainstay of my planks of the response to the Chief Minister's policy document, nor indeed the similar vein which I expressed at the budget document, but the fact remains that it is quite surprising that there is not more resentment that the Isle of Man, having made itself available for the earning of all this great wealth which we are all enjoying through the services we get, are the taxation returns that the people are making and which produce the style of life in the Isle of Man, quite unprecedented 30 years ago, has come at a price. The price is that many of those who provided that platform have been left behind. They have been left behind because they are still struggling along, people out early in the mornings doing services for which others are rising up later on and very grateful to bring in their milk, their post, all these sorts of things. Some, by very great trade union intervention, have in fact managed to drive the wages of these people up to a respectable level, but those who have no-one to speak for them are still, I am afraid, left way behind. In future years we will laugh when we read this debate and say we were talking about a £5 per hour. I know it is only the same. It is relevant to the wages that were paid. You get old video films now of petrol

pumps and see what you were paying for fuel in those days, and you laugh at it and say that in fact you are paying more per litre now than you were for a gallon not all that long ago.

Now, the representation I have had made for me is, 'If you vote for this, Cannell, you will shut down half of the shops in the Isle of Man, particularly the employees who are 18 years and under.' You stand in a shop, you serve the public, not all of them pleasant, you do a hardworking job, you replenish your stocks, you are pleasant to the customers, you do heaven knows what else and, at the end of the week, if you have been there, stood on your feet for 40 hours, they are going to give you less than £200. These days £10,000 per year, with all the associate costs that living in the Isle of Man actually incurs, and for all its taxational benefits many of the cost of living basics of this Island, I am afraid to say, are still taking a considerable amount more out of the basic wage than in fact they would be elsewhere.

Now, the choice, of course, is there: if you do not like it, most days anyway, the boat sails at 9 o'clock in the morning and go back or you can go to England and try and find your fortune there. You might not find it, but I suggest, Mr Speaker, and to hon. members, that it is the least we can do to register the fact that we have in this Isle of Man a great degree of prosperity, but there are still a number of people who are not getting their just desserts. They are not sharing in its wealth. This is one way we can actually try to get them on to the ladder of sharing the wealth so they do not rise up. I am not suggesting there is a civil law around the corner, but I am suggesting that it has got to be worth £5 an hour to be employed in anything. If we do not pay that, if we do not try to get them that sort of figure, the temptation will be there to say, 'I can't be bothered working at all,' and there has got to be a lot more pride in bringing home a wage packet at the end of the week than there is by going down to Markwell House and drawing the dole.

I know not many people are drawing the dole at the moment, but there are an awful lot who are on benefits and some of those, in actual fact, despite the great endeavours by our DHSS to get them to work, in actual fact are choosing not to, and some of them are choosing not to because they realise it is just not worth the candle. It is not worth doing these jobs, driving shops, manual labour and all that sort of thing for less than this figure. And the Isle of Man Government, one of the biggest employers on the Island, has recognised that. There are many, many establishments where either trade union interventionism or by the Isle of Man Government deciding it cannot embarrass its own self by paying less than a reasonable rate, has in fact decided to go way above that. Now, the average wage of £343, I think my hon. colleague said, comes out at £8.60 per hour. That is the average wage. So what are the top boys getting? All right, may be in certain aspects we hear of ludicrous sums of money being gained by people and that will drive up the average, but at the end of the day most people are probably quite content to come home with about £15,000, but they will not get that on £5 an hour; they will only get £10,000, so you need to make it £7.50.

So if we are starting at a figure and we are specifying a figure, we are not saying everybody because later in the Bill will come terms which in fact say that there are certain exemptions - I think that apprentices and people like that are included amongst it - you are not going to say to everybody, a fresher into a job, a first timer, a green horn, 'Yes, the second you start, here's £5 an hour.' But you should be able to say it to any adult who knows what he is doing in the job. Some of these people are actually taking responsibility for establishments. It is fine talking about shopkeepers; some of them are actually there, in charge of the shop with all the

attendant responsibilities that go with that these days. And it is a risky business, these days too.

So I call upon this hon. House of Keys to take a decision on behalf of what I call the standard Manx, not the nouveau Manx; these are the people, because I cannot pretend to think that many people who have come to work here and to live here can put up with less than that. If they did, I thought they would be going the other way as fast as their legs could carry them. But we need to pay the ordinary people who provide the standard services of the Isle of Man, stood out in all weathers often - at the very least, we owe it to them, Mr Speaker, to pay them this sum and I am extremely happy and would urge everybody to back my hon. colleague's amendment.

The Speaker: Mr Shimmin speaking to the amendment.

Mr Shimmin: Thank you, Mr Speaker. Firstly I would like to congratulate the previous three speakers for the genuine and moderate approach which they have taken to this emotive issue, and I welcome that. I do not think that it is a surprise that I will urge members to oppose the amendment, but that is not discussing the £5 figure, rather it is premature. If a national minimum wage is to be introduced successfully and it is to benefit low-paid workers, then we have to look carefully at what those rates should be and to assess the likely affects. I say 'rates' because it is intended there will be four different minimum wage rates. Without being in any bound by the minimum wage levels in the UK, we can and should learn from their experiences, and in particular at how their rates were chosen and the way in which the minimum wage was introduced. That is what we are looking at today. Tynwald has already agreed the principle and we are now carrying that out. So I do not think anybody is debating the principle; it is the mechanism of implementation.

In the United Kingdom the Low Pay Commission was appointed, an independent body to report on the rates of the national minimum wage, whilst the government, as I am attempting to do, introduced enabling legislation by way of the National Minimum Wage Bill. The UK Government accepted all the Low Pay Commission's key recommendations, and the rates for the national minimum wage were included in the national minimum wage regulations which then received full parliamentary approval - again, a process that we have monitored and are able to shadow.

The national minimum wage was introduced in the UK after extensive consultations, and I would urge the member for North Douglas to remember comments he made just a few moments ago when referring to a previous Bill. He talked about 'our industry', meaning the agricultural world, being 'very concerned.' That is what we are talking about here with regards to some employers irrespective of the terms people use. They are the industry. They are very concerned, but what I am asking for is the opportunity to have a full consultation process which is intended to last six weeks to actually evaluate the impact of the various rates, and I believe it is incumbent upon us as legislators to ensure that when we come forward we have the evidence to back up the figure which the department working with Treasury will have determined. It is then entirely up to the will of Tynwald as to whether they take that argument. I believe it is premature now to consider that we can arbitrarily pick a figure which may or may not have a massive impact, and I think that is the issue. This is arbitrary. It seems to have been selected as a suitable round figure, but with what evidence? To go down this road is to

choose to make an experiment with other people's livelihoods and jobs, the outcome of which is uncertain.

Where the minimum wage is set above the wage rate of existing employees, then those employees will either have their wages increased to the minimum wage, which I believe is the hope and intention of the members who are supporting the amendment, or else they will lose their jobs - clear cut. We have not looked in much discussion previously at the impact of differentials, but it is a key area whereby, if we were to increase wages to a £5 minimum, that is not the end of it. So we are aware of the issues and I am aware and I know there is support for a £5 figure within Tynwald. I would not say unanimous or majority support, but that argument has been made. What is lacking is the clarification of the argument to justify it, and I would say that those most at risk, which is a critical part in my decision-making, will be employees or prospective employees whose productivity is low, or who have the least skills, or who experience difficulty in finding employment even when times are good, let alone if there should be any downturn. I think members would be ill-advised to consider the reality of these people walking straight out of one post into another paying jobs above the minimum wage.

It is down to positioning, but I hope that the hon. members even voting with the amendment will trust my sincerity when I believe that this legislation has the capacity to benefit large numbers of low-paid workers on the Island, but it will only do so if the chosen rates are the right rates. Let us, please, await the recommendation of the two departments, listen to the arguments with an open mind and vote to accept or reject the regulations in due course, having already been assured that it is our intention not to procrastinate or delay this. The timetable is clear; the minister, the departments are aware that we are trying to come forward with regulations, with the four figures to June Tynwald. That is our intention. Please believe the sincerity; please vote against the amendment.

The Speaker: Mr North.

Mr North: Mr Speaker, first of all let me say that there is no doubt - and it has already been said in another place and here before - I fully support the minimum wage. I always have, and I am just sorry it has taken quite so long to get it to the floor of this House. However, we are here and I think it will do a tremendous amount of good on the Island, certainly lifting up some of those who are obviously underpaid and, dare I say it, abused in terms of their pay.

Mr Cannell: Exploited.

Mr North: Exploited, yes. That is an even better word, I think.

I am not, as one can imagine, in favour of the amendment which is before us and again, like my hon. colleague, the mover of the Bill, Mr Shimmin, I genuinely believe that to support it will send out a message to businesses on the Island, those who may be considering locating here -

Mr Karran: I do not want them.

Mr North: - and the hon. member for Onchan says he does not want them. Just please remember that, it is in *Hansard* - that the Isle of Man now has a parliament. We want that message to go out that we have a parliament which has become complacent over the

Island's economic success and which, I am afraid, appears to pay scant regard to economic reality. Do we want that, hon. members?

Mr Karran: No, we do not want to promote the Island as a low-wage economy, mate; that is what we do not want.

Mr North: Mr Speaker, I am on record on a regular basis: we do not support the Island on a low-wage economy; we want high added value and that is the policy of this government and it certainly has been my policy for a long time.

The first problem I have is that the figure stipulated in this amendment from the hon. member for Onchan has been arrived at apparently with absolutely no consultation or proper evaluation. This is, in my opinion, contrary to all the principles on which government in the Isle of Man has traditionally operated. Acceptance of the amendment will thus give an impression of a parliament which is prepared to take vitally important decisions without any proper assessment of the impact on the economy or those employers and employees who are going to be affected by them.

Second, I believe that there is a risk of sending out a message to potential investors that we operate a high labour cost economy. The statistics - you have just got to look at it - which are examined by those looking at competitive locations would show that we have a minimum wage of, let us say, £5 an hour, which is 35 per cent above the equivalent UK figure and way above the rates in other countries such as France, which is £3.97, the Republic of Ireland, which is £3.55.

I would also point out to hon. members that we have, certainly with my total support, the Employment Sex Discrimination Act 2000 which is coming into force later this year, in October, a fact which was highlighted in a recent question from the hon. member for East Douglas, Mrs Cannell, to the Chief Minister. This legislation will, without any doubt, result in additional costs for small employers as some of the anomalies in wage rates and conditions of employment are quite rightly addressed, and I am again very much in favour of that. To risk adding to that burden by setting a minimum wage without any consideration of the consequences would, I suggest, be a reckless abandonment of the duty of care placed on us as members of the House of Keys. If the initial rate is set too high there will be no going back. The prospect of job losses is ridiculed by some as scaremongering, but it is widely acknowledged that the rate for young people, for instance, in France was set too high and it had a severe impact on youth unemployment.

There are other disadvantaged labour market groups whose plight might well be worse if the initial rate is not set correctly. These groups include people with disabilities, who are already under-represented in the labour market; persons with social problems, ex-offenders, and unskilled youth seeking work - indeed anybody who may be perceived as a risky proposition by employers.

Have no doubt, hon. members, that the job of anybody whose rate of productivity does not merit £5 an hour in the eyes of an employer could well be at risk. It is easy for a politician to say that everyone has to be worth a fiver. I think my hon. friend, the hon. member for Onchan, Mr Cannell, has put that point across and I do not have any argument, but I do want it examined properly. He conveniently, I am afraid, with this amendment ignores the point that we do not control the labour market, and if the judgement is wrong it is the very people he is

determined to help who will be the first to suffer. I think it is true to say that whatever rate we set - and again I think I have said this in another place - or bring in is going to put people out of business and out of work. That is a fact.

Mr Cannell: We are committed to it.

Mr Karran: Rubbish.

Mr North: Absolutely, that is going to happen, and the rate that we set will help productivity on the Island, because some of the people, as the hon. member for Onchan, Mr Cannell has said, are exploited.

The fundamental point I wish to make is that the setting of a rate for the minimum wage is not something to be undertaken lightly or without proper care and consultation. The introduction of a high rate at short notice could, at worst, lead to a hard landing along with the pressure to restore wage differentials by groups already earning £5 or more an hour, consequently inflationary pressure on wages and thus severe difficulties for some businesses, and I think I was asked a question the other day as to how many people were on under £5 an hour on the Isle of Man and the answer I gave when I was asked that was 12 per cent, which I think even the hon. member for Onchan was surprised at.

Mr Karran: A disgrace.

Mr North: Now, whether that is a disgrace or it is not, the fact is that unfortunately in the newspaper they misinterpreted that figure; they took it obviously 12 per cent of the working population but you have to take out the self-employed first, so the figure that they printed in the paper of 4,200 should actually read 3,300 -

Mr Karran: And that is too many.

Mr North: Yes, I would not disagree with the hon. member; I would not disagree.

In the United Kingdom the national minimum wage was set cautiously so as not to undermine competitiveness, and there was a long lead-in time. Its introduction added only 0.5 per cent to the national wage bill - no measurable impact on employment, yet it has been stated that it impacted on the wages of an estimated 1.5 million workers. The absence of general pressures to restore wage differentials and the way in which firms were able to manage the change meant that the additional costs caused by the national minimum wage were manageable for most businesses.

I am not saying, as I have said, that this will not effect some businesses. It will. I am not saying that the rate should be as low as that in the United Kingdom. In fact, I am not saying that it should not be considerably higher than it is; what I am saying is that we should do this job properly, and when we are in possession of all the facts I therefore really urge hon. members not to support this amendment, Mr Speaker.

The Speaker: Mr Singer.

Mr Singer: Thank you, Mr Speaker. The hon. mover of the amendment referred to the economic boom which we are now enjoying and, yes, we are enjoying the economic boom, but the economic boom is really basically within the finance industry and not necessarily over the rest of the Island. Of course where a young person can go into an office and earn £7 an hour, that is fine, but that is not the same for a person who is a shop worker, but this

economic boom, mainly in the finance industry is giving us what is probably a falsely high average wage (**Mr Houghton:** Hear, hear.) for people who are what you might call in other kinds of jobs. That average wage, I would suspect, is above those earned by many employers who are looking to take on employees. So it does not help those in employment if the employer cannot pay £5 an hour. If consultation shows, for example, that the right figure is £4 an hour, say, for the prospective employee is it better that they can have a job at £4 an hour or they cannot have a job at £5 an hour? I think that they would plump for the £4 an hour if that is shown to be the right figure, so I would agree with the hon. member for West Douglas when he says that we cannot actually decide on this figure until we have the facts, until we have consulted and until we have given it due consideration. So by all means, yes, if it comes to £5 an hour I will be absolutely delighted if that is the right figure that comes forward, but certainly we have to be very careful in not, as was said by the last speaker, actually forcing those people in the more menial and lower jobs actually out of a job.

The Speaker: Mr Cretney.

Mr Cretney: Yes, just briefly, Mr Speaker, I sometimes find it a bit offensive that some people are referred to as ordinary or working-class people. They are actually extraordinary given the things they have to deal with from time to time, such is the costs of certain commodities, and they have to do so on poor wages very often, sadly. Despite the fact that the Island is doing so very well, which we are all pleased about, there are those who still continue to have a difficulty in this respect, and I think that is acknowledged by the majority of members in here, and I do hope that we are not going to go back to a situation where the Isle of Man is portrayed externally as somewhere where you can come and your cost of wages are going to be low because over the last 10 years at least that situation altered. It altered to the extent that what we wanted was first-class employers who pay first-class wages and who do well through the Island. That is fine and I think it has worked generally well.

So I am concerned that, first of all, people are portrayed as ordinary - they are not ordinary, because they have these difficulties of energy costs or housing costs or costs of access to and from the Island and they have to manage and it is offensive to them sometimes; the figures which are now given as average incomes are actual based on fact because they are done on a proper survey, whereas that was not the case in the past, but it is obviously artificially inflated because there are a number of people - I have no problem with this either - in certain sectors in the Island who are doing extraordinarily well, and that is fine, but it does cause problems for those who are on lower wages. What I would say also in response to the last member who spoke who referred to menial jobs is that I do not believe that shop work is a menial job (**Members:** Hear, hear.) and on that basis I do not believe -

A Member I do.

Mr Cretney: Well, I do not, and I am happy to pay those who I employ in a private capacity over what is proposed here, and I do not think this should be a problem for anybody else.

Mr Cannell: Hear, hear.

The Speaker: Mr Quine.

Mr Quine: Thank you, Mr Speaker. My instinct tells me that £5 an hour is not an unreasonable figure as a minimum wage. It seems to be quite modest when you have regard

to the salaries and the income and the money that is moving around this economy, but I do not think that is really the question, and this is what I was trying to address: the question of not whether it is reasonable, but whether it is sustainable, and what I am looking for and what I find some difficulty in coming to terms with regarding the amendment is that we do not seem to have any basis for saying that £5 is a sustainable figure, and that is really what worries me. I have no doubt that by and large the economy could sustain the £5, but whether it is sustainable in terms of a medium-term economic scenario I am really not quite sure, and I feel that I am fairly well based to take a view on this and to have a feel for what those earning the smaller rates of pay are because when I started work I started on 12 shillings a week or 60p a week -

Mr Singer: Overpaid!

Mr Quine: - and it was suggested even then I should be on piecework, so I certainly have a feel for what it is for those at the bottom end of the economic scale to make ends meet. I was born and brought up in a rural community and there was no spare money, let me say that, and when I was working there was no spare money, so I have a feel for this.

The difficulty I have in trying to come to terms with what the hon. member is proposing in this amendment is that I have this question which remains unanswered about whether in point of fact taking an objective view of this is sustainable, and he has not really helped me with that.

The only other concern that I have with this, of course, is I feel sure that, although his amendment is perfectly good in terms of its acceptability as put forward by Mr Gumbley or whoever has drafted it for him, it does seem to me to be somewhat the wrong way round. We are taking a figure which has not been subject to a valued judgement, it is not formed on an objective basis, and we are putting it into primary legislation and then saying within the legislation 'However, by order we can change that.' That, to me, does not seem to be the right way around, but with those two provisos I come down to one real question, and this is where the hon. mover of the amendment and the hon. mover of the clause may be able to help me.

At the end of the day, to my mind the question I have to address is, in terms of time frame, what is the difference in the two approaches which are being suggested? We have an approach being put forward by the member in charge of the Bill, and he envisages that we would enact this into law without a figure being placed within the primary legislation and that by June time we would have before us in another place an order that would stipulate a figure. If that figure was not acceptable to us, we would have the opportunity to be back the following month with a different figure, as was the want of that other place. So we can see a specific time frame for that and it appears to be in the order of about six months. If we put this amendment into law today, what I have to ask myself is, will that produce anything any quicker? Will it produce an earlier solution to put the much needed and fully justified additional money in the hands of the workers? That is really what I am looking for guidance on. I think we are entitled to ask for these answers to be given to us, because it seems to me at the end of the day that is the nub of the question. I do not think there is any dispute in principle; I think, as far as the majority of the members of this House are concerned, our hearts certainly tell us that £8 is not an unreasonable sum as an hourly rate to pay anybody in this day and age (**Mr Cretney:** Hear, hear.)

Mr Shimmin: Eight? Eight?

Mr Quine: Five pounds, yes. (*Laughter*) When I heard the cackling I thought they were referring to my heart! (*Laughter*) So that figure is not in itself unreasonable, but the issue is, if we are going to take a course to achieve this which is different than what is being proposed, different from what I would term as the orthodox route which we would normally pursue through legislation, then is what is on offer by way of the amendment going to produce that result for us quicker? Is it going to produce the expected result for us quicker than what is now proposed by the mover of the Bill? It is in that area that I would ask the hon. mover, both of the amendment and of the Bill, to address themselves because I think that to my mind is the nub of this issue. Thank you, Mr Speaker.

The Speaker: Mr Rimington.

Mr Rimington: Thank you, Mr Speaker. In the budget documentation which we all received recently you will have had papers from the Department of Health and Social security regarding benefits upratings. If you took time to look at those carefully you would find it was actually quite difficult for the ordinary person, as has been described, to acquire an amount of benefit which is equivalent to £5 an hour, a 40-hour week. There may be very particular circumstances where a household could arrive at that figure, but within those circumstances there would also be the department and the good officers of the department encouraging those people back into the labour market, so it would only be on a very short-term basis anyhow. But if you look normally in terms of income support and what is available to people there, then on a long-term basis the only way that I can see anybody getting that sort of figure was if the individual had children, was over 75 and was disabled. That would actually bring them up to that figure, because the income support system there is not, is in this jurisdiction or any other jurisdiction, designed to encourage people to stay at home and not work and live off the state; it is designed to encourage people to work. Now, closer to the time when it is appropriate I hope to bring some statistics and some information to add to the general information on this subject regarding the use of family income supplement and that actually relates to people who are in work and who are working 16 hours a week or more, and that will show how the benefit system encourages people to become involved in work and also gives extra encouragement when they work over 30 hours a week rather than just the 16 hours or over. That will also show, and that will be of interest to members when you see it, that people can receive family income supplement when they are getting as much as £10 an hour, depending on the amount of hours that are worked in that particular week by that particular person in their circumstances. It also supports people who are earning around £4 an hour, so it covers the whole range of hourly rates and it is not a clear and distinct thing that you can just pick on and say, 'Unless we give that, people are going to live off the state.' So that issue can be addressed in a more informed manner later on.

I agree with the members that this is not something that should be done in primary legislation; it is for due consideration in secondary legislation in the order that will come before Tynwald. And also I would like to inform the hon. member Mr Karran from Onchan that the widespread discussion of this issue which your amendment has engendered has in my constituency put one person out of a job already, in that the particular retailer, thinking that this was imminent and probably not looking into the niceties of the legislative process - they would not necessarily have that knowledge - decided to part company with their part-time

employee in their shop because she thought, 'I am not going to be able to afford that and I better get shut now.' So that is one positive little move that this amendment has made take place. That is a genuine concern that in certain areas of the economy you will dislocate, and unnecessarily so. Certainly I would imagine, in your own area, the greater conurbation of Douglas and Onchan, as compared to the more rural areas of the south and north and the rest, there are a number of retailers who are not making much money, (**Mr Houghton**: Hear, hear.) and their business is constantly at threat because of the dichotomy between the ability of the large supermarkets or the larger stores to attract business and their position in the locality. I would be very wary of putting in a figure that was in primary legislation or secondary legislation and which was going to threaten the existence of those shops and further consolidate the power of the large, you might call them, multi-nationals or whatever - the large organisations which have already got quite a grip on our retail industry, and we need to be able to create and maintain some balance and also some community, and that is very important: to have some sort of strength and identity in the communities. I do not want to walk down the main street of Port Erin, or the two main streets as they are, (*Laughter*) and view them in the same way as the problems we have in Port St Mary which, I am sure hon. members are aware, has suffered quite considerably and shops have closed. So there would be only one shopping centre in the south of the Island, or south of Castletown and that would be within 15 yards of Shoprite car park and that is not sustainable. So we do have to look very closely.

Now, I accept that by putting this £5 figure out into the airways, which is what you have done, you have actually probably created a consensus in some ways amongst the majority of the population, who have said, 'Yes, good, right,' and I have spoken to quite a few people who have said, 'I am for it,' but they are probably getting it so it does not matter to them. But in fact what you have done is very irresponsible, (**Mr Gilbey**: Hear, hear.) and you are in danger of dislocating the economy. (*Interjections*)

As a final point, Mr Speaker, what I find interesting behind this, is trying to distinguish the social philosophy behind what you are doing. The hon. member from Onchan is a member of the Manx Labour Party and, as I understand that, it is something to do with socialism. (*Interjections*) I am led to believe that it is something to do with socialism. (*Mrs Crowe interjecting*) I cannot follow what socialist philosophy is involved in here, where the state is taking on this paternalistic attitude of handing out to the lower grades, which is effectively what you are doing, rather than actually empowering the ordinary people, the people who you say you represent or whatever, to actually get out there and make that money one way or the other for themselves whether that is through the strength of their organisations or through their hard work. I do not think it is the role of the state to actually do this fair distribution of wealth; it is right to provide the framework for it (**Mrs Crowe**: Yes.) but it is not actually right to do it, because that is actually paternalism, and that is a very strange social philosophy for the Labour Party to take on board. I would be interested, when you sum up, in your comments on that one. Thank you, Mr Speaker.

The Speaker: Mr Braidwood.

Mr Braidwood: Thank you, Mr Speaker. I heard a voice saying, 'Be brief!' I will try to be brief because I think a lot of the sentiments I wanted to express have already been said, but I would like to, firstly, say that I am supportive of the Minimum Wage Bill, but I also would like to

concur with the majority of the sentiments expressed by the hon. mover of the Bill when he spoke, basically, against the amendment. Now, as he said at the time, this enabling legislation will bring regulations forward: four different grades, there is going to be consultation, and we will see how those rates will impact on the Island, or if they could foresee that. Now, Mr Karran said the Island can afford £5 and it was mentioned by the hon. member for Middle, the majority of employers in the Island probably pay that, 88 per cent of people who work obtain £5 and more. My wife has a small business; as Mr Cretney says, he pays above the minimum; my wife pays above the minimum of £5 as well. But on smaller retailers we have to look at an impact. They look at the bottom figure; that is what they have to survive on, and if they are paying too much in salaries and the wages, it affects that bottom figure, which makes them unable to survive, their livelihood is threatened. They have one thing: these people have to go. *(Interjections)* They have to go and if they have part-time people they will take one of those people away to try to subsidise their other employees if there is a set rate of £5. I am sorry, hon. member for Onchan, we live in a real world for small retailers and small employers.

Mr Speaker, I would rather wait for the hon. member for West Douglas to come forward with the rates and let us see what the impact is. The hon. member for Middle, Mr North, said we have to be a competitive location. I do not think that matters in a way because, with the finance sector, the finance sector, if we look, pay above £5 - he is shaking his head, but I would say in the finance sector, if you look at what they pay, even a junior clerk, 16-17 is above £5 a week. What we are trying to do - *(Interjection)* Sorry, an hour. *(Laughter)* I am going back to when Mr Quine started working!

Mrs Crowe: He did not even get that!

Mr Braidwood: I think the majority of junior clerks are above that rate and what we have to look at is the impact on the retailers who have part-time staff and who cannot afford £5. It is quite true what the hon. member for West Douglas said: it is not the impact of just raising up to a minimum of £5, it is the differentials between grades. If there is a separation of grades and you put the grades together, those other people will want to see their differentials restored. It impacts all the way along the line, and it is an additional cost to the employers. Mr Speaker, I will be voting against the amendment and I hope the majority in this House do the same.

The Speaker: Mr Downie.

Mr Downie: Thank you, Mr Speaker. I am on record at the second reading of this Bill as saying that I did not want to see the formula for this minimum wage become a political football, and I am very, very sad to see that this unfortunately is the way this particular issue has developed. One thing that is abundantly plain: since the Island has done a lot better over the last couple of years, wages have increased and increased significantly, and what we are seeing now is a market-led economy. If there are jobs in the labour market, people naturally now have to pay more money to attract the right staff, and that has happened - market forces.

Now, I believe that the minimum pay should be the maximum that the system can stand, after taking all other issues into consideration. I am firmly of the view that we should not be having discussions in here about minimum rates of pay and what it should be. The principle of minimum pay should be established in here and then it should go to the various

organisations who have first-hand knowledge and intelligence of the market and what it can stand. They should be the ones who set the rate.

We have had discussion about the differentials between lower rates and pay awards. If we put the basic wage to a set figure - and in this particular instance, we are talking about, I would say, the lower rates of pay on the Island being somewhere between £4.50 and £4.75 an hour - if you put those up to £5 overnight, every tradesman worth his salt will be looking for the differential, because that is what we base our pay negotiations on, and I think you will start so many hares running and create so many problems for yourselves, you just will not be able to control the situation in any way at all. It is all right the hon. member for Onchan getting up on his hind legs and saying that he wants £5 an hour, but what is the £5 an hour based on?

Mr Karran: Public decency.

Mr Downie: Well, you are saying that, but a very good example was given where you have a person out in the rural economy, he comes into the village shop next door for a few hours a week or fills in. There just is not the profit margin available to pay those people £5 an hour. I would put the same question to the hon. member with responsibility for health. He has a number of people and sadly it is marginal whether they are employable or not, but the DHSS employs them; they give them worthwhile tasks to fulfil. They are involved in maintenance, in gardening and decorating. Are these people going to be paid the £5 minimum? (*Interjections*) Or is that going to be rolled into their keep? It is only a few months ago there was an argument in this House where those people were virtually going to lose their rights altogether, and a member had to get on his feet and ask a number of questions.

Now, I think we would be extremely foolish if we supported the amendment today. I think we must consult with all the other parties involved (**Mr Braidwood:** Yes.) and not tie ourselves to this minimum rate that has been outlined in the primary legislation and in the amendment. I think common sense must prevail and it is a very, very important issue. I fully support the principles of the minimum wage, but we have to do it in a proper and transparent manner and have dialogue with all the various bodies involved. Thank you.

The Speaker: Mr Brown.

Mr Brown: Yes, thank you, Mr Speaker. I support the Bill before us; I support the matter of having a statutory minimum wage. I have no problem with that and, if the right level is £5, then I will be pleased for that to be the right level. However, I do not believe, as has been said by many speakers, that this is the way to introduce a statutory minimum wage, either in the Isle of Man or elsewhere, and in fact I am not aware of it being done elsewhere in the way it is suggested by this amendment. Therefore, why do we need to do it this way?

The question I have is, where does the £5 come from? Is it just a good idea? Is it what sounds nice and is a good sort of way to say, 'Well, £5 - great'? Why is £5 great? Why is it not £5.25, why is it not £5.10, why is it not £5.50, why is it not £4.90? My honest answer is I do not know, and I think that that is the issue. Why pick £5? It seemed like a good idea at the time, because it is certainly not a figure that our nearest competitors have got, as has been said by the hon. Minister for DTI and as we all know, and in the Isle of Man the impact of whatever the level is - and we have got to hopefully get it right - if we are not careful, could have a considerable effect on the Isle of Man economy, far greater than it would have in the UK economy, where it is more diverse, it has a greater absorbance of employment and we do

not. We also have this diversity of business that we have, some businesses, and a majority of businesses who earn their money off-Island. But then you have a largish (in relative terms) core of small businesses in the Isle of Man, regionalised, who do not have the opportunity to earn the sort of incomes that may mean they can pay it without them putting their prices up. Whether you like it or not, you cannot have a high-wage economy and a low-cost price economy. Any country you go to where there are high wages, prices are higher, and that is fine if that is what the Isle of Man wants. I do not have a problem with that.

But one thing I would say is, some of the whingers who go on constantly about the prices in the Isle of Man being far too high - many of them do not know what they are talking about and go on and on about prices being too high, especially in retailing, and they are talking rubbish. What it means is they never go shopping. All they do is listen to people who pay too much for something because they happen to shop in this place maybe instead of getting around and having a look at what the prices were, just saying prices are too high. Well, I can say, Mr Speaker, that in many businesses in the Isle of Man, especially retailing, if you want the best prices, get out of Douglas, because the prices are lower. It is all very well in Douglas, where you have got a constant flow of people up and down Douglas, down this big street, who are constantly up and down there and just fall into shops to buy goods and do not look at the prices, which often happens. All I would say to the minister - and hopefully this amendment will fail - is that when you do your evaluation, I hope you will consult with the areas. The hon. member for Rushen made a very valid point about the implications to the regions. I can tell you, and I can tell you quite clearly, most of the businesses outside Douglas, the small businesses and especially retailing, have to work a heck of a sight harder than the ones in Douglas who just open their doors and wait for the customers to fall in. They actually have to fight to get the customers out of Douglas because there is this view Douglas is where everything is better and cheaper.

Therefore, Mr Speaker, what I am trying to demonstrate is, it is not a simple issue. The hon. member for Rushen, Mr Rimington, made some very valid points that should not be ignored, and it is all very well - I want to see our economy get boosted up. The hon. member for Onchan, Mr Karran, as usual stood up and made the point and gave the indication that the only person who really cares about social rights is him. Well, Mr Speaker, I can say since I have been in this House, which is slightly longer than him, I as a member, not a member of any party, was one who fought very hard to get redundancy pay and, in fact, took the Bill through the House after many years. (*Mr Karran interjecting*) After many years it had been tried by other people who did not get it in. I have supported all the social changes that we have brought through this House in the last 15 years, because I think they are right for the Isle of Man, and I want our people to do as well as anybody.

But the one thing you have got to do is be realistic, and you do not pick out magical figures. We are not elected just to say, 'Oh, let's do that.' We are elected to look at these issues sensibly because I have to say to the hon. member for Onchan: he does not and I do not represent that person or that person; We represent the Isle of Man and have to look at what is in the best interest of the Isle of Man economy overall, and if the Isle of Man can afford, and the right level is, £5 - great, I have no problem with that because I am not talking about me, or maybe the hon. member for South Douglas, who mentioned his situation, but there are other people in employment or who are employers who have difficulty maybe sustaining that level but provide a very good service. They have a right to be heard and this amendment denies

them that right to be heard. It denies them the right to be consulted, and I do not believe that is correct. I think we have to do that. But very importantly, all the countries around us are not paying this level, so how are we fixing this level? Certainly, the hon. member for Onchan has not said anything in his introduction to me to justify where he gets the £5 from. He just says that is what we should pay.

Mr Speaker, the other point is, the hon. member for Onchan may well make light of what I have said and others have said, and he will, as we have heard him muttering, say, 'Oh, well they would say that, wouldn't they? They're only looking after the employee.' But the employee is a person and the employer is a person and the point is, one of the things that has happened because of changes we have made over the years, is we are dramatically losing the self-employed person on the Isle of Man, and that has happened because of bureaucracy. Bureaucracy is killing the self-employed. It is grinding them down because of the amount of paperwork they have to do and self-employed people need to get on with work to earn their income. I would say they are the people being left behind; they are the people who are struggling to earn a reasonable wage, because many of the small employers, one person self-employed, find it difficult in the market that is out there to earn a living to get them up to the levels that we are encouraging those employed to get up to.

So I have no problem in having a minimum wage. We have a responsibility, I believe, to make sure that we consult and get that minimum wage at a level that is sustainable. The hon. member for Ayre said, 'Is it sustainable?' That is what matters to us. We have a responsibility to ensure any level we fix is a level that will not harm our economy and is a level that will provide those who we want to see in employment getting a fair wage for their work. I do not support people who pay low wages. I do not support people who abuse their employees, and there are people who abuse and who get paid reasonably well. It is not all just black and white, it is not a narrow channel, Mr Speaker; it is a large range of people being employed, how an employer can abuse them. It is not just about pay; it is about other things, and we have introduced social legislation to protect them. There is still the fear factor of reporting a bad employer, but it is there and sometimes we all know we help.

So this is important to get right. I hope the hon. member for Onchan does not make light of the alternative view and the view of why, certainly, I will be supporting the Bill as written, to go out to consultation, talk to the people who are going to be directly affected, give them the opportunity to have their say. Do not deny it through the amendment, which totally just pushes aside any rights that they have - because rights are not on one side only; they are on both sides. The employer has a right to have an input and the employee has a right to have a fair wage and a minimum wage that is sustainable.

So I hope hon. members will reject the amendment before us. At the end of the day, Mr Speaker, business can only pay what it can earn, and that is the reality of a free market and, whether we like it or not, there are differences in the Isle of Man which we must take on board and we must, as a government and certainly as legislators, recognise the need to allow at least fair consultation to ensure that people in the business can put forward the difficulties that it may cause to their businesses. It is up to the DTI then and the other departments to determine whether or not they accept those arguments, but at least, when they are making a recommendation to Tynwald Court, they will have done the proper evaluation and the minister will be able to stand up and say, 'I am satisfied this is the right level we should fix.' At the

moment none of us can say that because a figure has just been plucked out of the air and that is a good figure. I have to say I do not accept that, therefore I shall be opposing the amendment.

The Speaker: Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker. It has been a very interesting debate so far. Not surprisingly, of course, we have had the majority of those speak for and in defence of the employer, but of course the minimum wage has been brought about in this hon. place for predominantly the employee, whether it be a male or a female.

I think the figure of £5 an hour has been touched upon in previous debates during this particular term by a number of hon. members including myself in the past. It must be stated that when you work out a 40-hour working week at £5 an hour it gives you an income of £200 per week and of course that is then subject to any kind of stoppages, so your take-home pay will be a lot less than £200 a week. I think it is from that point that members come from, because it is not unreasonable to expect a minimum on a 40-hour working week of £200.

I think we also must not delude ourselves here that the Isle of Man at present - and it was touched upon earlier in the debate - is or would seem to be awash with financial prosperity. In recognising that, we cannot forget that there is a tier within our society that does not earn or is not capable of earning enough to give them a minimum standard of living. When we are looking at this sort of situation and discussing the social side of it, I think we also have to be aware that the Isle of Man has a higher cost of living than our nearest competitors, namely the United Kingdom. Prices are lower in the United Kingdom. Wages are higher in some areas in the United Kingdom. Property is lower in some parts of the United Kingdom. Equally, it is higher too, but the Isle of Man overall is quite an expensive place to live, just to live. We are not talking about expanding your social outlook, but merely just to live from day to day. There are a number of people, an alarmingly growing number of people that are simply living hand to mouth. We know where those people are. The majority are represented by Douglas MHKs, but there are others in other parts of the Island, the north in particular, where there is not the same opportunity for economic prosperity, jobs and opportunities.

At the moment we have what can only be described as nil unemployment. We have more jobs than there are people to fill them. It has been mentioned this afternoon that if we went for £5 an hour we could encourage people to come and move into the Island because they will get a higher salary here. By the same token we have the argument that the Island needs to expand. We had the hon. member for Rushen who is off-Island at the moment on the radio earlier on today being interviewed from abroad saying that we want to attract more business to the Island. By attracting more business to the Island you are attracting more people to the Island, where you need to provide more infrastructure, more houses, more schools, more everything else. They are coming into to highly paid, well advertised, desirable jobs. Again, we are overlooking the bottom tier of our society and I am afraid we do have one. We have a two-tier society in the Isle of Man. We have always had a two-tier society. The danger that we are facing here is that the divide is becoming bigger, wider, more difficult to cross, and that is why the member is bravely moving the £5 be introduced into primary legislation, and perhaps that is where the difficulty lies - being specific with a particular figure putting it into primary legislation, and I think, to sum up really, that is mostly why the cautionary approach has been made here today, and that is the difficulty with this. But I have to throw a bouquet to him that he

has been brave enough to run with this, based on the principle that we need to establish a basic living wage for people in the Isle of Man.

We heard some comments from a spokesperson from the DHSS in terms of socialist well-being et cetera, benefits that are provided for by the DHSS, and family income support supplement was touched upon but of course the criteria for claiming that is that you must have a family to support, you have to have children to support. It was mentioned that you could apply for family income support and still be paid £10 an hour in a private job, but of course that is true, you could be paid £50 an hour in a private job; you might only be doing two or three hours a week, so that income that you get in your hand is insufficient to provide for your family. That is why the benefit kicks in.

Mr Brown: You do not have to have a family.

Mrs Cannell: Well, the majority of people who claim family income support. . . You do not get single people going to claim family income support.

Mrs Hannan: They can.

Mrs Cannell: And you do not very often find. . . Well, I know of no couples applying and receiving family income support -

Mrs Hannan: Of course there is.

Mrs Cannell: - unless there is a dependent.

Mr Brown: No, it is not true.

Mrs Cannell: Well, it may not be true and it may be true. What we must remember is that in the United Kingdom there are two levels of minimum wage. We were informed at the onset of this debate that the DTI and the hon. mover of the legislation today are looking at four different rates. Now, I find that quite interesting, the four different rates, and I will be interested to know and to see what they are going to be. We have heard that there is going to be extensive consultation and I am warmed to hear that, because very often legislation is presented in this place with little or no consultation at the time and I would agree by the previous speaker that consultation in respect of this is paramount, not just for businesses but for everybody who would be affected by the legislation, so that includes the workers too.

Members: Hear, hear.

Mr Brown: Absolutely!

Mrs Cannell: The one thing, though, that does worry me a little bit is that the consultation will be conducted over a six-week period of time. That is very, very tight. If you are going to do wide consultation and include represented views from right across the board, which we must, then six weeks is a very tight schedule to keep to, and indeed bringing it forward in another place in June for the recommended regulations, which I understand the DTI are presently working on anyway, again is tight and I think there is an air of disappointment in respect of that, because we were promised this legislation and that we would have it by a date last year and we did not get it. We were given an apology and it came late, so there is also that at the back of some hon. members minds too, that we were promised a date for this initially, we did not get it and it did not arrive, and that is why we have it now at this late stage.

We have to be honest that, after the June sitting, the sitting of Tynwald in July and then, of course, October so, if we do not make June, we have got July we have got October, but then that is it, really, it will be up to the new House to run with it, establish what that minimum should be and get it implemented.

I just want to set the record straight here, because the argument against has focused upon the retail industry and I am heartened to hear that there are so many members who are concerned about retail (**Mr Brown:** Hear, hear.) because in the past such feelings or views have not been expressed quite so vehemently. What I would say is there still remains to be formulated a policy for the retail industry, and I do know that the retail industry would like government support for training of staff, for example; that is one. There are a number of things that they would seek government support over and have done through the DTI over the last four years. So there are ways there where perhaps we could assist for a more viable interest without getting involved and embroiled in private enterprise where the benefits would then pass on to that particular employee.

Finally, I just want to also clear members' minds and perhaps the mind of the hon. member for Rushen, Mr Rimington, who does not seem to understand what socialism or socialist views or conscience are about (**Members:** Ooh!) and I would put it this way, and this was said to me by a very old Manx lady who is in her 90s and lives in Douglas, and she said to me, 'To be a good socialist you must first be a good Christian.' (**Members:** Hear, hear.) Thank you, Mr Speaker.

Mr Brown: Karl Marx was a socialist, wasn't he?

The Speaker: Hon. members, can I now call upon the mover of the amendment to reply?

Mr Karran: Vainstyr Loayreyder, I would just like to say that on the point that the previous speaker said, the important thing to remember is that Sir Miles is supposed to be going around the four corners of the earth trying to get front office jobs, not back office jobs -

A Member: That is right.

Mr Karran: - because those sorts of jobs will almost certainly end up in India or some Third World country. We want to stop being the doormat of the British Isles; we have got to think higher than that in this hon. House and that is why I put this amendment down today, so I think she is quite right, the £5 rate is not some great bolt of light that has suddenly happened. I have talked about £5 for what must be the last four years, so this idea that it has suddenly just been plucked out of the air. . . I have to say that I am not surprised by one of the longest senior members of ministers here, the member for Castletown, the non-stick member for Castletown, complaining about bureaucracy and he has been one who has been consistently, in the Council of Ministers, one of the architects of all this bureaucracy that is coming about - (*Interjections*)

The Speaker: Hon. members, please!

Mr Karran: That is the truth of the matter. We are hearing so much double talk today as far as this is concerned, and let me remind the hon. member when he talks about redundancy pay: Sir Miles Walker, then Mr Miles Walker, was totally opposed to social legislation and for the party that had me and my late colleagues that have departed this House and this world we said that if he wanted our support that had to be part of the agenda to try and get something

on. Now we hear from him (*Mr Brown interjecting*) about 'the right level'. Well, I am afraid that I do not think that he is equipped as the shopkeeper of electrical installation to be at the right level, and I can see what the right level will be in this House when it comes to social legislation. It is always -

Mr Brown: How many do you employ then?

Mr Karran: - the things that go slowly when it has to have great consultation when it comes to social legislation.

Mr Brown: How many people have you employed then?

Mr Karran: Vainstyr Loayreyder, the situation is that he has answered his own question: he is looking from a small time shopkeeper's outlook.

Mr Brown: Not at all.

Mr Karran: That is the truth! (*Mrs Crowe interjecting*) Then the situation is he talked about the United Kingdom. The United Kingdom, when they did bring in a minimum wage -

Mr Brown: Labour Party.

Mr Karran: They did bring it in, they brought it in at a very poor rate in my opinion.

Mr Brown: Hear, hear. Absolutely.

Mr Karran: But they have had mass unemployment for generations and they still have not got their unemployment situation sorted, and let me say, one good thing about it is that in the United Kingdom they have manipulated the unemployment levels, both parties, for years. That is something where we have had a more realistic approach on this Island. Unemployment in this country is non-existent compared to the United Kingdom because I think you will find that the way that we do our statistical information is far better, so I do think that he is wrong when he talks about. . . All he wants to do is consult with the powerful people, not the working people, and I hope this House will not support that.

I was also absolutely appalled by the other minister, Mr Downie, trying to mislead this House. He should read the Bill as far as the young and the other issues are concerned. There are regulations in this Bill for different groups and he knows that. If he is really committed about the retail industry in this Island then he would be looking at the 1952 Business Premises Act. There are more problems -

Mr Brown: Seventy-two.

Mr Karran: - to the retail industry through extortionate rents than there is through employees abusing the position, but we are not seeing any priority on that - no no! Just like my hon. friend from East Douglas, whose constituency has one of the biggest problems with about four beneficial owners owning about 60 per cent of the main shopping areas in the Island. He will not be shouting about a Business Premises Act if he is really concerned about the retail business in the Island, because at the end of the day they are the big boys and in this House the big boys get pampered and the little boys get forgotten, and that is the problem. Now, I find that this House has got to decide where it stands as far as this is concerned.

I sympathise with the member for Ramsey. He says he is worried about having it in primary legislation, but this issue has been debated for years and I feel that we need to just show to those people outside who think we have forgotten them that we have not forgotten them. We have heard all about the tax being lowered and we have heard about all these other wonderful things, but they are out of the tax bracket anyway.

The hon. member for Ayre - I hope that you will support it being put in primary law because it will concentrate the mind. The issue is the youth, and there are regulations in there that will deal with the likes of the youth and everything, but the point is that I believe that when we talk about consultation what we need to do is make sure that consultation is with all our people, not the select few, which is always the problem we have had for far too long, and I believe that it is most important that we show that we should be putting down a marker of where we stand. I do not want and it is not in my business to bankrupt anybody and I do not believe that we should bankrupt anybody, but what annoys me when I see the open mouth of the hon. member for Rushen is that if she is so keen on retail business, I have pleaded, I believe, in the other House about the 1952 Business Premises Act -

Mr Brown: Seventy-two.

Mr Karran: The 1952 Business Premises Act it is, my friend, and the fact that it destroyed the commerce in my own constituency up in Onchan as far as the precinct is concerned, but again that is affecting the big boys. I hope, Mr Quine, you will support putting it in primary law; I believe it should be in primary law because I believe there has been enough consultation. It is just that most people thought that this House as usual would never ever agree with putting the minimum wage in to start off with, (**Mr Cannell:** Yes.) and that is the truth of the matter (**Mr Cannell:** It is.) because they know that generally speaking this House has the ear of the big boys and the powerful people outside.

The Minister for Industry about a minimum wage - he is sorry it has taken so long. Well, this is the sort of thing that always take so long when it comes to social legislation. There is always the problem of the curvature of the earth and the moon and everything else and there is always that problem when it comes to looking after the people. The position has been in the past, hon. member for Castletown, your government and previous governments have highlighted that this is a low-paid economy - 'Come to the Isle of Man, we want as much work in the Isle of Man as possible'. We have now got full employment.

Mr Brown: Before my time.

Mr Karran: We have got to get rid of that doormat mentality that we should be going for a high-wage economy. (**Mr Quine:** Hear, hear.) I believe that he should be ashamed when he talks about there being one in eight under £5 an hour in this day in age when we have just had a bumper economy, we have seen all the money that we are spending out on business.

I believe that we do have a duty of care to the bosses because they help to create the wealth, but we also have a duty of care to the poor as well and the less well off in our community, and what my friend would do is what has been done far too often in the past, where we would have a situation not so long ago where sheep were better off and better thought of in previous Houses as far as their welfare than people. As I remember someone saying, 'If you had four legs and a woolly coat - pampered -' (*Mr Downie interjecting*)

Mr Duggan: Alec would look after them!

Mr Karran: '- and two legs and no coat-ignored.' We have moved on a long way and all I want to see is us moving a bit further -

Mr Brown: Have they got foot and mouth? (*Interjections and Laughter*)

Mr Karran: I would say -

The Speaker: Hon. members, Mr Karran has the floor.

Mr Karran: I would say that the situation is simple: he should be promoting, as the Minister of Trade and Industry, high-paid jobs, and we should be making sure that there are high-paid jobs when we are talking about our fantastic tax position.

Mr North: Because he does not listen.

Mr Karran: I do listen, sir, I have listened to you a lot. Now I have to say that I do hope that the mover of the Bill will explain to the members - and we have heard the scaremongering, that the youths will suddenly not be able to be employed and all this - the flexibility within the regulations to ministers, who obviously do know what is going on but want to misinform as usual.

As I say, the reason why I believe that this House should support the £5 an hour is that when we talk about the cost of living and we talk about having full employment in this country and the issue of the housing crisis we have got, we need to at least give them something that is a liveable wage, and I believe that that is the case. We saw yesterday the tactics of the Treasury when they refused to answer my question, and I asked somebody who was a computer man and he said, 'Well, it's a simple sort programme that should have been able to determine the numbers of employees.' That person said he was appalled with the reply I got, and once again we have the misinformation as far as not getting the facts out because the facts do not suit the case of the government. I hope that this House will do what is publicly right and draw a line of public decency. You cannot go out there, Mr Brown, and start shouting about how wonderful your government is which has done this and has done that and what has happened, and here we are saying, 'Oh, but we can't afford to pay you £5 an hour. You've got to suffer and not be earning £5 an hour.' We have got full employment, we have got a booming economy, we are giving millions of pounds to my friend here, the Minister for Industry. We should then be able to at least say to those companies that want that support and want that tax relief that they should not be employing people who are able bodied over the age of majority for less than £5 an hour. Put it in primary legislation, because if you do not put it in primary legislation what we will have is what the trade and commerce want and all the other vested pressure groups that my little friend here, the member for Middle, has always backed - that is who has got his ear; make sure you have the ear of the poor, not the powerful.

The Speaker: I call on Mr Shimmin to respond.

Mr Shimmin: Thank you, Mr Speaker.

Mr Brown: Get out of that. (*Laughter*)

Mr Shimmin: If hon. members will forgive me, most of what was discussed by contributors I do not believe needs too much response. (**Mr Brown:** Hear, hear.) I would draw attention to some of those areas where I think myself and others have been maligned by the comments.

The hon. member for East Douglas, Mrs Cannell, did imply - and a lot of times members do this - they imply, when supporting their own argument, that the rest of us do not share those views. She did say that often in defence of the employer, and this is in defence of employees. I personally resent comments like that, I know it is not possibly the intention but in actually saying it it implies that those of us who are on the opposite side do not give a consideration. I certainly oppose that view and I believe many of the people who are in support of the Bill against the amendment share the same views.

I would like to draw to the attention the likes of the hon. minister, the member for Glenfaba, who has a previously stated view which we all know on this issue. Now, he has not contributed today because he, like the rest of us, is fully aware that the will of Tynwald has determined this Bill will go forward. Now many of us have to determine where we stand on it and how we implement the will of Tynwald and I am grateful for some of the people who could have contributed who did not because they have listened to the argument, they know where they are going to stand. The hon. member for Onchan, the mover of the amendment, has dropped his guard a little bit in his final remarks. I tried to make it clear to him yesterday he is far better when he is tolerant and reasonable, as he was in moving the amendment, but in the last bit, when he loses his head a little bit, he lets his guard slip. One of the comments: 'Just show them outside, we've not forgotten them.' Again, it implies that the rest of us, if we do not support his amendment, have forgotten them. It is far from the truth. He said, 'It's publicly right.' It is nonsense to come forward with an arbitrary figure without any consultation, without any evidence (**A Member:** Hear, hear.) it is publicly right as the legislators to determine that.

Mr Karran: Three years we have been talking about this piece of legislation - three years.

Mr Shimmin: He then refers to delay on Bill, and I have some sympathy because the department is aware it should have come back last year. Circumstances dictate that, and he is as aware in his department as any other department of the reason.

Mr Karran: Why?

Mr Shimmin: He implies that there is a will. Now, where has that will come from? The same will that yesterday refused from Treasury to answer his question, impugning the good character of either politicians or officers in these departments that they are wilfully holding back issues. Now, I dispute entirely because I have spoken to one of the members of Treasury, the economic affairs, who is trying to actually get the information available; I have a lot of respect for that man, and if he says it is not available, they hoped it would be but it is not just as simple as pressing a button, but by coming out with comments like that he repeatedly insults and abuses or criticises or condemns without any evidence the reality of the situation. He puts his own view on it, and if we do not agree then we are wrong, we are part of the problem. Now, I believe my social credentials are as much as -

Mr Karran: The evidence is there.

Mr Shimmin: My credentials on this and other issues have not been here as long as the hon. member for Castletown or member for Onchan. That does not make them any less valid; it just means we have not had the opportunity of showing. Maybe if the hon. member would marshal an argument and get details he might have been more successful over those years instead of using a battering ram which tends to get him very little progress.

He talks about not wanting to bankrupt anybody but at the same time he is putting forward an amendment which may actually do that. I cannot prejudge it; I do not intend to prejudge it. I have kept out of the media over the last three or four weeks because I did not want to be drawn on prejudging any figure until the consultation process has taken place, but if the actions of the member saying £5 does bankrupt somebody or does lose an employment as mentioned by the member for Rushen, 'Oh sorry, not my fault'. We cannot tolerate dealing with issues on that level. We all have a duty to the poor. He has not got a monopoly on that right. (**A Member:** Hear, hear.)

Mrs Crowe: He thinks he has.

Mr Shimmin: 'Put a marker down', 'concentrate the minds' - I think I used the same words yesterday. Nice to know he listened to some things.

Mr Downie: Give him six of the best! (*Laughter*)

Mr Shimmin: If it is wrong, it is wrong. If there is lack of consultation, it is wrong. The hon. member for East Douglas asked, will we consult with the employees? Of course. I am sure that the hon. member for North Douglas and certain well-known representatives of employees throughout the Island know what is happening. They have already submitted a lot of evidence. I have not come here today without any information. Nobody here has said anything that surprises me. I have been working on this for the last three or four months, so I have got a list of all those people who may be affected - and I use the word 'may' again. It is not just retail; it may affect manufacturing, residential nursing homes, catering, public houses, tourism, agriculture and there are others, but those are the largest sectors we know some people within those areas have a vulnerability. We also know there are groups of people, the young, the disabled, low productivity, part-time workers, single parents, those with social problems, ex-offenders - all of that we know. What we need is to quantify it; that is why we need the consultation process. Hon. members who know that the reason this Bill went through Tynwald after the select committee had got the approval - we have not been silent, we have not been invisible. A lot of information is available, but I would draw hon. members' attention to one final thing: where does the £5 figure come from? I said before it was an arbitrary figure plucked out. The hon. mover of the amendment has said, 'No, it hasn't, I've been saying that for the last four years' - hardly a scientific mechanism for picking a figure four years ago and then sticking to it. It *is* arbitrary. He knows it. We have spent too long getting to this clauses stage through no fault of mine or of the mover of the amendment, which has meant for the last three or four weeks there has been a level of uncertainty. I trust that this House today will reject the amendment not because they are rejecting £5 but they are saying it is too early to determine what that figure would be.

Mr Karran: It always is.

Mr Shimmin: Now, the hon. member continues to abuse and insult me and others. I would like him at some stage to exercise a level of trust in others that he expects from some of us. Please, sir, I beg to move.

The Speaker: Hon. members, we have now the amendment to clause 1 in the name of the hon. member for Onchan, Mr Karran, which has been attached to your order paper. I now put the amendment standing in Mr Karran's name. All those in favour please say aye; against, no. The noes have it.

A division was called for and voting resulted as follows:

For: Messrs Henderson, Cretney, Duggan, Mrs Cannell, Karran, Cannell and the Speaker - 7

Against: Messrs Gilbey, Quine, North, Mrs Crowe, Messrs Rimington, Brown, Houghton, Braidwood, Shimmin, Downie, Singer, Bell and Gelling - 13

The Speaker: Hon. members, the amendment fails, with 7 votes in favour and 13 votes against. I now put the motion that clause 1 as printed stand part of the Bill. All those in favour please say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

For: Messrs Gilbey, Quine, North, Mrs Crowe, Messrs Rimington, Brown, Houghton, Henderson, Duggan, Braidwood, Mrs Cannell, Messrs Shimmin, Downie, Singer, Bell, Karran, Cannell, Gelling and the Speaker - 19

Against: None

The Speaker: Hon. members, the clause now stands part of the Bill, 19 votes in favour and no votes against.

Resignation of the Secretary of the House — Expression of Appreciation

The Speaker: And so, hon. members, as we come to the close of this afternoon's business, it is appropriate that recognition is made of Professor Bates' service as Secretary of this House and Counsel to the Speaker. The Professor leaves after 13¹/₂ years service, so I am sure it is the wish and the will of this House to place on record our appreciation for the work, support and commitment of Professor StJohn Bates to the enhancement of the legislature of the Isle of Man as an independent jurisdiction both at home and abroad. (**Members:** Hear, hear.) To members of this House the professor has given support, encouragement and inspiration and we thank him.

StJohn Bates, sir, you have served Tynwald, the House of Keys and the Isle of Man with distinction, integrity and dignity. It is with much regret that I have to say farewell. (**Members:** Hear, hear.) You leave with my warmest best wishes for your future and recognise the support of your family, who in recent weeks have borne the heat and burden of the day. Professor Bates, sir, I wish you well. (*Applause*)

The Secretary: May I just say a word, sir? Mr Speaker, I would like to thank you for your very generous words. I would also like to thank the many members for their friendship with myself, my wife Jane, my son David and my daughter Helen; it is greatly appreciated. As I said on my appointment in 1987, and I have thought so ever since, I consider it to have been great privilege to serve Tynwald and this House. I do, however, confess that it is a particular pleasure to have sat as a parliamentary officer for the last time in the rather less colonial surroundings of the Keys chamber. I would add that while I have great affection for this chamber I do not intend to emulate my two immediate predecessors by standing for election to it. (*Laughter*) Finally, I offer you, Mr Speaker, and *all* members, my best wishes for the future. (*Applause*)

The Speaker: Hon. members, the House now stands adjourned to Tuesday next at 10 a.m. in this chamber.

The House adjourned at 5.34 p.m.