

**REPORT OF PROCEEDINGS OF
TYNWALD COURT**

**Douglas, Friday, 13th July 2001
at 10.30 a.m.**

Present:

The President of Tynwald (the Hon N Q Cringle). In the Council: Hon Mrs C M Christian, Messrs E A Crowe, D F K Delaney, E G Lowey, Dr E J Mann, Messrs J N Radcliffe and G H Waft, with Mrs M Cullen, Clerk of the Council.

In the Keys: The Speaker (the 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 S C Rodan (Garff); 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); Sir Miles Walker CBE LLD (hc), Mrs P M Crowe and Mr J Rimington (Rushen); with Mr R B M Quayle, Acting Clerk of Tynwald.

The Chaplain of the House of Keys took the prayers.

Apologies for Absence

The President: Hon. members, we have apologies today from the hon. member for Peel, Mrs Hannan, and the hon. member of Council, Mr Kniveton, who are without our shores, and we have apologies from the Lord Bishop, who is absent on Church business.

Suspension of Standing Orders — Approved

The President: Yesterday evening, hon. members, we had completed our order paper, and we are on to the first supplementary order paper. I call on the Chief Minister.

Mr Gelling: Yes, thank you, Mr President. The supplementary order paper carries two items of subordinate legislation made by government since the deadline for submitting business for inclusion on the main July order paper. The first one is the Representation of the People (Amendment) Regulations 2001. These regulations make a number of changes in relation to the arrangements -

The President: Chief Minister, could we just have the suspension of standing orders first, if we can deal with it -

Mr Gelling: I was just going to explain the reason for them, sir.

The President: Right, okay. Thank you.

Mr Gelling: The second one is the Foot and Mouth (Importation) (Temporary Prohibition) (No. 2) Order 2001. Therefore I beg to move that Standing Order 10.9 be suspended so that these may be considered, sir.

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

The President: Agreed, hon. members?

It was agreed.

Papers Laid Before the Court

The President: In that case, I call on the Clerk to lay papers.

The Clerk: I lay before the Court the Representation of the People (Amendment) Regulations and the Foot and Mouth (Importation) (Temporary Prohibition) (No. 2) Order 2001.

Representation of the People (Amendment) Regulations — Approved

The President: That takes us to item 3 on the supplementary order paper, and I call on the Chief Minister to move.

Mr Gelling: Yes, Mr President. I beg to move:

That the Representation of the People (Amendment) Regulations [SD No 426/01] be approved.

The Representation of the People (Amendment) Regulations 2001 introduce some minor changes in relation to the arrangements for absent votes and proxy votes. The changes have their origin in lessons learned from the last House of Keys general election. The review of that election, to which all returning officers and candidates were invited to contribute, suggested three things in relation to absent and proxy votes: firstly, that the timescale in which a proxy may be appointed be reduced to 7 days instead of the 14 days which are at present; secondly, that it be made clear in the form of application for the appointment of a proxy and in the notice of election that either the elector or the proxy, but not both, may vote; and thirdly, that it be made clear in the form of application to be treated as an absent voter and in the notice of election that applying for an absent vote precludes the applicant from voting. These are small changes which are to help electors deal with absent and proxy votes. They reflect lessons learnt from the last election and should, therefore, generally be welcomed, so I beg to move the item standing in my name on the supplementary order paper today, sir.

The President: Hon. member for Onchan.

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

The President: The motion, hon. members, is that the Representation of the People (Amendment) Regulations be approved. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Foot and Mouth (Importation) (Temporary Prohibition) (No. 2) Order — Approved

The President: We turn, then, to item 4, the Animal Health Act 1996, and I call on the Minister for Agriculture, Fisheries and Forestry to move.

Mr Downie: Thank you, Mr President. I beg to move:

That the Foot and Mouth (Importation) (Temporary Prohibition) (No. 2) Order 2001 [SD No 406/01] be approved.

Since the beginning of the outbreak of foot-and-mouth disease in the United Kingdom, hon. members have approved a series of measures which, for a temporary period while the crisis lasts, have controlled importation of meat and meat products to the Island. There has been a series of orders because the way in which the UK has dealt with the situation has been changing as they come to terms with all its ramifications and undertake new working practices. Precautionary measures have been agreed internationally with Europe, and the UK has taken steps to exclude potentially contaminated products from the marketplace, whilst allowing exports which accord with international requirements. Hon. members will be aware that concern was recently expressed over the identification of contaminated milk from affected animals as a problem. However, they may not be aware that concern has also been expressed about the mechanical spread of the virus on hides and skins. This is in addition to existing concerns over meat and meat products. The UK has, therefore, placed its own ban on exports of meat, meat products, dairy products, hides and skins, except where they can be identified and traced as

having undergone thorough processes which are internationally approved as removing the risk of spreading foot-and-mouth disease.

The Foot and Mouth Disease (Importation) (Temporary Prohibition) (No. 2) Order gives my department the necessary powers to inspect, check documentation and take any necessary steps regarding products coming into the Island. If, despite this export ban from Great Britain, an attempt is made to bring non-approved products into the Island, this measure enables them to be seized and dealt with in an appropriate way, and equally to deal with anyone attempting to import non-approved products. My department has been in close consultation with the retailers in the Island to explain what the measures involve, and practical working arrangements have also been put into place. However, I should make it absolutely clear to hon. members that this order provides a backstop to the UK and international legislation. In order to fall foul of this order, someone will already be guilty of an offence under UK legislation; this order simply gives my department the wherewithal to deal with the problem of products that have already been illegally exported from Great Britain. Mr President, I beg to move the order standing in my name.

The President: Hon. member for Ramsey, Mr Singer.

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

The President: Hon. member for Glenfaba.

Mr Gilbey: Just a small point. I strongly support this and all the other measures that the hon. minister and his department are taking and have taken and congratulate them on them. But, on looking at this, I only noticed this morning that this order ends on 31st August 2001, which is only a month hence. It is quite certain, as the hon. minister said earlier in this session of this hon. Court, that regrettably the disease will continue for a great deal longer. Indeed, it is still going on at a rate of between two and five cases a day in the adjacent isles, and no-one can expect that that will have ended before the end of August or September or October. After that, you will probably have to allow another month to be sure that it does not recur in the near future. Therefore, I wonder why the order is dated up to 31st August 2001 and presume that, at that date, he will bring in a further, similar order which will be approved in retrospect at the October sitting of this hon. Court. In fact, this order, as I read it, is retrospective itself, which is quite right, but I would be glad if he could explain that.

The President: Hon. member for Douglas South, Mr Duggan.

Mr Duggan: Thank you, Mr President. Could I ask the minister: what is the situation regarding the importation of meat from Ireland? Could he clarify that situation, sir?

The President: Minister to reply.

Mr Downie: Yes. To deal with my hon. colleague, the hon. member Mr Gilbey, the Animal Health Act empowers the orders to be made at any time and to come into force as soon as they are signed; it is merely a courtesy that we present them before Tynwald for ratification. The legislation we operate under is quite strong in that regard, and he is quite right in assuming that, at the end of August, there will be another order signed. Obviously, the situation in the United Kingdom is one which is constantly under review. Members need to be reminded that the United Kingdom - that is Wales, Scotland and England - have actually lost their health status and they cannot export agricultural produce which is listed to Europe and to other countries, and it is actually their legislation which prevents them exporting certain agricultural commodities to the Isle of Man and to other areas which are considered to be disease-free. So, all is not well within the agricultural community and the food industry in the United Kingdom, and I sincerely hope that they get to grips with foot-and-mouth and all the implications that it involves in the not-too-distant future, because if they do not, it is going to have very serious implications, both for agriculture and the food industry.

To deal with the question raised by the hon. member for South Douglas, Mr Duggan, we are still permitting the importation of meat from Ireland under licence, as is allowed for under the EU derogation, because Ireland, like the Isle of Man, has been successful in gaining a disease-free status within Europe and they are also now classified as a foot-and-mouth-free area. Thank you, Mr President. I beg to move.

The President: Hon. members, the motion before us is that the Foot and Mouth (Importation) (Temporary Prohibition) (No. 2) Order 2001 be approved. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Suspension of Standing Orders — Approved

The President: Hon. members, we now turn to our supplementary order paper no. 2, and I call on the Minister for Trade and Industry.

Mr North: Thank you, Mr President. For reasons, I think, which hon. members know, I beg to move that Standing Order 10.9 be suspended and that, under Standing Order 2.2(6), the business detailed here be considered.

Mrs Christian: I beg to second.

The President: Are we agreed, hon. members?

It was agreed.

Papers Laid Before the Court

The President: In that case, I call upon the Clerk to lay papers.

The Clerk: I lay before the Court:

Minimum Wage Act 2001 -

Minimum Wage Regulations 2001 [SD No 397/01]

The following items were not the subject of motions on the supplementary order paper:

Accounts -

Isle of Man Government Accounts for the year ended 31st March 2001

Appointed Day Order -

Gaming, Betting and Lotteries (Amendment) Act 2001 (Appointed Day) Order 2001 [SD No 382/01]

Minimum Wage Regulations 2001 — Debate Commenced

The President: That takes us, hon. members, to item 3 on the supplementary order paper no. 2, which is the Minimum Wage Act 2001, and again I call upon the Minister for Trade and Industry to move.

Mr North: Thank you, Mr President. I beg to move:

That the Minimum Wage Regulations 2001 [SD No 397/01] be approved.

I am delighted that, following the announcement of Royal Assent to the Minimum Wage Act, we are able to meet our commitment to move the Minimum Wage Regulations 2001 at this sitting. The regulations have, of course, been prepared jointly with the Treasury. As I have said previously, the Act provides the vehicle through which the principle of a statutory minimum wage, agreed by Tynwald in October 1999, can be put into effect, thus providing a safety net for those who have suffered from unacceptably low levels of pay. The regulations before us today cover the technical details of the administration of the minimum wage, including such matters as different types of work, the calculation of working hours, the valuation of benefits-in-kind, the treatment of deductions from earnings and record keeping, among others. I am particularly

grateful to those members who were able to attend the presentation which we gave last week on the detailed provisions within these regulations, as they can be quite complicated.

Hon. members will understand that one of the central features of any minimum wage legislation is that it should be applicable to the majority of workers, and to this end the regulations ensure that whether a worker is paid hourly, salaried or on piece-work, the minimum wage legislation will apply. Very important consideration has been given to the setting of the minimum wage rates; the minimum wage rates within these regulations have been set by both my department and the Treasury. Clearly, the levels of minimum wage rates that are set have to be balanced, bearing in mind the potential impact on the earnings of those who are among the least well-paid in our society and, on the other hand, on the viability of certain businesses on the Island. The department has consulted widely across all sectors of industry and business on the likely impact of minimum wage rates at various levels before recommending the rates before you today. Hon. members, it would have been very easy to have set a high figure, but to do so would have meant ignoring economic reality and throwing caution to the wind. The treatment of young people, who are often among the most vulnerable in our community, is one particular significant area that has been addressed. The regulations provide an appropriate minimum wage rate on reaching the minimum school-leaving age and, for most workers, entitlement to the full adult rate at 18. This contrasts with the current position in the United Kingdom, where there is no entitlement to minimum wage until age 18 and the full adult rate does not apply until age 22.

I am sure that there will be widely differing views on whether the proposed rates are correct, as there has already been a lot of public comment on the issue. I would urge hon. members to give their support to the resolution so that we can start to prepare for the introduction of the legislation and commence the necessary education process for employers and employees alike. Rates can always be increased in the future once we have had a chance to evaluate the impact of the legislation. I would also take this opportunity to remind hon. members that, although my department and the Treasury have jointly brought forward these regulations, any future amendment to rates will require those departments to consult with a minimum wage committee, which will consist of an independent chairman and four members drawn equally from both employer and employee organisations. There is thus much work to be done in the next few months to ensure that the Minimum Wage Act is brought properly into effect, which is why the effective date has been set at 1st January next in the regulations. I trust that hon. members will confer their support on these regulations, which are a most important step forward for the lowest-paid workers in the Isle of Man. Mr President, I beg to move the motion standing in my name.

The President: Now, hon. members, before we progress any further and before we get into any difficulties, I have had a technical measure drawn to my attention, and I am proposing at this stage, hon. members, that the Court will now adjourn until quarter past eleven. Hon. members, we stand adjourned until quarter past eleven.

The Court adjourned at 10.55 a.m.

Minimum Wage Regulations 2001 — Debate Concluded — Approved

The President: Hon. members, I apologise for the break in our proceedings this morning in relation to our supplementary order paper no. 2. As I indicated, a technical measure had been drawn to my attention when the Minister for Trade and Industry was moving the order in front of us. It was drawn to my attention that the order, signed on page 33 by the Minister for Trade and Industry, was dated the 25th day of June 2001. Hon. members, as you are aware, this coming forward on a supplementary order paper, the Royal Assent of the Act was not announced until this week, and therefore it was seen that, in fact, the signing of the order by the Minister for Trade and Industry was in advance of the assent of the Act. Now, hon. members, in our interim period,

the department has corrected that, and I understand you will have had - if you have not already had it, you will get it - a photocopied page now to replace page 33 where, in fact, the regulations have been signed this morning by the Minister for Trade and Industry on the 15th day of July. That is the technical measure which we had to break for.

A Member: 13th?

The President: 13th July. Now then, hon. members, the order has been proposed by the Minister for Trade and Industry, and I call on the hon. member for Douglas West, Mr Shimmin.

Mr Shimmin: Thank you, Mr President. I beg to second and reserve my remarks.

The President: Hon. member for Onchan, Mr Cannell.

Mr Cannell: No, sir.

The President: No? Okay. Hon. member Mr Henderson.

Mr Henderson: Thank you, Mr President. I would just wish to clarify at this point of the proceedings: is the regulation in here that in which the actual rate for an adult has been set at £4.10? Are we actually into that particular debate? I think we are, Mr President, (**The President:** Yes.) as part of the regulation - I just wished to check.

I will commence by thanking the minister for bringing these regulations to the Court under section 2 of the Minimum Wage Act 2001. I must also give credit to the staff who have put in the time into the construction of the Act and these regulations. It has been a long time in coming and, for me, too long, in fact. We all know that the Island is doing incredibly well at the moment, and it is on the backs of the ordinary folks, the residents of this Island and local Manx people. Much of this success is because of their hard work, their commitment, their support and their trust in Tynwald that we are in this enviable position. They are the ones carrying out the input required to drive the wheels of this economy. It sounds a grand phrase, but it is a fact; we place all our expectations on the staff of this Island to put in a full working week, year in, year out, so that there is a positive economic output, whether it be care delivered at the bedside by a nurse, community safety ensured by the capture of criminals by police officers, prime crops and produce from the Island's farms or the office work undertaken by folk with financial expertise serving the finance sector. It is an expectation by this government, Tynwald, and the community that people must contribute by way of their work. This places a duty of care, I feel, and moral obligation, I would suggest, on the policy makers of this Island and the people charged with the strategic direction and management of Island affairs, namely this hon. Court, the Council of Ministers, chief executive officers and the senior officials of our business community. We are responsible for the welfare and good employment practices of *all* of the Island's working population.

There are other factors which also need consideration and placing into the minimum wage equation: we are presenting ourselves as a centre of excellence; we have convinced the United Nations that we are operating a modern sex discrimination and human rights legislation process; we are continually giving off the impression of encouraging best employment practice; we promote Investors in People; and we promote the way ahead, a staff-orientated approach throughout government. In fact, there is so much promotion of staff-friendly initiatives that I wonder why we are even here today. I am surprised that we are not promoting the fact that this Island is already the leader in employment legislation and has already set a realistic minimum wage. This is the soft underbelly of our super economic success, one which is subtly kept out of view because the reality is very different. There is a world of difference and a marked contrast between the motivation and initiatives applied to the business sector and those which should be equally applied to employment and social legislation.

The real reason we are here today is that we no longer have any choice. In fact, I would say it is long overdue legislation, which - and I have got no criticism of the hon. minister or his staff - due to previous policy decisions, has been deliberately dragged through quicksand and put off until the last possible moment. Other countries have had minimum wage and social legislation in place for years and we are now dragging behind, but we must not forget that one reason that this legislation has been pulled out of the quicksand is that the winch of the Isle of Man Trades Council is firmly locked onto the principle of minimum wage. Some people have been fighting for years for a fair deal, an equitable minimum wage for all Isle of Man workers and an Isle of Man supplement to counter the high costs of housing and daily basics such as food items, petrol and heating. That is one of the other main reasons we are here.

In constructing this scene, there are one or two more important elements that require addition to complete the picture. Earlier this year, I moved a successful motion causing the Department of Local Government and the Environment to take into account various important elements which would help determine the true housing need in this community, not the picture I felt was being presented. During that debate, I outlined a stark picture of the difficulties faced by the average person in this community; it is one that is subtle, not spoken of, carefully kept out of view and hidden behind the glare of the limelight of success. We are continually bombarded with how well we are doing, and we do not want to go back to the dreadful periods so often highlighted by the hon. member for Onchan, Mr Cannell, of the 1950s. When that tune was played out, Sir Miles Walker hit on the more novel situation of, 'We do not want to go back to the dreadful 1980s', and I agree with that, but every time a piece of social legislation hits the floor of this hon. place, that is what we get: we will ruin the economy; we will cause untold hardship; 'the moon will fall out of the sky', to quote an oft-used phrase; and Manannan will crack the roof of this chamber open with his staff. I think, with all due respect, that if we do not grasp the nettle of good, solid social legislation for the people of this Island, then, for me, we may very well be in danger of Manannan's staff, because if we cannot properly and adequately help our people in these boom times, then we should resign our positions.

My housing resolution earlier this year illustrated what an average person or family was experiencing out there by way of making ends meet from one week to the next. Not one person who contributed to that debate - and it was a wide-ranging and extensive debate - touched on the economic evidence and the hardship people are having to put up with. It was all diverted into what and how housing should be available to our community, which is fair enough to that extent. The point is that the information I offered up was by way of the Economic Affairs Division and answers by parliamentary questions to the hon. Treasury Minister. This information showed that 60 per cent of the working population of this Island were earning less than the Island's national average weekly wage of £380 per week. I have to say that that is a very important and fundamental social statistic, and it is all too often pushed out of view and, to me, conveniently forgotten. Further to that, I illustrated that mortgage repayments for first-time buyer housing could range from £500 to £700 per month - and it is probably more now - for young people and families. I also illustrated that a likely family household grocery bill was somewhere between £100 and £150 per week. (*Interjections*) Then put on some of the essentials required to live, such as clothing and heating costs, and we get the situation where a young family will have to use up a complete wage, and some of the wage of the essential second earner, in order to live a basic existence. It does not take a genius to work out that that does not leave very much left over. Sixty per cent of our community are in that position.

The level of minimum wage - £4.10 - being promoted here today is a joke. Based on even a 40-hour week, that means we are being asked to agree a wage of £164 per week, and that is before stoppages. I just cannot believe it. That is £656 per month, after stoppages probably £600 or somewhere in that region. We are being asked to set a minimum wage for the people of our community that is a staggering further 60 per cent less than the average national wage. I

will just repeat that: we are being asked to set a minimum wage which will work out at nearly 60 per cent less than the Island's average national wage. That cannot be right in these times of plenty, and certainly I do not want to hear about safety nets afterwards.

How is it that we cannot apply the hon. Treasury minister's philosophy of introducing new tax initiatives? I quote, at that time, 'It is because we are doing well that we can afford to do this now. The time is right . . .' et cetera. I do not see this here in these regulations. The same deal should apply. All I see is, really, a pandering to the Chamber of Commerce, the same body that did not want a Sex Discrimination Act and other employment initiatives. The signal this will send out is one where we will all be seen as living in ivory towers, aloof, out of touch with reality and out of touch with ordinary people. Worse than that, we know from our briefing that a minimum wage set at £4.10 will still affect 5 per cent or so of employers/employees, and that means that so many are still being exploited and that there are still Dickensian arguments being advanced which are against any minimum wage. These are the arguments of exploiters who are wringing out the maximum profits from whatever enterprise they are engaged in, with not a thought for anyone else but themselves. They are not going to go bust if they up the ante, far from it. If employers cannot afford to pay someone the pittance of £165 per week, they should not be employing anyone.

A Member: You are unrealistic. *(Mrs Crowe interjecting)*

Mr Henderson: I have also heard the arguments of the belligerent: 'Oh yes, we have no problem with that; we will just put the costs onto the customer.' Well, that is greed, and that is the conclusion I am being forced to make. There is no mention of compromise and no mention of the profits being turned in year in and year out. All we hear is shroud waving that businesses will go bust. If that is the case, then those businesses must surely not be paying very much if the difference is so great and going to cause that much of a problem. We must be talking of £2 or less an hour, and that is slave labour, and that has been abolished.

Mrs Crowe: No-one on the Island pays -

Mr Henderson: They should not be employing anyone, in that case. Surely, if a business can legitimately prove that paying a miserly £4.10 an hour will bankrupt them, then there must be a mechanism whereby that employee can activate a top-up from a special government fund, which should be set up in that case. The minister at the Tynwald members' briefing said it was set as a safety net not a social statement. Well, that is true to an extent, but I am afraid the social statement has been made, and made just as loudly as the TT fireworks and heard by just as many. It is unrealistic and out of touch and does give an impression that we do not care. We need to work harder at this and send out a much clearer and positive message to the people of this Island, one which says 'Yes, we do recognise the hard work being turned in day in and day out, and we do recognise that people are finding it hard out there. We want to let the 60 per cent of our community who earn less than the Island's national average wage know that we do care.'

At this juncture, I propose an amendment to these regulations -

A Member: You cannot.

Mr Henderson: - which I was hopeful that the hon. Deputy Clerk was having circulated to all hon. members. *(Interjections)* Could we circulate my amendment, please, to all hon. members? I apologise, Mr President; I was hoping that that would have been done sooner. Anyway, I propose an amendment to these regulations, which is -

The President: Hon. member, I would point out to you that you cannot amend the regulations. **(A Member:** Hear, hear.) What you are proposing to do is to amend the motion.

Mr Henderson: Amend the motion, Mr President. Yes, I beg your pardon, sir. I beg to move:

That the following words be added after "approved";

“and that the department should bring forward further regulations giving effect to a phased increase in the minimum wage to achieve equality with the bottom point of the Whitley Council rate for manual workers after 24 months.”

The rate of the minimum wage has already been set by government; the lowest point on the Whitley Council Manual Workers Agreement should be the starting point, *vis-à-vis* £5.90 per hour.

Mr Braidwood: £5.90?

Mr Henderson: £5.90. This puts the social balance back into the equation. It allows the department to bring in these current regulations but causes them to make a commitment to further development and allows this current proposal to be built upon and work towards a more realistic figure, the one already set for government workers, thus sending out a clear message. I understand you cannot always do everything all at once, but this amendment allows a staged progression to what I see as a realistic, achievable goal. I could be asking for parity with the European Decency Threshold Committee, which sets the minimum wage at £8.15 per hour -

Mrs Crowe: How many unemployed?

Mr Henderson: - or the UK Low Pay Unit's £6.80 per hour, which is the top level of an Isle of Man Whitley Council manual worker's scale. I think my proposal is clearly justifiable and reasonable in this context, which will have to be faced some time sooner or later. In this present economic climate, we should be applying the Treasury minister's criteria for tax initiatives, and we should be able to apply the same quality criteria that we do for financial regulations to these regulations; there is nothing to stop us. Then we can blow our employment legislation trumpet with pride, not with some of the notes missing, that sends out a different signal to our people at whom it is aimed that this Court is only willing to support the people of our Island to 40 per cent of the national average wage. I beg to move, sir.

Mr Duggan: Mr President, sir, can I second the amendment of Mr Henderson? In doing so, I was talking to a group of people last night - overhearing them, actually - and they were saying exactly what Mr Henderson was saying about the average wage, £350 on the government survey, and here they are, the members of Tynwald, offering us £4.10. Exactly what the member was saying, sir.

The President: The hon. member for Douglas East, Mr Braidwood.

Mr Braidwood: Thank you, Mr President. I totally agree with the Minimum Wage Act and I totally agree with the regulations, because they are an improvement on the UK regulations. The only contentious issue is the rate. Now, Mr Bell, on Wednesday, said on the marina that it was one of the most difficult debates he would have to speak on in 17 years, and this is very difficult for me. If I let my heart rule my head, I would say, 'Yes, £5, £5.50, £5.90, as has just been quoted - lovely. Election coming up in November' (*Mr Corkill interjecting*), but let me put my hand on my heart and say that you have got to be realistic in this day and age. (**A Member:** Crazy.) I have been an employer; my wife still employs people. Yes, fine, we pay above £5.50; we can afford it at the present time. Over the last few years, the business has not been as viable, and you have to cut costs or you have to cut the hours of people or you have to get rid of people.

The hon. member for Douglas North quoted the average earnings - £380. We have a Statistics Act which gives us our average earnings now. We are still below the UK - 4 per cent below the UK - and they have set their figure at £4.10. Mr Henderson was quite correct - 5 per cent of the earning population in the Isle of Man are below £4.10. If we take it to £5, we are talking 12 per cent. If we increase to £5.90, I do not know what the percentage is, but it would be a lot more than that. He was talking, in his amendment, about the Whitley Council rate for manual workers after 24 months. We know from a written question put down by the hon. member for Onchan, Mr Karran, that in the public sector there is nobody below £5; it is only the

private sector we are talking about. We have to have a proper equilibrium. We have to have a proper rate: not too high, that will cause loss of jobs, and not too low, that will be ineffectual. It will only make the distribution of earnings more unequal. It has been found, following the legislation in the UK of the national minimum wage, that there has been, particularly, bunching at the lower end.

We have to look at the industries which will be most affected by a minimum wage or those sectors which pay the lowest. Those industries, in the Isle of Man, basically are connected with tourism. There is also manufacturing, engineering, clothing, residential homes, retailing and other catering businesses, you could say, but let us go back to tourism. Yesterday, we had a scheme which was passed in this hon. Court - the Tourism and Leisure Support Scheme - because of those businesses being affected by the TT and the foot-and-mouth disease. My hon. colleague in Douglas East said it could be three years before the industry recovers. So what do we do? If we raise the minimum rate to such a rate, their business is not going to be viable. They will not be here in three years because they have gone because they have got to maintain that minimum wage. Does it mean that the support scheme is that government have to come in and subsidise them, to keep them going, because of loss of profits? This scheme, at the present time, finishes next June, and it will take time to recover in the tourism industry.

I also have to look at the retail industry. There are small shops out there employing part-time staff, people who come in because they can work their hours round the family commitments and are just coming in for a few hours. Even £4.10 will affect that company or the retailer, because they will look at their bottom line and, if they see their profits going down to such a minimal amount, they will get rid of people, as I just said previously. Mr Henderson said, 'Prices will go up.' Prices will go up in some large retailers who pay; they will put the prices up to compensate to pay the extra money. Who pays then? The public.

Mr Brown: Then he will moan about that.

Mr Braidwood: The public will pay for it.

Then you have got a situation, not so much in the Isle of Man, where, if you put it up to £5.90, what about the people who are on £5.90 now? Will they want to maintain the differential? So, if it is £4.10 and they go to £5.90, that is £1.80. 'We want £7.70, £8 -

Mr Downie: What about the tradesmen?

Mr Braidwood: - to maintain our differentials.' It starts putting costs all the way up. It is very easy to say £5.50 or £5.90 - marvellous to the public. 'I have fought for £5.90 for you, but in the Tynwald Court they have rejected it' - it is quite easy to say that. Words come easy. Let us start at £4.10. I will support £4.10. I might get criticism from some of my constituents, and I will try to say to them what I have said to this hon. Court this morning and try to explain that yes, we do that, but you could be paying additional prices for what you are buying and living. Mr President, as the minister said, let us evaluate it, let us bring in the £4.10, evaluate it and see how it works. It might be able to be increased, but let us tread carefully. Let us put it in and see where we are going first. I will not be supporting Mr Henderson's amendment; I will be supporting the minister. Thank you, Mr President.

The President: The hon. member of Council, Mr Lowey.

Mr Lowey: Thank you, Mr President. Well, that was the opening gambit. I thought we were dealing with the regulations, but we are obviously going back to the debate on a minimum wage, whether we should have it or not and all the arguments that are being marshalled. Now £5.90 - that is a godsend, because we are not dealing with that; we are dealing with what is on the paper, £4.10.

Mr Corkill: Not any more, we are not.

Mr Lowey: There is an amendment before us which is £5.90 in two years' time. With the economy growing, that may be a 12 per cent growth, I think. Well, okay, the economy is growing at an average of 9 per cent, and over two years that is 18 per cent growth, so goodness knows what it will be in two years' time. Let me just say that I am not going into that trap; the regulations that are before us have got to be focused.

As far as I am concerned, I am delighted, at this stage, to say to the department that I will go along with your regulations, other than the amount of money that is involved. That is no surprise. Contention was always going to be at the rate at which it was set. It was when we were dealing with it in committee. It was when we agreed with the principle and we said it was difficult, and it is now when we come to it. So it all boils down - forget the regulations - to the amount. The question before the Court is quite simple, stark and clear: do you think £4.10 is a reasonable rate? Do you think it is a fair rate? And I quote the Chief Minister, who answered, I think, the very first question that started this session, when he was talking about wages: he was all in favour of a fair rate of pay for a fair day's work. The reality of this resolution is to put the line under a respectability that we are saying, in the 21st century, that it is reasonable to get £136 take-home pay for a 37-hour week. That is what we are saying. I do not care how you dress that up, you have got to be pretty mean of spirit in this prosperous Island to say that is acceptable. We have always erred, in this Island, to improve the lot of everybody, even before the minimum wage came in. I will quote one or two - and I know I got criticised for it in this Court with family allowances. We have always tried to help the low-paid in one way and another, and the way we were looking at it, the only way we could help was by putting 50p on the family allowance; we did not freeze the family allowance like they did in the UK, so we have got our differences. Social security and supplementary payments are higher in the Isle of Man. Why? Because the cost of living is lower? No, because the cost of living is higher, that is why we do it - practical reasons. And as far as I am concerned, I do not believe that the rate being offered this morning is adequate.

The Court has a simple way of getting out of it: it can reject the regulations and ask the government - if the government is listening - to come back with an acceptable rate in the October sitting. These do not come into operation until January, which I find quite disturbing, and for the hon. member for East Douglas to say, 'By the way, it is the retail industry and the hotel industry which are in trouble at the moment' . . . And we heard at the presentation from Mr Shimmin, the hon. member for West Douglas, that companies may have taken orders for the next six months based on their costings. My answer to that is that they have known this was coming about, they knew it was going to be introduced and that is no defence at all. And if the hon. member for East Douglas says, 'The low-paid should take the strain because they are on . . .', it is the Department of Trade and Industry's responsibility to look after the retail trade; if they deserve assistance and help, it is for that department to come forward with assistance for the retail trade. Do not ask the low-paid, the 1,000 people that this will affect, to take the strain because of foot-and-mouth. That is what you are doing, in effect, if you follow that argument.

I am trying to keep rational and focused, I really am. I thought we had finished with the argument about whether we had accepted the principle. We had accepted the principle two years ago, I thought, but they are still coming out with all the arguments. I am not going to trot out the argument again this morning that, if you introduce a minimum wage, employment is under . . . Look, as I said, at the presentation. When they introduced the minimum wage, that was what was said in the UK, and let us look at what has happened: they have created two million jobs since then, and the economy is growing, so even the opposition who opposed it are now accepting it as a fact of life. Please, hon. members, accept it as a fact of life that we are putting in a minimum wage. Really, the argument today is about the rate, nothing more, nothing less. I do not find it acceptable, quite candidly, to ask anybody to bring up a family on a basic wage of £135 a week - and that is what it is. If you say that they can work overtime or they can take a second

job or they can send the wife out to work, there is a whole raft of things there. As far as I am concerned, we have accepted, as a principle, to bring in a minimum wage. I am saying to the Court that it is not acceptable to this member of the Court to introduce it at £4.10.

Mr President, the regulations are, by and large, a take-off and I am in favour of that - that is what I argued in the committee - but the divisions are still there. The people who signed the majority report, who said there was no need, are the same people, the same voices, the same arguments coming out, because they have not accepted it in reality. They will accept it, yes, superficially, but down deep they are opposed. I said at the meeting that I respect their sincerity, the way they held their view, but there comes a time where I think you have to let go and go with the flow, and this is one of them. And as far as I am concerned, this Island is in a very advantageous place. I was just looking, when the debate started, at some of the *Hansards*, and I went back not to 1999, but 1997, when I introduced the resolution to get the show on the road, so to speak. Can I say that the year before that we assisted industry. You would swear that the government did not assist small business and industry.

Mr Brown: The service industry.

Mr Lowey: The hon. member for Castletown says the service industry. There is a clear charge, a clear responsibility, a clear duty on a department of this government, of which he is a key player, and if he is not satisfied, then he should be bringing in a scheme that will assist that industry, but I looked at it, and can I tell you what we did the year before? We did it for two years, by the way - we assisted employers to the tune of £2.25 million a year on the employers' national insurance fund at a differential between what they pay here and what they pay there. There is more than a wage cost to business. This government has been reasonable - I would say no more than that - in assisting them, and we should assist them. We do assist industries: we assist farming, we assist the tourism industry, we assist, and I am saying to you that it is not right to ask 1,000, and that is only the ones that . . . First of all, the argument was that we did not have any low-paid. That was the first argument. We did not have the statistics. Let me quote: 'We did not have the statistics.' We have got a Statistics Bill; we know what they are now, and there are 1,000 people. And by the way, the argument is that we will leave it until next year. That will have been over three years since it was introduced in the UK. We are behind three years on that, and that is all right as long as you are not one of those 1,000 people who have paid a price by not having a minimum wage in. The movers of the Bill know that I recommended to them that I would accept a UK rate when it was introduced if you would accept the principle. They refused point blank, and therefore my offer then is withdrawn now. And I believe the Isle of Man is successful; last budget we gave £11 million to the individual. We gave £9.5 million to industry. (*Interjection*) We did, as a government, recognising industry large and small. There is really no economic case against it. And even the Treasury minister still comes out and says, 'It could affect jobs. There will be casualties.' My view of casualties is that the people on low pay are casualties, have been casualties, are still casualties and, according to this, will still be casualties until next year, when we will put a glass ceiling in at a very low level.

As far as I am concerned, I believe that the Court should concentrate on whether you vote for the amendment. I will vote for the amendment because it is a declaration of intent spread over a period of time, but what the Court should really be doing, and what I am going to urge the Court to do, is vote against the regulations and ask the government to come back with a reasonable figure - and if they want a reasonable figure, I am quite happy to go along with £5, and that will affect 3,000 people. Remember that I asked for £4.50 in 1999 in my minority report; updated with inflation, it brings it up to about £5, so it is not a million miles away. The Court really is focused this morning. And I am not seeking election, so it does not worry me, but what does worry me is that 1,000 people on this Island are earning less than £4.10 an hour, when I was reliably told there were none, and now I am told it is because of the crisis that it will affect the retail industry. We could resolve that if the will is there, and I maintain that if a government is

as keen on lifting people up as we have been - and we have declared over the years that we are - then I believe that the least we can do for the low-paid, although they are a minority, is to support them at this particular time. The way to support them is to vote against the regulations and for the government to come back in October, which will not affect these regulations in any way, because they are not coming in until December anyway, so you are not giving them an impossible task. But what I do say is that £4.10 is not enough, and therefore I will be opposing the regulations.

The President: The hon. member for Rushen, Mr Rimington.

Mr Rimington: Thank you, Mr President. I think it is important to understand why we have the regulations before us and the Minimum Wage Act, and in my understanding on the issue, it is an aspect of social policy that we are trying to look after people at the lower end of the wage spectrum. We are also trying to avoid, by use of the regulations in setting a particular rate, what we might call exploitation, i.e. people getting paid below a certain amount. That, I am afraid to use the term, is a safety net, and that is precisely what it is there for, to say, 'Okay, we believe that below a certain level is unacceptable', and that is what the purpose of the regulations, as I understand it, is. It is to help people on lower incomes, but it is only one aspect of what we call 'social policy', and it is an aspect that actually has been driven predominantly from the trade union movement and the Labour Party in the adjacent isle and has spilled over to here. I will not go into the background to what has brought it into the forefront in the adjacent isle, but there have been significant changes within the structure of the economy and the political system which have brought an emasculation of the trade union movement, in many respects by Mrs Thatcher and so on and the change in the economy from more industrial-based to service-based and so forth.

So, there is quite a depth of reasoning as to why it has come to the forefront, but if we are honest about looking and saying, 'How are we going to help people who need to be helped?' then is lifting up the minimum wage rate the best way of doing that, or is it really a very blunt instrument which has many dangers within it if you raise it too high? I have heard the hon. member who has just resumed his seat talk about family support, and I heard the mover of the amendment talking about 'How can anyone be expected, with a family, to live on £135 or £150 or whatever it is per week?' And they are quite right: no-one is expecting that. We have a comprehensive welfare system in place now, which ensures that people are not placed in that position -

Mr Lowey: You are single?

Mr Rimington: - and that is why I thought it was useful to bring some evidence to this debate. That is why I instigated this report from my own division, the social security division, obviously with the concurrence of the minister as well, outlining what support is available there and what the possible effects of the different possible minimum wage rates might be on that support and how it would help, and that information is in there. The prime mechanism for that support is the family income supplement. For people who are not at work, which is not in discussion today, there are obviously other mechanisms, income support, et cetera, but family income support, in the May case-load this year, is 812, and disability working allowance, which is structured very similarly to family income support, in the May case-load is 19. So, it is primarily family income support that we are looking at. The statistics of the case-load - and admittedly that case-load is a year old - which are at the back of the document, show who is on family income support, what sort of hours they are working and what their wage rates are. In a sense, those statistics are neutral to the case, and yet people from both sides could say, 'Ah, this shows this and that' and you could draw arguments from that, so it is not an effort by the social security division to drive one way or another, and that is up to your interpretation. There are some interesting points there, and I will highlight some of them, but just in response to the hon.

member of Council and others, I would say, while we are in this chamber today, as I have the full set of rates with me and my calculator - unfortunately not my national insurance tables, but I can get quite close: you pass me the note of any circumstance, people's wage rates, family conditions et cetera, and I will tell you what they get - and you will not be looking at anything under £200; you will be looking at considerably more. So, that system is there. In the examples that are in this particular document, there are so many different family circumstances and so on that we can only just pick on one or two to highlight things, but there are a series of them. They have given different circumstances for a couple with two children, earning £4 per hour and then earning £5 per hour, which is a rough indicator of what the debate is about. Okay, we are talking about £4.10 and a phased increase to £5.90 or whatever, but it is a rough indicator of what the debate is about - or a fairly accurate indicator. What that shows, with the social welfare system that we have in place, is that if you actually jump up the rate from £4 to £5 - say somebody is earning £4 and suddenly it is £5 - and how that is effected in the family income supplement . . . We have got, obviously, extra national insurance deductions from that, which are relatively minor. Say in one example you have an increase in net earnings of £33.30 per week, but the increase to the individual or to the family is only £10, because, obviously, they are due for less benefits because their wage rates have gone up. We could say another one where there are quite a few more hours, the wife and the husband are working, and the increase in net earnings is £49.30, but the actual increase in net income is £14.80, i.e. less than a third. And that is consistent all the way through, and that is an indicator of what will happen. So, if you put those wage rates - up if you said, 'Right, it is a fiver' or whatever - and you are going up higher and taking people out of that benefit system, you are giving a little bit more to the individual, the family, but primarily - over two thirds - you are giving it to the state. (**Mrs Crowe:** Absolutely.) You are transferring funds from the small employer, or the employer, to the state. You are introducing an extra taxation on business and, in the meantime, you are only giving a rather small amount to the people whom you are trying to help. That is a statistical, mathematical reality and, as I said, members who think otherwise should send me the details, and I will work them out and send you them back.

So, I would support the regulations as they are, unamended, and I hope hon. members from the Manx Labour Party then do not line me up with Attila the Hun, because that is not actually my position. It is just harsh analysis of what the situation is. If you want to increase the welfare of people on lower incomes, then you have got, obviously, two ways of doing that: you have got the more simplistic way of increasing basic benefits and putting that safety net in there so people in need - okay, with families and so forth - do get that extra money; or you do the more - and this is probably what people strive to do - complicated thing, which is related to the economy as a whole and a whole raft of other measures to drive up wage rates in the economy, and that is easier said than done, obviously. But there is that social policy network there. Our social security rates are not higher because, as the hon. member thought, the cost of living is higher here than in the UK, and that is actually something which I think needs to be firmly nailed down, because it is often used - and it is often used by many people outside this hon. Court - for all sorts of different arguments. Statistically it is not true. There is only a very minor variation in the cost of living on this Island; you might have to take out our current position with housing, (*Interjection*) but most of the people you are talking about are not really in that area.

Mr Corkill: Transport costs.

Mr Rimington: The reason why our rates are higher is because, for whatever reason, whether it is pressure from this hon. Court or whatever, we are more generous.

Mr Brown: Absolutely. Political.

Mr Rimington: And that is it. We give higher rates (**Mrs Crowe:** Yes.) and it is not linked to RPI over here compared to RPI in the UK, because there is very little difference, because, yes, there are going to be increases in areas - energy, food, whatever - but there are huge decreases

in other areas - Council Tax, or rates in our case and other such matters, and rents and so forth. So, that little argument does not add up.

I personally have some sympathy with those who think that by the introduction of these regulations we are using a sledgehammer to crack a nut and that the actual cost of the regulations - the implementation of them and so forth - on our small island basis may well be a lot higher than the benefit that we are actually bringing to people, but that argument has been and gone and we are putting in that safety net. I think it is a valid safety net, and the right way to do it in a market economy - a capitalist economy, because that is what we have - is to come in at a level that is sensible. You may like it to be higher, but you come in and say, 'Right, £4.10. I would personally have liked £4.25 or £4.30, but never mind, it does not matter' and you see what effect that has and what amount of dislocation does or does not take place, and then you can judge how you can move those rates upwards accordingly. But if you come bashing in at £5 an hour or whatever, you are in danger of defeating the object (**Mrs Crowe:** Yes.) of what you want, and you are actually creating unemployment. And you are creating unemployment at the margins: you are not creating unemployment in the finance sector or in the construction industry

A Member: Small business.

Mr Rimington: - but you are creating it at the margins of the economy - quite significant margins - and you are going to add to the problems, in our constituency, of the small retail shops or small businesses. You have to be very careful with what you do. It may be that what you would like to see as a minimum rate can be achieved, but if you just go bashing in there and find that 'Oh, well that was a mistake', look what damage you have done. It is too late, so you really have to exercise a degree of caution. I think, Mr President, I could really get going a bit more, but -

Mrs Crowe: Keep going.

Mr Rimington: - I will call it a day at that. Thank you very much.

Mrs Crowe: Excellent.

The President: The hon. member of Council, Mrs Christian.

Mrs Christian: Thank you, Mr President. My hon. colleague in the Department of Health and Social Security has very effectively dealt with the issues of the situation of the family, to which the hon. member Mr Lowey referred. However, I am conscious that he talked about single people while the hon. member was speaking. Mr Rimington has very clearly indicated that this is one piece of the social jigsaw, and what we are really talking about today is moving the balance in one element of that jigsaw and determining how much a person should earn directly from their employer and, if they are in a family situation, to what extent the state wishes to top that up. We have indicated that, where there are family circumstances, whether it be married couples on their own without children or married couples with children or single people with children, the state intervenes to top up and, of course, I think that is right. An employer does not take someone on on their background, on the basis of their family circumstances; an employer takes someone on on the basis of what they, as an employee, are able to contribute to the business. So, it is a question, then, of looking primarily, I would say, at single people who, by and large, are not, in the work situation, assisted by the state, and the hon. member is right in that. So, the question is whether or not we regard this minimum wage for an adult single person as being appropriate. Again, we have had the argument that this could be pitched over a scale, but I do think that we need to recognise - and I will support the regulations today - that if you are interfering with market forces, which we agree we will do, it needs to be done slowly and gradually.

This represents an improvement. Members may feel that it is not high enough in some circumstances, but it does represent an improvement -

A Member: It does.

Mrs Christian: - for a proportion of the population, and we have to recognise that that is going to have a knock-on effect (**Mrs Crowe:** Yes.): the employer will require to pay more national insurance on the basis of the increased wage rates and may want to pass on those costs, or may have to pass on those costs, in some circumstances, to keep their businesses going, to the population at large, which will, in effect, alter various indices about costs of living in the Island. I think that if you are manipulating the pivotal point, you need to do it very gradually so as not to get into an unbalanced and uncontrolled situation, which can be detrimental to those who want to go out and earn their living rather than receive benefits. I think that what we also need to bear in mind is that there are other jobs out there which pay more than this rate. I accept that they are not all in the areas where people are unemployed or in the areas where people are on these low rates, but for some people there may be an opportunity, by virtue of training or whatever else, or maybe even just thinking that perhaps there is another opportunity, that there are jobs available which pay better than the minimum wage at the moment and which they could pursue.

Mrs Crowe: Of course there are.

Mrs Christian: Circumstances maybe dictate that they are not able to pursue them or that they do not want to pursue them, for a variety of reasons. So, I do think that whilst we do want to bear in mind that the single person who is not supported by the state should be worthy of his hire, as it were, and we do expect employers not to be excessively profiting at the expense of the employee - there is a bit of an assumption that all businesses are raking in huge profits (**Mrs Crowe:** Absolutely.) on the back of low wages, but there has been no examination really to demonstrate that, and there may be a counter-argument that low wages reflect low profitability - if we are manipulating change, we must do it on a gradual basis. I would oppose the amendment on the grounds that the hon. member of Council, Mr Lowey, did introduce into the legislation a committee comprising employees and employers to recommend change, and I think it is appropriate that we let that committee do its job after the introduction (**Two Members:** Hear, hear.) of these regulations.

The President: The minister to reply.

Sir Miles Walker: Mr President?

The President: The hon. member for Rushen, Sir Miles.

Sir Miles Walker: Yes, Mr President, I do want to make a contribution. I agree with my hon. friend and colleague, Mr Lowey, on one issue that he brought up, and that was that the principle of whether or not we should have a minimum wage is now past and gone, and we should be talking about the levels. Members know my position on whether we should have had a minimum wage or not; I have stated it and I hope I have stated my view very clearly.

What I am concerned about is some misrepresentation, and the hon. member sitting in front of me, Mr Henderson, when he was on his feet, made some reference to my remarks. Perhaps it would be useful for me, in a couple of phrases, just to restate my position. My personal position, my personal policy and my manifesto policy has been to raise the standard of living of people on this Isle of Man (*Mrs Crowe interjecting*) across the whole social strata. When I had the privilege of leading the government for a few years over here, that was the policy I encouraged us to follow, and I think we did it successfully, so any suggestion that I wish to keep wage levels down on this Island is untrue.

Mr Henderson: I did not say that, sir.

Sir Miles Walker: The case I have made has been that there are a number of ways to raise levels, and for government to set a minimum wage is but one of those ways, and I personally think it is the wrong way. We have had this argument.

The hon. member in front of me also suggested that whenever there was a suggestion of social legislation coming forward the hon. member rose to his feet and opposed - or words to that effect - and again that is not the case, sir. (**Mrs Crowe:** Absolutely.) I, and the Council of Ministers I presided over, introduced the first real raft of social legislation this Island saw for about 80 years (**Two Members:** Hear, hear.), so I would just like that to go on the record.

We are talking about the rate of the minimum wage, and one of my reasons for opposition to the legislation is that I knew this debate, in a small chamber such as this, would always be difficult and that on this Island, with its economy balanced as it is at the moment and so closely aligned to that of the United Kingdom, the 'benefits' of a minimum wage being introduced over there would have a knock-on effect in a very real and direct way, because the majority of our employers, and therefore employees, are employed by firms which have a very close relationship to the United Kingdom and parent companies and all of that, and their social attitudes and minimum wages and all the rest of it are adopted by us in what, I think, generally is quite an acceptable way. But when we come to deal with these issues, it is not easy for somebody to say, 'I believe the minimum wage should be set at £3.95, less than the United Kingdom.' It is far easier, far better, to say, 'Wow, let us go for £5.90 in two years' time, and then people can position themselves and know where they are going.' People will position themselves, (*Interjections*) but they will not position themselves to pay £5.90 -

A Member: On the Isle of Man.

Sir Miles Walker: - in the Isle of Man; they will reposition themselves -

Mrs Crowe: In another country.

Sir Miles Walker: - to pay other people something else in another place. (**Mrs Crowe:** Absolutely.) I do not believe that this Isle of Man can afford that. Maybe we can at some stage - and people suggest that the Isle of Man is a land of milk and honey and everybody is doing wonderfully and employers are making a lot of money -

A Member: We have got the milk.

Sir Miles Walker: - and so on. We are doing better, as an Island, better with our Island economy, than we have done for generations, but we are not a wealthier community, we are not a wealthy economy; our economy is based on service industries, so we have no real wealth creation within the community that we need to have and we need to develop in some way into the future. That is why the Department of Industry, manufacturing and so on is so important, in my view. So, our economy is doing well, but it is not doing well enough and it needs to be driven ahead and it needs to be nurtured. My hon. colleague, Mr Rimington, talked about a market economy, which we have. Whether we like it or not - and I like it personally, but some do not, and I understand their point of view - where you have a market economy you have got to be careful not to disturb those market trends too much. The hon. member Mrs Christian made that point admirably and I am certainly not going to repeat it.

I am one who would have preferred this minimum wage to be set at £3.95, and I say that because I hope I live in the real world, and that is the real situation between our economy and that in the United Kingdom. Our wage levels are about 4 per cent less or something; why shouldn't that be reflected in what we want as our minimum wage? What possible economic case can there be in saying it should be £4.20, except, 'Well, they get it over there, so we should get it here'?

Mr Corkill: £4.10.

Mr Karran: It should be higher.

Sir Miles Walker: The hon. member says that it should be higher. Fine, let us get it higher. Let us encourage the economy. Let us encourage the ability of employers to pay more. I am all for that. I have absolutely no problem with that, but the reality of our economic situation at the moment . . . And let us face it, there is a lot of competition for labour in our Island market, more than there has ever been before (**Mrs Crowe:** Absolutely.) and that competition is pushing wages up, and I am all for that. I think it is the right thing to do. So, we do have a difference, and that is, I believe, economically, what we should be doing today, but we are not. We have got £4.20, and my view, as a member of Treasury -

Several Members: £4.10.

Sir Miles Walker: Sorry, £4.10. My view, as a member of Treasury - and it is Treasury and the DTI that have come forward 'jointly' with this, and isn't that a wonderful expression? - was that we should on no account go greater than the United Kingdom, because I think that would be - and members will say, 'Ugh' - economic suicide for this Island at this time.

Mrs Crowe: Of course it would.

A Member: Ugh.

Sir Miles Walker: I really do. Employers who have the sort of business where they are paying low wages - and they are not all fat cats, it is what market conditions require - are not going to pay more here when they could move to the United Kingdom and pay market rates there with the safety net of the minimum wage.

Mr Downie: And halve their transport costs.

Sir Miles Walker: And all the other advantages. Of course there are advantages in being in the Isle of Man for them. There have to be. We have to create those advantages, because they do not come naturally, and one of those advantages is by our attitude toward employers and business and employees. And I agree with the hon. member who sits in front of me when he says that the employees on this Island need to be thanked for the way this Island has progressed. I do not discount their contribution one iota. I do believe that the 1,000 or so people who are being paid less than what we are talking about as a minimum wage are not being employed by people who are fat cats and making masses of amounts of profit. I just do not believe that, and I would look for hon. members to indicate who they think those people are if that is a belief. I do not have it. It is difficult, when you get negotiating - and we have got a committee in the future which is going to look at recommending a minimum wage - for those employers in a small society like this who are in the service industries to make a case for paying a lower rate, because they will be branded the fat cats, the meanies. What will they do? They will keep a low profile. They will leave the argument and the debate to the big firms that can afford to pay, and they will just go out of business, and I do not believe this Island can afford that. One of my concerns about our economy is that although the number of people in work is increasing, in fact, in general terms, the number of people employing them is decreasing, and I think that that is a dangerous trend (**A Member:** Yes.), and I think it is one that we should be concerned about. I know - we all know - of many places employing small numbers, where the relationship between the employer and the employees is as brothers and sisters, as a family unit, and in many of those instances they are in the area of low wages and salaries because of the sorts of businesses they are in. I believe that those employers - and employees who like working for them - are quite as important as those employers of large numbers that come over from the United Kingdom and provide bags of job opportunities, and we should not, Mr President, in my view, be discounting them.

I suppose that I am certainly in support of a market economy, and I believe in market rates and market prices. I also believe in social justice, sir, and it seems to me that the benefit system

we have and have been putting into place - and I have played some very small part in it - is important, because it does provide people with incomes. It provides families with family income, almost despite the level of wages, and I think we should be aware of the points that have been made by my hon. colleague, Mr Rimington. Mr President, I am not likely to be back here after the general election in November, so this debate is going to be an ongoing one and, as far as I am concerned, it is going to be one for others, but my one plea is that we look after and we nurture the economy that has been developed on this Island, and that economy has developed because of our employers and because of the employees who work in those workplaces. It is a partnership arrangement and, I believe, a partnership arrangement which has worked well and will continue to work well. We need to beware of social imbalances. We need to be ready to support those people who do not have the ability, by reason of personality, being in the wrong job, being unable to be retrained, all those things. That is a relevant job for government, and I believe there is a part to be played in that by employers, but I think it is wrong to say that the employer shall pay that much whatever the ability of the person who is being paid. I believe there is a role there for government, and I think it is wrong to suggest that if we paid £5.90 an hour to everybody, then we would have a better and stronger economy and society. Mr President, I do not believe that; I think what we should be doing today is supporting the minister at £4.10. It is going to be an ongoing debate, it is going to be a difficult debate, and I only hope, sir, that members keep their feet firmly on the ground. (**A Member:** Hear, hear.) Thank you, sir.

The President: Mr Speaker.

The Speaker: Mr President, hon. members, I think we have just heard a 'lecture' on 'Keep down the wages. Keep the wage economy low.' Well, I have a different philosophy, and I have had that ever since I came to this Court nearly 19 years ago. In one of the first debates we had shortly after I was elected, when unemployment was high in the Isle of Man, the then Chairman of the Industry Board - and I think I have told you this before - got up and, in a similar vein to the hon. member for Rushen, said, 'Our best advertisement for getting jobs here is the wages.' 'That is our best marketing tool,' he said, and I was appalled. All right, I had been away in foreign lands and foreign places and come back after 23 years, but I was appalled that here in my homeland part of the community was being kept down with low wages. I had the good fortune - some may say misfortune - to be appointed Treasury minister after the 1986 election, and I determined that things would improve.

A Member: We determined.

The Speaker: I determined in the Treasury that things would improve.

A Member: We.

The Speaker: Yes, it was the Chief Minister as well, he was there, but the policies were made in the Treasury at that time. (*Interjections*) The transferable allowances were brought in, thousands were taken out of the tax bracket and income tax was reduced to 15 per cent at a stroke. None of those policies has ever been reversed. Whatever has been said about me, not one single policy has ever been reversed; it has been enhanced - graduated family allowance was brought in and so on. From then on, the economy improved.

I believe in a high-wage economy because, while I have no objection to the better off becoming even better off, I find it offensive to see the low paid and the poorer becoming ever more low paid in comparison to the better off, (**Mrs Cannell:** Hear, hear.) and that is what is happening in the Island today. The gap is widening. I have no problem with the high earners and the high disposable income and the good salaries in the finance sector. Of course, as the hon. member for North Douglas says, 'Oh, the average wage is high.' Well, of course the average wage will always be higher than the majority of the lower-paid people. It is a matter of the laws of mathematics, but we will pass that by. What I want to see is that the number of

disadvantaged people in this Island is . . . Well, there will always be disadvantaged and there will always be low-paid, but they will be less low-paid than they are now. I see no harm whatsoever in an increased minimum wage. There is the dignity of labour. It is all right, as members say, 'Oh, well, if they are kept low paid they can go and get a hand out from the social security.' (**Mr Henderson:** Hear, hear.) That is objectionable to me. Man has dignity and pride, and if I had the misfortune in my life to have to be one of those low-paid and have to go after payment on wage day, or send my wife round, to the social to have our wages made up, what sort of self-respect would I have? I just count my blessings every day when I come across constituents hitting hard times and rough water. The older I get, the more fortunate in life I think I have been. I have no objection to the better off becoming even better off, and I see my own family earning big salaries outside there, and I tell them that I have no objection. They are there with the rest of them out there, but I am not here to see the less well off and the poorer becoming even less well off in terms of comparison. (**A Member:** Hear, hear.) Why should our own people . . . And the low-paid are our own people, they are the indigenous, because they have not come into the Island, because they would not get a work permit. They do not come to the Island to get low-paid jobs. The low-paid are our own people, and I find it sad that we are talking about £4.10 an hour, which is roughly £150 or £160 a week before deductions. 'Ah, well, you can go to the social and get the rest' - is that the sort of society we have worked for for the last 20 years? Is that the society that we have built up here in this Island? We congratulate ourselves that we have brought in wonderful legislation to ensure that we have a shipping register and insurance businesses and financial businesses and so on and, having got them there, why should that small majority of our own indigenous people - and they are our own indigenous people, and that cannot be disputed - be disadvantaged? No wonder they become bitter and disillusioned - and they do, and they tell me they are. And while they may say to their employer, paying them £3.50 an hour or £3.80 an hour, 'Yes, sir. No, sir' and do not wish to offend them, in their hearts and privately they will tell certain people how outrageous it is.

Yes, I support the minimum wage and I support the regulations; I do not support the low figure set at £4.10. (**Mrs Cannell:** Hear, hear.) I believe that it should be a reasonable figure. I am not talking about £5.90 or even £5; £4.50 would be fair and sensible at the current rate, in the current time. And nobody can say in 24 months' time what the rate will be, because there may be inflation, over which we have no control. And let nobody stand up - and, Treasury minister, do not bother to stand up - and say, 'Oh, if we pay more, we will get inflation in the Island.' I have held your office, been there, seen that, worn the T-shirt. (*Interjection*)

A Member: You did not read the book.

The Speaker: Inflation, hon. members, is caused by the source of the goods we buy (*Interjection*); inflation is not caused here - we do not make the cornflakes or the flour or the tea or the sugar or the chocolate. The price is determined in the UK and it is determined in the supermarkets; it is not determined by the price or the wages that we pay here.

I will finish now, as I have said my piece. It is right and proper that those at the lower end of our society should have the dignity and the self-respect to earn a respectable wage and a proper wage for a proper day's work and not have to rely on a handout from the government, because the downside of that is that certain employers will say, 'Well, I would pay you more' or 'I do not have to pay you more' or say nothing at all, because they know that the government will increase the wage through benefit payment, and that happens. But the people we are talking about are our own indigenous people - yes, our own - in this, our native land.

A Member: Hear, hear.

The President: The minister to reply.

Mr North: Thank you, Mr President. Can I say that, in my years in this hon. Court, I have not appreciated a debate better, I think, than this one. It was always to be a difficult debate, because there are inevitably two sides to this story. I congratulate the hon. member for North Douglas and the member of Council for their views. They have put them clearly. The hon. member for Rushen, Sir Miles, I thought put the other side extremely well. It is, after all, an assessment; it is an exercise, actually, in risk assessment. I do not agree with the amendment by the hon. member for North Douglas, but I respect his side of the argument. I also totally agree with Mr Speaker, and I hope that those days have already gone that this is a low-wage economy. I do not want to see a low wage-economy - I am on record in here on numerous occasions; I think we should go for higher wages, absolutely. But it is really a case of risk assessment and what we pitch the figure at to start with, and it will certainly be up to this hon. Court, in not too many months' time or whatever, to settle and decide - hopefully, if Tynwald passes these regulations today - what the figure will be for next year. I am afraid that if we accept the amendment for two years' time - I am sorry to say this, but, in my opinion, and I hope the hon. member for North Douglas will not take this the wrong way - I do think that amendment, if successful, would cause economic disaster on the Isle of Man. (**Mrs Crowe:** Absolutely.) I am afraid so. It is sad to say it. I totally agree with you: it would be lovely to have that, and let us work towards it and let us aim for that as a figure, because Whitley Council - that says it all, doesn't it? The base rate for Whitley Council, at £5.90, all employed by government.

Mrs Crowe: Yes.

Mr North: It says something, doesn't it? (**Mr Brown:** Absolutely.) And let us have that figure for the whole population. (**The Speaker:** Hear, hear.) It would have been very nice, as Mr Speaker said, to have £4.50, but to start with I do believe that it is sensible to have a figure which the UK goes to in October. There is also legislation, I am informed from the brochure put out by the DHSS, which will be required - I think I read here somewhere, 'The department is presently examining the policy options relating to issues and, where necessary, will be submitting amended legislation to Tynwald in time for the introduction of a minimum wage.' With the minimum wage coming in from 1st January - yes, I know there are those who would have liked it from 1st October - I think we owe it to employers and others who have fixed budgets . . . And let us bear in mind that this, if approved today, will affect 5 per cent of the working population, or approximately 1,000 people, and, if you exclude overtime, that is 56 per cent part-time and 44 per cent full-time, which is an interesting figure, and about, I think, 60 per cent women and 40 per cent men.

So, Mr President, I know people have taken a position. We have taken a position with the Treasury, and I hope that the introduction of these regulations from 1st January will be the start of an increase and that it will be done with economic factors borne in mind. I look forward to seeing the rate that is proposed by the hon. member for North Douglas, but this is not the time, Mr President, in my opinion, to put it in. I beg to move.

The President: Hon. members, the motion I put to the Court, then, is printed at 3 on your supplementary order paper no. 2. To that we have the amendment, circulated to you on the white paper, in the name of Mr Henderson.

Will those in favour of the amendment please say aye; against, no. The noes have it.

A division was called for and voting resulted as follows:

In the Keys -

For: Messrs Henderson, Duggan, Mrs Cannell, Mr Karran and the Speaker - 5

Against: Messrs Gilbey, Quine, Rodan, North, Sir Miles Walker, Mrs Crowe, Messrs Rimington, Brown, Cretney, Braidwood, Shimmin, Downie, Singer, Bell, Corkill, Cannell and Gelling -

The Speaker: Mr President, the amendment fails in the House of Keys, with 5 votes in favour and 17 votes against.

In the Council -

For: Messrs Lowey and Delaney - 2

Against: Messrs Waft, Radcliffe, Mrs Christian and Mr Crowe - 4

The President: With 4 votes against and 2 votes for in the Council, hon. members, the amendment fails to carry.

I then put the order as printed on the order paper: that the Minimum Wage Regulations 2001 be approved. Hon. members, those in favour please say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

In the Keys -

For: Messrs Gilbey, Quine, Rodan, North, Sir Miles Walker, Mrs Crowe, Messrs Rimington, Brown, Houghton, Braidwood, Shimmin, Downie, Singer, Bell, Corkill and Gelling - 16

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

The President: Mr Speaker, if I may, just before that count is announced, I think Mr Houghton was not in when we started the -

Mr Houghton: The first one.

The President: You were not in when we started the ballot, sir, on this particular motion. That vote will be discounted.

The Speaker: Mr President, discounting the hon. member for Douglas North's vote, there were 15 votes in favour of the motion and 7 votes against.

In the Council -

For: Messrs Waft, Radcliffe, Mrs Christian and Mr Crowe - 4

Against: Messrs Lowey and Delaney - 2

The President: With 4 votes cast for and 2 against in the Council, hon. members, the motion therefore carries.

Suspension of Standing Orders — Approved

The President: Hon. members, we now progress and we turn to our supplementary order paper no. 3. I call on the Chairman of the Standing Orders Committee, Sir Miles, to move.

Sir Miles Walker: Thank you, Mr President. Sir, I beg to move:

That Standing Order 10.9 be suspended and that, under Standing Order 2.2(6), the following business be considered.

The Speaker: I beg to second, Mr President.

Papers Laid Before the Court

The President: I call on the Clerk to lay the papers.

The Clerk: I lay before the Court:

Report of the Standing Orders Committee of Tynwald on Petitions for Redress presented on 5th July 2001.

Procedural

The President: Now, hon. members, that draws to a conclusion our order paper and the three supplementary order papers that followed thereto. As this is the last sitting before the recess, I would like to take the opportunity to thank you all for your co-operation in getting through a lengthy agenda in this particular month and also, hon. members, for your hard work during the last year, when we have dealt with a large amount of legislation and some difficult issues within this Court. I am aware that most of you will be working towards the general election over the recess, but I hope that you will all also find time to have what could be a well-deserved rest. Council, hon. members, will now withdraw and leave the House of Keys to transact such business as Mr Speaker may place before them. Thank you, hon. members.

The Speaker: May we, on behalf of the House of Keys, wish you, sir, a happy summer holiday.

Members: Hear, hear.

The Council withdrew.

HOUSE OF KEYS

The Speaker: Hon. members, before the House finally adjourns to the next sitting, which will be the October Tynwald, which I believe is on 18th October, I wish you all a happy summer holiday and wait for you to come back refreshed and rejuvenated. Thank you, hon. members.

Members: Same to you, Mr Speaker.

The House adjourned at 12.47 p.m.