

Work permit term limits: A reality check

EMPLOYMENT MATTERS

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HOW effective is Bermuda's work permit term limits policy? Does the policy really cause damage to the economy? Should Bermudians support a relaxation or abandonment of term limits? These are important questions. The world and Bermuda have changed a lot in the decade since the policy was introduced, so a reality check is in order.

On the question of whether the term limits policy negatively impacts the economy, it certainly does. As a firm of management consultants that provides HR services to greater than 230 local and international businesses in Bermuda, we know.

It is true that in some job categories limiting the term of expats to six or nine years does not cause undue hardship for employers. However, it does cause costly turnover in international business, now the lifeblood of the Bermuda economy. Jobs in global organisations are highly mobile and, over the past few years, a significant number of international business professionals have left Bermuda citing Bermuda's term limit policy as a major factor contributing to their decision.

It is a reality that's uncomfortable to hear and accept. But accept it we must. Government's response to this reality is to stress that this should not happen because the term limits policy allows exemptions for key employees. But no amount of talking up the theory changes the outcome. Departing expats are aware of their poten-

tial to be exempted from term limits. But many report that they are not prepared to wait months for a response to their exemption application.

Some report that they do not like the uncertainty associated with losing their exemption and reapplying if they change jobs. Others report that they sense that xenophobic sentiment is high in Bermuda and tolerated by Government. And virtually all of them say that they are moving to a jurisdiction where they feel more welcome and secure.

Unfortunately, in many cases when international business professionals leave Bermuda, we experience the loss of supporting jobs. Bermuda also loses each departing expat's annual spend on locally bought products and services. Consequently, hundreds of jobs have been lost in local businesses simply due to expat turnover within the past two years.

So should Bermuda ease its term limits policy — or even abolish it? Many Bermudians would say 'no', because they understand that this policy protects them in the job market. But they misunderstand.

The reality is that job opportunities become available for Bermudians when positions are advertised at the end of every work permit term. That's because our work permit policy ensures that advertising happens prior to the six-year term limit as well as afterwards in the case of permit holders that have Minister-approved term limit extensions or exemptions. In other words, even if the term limits policy was abolished, Bermudi-



Getting the balance right? Economy, Trade and Industry Minister Kim Wilson (right) and Premier Paula Cox have proposed the idea of 10-year work permits for some executives

ans would have exactly the same number of job opportunities provided that the advertising requirement of our work permit policy does not change.

With so many Bermudians struggling in the employment market, the misperception that term limits provides greater job opportunity is dangerous. It leads many Bermudians to oppose changing or abandoning the term limits policy no matter what damage it is doing to their present and future employment prospects. It also closes their mind to evaluating the policy against its sole purpose: to inhibit long term residency.

Many will have missed the Department of Immigration statistics released last November which revealed that 2,728 work permit holders had obtained Minister-approved term limit extensions or extensions beyond

10 years. This means that each one of these 2,728 work permit holders, plus their family members, are potential long term residents. That's a sobering reality for anyone who assumes that the term limits policy has eliminated the long term residency problem.

So our present work permit term limits policy does not inhibit long term residency particularly well; it does cause the flight of international business jobs; and it does nothing to protect Bermudians in the employment market. So where does that leave us?

It should compel us to ponder the question: Can the objective of inhibiting long term residency be accomplished more effectively another way — and in a manner which does not negatively impact the economy?

The Cayman Islands government recently decided to sus-

pend its term limits policy for two years while they grapple with this question. Meanwhile, the Bermuda Government will soon announce details of its plans to modify our term limits policy.

They will also introduce 10-year permits and a new category of long term residency for job creators. Viewed through the reality lens, these changes are promising steps in the right direction that will benefit all. But mitigating the downside of this policy is a partial win at best. Ultimately we must also question the upside.

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