



HOUSE OF KEYS OFFICIAL REPORT

RECORTYS OIKOIL
Y CHIARE AS FEED

PROCEEDINGS

DAALTYN

HANSARD

Douglas, Tuesday, 22nd November 2011

*All published Official Reports can be found on the Tynwald website
[www.tynwald.org.im/Official Papers/Hansards/](http://www.tynwald.org.im/Official%20Papers/Hansards/)Please select a year:*

Reports, maps and other documents referred to in the course of debates may be consulted on application to the Tynwald Library or the Clerk of Tynwald's Office. Supplementary material subsequently made available following Questions for Oral Answer is published separately on the Tynwald website, [www.tynwald.org.im/Official Papers/Hansards/Hansard Appendix](http://www.tynwald.org.im/Official%20Papers/Hansards/Hansard%20Appendix)

Volume 129, No. 5

ISSN 1742-2264

*Published by the Office of the Clerk of Tynwald, Legislative Buildings,
Finch Road, Douglas, Isle of Man, IM1 3PW. © Court of Tynwald, 2011*

Present:

The Speaker (Hon. S C Rodan) (Garff);
The Chief Minister (Hon. A R Bell) (Ramsey);
Hon. D M Anderson (Glenfaba); Mr L I Singer (Ramsey);
Hon. W E Teare (Ayre); Mr A L Cannan (Michael); Hon. T M Crookall (Peel);
Hon. P Karran, Mr Z Hall and Mr D J Quirk (Onchan);
Mr R H Quayle (Middle); Mr J R Houghton and Mr R W Henderson (Douglas North);
Hon. D C Cretney and Mrs K J Beecroft (Douglas South);
Hon. C R Robertshaw and Mrs B J Cannell (Douglas East);
Hon. J P Shimmin and Mr C G Corkish MBE (Douglas West);
Mr R A Ronan (Castletown); Mr G D Cregeen (Malew and Santon);
Hon. J P Watterson, Mr L D Skelly and Hon. P A Gawne (Rushen);
with Mr R I S Phillips, Secretary of the House.

Business Transacted

Page

Procedural 133

Questions for Oral Answer

1.1. Eurozone sovereign bonds – Treasury exposure	133
1.2. Treasury reserves – Risk management.....	135
1.3. Treasury reserves – External investment managers.....	137
1.4. Treasury reserves – Performance of investment managers	138
1.5. Eurozone volatility – Effect on Manx industry	140
1.6. New businesses – VAT refund on start-up costs	141
1.7. MEA bond – Payment; effect of credit rating downgrade	143
1.8. Biodiesel – Road fuel duty	144
1.9. Flybe – Hand baggage; on-line check-in	145
1.10. Local authority elections – Change in frequency.....	146
1.11. Kirk Michael coastal erosion – Policy; review; rate	147
1.12. Kirk Michael coastal erosion – Public consultation	149
1.13. Alcohol sales – Supermarket licences	150

Questions for Written Answer

2.1. Government reserves – Asset class splits	151
2.2. Social care – Details of providers	152

Orders of the Day

3.1. Bill for First Reading – Dogs (Amendment) Bill 2011.....	153
4.1. House of Keys Management and Members’ Standards Committee – First Report received and recommendation approved.....	154
5.1. Suspension of Standing Order 1.1(2) – No sitting of Keys on 20th December 2011 – Motion carried.....	154
6.1. Electoral Reform Bill 2011 – Joint Committee to consider constitutional principles raised in Council – Three Members appointed.....	155

The House adjourned at 11.32 a.m.

House of Keys

The House met at 10.00 a.m.

[MR SPEAKER *in the Chair*]

5 **The Speaker:** Moghrey mie, Hon. Members.

Members: Good morning, Mr Speaker.

The Speaker: The Chaplain will lead us in prayer.

PRAYERS

The former Chaplain of the House of Keys

Procedural

10 **The Speaker:** Hon. Members, may I remind you that the deadline for nominating candidates for election to the Legislative Council expires at 5.00 p.m. on Friday, 25th November.

Questions for Oral Answer

TREASURY

Eurozone sovereign bonds Treasury exposure

1.1. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

*(a) What exposure the Isle of Man Treasury has to Eurozone sovereign bonds; and
(b) if not nil, by what value the bonds have been written down; and what steps are being taken to reduce this exposure?*

15 **The Speaker:** We now turn to Item 1 on the Order Paper: Questions for Oral Answer. I call the Hon. Member for Middle, Mr Quayle.

Mr Quayle: Thank you, Mr Speaker.
I beg leave to ask the Question standing in my name.

20 **The Speaker:** The Minister for the Treasury to reply, the Hon. Member for Ayre, Mr Teare.

The Minister for the Treasury (Mr Teare): Thank you, Mr Speaker.

25 In answer to part (a), the market value of Government's direct exposure to Eurozone sovereign bonds was approximately £2.9 million as at 18th November 2011, which is in the region 0.2% of the value of externally invested assets.

Moving on to part (b), the book value of current investments is £4.9 million, meaning that the value of the sovereign bonds has reduced by £2 million since they were purchased. Generally, the investment managers have been reducing exposure to Eurozone sovereign bonds in recent months.

30 **The Speaker:** Mr Quayle, supplementary.

Mr Quayle: Supplementary.

If I can take France as an example for the Eurozone bond market, France is in danger of having its credit rating downgraded. Non-French investors are quietly selling off their holding
35 accountings... down to 66% – it was 71% in 2010.

Would the Treasury Minister agree that we should be reducing our Eurozone sovereign bond exposure to nil?

40 **The Speaker:** Minister to reply.

The Minister: We have been reducing our sovereign bonds, but within the Eurozone, of course, there is one of the most financially strongest countries, full stop, and that is Germany. So we need to be very selective as to what we are doing.

45 **The Speaker:** Hon. Member for Douglas North, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

In part (b) of the Minister's reply, he mentioned that the value had reduced by £2 million since it was purchased. Can he elaborate on that? What does he mean by the reduction – is this the
50 reduction in value or a sell-off, sir?

The Speaker: Minister.

The Minister: It is the reduction in value. They were bought for £4.9 million. They have
55 reduced by £2 million in the interim.

The Speaker: Mr Quayle.

Mr Quayle: I would just like to quote Lord Turner, if I may, the Chairman of the Financial
60 Services Authority.

He warned that bonds sold by states that do not issue their own currency, such as members of the Eurozone, carry an extra risk to investors because their governments cannot simply print money to pay them off. Therefore, having money in the Eurozone is not seen as an incredibly good investment – or risky, shall we say – at the moment, and is not as safe as I would believe we are
65 being led to believe.

The Speaker: Minister.

The Minister: Thank you, Mr Speaker.

70 I would say there is a dichotomy there, sir, because at present there is a premium on German bunds or German bonds.

The Speaker: Mr Houghton.

75 **Mr Houghton:** Thank you, Mr Speaker.

In thanking the Minister for his previous answer to my supplementary question, is he saying that a £4.9 million investment has now been reduced by £2 million in that one single investment?

If that is correct, sir, can the Minister advise this Hon. House, what is the total loss in value of investments in the Treasury in our reserve capitals to date, over the last, say, six months that we
80 have been trading? What is the total loss, if he has lost over 50% in one investment alone?

The Speaker: Hon. Member, that is only loosely associated with the Question on the Paper. It is broadening it out, but if you are in a position, sir, I will invite the Minister, if he wishes, to
85 reply.

The Minister: The only thing I would say, sir, is that we are looking at a very small snapshot in time and certainly a longer timeframe would demonstrate the robustness and the effectiveness of the Treasury performance in investment management.

90 **The Speaker:** Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

I need to press the Minister on this: can he give me an idea, or a snapshot, of total losses over six months of Treasury investments?

95 **The Speaker:** Again, the same... my previous comment applies. Minister, I will not pursue this line of questioning.

Mr Quayle, do you have a final supplementary?

100 **Mr Quayle:** If I could just take a point that the Treasury Minister mentioned on German bonds, the German government must have decided whether to support the euro, by giving it a mandate. What I am trying to put over is that –

105 **The Speaker:** Yes, Mr Quayle, I appreciate that you are formulating a question, but we do need a question to the Minister, rather than a line of statement and argument.

Mr Quayle: My question is that maybe the German bonds will not be as secure in the future, due to the potential Eurozone meltdown. (**Mr Houghton:** Hear, hear.) I would just hope that, maybe, the Minister would look into this point.

110 **The Speaker:** Will you look into it, sir? (*Laughter*)

115 **The Minister:** Yes, the Treasury investment committee which deals with these issues do meet with the investment managers on a half-yearly basis, but in addition to that, the performance is regularly reviewed on a quarterly basis and, during that time, we do get regular monthly financial information from the investment managers. If there are any issues arising, they are taken up straightaway, at that time.

Treasury reserves Risk management

1.2. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

How the Treasury manages the risk profile of the externally managed reserves to avoid losses whilst maximising return?

120 **The Speaker:** We turn to Question 2. Again, Hon. Member for Middle.

Mr Quayle: Thank you, Mr Speaker. I beg leave to ask the Question standing in my name.

125 **The Speaker:** Minister for the Treasury to reply.

The Minister for the Treasury (Mr Teare): Thank you, Mr Speaker.

There are a number of steps undertaken by Treasury to manage the ongoing risk profile of the externally managed reserves.

130 Firstly, Treasury approves investment mandates, which determine the broad range of assets in which Government's reserves can be invested. The mandates also specify restrictions on investments, where appropriate.

The Treasury also determines appropriate performance benchmarks, which provide an appropriate balance of returns against risks that the portfolios may be exposed to.

135 Following the appointment of the investment managers, the Treasury Investment Committee meets with each manager at least twice a year. These meetings focus on the investment performance but also the volatility and potential risks being taken by each manager. The investment managers also provide regular investment reports, which enable Treasury officers to confirm that restrictions in the mandates have been adhered to and the investment managers' actions are consistent with their stated investment strategy, sir.

140 **The Speaker:** Mr Quayle.

145 **Mr Quayle:** If I could ask the Minister to confirm that the blue-chip shares held by our external investors are not overly exposed to the Eurozone. For example, do we have shares in any major European bank? It is worth noting that Lehman Brothers and AIG were blue-chip organisations.

The Speaker: Reply, sir.

150 **The Minister:** It is impossible to give that breakdown because Hon. Members will be aware that, with multinational companies... For example, Royal Dutch Shell: it is domiciled in the Netherlands, it is traded on the UK, the New York and the Netherlands stock exchanges, but it has worldwide activities. It is through companies such as that that we are able to diversify our investment risk, sir.

155

The Speaker: Hon. Member for Douglas East, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

160 It is interesting to note that there is, in fact, an investment committee. Can the Minister advise the House which political Member has responsibility in this area to oversee investments and whether or not the investment committee is chaired by a politician – and, if so, who is it?

The Speaker: Minister to reply.

165 **The Minister:** The investment committee is chaired by the Hon. Member of Council, Mr Braidwood, sir.

The Speaker: Hon. Member for Onchan, Mr Hall.

170 **Mr Hall:** Thank you, Mr Speaker.

Can the Minister confirm that there is a robust review programme to assess our actual appetite for risk, with regard to the Treasury's reserves, which reflects the changes in market trends? If there is not, why not, and will he report back to this Hon. House on the rationale?

175 **The Speaker:** Mr Teare.

The Minister: I am pleased to confirm that there is, sir.

180 **The Speaker:** Hon. Member for Michael.

Mr Cannan: Thank you, Mr Speaker.

Can I ask the Treasury Minister if he can give a clarification of a specific figure in terms of our total potential exposure to the Eurozone?

185 **The Speaker:** Minister to reply.

The Minister: As I said before, sir, it can be a misleading figure, because if we are dealing with some of the major trading companies – I did give the illustration before of Royal Dutch Shell – they are geographically diverse in their operations, so whilst they may be trading in the Eurozone, their activities encompass the entire world.

190

We do have various details, which I am quite happy to circulate later, rather than go through a long list, sir, and I will certainly do that later.

195 **The Speaker:** Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

In support of the Hon. Member for Michael's question and the Minister's answer, could he give us a factual re-valuation of both the risk of that and the actual valuation as it stands today, as to what it was when those investments were made, sir?

200

The Speaker: Minister to reply.

The Minister: I do have that information, sir, and it forms part of my notes and my Answer for a subsequent Question, sir.

205

The Speaker: Mr Quayle.

Mr Quayle: If I could just finish... The Minister touched on the fact that meetings were held twice a year to review the seven external managers appointed by the Isle of Man Government. Does he feel that that is enough?

210

In a climate where finance is sailing along nicely with small ups and downs that is probably a fair number of meetings, but at a time when shares are... Yesterday, for example, most of the shares went down 2% on average. Is twice a year enough, in the current climate, to be having meetings with our seven external investment companies, when the potential losses to us all could be significant?

215

A Member: Hear, hear.

Mr Watterson: Losses and gains as well, though.

220

The Speaker: Minister.

The Minister: There are two parts to that in the answer, sir.

The first is if we feel it necessary, we will certainly meet the investment advisers more frequently. I did say in a prior answer, sir, that the management information comes through on a monthly basis. There is more detail in that than on a quarterly basis. If there is anything that causes the Treasury concern when it receives that information, the matter would certainly be raised with the investment managers and a full discussion would take place at that time.

225

The second part of the issue is, sir, that nobody has said, if Treasury was to sell its entire investment portfolio, where the money should be put.

230

The Speaker: Supplementary, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

I thank the Minister for advising the House that, indeed, the Hon. Member of the Legislative Council, Mr Braidwood, is in fact Chair of the investment committee.

Can he clarify what Mr Braidwood's position is, in terms of investments of Treasury? Does he have delegated responsibility in this area? Does he have any other meetings, in terms of the investments, to oversee the same? What is his delegated power? How much power does he have in terms of this? Can he take a decision to swap an investment, to change an investment, or does he have to go through the Minister?

235

240

The Speaker: Minister.

The Minister: The Hon. Member of Council, sir, has full delegation and full discretion.

245

Treasury reserves External investment managers

1.3. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

What the Treasury risk monitoring programme is to monitor the risk management frameworks associated with the seven external investment managers handling Treasury Reserves, including counterparty risks?

250

The Speaker: We turn to Question 3. Hon. Member for Middle, Mr Quayle.

Mr Quayle: Thank you, Mr Speaker.
I beg to ask the Question standing in my name.

255

The Speaker: Treasury Minister to reply, please.

The Minister for the Treasury (Mr Teare): Thank you, sir.

The Treasury uses a number of risk-monitoring techniques, which I will outline as follows:

260 As part of the last investment management tender for managers commencing 1st April this year, all tenderers completed a comprehensive due diligence questionnaire, which required detailed information on: the structure of the organisation and its financial strength; the internal legal and compliance framework; audit and financial control; investment fund information and experience. All successful investment managers subsequently entered into an investment management agreement with effect from 1st April 2011.

265 Each agreement stipulates the requirements of the investment manager, including that the manager must carry out due diligence on his chosen counterparty. Treasury has an investment committee who meet all investment managers a minimum of twice a year.

270 At each meeting, the investment managers primarily report on performance, but also cover any operational issues, which includes discussion that all activities have been carried out to the agreed mandate and in accordance with the relevant regulatory framework they work within. Treasury is routinely in day-to-day contact with investment managers in operational matters, which provides an early opportunity to flag any risk management matters, should they arise.

The Speaker: Mr Quayle.

275 **Mr Quayle:** Thank you, Mr Speaker.

The last part of my Question mentioned counterparty risks and, really, that is just a fancy term for the other side not honouring the contract. Should there be an economic meltdown, the seven investment managers, or some of them, may not have the capability to repay the Isle of Man Government the money that they have been given as an investment.

280 I was just wondering, does the Treasury Minister feel it would be prudent to, more than twice or once a year, revalue the strength of the investment managers that our money has been placed with?

The Speaker: Mr Teare.

285 **The Minister:** As far as our criteria, sir, when the mandates are awarded, as I said in the Answer to the original Question, the financial strength of the investment managers is one of our prime criteria for assessing their suitability to act as managers of the Government's investment funds.

The Speaker: Mr Hall.

Mr Hall: Thank you, Mr Speaker.

295 Can the Minister confirm that the appropriate trigger mechanisms are in place to review our relationship with the investment managers, specifically such as a downgrade in the financial institutions' – Standard & Poor's – rating with which the Treasury reserves are held? If no effective mechanism is in place in this regard, would he not agree that this needs to be actioned expeditiously?

300 **The Speaker:** Minister.

The Minister: I am satisfied, sir, that all relevant potential risks are taken fully into account.

Treasury reserves Performance of investment managers

1.4. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

305 *How the investment managers who handle the Treasury Reserves are performing against the benchmarks of UK base rate plus 2.5% (i.e. 3%) and the fixed interest FTSE UK Government 0-5 year gilt total return index; and whether those benchmarks are still considered appropriate and prudent?*

The Speaker: Question 4, Mr Quayle, please.

310 **Mr Quayle:** Thank you, Mr Speaker.
I beg leave to ask the Question standing in my name.

The Speaker: Again, I call on the Treasury Minister.

315 **The Minister for the Treasury (Mr Teare):** Thank you, sir.
Treasury monitors the performance of reserves and the long-term nature of the investments means that the most appropriate measurement to gauge performance of investment value is over a three-year period.

320 For the three-year period ending on 30th September 2011, all but one of the investment managers who have held a mandate during this period have exceeded the benchmark of the UK Bank of England base rate plus 2.5%. The two funds benchmarked against the gilt index both exceeded the benchmark over this period, too.

325 Treasury considers that the use of an absolute return benchmark, such as the UK Bank of England base rate plus 2.5%, still remains appropriate and prudent. Treasury also considers that the use of the FTSE UK Government zero to five-year gilt total return index is an appropriate and prudent approach for the two funds which are benchmarked against it, sir.

The Speaker: Mr Quayle, supplementary.

330 **Mr Quayle:** Thank you.
All I am trying to highlight in my questions is that, should there be a development in the Eurozone, the Isle of Man reserves are protected and not exposed to a euro meltdown. (**Mr Houghton:** Hear, hear.) The people of the Isle of Man deserve for us to be ready for a potential collapse of the Eurozone.

335 I want to be reassured that our reserves are safe. I want to be sure that Treasury has bolted the door, before the horse has bolted. Can the Treasury Minister please assure me that every precaution has been taken to protect Isle of Man reserves during this time of economic uncertainty?

340 **The Minister:** Sir, through diversity of our investment portfolio, I feel the Treasury is doing exactly that.

The Speaker: Mr Houghton.

345 **Mr Houghton:** Thank you, Mr Speaker.
Can I ask the Minister to elaborate on the last sentence in his answer, sir?

The Speaker: Minister – could you repeat the last sentence.

350 **Mr Houghton:** Can you remember what you said?

The Minister: Yes, I can – yes, sir.
By diversifying our portfolio, we are doing exactly that: we are managing the risk appropriately. (**Mr Houghton:** How?) By diversifying.
355 Sorry – (*Interjections*)

The Speaker: Hon. Members, you have been here long enough to know you do not ask questions across the Chamber to each other!

360 **Several Members:** Hear, hear.

Mr Houghton: Mr Speaker, may I ask the Minister, how he is doing that, sir?

365 **The Speaker:** Thank you.
Minister.

The Minister: Basically, putting it in layman's terms, sir, by not putting all the eggs in one basket.

The Speaker: Hon. Member, Mrs Cannell.

370 **Mrs Cannell:** Thank you, Mr Speaker.

Will the Minister acknowledge that Members are very concerned this morning (**Mr Houghton:** Hear, hear.) about the Isle of Man's investment of the people's money, and that he ought not really to belittle the issue this morning?

375 Would he agree, or at least consider, holding a presentation for Members (**Mr Houghton:** Hear, hear.) to outline exactly where the money is and how well protected it is, to reassure the House but also the public who are listening this morning to Question Time?

Mr Houghton: Hear, hear.

380 **A Member:** Send the quarterly statements, as well!

The Speaker: Mr Teare.

385 **The Minister:** Sorry, sir, I think the interesting thing is that nobody has said the alternatives... what should we do.

We are saying that we should not have any exposure to the Eurozone, we should not have any exposure here, but what *should* we have exposure to? These are the very real decisions that somebody has to take on behalf of the Isle of Man Government.

390 **The Speaker:** Mr Houghton.

Mr Houghton: Mr Speaker, we are asking the Minister to tell us what his Treasury, and the brains he has in the Treasury, and his consultants, are doing about it. We are not asking him to ask us. We are asking him, sir.

395

The Speaker: Mr Teare.

The Minister: I take his statement on board, sir.

400 **The Speaker:** Mrs Cannell.

Mrs Cannell: Mr Speaker, would the Minister acknowledge that unless we all get round the table to discuss the issue at a presentation and are made aware of, in fact, where the investments are placed, it is only then that we can explore the options for safeguarding it further than he currently is?

405

Will he consider such a meeting to be called early in the New Year, if not before Christmas, and invite all Members of Tynwald to that so that we can feel self assured that, in fact, it is in safe hands?

410 **The Speaker:** Reply, sir.

The Minister: I am certainly prepared to discuss it with the Chairman of the investment committee, sir.

Eurozone volatility Effect on Manx industry

1.5. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

415 *Which industries in the Isle of Man could be affected by the serious and volatile situation in the Eurozone in the long and short term; and what contingency plans he has to minimise the effects?*

The Speaker: Question 5. Hon. Member for Douglas South, Mrs Beecroft.

420 **Mrs Beecroft:** I beg to ask the Question standing in my name.

The Speaker: I call on the Minister for the Treasury to reply.

The Minister for the Treasury (Mr Teare): Thank you, sir.

425 The short Answer to the Hon. Member's Question, of which industries could be affected by what is going on in the Eurozone, is all of them, since the instability and uncertainty is already slowing down economic growth and demand across the world and threatening to push key markets back into recession.

430 I am not sure that there are any new specific measures we could introduce to counter the fallout from the euro crisis. Certainly, the key levers available to many governments, such as exchange-rate policy and control of interest rates, are not within our arsenal. Rather, I believe the situation simply adds to the need for us to continue to refine and improve those aspects of the Isle of Man's commercial environment which are attractive to doing business with, and from, the Island. This will be crucial to our future economic growth and, in turn, our public finances. The need to secure existing, and attract in new, direct investment must remain the focus of our collective efforts, sir.

435 Thank you.

The Speaker: Mrs Beecroft.

Mrs Beecroft: Thank you.

440 Would the Minister agree with me...? There have been a lot of questions about Government funds, but this is a much broader issue and, as he said, it affects all industries. Surely, the Minister looks at 'what if' situations and makes contingency plans for when those situations arise, to be proactive, rather than reactive, if circumstances change.

445 **The Speaker:** Minister.

The Minister: Certainly, the Government does look at those industries and emerging technologies, which we can use to help us drive our economy forward. But I feel, too, that we should not only look at the Eurozone; we should have a look at the American market, as well.

450 With the failure of the US Congress to agree on a budget balancing mechanism, there are very serious issues there, which have been reflected in a fall in the Dow Jones yesterday of 248 points. So if we are not careful, we are just going to concentrate on one particular sector and we are going to miss the broad picture. We need to look at the broad picture, sir.

455 **The Speaker:** Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Speaker.

460 Would the Minister agree with me that, as he rightly says, we should be looking at any threat to the Island and any downturn or effects on our industries, but could he say what measures, contingency plans and regular reviews he has of this, to see which industries are going to be affected the most and how he would help them?

The Speaker: Minister.

465 **The Minister:** The best and most effective way that we can help industry is to provide a business-friendly environment from which they can operate, and I would certainly support that, sir.

New businesses VAT refund on start-up costs

1.6. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

470 *If he will make it his policy to refund VAT on start up costs for new business who fall under the threshold for VAT registration?*

The Speaker: Question 6. Hon. Member, Mrs Beecroft.

Mrs Beecroft. Thank you, Mr Speaker.
I beg to ask the Question standing in my name.

475 **The Speaker:** Minister for the Treasury to reply.

The Minister for the Treasury (Mr Teare): Thank you, sir.

480 A new business that has a VATable turnover which falls below the compulsory VAT registration threshold can opt to voluntarily register for VAT. Once registered, the business will then be able to retrospectively recover its start-up costs, subject to the normal VAT recovery rules, which are detailed in VAT Notice 700, available from the Customs and Excise Division. It is important to note that, by voluntarily registering for VAT, the business will also have to charge and account for VAT on its VATable supplies from that date.

485 If a business chooses not to voluntarily register for VAT, then any VAT paid by the business will form part of the expenses of that business, and so may be deductible for tax purposes.

Thank you, sir.

The Speaker: Mrs Beecroft, a supplementary.

490 **Mrs Beecroft:** Thank you, Mr Speaker.

Would the Minister agree with me that there are many small businesses that start up that will not be reaching the VAT threshold, but we should be encouraging those businesses to start up? I realise that they cannot claim the VAT back through the normal VAT mechanism, but couldn't it be refunded by central Government? After all, it would be cost neutral because some of those 495 businesses would not start up if they were not given some assistance, so you would not be collecting the VAT in the first place.

The Speaker: Minister to reply.

500 **The Minister:** I do take the Hon. Member's point but, as I said before, the VAT cannot, in effect, be offset against Income Tax, so they do get an allowance for that; but we are part of a VAT group and current VAT law does not permit the general repayment of VAT for start-up businesses, other than in the circumstances set out in the VAT Notice 700.

505 Under the terms of the Customs and Excise Agreement, the Isle of Man has to maintain its VAT law, so that it corresponds with that in force in the United Kingdom. Neither the agreements nor the underlying EU VAT law permit such general refunds. Furthermore, care has to be taken with any support mechanism. A general policy of VAT refunds which the Hon. Member is espousing could, for example, be construed as state aid, and this may be specifically prohibited under applicable EU law.

510

The Speaker: Mrs Beecroft, a supplementary.

Mrs Beecroft: Thank you, Mr Speaker.

515 I am sure the Minister is correct in the law that he is quoting, but would he look at other initiatives, then, that maybe Treasury could assist, because if we do not get more new businesses starting, the Island is going to suffer. We need as many new businesses starting – and encourage those businesses – as possible.

The Speaker: Minister.

520

The Minister: I am sure that if we did set something up it would be very awkward, very transparent and subject to challenge, that it was not acceptable under EU VAT law.

The Speaker: Finally, Mrs Beecroft.

525

Mrs Beecroft: Thank you, Mr Speaker.

I am sorry that previous question was not clear enough. I am broadening it from the VAT. Will he look at other initiatives, then, if the VAT option is out? Would he look at other initiatives and ways to help new businesses, because it is vital for our economy that we do so?

530

The Speaker: Reply, sir.

The Minister: The Treasury does not have the monopoly on being right, so I look forward to any suggestions that she might have.

MEA bond
Payment; effect of credit rating downgrade

1.7. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

535 *When the MEA bond in the sum of £185,000,000 matures and becomes payable; what action he has taken to date and what actions he proposes to take to fund that repayment; and whether the downgrading of the Isle of Man's AAA rating will have any impact on this bond?*

540 **The Speaker:** Question 7. Mrs Beecroft again, please.

Mrs Beecroft: Thank you, Mr Speaker.
I ask the Question standing in my name.

545 **The Speaker:** Minister for Treasury to reply.

The Minister for the Treasury (Mr Teare): Thank you sir.

The bond has a fixed repayment date of 14th August 2034. This is a situation with which, I am sure, you are fully conversant, sir, and it is fully recognised by Treasury, the Council of Ministers and the MEA board as presenting a major challenge to the Authority over the next 20 years.

550 At this stage in the current administration we have many matters to consider, including the forthcoming Budget and re-balancing our expenditure to our income.

Mr Speaker, with respect to the downgrading of the AAA rating, this will have no impact upon the amount of interest paid by the Government to the bondholders.

555 **The Speaker:** Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Speaker.

560 Maybe I missed it, but I am not sure that I picked up what action the Treasury Minister has taken to date to put money aside to repay the bond. Is it acceptable that we have got no sinking fund for this?

What has he done to date and what does he plan to do because, otherwise, we are just leaving this debt for the next generations?

565 **The Speaker:** Reply, sir.

The Minister: I quite agree: that is the danger, that we do leave this debt to another generation. But what I would say is that since the rescue plan was put in place in 2006 – and I was the first Chairman of the Board under that rescue plan – the MEA has traded ahead of that rescue plan by £50 million, so that does give us the scope to be more financially flexible.

570 One of the difficulties is that, at this particular moment in time, we cannot identify a source of income, which would enable us to have revenue aside to build up a sinking fund. If we were to do that through the electricity tariff, where it would be approximately threepence per unit, we could not absorb that at the present time. The industry could not absorb that at the present time.

575 An alternative would be to increase the rate of income tax, but that would be twopence on the rate of income tax. Once again, that would make us uncompetitive, so we have a very difficult situation, as I did say in my original Answer. At the moment we are working on the Budget and that has to be our first priority, although I am not demeaning the importance of this issue, sir.

580 **The Speaker:** Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Speaker.

I am sure the Minister would agree with me that we are all aware about the current economic climate, but it is inexcusable that nothing has been done since 2006 to put money aside for this. We are leaving this debt to our grandchildren, which is immoral.

585 Would the Minister not agree that he should be looking at the MEA retail, which is losing somewhere between half and three quarters of a million a year? I know it is small beans compared to the total sum, but at least it is a start, if that money... If the MEA retail was closed down and the money that it is losing now was put to one side... We have got to start doing something.

590 **The Speaker:** Minister.

The Minister: The Treasury does not micromanage individual boards and authorities. That is a matter for the MEA board, sir.

**Biodiesel
Road fuel duty**

1.8. The Hon. Member for Onchan (Mr Hall) to ask the Minister for the Treasury:

595 *If he would facilitate the re-introduction and/or retention, as applicable, of a reduced rate of road fuel duty for biodiesel produced on the Island, in the interests of economic diversification, import substitution and a reduced net carbon footprint for the Island?*

The Speaker: We turn to Question 8. Hon. Member for Onchan, Mr Hall.

600 **Mr Hall:** Thank you, Mr Speaker.
I beg to ask the Question standing in my name.

The Speaker: Minister for the Treasury to reply, please.

605 **The Minister for the Treasury (Mr Teare):** Thank you, sir.
The Island introduced a supplementary rebate of 2.2 pence per litre on biodiesel produced in the Island in April 2007. There are no plans for the Island to withdraw the supplementary rebate.
In addition to the Island's 2.2 pence supplementary rebate, an extant concession allows that persons may produce biodiesel without any Excise Duty being due, if they produce no more than 2,500 litres a year, sir.

610 **The Speaker:** Mr Hall.

615 **Mr Hall:** Thank you, Mr Speaker.
Would the Minister confirm that the reduced rate of road fuel duty applicable to biodiesel produced from waste cooking oil is due to end on 31st March 2012, making the production of biodiesel from this waste product uneconomic on the Island? Would the Minister not agree, therefore, that it would be better, from both an economic and environmental viewpoint, if a viable differential between the duty on imported mineral diesel fuel and biodiesel produced on the Island were maintained?

620 **The Speaker:** Minister to reply.

625 **The Minister:** I take the Hon. Member's argument. One of the difficulties is, once again, this is part of a wider VAT agreement, and I do confirm that the 20 pence additional rebate will expire in April next year.

The interesting thing is, sir, that despite this rebate, as far as we are aware, there are no commercial producers of biodiesel in the Island.

630 **The Speaker:** Mr Hall.

635 **Mr Hall:** Thank you, Mr Speaker. I thank the Hon. Member for his reply.
Is the Minister aware that, prior to the equalisation of the Road Fuel Duty on biodiesel made from new vegetable oil with that made from mineral oil about two years ago, oil seed rape had been grown on the Island, with the oil used to make biodiesel and the remaining solid matter used as a nutritious cattle feed, and the whole process was economic?

640 Would the Minister not agree that, instead of very often paying farmers to produce nothing under the Countryside Care Scheme, it would be better to use some of that money to reintroduce a duty differential on locally produced biodiesel, so that something useful can be produced, with benefits to the Island, in terms of jobs, agricultural diversification, import substitution, as well as the production of an almost carbon neutral road fuel?

The Speaker: Minister.

645 **The Minister:** I do take the hon. gentleman's point but, once again, I would refer him to the wider agreements that we have on Customs and Excise.

Under the terms of the 1979 agreement, the Island maintains its duty rates on mineral oils and substitutes and any related reliefs so that they correspond to those applicable in the United Kingdom. This agreement requires that the Island keeps the law relating to the management of the Customs and Excise revenues and associated control functions correspondent with that of the UK and to legislate to maintain that correspondence wherever necessary, and in particular when changes are made to the UK relevant law.

655 We do have discretion to a supplementary rebate of up to 2.2 pence per litre – sixpence in old-money terms – on any mineral oil or equivalent. This is what we are doing and this is what we intend to carry on. So, really, whilst I do sympathise with his views, we are bound by agreements, sir.

INFRASTRUCTURE

Flybe

Hand baggage; on-line check-in

1.9. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for Infrastructure:

What plans Flybe has to impose further restrictions on hand baggage; and whether this carrier has imposed draconian measures on passengers checking in on-line who fail to present a print out of their documentation at the check in counter?

660 **The Speaker:** Question 9. Hon. Member for Douglas North, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.
I beg leave to ask the Question standing in my name.

665 **The Speaker:** I call the Minister for Infrastructure, the Hon. Member for Douglas South, Mr Cretney.

670 **The Minister for Infrastructure (Mr Cretney):** Mr Speaker, in answer to the first part of the Hon. Member's Question, the Department is not aware at this present time that Flybe are looking to reduce the size limits to hand luggage.

With regard to the second part of the Hon. Member's Question, I am advised that boarding pass rules are very clear within Flybe's terms and conditions, which every passenger must confirm they have read before purchasing their ticket. There are occasions where Flybe will replace a boarding card free of charge for passengers who have checked in online at home, but whose printer may be of poor quality. Flybe have also provided boarding passes for passengers who, whilst they have checked in at home, do not have a printer and have arrived at the airport without a boarding pass. I am advised, generally, a charge is not made if this is a genuine mistake or first offence, but if any Hon. Member has any other concerns, I will ensure they are passed to Flybe.

680 It is worth noting that, currently, all operators flying to or from the Isle of Man require each and every passenger to present a boarding card for departure.

The Speaker: Mr Houghton.

685 **Mr Houghton:** Thank you, Mr Speaker.
In thanking the Minister for his Answer, can I ask whether the Minister is aware of numerous complaints of members of the Manx travelling public in respect of Flybe's conduct – and unprofessional business conduct – on many occasions? Is he aware of that? Has he got an understanding and knowledge of that? If he is, would he be willing to invite Flybe's chief operating officer for the Island to meet other Hon. Members of this House and other interested parties?

690 **The Speaker:** Mr Cretney to reply.

695 **The Minister:** I am certainly aware of a great deal of concern, not only on the Island, but further afield in relation to the use of cards in the purchase of tickets for airline journeys. That is something which the UK organisation, *Which?* had an inquiry into, and I hope that, sooner or later, something is done about that.

I am also aware of concern about limitations on baggage and additional costs that are put on consumers. (**Mr Houghton:** Hear, hear.) I am clearly aware of those matters. I obviously represent the public.

700 Since I have been in this present position, I have not had any complaints made directly to me, but I have already met, I think on three occasions, with representatives of the Steam Packet. I am due to meet with representatives of Aer Arann later this week, and I am happy and am sure will be meeting in due course with representatives of Flybe. If any Hon. Member wishes me to take any messages to them, I will happily do so.

The Speaker: Mr Houghton.

710 **Mr Houghton:** In thanking the Minister once again for his reply, would he arrange for the Flybe senior officer – the chief operating officer, not one of his minions – to attend the Island to meet some Hon. Members who are interested to attend a meeting and who have long lists of complaints to put to that man, and also other interested parties who also wish to see that chief operating officer in person on this Island, sir?

715 **The Speaker:** Minister to reply.

The Minister: I can certainly pass on that message. It is not, obviously, within my gift to commit the chief executive officer, or whoever, of Flybe, but as I said, in the first instance I certainly will be happy to relate any concerns any Hon. Members or members of the public have to the operators, and can obviously put that to them, that there has been a suggestion that a meeting may be helpful.

Local authority elections Change in frequency

1.10. The Hon. Member for Ramsey (Mr Singer) to ask the Minister for Infrastructure:

Whether the change of local authority elections from annually to every four years has been successful?

725 **The Speaker:** Question 10. Hon. Member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr Speaker.
I beg leave to ask the Question standing in my name.

730 **The Speaker:** I call upon the Minister for Infrastructure to reply.

The Minister for Infrastructure (Mr Cretney): Mr Speaker, the former Department of Local Government and the Environment carried out a review of the local election process after the election in April 2008. All local authorities were asked whether the change to four-yearly elections from the previous rotational elections over a three-year period was beneficial. There was no overall outcome in favour of returning to an annual process and therefore elections continue to be held every four years.

735 A number of issues arose from the consultation, including amendments to local authority election regulations. Local authorities also have concerns regarding staffing polling stations, the capacity to cover additional activities associated with an election – for example, the counting process – and the overall cost of elections. The first of these can be offset by the sharing of staff at election time, when appropriate, and the second issue is addressed by leaving the elections on a four-yearly cycle, rather than every year, as was previously the case. It costs between £3,000 and £5,000 to hold a local authority election, which includes advertising and fees.

745 There are, of course, arguments for both changing the process back and keeping it as it is. However, it must be borne in mind that in 2004, there were only seven contested elections out of a

possible total of 31; in 2008, there were only eight contested elections out of 31. The argument, therefore, is whether the present structure, number and duties of local authorities remain relevant, and whether efficiencies and more democratic participation would be achieved by combined
750 authorities, with real power and duties. This is a matter we intend to examine in the months ahead.

Historically, turnouts have been low and the number of elections which have been uncontested have been high. The answer as to whether the change from annual rotational system to four-yearly has been a success is, therefore, purely subjective and will be kept under review as part of the larger exercise we are to embark on.
755

The Speaker: Mr Singer.

Mr Singer: Thank you.

I thank the Minister for his Answer. Would he agree with me that the matter of elections is not purely a matter of cost; it is important that people can express their democratic views? Would he not also agree with me that perhaps having experience of two elections, so far, every four years, and coming up to a third, the public involvement and interest does wane over four years and that also the interest of elected commissioners who are there for four years can also wane and that, perhaps, an introduction of new blood on a regular basis could, in fact, stimulate local authorities to produce more work and produce more good for the people of their particular areas?
760
765

So would the Minister consider now taking the views of the local authorities once again? I can convey to him that, talking to local authority members recently, a lot of them have expressed to me that they feel that perhaps a return to the one year annual one-third out election would be to the advantage of the people and the local authorities. Would he perhaps talk to the local authorities again on this matter?
770

The Speaker: Mr Cretney.

The Minister: If I could answer the first part of the Hon. Member's supplementary question, which was whether the finances are the most important part: clearly, they are not. The democratic process is the most important part, but the unfortunate facts are that lots of local authority elections go past without having any democratic process, because people are brought into local authorities without having the election process. They are elected unopposed.
775

I have indicated to the Hon. Member that we intend to embark upon an examination as to whether the current structure of local authorities – the numbers, the functions – remains relevant. That is an exercise which I believe is overdue, and it is one which I know the previous Minister for Infrastructure, together with his departmental Member, Mr Cregeen, did carry out work looking at and trying to encourage local authorities. We believe that it is an exercise which is worth further examination and that is what we are about to embark upon.
780

ENVIRONMENT, FOOD AND AGRICULTURE

Kirk Michael coastal erosion

Policy; review; rate

1.11. The Hon. Member for Michael (Mr Cannan) to ask the Minister for Environment, Food and Agriculture:

(a) What Government policy is in respect of the coastal erosion between Glen Wyllin and Balleira (Kirk Michael);
785

(b) when the matter was last reviewed; and

(c) what the current estimated annual rate of erosion is?

The Speaker: We turn to Question 11. Hon. Member for Michael, Mr Cannan.
790

Mr Cannan: Mr Speaker, I beg to ask the Question standing in my name.

The Speaker: I call on the Minister for Environment, Food and Agriculture to reply.
795

Mr Watterson: Briefly!

The Minister for Environment, Food and Agriculture (Mr Gawne): Gura mie eu, Loayreyder.

800 Based on the report presented to Tynwald in October 2000, the current Government policy is one of no intervention unless it is in the national interest to do so. This was reaffirmed by my predecessor, Minister Shimmin, on 18th May 2010, when he stated:

805 ‘Government policy for coastline management is to conduct a managed withdrawal from the coastline and allow natural erosion to continue, unless protection is in the national interest.’

The responsibility for coastal erosion came to my Department from the Department of Transport when Government reorganised in April 2010, although there was no expertise or budget transferred with the responsibility. This new responsibility has been delegated to the Environment Directorate, which is currently reviewing this area and will be reporting to me in early 2012.

810 I can confirm that erosion is considered as the retreat of the cliff top landwards and the Posford-Duvivier Report of September 2000 estimated the long-term annual rate of erosion at Kirk Michael is 0.7 metres per year. Two properties in the Kirk Michael designated zone – Clearwater Trout Farm and Beach Villa – are predicted to be lost to coastal erosion within the next 50 years. The Posford-Duvivier Report predicted Clearwater Trout Farm would start to be lost in 2008 and Beach Villas will start to be lost in 2040. The most recent aerial photography shows erosion towards Clearwater Trout Farm as 10 metres over 10 years, or one metre per year.

The Speaker: Mr Cannan, supplementary.

820 **Mr Cannan:** Thank you, Mr Speaker.

Basically, to confirm, then, the matter has not been reviewed for a number of years... Sorry, I am just confirming this with the Minister: that the matter has not been reviewed for a number of years and the last estimate in respect of erosion was taken in the Posford-Duvivier Report over 10 years ago.

825 Can I ask the Minister whether he will specifically task a member of his Department to undertake a measurement to see that the rate of erosion is in line with that Report?

The Speaker: Minister to reply.

830 **The Minister:** Gura mie eu, Loayreyder.

Perhaps I was not as clear and specific when I read out the Answer, but I will read it again – or maybe I will not...

835 Basically, I did say that officers in the Environment Directorate are currently reviewing this and will be reporting to me in early 2012. So it is not correct to say that the matter has not been reviewed; it is currently being reviewed. Also, as I said, aerial photographs clearly demonstrate that there has been a one-metre-per-year removal of coastline in the Clearwater Trout Farm area.

840 So I think it is incorrect to say that nothing has been done, but it is also important to note that we do not have coastal management expertise in the Department, We are endeavouring to use what resource we have to deal with the matter.

The Speaker: Mr Cannan.

845 **Mr Cannan:** Will the Minister clarify exactly what ‘in the national interest’ is? Will he also accept that the coastline continues to erode, particularly in that area between Glen Wyllin and Balleira? Is he aware that a number of houses now, including the Broogh Wyllin estate, are becoming increasingly under threat, and indeed it is very difficult for many householders now to secure further funding from their properties, or indeed to sell their properties, on the basis that some banks are, indeed, now starting to refuse mortgages on those properties? Therefore, can he clarify whether he considers this now is not in the national interest?

850

The Speaker: Mr Gawne.

The Minister: Gura mie eu, Loayreyder.

855 I am happy to confirm, because I think I already have done, that the coastline continues to retreat in that particular area. Sorry, there is a spider, I think, just landed on my nose! (*Laughter*)

What is the national interest? That is really for us in here to decide what the national interest is. Clearly there is a local interest, which the Hon. Member for Michael has described extremely well, and it is perhaps for him to demonstrate that that local interest perhaps is a national interest.

860 As far as I am concerned, clearly things that do fall within the national interest would be protection of assets owned by the nation. That would be absolutely clearly in the national interest, but I am not aware of a clear definition anywhere in any of the legislation as to what 'national interest' should mean, but I would have thought that amongst the 24 of us in here we should be able to work that one out.

**Kirk Michael coastal erosion
Public consultation**

1.12. The Hon. Member for Michael (Mr Cannan) to ask the Minister for Environment, Food and Agriculture:

865 *If he will undertake a public consultation on coastal erosion between Glen Wyllin and Balleira (Kirk Michael) seeking ideas as to how the erosion may be countered?*

The Speaker: Question 12. Again, Mr Cannan, please.

870 **Mr Cannan:** Mr Speaker, I would like to ask the Question standing in my name.

The Speaker: Again, Mr Gawne to reply, please.

875 **The Minister for Environment, Food and Agriculture (Mr Gawne):** Gura mie eu, Loayreyder.

Until a fully costed, strong case is made to reverse the policy, a political decision taken to amend the current policy of managed withdrawal and, most importantly, appropriate resources allocated to a policy of interventions in areas where it could be justified, there would appear to be little point in a public consultation at this time.

880 I would, however, be more than happy to meet with the hon. questioner to discuss his concerns in this area, should he wish.

The Speaker: Mr Cannan.

885 **Mr Cannan:** Supplementary.

Mr Speaker, I am simply asking the Hon. Member, as he has already admitted there seems to be a lack of coastal management expertise in his Department and the policy is managed withdrawal, or perhaps better defined as 'do nothing' policy, is simply as to whether he will just take some action in asking the local residents and Commissioners to once again highlight their concerns and also to put forward, perhaps, simpler ideas for management of the erosion here. I firmly believe that we should be taking some action to at least slow it down, as it is beginning to impact or increase the danger now to a substantial number of residents.

890 **The Speaker:** Minister.

895 **The Minister:** Gura mie ayd, Loayreyder.

All I can do is to repeat my offer. If the Hon. Member wishes to come and talk to me further about the matter, I would be more than happy to meet with him to discuss what options may be available, but at this stage, Government policy, Department policy, is absolutely clear and that is managed retreat. That is *not* 'do nothing', it is 'managed retreat' and there is a subtle, perhaps not particularly helpful, distinction for those living in the area, but there is a subtle distinction between the two.

900

HOME AFFAIRS

**Alcohol sales
Supermarket licences**

1.13. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for Home Affairs:

If he will make it his policy as part of the licensing conditions for supermarkets, that alcohol should be displayed in a separate area and have a separate till for purchasing?

905 **The Speaker:** Hon. Member for Douglas South, Mrs Beecroft, Question 13.

Mrs Beecroft: I beg to ask the Question standing in my name.

910 **The Speaker:** I call on the Minister for Home Affairs, the Hon. Member for Rushen, Mr Watterson.

The Minister for Home Affairs (Mr Watterson): Thank you, Mr Speaker.
I have no right to make policy over licensing conditions. This is a matter for the Licensing Court.

915 **The Speaker:** Mrs Beecroft, supplementary.

Mrs Beecroft: Would the Minister not agree that his Department has the lead responsibility for alcohol legislation and his Department, if it so wished, could then take this lead and implement a change?

The Speaker: Minister to reply.

925 **The Minister:** I do accept that the Department of Home Affairs is responsible for the Licensing Act.
There is likely to be a revision of the Licensing Act in the next five years and my colleague and friend, Mr Quirk, the Hon. Member for Onchan, will be leading on that action.

930 **The Speaker:** A final supplementary, Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Speaker.
I am sorry; I was not quite clear from that answer what the Minister meant. Is his Department going to look at this, or isn't he?

935 **The Speaker:** Minister to reply.

The Minister: It would not make much sense having a Licensing Act with nothing in it, Mr Speaker.

940 **The Speaker:** With that, Hon. Members, we come to the end of Questions for Oral Answer. We have made very good progress on the Oral Questions this morning.

Questions for Written Answer

The Speaker: The two Questions for Written Answer and the ministerial replies will be distributed.

TREASURY

Government reserves Asset class splits

2.1. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

945 *What the Treasury asset class splits for the Government reserves are; and how these are determined and how often they are reviewed?*

Answer: Each investment manager is given an investment mandate approved by the Treasury, which determines which assets the manager may invest in and the limit which may be invested in a particular asset class. The investment managers determine how the funds are split between asset classes within the constraints of the investment mandates.

950 Treasury has approved two different investment mandates, one for absolute return funds and the other for fixed income funds. The investment mandates can be found at Appendix A and Appendix B respectively.

955 The last formal review of the investment mandates was in 2010 as part of the investment manager tender process for appointments which commenced from 1st April 2011. In addition, Treasury's Investment Committee meets with each of its investment managers at least twice a year. The meetings are primarily to monitor the investment managers' performance and to ensure that the existing mandates continue to be appropriate.

960 The asset splits for Government reserves, as reported in the Detailed Government Accounts, (GD 0014/11) are:

- UK Fixed Interest;
- UK Equities;
- Overseas Fixed Interest;
- Overseas Equities;
- 965 • Fund of Funds; and
- Cash and Cash Instruments.

The book and market values as at 31st March 2011 for each asset class can be found on pages 152 to 163 of the Detailed Government Accounts.

Appendix A Absolute Return Funds Investment Mandate

The following restrictions will apply:

970 (a) Equities may comprise up to 100% of the market value of the total assets of the portfolio. No more than 15% of the market value of the total assets of the portfolio to be invested in any one equity sector, no more than 6% of the market value of the total assets of the portfolio to be invested in any one share.

975 (b) Bonds and cash may comprise up to 100% of the market value of the total assets of the portfolio.

(c) No more than 40% of the market value of the total assets of the portfolio to be held in non-sterling assets.

980 (d) Derivatives can be used to provide downside protection to assets held by the portfolio. Prior written permission is required for the use of any derivatives other than Index Futures, Stock Futures, Call Options and Put Options. Use of derivatives is subject to the following limits:

– To provide a protection limit of up to 50% of the market value of the total assets of the portfolio.

– Covered call options may be written on assets that form up to 20% of the market value of the portfolio.

985 – Put options may be purchased on assets that form up to 20% of the market value of the portfolio.

– The writing of put options and the purchase of call options is prohibited.

(e) No dealing in shares of companies registered in the Isle of Man without prior Treasury consent.

990 (f) No dealing in unquoted securities without prior Treasury consent.

(g) No more than 5% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 5% of the total market value of the portfolio should be deposited with other institutions. No more than £15 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group.

995

(h) No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent.

Appendix B

Fixed Income Funds Investment Mandate

The following restrictions will apply:

1000

(a) Equities to comprise no more than 10% of the market value of the total assets of the portfolio.

(b) Bonds and cash may comprise up to 100% of the market value of the total assets of the portfolio.

(c) No more than 10% of the assets of the portfolio to be held in non-sterling assets.

1005

(d) No dealing in shares of companies registered in the Isle of Man without prior Treasury consent.

(e) No dealing in unquoted securities without prior Treasury consent.

(f) No more than 10% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 10% of the total market value of the portfolio should be deposited with other institutions. No more than £8 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group.

1010

(g) No dealing in derivatives without prior Treasury consent.

(h) No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent.

SOCIAL CARE

Social care Details of providers

2.2. The Hon. Member for Michael (Mr Cannan) to ask the Minister for Social Care:

1015

In relation to the provision of social care –

(a) *what companies or charitable organisations provide contracted care services to the Department;*

(b) *for how long such services have been provided (broken down by each individual company or charity); and*

1020

(c) *how much was paid to each individual organisation in (i) 2009/10; and (ii) 2010/11 for their services?*

1025

Answer: The Social Services Division of my Department currently spends approximately £18.8 million purchasing Social Care services. The services span a broad range of activities which support the Department in meeting its statutory duties to older people, people with disabilities, children and young people at risk and people living with mental ill health.

The schedule details the contracts split by provider, length of time the contract has been in place and the monies spent per provider.

1030

Spot contracts are for specialist placements and are purchased when the specific needs of a service user fall outside the standard contracted services. These are numerous and for varying periods and, due to the limited time available to answer the Hon. Member's Question, we have been unable to break these down further than the monetary amount. This breakdown can be made available at a later date, if required.

	<i>Provided since</i>	<i>2010-11</i>	<i>2009-10</i>	<i>Notes</i>
		£	£	
Totals		18,568,186	19,374,244	
On-Island Contracts				
Adult Services				
Age Concern – Day Centres	1999	525,012	474,012	
Age Concern – Meals on Wheels	2008	120,000	122,671	
Autism Initiatives- Outreach	2003	143,086	143,086	
Crossroads – Care At Home	2011	138,784	138,784	Grant prior to 2011-12
Crossroads – Social Club	2010	52,150	0	
Elder Healthcare – Respite Beds	2005	40,469	39,961	
Leonard Cheshire	1995	521,247	521,247	
Praxis Care- Glenroyd	2002	525,000	525,000	
RNIB – Visual Impairment	1998	133,900	133,900	
St Christopher’s – Thie Gennal	2006	425,178	425,178	Ended in August 2011
United Response	2001	56,322	56,322	
Mental Health Services				
Alcohol Advisory Service	2011	303,813	173,813	Grant prior to 2011/12
Drug Advice Service & Helpline	2011	109,457	64,457	Grant prior to 2011/12
Praxis Care	2001	681,903	685,585	
Children & Families Services				
Autism Initiatives	2007	700,669	882,461	
Fostering First	2011	0	0	New contract 2011
IOM Adoption Service	2004	311,955	303,612	
St Christophers	2004	6,532,327	6,861,146	Restructured 2011/12
The Children’s Centre	1985	3,226,014	3,147,118	Restructured 2011/12
Additional Spot Contracts; On Island Individual Support Packages				
Adult Services	various	566,342	415,946	
Mental Health		0	0	
Children & Families	various	Data for 2009-10 & 2010-11 included in contracts		
Additional Spot Contracts; Off-Island Specialist Placements; Various UK Providers				
Adult Services	various	1,174,954	1,138,069	
Mental Health Services	various	988,619	1,412,071	
Children & Families Service	various	1,290,985	1,709,805	

Orders of the Day

BILL FOR FIRST READING

Dogs (Amendment) Bill 2011

1035 **The Speaker:** We turn to Item 3, Bill for First Reading – the Dogs (Amendment) Bill – and I call on the Secretary of the House.

The Secretary: The Dogs (Amendment) Bill 2011: Member in charge, Mr Gawne.

**House of Keys Management and Members' Standards Committee
First Report received and recommendation approved**

4.1 A member of the Management and Members' Standards Committee (Mr Crookall) to move:

1040 *That the First Report of the Management and Members' Standards Committee for the Session 2011-12 be received and its recommendation approved:
That the Rev William Martin be elected Chaplain of the House to serve during the life of this House and that his honorarium be the same as before.*

1045 **The Speaker:** We turn to Item 4, the House of Keys Management and Members' Standards Committee, appointment of the Chaplain of the House.
I call on Mr Crookall to move.

Mr Crookall: Thank you, Mr Speaker.
I beg to move that the first Report of the Management and Members' Standards Committee for the session 2011-12 be received and its recommendation be approved, as follows:

1050 'that the Rev. William Martin be elected Chaplain of the House to serve during the life of this House and his honorarium be the same as before.'

1055 The Report of the Committee is self explanatory. The Rev. William Martin has served the House well for the last five years. He has been an excellent Chaplain to the House and taking into account his service to the Island, both as Chaplain to this House and as a clergyman, I unhesitatingly support his re-election.

1060 The Rev. Bill Martin has indicated that he will not seek re-election to this post at the end of the term of this House. As the Report indicates, in the light of the current financial position of the Island and its public revenues, we do not propose any increase in the honorarium of the Chaplain at present.

I beg to move, Mr Speaker.

1065 **The Speaker:** Mr Henderson, Hon. Member.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.
I am very happy to second, sir, and can only echo the comments made by the Hon. Member for Peel, Mr Crookall.

1070 **The Speaker:** Any other Member wishing to speak? In that case I put the motion to the House, as set out in Item 4 on the Order Paper.

Those in favour, say aye; against, no. The ayes have it. The ayes have it.

**Suspension of Standing Order 1.1(2)
No sitting of Keys on 20th December 2011
Motion carried**

5.1 The Hon. Member for Douglas West (Mr Corkish) to move:

1075 *That Standing Order 1.1(2) be suspended to the extent that this House shall not sit on Tuesday, 20th December 2011.*

The Speaker: Turning to Item 5, I call on the Hon. Member for Douglas West, Mr Corkish.

1080 **Mr Corkish:** Mr Speaker, I beg to move that Standing Order 1.1(2) be suspended to the extent that this House shall not sit on Tuesday, 20th December.

I move this motion as Deputy Speaker, acting on behalf of this House. It is normally the Deputy Speaker who moves sitting motions of this kind. Obviously, we will realise that under that Standing Order 1.1(2), the normal sitting days in December end on the third Tuesday of that month. As the first of the month is a Thursday this year, this means that the House would sit on

1085 Tuesday, 20th December, if the Standing Orders were strictly followed, as opposed to 15th or 16th December, if the first day of December had fallen on a Monday or a Tuesday, for example.

Last year, the House sat on 21st December because of the large number of Bills before it in that period before the General Election. Normally, however, it is unusual for the House to sit quite so close to Christmas. Not sitting on the 20th will not substantially affect the progress of legislation before the House and I move that this sitting shall be dispensed with, sir.

1090 **The Speaker:** Do we have a seconder? Mr Watterson.

Mr Watterson: I am happy to second that motion, Mr Speaker, and reserve my remarks.

1095 **A Member:** Vote.

The Speaker: I put the motion as set out in Item 5. Those in favour, please say aye; against, no.

1100 I move to a division for the suspension of Standing Orders.

Those in favour, please vote. (*Interjection*) And those against, also vote! (*Laughter and interjections*)

Electronic voting resulted as follows:

FOR	AGAINST
Mr Quirk	Mr Crookall
Mr Hall	Mr Teare
Mr Karran	Mr Shimmin
Mr Ronan	Mr Cretney
Mr Anderson	Mr Gawne
Mr Bell	
Mr Singer	
Mr Quayle	
Mr Cannan	
Mr Cregeen	
Mr Houghton	
Mr Henderson	
Mrs Beecroft	
Mrs Cannell	
Mr Robertshaw	
Mr Corkish	
Mr Watterson	
Mr Skelly	
The Speaker	

The Speaker: With 19 votes 4, 5 against, 16 votes are required and therefore the motion carries.

Electoral Reform Bill 2011
Joint Committee to consider constitutional principles raised in Council
Three Members appointed

6.1 The Hon. Member for Ramsey (Mr Singer) to move:

1105 *That the Keys concurs with the proposal of the Council that a Committee of three Members be appointed to consider the constitutional principles raised by the Electoral Reform Bill 2011 (in the Council); that the Committee be empowered to join with a Committee of the Council under Standing Order 4.7 of Tynwald Court; and that the Committee be given powers to take evidence and to summon the attendance of witnesses pursuant to sections 3 and 4 of the Tynwald Proceedings Act 1876.*

1110 **The Speaker:** We turn to Item 6, the final Item on the Order Paper and I call on the Hon. Member for Ramsey to move.

Mr Singer: Thank you, Mr Speaker.

1115 I am moving that this Hon. House appoints three Members to a joint committee with the Legislative Council to discuss the constitutional principle raised by the Electoral Reform Bill 2000 and introduced in Council on 25th October this year; that this Hon. House agrees to the formation of this joint committee and that it has powers to take evidence and summon the attendance of witnesses, pursuant to sections 3 and 4 of the Tynwald Proceedings Act 1876.

1120 Hopefully, a satisfactory way can be found to move forward to make recommendations, whether or not the Members of the Legislative Council should be publicly elected. I hope Hon. Members will support this motion so that a resolution can be determined to this long-running saga. I so move.

1125 **The Speaker:** Hon. Member for Douglas East, Mrs Cannell.

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

1130 **The Speaker:** The Hon. Member for Rushen, Mr Watterson.

Mr Watterson: Mr Speaker, the Clerk has an amendment in my name to the motion, which reads:

1135 *Leave out all words after 'That the Keys', and add, "requests the mover of the Electoral Reform Bill 2011 (in the Council) to undertake a period of consultation with Members of the House of Keys, Legislative Council and the General Public to establish whether sufficient support exists to pursue the Electoral Reform Bill through the branches before additional drafting time is spent on it.'*

1140 I think we fell into this trap five years ago as well. We all have different ideas about the Legislative Council: 'something must be done – this is something, therefore this must be done'. Without getting into the specifics of this Bill, I just want to raise a few queries.

1145 Firstly, my personal view is that this process should be led by the House of Keys not by the Legislative Council, (**Mr Teare:** Hear, hear.) I also – and probably more importantly – feel: is this a priority? Certainly, in my manifesto, I made it clear that I was a supporter of the Legislative Council. I did so through the 2007 Bill, but I am very concerned, at this stage, that a lot of drafters' time, a lot of Members' time, is going to get sucked into a process where there is no clear outcome, where we, at the moment, do not have any sort of view from either the Member, or from Members of this House, as to whether this is going to be successful in its current format.

1150 Members of the previous House will remember the Second Reading of the 2007 Bill and some of the difficulties that we faced at that time, when all the different models came out of the woodwork as alterations to the long title at Second Reading. That is something that, I suppose, what I am trying to do is avoid a repetition of, where all the different ideas get thrown onto the table after it has been through Council and it has arrived here.

1155 So before we put a lot of officer time, a lot of Member time, a lot of legal draftsman's time, which will inevitably come from this Bill, I would like the Hon. Member who has introduced it into Council to consult with Members of the House of Keys, to see whether he thinks this is going to gain a majority if it reaches the Keys, and also consider the views of the members of the public and also Council on this, before he pursues it.

1160 So I hope that is a way forward that will mean that the Bill is not stopped, it is delayed, and it will mean that the Hon. Member will have to take a bit of ownership, in terms of a consultation process, rather than devolving it to a Joint Committee.

So I hope that that will find favour with Members, Mr Speaker.

1165 **The Speaker:** Mr Quirk, Hon. Member for Onchan.

Mr Quirk: Thank you, Mr Speaker.

I am quite happy to second the amendment that is here before us today.

1170 A number of Members have come back from the Election; my own personal view is that we were not very challenged on it, it was not a doorstep particular issue and I welcome the initiative from the Member for Rushen, Mr Watterson, regarding this. I think it would be a better way forward for the use of the time and the House and Members to explore this issue.

As it has been in the past, we did have some difficulties. Some Members did support and I was one that wanted change at an early stage but, at the end of the day, we lost the initiative. I do not

1175 think it has been an issue out there any more, as far as I am concerned, but I would welcome this particular move forward here today and would encourage Members to support it.

The Speaker: The amendment having been seconded, the motion and the amendment are open for debate.

1180 Hon. Member for Glenfaba, Mr Anderson.

Mr Anderson: Thank you, Mr Speaker.

1185 I rise in support of the mover, rather than the amendment. I congratulate the mover actually taking the initiative and bringing it forward. I see the movement from the Legislative Council to put this into a debating chamber with the House of Keys is merely a delaying tactic. I take on board the Hon. Member for Rushen's comments that even if it goes through the process, inevitably, it might not find support, generally, through this Hon. House.

1190 However, I recognise that the Hon. Member's time in that place is not infinite, and he has got his Bill, what he wants to do. I think, actually, by going through the process and actually rejecting or accepting it, will give us the opportunity – and I agree with the Hon. Member, that it would be far better if those proposals came from this House... However, as the hon. mover has moved this, I think we should let things take their course and then when that is finally, as I suspect, rejected, that this Hon. House pick it up and actually form a Bill that is acceptable to the majority of people in this House.

1195

The Speaker: Hon. Member for Douglas East, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

1200 I just want to take issue with the comments made by the mover of the amendment, when he said there should be a period of consultation with Members of the House of Keys, the Legislative Council and the general public. It is suggesting that it did not happen, when, in fact, it did, because the Hon. Member of Council, before he even pursued putting together a Private Member's Bill to move in the Legislative Council, did just that: he wrote to all Members of Tynwald.

1205 There was also a period of consultation with the public, and he got a degree of response. (*Interjection by Mr Watterson*) So he did go out to public consultation and he put together his Bill, which any Member of the Legislative Council is entitled to do, to start a Bill there, as well as in this place. So I think, to suggest, with the amendment, it has not been done, I think is a little bit unfair towards the Hon. Member of Council in putting the Bill together.

1210 He also went on to say that the process should be led by the House of Keys, not the Legislative Council. Well, let me put it on record, Mr Speaker, you and I and one or two others know only too well, the process has been started in the House of Keys on many occasions and the Bill has found nowhere to go, shall we say. I have sat on no less than two or three Select Committees of the House, looking at this, together with one or two of my colleagues who are still in office here, and we could never reach agreement.

1215 In my view, I remain optimistic that the very fact that it has been started in the Legislative Council by a Member whose sole remit was to do just that... I think that was the whole purpose... I *know* that was the whole purpose that he allowed himself to be put forward for the seat in the Legislative Council, in fact, to try and get them reformed. I feel encouraged by that, because I feel that it is more likely to gain favour with both branches. I am being optimistic, without getting into the nuts and bolts of his Green Bill.

1220

1225 The motion before Hon. Members today has come down from the Legislative Council, who want to form a committee with the House of Keys to take further discussion on the constitutional principles contained within the Green Bill before the Legislative Council. If we agree with that, we would today elect three Members of the House to sit and consider with three Members of the Legislative Council, and also be empowered to take evidence again – I say that 'again' because it has already been done. I believe the more expedient way of dealing with the matter is to go with the motion on the agenda rather than to support the amendment, which takes us back to base, which we have been to on so many occasions.

1230 I think if anything is going to happen, it will be as a consequence of representatives of both branches coming together to see what they can broker. What would then happen is a report would come back to the House and it would either make recommendations to support something or other, or it would make recommendations to reject the whole thing. That, to me, is the way to deal with it, rather than go through the process of starting on the starting blocks again.

1235 The Hon. Member for Onchan, Mr Speaker, said it is not a public issue. The public, I think, are sick and tired of hearing about it, but nevertheless, what is a public issue is that we have true

1240 democracy in the Isle of Man. This enhances democracy by the Legislative Council having a public vote. My old saying has always been in politics there is: 'No taxation without representation'. So although it is not a popular public topic now, it has been and I think the public expect us to move forward and improve democracy for the Isle of Man. This may or may not be a way of doing it, but I would ask the House to support the motion, as written, so that three delegates can be formed to go into discussion and then come back to the House and make a report to the House.

1245 **The Speaker:** Hon. Member for Onchan, Mr Karran.

Mr Karran: I have to say that I, too, take issue with one of my colleagues as far as 'it isn't an issue'. It *is* an issue. It is a major issue as far as a lot of people are concerned. It is not the most important issue that we have now, as a legislature and as a national government, to address, but the idea that somehow the reform and the election of the Upper House by the general public is a major issue...

1250 I am a little bit concerned, because some of us fought long and hard, when we were not Ministers, to create an allocated time for Private Members' Bills. As you know, Vainstyr Loayreyder, as a longer-serving Member than most in this Hon. House, at one time a Private Member's Bill, unless it was something that was offensive or ridiculous, was always given the opportunity of leave to introduce. It was a formality for many years. That has changed.

1255 I think the hon. mover of the amendment needs to justify this great pressure, as far as the legislative drafting time allocation, because at the moment I know of no other Private Member's Bill that is taking up the legal draftsmen's time, as far as that is concerned. I think it is important that the fact is that that case needs to be made.

1260 I think it is also important that whilst we should meet on Bills, we should not stagnate the opportunity of the revising chamber of our constitutional position, as far as being a branch of Tynwald, from being able to initiate pieces of legislation. Whilst I do not see great confidence in what has been proposed by the committee... by the Council of Ministers... (*Laughter*) by the Legislative Council, the Coonceil Slattyssagh, the situation is this is a normal procedure of dealing with this situation.

1265 I am here as a parliamentarian in this Hon. House, on this issue, as a parliamentarian, not as a member of the executive, and I think that it is important that we should allow the pursuance... Unless there is some fantastic revelation which I cannot find out from the Hon. Member for Rushen, we should actually go with the Order Paper, because I do not know of any problems as far as that allocation and it is important for this House to make sure those hard-won principles that we fought for... that that allocation of legislative time for legislative drafting of Private Members' Bills should not be reflected or interfered with by the executive process.

1275 **The Speaker:** Hon. Member for Rushen, Mr Skelly.

Mr Skelly: Thank you, Mr Speaker.

1280 I would just like to simply voice my support for the amendment. As one of the seven new Members in this House, it gives us an opportunity for consultation – and I think that is very important – on this important issue.

The Speaker: Hon. Member for Douglas South, Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Speaker.

1285 I would like to be brief on this because I think everyone has said a lot on it. I would just like to remind Members that we have just come through a General Election. This has been a hot topic for a number of years. I took that opportunity to consult while I was canvassing, and I would have thought most Members in this House would have done the same.

1290 Certainly it is an issue that is out there. That is the feedback that I got. People want to see reform and I think anybody who has discussed this on the doorstep has an obligation to the people who voted them into this House to seek that reform. I will definitely be supporting the original mover's.

Thank you.

1295 **The Speaker:** Hon. Member for Rushen, Mr Gawne.

Mr Gawne: Gura mie eu, Loayreyder.

1300 Just a little bit of clarification here, really, I suppose. To a certain extent, the hon. mover of the amendment is correct in that not all Members of the House of Keys were involved in the consultation. The consultation document clearly went out prior to the Election, so there are seven new Members who have not had the opportunity for consultation, and I would certainly urge the mover of the Bill in the Legislative Council to meet with those Members and discuss with those Members – but the rest of us have had the opportunity to discuss this with the mover of the Bill, Mr Callister, Hon. Member of Council.

1305 We have certainly had the opportunity, whether we have all done it or not, to express our views very clearly to the Hon. Member in Council, and to suggest that, in some way, yet more public consultation on this matter is going to bring any more clarity I think is to live in a parallel universe, because it is just not going to happen. I think we all know pretty much where we stand on this issue.

1310 I would agree with the mover of the amendment, perhaps, that this is not the biggest and most important issue that we are going to be facing in the next year or two, but it is an important issue. It is about democracy – either we believe in democracy or we do not believe in democracy – and I think that it is as clear as that. So I certainly will not be supporting the amendment. I think it is a smokescreen, really, put up to put people off taking a decision.

1315 We are elected to take decisions – that is why I am here, anyway. I do not believe in this ‘Let’s just put it off into the long grass.’ If we are going to put it off into the long grass, let’s just... Those who are minded to do that, vote against the motion. Do not vote for this amendment because that is not going to achieve anything at all, in my view.

1320 I would urge the mover of the Bill in the Legislative Council, Mr Callister, to actually conduct proper consultation with the new Members so that they are up to speed as well.

The Speaker: Mr Singer to speak to the amendment.

Mr Singer: Thank you, Mr Speaker.

1325 Just a couple of comments on what has been said.

Mr Skelly says he... I understand, because neither he nor I, nor the other five Members, were actually consulted in the past, but in fact if this joint committee is formed, they will be there to take evidence, and you will be perfectly entitled to give your comments at that particular time. So you certainly will not be excluded from putting your comments in.

1330 The other comments from Mr Quirk: he said it is not an issue; other people said it is an issue. As far as I was concerned, it *was* an issue, generally – some on the doorstep, but certainly within the press and on the radio, people have commented consistently about the fact that we have people here in the Council who are making decisions who are not elected by them, and they feel very aggrieved for that fact.

1335 So I think the hon. mover of the amendment has got rather unjustified confidence that this House would find a way forward on its own, when it has not done so in the past. I would ask Members, therefore, to reject this amendment, go with the motion, because I believe a joint committee could certainly come forward with recommendations, in a reasonable length of time, then for Members of both Houses to either accept or reject.

1340 So I ask Members to support the original motion.

The Speaker: I call on the mover of the amendment, Mr Watterson, to reply.

Mr Watterson: Thank you, Mr Speaker.

1345 Just to pick up, first, Mr Karran’s point about the tightness of legislative drafting time. Certainly, my experience is already, as the Minister for Home Affairs, that I had been promised a Bill before the end of October that was set in train during the summer and that has yet to come back to the Department. If you think that is before we start adding the legislative programme that is going to come forward and that is before we add other Private Member’s Bills that are, no doubt, going to be coming forward in the pipeline as a result of the General Election, I think that demonstrates to the House that there is still a pressure in that Department that renders it difficult to push through legislation on a timely basis to get it out and ready for consultation.

1350 I think the comments made by Mrs Beecroft do fall into the trap of ‘this is something that should be done, this is something, therefore this should be done’ and, again, whilst we may want to talk about the principles behind this Bill at some point, then I do not necessarily see what we gain by a joint committee.

1355 Consultation should be quicker and more efficient than a joint committee and I do stand by that. I do not know what this joint committee will achieve that a consultation will not. Apart from

1360 the power to take evidence, there is nothing to stop the Hon. Member undertaking the exercise, apart from the fact that this is going to get people in a room to talk about it. It does not actually achieve anything new.

1365 The Hon. Member did circulate his Bill to Hon. Members – I do recall that. I was not quite sure if that was the consultation. Certainly, the results of that consultation have never been published. The results of that consultation have never been made known to me, so again that is something you would normally expect to have a consultation process – you find out what the actual results of it were.

1370 Mr Gawne made the comment that we know where we stand on this Bill and we need to take decisions. Setting up a committee is normally the first thing you do, when you are not trying to make decisions! Certainly, I have my doubts about whether this committee is the delaying tactic and I am trying to push my way through that, so you can argue that one either way. Certainly, if the Hon. Member of Council thinks, as result of his consultation, that he has the 13 votes required, he should not be messing round with committees; he should be passing that Bill through the Upper House and getting it sent down here as soon as possible, to ensure that it goes through. If he does not, then he has got to seriously consider why he is pursuing this Bill in the first place, and then why on earth in this rather peculiar manner, rather than just passing the Bill through the Upper House and then sending it down here.

1375 So I cannot see that there is a pro- or anti-democracy argument in this at all. Yes, we can argue about the process that this goes through. Certainly, my view is that if the Member has got the votes, move the Bill and if he has not, think carefully about whether that is a good use of time. That is where I come back down to.

1380 Then, building on that, I want Members to think about, is this really your top priority? Is this the way that you want it to be done? Think also about the economic and social difficulties that –

Mrs Cannell: Point of order, Mr Speaker –

1385 **The Speaker:** Point of order, Mrs Cannell.

Mrs Cannell: – and clarification, please.

1390 **Mr Watterson:** Hang on! Point of order or point of clarification, Mr Speaker?

Mrs Cannell: Point of clarification, Mr Speaker.

Mr Watterson: There is no such thing as a point of clarification.

1395 **The Speaker:** Hon. Member for Rushen –

Mrs Cannell: Point of order.

1400 **The Speaker:** – the Chair is dealing with this matter.

Mr Watterson: Okay.

The Speaker: If you would resume your seat –

1405 **Mr Watterson:** Certainly.

The Speaker: – while Mrs Cannell makes a point of order.

Mrs Cannell: Thank you, Mr Speaker.

1410 The expression ‘it is in a peculiar manner, two branches coming together to form a committee’ – could you clarify, please, that it is provided for under Standing Orders?

The Speaker: I seek the advice of the Clerk.
Could you repeat your point of order, please?

1415 **Mrs Cannell:** Thank you, Mr Speaker.

The Hon. Member for Rushen suggested that the motion having two committees, one from each branch, meeting together to discuss the matter, was a peculiar manner in dealing with the issue. Is it not provided for – this manner of dealing with the issue – in Standing Orders?

1420

The Speaker: I am advised that it is.

Mrs Cannell: Thank you.

1425

The Speaker: Thank you, Hon. Member. (**A Member:** Very good.)
Mr Watterson, please continue.

1430

Mr Watterson: Thank you. To build on that, (*Laughter*) (**Mr Anderson:** Oh no!) I would perhaps say that what would be the more normal manner – and this is why I have described it as ‘peculiar’ – is that normally, a Bill would have started in the Keys, would have gone up to Council and a joint committee would then be resolved to settle the differences between them but, of course, the Bill that we are referring to at the moment has not come before the Keys yet. So whilst what certainly, in my view, seems to be the purpose of that joint committee in legislative terms, in order to resolve differences, does not appear to be the case in this one, in terms that it has been used to pre-empt differences.

1435

Without going over it again, consultation should be quicker than a joint committee. A joint committee does not seem to bring anything to it that moving the Bill will not. If the mover thinks he has got the votes, he should move his Bill. If he does not think he has got the votes, I do not see what this committee will achieve.

1440

I will leave it at that, Mr Speaker.

The Speaker: I call on the mover of the original motion to reply, Mr Singer.

Mr Singer: Thank you.

1445

I think most things have been said now. Members will make their judgement. The only thing I would comment is that those of us who went to the briefing for new Members and had a briefing from the Attorney General’s department... They said time is, in fact, set aside on a regular basis for Private Members’ Bills, so if one was to come forward it is not going to take time away from drafting Government Bills. (**Mr Watterson:** It will.)

1450

Can I say to Members I think there has been an attempt at delaying tactics here today and I think we ought to recognise that. I know there are, quite clearly, Members in this Chamber who do not want to see reform of the upper Chamber, other Members who do, but can you please look at the amendment, at what that is trying to do, and then look at the motion, which is, I think, much more straightforward, and will come back with a much more straightforward answer for Members to discuss here in a much quicker time.

1455

I would ask Members to reject the amendment and support the motion on the Paper.

The Speaker: Hon. Members, we have before us the motion as set out at Item 6, and to that there is an amendment in the name of the Hon. Member for Rushen, Mr Watterson. Those in favour of the amendment, please say aye; against, no. The noes have it. The noes have it.

1460

I therefore put the motion, as set out under Item 6.1 in the name of the Hon. Member for Ramsey, Mr Singer. Those in favour, please say aye; against, no. The ayes have it.

A division was called for and electronic voting resulted as follows:

FOR

Mr Hall
Mr Karran
Mr Ronan
Mr Crookall
Mr Anderson
Mr Bell
Mr Singer
Mr Quayle
Mr Cannan
Mr Houghton
Mr Henderson
Mrs Beecroft
Mrs Cannell

AGAINST

Mr Quirk
Mr Teare
Mr Cregeen
Mr Watterson
Mr Skelly

Mr Robertshaw
Mr Shimmin
Mr Corkish
Mr Cretney
Mr Gawne
The Speaker

1465 **The Speaker:** With 19 votes for and 5 votes against, the motion therefore carries.
We have now moved into an election for the three members of the Committee and I will take nominations.

Mrs Cannell: Mr Speaker, I would like to propose the Hon. Member for Rushen, Mr Gawne.

Mr Singer: I second Mr Gawne.

1470 **Mr Karran:** I would like to propose the Hon. Member for East Douglas, Mrs Cannell.

Mr Houghton: I will second.

1475 **The Speaker:** Thank you.

Mr Karran: I would like to further propose the Hon. Member for Ramsey, Mr Singer.

Mr Houghton: I beg to second.

1480 **The Speaker:** We have three Members nominated. Nominations closed?

Mr Gawne: I would like to propose the Hon. Member for Rushen, Mr Watterson. *(Laughter)*

1485 **The Speaker:** Do I have a seconder?

Mr Cretney: I would be delighted to second Mr Watterson. *(Laughter)*

1490 **The Speaker:** If there are no further nominations, I ask the Secretary to read out the names of the candidates.

The Secretary: The four candidates for the three vacancies are Mrs Cannell, Mr Gawne, Mr Singer and Mr Watterson.

1495 **The Speaker:** We shall vote on each candidate in turn through electronic voting, I hope. You must vote for three candidates.

A ballot took place and electronic voting resulted as follows:

Mrs Cannell	19
Mr Gawne	19
Mr Singer	20
Mr Watterson	11

Number of spoilt papers: 1

The Speaker: The result of the ballot is that Mrs Cannell received 19 votes; Mr Gawne received 19 votes; Mr Singer received 20 votes; Mr Watterson received 11 votes. Therefore Mrs Cannell, Mr Gawne and Mr Singer comprise the Joint Committee with Council.

1500 Hon. Members, that concludes the business of the House today. The House will now stand adjourned until the next sitting, which will take place at 10 o'clock on 29th November in this Chamber.

The House adjourned at 11.32 a.m.