



HOUSE OF KEYS OFFICIAL REPORT

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PROCEEDINGS

DAALTYN

HANSARD

Douglas, Tuesday, 7th March 2017

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Present:

The Speaker (Hon. J P Watterson) (Rushen);
The Chief Minister (Hon. R H Quayle) (Middle);
Mr J R Moorhouse and Hon. G D Cregeen (Arbory, Castletown and Malew);
Hon. A L Cannan and Mr T S Baker (Ayre and Michael);
Hon. C C Thomas and Mrs C A Corlett (Douglas Central);
Miss C L Bettison and Mr C R Robertshaw (Douglas East);
Mr D J Ashford and Mr G R Peake (Douglas North);
Hon. K J Beecroft and Hon. W M Malarkey (Douglas South);
Mr M J Perkins and Mrs D H P Caine (Garff);
Hon. R K Harmer and Hon. G G Boot (Glenfaba and Peel);
Mr W C Shimmins (Middle);
Mr R E Callister and Ms J M Edge (Onchan);
Dr A J Allinson and Mr L L Hooper (Ramsey);
Hon. L D Skelly (Rushen);
with Mr R I S Phillips, Secretary of the House.

Business transacted

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House of Keys

The House met at 10.00 a.m.

[MR SPEAKER *in the Chair*]

The Speaker: Moghrey mie. Good morning, Hon. Members.

Members: Good morning, Mr Speaker.

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The Speaker: I call upon the Chaplain to lead us in prayer.

PRAYERS

The Chaplain

1. Questions for Oral Answer

HOME AFFAIRS

1.1. Ramsey Courthouse building – Sale on open market

The. Hon. Member for Ramsey (Mr Hooper) to ask the Minister for Home Affairs:

Whether he has decided to offer the Ramsey Courthouse building for sale on the open market?

The Speaker: Hon. Members, we turn straight today to Question 1, held over from last week, and I call on the Hon. Member for Ramsey, Mr Hooper.

10 **Mr Hooper:** Thank you, Mr Speaker.

I would like to ask the Minister for Home Affairs whether he has decided to offer the Ramsey Courthouse building for sale on the open market?

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

15

The Minister for Home Affairs (Mr Malarkey): Thank you, Mr Speaker.

Firstly, can I thank the Hon. Member for Ramsey for holding the Question until this week. Secondly, it is probably just as well, because this is the Answer for last week and that no longer counts, (*Laughter*) because I have a new Answer for this week!

20

I can confirm, as from an hour ago, that the Ramsey Courthouse is in the estate agents' for sale.

The Speaker: Mr Hooper.

25 **Mr Hooper:** Can the Minister confirm, then, that the intention is to sell the Courthouse building on the open market, and the intention is to actually dispose of the building outside of Government?

The Speaker: Minister to reply.

30

The Minister: Thank you, Mr Speaker.

My Department has no further use for Ramsey Courthouse. It is what I consider to be a Government asset, owned by my Department. We have gone out, we have had it valued, it has been marketed. I know of at least two expressions of interest at this time.

35 Before the Member comes forward, I have been approached by Ramsey Commissioners, and I have instructed and look to Ramsey Commissioners, telling them that before any decision is made, I will actually go and talk to Ramsey Commissioners.

The Speaker: Mrs Caine.

40

Mrs Caine: Thank you, Mr Speaker.

Would the Minister consider allowing use of the Courthouse building for pop-up art exhibitions or other exhibitions, while it remains empty until it is sold?

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

The Minister: Mr Speaker, I want to move this along quite quickly. I have promised Ramsey Commissioners that we shall have some type of decision before the end of this month as to what is going to happen, so I think in this particular instance, it would be time restraint that would stop us from doing that. If I thought it was going to be on the market for a long time ... but I do not at this stage envisage that at all.

50 It must be remembered that the Courthouse is a lovely building, and it is registered on the outside, so there are restrictions as to what can be done. But the inside of the building is not registered, so I am expecting and hoping that a quick decision will be made by myself on this property within the next three to four weeks.

55

The Speaker: Mr Hooper.

60 **Mr Hooper:** Does the Minister agree that the key factor in the disposal or otherwise of this building should be the value the building has to the community and not simply the commercial value and the bottom line to the Department.

The Speaker: Minister to reply.

65 **The Minister:** Mr Speaker, maybe if I were a member of Ramsey Commissioners I could agree with that, but I represent the taxpayers of the Isle of Man, Mr Speaker. I do realise that Ramsey ratepayers are also taxpayers but my job, as far I see it, is to get what I think is the best value for money for a property that the Government of the Isle of Man owns.

70 I have told Ramsey Commissioners, I am happy to talk to them, and let's see what happens from there. But with earlier prices I was told about, the value of the Courthouse was nothing like what it has been valued now. So that is why I wanted to test the ground, get a true valuation and find out what the interest is in property.

The Speaker: Mr Baker.

75 **Mr Baker:** Thank you, Mr Speaker.
Could the Minister confirm on what basis that valuation has been arrived at?

The Speaker: Minister to reply.

80 **The Minister:** By the Government-appointed estate agents who valued the property. Then they test the market by valuing it and putting it on the market at that price. I am happy to tell you it at the moment, because it is on the open website, I have downloaded it this morning: it has been valued at £475,000. I know of two interested parties at this stage, Mr Speaker.

85 **The Speaker:** Mr Hooper.

Mr Hooper: Can the Minister please advise why the Government Valuer was not used to value the building and why you felt it necessary to get an independent value from the market?

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

The Minister: Because a Government Valuer can value a property, but if there is no interest in the property, you cannot get a true value for the property.

I wanted a true value as to whether there is any interest outside Ramsey Commissioners for this property, which is what I have done. I have put it on with an estate agent who has valued it. If offers come in at half the price, then that is the value – it will find its value from bids on the property.

The Speaker: Mr Hooper.

100

Mr Hooper: Can the Minister please advise then why he has decided to go against FD29 and the Council of Ministers' policy on disposal of Government land, which states quite clearly that the Government Valuer is to provide market valuations in respect of sales?

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

The Minister: Mr Speaker, Treasury will have the final word on the sale of this property at the end of the day, and all regulations will be covered.

If I was to go ahead and give this to Ramsey Commissioners, I think I would have a lot of people who do not live in Ramsey having a lot to say. If I was to suddenly build a new fire station for Douglas and then give the old fire station site to Douglas Town Council, I think I would have a lot of taxpayers in the Isle of Man wanting to know why I was doing that.

So as far as I am concerned, Mr Speaker, following all regulations, I am trying to get the best price for a property that is owned by the taxpayers of the Isle of Man.

115

The Speaker: Mr Baker.

Mr Baker: Thank you, Mr Speaker.

So could the Minister confirm whether the only criterion that he is weighing up in his decision is getting the maximum price for the asset, so that the asset of the Isle of Man which was founded by the community and has been invested by the people of the north of the Island is for sale purely to the highest bidder, whatever their purpose, whatever their interest, and whatever the knock-on implications to the fabric of the community of the north of the Island?

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

The Minister: Mr Speaker, as I said earlier on in my Answer, I have agreed and written to Ramsey Commissioners that before any final decision is made, I will talk to Ramsey Commissioners to find out what is best for Ramsey and for my Department and for the Government of the Isle of Man.

130

Again, Treasury will have the final word.

TREASURY

1.2. Land and Property Acquisition Reserve – Additional funding in Budget

The Hon. Member for Douglas North (Mr Ashford) to ask the Minister for the Treasury:

Why an additional £1 million was placed within the Land and Property Acquisition Reserve in the Budget?

The Speaker: Question 2, I call on the Hon. Member for Douglas North, Mr Ashford.

135

Mr Ashford: Thank you, Mr Speaker.

I wish to ask the Minister for the Treasury, why an additional £1 million was placed within the Land and Property Acquisition Reserve in the Budget?

The Speaker: Treasury Minister to reply.

140

The Minister for the Treasury (Mr Cannan): Mr Speaker, a review of the drawdown and planned commitments against the available balance of the Land and Property Acquisition Fund, as part of the 2017-18 Budget process, identified that the fund was at risk of depletion and would require some top-up in order to avoid restricting Government's availability to continue to proactively manage the property portfolio. A figure of £1 million was considered appropriate for the coming year.

145

The Speaker: Mr Ashford.

150

Mr Ashford: Thank you, Mr Speaker.

Can I ask the Treasury Minister: you mentioned there about the planned commitments; on page 44 of the Pink Book it shows expenditure from the fund of £1 million in each financial year from 2018-19 to 2021-22; is this just an expected drawdown, a figure that has come out of the air or could the Treasury Minister give us some details of what those planned commitments are?

155

The Speaker: Treasury Minister.

The Minister: Mr Speaker, there are no specific commitments. This fund is purely there so that in any year there is a given need to acquire property for which there is no budget approved in Departmental capital spending plans, this may occur when an opportunistic acquisition of a strategic property arises; for example, by an adjacent property coming on to the market as part of a land assembly package, for instance.

160

In recent years, Mr Speaker, as many Members will know, such opportunities have arisen and the fund has been used to acquire properties in the market quickly and without recourse to supplementary votes. In other instances there have been opportunities to acquire property,

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delivering strategic savings objectives such as the reduction in the cost of renting office space through acquisition, and thus bringing substantial cost savings to Government.

INFRASTRUCTURE

1.3. Energy from Waste Plant – Oil burnt in last three years

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

How much oil the Energy from Waste Plant has burned in (a) the primary and (b) the secondary incinerators in each of the last three years; and what the cost of this has been?

The Speaker: We turn to Question 3. I call on the Hon. Member for Douglas North, Mr Ashford.

170

Mr Ashford: Thank you, Mr Speaker.

I wish to ask the Minister for Infrastructure, how much oil the Energy from Waste Plant has burned in (a) the primary and (b) the secondary incinerators in each of the last three years; and what the cost of this has been?

175

The Speaker: I draw Hon. Members' attention to the Answer that was circulated in advance. Minister for Infrastructure.

The Minister for Infrastructure (Mr Harmer): No, that is ...

The following Answer was circulated in writing:

For clarity, before I provide the figures requested, I would like to remind Members that oil used in the primary incinerator provides start-up and shut-down energy and is not used to incinerate waste. The waste itself is combustible and burns sufficiently hot to ensure clean outputs. Oil burned in the secondary incinerator is to incinerate the small amounts of waste which are put through it at a higher temperature than is required in the primary incinerator. The volumes are very low through the secondary incinerator and the waste itself cannot sustain the temperatures required.

During 2014-15, the EfW primary incinerator used 161,022 litres of virgin oil, costing £88,714 in the burning of 48,309 tonnes of waste. In the same year, 285 tonnes of almost entirely clinical waste was burned in the secondary incinerator, using 161,626 litres of oil at a cost of £92,717.

In 2015-16 the figures were: 153,957 litres, costing £65,431 and 52,311 tonnes of waste in the primary incinerator and 217,238 litres, costing £89,363 to burn 262 tonnes in the secondary incinerator.

So far this year the primary incinerator has consumed 160,824 litres, costing £64,953 and has disposed of 44,325 tonnes of waste; the secondary incinerator has consumed 250,419 litres of oil, costing £104,126 to burn 220 tonnes of waste.

180

The Speaker: Thank you. Supplementary questions? Everybody happy? Okay.

1.4. Shared Equity Purchase Assistance Scheme – Review of maximum purchase price

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

What plans he has to review the purchase price maximum limits of the Shared Equity Purchase Assistance Scheme?

The Speaker: We turn to Question 4 and I call on the Hon. Member for Douglas North again, Mr Ashford.

185 **Mr Ashford:** Thank you, Mr Speaker.

I wish to ask the Minister for Infrastructure what plans he has to review the purchase price maximum limits of the Shared Equity Purchase Assistance Scheme?

190 **The Speaker:** I call on the Minister for Infrastructure to reply.

The Minister for Infrastructure (Mr Harmer): Thank you, Mr Speaker.

The Housing Division continually monitors activity on its schemes to ensure that appropriate levels of support are being provided.

195 There is currently no indication that the maximum purchase price limits need to be amended. In fact, activity on the open market has increased since the Share Equity Scheme was introduced.

The current situation clearly shows that first-time buyer properties are readily available with the existing price thresholds. It should be noted that the maximum purchase price relates to the actual price paid for a property rather than the advertised price.

200 Since April 2015, the Department has provided £1.2 million in financial assistance to support the purchase of 83 properties. The Department is also mindful that any increase in the scheme thresholds may influence the overall housing market. This in turn could lead to an unintended increase in prices, which could potentially put more properties beyond the reach of first-time buyers.

205

The Speaker: Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

210 While I accept what the Minister says, that basically the scheme seems to be working for some people, would he accept that the maximum purchase price, for instance, of the First Home Choice scheme of the shared equity purchase assistance schemes, single or couple with one or more children, the maximum purchase price, the amount paid is £190,000? Would the Minister agree, considering the Government figures of what the average property price is that this is pricing many people out of being able to purchase properties in the towns and in our capital, Douglas?

215

The Speaker: Minister for Infrastructure to reply.

The Minister: Thank you, Mr Speaker.

220 Looking at a number of properties, just to give you some background: of those 83 completed purchases last year, that comes out of a total of about 900, so it gives an indication that actually it is dealing with the targeted aspect that we want to target.

225 In addition, just looking recently at a search on 50 properties on 1st March, we found 50 properties – 45 with two bedrooms or more, in all areas of the Island, marketed at levels that would fall within the open market scheme. I think, looking at the figures over the last few years, we are actually helping. It has doubled. The difficulty is if you put the band up you can influence the market and therefore have unintended consequences.

230 **The Speaker:** Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

While I accept moving the band can influence the market, and I fully agree with the Minister in that comment, would he accept though that £190,000 compared to the average price of property on this Island is indeed pricing people out of the towns and Douglas?

235 The comment the Minister made was the 45 to 50 properties, but that is across the whole Island. Can he tell us how many of those 45 or 50 are actually located within the towns in the Island, and could he actually point us to any three-bed houses that are not fixer-uppers that are currently on the market for £190,000, because looking at several websites, personally I could not find any?

240

The Speaker: Minister to reply.

The Minister: Thank you.

245 In some respects, the market changes and we have got to obviously look at whatever is on the estate agent at any one point. At this point there were some four-bedroom houses at £169,000, there were some two-bedroom flats at £199,000.

250 The problem is it is an all-Island scheme and trying to put any extra bands or any other issues could influence the market. It is there to give that leg-up onto the housing market. It seems to be working. Obviously it is something you always continually review. We were looking currently at the threshold limits for income, for example. So it is not something that is in a vacuum. We will always keep monitoring and reviewing it, but I think it has been quite a success story so far.

POLICY AND REFORM

1.5. Bike to work scheme – Plans to introduce

The Hon. Member for Ramsey (Mr Hooper) to ask the Minister for Policy and Reform:

What plans he has to introduce a Bike to Work Scheme to take advantage of the recent introduction of the benefit in kind exemption?

The Speaker: We turn to Question 5 and I call on the Hon. Member for Ramsey, Mr Hooper.

Mr Hooper: Thank you, Mr Speaker.

255 I would like to ask the Minister for Policy and Reform what plans he has to introduce a Bike to Work Scheme to take advantage of the recent introduction of the benefit in kind exemption?

The Speaker: Minister for Policy and Reform to reply.

260 **The Minister for Policy and Reform (Mr Thomas):** Thank you, Mr Speaker.

The Office of Human Resources is currently working with colleagues in Treasury and other parts of Government to consider how a bike to work scheme would work in the context of the Isle of Man public service.

265 Personally, I support the introduction of such a scheme and would be delighted if other employers in the Island are also considering how they can take advantage of the recent exemption announced in the Budget. But the scheme could not exist in isolation. My colleague, the Minister for Infrastructure, has been working on a cycling strategy with officers and I know there is work going on also in Health, Education and Home Affairs to do with active transport, particularly cycling.

270 So we need to make sure we join up safety, infrastructure and motivation aspects of all of this to get more people walking and cycling, which would have benefits: healthy lifestyle almost certainly, probably less vehicles and probably safer streets.

**1.6. Beamans Report 2014 –
Senior management posts removed**

The Hon. Member for Onchan (Ms Edge) to ask the Minister for Policy and Reform:

How many senior management posts, broken down by Department, have been removed in line with the Beamans Report of 2014?

The Speaker: Question 6 and I call on Ms Edge.

275 **Ms Edge:** Thank you, Mr Speaker.

Can the Minister for Policy and Reform advise how many senior management posts, broken down by Department, have been removed in line with the Beamans Report of 2014?

280 **The Speaker:** Before calling the Minister to reply, I also remind Members and draw their attention to the email that was circulated on 3rd March on this topic.
Minister.

The Minister for Policy and Reform (Mr Thomas): Thank you very much, Mr Speaker.
I would draw the attention of the Hon. Member to a public record in this instance, namely
285 the [Written Answer 2.9 given in this House on 2nd December 2014](#), which is recorded in *Hansard*. For ease of reference, I have circulated that Answer to Hon. Members as supplementary information:

[http://www.tynwald.org.im/business/OPHansardIndex1416/3984.pdf#search="Modernising Ministerial Government Programme"](http://www.tynwald.org.im/business/OPHansardIndex1416/3984.pdf#search=)

290 The only additional comment to make is that the Written Answer in 2014 stated the savings in posts for all posts, not just senior management posts. Counting only senior management posts, the figures are as follows: Cabinet Office – full-time equivalent posts, 3; Department of Health and Social Care – full-time equivalent posts, 6; Manx Utilities Authority – full-time equivalent posts, 5.3; Department of Community, Culture and Leisure – full-time equivalent
295 posts, 3; the total being 17.3.

The Speaker: Ms Edge.

Ms Edge: Thank you, Mr Speaker.

300 I would like to thank the Minister for his response. Regrettably, I cannot see any of the financial savings in any of the Government statistics or reports. However, I can see where the cuts have taken place and they are not as reported in the Beamans Report as senior posts and the Minister has just clarified that it is slightly less than as reported in that report.

305 Can the Minister therefore explain how 83% of the public sector job cuts that have come about and are not senior posts are making core services more efficient?

The Speaker: The Minister to reply.

The Minister: Thank you, Mr Speaker.

310 What a huge question! I have got specific information and I have provided specific information on the senior management posts; earlier we talked about management posts and we have widened it out into an overall assessment of Government transformation.

The Public Services Commission and the other employing bodies are working on this very actively. Government organisation and Government structures have been transformed with things like the creation of the Cabinet Office, the mergers of the Departments of Health and 315 Social Care, the creation of the Manx Utilities Authority by the merger of the Manx Electricity Authority and the Water and Sewerage Authority, dissolution of a Department in DCCL.

I think it would be better to actually deal with such a huge topic in a more structured way with a series of Questions in this House or perhaps even at the forthcoming Committee 320 investigation of these sorts of issues.

The Speaker: Ms Edge, if we can keep it to senior managements posts, that would be ...

Ms Edge: Yes, okay.

325 With regard to the 17.3 you reported this morning that have been made, do you know what the value in the salary saving is?

The Speaker: The Minister to reply.

330 **The Minister:** Thank you, Mr Speaker.

The 17.3 full-time-equivalent were graded SEO or above, as the questioner identifies, and that led to a combined salary saving of £1,182,144.

The Speaker: Ms Edge?

335

Ms Edge: No, thanks.

1.7. Government employees – Policy on recommending companies and services

The Hon. Member for Onchan (Ms Edge) to ask the Minister for Policy and Reform:

What his policy is on Government employees recommending or advertising companies or services?

The Speaker: We turn now to Question 7 and again I call on the Hon. Member for Onchan, Ms Edge.

340 **Ms Edge:** Thank you, Mr Speaker.

Can the Minister for Policy and Reform advise what the policy is on Government employees recommending or advertising companies or services?

The Speaker: I call on the Minister for Policy and Reform to reply.

345

The Minister for Policy and Reform (Mr Thomas): Thank you, Mr Speaker. What a good question!

The conduct of Government employees in such circumstances is governed by the Code of Conduct for Public Servants 2009 and staff guidance issued with the approval of the Council of

350 Ministers in 2007 regarding conflicts of interest. Standards of behaviour are based on the three fundamental principles of openness, integrity and accountability.

Relevant conduct in this regard would be to register or declare any private interest relevant to official duties and ensure any possible conflicts of interest are identified at an early stage with appropriate action being taken to resolve them. However, it is not unusual for officers to be asked to give testimonials on the level of satisfaction in relation to the provision of goods and services by companies providing such to Government. Indeed, the content of press releases by officers and Ministers often make reference to the same.

If the Hon. Member has, or is aware of, any evidence of anything inappropriate, I would be happy to consider such evidence inside the appropriate processes.

MANX UTILITIES AUTHORITY

1.8. Power Station's gas turbines – Life expectancy and maintenance

The Hon. Member for Douglas North (Mr Ashford) to ask the Chairman of the Manx Utilities Authority:

What the remaining life expectancy is of the Power Station's gas turbines; and what maintenance works have been required over the last 12 months and are planned over the next 12 months?

360 **The Speaker:** We turn then to Question 8. I call on the Hon. Member for Douglas North, Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

I wish to ask the Chairman of the Manx Utilities Authority what the remaining life expectancy is of the Power Station's gas turbines, and what maintenance works have been required over the last 12 months and are planned over the next 12 months?

The Speaker: The Chairman of the Manx Utilities Authority.

370 **The Chairman of the Manx Utilities Authority (Dr Allinson):** Thank you, Mr Speaker.

I would like to thank the Hon. Member for a very detailed and quite technical Question, so he will have to bear with me for quite a detailed and technical Answer.

The gas turbines are subject to minor overhauls roughly every five years and major overhauls or replacement, depending on cost, every 10 years. One gas turbine was replaced earlier in the current financial year and the other gas turbine is scheduled to have a major overhaul in 2018-19.

The overall Combined Cycle Gas Turbine, or CCGT, Power Station at Pulrose – which includes gas turbines, power generators, steam generators, a steam turbine and other ancillary equipment – has a remaining predicted-use-for-life of 17 further years, taking it up to 2034. The life-limiting factors include the steam turbine blading and the steam generation boiler tubes.

The CCGT plant consists of a number of subsystems that make up the plant, which can be overhauled, updated or replaced to allow the plant to continue to operate efficiently, reliably and safety and potentially extend the operating life of the overall Power Station, perhaps to 2050.

385 It is likely to be possible to extend the life of the Power Station beyond 2034 either in its current form or with a revised configuration. Manx Utilities regularly monitors electricity usage

and demand projections and the conditions of its generating assets in order to ensure the Isle of Man has a safe, reliable and efficient supply of electricity.

390 The Power Station has a detailed and complex preventative maintenance schedule which is carried out to ensure that each of the Power Station's systems continue to operate reliably, efficiently and safely. It is augmented by overhaul and upgrade work which covers the major components in systems and has been laid out for the entire projected life of the plant.

395 During the current financial year the following maintenance works have been undertaken on the CCGT Power Station: gas turbine replacement and power turbine major overhaul after 55,000 hours of operation; replacement of backup battery packs after 15 years of operation; annual inspection of the steam turbine and auxiliary systems; replacement of steam turbine permanent magnet generator; replacement of air compressors after 100,000 hours of operations.

400 Works planned during the coming financial year are to include a generator exciter replacement following a condition inspection; a partial steam generator mid-life tube repair; gas turbine plant and gas supply control system upgrades to ensure these systems remain up to date and to secure access to manufacturer's support.

405 The works planned and undertaken are consistent with those that are required to ensure the plant operates safely, reliably and efficiently throughout its overall design-life and ensures best value is delivered from the investment in the Power Station.

The Speaker: Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

410 Can I ask the Chairman of the Authority what the costs have been of the works undertaken in the last 12 months – and if he does not have it with him today, would he be willing to circulate it?

415 Can I also ask, Mr Speaker, that in 2007 in this Hon. House it was confirmed by the then Chairman of the then Manx Electricity Authority that the then MEA held a wide variety of strategic spares in case of works. Can I ask if that is still the case?

It was also confirmed in July that year in this Hon. House that there was a standby gas turbine – which at the time cost £1.9 million – being held by the Authority. Can the Chairman confirm if that is still the case and they still hold a standby gas turbine?

420 **The Speaker:** Chairman to reply.

425 **The Chairman:** In terms of the costs for the previous year, I can certainly circulate those to you and other Members if you would like. Just to give you an idea, the gas turbine major overhaul was £2.9 million; the power turbine overhaul is £975,000; battery replacement is £75,000; replacement of the steam turbine is expected to be in the area of £157,000. These are considerable amounts of money but for a considerable investment.

430 In terms of his other question about replacement spares, we have two gas turbines working synchronistically at the moment and there is an additional part gas turbine there for use for spares that can be brought in when one of the other gas turbines is taken out of action for major overhaul.

The Speaker: Mr Ashford.

Mr Ashford: Final supplementary from me, Mr Speaker.

435 In 2007 in this Hon. House it was confirmed there was a standby gas turbine. Can the Chairman confirm whether that is still the case or if it is only this one that is a part-turbine used for spares?

The Speaker: Chairman to reply.

440

The Chairman: From what I have been told from our Technical Department, it is a part-turbine but can be brought in to replace parts of the main turbine when they are taken out for maintenance. So it is not a full turbine but it is a standby that can be used when one of the other turbines has to be taken out of action for essential maintenance.

**1.9. Water rate 2017-18 –
Statement by the Chairman of the MUA**

The Hon. Member for Ramsey (Mr Hooper) to ask the Chairman of the Manx Utilities Authority:

What the water rate will be for 2017-18; and if he will make a statement?

445

The Speaker: Question 9, and I call the Hon. Member for Ramsey, Mr Hooper.

Mr Hooper: Thank you, Mr Speaker.

I would like to ask the Chairman of the Manx Utilities Authority what the water rate will be for 2017-18 and if he will make a statement?

450

The Speaker: The Chairman to reply.

The Chairman of the Manx Utilities Authority (Dr Allinson): Thank you, Mr Speaker.

455

I refer my hon. colleague to my press statement dated last Monday, 27th February 2017 and can confirm that the water rate for 2017-18 will be 341.08 pence in the pound. This represents an increase of 6.4%, the rate of Manx inflation as measured by the Retail Price Index at the end of December 2016.

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The current water rate increases included within the period covered by the Isle of Man Water Authority Strategic Business Plan 1999 to 2009 and Beyond, which was approved by Tynwald in June 1999 and covers water rate increases through to 2019. The increase was reaffirmed by Tynwald in February 2011.

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The Strategic Business Plan presented to Tynwald in 1999 set out a significant capital investment programme to improve the quality and reliability of the supply of water to the domestic and business properties in the Isle of Man. This capital investment programme included the construction of a new water treatment works in Sulby and Douglas to replace the old works currently in use across the Island. It also included improvements to the service reservoirs and the distribution network.

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The capital investment programme was funded by the bond debt totalling £75 million and the water rate increases were included in the Strategic Business Plan to cover the additional operational and bond interest costs arising from this investment, and to provide for the repayment of the bonds in 2030. Water rate increases in the early years of the plan were not linked to inflation but were expected to represent above-inflation increases. Inflationary increases were anticipated from April 2014 onwards. The motion approved in 2011 referred to increases in line with the prevailing rates of inflation. The MUA has traditionally used RPI for this.

I understand that the Council of Ministers is considering the adoption of a common measure of inflation across Government, but it would be premature for Manx Utilities to apply a different measurement of inflation until such a determination has been made.

480

The Speaker: Mr Hooper.

Mr Hooper: Thank you, Mr Speaker. I would like to thank the Chairman for that quite detailed Answer.

He referred specifically to the water bond, as I suppose it is known. The 2016 financial statements of the Manx Utilities Authority showed a £16 million operating surplus on the water operations and approximately only £4 million interest being paid on that particular bond.

Can the Chairman then please detail specifically whether or not this water rate is being levied to fund the debts relating to the water bond or whether some of that money will be used to fund some of the other MUA debts?

The Speaker: Chairman to reply.

The Chairman: I would like to thank the Hon. Member for the supplementary question.

In terms of Water, we have fixed assets of £92 million which include seven reservoirs, 20 pumping stations and two modern water treatment plants. The contribution of Water to Manx Utilities turnover is approximately 25% and profits seen on the annual return that you refer to are often put into a sinking fund to repay back bond payments in full when they mature in 2030.

The Speaker: Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

Following directly on from that, can I ask the Chairman of the Authority how he feels the increase is justified when, as the Hon. Member for Ramsey has just pointed out, there was a £16 million operating surplus in 2015-16, but there was also in 2014-15 a £12 million surplus, and in the previous year 2013-14 a restated operating surplus of £10 million? That is quite a sinking fund, Mr Speaker, by anyone's grasp.

Would the Chairman accept that we cannot just keep loading charges on to people year after year after year? And would he also accept – and I appreciate what he said about an inflation measure – that RPI is not really the acceptable measure for this? If you actually look at February's inflation report and the breakdown within RPI, some of the biggest changes over the last 12 months are things that would not apply to the water rate, such as 10.7% in food, 20.3% in leisure goods, 10% potentially partially apply in clothing and footwear.

So would he accept that RPI is probably not the best measure and yet again people are being hit with a charge that they have now got to find the money for when it is running an operational surplus?

The Speaker: Chairman to reply.

The Chairman: Thank you, Mr Speaker.

Thank you very much for your insight, but you have got a couple of different questions there, so I will address the first one which is debt and money. Although there is a bond of £75 million that is paid off in 2030 and the interest rate of that bond is currently 5.6%, there is also a further bond of £85 million to be paid off in 2034.

In the Hon. Member, the Minister for the Treasury's Budget address, he stated that the key challenges facing Manx Utilities include declining energy demand and the cost of maintenance of key infrastructure assets. Declining energy volumes increase pressure for unit prices to rise by more than inflation due to utility businesses' higher fixed costs. Looking at the increases that were announced on 27th February, it is a little bit disappointing that people did not go for the headline figure which, although we are putting 6.4% on the water rates which is in line with RPI, there is no increase in electricity prices for 2017-18, no increase in standing charge for 2017-18, no increases for domestic or commercial users, and also there is an increase in the emergency credit for those on prepaid meters from £3 to £6. And after talking with people who deal with

fuel poverty, that emergency credit will make a major difference to those people who are living from day to day.

535 Coming back to the broader argument about RPI versus CPI, as the Hon. Member knows there was a consultation exercise back in April 2016 which the Manx Utilities took part in, and at that point if I can just quote our submission:

It is appropriate for Manx Utilities to be able to rely on credible, internationally recognised inflation measures. Such measures are used from time to time in contracts with suppliers and customers. They are also used to inform our decisions, such as the setting of prices ... Manx Utilities notes that the consultation document states that the RPIJ basis of calculation is considered to be a better basis of calculation than that used for the current RPI index and therefore Manx Utilities would support the use of the RPIJ calculation *[in future use]*.

However, that was the submission and from what I understand this is still going through Government in terms of whether we go for one indicator of inflation or the other.

540 For those people who may want to jump on CPI, can I just draw their attention to some problems with using any of the indicators currently used. We are in an uncertain time when inflation is almost certainly going to rise over the next few years. Although currently CPI seems a better option, it is forecast to rise to 4% by next year. I think it would be responsible of this Government to look at different indicators of inflation but not to chain ourselves to using those in terms of setting prices and charges across Government, and having a more pragmatic view
545 that limits such increases to the needs and wants of the Isle of Man.

The Speaker: I call on the Hon. Member for Arbory, Castletown and Malew, Mr Moorhouse.

Mr Moorhouse: Thank you, Mr Speaker.

550 I would like to raise the issue of the single person households, who again will see their costs rise substantially with 6.4%. Would it be possible to seriously consider what can be done to help these individuals in the future?

The Speaker: The Chairman to reply.

555

The Chairman: I thank the Member for pointing out a very important aspect of the way that charges are brought either through Sewerage or through Water. At the moment they are fixed in terms of the rates system and in terms of this increase the average household will have an increase after VAT of £34 per year which equates to £2.80 per month, or 9 pence per day. What you raise is very important in terms of single occupancy households and I hope this will be addressed through the Programme for Government this year when the whole rating system is reviewed, because you are quite right that not only in terms of water and sewerage charges but rates in general, those people who may be living on their own are paying as much as a family of five.

565

The Speaker: Hon. Member for Ramsey, Mr Hooper.

Mr Hooper: Thank you, Mr Speaker.

570 I am especially glad the Chairman referenced the sinking fund that is being set up and the financial plan, because in a statement in December the Chairman stated that the financial statements show the MUA was slightly ahead of the financial plan approved in 2014. So in light of these comments would the Chairman not agree that any increase in the water rate should have been limited solely to address inflationary pressures, as I believe was the intention of the statement made in the Programme for Government to limit cost increases in the short term for
575 water until a full financial review of the MUA has been completed?

The Speaker: The Chairman to reply.

The Chairman: Thank you, Mr Speaker.

580 You are right that we are slightly ahead of our current projections; however, we are fixed to
paying off debts by 2034. Over the next few years there is going to be substantial variation in
terms of fuel prices, the price of sterling and currency prices, which will have direct impact.
What we have been doing in Manx Utilities over the last couple of years is trying to gradually
585 increase prices in line with inflation to make sure that we do not hit times where, because of the
increased costs, we have to raise them even more than that. So whilst I take on board what you
have said about us being ahead of schedule, I do not see this as a disadvantage and hope it will
not disadvantage our customers.

You also point out the Programme for Government, and one of the things that is very
important in the Programme for Government in terms of the MUA is an independent analysis of
590 our structure in terms of finance and debt. Also in terms of this independent assessment there
will be a commitment to look at pricing and charges over the next five years and the MUA is
delighted to make a full contribution to this review so that we can work with Government and
with Treasury to make sure that we have a stable financial basis for the statutory board, but also
have a stable pricing structure over the next five years that will get round some of these hikes in
595 RPI.

Again, the Hon. Member pointed out the big difference between RPI and CPI which is
growing and which seems to be diverging. He also makes reference to the February inflation
figures published by the Isle of Man Government. You are quite right that some of those
increases are not directly related to the governance of the MUA. However, one of the big
600 increases has been fuel, and obviously, in terms of the MUA we are conscience of our use of fuel
and conscious of those pressures both on the MUA and other industries on the Isle of Man.

The Speaker: The next supplementary question I have is by the Hon. Member for Douglas
North, Mr Ashford.

605

Mr Ashford: Thank you, Mr Speaker.

The Chairman made reference to the freezing of the electricity, but would he accept and
does he really think it is fair that what is happening is they are increasing a fixed charge by 6.4%
that people do not have a choice in, but what they are actually freezing is a charge where you
610 actually pay for what you use? How can that possibly be seen as fair?

In relation to the Chairman's comment about Retail Price Index and the increase in fuel, can I
point out to the Chairman that in the February report fuel is actually, over the 12 months, only
the 6th highest change within RPI? He also mentioned about RPIJ which currently stands at 2.4%
615 compared to the RPI increase he is applying of 6.4%, which is quite a difference.

Can I also ask the Chairman what has been the increased fixed costs of the Water Section of
the MUA over the last few years? I do not necessarily, again, expect him to have the figures here
with him, but would he be willing to circulate them to Hon. Members? It would be interesting to
see if the increased fixed costs of the Water Section, particularly over the last year, really have
620 gone up 6.5%.

The Speaker: The Chairman to reply.

The Chairman: Thank you, Mr Speaker. Again, I think that was about three questions in one.

625 First of all you were talking about basically a standing charge – was that right, in terms of
water? There is a debate about paying for what you use as opposed to paying for the cost of
infrastructure to go to your house. The MUA has looked into this in the past in terms of whether
water meters should be installed throughout the Island to therefore allow people to pay for
what they use rather than have a fixed charge.

An energy report in 2015 looked at this in quite a lot of detail and actually decided that to
630 bring in water-metering across the Isle of Man would be incredibly expensive in terms of both

635 the infrastructure and the monitoring of that infrastructure and also would necessarily increase prices across the board to consumers. In an area where we do have quite a lot of water – sometimes too much – and more than we need, the use of water meters is actually not economical; however, obviously in other jurisdictions where they have shortages of water that may not be the case.

640 Coming back to your comment in terms of the infrastructure costs over the last year at the MUA, most of the key structural costs in terms of water supply have already been made, which is why the bond of £75 million was taken out in 1995. What we are currently doing with the MUA is surveying one of the water mains ... [*Technical interference*] Sorry, that is a bit distracting.

What we are currently doing at the moment is looking at most of the structure of the water mains and there is a comprehensive programme to survey them and improve them if necessary to both increase the water quality and supply but also reduce leakage rates.

645 **The Speaker:** I call on the Hon. Member, Mr Thomas.

The Minister for Policy and Reform (Mr Thomas): Thank you, Mr Speaker.

650 I thank the Chair for mentioning the MUA submission about RPIJ being supported from the MUA and I also acknowledge the previous reference to the Programme for Government. I notice that the MUA Chair said in February Tynwald about charging:

As with many other businesses, cost inflation creates pressures to increase prices, and so the organisation and its employees continually review its operations ... [to] enable the lowest appropriate level of unit and standing charges to be set for all the users of our services.

Given that statement, firstly did the MUA Board take into account the Budget statement about 2% being the target increase in fees and income and charges?

655 Secondly, did the MUA take into account the assumption it had previously made of a 3% increase in water rates in the MUA financial plan when deciding to increase water rates by 6.4%?

The Speaker: The Chairman to reply.

The Chairman: Thank you, Mr Speaker.

660 In terms of the timeline, I think a lot of people in this Government, since coming in in September, have found quite a few things happening really quite close together. The MUA agreed its long-term financial plan and business plan on 9th December 2016. The draft Programme for Government was presented on 17th January 2017 and the MUA Board met to agree the tariff for 2017-18 on 27th January. The Budget speech was on 21st February and the briefing was on 1st February. So in terms of your initial question – were we aware of the Budget and statement in the Budget about limiting charges? – it was very close from when we had to decide on these tariffs; however, we did have a representative of the Treasury at that meeting to try to make us aware of various problems that might occur should we use an inflationary increase according to RPI.

670 Your second comment refers to a 3% increase. In terms of the Board, when we decided the tariffs for electricity and water, we looked at a number of different schemes that would either increase, keep static, or even decrease various charges across the board. As I said, the Board felt that freezing electricity prices, freezing standing charges, was very important economically. However, we decided to go along with RPI for an inflationary increase in the water rates that would fit in with our long-term financial plan.

675

The Speaker: I call on the Hon. Member for Garff, Mrs Caine.

Mrs Caine: Thank you, Mr Speaker.

680 Just returning briefly to the single occupancy households and the Chairman's response regarding the expense of installing water meters, the impression then to people – especially when having to pay a huge increase in the water rate – is that they are free to use as much water as they like, in fact waste water instead of conserve water. Would he accept that?

685 My other query is would the Chairman agree it would be better if future capital schemes such as new treatment works were funded centrally instead of being put on the rates?

The Speaker: The Chairman to reply.

The Chairman: Thank you, Mr Speaker.

690 You make a very good comment, again, about single occupancy, and I will bring you back to my original comment about that in that obviously the Programme for Government looks at an overall review of rates. With the Cornwall Energy Report, it did actually say that one of the best ways of charging for water and sewerage was on the rate system rather than a separate occupancy charge. It also looked, as I said, at water meters as well.

695 The MUA have already invested substantial amounts of money in infrastructure and as the previous questioner pointed out, we have a long lifespan for most of that infrastructure, so what the MUA's business case is looking at at the moment is paying off those bonds that mature in 2030 and 2034 rather than invest again in large amounts of infrastructure. There will be something happening, particularly in terms of regional sewerage treatment plants across the
700 Island, but at the moment we have the existing infrastructure and it is a matter of maintaining it and keeping it running for as long as possible. I do not see any reason, therefore, to suddenly change the long-term business plan of Manx Utilities to bring those costs back into Treasury, back into central taxation and theoretically drive up Income Tax, when a lot of that money has already been spent on plant that needs to be maintained properly.

705

The Speaker: The Hon. Member for Ramsey, Mr Hooper.

Mr Hooper: Thank you, Mr Speaker.

710 I can fully support the Chairman's commitment to the full financial review and I really can sympathise with the difficulty of trying to predict the future in respect of the bond repayment, but would the Chairman agree that the Programme for Government clearly sets out a direction of travel to limit increases in the short-term, and does he consider that the MUA has followed this direction by simply doing what it did last year with an RPI increase?

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

The Chairman: Thank you, Mr Speaker.

Thank you, Hon. Member, for another valid comment.

720 In terms of the increase this year, we made it in line with inflation as measured by the RPI. It was not a very easy decision to make but it was made by the Board. What we are looking forward to with the review of the MUA that will be taking place this year is an analysis of our debt, an analysis of our functioning as a Board, but also an analysis of the long-term charging structure over the next five years that will be in keeping with the Programme of Government to make sure that we get affordable energy, clean water, but also that we have a consistent supply
725 and energy security for the Island.

The Speaker: I call on the Hon. Member for Ayre and Michael, Mr Baker.

Mr Baker: Thank you, Mr Speaker.

730 Would the Minister ... sorry, the Chairman of the MUA agree with me that he has a very
difficult balancing act to strike when setting prices; he has got the financial challenge of
recovering a balance sheet from a business that is heavily indebted, and however these bonds
735 have arisen, they have arisen and they are liabilities of the MUA, whether or not they are water
or electricity; they also have a significant capital expenditure programme, which is necessary to
create the environment that we want and need – it is no longer tenable to pump raw sewage
out into our marine environment or to heavily pollute the Island in which we live; and that both
of those elements require income and that in the financial conditions that the Isle of Man is in,
740 the only way other than cost-cutting that that balance can be achieved is through the prices that
are set by the Board of which he is the Chair; and that within that, the pricing for electricity, for
water and for sewage are all part of a mix; and that we have lost sight of the fact that there is a
great news story about the fact that the electricity prices have been held and all the focus is on
the negativity of an inflationary increase in the water charges and we need to see the whole
context; and that that is the key driver that needs to be focused on?

745 **The Speaker:** Chairman to reply.

Dr Allinson: Thank you, Mr Speaker.

I would like to thank the Hon. Member for his very sympathetic comments, (*Laughter*) but
also with his Freudian slip, he makes a very valid point by calling me a Minister. Obviously, I am
750 not a Minister. I was lucky enough to be appointed by Tynwald to be Chair of a Statutory Board,
and those of us who are Chairs of Statutory Boards understand the limitations of that position,
in that we are here to represent that Board's decision, without necessarily making it unilaterally.
We are part of a Board and we are mandated to go along with the long-term financial plan of
that Board, which sometime is above and beyond the demand of either the Treasury, the Chief
755 Minister or Council of Ministers.

What has saddened me sometimes is the inflationary increases that the MUA have levied as
accused of being a stealth tax levied by the Treasury, the Chief Minister or Council of Ministers
on the people of this Island. These are an increase *from the MUA* – agreed by the MUA Board,
which to may degrees is independent of Council of Ministers and the other Ministers around.

760 Obviously, through the Statutory Boards Act of 18 ... (**The Speaker:** 1987.) 1987, there are
areas in there where directions can be given by Council of Ministers, and those have been used
at the end of last year, in terms of the Sewerage rates, which were significantly reduced by
Council of Ministers on customers because they felt that the proposed increase by the MUA
Board was not in keeping with affordability for the Island.

765 I would agree with you that on the Isle of Man, there are some cost pressures that are above
and beyond the sorts of things that you would expect in the United Kingdom. For instance, we
have got a lower population density in terms of sewage, which drives up our costs. We have got
a greater number of bathing waters per property than South West Water, which has one of the
highest rates in terms of water.

770 What we do have on the Isle of Man, however, is a very, very good infrastructure. We have in
terms of electricity almost complete energy security and I thank the Member for pointing out
that one of the major drivers of these tariffs was to freeze energy prices, in terms of electricity
and freeze the standing charge. We may not be able to do that for next year, but we were
acutely aware of the economic situation of trying to drive investment on the Isle of Man, both
775 for those companies that are here at the moment and those companies who we want to
relocate here. Energy pricing is an inherent part of that.

One of the ways that we are going to balance the budget and balance our debts is to grow
the economy. That was something that was quite clear in the Budget speech, and the MUA want
to be an intrinsic part of growing the Isle of Man economy; but we also have our obligations in
780 terms of paying off a considerable legacy debt and making sure we can pay that off properly in
2030 and 2034. So I thank the Hon. Member for his comments.

The Speaker: I think the Chairman, more than anyone else will be relieved that that brings us to the end of Oral Questions. *(Laughter)*

785 We now move to Questions for Written Answer, of which there are two, and Answers will be circulated in due course.

2. Questions for Written Answer

HEALTH AND SOCIAL CARE

2.1. Type 2 diabetes and obesity – Statistics

The Hon. Member for Ayre and Michael (Mr Baker) to ask the Minister for Health and Social Care:

How many (a) under-18s and (b) adults (i) had type 2 diabetes and (ii) were obese in 1986, 1996, 2006 and 2016?

The Minister for Health and Social Care (Mrs Beecroft): The Department is unable to supply the diabetes/obesity data as it is neither held, or where held, not in the format requested.

The following Table 2.1.A, which has been gathered from available GP data, shows the number of adults with:

790 (a) Diabetes Type 1 & 2 (2005 – 2015) including prevalence per 100 population for the Island and UK, and

(b) Obesity (2007 – 2015) including prevalence per 100 population for the Island and UK.

Table 2.1.A

Year	Diabetes (1 & 2)			Obesity		
	No.	IOM Prev	UK Prev	No.	IOM Prev	UK Prev
2005	1,292	3.00	3.30	-	-	-
2006	1,407	3.24	3.55	-	-	-
2007	1,466	3.26	3.70	2,831	6.34	7.40
2008	1,560	3.40	3.85	2,984	6.49	7.53
2009	1,668	3.47	4.06	2,877	6.15	8.06
2010	1,756	3.75	4.27	2,811	6.30	8.44
2011	1,809	3.89	4.56	2,946	6.65	9.10
2012	1,846	3.89	4.61	3,071	6.76	8.75
2013	1,883	4.11	4.97	2,916	7.02	9.10
2014	1,885	2.12	6.21	2,704	5.81	9.42
2015	1,908	4.18	6.37	2,438	5.47	9.03

795 The other source of information on obesity is from lifestyle surveys carried out by the Public Health Directorate. Previously, these were not done on a regular basis and the most recent one was carried out in 2009. The Department's intention is that lifestyle surveys will now be carried out on a regular basis – a major survey every five years and smaller, more focused surveys at appropriate intervals in-between. The first lifestyle survey in this sequence was carried out in late 2016 – the data from which will not be fully analysed and published until this summer.

800 The 2009 lifestyle survey gave a population level of obesity (defined as body mass index of 30 or greater) of 15.9% for adults of all ages (16 years +) and both genders. When overweight was

also included (i.e. BMI above 25), the proportion was 50.4%. The figures for the Isle of Man were similar to those for the North West of England.

805 Although the figures from the 2016 lifestyle survey will not be available until later this year, if the Isle of Man continues to have similar rates to those in England, we expect rates will have risen. The proportion of adults in England who are overweight or obese is 64.8% (based on data averaged across the three years 2013-15 – the latest available figure).

810 Obesity is now the second biggest preventable risk factor for disease, disability and death (after smoking). The major drivers of overweight/obesity include poor diet (including ready availability and affordability of high fat/high sugar/high calorie foods and beverages) and lack of physical activity (driven by increasingly sedentary lifestyles). Once people have become overweight/obese, it is very difficult to reverse this by currently available methods – including lifestyle interventions or drugs. Bariatric (weight loss) surgery is more successful at achieving significant weight loss in the very obese. However, it is expensive, has significant risks and is not
815 widely available. Even with surgery, a proportion of patients regain weight.

The Department is mindful that an improved approach to prevention through co-ordinated action across Government must be instigated if it is to have any impact on the rising rates of obesity.

POLICY AND REFORM

2.2. Beamans Report recommendations – Reduction in salary costs by Department

The Hon. Member for Onchan (Ms Edge) to ask the Minister for Policy and Reform:

If he will provide a breakdown by Department of the net reduction in salary costs of management grades achieved by the introduction of the Beamans Report recommendations?

820 **The Minister for Policy and Reform (Mr Thomas):** I would draw the attention of the Hon. Member to public record in this instance, namely the [Written Answer 2.9 given in this House on 2nd December 2014](#), which is recorded in *Hansard*. For ease of reference I have circulated that Answer to Hon. Members, in accordance with Standing Orders:

[http://www.tynwald.org.im/business/OPHansardIndex1416/3984.pdf#search="Modernising Ministerial Government Programme"](http://www.tynwald.org.im/business/OPHansardIndex1416/3984.pdf#search=)

825 The only additional comment to make is that the Written Answer in 2014 stated the savings in salary costs for all posts, not just management posts. Counting only management posts¹, the salary savings are as follows:

Department/Office	Salary Savings £
Cabinet Office	362,000
DHSC	145,144
MUA	468,000
DCCL	449,000
Total	1,424,144

¹ Defined as Executive Officer and above

Order of the Day

3. HOUSE OF KEYS STANDING ORDERS COMMITTEE

3.1. House of Keys Standing Orders Committee – Code of Conduct for Journalists – Third Report 2016-17 received and recommendations approved

The Hon. Member for Douglas North (Mr Ashford) to move:

That the House of Keys Standing Orders Committee Third Report for the Session 2016-2017 – Code of Conduct for Journalists [PP No. 2017/0035] be received and the following recommendations be approved:

Recommendation 1

That the Code of Conduct for Journalists be added to Annex 1: Rules for Admission of the Standing Orders of the House of Keys.

Recommendation 2

That accredited journalists be given standing permission to film sittings of the House of Keys, until further notice.

Recommendation 3

That Manx Radio be allowed to radio broadcast any part of the sitting in addition to Question Time.

The Speaker: We turn to Item 3, the House of Keys Standing Orders Committee, and I call on the Hon. Member for Douglas North, Mr Ashford.

830

Mr Ashford: Thank you, Mr Speaker.

On 17th January 2017, Tynwald Court resolved that a Code of Conduct for Journalists be adopted. This Code allows accredited journalists to film, record and broadcast sittings of Tynwald and its Branches, with the permission of the presiding officers, or chair in the case of committees, and sets out required standards of conduct.

835

This Report recommends the specific adoption of the Code in the House of Keys Standing Orders and two other related matters.

Firstly, we recommend that standing permission to film sittings of the House of Keys be given to all accredited journalists. Accredited journalists will therefore not have to ask permission from the Speaker to film any part of the sitting.

840

And secondly, given this new arrangement with journalists, and the fact that the entire sitting of the House of Keys is already broadcast live on the internet via the Tynwald website, we consider it redundant to restrict Manx Radio coverage to Question Time any longer. We do, however, recognise that Manx Radio may not wish to cover every sitting in full. We therefore recommend that Manx Radio be allowed to radio broadcast any part of the sitting in addition to Question Time. This will remove the need to seek the House's permission for any extra coverage to be given.

845

I beg to move, Mr Speaker.

850

The Speaker: Mr Harmer.

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

The Speaker: Mr Perkins.

855

Mr Perkins: Thank you, Mr Speaker.

I agree with the Hon. House being televised. However, I look forward to the cameras being smaller and possibly Wi-Fi and indeed, situated in different positions as per in another place.

860 When the first televising took place in another place, the esteemed journalist, Mr Paul Moulton has so far been limited to positioning his camera on the media benches. Mr Speaker, unfortunately, for me, it is within one metre and right by my right ear. *(Laughter)*

865 While I am very proud of this appendage, Mr Speaker, *(Laughter)* I am sure the general public do not wish to have a lesson in anatomy. Indeed, the close-ups of the Treasury Minister during the Budget were worthy of an Oscar; but the wide-angled shots of the Chamber all contained my ear.

I will be voting for the televising, but would ask that we really do not want to out of the general public. Please can we consider having some different camera angles.

Thank you, Mr Speaker. *(Laughter)*

870

A Member: Hear, hear.

Several Members: Ear, ear! *(Laughter and interjections)*

The Speaker: Far more used to loopholes than earholes in here!

875 If there is no other Member wishes to speak, I call on the Hon. Member for Douglas North to reply.

Mr Ashford: And the worst bit is, I've got to follow that, Mr Speaker! *(Laughter)*

880 In response to the Hon. Member for Garff, I am sure his ear is very telegenic, but we do not want to see it all the time, I am quite sure!

885 In relation to Wi-Fi broadcasting, I think we are some way off that yet so I do not want him to get his hopes up too early. I think it is important that the right equipment is used and the shots are taken from the right angle. I think that is something we can discuss with the individual journalists. I am sure Mr Moulton, if he wants to contact him direct, would appreciate his feedback – as I am sure the whole House has today.

Mr Perkins: I appreciate the Hon. Member waxing lyrical over this!

Members: Oh!

890

The Speaker: Okay, right. As there has not been much dissent, I was going to put the three recommendations together, unless any Member wishes me to put them separately? **(Several Members:** Agreed.)

895 In which case, I put the Item standing at Item 3 on our Order Paper and recommendations 1, 2 and 3 all together: those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

4. BILL FOR SECOND READING

**4.1. Legislative Council Elections Bill –
Second Reading approved**

Mr Ashford to move:

That the Legislative Council Elections Bill be read a second time.

The Speaker: Item 4, Bills for Second Reading, Legislative Council Elections Bill, and again, I call on the Hon. Member for Douglas North, Mr Ashford.

900

Mr Ashford: Thank you, Mr Speaker.

Last week the House unanimously agreed a Report on the method of electing Members of the Legislative Council. That paved the way for the First Reading of this Bill at that sitting.

905

I do not propose to repeat the remarks which I made last week in any great detail, given that the House has already accepted the principle behind this Bill, except to remind the House that the purpose of this Bill is to give this House the initiative in developing a system of electing Members of the Legislative Council which is grounded in Standing Orders and which can command the respect of Tynwald and the public that we serve.

910

Just before I move, Mr Speaker, I do want to address a couple of concerns that Hon. Members have come to me with in the last couple days: specifically the fact of could this system be manipulated, with it being in Standing Orders? I want to reassure Hon. Members, Mr Speaker, that I do not believe it is open to manipulation. To suspend Standing Orders requires a vote of 16 Members of this House and to be perfectly honest, if Members were trying to abuse the system for a particular candidate it would be pointless, because if they actually have 16 supporters for that candidate, they will be duly elected under any process we may decide anyway. So I just wanted to reassure Hon. Members on that, Mr Speaker.

915

I beg to move that the Bill be read a second time.

The Speaker: Mr Cregeen.

920

Mr Cregeen: Thank you, Mr Speaker.
I beg to second.

925

The Speaker: The motion before the House is set out at Item 4, that the Legislative Council Elections Bill be read for a second time. All those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**Legislative Council Elections Bill –
Standing Orders suspended to allow clauses and Third Reading to be taken**

The Speaker: Mr Ashford.

930

Mr Ashford: Thank you, Mr Speaker.
When speaking to the Report on which this Bill is based last week, I mentioned that I would be seeking the leave of the House to take all the remaining stages of this short Bill. So although it is an unusual procedure I think it is important in order to get Royal Assent as early as we possibly can, with the vacancy in the pipeline.

935 So I beg to move that Standing Orders be suspended to the extent necessary to allow the remaining stages of the Bill, clauses and Third Reading, to be taken today.

The Speaker: Mr Cregeen.

940 **Mr Cregeen:** I beg to second.

The Speaker: We require 16 votes to suspend the Standing Orders. I call on the Clerk to prepare the electronic vote. The motion is that Standing Orders be suspended to allow subsequent Readings of this Bill to be taken at this sitting.

FOR

Dr Allinson
Mr Ashford
Mr Baker
Mrs Beecroft
Miss Bettison
Mr Boot
Mrs Caine
Mr Callister
Mr Cannan
Mrs Corlett
Mr Cregeen
Ms Edge
Mr Harmer
Mr Hooper
Mr Malarkey
Mr Moorhouse
Mr Peake
Mr Perkins
Mr Quayle
Mr Robertshaw
Mr Shimmins
Mr Skelly
Mr Speaker

AGAINST

Mr Thomas

945 **The Speaker:** There are 23 votes for, 1 vote against. The ayes have it. The ayes have it. Sixteen votes, of course, were required.

**Legislative Council Elections Bill –
Clauses considered**

950 **The Speaker:** Mr Ashford.

Mr Ashford: Thank you, Mr Speaker.

Moving on to the clauses, I beg to move clauses 1 and 2 of the Bill which provide for the citation and commencement of the Bill together. The House will note that the Bill does not come into effect until Mr Speaker so orders and he will not do so until the House has agreed the Standing Order changes necessary to run an election.

955 I beg to move that clauses 1 and 2 stand part of the Bill.

The Speaker: Hon. Member, Mr Harmer.

960 **Mr Harmer:** I beg to second and reserve my remarks.

The Speaker: The question is that clauses 1 and 2 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 3.

965 **Mr Ashford:** Thank you, Mr Speaker.

With your permission, I beg to move clauses 3 and 4 together.

These two clauses are the operative part of this Bill. Clause 3 amends the Isle of Man Constitution (Amendment) Act 1919 to change a reference to the Isle of Man Constitution Elections to Council Act 1971 to a reference to Standing Orders of the House; and clause 4
970 repeals the Isle of Man Constitution Elections to Council Act 1971, which would therefore be redundant.

I beg to move that clauses 3 and 4 stand part of the Bill.

The Speaker: Hon. Member for Peel and Glenfaba.

975

Mr Harmer: I beg to second.

The Speaker: The question is that clauses 3 and 4 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**Legislative Council Elections Bill –
Third Reading approved**

980 **The Speaker:** Mr Ashford, I call on you to move the Third Reading.

Mr Ashford: Thank you, Mr Speaker.

I beg to move that the Bill be read a third time.

985 **The Speaker:** Mr Harmer.

Mr Harmer: I beg to second.

The Speaker: The question is that the Legislative Council Elections Bill be read for a third
990 time. All those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Thank you, Hon. Members.

5. BILLS FOR THIRD READING

**5.1. Beneficial Ownership Bill 2017 –
Third Reading approved**

Mr Cannan to move:

That the Beneficial Ownership Bill 2017 be read a third time.

The Speaker: We turn now to other Bills for Third Reading and, firstly, I call on Mr Cannan to move the Beneficial Ownership Bill 2017.

995 **Mr Cannan:** Mr Speaker, the Bill establishes a central database of beneficial ownership for the widest possible range of corporate and legal entities incorporated within the Isle of Man. In so doing, the Bill gives legal effect to the Exchange of Notes which the Government signed with the UK government in April last year.

1000 The tight timetable for progressing this important piece of legislation has been extremely challenging and I would like to thank Hon. Members and the officers involved for their support at last week's sitting.

1005 The Government was pleased to address the issues raised through the amendments tabled by the Hon. Member for Ramsey, Mr Hooper. Although we could not agree to the statutory requirement for the Financial Services Authority to consult on its guidance under the Bill, the Authority will now lay its guidance before Tynwald.

1010 Mindful of the proviso that Treasury may have to amend the required details of beneficial owners in the future, the amendment to remove the obligation for some of those details from the outset, including gender and occupation, provides a more proportionate starting point. And finally, I hope that a workable solution has been found in relation to collective investment schemes. I restate the undertaking for Treasury to come forward with an exemption order in respect of those schemes which have regulated institutional investors. Any such order will be subject to Tynwald approval.

1015 The Hon. Member for Douglas East, Mr Robertshaw, sought further clarification on how, by way of example, a 1931 company that is not listed on a stock exchange but which is a public company dealing with its share exchanges through matched bargains, would fit into the Bill.

1020 I can confirm that a company such as that given in the Hon. Member's example would not be exempt from the Bill. The exemption in clause 5(2) only applies to companies listed on 'a stock or investment exchange recognised by the Treasury'. Essentially, this exemption deals with circumstances where the transparency requirements of the listing exchange place similar obligations on a company as the Bill seeks to do. As such, even if the company is a public company, unless it is listed on a Treasury recognised exchange, the exemption will not apply to it and the company must comply with its obligations under the Act.

1025 However, clause 11(1)(b) of the Bill does anticipate that in some cases there may be genuine difficulties in identifying every beneficial owner of an entity, perhaps because they are beneficiaries under a discretionary trust or because the size of the class is extremely large. In such cases where the class of beneficiaries is of such a size that it is not reasonably practicable to identify each beneficial owner, details sufficient to identify and describe the class of owners may be provided. The guidance to be issued by the Financial Services Authority will provide further detail about the practicalities of the information to be provided in such circumstances.

1030 Mr Speaker, the Bill has been drafted to recognise that beneficial ownership is a live and ongoing international issue which will almost inevitably evolve further in the coming years. Indeed, the Exchange of Notes itself is something of a living document, with an inbuilt review mechanism after six months of coming into operation and then annually thereafter. It is also becoming clearer how other jurisdictions which are bound by an Exchange of Notes will implement the commitments into their domestic arrangements.

1035 To help future proof the Bill and afford maximum flexibility as quickly as possible, the Bill contains a number of order making powers by which provisions can be amended by Treasury and for which Treasury, or the Department of Economic Development, can make regulations to supplement the detail in the Bill with Tynwald approval where necessary.

1040 Mr Speaker, I beg to move that the Beneficial Ownership Bill 2017 now be read for the third time.

The Speaker: Hon. Member for Middle, Mr Shimmins.

1045 **Mr Shimmins:** Thank you, Mr Speaker.
I beg to second and reserve my remarks.

The Speaker: The question is that the Beneficial Ownership Bill be read for a third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**5.2. Equality Bill 2016 –
Third Reading approved**

Mr Thomas to move:

That the Equality Bill 2016 be read a third time.

The Speaker: Item 5.2, the Equality Bill 2016. I call on Mr Thomas to move.

1050

Mr Thomas: Thank you, Mr Speaker.

In moving the Third Reading of the Equality Bill today, I am sure that both you and Hon. Members will be pleased to hear that I do not intend to take as long as was required for the clauses! (*Laughter*) (**A Member:** Hear, hear.) (**A Member:** A low bar!)

1055

I do think, though, that it was very important for the House to take its time in considering the detail of this undeniably lengthy but very important piece of social legislation. I would like to say again how grateful I am to Hon. Members for the constructive way in which they have engaged with the process; and I thank Members for their foresight in establishing procedures for a Committee of the Whole House, which I believe was very helpful to consider this Bill. I want to thank particularly those Members who brought very helpful amendments in respect of ... well, we know what they were, and also made comments about things like tribunals. I hope that those Members will follow up in years to come to make sure that all the promises that have been made during the clauses stage and Second Reading are actually followed up.

1060

Before I move on, there are some points from last week that I will deal with.

1065

The Hon. Member for Ramsey, Mr Hooper, asked a question about the amendments to remove references to making Class 1 National Insurance contributions in some provisions relating to an employer becoming insolvent or where an employer has ceased to carry on business in the Island.

1070

The purpose of the amendments is to correct the situation whereby some part-time employees cannot build up rights to certain payments from the Manx National Insurance Fund when their employer becomes insolvent or ceases business, and Mr Hooper asked whether the amendments could result in persons such as third party contractors being able to claim payments from the fund. I said that the provisions only apply to employees but I also said that I would come back with a fuller explanation.

1075

The amendments in question are to sections 147(1) and 148(1) of the Employment Act 2006 and to section 25 of the Redundancy Payments Act 1990. I can now confirm that each of these provisions explicitly only apply to employees.

1080

The term 'employee' has a specific definition in section 173 of the 2006 Act which also applies for the purposes of the 1990 Act. Under that definition, 'employee' means an individual who has entered into or works under – or where the employment has ceased, *worked* under – a contract of employment. 'Employees' are a sub-set of 'workers' – all employees are workers, but not all workers are employees.

1085

Since the provisions only apply to employees there is no danger that persons such as third party contractors will have recourse to the Manx National Insurance Fund as an unintended consequence of these amendments.

I should say, however, that in talking about a related amendment in the same group of paragraphs in Schedule 21 to the Bill – that being the amendment to paragraph 13 of Schedule 5

to the Employment Act – I incorrectly referred to part-time workers but that provision also only applies to employees.

1090 Mr Speaker, the Hon. Member for Middle, Mr Shimmins asked about the computation of an employee's period of continuous employment for the purpose of accruing rights to redundancy payments when there is a transfer of business.

1095 The Hon. Member was particularly interested in the situation where a business may be struggling, a 'white knight' is thinking about acquiring the business, and the potential liability for redundancy payments that such a benefactor may inherit. As I said last week, the Island does not have the TUPE regulations that operate in the UK to preserve employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer.

1100 However, it is already the case under the Island's Employment Act 2006 that if a trade, business or undertaking is transferred from one person to another, the period of employment of an employee at the time of transfer counts as a period of employment with the person to whom the trade, business or undertaking is transferred. The transfer does not break the continuity of the period of employment. The amendments in this area were largely to give additional clarity about exactly what is covered by the provision rather than to make any fundamental changes to it.

1105 Mr Speaker, last week the Hon. Member for Douglas East, Mr Robertshaw, asked about the meaning of the word 'immediately' in relation to an amendment to the Control of Employment Act 2014.

1110 Under the new provision if a person is born in the Island and that person is then ordinarily resident in the Island for an unbroken period of at least five years 'immediately' following their birth, their grandchildren will be Isle of Man workers.

The word 'immediately' has the meaning that most people would understand it to mean, but it is perhaps worth referring to what Black's online law dictionary has to say about the word 'immediately'. That dictionary refers to the comments of Chief Justice Cockburn in the case of *Regina v the Justices of Berkshire*, which were as follows:

It is impossible to lay down any hard and fast rule as to what is the meaning of the word 'immediately' in all cases. The words 'forthwith' and 'immediately' have the same meaning. They are stronger than the expression 'within a reasonable time' and imply prompt, vigorous action, without any delay, and whether there has been such action is a question of fact, having regard to the circumstances of the particular case.

1115 I think that words 'without any delay' here, as they relate to the meaning intended for the new provision by the Department of Economic Development ... and as it is given effect by the legislative drafter – simply that the provision applies to the grandchildren of people who were ordinarily resident in the Island for at least the first five years of their lives, having been born in the Island.

1120 It is also worth noting that the wording in respect of grandchildren is identical in form to the wording of the provision that is already in the Control of Employment Act 2014 under which the child of a person who was born in the Island and who lived in the Island for at least the first five years of their life is an Isle of Man worker. And, so far as I am aware, there have been no problems with the interpretation of that provision.

1125 Mr Speaker, moving on now, if, as I sincerely hope will be the case, the Bill is given its Third Reading today and there is no undue delay when the Bill returns to the other place to consider the amendments that have been made by this House, the Equality Bill could be granted Royal Assent before the summer and we will then move into the next stage.

1130 The other place of course needs to carefully consider the amendments so that we have a proper Equality Act which is suitable for our Island and our society, but as Hon. Members will have seen, 'Implement the Equality Act' is a specific action in the Programme for Government, so there can be no doubt about the Government's commitment to seeing this through this year and in coming years.

1135 Some of the amendments to the Island's Employment Act in Schedule 21 to the Bill that will give the Department of Economic Development new enabling powers may be brought into operation soon after Royal Assent; although the actual use of those powers will, of course, require statutory documents to be submitted to Tynwald for approval. But the main provisions of this Bill will not come into operation immediately following Royal Assent.

Perhaps Mr Robertshaw wants the definition of 'immediately' in that context. *(Laughter)*
1140 **(Mr Robertshaw:** Immediately! Yes.)

As has been said a number of times during the previous stages of the Bill, there will need to be careful preparation for bringing the Bill into operation. There is a large amount of good documentation relating to the UK's Equality Act 2010, much of which can be adapted for use in the Island, but it is still likely to be early next year before we start to bring the substantive provisions of the Bill into operation.
1145

And some provisions will take longer; there will be no 'big bang' of everything coming into operation in the first part of next year. For example, the new right to equal pay for work of equal value will not come into operation until two years, and perhaps a little more, following Royal Assent.

1150 Also, as I have said before, the provisions that deal with disability and which will, in due course, supersede the Disability Discrimination Act will respect the timetable established for bringing that Act into operation.

So the provisions of the DDA relating to goods and services which are due to come into operation on 1st January 2018 will still come into operation on that date as planned, but on 1155 1st January 2020, when the final provisions of the DDA are due to come into force, that Act will be repealed and replaced by the Equality Act. I certainly hope so.

Mr Speaker, I would like to thank the officers in the Department of Health and Social Care who have been working on the implementation of the Disability Discrimination Act for the good work that has been done so far to support the implementation of that Act. That work will not have been wasted; it is a valuable precursor to the Equality Act in respect of the protected characteristics of disability.
1160

The Cabinet Office is currently considering how best to support the implementation of the Equality Act, which is obviously much more of a cross-Government project, and also a larger project, than the implementation of the DDA has been.

1165 It is still envisaged that, in much the same way as for the Employment (Sex Discrimination) Act or the Human Rights Act in the past, or the Freedom of Information Act at the minute, dedicated resource will be put in place, on a limited term basis of perhaps two years, to support the implementation of the Equality Act.

It is envisaged that such a person would co-ordinate the relevant parts of Government – which in actual fact is everywhere in Government: the Departments of Economic Development; Education and Children; Health and Social Care; Infrastructure; and even Treasury – in the necessary preparations for various parts of the Bill to come into force. DEFA even get a mention in the defined terms.
1170

It would also be necessary to go out to talk with the Tynwald Advisory Council for Disabilities, which takes on an ever greater role to look to work with the tribunal for its own activities and for its engagement with the public sector, to look to go and support the Office of Fair Trading, as we would need to do to build up its role in this area, and also to support the Manx Industrial Relations Service, because that would have a very important role.
1175

We also need to go out to business groups and the third sector to raise awareness of the Bill and fulfil all of the promises that we have made about education and getting things right in terms of the preparation.
1180

The plans for implementing the Bill would be worked up in time for this summer, so we would have more of an idea about exactly what we were committing to at that stage.

1185 Mr Speaker, in closing, I would like to thank again my seconder, the Hon. Member for Douglas North, Mr Ashford, and also the Hon. Members for Rushen and for Onchan, Mr Skelly and Mr Callister, who moved and seconded the Government amendments to the Bill.

Mr Speaker, I beg to move that the Equality Bill be read for a third time.

1190 **The Speaker:** I call on the Hon. Member for Douglas North, Mr Ashford.

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

The Speaker: I turn now to the Hon. Member for Ramsey, Dr Allinson.

1195 **Dr Allinson:** Thank you, Mr Speaker.

I would like to congratulate the Hon. Member on bringing through this really important social legislation.

1200 I do not think he should apologise for this attention to detail. This is a precise and very detailed bit of legislation, whilst also being all-encompassing. It provides universal protection against discrimination.

I also welcome his commitment to a gradual onset of the legislation following concerns from employees and also for industry.

1205 I would like to thank him and his team for the inclusive process in terms of amendments and welcoming those and encouraging those from other Members, and I also concur with him about the use of the Committee of the House and how useful that was to try to tease some of the precise details.

I think this is a ground breaking bit of legislation which looks right across the whole population while predicting the key elements of individuals.

So I would like to support this Bill coming through.

1210 **The Speaker:** Hon. Member for Douglas East, Miss Bettison.

Mr Robertshaw: Thank you, Mr Speaker.

1215 **The Speaker:** Sorry, unless you are Miss Bettison, Mr Robertshaw ...? *(Laughter)* I did call on Miss Bettison.

A Member: Gender equality. *(Laughter)*

1220 **Miss Bettison:** Thank you, Mr Speaker.

1225 I would like to restate my support for the Equality Bill and the importance of ensuring fairness on our Island. I would also like to enquire of the hon. mover whether consideration has been given to changes in the funding and support structures for the committees such as the Tynwald Equality Consultative Council, which was formerly the Tynwald Advisory Council for Disabilities, assuming the legislation goes through, in view of the widened role and increased responsibilities for organisations such as this.

The Speaker: Now the Hon. Member for Douglas East, Mr Robertshaw!

1230 **Mr Robertshaw:** Thank you, Mr Speaker, and even considering the Equality Bill, it is good that ladies still come before ... *(Laughter)*

The Minister for Policy and Reform will be pleased to know that I do not seek the answer to this immediately, *(Laughter)* and I am grateful to him for his guidance in terms of ... some guidance towards the sequence of events in the timetabling, but in due course would he think it

1235 helpful to produce, when it is appropriate, some sort of timescale on Appointed Day Orders so that organisations and businesses will have some idea of how this will roll in and when?

The Speaker: Thank you.
Hon. mover, Mr Thomas, to reply.

1240

Mr Thomas: Thank you, Mr Speaker, and to the three Members for their contributions. Dr Allinson's comments about detail and the gradual aspect of this introduction are well heard. I thank him for those. Also it gives me an opportunity to pick up on something that he said, which is: I deliberately reserved my thanks for the staff members involved in this to my summing up remarks, and Dr Allinson pointed that out as well.

1245

It has been a mammoth effort – over four years in some cases – to put this legislation together and I really appreciate all of the efforts made by the three staff members here today and all of those behind them who have supported them along the way. (**Members:** Hear, hear.) Obviously, they will also have the privilege and the honour of knowing – at least two of them will – that they were the first people to take advantage, or to be exploited in the Committee of the Whole House (*Laughter*) that together we have created for them. So they did very well, didn't they? It must be very difficult getting a balance between political aspiration and legislative drafting, and I thought we handled that well.

1250

Miss Bettison, the Hon. Member for Douglas East, makes a very good point that we need to think through the issues about the implications for the bodies; the Hon. Member for Douglas East mentioned specifically – formerly, or still – the Tynwald Advisory Council for Disability; the Office of Fair Trading – all of these bodies I covered in my remarks and we do need to think through the budgetary issues.

1255

I think it is an excellent point that we need to have a timetable, as the other Hon. Member for Douglas East, Mr Robertshaw, suggested. I think by the end of 2017 we will probably be in a good place to be able to put everything down in one place so that we have a structure and a timetable that we can all sign up to and take nobody by surprise.

1260

Thank you very much, Mr Speaker.

1265

The Speaker: The question is that the Equality Bill 2016 be read for a third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

5.3. Fraud Bill 2017 – Third Reading approved

Miss Bettison to move:

That the Fraud Bill 2017 be read a third time.

The Speaker: I call on Miss Bettison to read the Third Reading of the Fraud Bill.

Miss Bettison: Thank you, Mr Speaker.

1270

I rise today to move the Third Reading of the Fraud Bill 2017 and, in doing so, I summarise as follows.

The Bill has been promoted to address difficulties found in current law, as highlighted by the case of Dr Dirk Hoehmann in 2013. Secondly, it makes sense to combat fraud through specific legislation. Thirdly, having specific law relating to fraud will help ordinary people and businesses receive justice in respect of fraudsters or would-be fraudsters.

1275

The Bill is an important further step in enhancing the Island's international reputation as a well-regulated jurisdiction. The Bill that has now passed through its clauses stage is virtually a word-for-word mirror of the UK's Fraud Act 2006, though with sentences similar to Guernsey's equivalent law.

1280 Through clause 6, mention was made of case law such as *R v Ghosh* in relation to proving dishonesty. In clause 11 we noted that creditors of any person or business may be defrauded at any time and not just in the context of the winding up of a company. Finally, in clause 15 we noted the definition of 'resident' and, when taken with clause 17, there is a definition of 'person or officer in relation to company' that is considered sufficiently wide to ensure that any person
1285 responsible for fraud committed by or in the name of a company may be held to account.

Mr Speaker, I thank Hon. Members for their consideration and beg to move that the Fraud Bill 2017 be read a third time.

The Speaker: I call on the Hon. Member for Douglas South, Mr Malarkey.

1290

Mr Malarkey: Thank you, Mr Speaker.

I rise to second the final Reading but also to congratulate a Member of the Department, the Hon. Miss Bettison, for her maiden Bill that she handled very professionally, (**Several Members:** Hear, hear.) and managed extremely well in my absence last week when I was not even here to help her through the clauses stage. So I would like to congratulate her and thank her for a good
1295 job well done.

Several Members: Hear, hear.

1300 **The Speaker:** Mover, do you care to reply? In which case, the question is that the Fraud Bill 2017 be read for a third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

6. CONSIDERATION OF CLAUSES

6.1. Income Tax Legislation (Amendment) Bill 2017 – Clauses considered

Mr Cannan to move.

The Speaker: We turn now to consideration of clauses and the Income Tax Legislation (Amendment) Bill 2017. Mr Cannan to move.

1305

Mr Cannan: Mr Speaker, this Bill is divided into five parts and contains 15 clauses. It confirms two temporary taxation orders, amends the Income Tax (Instalment Payments) Act 1974, the Income Tax (Modified I.T.I.P.) Regulations 1987, makes various amendments to the Income Tax Act 1970, modifies the interpretation of certain provisions of Social Security legislation, and makes one amendment to the Tribunals Act 2006.
1310

During this Reading, my hon. colleague for the Treasury, Mr Peake, will move four amendments, with Mr Speaker's permission. These include an amendment to clause 4 to confirm two additional temporary taxation orders which formed part of last month's Budget. They also include the substitution of clause 10 to reflect the concerns raised by the Hon. Member for Ramsey, Mr Hooper, during the Second Reading.
1315

The remaining two amendments each insert a new clause. The first of these corrects an erroneous cross-reference in a current Act, while the final amendment provides for information

to be disclosed between the Assessor and the Department of Education and Children for the purpose of informing Government policy-making.

1320 Mr Speaker, turning to the Bill, clause 1 provides the short title of the Act. I beg to move that clause 1 stand part of the Bill.

The Speaker: I call on Mr Peake, Hon. Member for Douglas North.

1325 **Mr Peake:** I beg to second.

The Speaker: The question is that clause 1 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 2.

1330

Mr Cannan: Clause 2 provides for the commencement of the Act.

Section 9 will come into operation on 6th April 2017 for all corporate accounting periods ending on or after that date. The remainder of the Act comes into operation in accordance with the Interpretation Act 1976 with the proviso that for Part 3 and section 14 it will have effect in respect of payments that become due and payable after the date determined by the Interpretation Act, while for sections 10, 11, 13 and 15 it will have effect in respect of any notice filed after the date determined by that Act.

1335

I beg to move that clause 2 stand part of the Bill.

1340

The Speaker: Mr Peake.

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

The Speaker: The question is that clause 2 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

1345

Clause 3, Mr Cannan.

Mr Cannan: Clause 3 provides for the Act to expire on the day after its promulgation except for section 14 and those provisions which are automatically repealed on that day by section 115a of the Income Tax Act 1970. It also confirms that its expiry will not affect the provisions of the Act or revive any provision.

1350

I beg to move that clause 3 stand part of the Bill.

The Speaker: Mr Peake.

1355

Mr Peake: Thank you, Mr Speaker. I beg to second.

The Speaker: The question is that clause 3 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

1360

Clause 4, Mr Cannan.

Mr Cannan: Clause 4 confirms two temporary taxation orders that were approved in February last year as part of the 2016 Budget.

The first of these is the Income Tax (Corporate Taxpayers) (Temporary Taxation) Order 2016. This enables the temporary tax exemption provided by section 2a of the Income Tax Act 1970 to apply to a business that meets the criteria set out in regulation 4 of the Enterprise Act 2008 (Eligible Businesses) Regulations 2014. It also provides that a company can be treated as an eligible business if the tenant or buyer of its property is establishing or has established a business in that property that qualifies as an eligible business.

1365

1370 The second temporary taxation order to be confirmed by this Bill is the Income Tax (Individuals) (Temporary Taxation) Order 2016. This allows the Assessor to suspend a person from the requirement to submit an annual tax return if the Assessor believes they have no liability to Income Tax.

1375 In such cases, the Assessor will notify the person in writing of the suspension. If, while suspended, the person experiences a change in circumstances which could affect their tax position they must notify the Assessor in writing. If it is subsequently found that they did have a tax liability during a year in which their obligation to submit a return was suspended, the Assessor can raise an assessment on that person which will charge tax from the date on which the tax would have been due and payable if the person had not been suspended.

1380 The Order also provides that the payment of a trivial commutation lump sum from a pension scheme approved by the Assessor will be treated as taxable income of the member it is paid to and for the lump sum to be treated, for tax purposes only, as remuneration paid from an employer.

1385 The final amendment it makes is to introduce a penalty of up to 60% of the tax charged when the Assessor raises an assessment or additional assessment to counteract a transaction, the purpose or one of the purposes of which is believed to be the avoidance or reduction of an individual's Income Tax liability. It also provides that the tax charged in these circumstances will carry interest.

I beg to move that clause 4 stand part of the Bill.

1390

The Speaker: Hon. Member for Middle, Mr Shimmins.

Mr Shimmins: Thank you, I beg to second.

1395 **The Speaker:** Hon. Member for Douglas North, Mr Peake.

Mr Peake: Thank you, Mr Speaker.

1400 As the Treasury Minister has explained, the amendment to clause 4 will confirm the two temporary taxation orders that were approved by Tynwald last month as part of the Budget. The purpose of the amendment is to save on administration and the costs of producing a further Bill over the next 12 months that would otherwise be necessary to confirm these orders.

1405 The first temporary taxation order is the Income Tax (Personal Allowance Credit) (Temporary Taxation) Order 2017. This Order amends the Income Tax Act 2003 in order to ensure that a personal allowance credit cannot be claimed for, or paid in respect of, an individual for the year of assessment in which the individual dies. The Order also requires any regulations made under Part 1 of that Act to be approved by Tynwald before they can come into operation.

1410 The second order is the Income Tax (Disclosure of Information) (Temporary Taxation) Order 2017. This Order amends section 106 of the Income Tax Act 1970 to extend the duty of confidentiality in respect of all Income Tax documents and information to other officers within Treasury. It also enables Income Tax documents and information to be disclosed to Treasury officers who are undertaking or assisting in the administration of Income Tax.

These measures will enable Treasury Divisions to work more closely together, leading to greater effectiveness and an improved level of service for the public.

I beg to move the amendments standing in my name:

Amendments to clause 4

Page 10, after line 15 insert —

*«(c) the Income Tax (Personal Allowance Credit) (Temporary Taxation) Order 2017; and
(d) the Income Tax (Disclosure of Information) (Temporary Taxation) Order 2017.».*

In consequence of this amendment omit 'and' at the end of line 14 on page 10.

1415 **The Speaker:** The Hon. Member for Douglas Central, Mr Thomas.

Mr Thomas: Thank you, Mr Speaker.
I beg leave to second and reserve my remarks.

1420 **The Speaker:** Hon. Member for Douglas East, Mr Robertshaw.

Mr Robertshaw: Thank you, Mr Speaker; just a little bit of clarification here.

I am speaking to the main part of the clause rather than the amendment but the intention here is to remove certain low-income people from the requirement to produce a return, if I have understood this correctly. But there may be inherent in this the potential for retrospective taxation where somebody's income has exceeded the point at which they then have to submit a return. Is there perhaps some concern that accumulative retrospective tax on a low-paid person might incur certain difficulties for that individual? And is the Treasury Minister mindful to do everything possible that that trap does not get fallen into?

1425
1430 I hope my question makes some sort of sense, but I know what I am trying to say.

The Speaker: An opportunity first for Mr Peake to reply on any part of the amendment if you wish to? No.

Mr Cannan to reply to the clause.

1435

Mr Cannan: Thank you, Mr Speaker.

Just to answer the Hon. Member's question there, this just allows for protection of revenue were circumstances to change for an individual and all these cases, were the Assessor to deem an individual to be exempt from submitting a return and for circumstances to change, this clause merely allows for some protection in the event of unexpected circumstances; and were it a marginal decision I am sure the Assessor would be dealing with it sensitively.

I beg to move.

1440
1445 **The Speaker:** Putting to you first the amendment in the name of Mr Peake. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Putting to you, then, clause 4 as amended. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 5, Mr Cannan.

1450 **Mr Cannan:** Clause 5 introduces the amendments to be made to the Income Tax (Instalment Payments) Act 1974.

I beg to move that clause 5 stand part of the Bill.

The Speaker: Mr Peake.

1455

Mr Peake: I beg to second.

The Speaker: The question is that clause 5 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

1460 Clause 6, Mr Cannan.

Mr Cannan: Clause 6 amends section 1 of the Income Tax (Instalment Payments) Act 1974 which provides for definitions and regulations for Income Tax instalment payments (ITIP). The regulations that can be made are those necessary to bring the provisions of the Act into effect.

1465 The clause substitutes subsection (2B) in order that regulations drawn up under the Act may provide for an additional offence. The new offence will apply to an employer who is a body

corporate who fails to pay to the Assessor any ITIP they have deducted from their employees. If an employer is convicted of this offence they will be liable to a fine not exceeding £10,000.

I beg to move that clause 6 stand part of the Bill.

1470

The Speaker: Mr Peake.

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

1475

The Speaker: The question is that clause 6 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 7, Mr Cannan.

1480

Mr Cannan: These regulations bring the provisions of the Income Tax (Instalment Payments) Act 1974 into effect and clause 7 amends them in a number of ways.

The amendments all affect Part VI of the regulations. The first is the substitution of the Part heading to read 'Civil Penalties and Criminal Offences'. The clause goes on to amend regulation 32 by substituting subsection (1) in order to insert 32A, one of three new regulations.

1485

Before I describe what these new regulations do I would like to briefly explain why these amendments are considered to be necessary. The Assessor of Income Tax routinely deals with employers who deduct ITIP and National Insurance contributions from their employees and fail to pay these to the Assessor. They appear to think it is acceptable to keep these deductions to aid cash flow when the business is experiencing difficult times.

1490

Currently, under National Insurance legislation, a company can be prosecuted for failure to pay over the contributions it has deducted, and where it is convicted the directors of the company can be held personally liable for the outstanding company debt. A similar power is not currently available for the non-payment of ITIP and it is this imbalance that the amendments to these regulations largely address.

1495

Turning now to the three new regulations inserted by this clause: the first of these, regulation 32A, uses the power provided by clause 6. Under this new regulation, if an employer who is a body corporate fails to pay to the Assessor the monthly ITIP deductions it has made from its employees within three months of the relevant Income Tax month, it will be liable to the civil penalty that already exists in regulation 32. However, if after three months it has still failed to pay any of the amounts due, the employer will then have committed an offence.

1500

The regulation further provides that the prosecution for the offence can be combined with similar proceedings that the employer may be subject to for non-payment of NI under social security legislation and also that it will be liable, on summary conviction, to a fine of not more than £10,000.

1505

Finally, the regulation provides that if the employer is convicted of failing to pay ITIP to the Assessor, an officer authorised by the Assessor will determine whether or not the directors of the employer knew or could reasonably be expected to have known of that failure. In addition, if the employer is convicted in the same proceedings of failure to pay National Insurance to the Assessor, the authorised officer can exercise a power contained in the Social Security Administration Act 2008 to also determine whether or not the directors knew or could reasonably be expected to have known of the failure to pay NI, and if so the officer will decide the portion of National Insurance debt due from each director.

1510

The second new regulation to be inserted by this clause is 32B. This provides that the authorised officer can make any enquiries and review any evidence that they consider appropriate when making a determination, and that they should make the determination as quickly as possible and then provide the directors with a written copy.

1515

The regulation also provides that the directors can appeal to the Income Tax Commissioners, any determination made by the authorised officer regarding the failure to pay ITIP, or both ITIP and National Insurance, whether it concerns their knowledge of the non-payment or the amount

1520 determined to be due from them personally. The commissioners can confirm, vary, or overrule
the decision and substitute a different decision, and will advise the directors in writing of the
outcome.

1525 The third and final regulation to be inserted by this clause is 32C. If an employer has been
convicted of the offence of failure to pay over ITIP deductions, and an authorised officer has
determined that the directors of the employer knew or can reasonably be expected to have
known of that failure, this regulation provides that the authorised officer can then determine
the outstanding amount of ITIP debt due, jointly and severally, from each director. If, 30 days
after the date on which the directors were given their written notification from the authorised
officer under regulation 32B, any of the company debt remains outstanding, the Assessor can
issue the coroner with a warrant to collect that amount from the directors personally.

1530 I beg to move that clause 7 stand part of the Bill.

The Speaker: Mr Peake.

1535 **Mr Peake:** I beg to second and reserve my remarks.

The Speaker: The question is that clause 7 stand part of the Bill. Those in favour, please say
aye; those against, no. The ayes have it. The ayes have it.

Clause 8, Mr Cannan.

1540 **Mr Cannan:** Clause 8 introduces the amendments to be made to the Income Tax Act 1970.
I beg to move that clause 8 stand part of the Bill.

The Speaker: Mr Peake.

1545 **Mr Peake:** I beg to second.

The Speaker: The question is that clause 8 stand part of the Bill. Those in favour, please say
aye; those against, no. The ayes have it. The ayes have it.

Clause 9, Mr Cannan.

1550 **Mr Cannan:** Clause 9 amends section 2N of the Act, which addresses the residence of Isle of
Man incorporated companies. Under section 2N all companies incorporated in the Isle of Man
are resident in the Island for the purposes of the Income Tax Acts unless they can prove to the
Assessor that they satisfy four conditions that are set out in that section.

1555 One of the four conditions offers two alternatives and this clause amends one of the two
alternative conditions. That condition currently sets a minimum level for the highest rate at
which a company may be taxed on any part of its profits, in the country in which it wishes to
prove it is resident, and this clause amends that level from 20% to 15%.

1560 Finally, the clause also replaces an out-of-date reference to section 54 with a reference to
section 104B.

I beg to move that clause 9 stands part of the Bill.

The Speaker: Mr Peake.

1565 **Mr Peake:** I beg to second.

The Speaker: The question is that clause 9 stand part of the Bill. Those in favour, please say
aye; those against, no. The ayes have it. The ayes have it.

Clause 10, Mr Cannan.

1570

Mr Cannan: In reference to the amendments forthcoming, I beg to move that clause 10 stands part of the Bill.

The Speaker: Mr Shimmins.

1575

Mr Shimmins: Thank you, I beg to second.

The Speaker: Mr Peake.

1580

Mr Peake: Thank you, Mr Speaker.

As the Treasury Minister has explained, this amendment arises from an issue raised by the Hon. Member for Ramsey, Mr Hooper, at the Second Reading of this Bill. As a result of the concerns raised it is proposed that clause 10 be substituted.

1585

Under the new version of the clause if a person contests an Income Tax assessment, the requirement to pay any unpaid portion of the contested assessment in advance of a decision being made regarding the amount of the liability will only apply to those cases that are notified to the Income Tax Commissioners.

1590

The requirement to pay in advance will therefore not apply to an appeal when it is notified to the Assessor. This will restrict the application of the clause to only a very small number of cases. However, these are the most contentious cases and are historically the ones that are more likely to remain unpaid regardless of the decision made by the Commissioners concerning the liability.

I beg to move the amendment standing in my name:

Substitution of clause 10

Page 14, in lines 29 to 37, and page 15, in lines 1 to 18, omit clause 10 and substitute the following —

«10 Amendment of section 87

Section 87 (Aggrieved person may contest assessment) of the Income Tax Act 1970 is amended by inserting the following immediately after subsection (5) —

'(6) Unless subsection (7) applies, a person —

(a) giving notice under subsection (5); or

(b) in respect of whom notice is given under subsection (5) by either the Assessor or the person's representative,

must simultaneously pay over to the Assessor the full amount demanded in the assessment or such portion of it as remains outstanding, as the case may be.

(7) The Commissioners may, in exceptional circumstances, determine that in a particular case the person to whom the assessment relates need not pay the amount demanded in the assessment at the time the notice is given under subsection (5), and if the Commissioners so determine they shall so notify the person in writing.

(8) If the assessment is —

(a) determined by the Commissioners under subsection (5); or

(b) amended at the direction of the Staff of Government Division under section 90(5) (Appeal from decision of Commissioners to Staff of Government Division),

any refund due to the person shall be paid as soon as is reasonably practicable.'».

1595

The Speaker: Hon. Member for Douglas Central, Mr Thomas.

Mr Thomas: Thank you, Mr Speaker. I beg leave to second.

1600

The Speaker: Putting to you first the amendment, Hon. Members. Firstly, the amendment in the name of Mr Peake. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 10, as amended: those in favour, please say aye; those against, no.

Can I have an electronic vote on that? I will just remind Hon. Members that this is clause 10, as amended.

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

FOR

Dr Allinson
Mr Ashford
Mr Baker
Mrs Beecroft
Miss Bettison
Mr Boot
Mrs Caine
Mr Callister
Mr Cannan
Mrs Corlett
Mr Cregeen
Ms Edge
Mr Harmer
Mr Hooper
Mr Malarkey
Mr Moorhouse
Mr Peake
Mr Perkins
Mr Quayle
Mr Robertshaw
Mr Shimmins
Mr Skelly
Mr Thomas

AGAINST

Mr Speaker

1605 **The Speaker:** With 23 votes for, 1 vote against, the ayes have it, the ayes have it.
Clause 11, Mr Cannan.

Mr Cannan: Clause 11 makes a number of amendments to section 88, concerning the Income Tax Commissioners. These have been requested by the Commissioners and the Appointments Commission has been consulted on them and is in agreement with the amendments.

1610 The first amendment repeals and replaces subsection (2) in order that the Chairman of the Commissioners can appoint one of the other eight Commissioners to act as deputy chairman in their absence, providing they are suitably qualified. Currently, the Commissioners are unable to hold proceedings if the Chairman is unable to attend.

1615 The clause goes on to remove the requirement in subsection (4) for new Commissioners to make a declaration before a Deemster prior to taking up office, the reason for its removal being that a further amendment made by the clause renders the declaration unnecessary.

An amendment to subsection (10) removes the need for the Commissioners to keep minutes of their proceedings if an audio recording is being made, while another to subsection (17) provides that the names of those Commissioners present need only be recorded in the minutes if no audio recording is being made.

1620 A further amendment repeals subsection (12) which is out of date, whilst another amends subsection (21) to extend the period of notice that the commissioners should give of the time and place of a sitting, to those whose appeals are to be heard, from 14 days to 28 days.

1625 Finally, the clause inserts two new subsections. The first of these, subsection (24), enables the Treasury, after consultation with the Chairman of the Commissioners, to make regulations concerning the practice and procedure of the Commissioners. The second new subsection, (25), lists a number of matters that the regulations can address and also enables the proceedings to

1630 be held in public unless they relate to a matter of national security or the Commissioners in their absolute discretion decide against this.

I beg to move that clause 11 stand part of the Bill.

The Speaker: Mr Peake.

1635 **Mr Peake:** I beg to second.

The Speaker: The question is that clause 11 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Clause 12, Mr Cannan.

1640

Mr Cannan: Clause 12 amends section 106 which addresses the duty of confidentiality of every person who has an official duty under or in respect of the Income Tax Acts.

1645 Section 106 currently contains a few exceptions to the duty of confidentiality and this clause inserts a further exception. It inserts a new subsection (4A) which allows the name, address and date of birth of an Island resident who is approaching a significant age of advanced years, to be passed to the private secretary to the Lieutenant Governor. The sole purpose of providing this information is to enable His Excellency, the Lieutenant Governor, or the Crown to send that resident a special message to commemorate a significant birthday, such as their 100th year.

1650 The clause also makes a consequential change to each of subsections (1), (2), (3) and (5A) to reflect the insertion of the new subsection.

I beg to move that clause 12 stand part of the Bill.

The Speaker: Mr Peake.

1655 **Mr Peake:** Thank you, Mr Speaker. I beg to second.

The Speaker: The question is that clause 12 stand part of the Bill.

Mr Cannan?

1660 **Mr Cannan:** Just a point of order, there, in that I believe we were due to move an amendment –

The Speaker: We have got two new clauses to come after this, Mr Cannan, if that is what you are thinking? (**Mr Cannan:** Yes.) Okay.

1665 So the question is that clause 12 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Turning now to new clause 1, in the name of Mr Peake.

Mr Peake: Thank you, Mr Speaker.

1670 As the Treasury Minister mentioned earlier, this third amendment inserts a new clause which corrects an out of date reference.

The amendment applies to section 106A of the Income Tax Act 1970 and it replaces a reference to section 106(2) which appears in subsection (3), with a reference to section 106(3).

I beg to move the amendment standing in my name.

1675

Insertion of new clause

Page 18, after line 4 insert the following new clause —

«NC1 Amendment of section 106A

Section 106A (Disclosure of information between the Assessor and the Collector of Customs and Excise) of the Income Tax Act 1970 is amended in subsection (3) by deleting 'section 106(2)' and substituting 'section 106(3)'.»

Renumber the subsequent clauses of the Bill and adjust cross-references accordingly.

The Speaker: Mr Cregeen.

Mr Cregeen: I beg to second.

1680 **The Speaker:** The question is that new clause 1 be agreed in principle. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Mr Peake to move new clause 1 in detail.

Mr Peake: Thank you, Mr Speaker.

1685 The fourth and final amendment also inserts a new clause. This clause inserts –

The Speaker: Sorry, Mr Peake, we are still on new clause 1, we are just moving it in detail. I do not think there is much else to say but if you can just move new clause 1 in detail.

1690 **Mr Peake:** Thank you very much, Mr Speaker.
I would like to move that in detail.

The Speaker: Mr Cregeen.

1695 **Mr Cregeen:** I beg to second.

The Speaker: The question is that new clause 1 be approved in detail. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

Mr Peake, I now call on you to move new clause 2.

1700

Mr Peake: Thank you, Mr Speaker.

The fourth and final amendment also inserts a new clause.

This clause inserts a new section, 106F, into the Income Tax Act 1970 which will allow the Assessor and the Department of Education and Children to disclose information to each other.

1705 The main purpose of this 'information gateway' is to allow statistical data to be gathered which can then be used to inform Government policy-making. The data will principally be used to help determine how many Manx students who complete their studies elsewhere subsequently return to the Island to live and work. This will inform whether an incentive is required to attract graduates back to the Island.

1710 I beg to move the amendment standing in my name.

Insertion of new clause

Page 18, after line 4 (and after the preceding amendment if successful) insert the following new clause –

«NC2 Insertion of new section 106F

The Income Tax Act 1970 is amended by inserting immediately after section 106E (Disclosure of information to Treasury and Assessor by certain authorities) the following –

'106F Disclosure of information between the Assessor and the Department of Education and Children

(1) No restriction on the disclosure of information imposed by statute (including this Act), or otherwise, prevents the Assessor and the Department of Education and Children from

disclosing information to each other for the purpose of statistical analysis to be used to inform Government strategy or for any other similar purpose.

(2) Information obtained under subsection (1) must not be disclosed except —

(a) for a purpose mentioned in that subsection; or

(b) with the consent of the provider.

(3) Any person who discloses information under subsection (1) shall not be guilty of an offence under section 106(3) of this Act.

(4) If any person fails to comply with subsection (2) they shall be guilty of an offence.'.».

Renumber the subsequent clauses of the Bill and adjust cross-references accordingly.

The Speaker: Mr Cregeen.

1715 **Mr Cregeen:** Thank you, Mr Speaker. I am pleased to second.

The Speaker: Mr Robertshaw.

1720 **Mr Robertshaw:** Mr Speaker, for absolute clarity, we are talking here about aggregated and anonymised data, aren't we, rather than specifically named data? Just for the record.

The Speaker: Mr Peake to reply.

1725 **Mr Peake:** Thank you very much, Mr Speaker.
Yes, I can confirm that will be all anonymised and it is just for the purpose of getting the data.

Mr Robertshaw: Thank you.

1730 **The Speaker:** The question is that new clause 2 be approved in principle. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
New clause 2 in detail, Mr Peake.

1735 **Mr Peake:** Thank you very much, Mr Speaker.
I would like to just bring that forward in detail.

The Speaker: Mr Cregeen.

Mr Cregeen: Thank you, Mr Speaker. I beg to second.

1740 **The Speaker:** The question is that new clause 2 be approved in detail. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Clause 13, Mr Cannan.

1745 **Mr Cannan:** Clause 13 makes the final amendment to the Income Tax Act 1970, and repeals schedule 2 to that Act. This schedule sets out the form of declaration to be made by the Isle of Man Income Tax Commissioners and is being repealed as a result of amendments made by clause 11 of this Act.

I beg to move that clause 13 stand part of the Bill.

1750 **The Speaker:** Mr Peake.

Mr Peake: Thank you, Mr Speaker. I beg to second.

1755 **The Speaker:** The question is that clause 13 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Clause 14, Mr Cannan.

1760 **Mr Cannan:** Clause 14 amends the interpretation of section 7A(1)(ca) of the Social Security Act 2008 in order to provide for an amendment made by clause 7 of this Bill to the Income Tax (Modified I.T.I.P.) Regulations 1987.

1765 The modified interpretation of that section enables an authorised officer to have the same powers for the purposes of that particular section of the Social Security Act 2008 as a contributions decision-maker but without that legislation being amended in any way. It also provides that all other references to that specific power that appear in other Isle of Man legislation will also be interpreted as empowering an authorised officer.

1770 Clause 14 further provides that a decision made by an authorised officer under that section of the Social Security Act 2008 can only be appealed to the Income Tax Commissioners in accordance with the new regulation 32B provided by clause 7, and cannot be appealed in accordance with the Social Security Act itself.

I beg to move that clause 14 stand part of the Bill.

The Speaker: Mr Peake.

1775 **Mr Peake:** Thank you, I beg to second.

The Speaker: The question is that clause 14 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Clause 15, Mr Cannan.

1780 **Mr Cannan:** Clause 15 amends section 8 of the Tribunals Act 2006 by inserting a new subsection (4) which provides that the section does not apply to the Income Tax Commissioners.

Section 8 provides for the making of rules regarding the practice and procedures of tribunals, including the Income Tax Commissioners. However, following one of the amendments made by clause 11 of this Bill the provision no longer applies to the Commissioners.

1785 I beg to move that clause 15 stands part of the Bill.

The Speaker: Mr Peake.

1790 **Mr Peake:** Thank you, Mr Speaker. I beg to second.

The Speaker: The question is that clause 15 stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

7. MOTION

7.1. Celebration of 150 years of democratic elections – Special sitting in Old House of Keys on 14th March – Motion carried

The Hon. Member for Middle (Mr Quayle) to move:

That this House shall sit in the Old House of Keys in Castletown on the afternoon of Tuesday 14th March and take evidence from Dr Kit Gawne at the bar of the House on the introduction

of a popularly elected House of Keys in 1867, as part of the celebration of 150 years of democratic elections in the Isle of Man.

1795 **The Speaker:** Turning now to the final Item on our Order Paper: Item 7, the motion in the name of the Hon. Member for Middle, the Chief Minister, Mr Quayle.

The Chief Minister (Mr Quayle): Thank you, Mr Speaker.

1800 I beg to move that this House shall sit in the old House of Keys in Castletown on the afternoon of Tuesday 14th March and take evidence from Dr Kit Gawne at the Bar of the House on the introduction of a popularly elected House of Keys in 1867, as part of the celebration of 150 years of democratic elections in the Isle of Man.

The Speaker: I call on the Deputy Speaker, Mr Robertshaw.

1805 **Mr Robertshaw:** I have pleasure in seconding, Mr Speaker.

The Speaker: The question is at Item 7. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.

1810 Thank you, Hon. Members, that concludes business for today. The House stands adjourned until Tuesday 14th March, at 10 o'clock in our own Chamber.

Thank you.

The House adjourned at 11.58 a.m.