

GD No. 2016/0037

**FINANCIAL PROVISIONS AND CURRENCY ACT 2011
ANNUAL REPORT to July 2016**

July 2016

The Hon. C. Christian MLC, president of Tynwald and the Honourable Council and Keys in Tynwald assembled.

Treasury Minister's Foreword

Under the Financial Provisions and Currency Act 2011, the Treasury has been vested with significant powers to promote economic, social and environmental well-being on the Island. Under section 4 (5) of the Act, the Treasury is required to submit to Tynwald an annual report to the July sitting of Tynwald demonstrating that it has been most frugal and prudent in the application of such powers.

This is the third report that the Treasury has submitted, the last report having been submitted to Tynwald in December 2015.

W E Teare
Minister for the Treasury

Background

The Financial Provisions and Currency Act 2011 gives Treasury a range of powers to authorise and make schemes appropriating sums from General Revenue and other reserves maintained by Treasury. In particular, under Section 4 of the legislation, Treasury has significant powers to promote the economic growth, social and environmental well-being of the Island:

Extract from the Act

"4 Power of Treasury to promote well-being etc

(1) The Treasury has the power to do anything which it considers is likely to achieve one or more of the following –

(a) The promotion or improvement of the Island's economy;

(b) The promotion or improvement of the social well-being of the Island;

(c) The promotion or improvement of the Island's environment."

If it exercises any powers under Section 4, in accordance with Section 4 (5) Treasury is obliged to make an annual report to Tynwald, normally at its July sitting.

Matters Subject to Annual Report

The Treasury has in the period from 1st August 2015 up to 15th June 2016 considered and approved the application of its powers under section 4 of this act in the following specific case: -

1. Under Section 4 (1) (a), (b) and (c) the provision of a guarantee in support of the Manx Utilities Authority's Route to Management Agreement for the forward purchase of natural gas supplies with Bord Gáis Energy Limited ("Bord Gáis") to the maximum value of £25 million.¹
2. Under Section 4 (1) (b) the provision of a guarantee to HSBC Bank plc for third party loans to be made to the Island's local authorities in connection with a new revolving credit facility to enable the funding of both housing and rateborne projects.

¹ Although the decision has been taken for Treasury to provide the guarantee, at the time of compiling this report, the formal paperwork exercise is yet to be concluded.