

**REPORT OF PROCEEDINGS OF
HOUSE OF KEYS**

**Douglas, Tuesday, 8th December 1998
at 10.00 a.m.**

Present:

The Speaker (the Hon N Q Cringle) (Rushen); Mr L I Singer and Hon A R Bell (Ramsey); Hon R E Quine OBE (Ayre); Mr J D Q Cannan (Michael); Hon H Hannan (Peel); Mr W A Gilbey (Glenfaba); Mr S C Rodan (Garff); Hon D North (Middle); Mr P Karran, Hon R K Corkill and Mr G T Cannell (Onchan); Messrs J R Houghton and R W Henderson (Douglas North); Hon D C Cretney and Mr A C Duggan (Douglas South); Mr R P Braidwood and Mrs B J Cannell (Douglas East); Messrs J P Shimmin and A F Downie (Douglas West); Hon J A Brown (Castletown); Hon D J Gelling (Malew and Santon); Sir Miles Walker CBE LLD (hc), and Mrs P M Crowe (Rushen); with Mrs M Cullen, Acting Secretary of the House.

The Chaplain took the prayers.

Welcome to MEP

The Speaker: Hon. members, before starting on our order paper this morning I would like to take the opportunity of welcoming to our chamber Mr Tony Cunningham, Member of the European Parliament for Cumbria and Lancashire North.

Now, hon. members, those of us who attended last evening's meeting of our Euroclub were left in no doubt at all about the ability and the enthusiasm of Mr Cunningham. Your interest in Africa, comments on Third World debt, personal involvement with the abolition of landmines and the explanations of the European Parliament were both enlightening and as they are coming from you, sir, coming from a new parliament, we feel that we can acknowledge that without any question whatsoever and equally we would hope that you will acknowledge that we manage our own affairs here on the Island with equal expertise. We welcome you to the Island.

**Review of Financial Regulation in the Crown Dependencies – Standards and
Obligations – Question by Mr Karran**

The Speaker: We turn then to our order paper, hon. members, and item number 1, I call on the hon. member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I beg to ask the Chief Minister:

- (1) *Which of the recommendations of the Review of Financial Regulation in the Crown dependencies require higher standards to be applied or more onerous obligations to be imposed than currently exist for the financial sector in the United Kingdom:
and*
- (2) *what action will your government take to encourage the United Kingdom Government to introduce those standards and obligations?*

The Speaker: I call upon the Chief Minister to reply.

Mr Gelling: Mr Speaker, there are a number of suggestions in the Edwards Review of Financial Regulation in the Crown Dependencies which, if adopted, would take the regulation

of aspects of the financial services industry on the Island beyond what currently does exist in the United Kingdom. Now, the principal areas where this applies are in relation to the regulation of companies and the regulation of trusts.

Now, as regards trusts, our legislation is already the same as that in the United Kingdom, so all the recommendations in that area go beyond current United Kingdom practice.

Now, we have not formed any views on whether those particular Edwards recommendations are relevant to the United Kingdom situation. Accordingly we will not be pressing for their introduction in the United Kingdom any more than we expect the United Kingdom, to press us for their introduction into the Isle of Man.

Mr Gilbey: Hear, hear.

Mr Karran: Vainstyr Loayreyder, would the Chief Minister not agree that the fact of the matter is that regarding the actions as far as his government is concerned to do with the United Kingdom he has not given direct leadership, he has been unable to do the direct leadership that is required as far as this Island's protection is concerned, and would he not also agree that the fact of the matter is that it is the pot calling the can black when you allow for the situation that the United Kingdom City of London is the biggest tax haven in the world?

Mrs Crowe: Hear, hear.

Mr Gelling: Mr Speaker, I am rather disappointed that the hon. member thinks that we have not had leadership. I actually firmly believe that we have come out of the Edwards review exceedingly well (**Mr Gilbey:** Hear, hear.) and therefore I would suggest once again, as I have suggested to hon. members, that when we sit down with the adjacent isle it will be on equal terms and we will be discussing just as much perhaps the weaknesses in the United Kingdom as the Edwards report might have seen in the Utopian ideals of Mr Edwards that we have something we should look at. So therefore I would not agree with the hon. member that it was anything but lack of leadership in the way in which we handled the Edwards report.

Mr Rodan: Mr Speaker, would the Chief Minister agree that to review policy implies authority to change it (**Mr Karran:** Hear, hear.) and can he give this House an assurance that the United Kingdom have no authority to require us to change policy and implement any recommendations at all in the Edwards review?

Mr Gelling: Mr Speaker, again, as I have said before, all the comments with respect to the Isle of Man in the Edwards report are within our competence.

The Speaker: Right, a final supplementary then. The hon. member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Chief Minister not agree that there are dangerous precedents being created with the adjacent island legitimising their illegal constitutional role over this government based on a gunboat in the harbour, and what assurance can you give to the people of Mann that you will not allow this government and its people to be sold down the river by the imperialist government in the adjacent isle?

Mr Gelling: Mr Speaker, we will be introducing the conclusions of the Edwards report if we feel it is right to do so for this Island, not by any other pressures other than our desire to perhaps be as equal as the rest of the world and if it is an international norm to adopt a certain

procedure we would be very stupid, I would suggest, if we did not consider that for the Isle of Man.

Constitutional Status – International Perception – Question by Mr Karran

The Speaker: Item 2, hon. members, again I call upon the hon. member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I beg to ask the Chief Minister:

What further action do you propose to take to enhance the international perception of, and develop, the constitutional status of the Isle of Man, its Council of Ministers and its Chief Minister?

The Speaker: Again I call upon the Chief Minister to reply.

Mr Gelling: Yes, Mr Speaker, I am asked about proposals to enhance the international perception of the Isle of Man, the Council of Ministers, the Chief Minister, and about proposals to develop the constitutional status of the Isle of Man, the Council of Ministers and the Chief Minister. Now, to me that seems to be about six questions all rolled into one and I do have some difficulty constructing an answer which could be helpful to the hon. member. Perhaps I could respond best to the hon. member and his question by confirming that neither I nor the Council of Ministers propose to behave like a council or a county council and we have no intention of acquiescing to in the appearance of a gunboat in Douglas harbour, I want to assure the hon. member that will not be the case, and beyond that I can reaffirm our commitment to our constitutional objective and our determination to continue to work towards that objective.

We will be introducing various pieces of primary legislation this year which will extend Manx law into new areas, so enhancing our constitutional status. We will continue to promote and market the Island commercially and we will use appropriate conferences and contacts with our UK Manx Parliamentary Group and our contacts in Brussels to explain our constitutional position. We will, in particular, continue to press the United Kingdom on the constitutional position to ensure that it is not eroded by international action.

In addition, we are always open to rational and constructive suggestions. We do not claim to have a monopoly of ideas and if there are specific proposals which any member would wish to advance on any of the six issues identified, I would be very happy to give those proposals consideration.

Mr Karran: Vainstyr Loayreyder, would the Chief Minister not agree, with his reversal policy as far as running away over the Royal Assent issue and the fact of the matter that the people of the Isle of Man vote for a government in the Isle of Man, the people in the United Kingdom vote for a government in the United Kingdom, how can he justify and rationalise the position of how a government that the people of the Isle of Man have no mandate in can veto legislation in this House, and would he not agree that that is a betrayal to the Isle of Man and its people as far as protecting the constitutional development of this Island?

Mr Gelling: Our situation, Mr Speaker, as was described in great detail at the sitting before last in this very House on the Royal Assent issue, is quite detailed in as much as it is a fact. It is a fact that our constitutional position is as it is and therefore the Royal Assent issue was purely and simply dealing with the Royal Assent issue, and what we gave to hon.

members in that report was the situation and suggested that there was still a way forward of perhaps progressing that particular issue.

But certainly I cannot accept the hon. member's statement in his question that we are running away and we are sailing down the river and we are doing all this type of thing. I would like him to give me actual fact of what he is trying to describe because I do not know in actual fact what he is trying to illustrate here because the situation is as it has been and I do not know what is exciting the hon. member to think now that the position has changed. We are still progressing down the constitutional change in a very steady manner and our relationship with the UK is in fact giving us more autonomy than he is perhaps describing.

Mr Cannan: Would the Chief Minister agree that in talks with the United Kingdom it is better to have the language of diplomacy rather than the language of provocation?

Members: Hear, hear.

Mr Gelling: Yes, I think there are times, Mr Speaker, when you have to be more forceful, but as I said before, you have to know when that situation arises, and certainly when you are discussing things in a relationship which we have with the United Kingdom it is important that we have a good relationship, that we are able to discuss things, because I would suggest, as the hon. member has said, you will get far more by talking around the table than you will by thumping it.

The Speaker: Hon. members, we are not instituting a constitutional debate.

Registered Nurse Training – Recommencement – Question by Mr Henderson

The Speaker: Item 3, I call upon the hon. member for Douglas North, Mr Henderson.

Mr Henderson: Thank you, Mr Speaker. I beg leave to ask the member for Health and Social Security:

- (1) *When will your department recommence registered nurse training;*
- (2) *will it be Project 2000-based; and*
- (3) *will it be undertaken in conjunction with the Isle of Man College?*

The Speaker: I call upon the hon. member for Onchan, the member for Health and Social Security, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I am saddened that we cannot debate the issue that was here before us in the question before, but still -

The Speaker: Hon. member, Question Time will be governed from the chair, sir. If you want to debate it we will have a motion on the agenda paper.

Mr Karran: No, I would like to answer questions that I have got as far as the previous question is concerned, Vainstyr Loayreyder.

The Speaker: Hon. member, I have asked you to respond to question 3.

Mr Karran: Vainstyr Loayreyder, so far as the first part of the question is concerned, I can confirm the department is presently investigating the practicalities of reintroducing pre-registration nurse training. The outcome of these investigations will form the policy in this area.

In answer to part (2) of the question, I can confirm that the present review envisages a diploma level pre-registration student nurse training, commonly referred to in Project 2000.

Finally, I can advise the hon. member that in accordance with the wishes of Tynwald and the Council of Ministers my department and the Department of Education are consulting on these matters and representation from both departments is due tomorrow.

I must also say I am glad to see the change of mood as far as pre-registration is concerned from the fighting that I did in order to try and get this principle established in the first place.

Mr Henderson: Mr Speaker, a supplementary. Given that it takes approximately three years to progress a training programme for registered nurses and the fact that the departments, to be readied in time to do so, will take some considerable time anyway and an inspection from the nursing bodies from the adjacent isle, could the hon. member then assure this House that any so trained nurses could be as far as 10 years away and in fact it will be out of step with the opening of the new hospital?

Mr Karran: Vainstyr Loayreyder, the fact of the matter is the health department, under myself, has made it a number one priority since I became member for Health after the general election. If there is a problem as far as the any delay as far as reintroduction of nurse training it will not be because of the health department it will be because of the Council of Ministers, the Treasury, but it will not be laid at the feet of the Department of Health, and that will be a matter of fact if anybody reads the minutes of the meeting of the health division.

Mr Henderson: Mr Speaker, would the hon. member not agree then, given his department's reasonable hype regarding the nurse training, that a plan or some sort of talk about it without target dates, without an implementation programme and without some sort of notion of resourcing, this will never get under way?

Mr Karran: Vainstyr Loayreyder, I have a lot of sympathy with the hon. questioner's points because I actually believe there is a lot of hype as far as trying to reintroduce nurse training on the Island. There are a lot of people within this government who will not come clean as far as wanting the commitment for reintroduction, so I have some sympathy with the hon. member. But the fact of the matter is if the health division is allowed to get on with proceeding with plans, I believe we could get it done fairly soon, but the problem I will have is the fact of whether there is going to be a battle, or used as a smokescreen, a battle between my department and the Department of Education, which he is a member of, so that we must make sure that we work to get it done as quickly as possible and must not be fighting over who has department responsibility over who leads the reintroduction of nurse training.

The Speaker: A final supplementary, the hon. member for Douglas North, Mr Henderson.

Mr Henderson: Thank you, Mr Speaker. Given the hon. member's reply, is it not just a case that the Department of Health and Social Security is just throwing crumbs of hope to the public of the Isle of Man? They are being kept quiet with the odd crumb of a meeting here and a meeting there and in fact there is no great will to get this nurse training established as a matter of priority and could he give that assurance?

Mr Karran: Vainstyr Loayreyder, I can assure the hon. member that one of the things that was non-negotiable when I took up the position of member for Health when nobody else in this hon. House would have the job was the fact that the reintroduction of nurse training was one of the things that was non-negotiable. I can assure you that as far as the health division is concerned I am as fully committed to the reintroduction of nurse training as possible. The problem that the hon. member may have is with the Council of Ministers. It will not be with the Department of Health as far as the health division is concerned, as we see it as a priority.

European Commission Taxation Policies – Effects – Question by Mr Cannell

The Speaker: Item 4, hon. members, and I call upon the hon. member for Onchan, Mr Cannell.

Mr Cannell: Thank you, Mr Speaker. I beg leave to ask the Minister for the Treasury:

What would be the likely effects on the Isle of Man of the adoption of the proposed European Commission policies on the harmonisation of direct and indirect taxes?

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

Mr Corkill: Thank you, Mr Speaker. The Isle of Man's position vis-à-vis European Union decisions is different as between direct and indirect taxation. The terms of protocol 3 put the Isle of Man outside of the European Union jurisdiction for both direct and indirect taxation, but of course the Customs and Excise Agreement with the United Kingdom provides that any EU decisions on indirect tax which are adopted by the United Kingdom will be applied here by our choice.

Concerning indirect taxation, there has been a long-standing requirement to bring excise and VAT rates of member states closer together to facilitate the removal of border controls without the risk of abuse. The European Commission has published a discussion document which includes the proposal that VAT rates would be harmonised within a rather narrow band, presumably narrower than the present standard rate band of between 15 to 25 per cent. There is, however, no definitive set of proposals as to the level and coverage of desired rates. It is therefore simply not possible to make any assessment of the impact of indirect tax harmonisation on the Isle of Man.

In respect of direct taxation, again there is nothing definite on formal proposals. It seems clear that moves in this area are not concerned with personal domestic taxation but focus rather on the taxation of corporate profits. Whilst recent headlines have been on the subject of tax harmonisation, it is more likely that, at least in the short to medium term, tax co-ordination will be the more realistic goal. Such co-ordination is currently being facilitated via the code of conduct on business taxation under which the tax regimes of member states are being examined with a view to roll-back wherever a tax measure is seen as constituting harmful or distorting tax competition.

In all EU tax matters the unanimity of member states is required. Accordingly any single member state can veto any directive or regulation on taxation. It is likely that a significant number of member states would be prepared to use their veto under current circumstances and the United Kingdom has announced its intention of doing so. So there is still, I feel, a long way to go before Europe adopts anything concrete that removes national sovereignty on direct tax issues, indeed to do so would itself require unanimity.

In any event, to reiterate my opening statement, EU decisions on direct tax do not apply to the Isle of Man. Adoption by members of the EU of a voluntary, non-legally binding code of conduct does not alter in any way the Island's relationship with the EU as set out in protocol 3. What we have to recognise, however, is that the EU initiative and similar OECD proposals reflect a very significant change of sentiment amongst the world's leading governments. As a responsible government of a country with an open international economy we must be sensitive to such changes and look to ways in which we might be able to co-operate in any rationally based initiatives. However, our prime concern must always be the protection of our own economic interests.

Mr Cannell: Mr Speaker, if I may ask a supplementary of the hon. Treasury minister, please, he says that it is a responsible country which complies with the proposed changes for taxation and remarked that the United Kingdom says, yes, they will apply any veto, but would he not agree that recent statements seem to suggest that that opportunity will no longer be open to individual members like the United Kingdom and, quoting from a speech to the House of Lords, the hon. Lord Williams of Mostyn said, 'The constitutional position in the Channel Islands and the Isle of Man remains the same' - this is speaking on the Edwards report - 'They are Crown dependencies. They have internal legislatures; and the United Kingdom, let alone any other party, is only entitled to intervene and impose legislative solutions as a matter of last resort.' Would the hon. Treasury minister not agree that that puts us in an invidious position?

Mr Corkill: Mr Speaker, the Edwards review was involved with financial regulations and it was a review of the state of regulation within this Island.

I would also, in reply to my hon. colleague from Onchan's comment, like to quote a statement that the United Kingdom Government has just recently lodged with the European Union code of conduct group as recently as November 17th and the United Kingdom Government stated, 'The United Kingdom Government is responsible for the defence and international relations of the Isle of Man, and the Crown is ultimately responsible for its good government. However, the people of the Isle of Man cannot vote in elections for the United Kingdom Parliament and it would be unprecedented for the United Kingdom to legislate for the Isle of Man on taxation and other domestic matters without the agreement of the Isle of Man authorities. Legislation on taxation matters has always taken the form of laws enacted by the Island legislature', and I think that should give the comfort that the hon. member is seeking.

Mr Cannan: Would the Treasury minister, in reviewing this situation, inform us that he is making contingency arrangements in the event of the United Kingdom policy changing towards Europe to accept harmonisation, which it may well do, and ensure that the Isle of Man's fiscal policy is protected?

Mr Corkill: Yes, indeed, Mr Speaker, Treasury is very aware of the international situation and the participation of the United Kingdom in that debate and in fact our own participation within the OECD environment. That is why at the last budget it was announced that a taxation focus strategy group had already been set up 12 months ago in order to assess the Island's situation with regard to opportunities and safeguards and the potential for change within our taxation structure different from perhaps as we know it today. This was seen to be a suitable way forward and it involves members of the private sector giving advice so that we can set a strategy for the future which is flexible depending on which way the international climate goes.

Mr Karran: Vainstyr Loayreyder, would the Minister for the Treasury not agree that in his reply he said that you would be sensitive to any initiatives as far as harmonisation of taxes is happening in the EU. What assurances can this House have, with the previous record of his government's administration, of not rolling over and playing dead and allowing the financial rug to be pulled from under the Manx economy?

Mr Corkill: Mr Speaker, the comment 'pulling the financial rug from out of the Isle of Man economy' is so far from the truth I think it does not require comment.

Mrs Crowe: Yes.

Mr Gilbey: Hear, hear.

Mr Cannan: That is right.

Mr Corkill: The Isle of Man economy is an international economy and has a very good net impact on the whole British economy. It is a very important aspect to the City of London and it is a very solid, well-founded, stable financial environment to people to do business in.

There is a changing international scenario and on the basis that many of our customers who trade through this Island are of international base it is vital that we actually track those changes and make changes ourselves so that we are still part of that international environment. The Island's economy is at the moment exceedingly buoyant and certainly it is my wish to ensure that it stays that way.

Mr Cannell: Mr Speaker, finally on this matter I would like to quote again from Lord Williams' text of *Hansard* to the House of Lords where he says, 'A very harmonious relationship exists between the governments of the Islands and the Home Office and everybody has promised full co-operation.' Would the hon. Treasury minister agree that that is the case?

Mr Karran: It is servile.

Mr Corkill: Mr Speaker, the constitutional relationship of the Isle of Man is such that we meet with the Home Office on regular occasions on a great number of issues. Taxation is the current issue that is in the international forum, so obviously those sorts of issues are being discussed with the Home Office and with Treasury officials of the United Kingdom Government who attend those meetings. It is an opportunity for the government of the Isle of Man to be briefed on the most up-to-date situation with regard to what is happening, particularly in Europe, and it is obviously an opportunity for the Isle of Man Government to state quite clearly what our relationship is and that with regard to matters in taxation that that is a matter for this House and for Tynwald Court to decide.

Procedural

The Speaker: Hon. members, the clock is at half past ten. I call upon the hon. member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr Speaker. I move:

That standing order 43(2) be suspended to enable the remaining questions tabled for oral answer at this sitting to be put.

Especially as I have not asked my question yet. *(Laughter)*

Mr Cretney: I beg to second, even though he has not asked his question yet. *(Laughter)*

The Speaker: Agreed, hon. members?

Members: Agreed.

Cronkbourne Village – Refurbishment – Question by Mr Cannell

The Speaker: We turn then to item 5 on your order paper and again I call upon the hon. member for Onchan, Mr Cannell.

Mr Cannell: Thank you, Mr Speaker. I beg leave to ask the Minister for Local Government and the Environment:

Will your department bring some rationality into the refurbishment of Cronkbourne Village?

The Speaker: I call upon the Minister for Local Government and the Environment.

Mr Quine: Thank you, Mr Speaker. I am pleased to respond to this question to correct some misleading statements which have appeared in the local media concerning the refurbishment of houses at Cronkbourne Village, Braddan.

Cronkbourne Village is owned by Braddan Commissioners and comprises a number of registered buildings. These houses were listed in 1987 following an application by Manx National Heritage, the strength of the case being at least in part that they are an important group of buildings. Indeed within the British Isles they are viewed as being somewhat unique.

There are in total 38 houses and Braddan Commissioners set out in January 1987 to demolish them and it was this that led to their registration. In 1993 the commissioners began a scheme to refurbish the buildings in a number of phases. The first two phases involving 19 houses have been successfully completed.

Planning approval and building regulations approval for the refurbishment of the third phase involving houses 10 to 19 was granted in May 1996. A year later the Department of Local Government and the Environment was contacted on behalf of Braddan Commissioners by their architect because cracking had been discovered in some of the walls following removal of the internal plaster.

These properties were visited by officers of the department in May 1997 and advice was given to the Braddan Commissioners' agents as to how the work should be carried out. This advice differed from the approach that Braddan Commissioners wished to adopt. They favoured demolition. In view of the difference of opinion the department sought further advice from Mr Brian Morton, a well-respected and very experienced chartered engineer who specialises in the restoration and refurbishment of historic buildings of all ages, and this engineer has worked internationally.

Mr Morton, the specialist adviser, visited the Island on 4th July 1997 and examined the structures. It was at this time that the department discovered that work had been carried out on the houses by a builder engaged by Braddan Commissioners in a manner which did not conform to the advice given by the department. The builder, with the knowledge of Braddan Commissioners, had removed roof trusses and other important roof timbers which had been determined by the department to be sound. This unnecessary work seriously undermined the

integrity of the structures. In spite of this Mr Morton's report indicated that protection and restoration of the buildings was practical and represented the best way forward. Indeed I shall quote from a summary to Mr Morton's report which reads, 'To sum up, I see absolutely no reason to allow the demolition of these registered buildings on the basis of the condition of the structures or from a viability point of view.' In other words Mr Morton agreed with the clear advice previously given by the department to Braddan Commissioners that the houses were structurally viable and capable of being satisfactorily restored and refurbished.

The Braddan Commissioners were advised how best to cover the exposed structures to ensure that their condition was not allowed to deteriorate pending agreement being reached on the work necessary to restore and refurbish these buildings. That agreement was reached in March 1998 between the department and Braddan Commissioners and their advisers on the revised scheme of works. Planning approval for an agreed scheme of works was granted on 18th September 1998 and the commissioners were notified of the decision on 8th October 1998. Fresh tenders are being sought by Braddan Commissioners from contractors experienced in carrying out this specialised work.

May I also correct a misstatement which has been made regarding cost to the taxpayers of Braddan. I am advised that comparative costings have been carried out to assess the difference between a complete demolition rebuild and the restoration and refurbishment works now agreed as the best way forward. These comparative costings have revealed that the cost of both approaches is virtually the same. Whilst cost is clearly important, it will be appreciated that special considerations do apply with buildings which have been registered to preserve the Island's heritage.

Mr Cannell: Mr Speaker, I thank the hon. minister for his most comprehensive reply and I am happy to concede that it appears that a resolution of this problem is on the way because, as I am sure he will agree, the present position is that it is unacceptable environmentally, practically and common-sensically for this housing area to remain as it is.

The Speaker: Hon. member, I do not think there was a question within that supplementary. I call upon the hon. member for Michael, Mr Cannan.

Mr Cannan: Will the minister advise the questioner that the matter of Cronkbourn houses is currently under investigation by the Public Accounts Committee and will he further advise him that as far as I am concerned the astronomical costs involved will receive the closest possible attention?

Mr Quine: Well, there are two points there, sir. First of all I can confirm that the Public Accounts Committee have chosen to have a look at this matter. That is entirely a matter for them and that is a proper matter for them. I do not subscribe to the assertion made that the costs are astronomical. The costs are based on proper assessments by professionals and I have no doubt the Public Accounts Committee will look at those costs and pass a judgement on those costs.

Mr Gilbey: Mr Speaker, as I understand it from the hon. minister that Braddan Commissioners' contractors removed beams from a listed building when they were not meant to, if that is the case why have they been allowed to get away with this? (**A Member:** Hear, hear.) Why have they not been forced at their expense to put the beams back, as one would expect any individual might be so forced?

A Member: Hear, hear.

Mr Quine: Well, let me say this, that there was a point during these proceedings when the Attorney-General's Chambers was consulted with a view to a prosecution. The view taken by the Attorney was that in all the circumstances a prosecution was not warranted.

Mr North: Mr Speaker, would the minister not agree with me that the wellbeing and comfort of the residents of Cronkbourne Village should be not only taken as a priority but should be borne in mind at all stages of this? They have had to put up with an appalling situation.

Mr Cannell: Hear, hear.

Mr Quine: I fully recognise the implications for the residents of Cronkbourne Village, sir. I have no difficulty with that. That is a matter which rests primarily with Braddan Commissioners. (**A Member:** Hear, hear.) They have had every opportunity to conduct this work and carry out this work in a far lesser period than has already expired, but they have appeared to be working to a different agenda.

Mr Cannell: Mr Speaker, a final supplementary if I may. Would the hon. minister not agree that there seems to be considerably more progress on the adjacent development at the top of the turnpike road than there is at the other end on these cottages?

The Speaker: Minister, you can reply if you wish.

Mr Quine: No, thank you.

Isle of Man Steam Packet Company – Monitoring Committee – Question by Mr Singer

The Speaker: Right, item 6, hon. members, the hon. member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr Speaker. I beg leave to ask the Chairman of the Office of Fair Trading:

Will your office set up an independent committee, including passengers amongst its membership, to monitor the standard of service provided by the Isle of Man Steam Packet Company?

The Speaker: I call upon the chairman of the Office of Fair Trading, the hon. member for Rushen, Mrs Crowe.

Mrs Crowe: Thank you, Mr Speaker. Out of over 7,000 complaints or statutory enquiries we receive a year the Isle of Man Office of Fair Trading has received no complaints concerning the standard of service offered by the Steam Packet and it would therefore be wholly inappropriate to use scarce resources to set up any form of committee on the basis of no evidence. I believe it would be even more inappropriate when a select committee of Tynwald was appointed at the October sitting to enter into discussions with the company on what needs to be done to address any causes of concern and report not later than February 1999.

If the select committee, on the basis of the evidence they have received, were to recommend that the Isle of Man Office of Fair Trading should set up a user committee as suggested by the hon. member for Ramsey, Mr Singer, then the Office of Fair Trading would

be happy to do so. In the meantime I suggest that the select committee should be allowed to complete its task. (**A Member:** Hear, hear.) Thank you, Mr Speaker.

Mr Singer: Is the hon. chairman aware that I did not ask her to set up a committee whilst this select committee was sitting but to consider setting one up and do I take it from her answer that she is in fact refusing to take up the challenge to provide a watchdog committee of interested parties including ferry users, to help resolve by dialogue with the Steam Packet in the future any problems that may arise with the service, particularly when that service is a monopoly, and is it not your office that should be taking steps to help consumers with these types of complaints, and whilst you may not have received a complaint are you aware of the many complaints that have been received by every member of this hon. House?

Mrs Crowe: Mr Speaker, no, I am not aware of the numerous complaints that every member of this House has received. I myself represent over 6,000 people in the south of the Island and I have received one complaint. So I am not aware of the numerous complaints, but if indeed the select committee recommended that we set up a user committee we would do so willingly.

Also I wonder if it would not have been more appropriate for Mr Singer to have asked the select committee to recommend the formation of a user committee or indeed to speak directly to his department to ensure that the linkspan user agreement is being adhered to. Surely that would be a far better approach than for me to instigate any committee when we have received no complaints at all.

Mr Karran: Vainstyr Loayreyder, would the chairman not agree that for her to set up any further committee as far as the Steam Packet is concerned would be seen outside as a farce, a charade, and would she also not agree that her department should look, after this select committee has reported, at ways of coming up with a proper way to protect the people of the Isle of Man as far as off-Island transport is concerned, as the present arrangements as far as the user agreement is concerned are a farce?

Mrs Crowe: I do agree with the hon. member for Onchan, Mr Karran, it would be far more appropriate if we waited for the outcome of the select committee that is sitting at the moment and in February if they recommend that there is a user committee set up, then the Office of Fair Trading would have no difficulty at all in either setting up that committee or administering it. Thank you, Mr Speaker.

Mr Cannell: Mr Speaker, a final supplementary on this one. (*Laughter*)

The Speaker: With a question this time, sir. (*Laughter*)

Mr Cannell: Although the hon. chairman of the Office of Fair Trading has quite rightly said that for the constituency she represents individually she has not received, would she confirm that she is aware of a vast number of complaints which have been submitted to the tourism department, to the select committee, to individual members, to the Steam Packet Company itself and that her office may care to consider that no bookings can be taken for Steam Packet sailings beyond 11th March 1999? Is that satisfactory, sir?

Mrs Crowe: No, I am not aware of all the complaints that have been directed to the Department of Tourism because I am not a member of that department, I am not aware of all

the complaints that have been directed to hon. members of this House, but I am sure I will be made aware by the select committee report which is due in February.

And as for the booking conditions, we have received no complaints at the Office of Fair Trading. That is the office that I am responsible for. Had we received complaints we would have taken action. Thank you, Mr Speaker.

The Speaker: The hon. member for Ramsey for the final supplementary. *(Laughter)*

Mr Singer: A final final supplementary. Was the hon. member present in this chamber or another place when the matter was discussed and is she not aware of the complaints that were brought forward by members, and is she also aware that the Chairman of the Jersey Consumer Council is supporting the setting up of a watchdog committee to monitor their ferry service standards and does she not think that a similar set-up on the Island would safeguard passenger interests by acting as a forum for complaints providing the Isle of Man Steam Packet Company with feedback as well as taking the Steam Packet Company out of the political sphere?

Mrs Crowe: My final final answer, Mr Speaker, I think. The hon. member for Ramsey has asked me once again if I am prepared to set up a watchdog committee. The answer, I have told him at least three times, is yes, but it would be at the recommendation of the select committee that is sitting at the moment. It is totally inappropriate to have two committees sitting to address what may seem to be the same problem. Thank you, Mr Speaker.

The Speaker: Hon. members, item 7 on our order is for written answer and I understand that in fact it has been circulated and is on your desks.

Alcohol Addiction – Treatment Programmes – Question by Mr Rodan for Written Answer

Question 7

The hon. member for Garff, Mr Rodan, to ask the member for Health and Social Security:

- (1) *What programmes does your department provide or support to help those suffering from alcohol addiction; and*
- (2) *how does your department monitor the effectiveness of those programmes and what statistical data is collected?*

Answer

(1) There are two main areas within the adult mental health unit that provide treatment programmes and support for people with alcohol addiction.

Community Alcohol and Drug Team

Individuals referred to the community alcohol and drug team are allocated a key worker whose first task is to carry out a comprehensive assessment of need. This will inform a treatment regime to be agreed in conjunction with the patient's general practitioner which may include commencement onto a closely monitored community detoxification programme or admission to the adult mental health service acute admission unit. Follow-up treatment and support is provided as appropriate by way of a variety of therapeutic programmes. In addition, in circumstances when the involvement of other agencies is considered to be of benefit, then

this will be arranged, including, for example, social services, Relate, Alcoholics Anonymous, et cetera.

Acute Admission Unit

Individuals admitted to the adult admission unit undergo a physical and mental health assessment which will include the development of a programme of care that addresses mental health needs as well as a detoxification programme.

Prior to discharge, and with the agreement of the patient, a referral would be made to the community alcohol and drug team for follow-up support, as set out above.

(2) All programmes of care offered to patients with alcohol addiction are subject to ongoing review of their suitability and effectiveness in meeting individual needs. An allocated key worker is responsible to ensure the process is followed, through regular clinical supervision and personal review.

Statistical data records numbers and referral type, i.e. alcohol/drug.

Source of referral, i.e. general practitioner, psychiatrist, self, other.

Referral type by gender.

Referral type by age.

Activities carried out with clients, i.e. alcohol detoxification, opiate detoxification, counselling, et cetera.

National Lottery Bill – Third Reading Approved

The Speaker: So we turn therefore to item 8 on our agenda paper which is the National Lottery Bill for third reading. I call upon the Treasury minister, the hon. member for Onchan, Mr Corkill.

Mr Corkill: Thank you, Mr Speaker. I am pleased today to be moving the third reading of a Bill which is designed to protect the revenues of this Island and which facilitates those Isle of Man residents who wish to participate in the United Kingdom lottery.

If successful this Bill will exclude the United Kingdom National Lottery from the prohibitions contained in the Isle of Man Gaming, Betting and Lotteries Act. It will also allow that a specified proportion of duty received can be paid to the public lottery trust and this will be stipulated by an order of Tynwald.

Fundamentally this Bill provides that Treasury, by order, can apply to the Island the United Kingdom National Lottery legislation in whole or part.

The issue of fixed odds betting on the Camelot lottery which has been raised by Island bookmakers during the passage of this Bill will have to cease if the United Kingdom legislation is accepted, and as previously stated, it appears to me that this is the most likely outcome, but it is an issue which will be raised by Treasury with OFLOT and Camelot as part of the next and hopefully final negotiations, but I do not wish to see progress slowed and I hope to see sales of tickets commencing before next summer.

The matter as to who would act as agents would not be a matter for the Isle of Man Treasury to be in determination of but would be for the lottery operator Camelot.

This Bill is intended to be a pragmatic solution to events which have already had an impact and I beg to move the third reading of the National Lottery Bill 1998.

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

Mr Karran: Vainstyr Loayreyder, I will say, as I said at the clauses stage, I believe that clauses 1 and 2 are badly worded. I believe that the way that this piece of legislation has been written is wrong. It is not the National Lottery, it is the UK National Lottery, and I find it offensive and I find it wrong and it undermines the whole position of this Island when it talks about it wants to call itself ministers and government when it suits and yet it wants to fall on the back of the adjacent island when it suits, and I hope that we will see in future, even though I know that I am more than likely a lone voice as far as this is concerned, that the fact of the matter is I believe that there needs to be proper legislative work as far as the Island is concerned and I believe that we should not be saying that this is the National Lottery Bill because it is not the National Lottery Bill, it is the United Kingdom's National Lottery which we are allowing to be extended to the Isle of Man and I will not be supporting it.

I would also like to say that in the clauses stage the hon. member for Michael raised the issue of other pieces of legislation as far as his input and condemning me as far as not allowing this piece of legislation. I do hope and welcome the hon. member will be supporting myself as a member of the department to stop us following closely, especially when it comes to disablement benefits and the interpretations which are increasingly affecting the sick in that country, so that we do not bring in blindly their rules into this country.

But I will not be supporting the Bill. I understand the objects of the Bill as far as the hon. mover is concerned but I think it just highlights my point as far as this Island is concerned and this small nation is concerned when we allow ourselves to undersell ourselves. This legislation should not be supported today until it is rewritten and it clarifies that the fact of the matter is this is the United Kingdom's National Lottery.

Mr Braidwood: Mr Speaker, contrary to the last speaker, the hon. member for Onchan, Mr Karran, I will be supporting this Bill to introduce the UK National Lottery onto the Island, but I do have a couple of reservations which I hope the Treasury minister will keep under constant review.

The first one is the fixed odds betting. If there is a change in the franchise and licensee of Camelot, if there is a change in a couple of years' time, I hope there are clauses here which will make exceptions and which will be able to introduce the fixed odds betting if it is agreeable with the licensee.

Secondly would he also pursue, as it is in the case in the UK, that Camelot do give a certain amount of the lottery ticket money to worthy causes - unfortunately it is an exception in the Isle of Man - and that the money from the excise duty will be proportioned to worthy causes.

Mr Cannan: Mr Speaker, I fully support this Bill, as I have previously said, but I am constantly amazed at the inconsistency of the hon. member for Onchan in one moment condemning this and earlier in his speeches this morning condemning our relationship with the United Kingdom (*Mr Karran interjecting*) and yet on the other hand he promotes the health service which gets his prescriptions costed in England, his nurse registration or all the

qualifications are English qualifications. The whole of the health service which he seems to speak so much about is based on the United Kingdom rules, regulations and qualifications from which all the people of the Isle of Man benefit, as they will benefit when this National Lottery comes into force and people in the Isle of Man can buy their lottery tickets here, so, as I say, benefiting themselves as they benefit from the good health service that we provide in the Island.

Mr Gilbey: Mr Speaker, very quickly I should like to pay tribute to the negotiating skill of the senior officers of the Treasury who negotiated with Camelot, with OFLOT and with the UK Department of Heritage and whose negotiations brought us to a stage where we could introduce this Bill and like the Treasury minister I hope, through further negotiation, we shall soon be in the stage where Camelot tickets can be sold in the Island by the coming summer.

Mr Brown: Mr Speaker, the hon. member for Onchan, Mr Karran often puts forward some views that are worthy of consideration and in fact often makes some very logical arguments. However, I have to say with regard to this legislation his arguments are totally illogical. We have a situation here that if the Isle of Man wishes to have the United Kingdom's National Lottery available on the Island to the people of the Isle of Man, then we have to have a provision to enable us to extend their provisions here within the Island and it is impossible to do what he says unless we say we do not want the UK National Lottery.

Now, it is quite clear that at the moment a considerable amount of people from the Isle of Man spend money in the UK on the National Lottery. They do it by different arrangements with family, friends, whenever anybody is away or whatever, and at the moment the Island receives no direct benefit whatsoever from the operation of the UK National Lottery and from the fact that people in the Isle of Man are expending money in the UK on that lottery.

Now, this Bill enables us to get an agreement and that agreement will enable the lottery to operate in the Isle of Man and for the Island to benefit from takings of the lottery and therefore it will then give us the ability to utilise some of that money to help charities and voluntary organisations throughout the Island in a way that many of us would like to see.

I think the hon. member has to separate his what seem to be becoming fanatical views about our relationship with the United Kingdom, and clearly this legislation is to enable us to extend that legislation here. It is quite straightforward. The UK lottery, the Bill is absolutely clear, the National Lottery will be called the National Lottery here in the Isle of Man. This law, if we pass it today, enables us to do that, and if the hon. member, as he says, is going to vote against it, well that is his choice, but what will be absolutely clear is that the majority, and I suspect the vast majority of the elected representatives of the Island, are in favour of implementing this legislation here in the Isle of Man to enable the lottery to be undertaken on the Isle of Man.

So I think we should keep it all in mind, what this is about, and leave the other arguments about whether or not he likes having any links with the UK well out of the picture on this issue.

The Speaker: I call upon the Treasury minister to reply to the debate.

Mr Corkill: Well, thank you, Mr Speaker. I think most of the points that were actually raised just now at this reading of the Bill actually were raised at previous readings, and from the outset I would like to make it quite clear that I would have preferred for the Isle of Man to

have its own internally run National Lottery as we used to do and I have certainly in the past, by moving amendment legislation some years ago, and this was stated in previous readings, tried to extend the life of our own lottery because of the, well at that time, impending threat of the United Kingdom lottery which although not legal here on the Island, it was quite clear people were going to find ways to buy tickets and participate in. Those attempts did, I think, extend the life of the Isle of Man lottery to an extent, but it was a situation and it was a type of lottery that I believe people had lost interest in anyway and certainly, whatever the debate with regard to the national identity of the lottery, you cannot get away from the fact that people have voted with their feet: they stopped supporting the Manx lottery and they have supported this new lottery.

Now, the result of that, quite clearly, is a loss of revenue to the Isle of Man because we do not receive the 12 per cent betting duty that is levied on each pound ticket and it is quite clear that as Treasury minister I would prefer that revenue to be here on the Island benefiting the Isle of Man rather than it leaking away from the Island as it does at the moment day in day out, and so I explained at the second reading and at the clauses stage that this Bill allows for us to bring in by order UK legislation which is already drafted, and it is unfortunate that my colleague from Onchan, the hon. member Mr Karran, cannot see the point of view that the UK legislation was not drafted with the terminology 'UK' cast in stone in it because obviously with their legislation for their purposes they do not need to do that because it is their statute. It is also quite clear that we are by choice, if this Bill is successful, importing the same rules and regulations, which brings us to the point that Mr Braidwood, the member for East Douglas, has raised the fixed odds betting scenario which has been allowed to develop on the Island, whereas it is not allowed in the United Kingdom and it is not allowed in the Channel Islands either because their lottery is protected from this aspect of fixed odds betting on the numbers.

But I have said that we will raise, in fact letters have already been dispatched, this issue not just with Camelot, it is not just at their behest, we are also dealing with OFLOT and departments of government within the United Kingdom who have agreed to an identical scenario taking place on the Island. Therefore we are in effect moving the goalposts if we are not careful, but I have given the undertaking that we will go through that negotiation once again because we obviously have to talk to OFLOT and to Camelot again in terms of the details for setting up the lottery. I have made that obligation. We will do our best because I can well see the argument that fixed odds betting in bookmakers does not necessarily undermine the actual sales of tickets, but this is something that we will try to negotiate, but what I did not want to do is hold out any false hope because I think it is highly unlikely that that provision will be engineered, but we will have a go at it.

Now, the hon. member Mr Braidwood also mentioned about, I think he suggested that certain percentages of the revenue raised should be targeted towards certain causes. Well, that is not the intention. The intention is to set an amount of money to the Public Lottery Trust which is still in being and which still has funds left over from the Manx lottery and it is for them to determine, without political interference, how they wish to spend those funds, and that scenario would not change.

I would thank hon. members who have supported this Bill throughout and hopefully this Bill will now proceed to the upper House for scrutiny there. I beg to move, Mr Speaker.

The Speaker: Hon. members, the motion is that the National Lottery Bill be read for a third time. Will those in favour please say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

For: Messrs Gilbey, Cannan, Quine, Rodan, North, Sir Miles Walker, Mrs Crowe, Messrs Brown, Houghton, Henderson, Cretney, Duggan, Braidwood, Mrs Cannell, Messrs Shimmin, Downie, Mrs Hannan, Messrs Singer, Bell, Corkill, Cannell and Gelling - 22

Against: Mr Karran and the Speaker - 2

The Speaker: Hon. members, the motion carries in the House, 22 votes cast for, 2 votes being cast against.

Statistics Bill – Second Reading Approved

The Speaker: We turn then to item 9 on our order paper, the Statistics Bill for the second reading, and I call upon the hon. member for Rushen, Sir Miles Walker.

Sir Miles Walker: Thank you, Mr Speaker. This Bill has three main purposes. The first of these is to bring the legislation under which the Treasury carries out the decennial test up to date, that is, the Revenue Returns Act and it dates from 1894. Over the years the Act has enabled considerable sums of money to be raised for the Isle of Man as it forms a basis for an addition to the revenue of the Island through the Customs and Excise Agreement. That additional revenue presently stands at around £6 million a year and is based generally on tourism spending. However, as may be appreciated, the Revenue Returns Act is outdated and in need of replacement by modern legislation.

The second major purpose of the Bill is to give the Treasury new powers to make co-operation by employers in the earnings survey compulsory. That survey has been running since 1988 and has relied on voluntary co-operation by employers. Only around one half of the employers contacted in the private sector reply. This is a major source of lack of confidence in that particular survey and no doubt when this year's survey is published later this week the media will include sentiments similar to those expressed in previous years. After long and careful consideration it has been decided that the best way to cut off this source of disquiet is to make co-operation by employers compulsory.

Often made suggestions that the data are either presently available or could be made easily available through the tax and national insurance systems are in fact based on a misunderstanding. Neither of these administrative systems presently include either hours of work, split into basic and overtime hours, or earnings split into overtime, premium payments and basic earnings, nor do those records indicate whether the employee's wages have been affected by absence or other factors.

Neither income tax division nor Social Security need or want this information to be included in their administrative systems and to do so for the 36,000 people on the ITIP system, for example, would clearly be a far greater burden on the public and private sector than requiring the data for perhaps 1,600 people through a sample survey.

By making co-operation compulsory it is expected there will be a slight decrease in public administration costs and no overall increase in the compliance costs borne by the private sector as the number of forms sent out will be reduced.

The third purpose of the Bill is to give Treasury new powers to collect other statistics subject to an order by Tynwald. This has been included as it was thought unwise to introduce primary legislation with a strict restriction on the possible types of information to be collected. There are no plans to use these additional powers at present or in the future.

The safeguards against disclosure by government of information and the penalties for failure to disclose information to government when requested in writing to do so are modelled on the provisions of the Livestock (Import and Export) Statistics Act of 1996. Essentially, information can only be released in a form which would not allow identification of any individual employee or employer.

The proposals contained in the Bill were issued for consultation with various private sector bodies and understandably were not generally welcomed. However, it should be said that many of the organisations that expressed concern are amongst the most insistent on pressing for more information on the Manx economy, and this is what the Bill will provide.

Mr Speaker, I am pleased to move the second reading of the Statistics Bill 1998.

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

Mr Houghton: Mr Speaker, I rise to ask all hon. members to reject this Bill today on the grounds that it will lead our Island's business people to sheer displeasure and frustration whereby they would be guilty of an offence if they fail to provide detailed information to government if this Bill becomes law.

I will refer hon. members to schedule 1 of the Bill on page 5. The schedule has extremely wide implications as to exactly what the Treasury may require in the form of data from a business. If, for example, we look at a retail type of business, a demand may be made of the proprietor to provide accurate details of his product mix by way of percentage of his total annual purchases. This example alone would cost a business many hours going through its invoices to extract the information or otherwise he would, of course, have to engage someone else to undertake this painstaking work. If someone was employed to do this work, and indeed in larger businesses a number of persons may be required to undertake this, then this would lead to a very serious financial disadvantage to that business whatever the business may be. This is most unfair and unacceptable.

All businesses are already undertaking enormous responsibilities by way of supplying government with statistics. Take, for example, VAT returns on duties collected by businesses on behalf of the Treasury. I personally spend about 60 hours per year accounting to government. Businesses have to record all purchase invoices in a ledger and summarise the required data on a quarterly basis to a standard which meets the satisfaction of the Treasury customs division. But it does not stop there. A very high proportion of business takings are, of course, collected and remitted to Treasury in respect of VAT. The business collects the duties, pays bank charges on moneys not owned by it and meets further costs of, say, accountants et cetera, all of this costing not a penny to government.

In addition there are the responsibilities to the business proprietor of accounting to government in respect of wages of employees and national insurance contributions. All of these responsibilities are already extremely onerous and weight-bearing on all businesses.

If this is not enough, now the Treasury wishes to bite the hand that feeds government by making criminals out of any business proprietors or directors, as is detailed in the Bill, if they fail to provide statistics to some bureaucrat sitting in a very nice warm office within a government department.

It is quite clear that Treasury, by introducing this Bill, has a cavalier disregard to Island businesses. It is unacceptable to levy such a task on an already over-bureaucratic system to such businesses who are the sole producers of government income.

I would urge all hon. members, some of whom are or have been businesspeople themselves, to reject this outrageous Bill once and for all.

Mr Downie: I have some reservations about this particular Bill. In the Isle of Man we pride ourselves on the number of small businesses that we have. In fact many of them are not VAT-registered and what this Bill basically does in a nutshell: matters about which persons may be required to furnish information, estimates or returns, the economic activity of an undertaking, things produced, used, sold, acquired or distributed, services provided or received, imports or exports, the persons employed or normally employed including working proprietors, the nature of their employment, their remuneration and their hours worked. I think this Bill goes much too far. I think rather than be beneficial it will have a detrimental effect on anybody wanting to start up a business. (**Mr Houghton:** Hear, hear.) It is bad enough when a business grows to the extent when it needs to become involved in VAT. (**Mr Houghton:** Hear, hear.) But to have this marathon route to go down every time that the statistics department of Treasury seeks additional information I think is just a step too far.

I wonder if the mover of the Bill can actually tell us who he has had dialogue with, I would like the Industry minister to tell us what branches of industry and small businesses he has had dialogue with, and are all these people on board, before this Bill gets any support from me? Thank you, Mr Speaker.

Mr Singer: Mr Speaker, I think that this is somewhat of a sledgehammer to crack a nut. (**Mr Houghton:** Hear, hear.) There are ways of ensuring that information is forwarded in as simple a form as possible and it could be gathered by changes to current forms to government, for example the end-of-year financial returns. Now, Sir Miles said that this would not be acceptable because government departments do not want it. That does not seem to be an acceptable reason to myself because if selected people, and if there are selected people, at the end of the year who they can ask on the earnings survey for certain extra information at that particular time, simple information - the number of employees, the wage per hour, the hours of work, basic and overtime - that seems to be the information that is wanted and that can be sent to certain people, but because government departments do not want it, it does not mean that we have to reject it completely.

I agree that statistics should be available from businesses, but we have to remember that the small or the one-man businesses are often overwhelmed with paperwork. (**Mr Houghton:** Hear, hear.) The Bill appears to place few limitations on the depth of information that could be demanded and does Treasury understand that more and more demands heaped onto small

businesses could see their demise? (**Mr Houghton:** Hear, hear.) The proprietors of small private businesses do not start work at 9 a.m. and finish at 5 p.m. I know that from experience. The paperwork can go on well into the evening. I would prefer that Treasury, in seeking the information that they require, look for it on a much simpler and a more specific basis.

Mr Houghton: Hear, hear. Well said.

Mr North: Mr Speaker, a very interesting Bill, this, and not at the challenge of the hon. member for West Douglas I rise to support this Bill, but in doing so I understand exactly what the hon. member for North Douglas, Mr Houghton, is talking about and several other small businessmen who are members of this hon. House. But let us just look at it on a balanced basis and I can see it from both sides, having been in business.

Over the last 10, 20 years if we had had the figures that are going to be available from this Bill, once they have been collected for several years, I suspect that many of the small businesses on this Island that have long gone would still be here -

Mr Houghton: Yes. Absolutely.

Mr North: - because the size of some of the businesses in relation to our population on the Isle of Man is totally ridiculous. (*Interjections*) The hon. member has smart answers, Mr Speaker, from West Douglas, but if he would just listen perhaps he might understand as far as somebody who has been in business as he has. This Bill will provide, in my opinion, information that will be available to government to protect the existing small businesses.

Now, I would say that if the hon. mover of this Bill could explain the actual implementation of this Bill it is possible that some of those members who are totally against, if the Bill receives its second reading, then, yes, we should be looking to make sure that we do not put an onerous duty on small businesses. It is not just small retail businesses. Any small business today has a tremendous amount of bureaucracy to cope with -

Mr Houghton: So why give them more?

Mr North: - and we should try and keep that to a minimum. (**Mr Houghton:** Hear, hear.) But if we collect, as an efficient government and nation, the right figures, and I underline, the right figures that are going to provide the information that we as a government need to protect those businesses, I am sure my colleague the hon. member for East Douglas, Mrs Cannell, who is at the moment assimilating and trying to collect in from a survey she is doing on retail on the Island, will give some background to that. Also it is going to be very interesting to see from that survey, for which, I think, over 2,000 information forms went out, how many are actually returned, and if we do not get something over 50 per cent, then they are probably worthless anyway. But the figures can come from government, and I totally understand the point that was made by the hon. member for North Douglas, totally agree, but you have to balance it. I could argue both ways on this one, but I really have to come down in favour of the Bill because in many years to come, if we use those figures correctly and understand what they are saying, and I have questions marks as to whether it is not too late, if we look at those figures, they will be useful to government, and we should support this Bill so that we can start collecting those figures and protect the businesses that we already have and the few that are remaining.

Mr Duggan: Mr Speaker, I will not be supporting the Bill, like Mr Houghton, and I disagree with Mr North. I think he is just sitting on the fence: typical of him.

I run two small companies and I have got enough paperwork already, (**Mr Houghton:** Hear, hear.) like many other little companies, and I think really speaking this is nothing but adding work to the people that are trying to operate and run small businesses. I employ about a dozen people, as I say, and there is enough paperwork already, and I am sure many other little companies are the same as myself.

I, really speaking, feel that the majority, if you look at the facts and figures, that the main employer on the Island is the small companies -

Mr Houghton: Hear, hear. Yes.

Mr Duggan: - not the giant companies. If you take them collectively, it is the small companies who are the main employer here and you are putting too much on them. (**Mr Houghton:** Hear, hear.) I am not supporting the Bill anyways.

Mr Houghton: Hear, hear.

Mr Rodan: Mr Speaker, I am one of those who have in the past criticised the annual earnings survey for its accuracy, (**Messrs Cretney and Karran:** Hear, hear.) the fact that only 50 per cent of the sample bother to complete the information requested and for the conclusion that is often drawn on the outside that the estimate of earnings is often seen as overstated because low-paying employers do not in fact, for their own reasons, complete the survey. So to that extent and in relation to statements of intent that have been given previously in relation to the inadequacies of the annual earnings survey, to that extent I welcome this legislation in so far as it will enable accurate statistics to be collected, and in relation to the earnings survey itself which has prompted this legislation it is schedule 1, part 5 which seems to be the pertinent section relating to persons employed or normally employed including working proprietors, the nature of the employment, remuneration and the hours worked. This is the information required to ensure the earnings survey is accurate.

But of course this Bill does seem to go considerably wider than that (**Mr Houghton:** Hear, hear.) and there is one thing that is not at all clear, and perhaps the mover can clear this point up. Are we still talking about collecting information by sample or are we casting the net wide to all employers or to all those who are deemed to be required to provide particular information? Because if we are still talking about sampling, then undoubtedly compulsory sampling is the way to get the information in a scientific manner, but this Bill seems to go far beyond that -

Mr Houghton: Hear, hear. Yes.

Mr Rodan: - not just sampling, but requiring information from all employers, and that is a completely different proposition.

I wonder if we have struck the balance right here. We do want a balance to be struck between getting accurate information about the Manx economy, we want it on areas in which it is reasonable to be requiring the information, but we have to balance that against the imposition on employers that other hon. members have referred to already in providing this information. It does appear that in addition to the traditional role of small businesses as unpaid

tax collector for the government in respect of value added tax they are also to be unpaid statistics providers for government. (**Several Members:** Hear, hear.)

Mr Houghton: Correct. For hours and hours.

Mr Rodan: Now, it would seem to be perfectly reasonable, and perhaps the mover could clarify this, is it the intention in Treasury when making a Tynwald order, whether requiring the information to be collected by sample or by universal application, that a fee will be paid to the small business, to the business -

Mr Houghton: Fined £5,000.

Mr Rodan: - in respect of the time and the costs that he will have to expend in providing this information? If that were to be done, it would seem a reasonable approach and I think it would take a lot of the sting out of the concerns that hon. members have quite properly raised.

Mrs Hannan: Vainstyr Loayreyder, I am surprised by the reaction to this legislation, I must say. This is all about government planning, it is about us being able to decide which way we should progress on any particular issue. Surely it is something that a government should know: the sort of rates of pay, the areas that people are involved in, and in some instances making that information, not on each individual person of course but on businesses, available to others and for them to understand the planning that government is involved in. There has been criticism all the way down the line and how do you think we are going to get statistical information that people can use confidently to back up cases? We have everyone from the Chamber of Commerce to the Trades Council, you might say both ends of the sphere, criticising the returns because we have not been able to get that information.

Now, I am surprised too that the members have been on their feet suggesting that it is a terrible imposition on people. We, every week, passing legislation, put an imposition on people and because it affects us individually, and I am an employer, but because it affects people individually, they are saying, 'No, we're not going to have this legislation.' We should be thinking here, as representatives of the people, of the whole. Different places are bringing in CCTV. That is an imposition on people, watching what they are doing. We also have a great deal of imposition. The firms are already tracing what people are doing, how they are buying, what they are buying, when they are buying, and these ought to be of concern to, I think, people when it comes to the freedom of the individual.

But this is information so government can plan, government can plan ahead, and I note the comment from the member for Garff because I am asked by farmers, and I was asked even as late as last night, quite late last night, if, because of all the imposition that we have put on farmers in recent times, they could not be paid for supplying information to the department, information when it is in their interest. I said last night I would not be paying them for it because the imposition on them assists their business, assists them to continue in business. Yes, it is a terrific imposition. They are being asked to do it all the time. This is just to disclose the information at one time. So it is not returns every week, as far as I understand. But farmers and fishermen are expected to make returns on a regular basis and so it is not just an imposition on shopkeepers or businesses, it is an imposition, I think, right across the way for different reasons.

But it is to do with government planning, it is being able to plan a way ahead and I think we would do a disservice to the people that we represent if we did not support this legislation before us today.

Mr Karran: Vainstyr Loayreyder, I will support this Bill today and I have to agree with the hon. member for Peel that I feel that there is an awful lot of vested interest being expressed today instead of looking at this Bill from the real effects.

I am saddened by my good friend from South Douglas, Mr Duggan, in the fact that he, from one of the areas that more likely has one of the largest areas of underpaid workers in the Isle of Man, can consider going against this piece of legislation and I am sure that he would reconsider when he thinks about that and representing the wellbeing of the people of Douglas South.

I believe that it will do a terrible disservice to the Isle of Man not to give this Bill a second reading. I think the clauses need to be looked at, but at the end of the day if this society believes in a caring and prosperous society, then it has to support this, because quite frankly you have had these fairytale earnings surveys which have insulted the vast numbers of people in our community when you come out with such ridiculous amounts that it has created a wedge in our society, and whilst none of us in this hon. House can claim to be low paid, I feel that we have a moral obligation to support this legislation. It will also, I believe, show the extent of the low-pay problem in this Island and whilst I am sure that in another place they will run away from low-pay legislation which is desperately needed in this Island, this piece of legislation will have that effect, if nothing else, to stop people from hiding from that section of the community that ain't getting the fall-down effect from the economic prosperity in this Island at the present time.

I hope that members will support this and I hope the hon. member for South Douglas - and I appreciate his concerns as far as small businesses are concerned - will support this, as this is a measure to help his constituents and that section of the community that has missed out on the economic boom in this Island. It will also help other sections of the community that are weak and vulnerable in our society to get the information we need if we have any sincerity as far as protecting them is concerned.

Mr Shimmin: Mr Speaker, I will not take long. The former two speakers have made many of the points I was hoping to make to introduce more balance into this debate.

I will support the second reading. That does not mean that I will necessarily support all aspects of the clauses but there is now a six-week period for the mover of the Bill to go away and consider some of the comments that have been made. (**Mr Houghton:** Hear, hear.)

It is my understanding that he referred in his original movement of this motion that it would still be a sample. That needs clarification.

As somebody who never has nor is likely to run a small business I cannot comment upon those areas that many of our colleagues have already voiced. As long as that is not self-interest but is legitimate concern it needs to be looked at and it may well be that a possible amendment to clause 1 regarding the primary legislation and orders before Tynwald may be a mechanism which would take away some of the concerns without actually undermining what will be a very valuable and necessary piece of legislation. Thank you.

Mrs Cannell: Mr Speaker, I fully appreciate the concerns that have been raised here today and I would hope that the hon. mover will do his very best to allay those concerns.

Can I say that I fully support the concept of ensuring that employers comply under statute for the filling in and returning of the Isle of Man earnings survey. It is something that I too have also supported and called for on many occasions throughout the last seven or eight years, and that is very good, that is a very positive part of the Bill and I have no problem with that whatsoever.

However, with regard to looking at schedule 1, paragraph 1, the economic activity of an undertaking, I wonder whether the hon. mover can explain how that is to be sought. What kind of economic undertaking? Because what I can say, which I will add to in a moment, is that there can and may be difficulties with that, and I think it may be a bit too much of an imposition to merely lay down that the economic activity of an undertaking can, by Treasury, be sought for by notice in writing prior to the person who is requested to undertake that information. What sort of information will be asked for? How will the questions be put? All of those sort of details, I think, need to be furnished to members before they reach the clauses stage.

I am pleased to see that under clause 1(4) the order has to be approved by Tynwald, any order relating to any part of the Bill has to have Tynwald approval, and I think that is a good move and it does mean that although members may support the majority of the Bill, they may not support a particular order when it comes to the floor of Tynwald if it is in relation to any part of that particular Bill, and so that is good.

I am a little concerned under clause 2 with regard to sub-clause (2) here where it provides a defence mechanism, but it is rather airy-fairy as to how it can be a defence for the person to say that he took all reasonable steps and exercised all due diligence to avoid committing the offence. It seems to be a little bit wishy-washy there really and I wonder how that would actually work in a legal situation, in a legal framework. I think it is perhaps a little open to interpretation and perhaps the way it is presently worded might rest too much on the person who is actually taking over the proceedings, whether it be the deemster, the High Bailiff or whoever, to interpret.

Disclosure of information - I can see why Treasury are wanting to do this. There are all sorts of reasons why Treasury would wish to have this kind of information. But I just wish, I wish as a member of the Department of Trade and Industry, that whilst they are amassing all sorts of information that is not covered under this Bill but is covered perhaps under other legislation, they might be a little bit more forthcoming with the Department of Trade and Industry when it is trying to conduct some kind of survey for the industry.

Previously the hon. member for Middle, Mr North, the minister for the Department of Trade and Industry, brought into the debate the present survey which is being conducted by the Department of Trade and Industry. I think it is a little unfair really to talk about that in this particular debate because that is ongoing. That has not been completed yet. It is perhaps a little slower in coming in than we would have first liked but nevertheless it is coming in at a steady pace, which is to be welcomed and of course we have to realise that the industry, particularly retail at this time, is very busy. We are approaching Christmas and this is a time when hopefully they do well and they reap the benefits of having a business in the Isle of Man, and so therefore things like having a form to be filled in by the Department of Trade and

Industry, albeit on a voluntary basis, is perhaps taking a little bit longer than we anticipated. But it is coming in, it is working and we hope very soon in the new year to be able to make some kind of announcement on that.

But I have to say along with the survey there have been comments passed to the department from this particular industry in relation to 'Is it not a little bit late that government is doing this?', 'What can government do to help us?', 'Why should we bother to fill in the survey?' and the fact that perhaps the survey is getting lost with other types of surveys conducted by other departments and other organisations.

But setting all of that aside, it is positive. I do worry, however, that because we have started this initiative this year on a voluntary basis, very soon now we are looking at a Bill at second reading, although the clauses will be some weeks off, and then subsequently third reading and then checking by the Legislative Council, it might seem a little heavy-handed coming so hot on the heels of a voluntary survey situation, and that worries me a little bit because we are trying to win, as the Department of Trade and Industry, the confidence of particular industries and now this is being launched and it may be or it could be perceived to perhaps be coming at the wrong time. However, I do appreciate at the back of the Bill in number 9 is that any part of the Act can come in on different days under different orders, so I suppose certain aspects of it could come in a little bit later.

I would suggest that under schedule 1, number 5 with regard to the earnings survey, that could possibly be thought of by the mover as perhaps coming in first because I do believe it does have more importance in this regard and that perhaps the mover would be so kind as to let the Department of Trade and Industry complete its task and come forward with its findings before introducing other parts of it. I am fearful of losing the confidence of the industry in relation to this and this is, to my mind, one of the most important parts of it.

Other than that, in principle I do not have a problem with it at this stage, but unless I find some kind of positive reassurance by the mover, then I may be put into a position where I am coming forward with amendments at the clauses stage. Thank you, Mr Speaker.

Mr Brown: Mr Speaker, I welcome this piece of legislation, in fact I believe it is long overdue for the Island, and whilst I can understand some of the comments made by some of our colleagues here in the House, I think we should keep in mind that the present surveys that are undertaken are virtually worthless and also create problems for businesses on the Island, and one of the reasons for that is because the information that is contained in there is difficult to get, is limited and in fact often gives a false impression as to what is going on in the business sector in the Isle of Man.

So I see this legislation as important. It is important because (1) it will enable the information to be obtained properly; (2) it will mean that anybody who discloses that information will be committing an offence; (3) it will mean that the business has to comply if they are requested for it, and whether we like that or not, unless sometimes you put that sort of control on a business they are not always going to reply, and that is certainly the view that has been demonstrated by the Department of Trade and Industry's retail survey where there is that point of struggling to get the information in.

The other thing I think that is important, and very important, is it will for the first time give a proper indication as to what is happening in the business sector in the Isle of Man. One of

the problems that we have is we do not really know what is happening with exports, what is happening with imports, the nature of what is going on in the business sector. The true picture is not really there and therefore it makes it very difficult for government to plan how it is going to develop the Island and how it is going to develop and if necessary protect certain sectors of the Island's business sector.

So I welcome the Bill. I think the principle of it is fine. I have no problem at all.

One thing that members are concerned about is the amount of work that is possibly going to be necessary for small businesses, and myself and my wife run a small business and, yes, this would be an extra burden that we would have put upon us if we were one of the ones to be issued with a form, but I do think, if you look at schedule 1, we have five basically simple questions there in that schedule and clearly, whilst it may go broader, if we look at the survey that went out from the Department of Trade and Industry, that contained over 40 questions. Now, to be honest, that took about, I think, 10 minutes to fill in. So it depends how the question is put, how simple it is to respond to it and also, very importantly of course, most of the information that is going to be requested is already there in the hands of the business because they have done their VAT, they know what their turnover is, they know what they are paying their staff, they know how many people they employ, they know what they are doing. So it is not going to be as onerous as is being made out. I do not believe that at all.

We have a situation within this legislation which is also important and that is about confidentiality. One of the reasons that businesses are reluctant to give information to government departments is because unless they are protected properly by protection against anybody disclosing commercially sensitive information, they will not provide it. Now, that is the nature of the animal. It is all right putting 'Confidential' on something. The confidential bit is only confidential while somebody respects it. That is not good enough. You need the law to say if you break that confidentiality you are committing an offence. This Bill brings that in and therefore that is another important part of it.

I welcome clause 1 because it does allow for the schedule to be amended, so I have no problem in that because it has to be approved by Tynwald.

Whilst I welcome the offences under clause 2, I would like to ask the mover maybe just to check because to me it seems as if it may be slightly the wrong way round in terms that if somebody does not furnish the information correctly they can get a term not exceeding six months or a fine not exceeding £5,000 or both and yet if somebody discloses information which could be very commercially sensitive, they only have a fine on summary conviction of £2,500, and certainly my view demonstrated that I felt that is the area where, if an offence is committed, disclosure of information should actually be the greatest offence, and I would ask the mover to go back with that.

I think we have to accept it is a reality of life, if we are going to survive and if we are going to produce statistics, they have got to be meaningful. What we do at the moment on a voluntary basis has limited value and in fact can backfire on the businesses because then false impressions are created and you get people saying things based on a limited amount of information that does not necessarily reflect what is going on in the business sector.

So I welcome this Bill. I hope members will support it and I hope that if they feel there are areas that can be improved, then maybe they will come forward with amendments and hopefully talk to the mover of the Bill prior to us getting to the actual clauses stage.

Mr Henderson: Mr Speaker, it has been an interesting debate and I am quite taken with the various different angles that have been presented here this morning. I am pleased that the hon. member from Castletown can blast through his business documents in 10 minutes with the speed of an Intel microchip because I am sure other small businesses are not so fortunate (*Mr Brown interjecting*) and it is hard going out there in the small business world.

Having said that, I have also listened to Mr Karran lambasting my colleague from South Douglas and going on about the social issues that are being put to one side and this can be the cure-all of all the ills and so on and so forth. Mr Speaker, I put it to you and the hon. members that in one section and one slab of social legislation if the Department of Health and Social Security got its own statistics section in order, then the social divide that our hon. member is talking about would be put right -

Mr Duggan: That is right.

Mr Henderson: - and I do not think it serves any part in this debate.

Now, what I would like to draw Mr Speaker's and the members of this hon. House's attention to is the fact this Statistics Bill in its present format I cannot support. I agree that we do need to have accurate information and I think that we need to have accurate information in a balanced way which people and small businesses and everyone else can provide in a practical fashion.

If we look at the first page at the bottom of the Bill it is very clear that 'the Treasury may, subject to subsection (2), by notice in writing served on a person carrying on an undertaking require that person to furnish, in such form and manner, at such times and within such time as may be specified' et cetera, and applicable to clause 2 at the back of the document there is a whole ream of information that is complicated, difficult to assimilate and, to my understanding, the way it is written, it is in quite loose terminology there, so it would give, in my opinion, the Treasury or officers leave to request a remit of information that could well go beyond the scope of what they were trying to set out in the first place. (**Mr Houghton:** Hear, hear.)

Now, that is an awful lot of hard work and having been somebody who has collected statistical information I know how hard it is and I only wish it could take 10 minutes, but the fact of the matter is if it is going to be accurate and it is going to provide what this Bill wants, it is going to take considerably longer. Notwithstanding the pressure that makes, this Bill applies to every business, and as I say, there are many small businesses out there who are struggling to survive and it will put major pressure on those people.

Notwithstanding that, there is another piece on the first page or the title page of the Statistics Bill and it states quite clearly it is not expected that the Bill will have any effect on public revenue expenditure and manpower. So who is going to foot the bill? Who is going to have to put the manpower in and who is going to have to lose the money in the hours assimilating the kind of information?

Mr North: John Houghton.

Mr Henderson: The small businesses and everyone else, not just the members in this House, Mr North, but seriously, there are many businesses out there and they are all going to suffer as a consequence of that, and if that is not enough, I notice for failure to supply any information there is a £5,000 fine or a custody term of six months.

Mr Houghton: Outrageous!

Mr Henderson: Now, what kind of slab of legislation is that, hon. members? (*Interjections*) What kind of sledgehammer is that? I think we really are using a sledgehammer to crack a nut here.

Mr Houghton: Absolutely!

Mr Henderson: I think there are far better ways of assimilating statistical information than threatening somebody with a six-month prison sentence and I think it could far better be done, although I take the point of the hon. member Sir Miles Walker was saying about the forms and so on and government departments would be reluctant to have it included, but what better way to adjust a tax form or a revenue return form with a couple of extra tick boxes or so forth (**Mr Houghton:** Hear, hear.) and that might help ease the situation.

I also notice here, because of that part 7 which says the Bill will not have any effect on public revenue, what about training and support and information booklets and so on to assist people who are going to have to fill all this kind of complicated information out? If that is the case they are not going to get any, so how on earth are they going to do it accurately in the first place? I think it is our job to have a look at that. Certainly if we are going to have accurate information back, then we need some kind of support here.

So, as I say, in its present format I cannot support it. The idea behind it for collecting statistical information is fine and I think the hon. mover, if he could go back and just have a look at some of the comments from this morning I would be more than happy then to have a look in a more positive light.

Mr Cannell: Mr Speaker, I shall be supporting the Statistics Bill at this stage of its proceeding. One would be tempted to say that we do not need any more statistics in the Isle of Man, but I am assured that these are vital statistics and of course I take more notice of that.

Unless it be thought by my alleged senior colleague for Onchan, Mr Karran, that I have suffered from his gunboat diplomacy and am rolling over and playing dead, I am demonstrating the new harmony which exists for the members for Onchan and indeed the colleagues of the Department of Health and Social Security by relying on some correspondence which I have received from the hon. member for the department and colleague for Onchan, Mr Karran, where he says: ' . . . the issue of whether, when dealing with Social Security legislation on appeals or with disputes over Social Security issues, we use our own guidelines as far as the interpretation of the benefits are concerned or do we just follow blindly' - you-know-where - 'the United Kingdom?', of course. Mr Karran says, and I have asked his permission to quote from his letter here which only arrived today so I haven't answered it yet - this will save me doing so - the reason he asks me the question is simply because it increasingly is becoming evident in his view that in the United Kingdom genuine cases are being excluded from the benefits that they should genuinely have simply because of the more vigorous interpretation happening in the adjacent island over social security benefits.

Now, social security benefits are manifold, as I am finding out on my trips to Markwell House. They are a minefield. But I must refute the allegation which was made earlier on that they are without good providers of statistical information. When you go down there there cannot be any other department of government which is so adept and so prolific in providing statistics for absolutely everything. They are marvellous at it. All it needs is for me to try to understand some of it.

But what I can say with certainty is that with reference to Mr Karran's request that we do not blindly follow the United Kingdom's legislation, this Bill will give us some assistance at the Department of Social Security to do just that and I am assured by the experts there, the senior officers and very competent they are too, they assure me that this Bill will provide that vehicle for us to not have to blindly follow United Kingdom legislation on every aspect of social security benefit, and I regard that as a great step forward. We obviously are hide-bound with some of our benefits to the reciprocity of the United Kingdom agreements, but there are many other forms of benefit which are particular to the Isle of Man where we do not need to, and one of the those is the indices of statistics which will come from these which will enable us to hang benefits for the Isle of Man's folk based purely on the earnings and statistics which will come from the production of the information which will have to be provided. So that is a very great benefit and I therefore, if not on any other circumstances whatever, will be supporting it.

Mr Corkill: Mr Speaker, a lot of the points have been raised with regard to this Bill and I have to say that as a member of this House I have moved my position from one which is probably similar at first glance to the Bill that some of the hon. members of this House have promoted this morning with regard to this onerous task that is going to be put onto small businesses, and as someone who has run a business for many years I am very aware of that burden, bearing in mind it has to be put alongside all the other things that government expects of business.

But I wanted to make one or two points clear and that is with regard to the Economic Affairs Division of Treasury who at the moment, particularly with the earnings survey, send out thousands of forms. A great number of forms go out because they know that only a certain percentage will come back, and I also know that this year they are particularly disappointed that two very large employers have not made returns, employers who for many years have actually done that, and that has actually given, over the years, accuracy to the statistics that we have had so far.

But there is a political reality to take into account because although Treasury and Economic Affairs over the years have been content with the statistical information that has been provided, there has not been the confidence in the workplace with the unions and that confidence has created disturbance at the very interface where government meets the private sector and meets the workforce and therefore I think anything that can be done to instil confidence in that area will be an important step forward.

Now, the result of that, if this legislation becomes law, with regard to the earnings survey is that a fewer number of forms will actually be dispatched from the Economic Affairs Division. That will actually save costs in one particular way and because of that smaller number of forms, the fact that they are compulsory, they will still get the same or even improved statistical accuracy, and I think that is an important point that needs to be borne in mind.

I would also like to take the opportunity to thank all those firms over the years who have done it on a voluntary basis. Certainly when I was in business I think once or twice I was asked or had forms submitted to me, because it is done at random, and I know very well that I did it one year and the next year I threw it in the bin because I was busy. Now, those are the sorts of pressures that small businesses are under and I fully appreciate that, but with regard to a lot of the information, it is available for taxation purposes. Anyone who employs people has a certain amount of accounting to do. They have to make submissions with regard to deductions. There is also the aspect of VAT and the analysis of business and therefore that is, I think, an important issue, that this information is not new information, it is just a way of giving confidence.

I hope hon. members will support the Bill because Treasury is not the ogre, not the bogey-man that one or two people have tried to illustrate this morning, and this legislation obviously has to be all-embracing, but it will be applied pragmatically.

The Speaker: I call upon the hon. member for Rushen to reply to the debate.

Sir Miles Walker: Thank you, Mr Speaker. At the outset can I thank all the hon. members who have made a contribution to this debate. It has been an interesting one and many and varied points have been raised, but can I just take hon. members back to my opening remarks. This Bill will replace the Revenue Returns Act of 1895. That is the Act under which we do our decennial test. Once every 10 years there is a sample taken of the goods that are purchased on the Isle of Man and an estimate made then of how many of those goods are purchased by tourists and non-residents and that is built into our customs and excise statistics. That has been an immensely useful exercise for the Island not only in information terms but also in financial terms, and I would hope that nobody is suggesting that that exercise should cease.

The earnings survey is the only other survey that is covered by this Bill where information is sought from employers. Now, in 1987 when we were looking round to see what information we had about the economy and what was going on in the Isle of Man, we found that information very sparse indeed. When we set about doing the earnings survey we accepted that it was a voluntary survey and that a number of people who were requested to respond would not, for their own probably perfectly proper reasons, but that fact has been used to undermine the contents of that survey every year since it was initiated. I think one thing is certain that that earnings survey does do and has done is indicate the trends of what is happening in our economy and it has now been done for 11 years and any errors that were built in at the beginning have in fact continued all the way through and so the trends that are shown within that particular survey continue to be and have been very useful. So under this Bill the decennial test can continue and the earnings survey will continue but it will cease to be voluntary.

As far as any other matter is concerned, if more statistics are required in the future, and I say very clearly at the moment there is absolutely no intention to expand on that information required at this stage, if any further information is required in the future it can only be done after an order has been prepared and presented to Tynwald and supported by the majority of members. So this Bill can not be expanded by some Treasury bureaucrat downstairs who wants to place an increasing burden on small business.

Now, what I did not do and perhaps should have done during my opening remarks was refer to schedule 1. Obviously paragraph 5 of schedule 1 is to do with the earnings survey. That is quite clear. But the other information - 1, 2, 3 and 4 - are required for the decennial test. So this is not new and businesses are required - or some businesses are required and some people are required but only once every 10 years for that decennial test - to provide that sort of information. Now, it has been modernised, and I accept that. In the Revenue Returns Act of 1894 - and that is quite a long time ago - that referred to returns of tea and tobacco imported into the Isle of Man, but it was only one year later in 1895 when that was amended after the words 'tea and tobacco' to include the words 'wines and spirits or any other goods, wares or merchandise of any description liable to duty in the Island' and so on. This information, hon. members, is required for the decennial test. This Bill in front of members today in fact is a modern form of the legislation which has been in place for 105 years. I would submit it is time to update that.

Can I just mark my appreciation to all those members who have spoken in support of the Bill and to those who have opposed the Bill on the grounds that it will become burdensome in a bureaucratic way on small business can I say very clearly that I understand the points that are made. I do not, though, accept that this Bill and the contents of it are going to overburden or further burden businesses which are out there operating quite properly today. The reverse is true because the Treasury minister did state very clearly that the number of forms that were going out with respect to the earnings survey in fact will be decreased, but those people that do get them will be required to fill them in correctly.

So I accept the point made by Mr Houghton in principle on the Bill but would ask him to reconsider his thoughts in the light of what I have just said, in the light of other comments that have been made. As I say, I know about VAT, ITIP, June returns and all those things. I have done them on my kitchen table the same way as many other members of this hon. House have, but I have always accepted they are a proper and appropriate part of running a business (**A Member:** Hear, hear.) and they can be included in the overheads and costs of a business and deducted in an absolutely proper manner, those costs. I do not believe that there has been a cavalier disregard of the interests of small business as was perhaps suggested.

Mr Downie also had reservations and I think it was on the same basis, on the possible detrimental effect on small business and he did make the point, which was very important, that this was a burden on small business, and I would respond to that by saying there are very, very many small businesses, and I was surprised how many, that request the information obtained in the earnings survey from the economics department of Treasury because they find it useful information on which to base some of their business decisions. (**Mrs Crowe:** Hear, hear.) So it is not only one-way, hon. members, the information is required and is requested on far more occasions than I realised.

Mr Singer made the point that he thought that the information could be obtained by simplifying and adding to the information that is required of employers and businesses for other purposes, and there is a substantial problem in that. Figures and the information gathered for tax purposes are for the tax office only, and I believe that that is right. Certain information, statistical information, is of course obtained from the tax office in terms of number of people employed, number of businesses and so on, but that information is so broad that it is in fact impossible to identify any individual with it. I think if you extend that system into seeking

further advice, then you do really get into a problem, and you are also requiring perhaps 36,000 people who are submitting tax returns to increase the information they give, which may never be used or if it is used, can be obtained by a sample of perhaps 1,000 people or 1,500 people. It seems to me that the bureaucracy that could be entailed in the way that Mr Singer has suggested in fact is far greater than that identified in this Bill.

Mr Duggan disagreed with the Bill for the same reason, that he felt it was a burden on the small businessman, and we do know that 70 per cent of businesses on the Isle of Man have under five employees. I certainly accept that. I do not, though, accept that the majority of employees are employed by those people with small businesses. I think the majority of people who are employed are employed in the larger workplace, those people that employ 100, 200 and 300 and 500 people and I would suggest it is those people that will have no problem at all in returning to Treasury the information that is required for the earnings survey.

Mr Rodan asked whether or not we would be looking for information from all employers or whether the information would still be collected by sample. Very clearly it is by sample and the sample can be reduced under the provisions of this Bill.

Mrs Cannell made the point that the retail survey was being conducted by the Department of Industry at the moment and she would hope that the progress of this Bill would not impede the progress of that survey. I hope also that that is not the case and can give her the assurance that we will liaise with the department to make sure that there are no problems that we do not foresee at this moment that may be uncovered. I have absolutely no problem with that, but she will understand the difficulty in getting a voluntary response, I am sure, from people who have been circulated.

Mr Henderson again was concerned with small business and he referred to clause 1. I can just say to him that clause 1 is largely lifted, or the requirements are also in the Revenue Returns Act of 1894 and so do not impose an extra burden on small businesses out there at the moment.

Apart from referring to Mr Cannell's vital statistics I think I have covered most of the points that have been raised and any detailed comment that has been raised on the clauses, and Mr Brown had one, asking whether or not it was fair that the fine for disclosure was only £2,500, whereas the fine for failing to give information was £5,000. That is an interesting point. It is certainly one I will look at before the clauses stage, if we get that far, along with other comments that have been made. I beg to move.

The Speaker: Hon. members, the motion is that printed at item 9 on your order paper, that the Statistics Bill be read for a second time. Will those in favour please say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

For: Messrs Gilbey, Cannan, Quine, Rodan, North, Sir Miles Walker, Mrs Crowe, Messrs Brown, Cretney, Braidwood, Mrs Cannell, Messrs Shimmin, Downie, Mrs Hannan, Messrs Singer, Bell, Karran, Corkill, Cannell, Gelling and the Speaker - 21

Against: Messrs Houghton, Henderson and Duggan - 3

The Speaker: Hon. members, the motion carries, with 21 votes cast for, 3 votes being cast against.

Hon. members, that concludes the business before the House this morning and the House will now stand adjourned until Tuesday next, 15th December, at 10.30 in Tynwald Court.

The House adjourned at 12.10 p.m.