

# **REPORT OF PROCEEDINGS OF HOUSE OF KEYS (QUESTIONS)**

**Douglas, Tuesday, 25th June 2002  
at 10.03 a.m.**

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Present:

The Speaker (the Hon J A Brown) (Castletown); Mr D M Anderson (Glenfaba); Mr L I Singer (Ramsey); Mr R E Quine OBE (Ayre); Mr J D Q Cannan (Michael); Mrs H Hannan (Peel); Hon S C Rodan (Garff); Mr P Karran, Hon R K Corkill and Mr A J Earnshaw (Onchan); Mr G M Quayle (Middle); Messrs J R Houghton and R W Henderson (Douglas North); Hon D C Cretney and Mr A C Duggan (Douglas South); Hon R P Braidwood and Mrs B J Cannell (Douglas East); Hon A F Downie and Hon J P Shimmin (Douglas West); Hon J Rimington, Mr Q B Gill and Hon Mrs P M Crowe (Rushen); with Mr M Cornwell-Kelly, Secretary of the House.

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## **Questions for Oral Answer**

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**Corporate Services Providers Act –  
Provisions – Question by Mr Karran**

Question 1. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Do you support entirely the provisions contained within the Corporate Service Providers Act 2000?*

**The Speaker:** Hon. members, the first item on the order paper is questions for oral answer and the first question is from the hon. member for Onchan, Mr Karran. I call on the hon. member.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, the Chief Minister.

**Mr Corkill:** Thank you, Mr Speaker. I believe that the support for the Corporate Service Bill, when it passed through this House was, in fact, unanimous. I certainly supported the Bill at that time and I support the Act as it now stands. It is a piece of legislation which puts the Island globally at the forefront of the regulation of companies which might otherwise be used as financial vehicles by off-Island interests for criminal purposes.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** If you agree, Chief Minister, that the provision of the Corporate Service Providers Act places an emphasis on knowing who you are doing business with, why is it, as the Chief Minister and with your Minister of Trade and Industry, that you are unable to identify who government is doing business with?

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

**Mr Corkill:** I think the response to that is probably in later questions, Mr Speaker, but I think the hon. member needs to appreciate what the issue is with regard to what corporate service provider legislation does. There is an obligation on corporate service providers to know the beneficial owners of companies that they are forming and that they are administering on behalf of those people. That is a different issue to what the member has put in a series of questions.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, why are government ministers and departments supposed to be exempt from knowing their customers' rules but corporate service providers are not? Would the Chief

Minister not agree that it is more important for government, for the good name of this Island, to know who they are dealing with?

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

**Mr Corkill:** Mr Speaker, in the case of these questions the government is the customer, not the other way round.

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**Companies – Identification of  
Beneficial Owners –  
Question by Mr Karran**

Question 2. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Will you explain why departments of government do not have adequate policies and procedures in place (and are not using reasonable efforts) to identify the beneficial owners of companies they are doing business with?*

**The Speaker:** I call on the hon. member for Onchan, Mr Karran. The reason I put the question, hon. member, is you have a series of questions here that are all interrelated and I think it would be helpful for everybody if, where you are asking the questions we try to be as focussed as we can on the individual question because they all do interrelate. I am not objecting to the member asking questions but I do think they interrelate. Hon. member.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Chief Minister to reply.

**Mr Corkill:** Mr Speaker, the answer is that it would be quite ludicrous for them to do so. In the course of a year, departments of government do business with thousands and thousands of companies both on-Island and off-Island, buying a vast array of goods and services. To imagine that there would be some value in government departments looking behind each of these companies to try and establish their beneficial owners really is absurd.

I assume that the hon. member, Mr Karran, during his term of 10 years' office at the Water Authority and at the Health Services, did not insist on such research being done when he was actually in a position to require it. Perhaps he can inform this House as to his reasoning for a change of heart?

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary: would the Chief Minister not agree that we are not talking in small sums when we are talking about major issues such as half a million pounds going to a company in Panama? Does not the taxpayer need to see what is going on, or is this just another example of 'do not do as I do but do as I say'? I think the situation is that government cannot say one thing and do another. And would the Chief Minister not agree that we have to tighten up on our procedures?

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

**Mr Corkill:** Mr Speaker, in terms of the definition 'know your customer', when the government buys goods and services from the private sector it is government that is the customer; the supplier is not the customer. 'Know your customer' is a principle that is rigorously applied in relation to businesses within the financial service sector dealing with funds being provided from off-Island. It is not applied in a normal domestic trading situation. No company in the private sector, including the finance sector, is required to know the beneficial owners of companies who supply them with goods and services. If government was dealing with any company to which 'know your customer' principles should apply, government would be protected by the 'know your customer' principle as applied to that company by the relevant corporate service provider.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary: would he agree that asking directors of companies that the government is given to spending public moneys with to state in writing for the department's files who actually owns the companies, especially when there are large amounts that they are managing, is not an unreasonable request? Can you say why this is not part of department procedures as far as your government is concerned if it is really committed as far as money laundering is concerned?

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

**Mr Corkill:** Mr Speaker, the beneficial owner of a company to whom government may be paying moneys for a service or for accommodation or whatever could change on a regular basis. The reality is that the hon. member is looking at this whole aspect of 'know your customer' from the wrong end. As I keep saying, in this situation government is the customer.

**The Speaker:** Question 3, hon. member.

**Mr Karran:** Vainstyr Loayreyder, I would like to put more supplementaries. . .

**The Speaker:** Hon. member, we are drifting into question 3 in both the questions from yourself and the answer from the Chief Minister. Therefore question 3, please.

**Mr Karran:** I thought this was supposed to be . . .

**The Speaker:** Hon. member, question 3, please!

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### **Companies – Government Safeguards against Criminal Elements – Question by Mr Karran**

Question 3. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*The Corporate Service Providers Act 2000 contains a provision headed 'Know your customer', which is said to promote high ethical standards in the financial and commercial sectors and to prevent corporate service providers from being used, knowingly or unknowingly, by criminal elements. Can you say what provision is made by departments of government to prevent the departments of government from being used by criminal elements, specifically in the case of departments that are unable to identify who the beneficial owners are of companies they are doing business with?*

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

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

**Mr Corkill:** Mr Speaker, my answer is that the Corporate Service Providers Act 2000 does not contain a provision headed 'Know your customer', and I doubt if any responsible person would go so far as to claim that the legislation will prevent corporate service providers being used by criminal elements. Hopefully, however, it will reduce the likelihood of Manx companies being misused by off-Island criminals. This is progressive and advanced legislation which has few parallels elsewhere, and we are very much at the forefront of international good regulatory practice.

The corporate service providers legislation is directed at a particular segment of business and is aimed at curtailing international crime. Generally speaking, companies trading in goods and services on the Island are not covered.

Mr Speaker, trying to identify the beneficial owners of all the companies who do business with the Isle of Man Government would be a worthless and resource-consuming exercise. No doubt the hon. member will advise us of any instances where criminal

elements have used departments of the Isle of Man Government and will advise us of any other government or public authority which researches all the beneficial owners of those companies with which it does business.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary: is the Chief Minister aware of the case of KYBM Mandex, a company set up and controlled by criminals that had on its board as a director a former chief minister in Canada. The Chief Minister found himself in a great deal of trouble because he did not take the trouble to find out who he was dealing with. Would the Chief Minister agree it is better to take the trouble to find out before trouble finds you out or finds you, or this administration, out at a later date?

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

**Mr Corkill:** Mr Speaker, I resent the innuendo that in some way I, perhaps in parallel with another Chief Minister, could possibly be in bed or colluding with criminals (**Several Members:** Hear, hear.) and I resent these statements in this House today, sir.

**The Speaker:** Hon. member for Michael, Mr Cannan.

**Mr Cannan:** To the Chief Minister: notwithstanding the legalities of the corporate services Act, does the Chief Minister not consider it would be in the public interest, when government is renting at considerable sums office accommodation, that it determined in its agreement to lease that the company they were leasing these buildings from advise government who the beneficial owners were and advise government when there were changes so that at least government knew who the beneficial owners were in these substantial property transactions in the rental of government offices?

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

**Mr Corkill:** I thank the hon. member for Michael for his comments and certainly the suggestion that he is putting forward I can look at, but there is no legal requirement for that to happen at present. I understand that hon. members may have concerns because of the levels of rent paid for government accommodation and they would like to know where that money is headed. On the other hand, as I have said already, the beneficial owner of a company could change on a daily basis, and should government spend resources on tracking that activity?

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister not agree that in the case that I stated in my question, the chief minister of that jurisdiction was quite innocent in the fact that he did not know what he was getting involved with because he did not take the time to find out who the beneficial owners were? It is not a matter of slurring anybody in this hon. House, it is about what is actually happening outside this hon. House that needs to be remembered, and would the Chief Minister agree that if he does not think that he needs to know who he is doing business with, especially when the ownership of the companies is hidden behind nominees in places like Panama, British Virgin Islands and Bermuda, this is good for the image of the Isle of Man when we are renting and spending millions going out to these places?

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

**Mr Corkill:** I have nothing to add, Mr Speaker.

**The Speaker:** Hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. Notwithstanding the legality now, would the Chief Minister not agree that we make the laws and therefore we actually say what is legal and illegal and therefore, now that this matter has been drawn to our attention, will the Chief Minister investigate and not just say it is something that we cannot do, and will he give consideration to looking at this and reporting back to this House?

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

**Mr Corkill:** I think I have already intimated, Mr Speaker, that I am quite happy to go away from this House and look at the situation with regard to beneficial ownership of certain companies. It could have been done a lot easier than a series of questions done the way that it has been done. I believe there are other agendas afoot, sir, with regard to destabilising the Island.

**The Speaker:** Hon. member for Michael, Mr Cannan.

**Mr Cannan:** First of all my supplementary, and this supplementary, I would say to the Chief Minister, has nothing to do with destabilising the Island or any other agenda. All I am asking, Chief Minister, is, you mentioned in your reply to my supplementary that beneficial ownership could change from day to day and it would be burdensome for government. Will the Chief Minister agree for me again that if it was a clause in the lease, it would not be to notify government of change of beneficial ownership, it would not be any burden on government whatsoever even if beneficial ownership changed on a daily basis,

as the Chief Minister said? The onus would be on the lessor, not the lessee.

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

**Mr Corkill:** I understand what the hon. member is saying and I am quite happy to look at that situation and see whether that is a practical and feasible way forward -

**Mr Cannan:** Thank you.

**Mr Corkill:** - but of course under present leases and present contracts, if beneficial owners change, then they will inherit the terms of those particular leases.

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### Civil Servants' Offices – Policy of Renting – Question by Mr Karran

Question 4. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Will you confirm that it is government policy to rent office space for use by government instead of buying such office buildings that are needed, and, if so, what is the justification for this policy?*

**The Speaker:** The hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister, to reply.

**Mr Corkill:** I wondered, Mr Speaker, whether I could actually answer 4 and 5 together as they are very much linked.

**The Speaker:** Well, I think that is a question to the hon. member who is asking the questions as to whether or not he is content for them to be brought together.

**Mr Karran:** No, I would rather them separately.

**The Speaker:** Chief Minister.

**Mr Corkill:** Mr Speaker, the substantial growth in the Island's economy over the last few years has resulted in a rapid growth in government services and increases in staff, hence the requirement for more office accommodation over a short period of time. In order to comply with tight timescales, it was considered necessary to lease existing private sector accommodation. The justification for this is that at a time when there were, and still are, pressing priorities

for capital projects such as sewage treatment, refuse disposal, the new hospital and housing developments and a number of other things, it would be totally unacceptable and impractical for government to devote already stretched financial and human resources to identifying and acquiring sites, drawing up plans, obtaining approvals and funding and then constructing new office blocks. The very fact that the private sector has been able to provide suitable offices not only for major private companies but also for government is an example of the Island's economic and entrepreneurial achievements. The government is, of course, aware of the cost and therefore makes financial provision as part of the budget process.

Ideally the government would prefer to build and own much of its own office accommodation. The possibility of returning to this policy and/or buying office blocks has not been discounted for the future once more important capital schemes have been completed. The Department of Local Government and the Environment has agreed on a strategic review of the provision and management of government offices and it will be proceeding and producing an initial report later this year. Options for purchase, lease and rationalisation will be considered as part of the review.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary: would the Chief Minister agree that, so far as the office rental market is concerned, the government is just about the best tenant that can be found? Can the Chief Minister say if the government is able to negotiate a below-market rate for office accommodation with advantageous review terms for the benefit of the taxpayer and not worry so much about the landlord but what is beneficial for the taxpayer? Will the Chief Minister also agree that the likes of the opportunity to move the DAFF department to St John's is something that has been going around for the last 10 years, and is it not the truth that the priority has been to push them into rented accommodation at great expense for the taxpayers of the Isle of Man?

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

**Mr Corkill:** Mr Speaker, I do not accept that these leases are being entered into for the benefit of the landlords as opposed to the benefit of the taxpayer. These buildings house a great number of government employees and certainly, when I became Treasury Minister and did a tour of the Treasury offices and Treasury premises, I was absolutely horrified at some of the working conditions that the people I was responsible for were having to work under, particularly in the ground floor area of this building, or the building adjacent to us, where cramped conditions did not comply with our own health and safety standards.

So that is why short-term decisions were made in terms of leasing other buildings.

Now, the hon. member said, 'Can we get a rate to rent at less than the market rent?' Well, the answer to that is, 'Maybe on occasions.' It depends on what the market is. The hon. member is saying that there are two markets that government can operate in: one of its own volition, and yet the private sector would have to compete on a different playing field, and that is not the case because, where buildings are constructed, where they are put on the market for lease, there will be a number of entities perhaps interested in that rental accommodation depending on the economic climate, and as we know in recent years, that economic climate has been very productive and very busy. It may be in the years ahead, where we enter into a situation where supply of office accommodation perhaps exceeds the demand, that obviously prices will level off. That is the market.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister do a survey of estate agents of the leases at the present time of our office accommodation, and he will find out for himself what the professional people feel about the government over its leases? Can the Chief Minister inform this hon. House of these leases of over £2,700,000 and the other hidden ones that have a commitment to the taxpayer as well? Will he inform this hon. House of all the leases and how short these leases are and would the Chief Minister also not agree that this is yet another hidden debt for future generations because it would tie up something in the region of £25 million to £30 million of our reserves at the present time in order to be able to pay the long-term commitment on these leases that we have gone into on a very advantageous basis for the landlords?

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

**Mr Corkill:** We seem to have drifted into question 5 anyway, Mr Speaker, and I am happy to answer the points the hon. member has raised. Yes, I do speak to estate agents just as the hon. member does. There will be points of view with regard to what market rents and those aspects are. One of the issues, of course, to do with government is that when it does take on new accommodation it tends to prefer it to be adjacent to existing accommodation because there are economies of scale in that respect.

The hon. member has also raised the issue of the Department of Agriculture, Forestry and Fisheries being relocated to St John's and I know the minister, Mr Rimington, has made comment about that and is looking at that very situation. Certainly, I take on board the hon. member's concerns about the value and the level of rent being paid into the private sector, but of course he is only looking at one side of the equation

because, although that rent is being paid out, it is saving on the capital programme of government. We would have to have that accommodation somewhere; if we were not renting it we would be building it and we would be spending capital and, as I said in a previous answer, the priority of government in terms of capital expenditure is on things such as health, housing, which is dear to the hon. member's heart, and certainly on government's major government initiatives for the benefit of this Island.

**The Speaker:** Hon. member for Middle, Mr Quayle.

**Mr Quayle:** Thank you, Mr Speaker. Could I ask the Chief Minister if he would give particular consideration to relocating offices from Douglas around the towns of the Island to spread prosperity and to ease congestion in the capital?

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

**Mr Corkill:** That is a major policy issue, Mr Speaker, which is looked at from time to time. There are some benefits and there are some major downsides to it. Certainly, my own opinion is that as new departments of government evolve or as new situations become available, then that opportunity should be looked at, but to deliberately uproot an existing part of government and relocate it for the benefit of regional diversification, I think, would be a very costly exercise certainly in the past the costs have outweighed the benefit. But my view is that certainly, as the opportunities and change come through the system, that is the time to look at those situations.

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### Civil Servants' Offices – Cost of Renting – Question by Mr Karran

Question 5. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Are you aware that, according to figures provided by the Treasury the cost of properties rented by government for offices for civil servants is £2,428,055 yearly and this cost multiplied over the next 10 years is likely to be no less than £24 million. Do you agree that this is very good news for landlords, but very bad news for the taxpayers of the Isle of Man?*

**The Speaker:** The hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

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

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**Mr Corkill:** I am aware of the rental figure that has been publicised already, Mr Speaker.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister agree that if the figure is over £27 million if you take the information provided by him to me, the building industry and the economy of the Island would have a real boost, if it needed a real boost from office accommodation by injecting that into the office accommodation by us buying it? Would the Chief Minister not also agree that the issue is that the real value is being lost to the taxpayer because of this present policy that his administration and the previous administration have adopted?

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

**Mr Corkill:** Yes, clearly the hon. member does not agree with the policy of renting any property, and of course there is a certain amount of flexibility that renting property does allow for future generations. In fact, in terms of leaving future generations with a problem, it leaves them with choices which if they own buildings may not actually be so simple. I can say that an annual loan charge of about £2.5 million, which is the figure we are talking about, over a 30 year period would pay off an office block costing approximately £26 million, but what that £26 million office block would actually deliver from a government services point of view I cannot say on my feet today, but, if the hon. member's view is that we should build rather than rent, then all of that rental, if we were to recoup it and not have that obligation, over a 30-year period would produce an office block costing £26 million. That is a matter of arithmetic.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, is the Chief Minister aware that the Minister for Trade and Industry has been on Manx Radio talking about fleas on dogs and how government spending on rents for offices is a good investment in the private sector? Would he not agree that if the landlord takes the money off the Island, then there is not much benefit for the economy of the Isle of Man? Can the Chief Minister say, of the moneys paid out by government in rents, how much is kept on the Island and used in the economy and how much of the percentage is retained for the local economy and how much has gone off the Island especially if you do not know who you are dealing with?

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister, to reply.

**Mr Corkill:** The hon. member continues to look at one side of the equation because he forgets that there has been massive investment in terms of building these offices to start with from people who are off the Island. So there is a massive inflow of funds to redevelop and regenerate the urban landscape that we have in the middle of Douglas and certainly, to my view, is looking so much better than it did 10 years ago. That has been by private sector investment, mainly from off-Island, although admittedly using bases set up on the Island. So, yes, if money goes off the Island, that is negative from an economic point of view; if money flows into the Island, the infrastructure has benefited from that over a number of years now. That is good for the Island. In a free market economy, Mr Speaker, that we exist in that is a day-to-day fact of life.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, so would the Chief Minister not agree that he would like to inform this hon. House of the long-term commitments for these rentals so that the hon. members can see what sort of commitments are long term? Is it not just another simple debt that has been hidden away from the taxpayers for a future day?

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

**Mr Corkill:** There is nothing hidden, Mr Speaker. All these figures are in the annual Pink Book budget. Can I just say that, with regard to leases, they vary. I have not got the details of all the leases in front of me, but the normal commercial letting lease these days, I think, is round about a 15-year period. Some of them will be 21-year periods; they will have break clauses; they will have opportunities for government to be flexible -

**Mr Karran:** So how come you did not circulate it?

**Mr Corkill:** - and that is certainly one of those things. Certain aspects, of course, are confidential but certainly I can look into the aspects of certain major leases, if the hon. member is that interested in the terms of the leases, and tell him what terms they are over, but certainly I am aware that in the Douglas area many of these office blocks are available on 15-year lets.

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### **Post Office Headquarters – Offers to Buy – Question by Mr Karran**

Question 6. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*When the Post Office put its headquarters building up for sale –*

- (1) *how many offers were received;*
- (2) *who made the offers; and*
- (3) *what sums were offered in each case?*

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister to reply.

**Mr Corkill:** Mr Speaker, the Post Office headquarters building was marketed for sale through professional advisers, Black Grace Cowley, from April 1997 to November 1998. Firm offers were received from two parties, the details of which are commercially confidential. A final agreement was negotiated with Union Express Limited, one of the parties referred to in the question, and the building was sold to that company on 25th March 1999 for a price of £1,850,000.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, can the Chief Minister say what the reason was for the selling of the building in the first place, and can the Chief Minister say if this building could have been redeveloped for office accommodation for other government departments seeing as we are so heavily committed to the private sector?

**The Speaker:** Hon. member for Onchan, Chief Minister.

**Mr Corkill:** A very sensible question, Mr Speaker, which was asked by Treasury at the time this process went through of the Post Office who made the decision bearing in mind that the Post Office is a statutory board of Tynwald and has a trading responsibility. As I understand it, the Post Office wish to re-jig, for want of a better word, their operation; they wanted to be under one roof. The business of the Post Office has changed over a number of years and they wanted to expand up at the Spring Valley area, which is what has happened. The money raised from the sale of this building, the capital was rolled over to actually make that happen.

With regard to the condition of the building, the Post Office had a survey and a report done on the state of the building, and they estimated that with the cost of bringing that building up to modern-day standards with all the mechanical and engineering that is required in modern office buildings these days, the cabling, the

computer access in fact the option that they pursued was the most effective from a value-for-money point of view, and I think they were very relieved and pleased when someone came along and bought the building.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loareyder, is the Chief Minister aware of his Minister of Trade and Industry when he stated in an interview with Manx Radio that the building of offices for the government would cost around £11 million? Can he say whether the figure is accurate and can he tell us where he found this figure from, as he is one of your ministers? Do you know if he just makes it up as he goes along?

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

**Mr Corkill:** The Minister for the Department of Trade and Industry in 1997 was asking questions very similar in this House or in another place about the value-for-money aspect of rents from a government perspective, and I know of his views with regard to the balance between what government should rent and what they should own. It may well actually be more in line with the hon. questioner's views on some of these issues, and if he refers to *Hansard* in 1997 he will see that particular debate. I cannot comment on any interview on Manx Radio, I did not hear it, but quite simply, are we talking about the Post Office now or the Department of Trade and Industry?

With regard to this question it was quite straightforward: the Post Office needed to reorganise itself; it has done that, I think, to the great benefit of the postal service. (**Members:** Hear, hear.) I think the operation up at Spring Valley is far more efficient and beneficial not just to the people who work there but to the Island as a whole, the integrity of our postal service is an important part of our infrastructure, and I would congratulate them in the way that they extricated themselves from an unsuitable building and have reorganised themselves in the way that they have. I think the board of that day did a good job.

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**Post Office Headquarters –  
Sale to Union Express Ltd –  
Question by Mr Karran**

Question 7. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Were you aware that when you were the Minister for the Treasury on 31st March 1999 the Isle of Man Post Office sold their headquarters building to Union Express Ltd, that it had created a third party mortgage in favour of The Nunnery Ltd, that this company sold*

*the Nunnery Estate to the Department of Education through its wholly owned company the International Business School Ltd and that, on exactly the same day, Union Express Ltd used the Post Office Headquarters Building as security for the mortgage?*

**The Speaker:** I call upon the hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

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

**Mr Corkill:** Mr Speaker, the basic answer to the question is no and it would not have been relevant for me to know all the information that is listed in the question. I was aware that the Treasury had given concurrence to the sale of the Post Office headquarters on 1st July 1998. I was not aware of the details of the subsequent sale to Union Express Limited on 31st March 1999, nor was it necessary for me to be made aware of the details of that sale as long as it was consistent with the terms of the Treasury concurrence. It is the responsibility of the relevant statutory board to ensure its actions are consistent with the Treasury's concurrence. Nor did I need to be aware that Union Express had created a third party mortgage on 31 March 1999 to Nationwide Building Society whereby the society agreed to make finances available to the Nunnery Limited with the Post Office headquarters' building as the mortgaged property. I do not consider that it would be necessary for me, as the then Treasury minister, or for the Post Office, to be aware of a financial arrangement made by any purchaser of a property after the purchase of that property from government and I am not clear why that should be a relevant issue. The question seems to ask: was I aware on 31st March 1999 that the Nunnery Limited sold the Nunnery estate to the International Business School? The sale of the Nunnery estate took place more than a year and a half, later on 22nd November 2001, so self-evidently I could not be aware of that particular sale on 31st March 1999.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** So can the Chief Minister say, when he was the Minister of Treasury, was he kept informed of financial dealings with the company that was selling the Nunnery estate? And how much did he know about the other financial involvement in government that they had with this company at that time? Was the Chief Minister aware, when he was Minister of Treasury, that on 6th April 1999 a sum of £600,000 was secured by a mortgage on the Nunnery Ltd and on 1st June 2000 a further sum of £850,000 was secured by a mortgage? This £850,000 was provided by Hector

Limited, a company owned and controlled by Mr R N K Daley. Would the Chief Minister agree that the plans for the creation of the International Business School by the Department of Education had been made before 6th April 1999 and that they were committed as far as this department was to acquire the Nunnery estate before 1st June 2000, so that any loans by the lenders were a low or no risk at all, and is he not bothered?

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

**Mr Corkill:** This is a complicated position, Mr Speaker, in terms of registry searches. Can I say to the hon. member and his advisers who spend so much time researching the data down at the Companies Registry that if they come to knock on my door they would be very welcome to have a cup of tea and I can talk through some of these issues, but for me to have a briefing on the contents of what is contained in our Companies Registry, I think, is stretching things too far. The situation is quite clear: the sale of the Nunnery took place on 22nd November 2001 to the International Business School, not to government. The International Business School is a separate entity, albeit it is strongly supported by the Department of Education, and that is an old debate.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister not agree that he is actually misleading this House by saying strongly it is virtually totally supported by the taxpayers and it is an operational arm of his government? It would not survive economically. Would he also agree that at the time that the Nunnery estate was sold, only the Department of Education, who wholly own the company, was interested in buying it, and the fact was nobody had shown any interest from any other party in the Nunnery estate? Would he not agree that that is the case?

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

**Mr Corkill:** I am aware, Mr Speaker, that at the time the International Business School purchased the Nunnery estate it was on the open market. I cannot say whether there were other interested parties or not; that was a matter for negotiation between those acting on behalf of the International Business School, i.e. the purchasers, and those who were selling the Nunnery estate on the open market. It was advertised openly.

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**Companies Receiving Government Grants  
– Monitoring –  
Question by Mr Karran**

Question 8. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

- (1) *Can you say what procedures are in place to monitor companies that are receiving grant support from government departments; and*
- (2) *in the case of such recipient companies, what specific requirements are imposed regarding the notification to Government of the company experiencing serious financial difficulties?*

**The Speaker:** I call upon the hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister, to reply.

**Mr Corkill:** Mr Speaker, the government department providing grant assistance to companies is primarily the Department of Trade and Industry. In addition, grant assistance is provided by the Departments of Tourism and Leisure, and Agriculture, Fisheries and Forestry. In the case of the DTI standard terms and conditions are applied to an award of financial assistance for a specified period. In addition, the department, or Treasury, may impose further conditions as appropriate. The standard terms and conditions include requirements for the submission of progress reports on the company and audited annual accounts. The companies are also required to discuss their progress with representatives of the department on a regular basis. A further check on compliance with the terms and conditions is made when claims for payment of a grant assistance are received.

I apologise for the length of this answer but it is necessary, based on the question before us.

Where companies make regular applications for grant assistance, the process of considering an application also affords the opportunity for a comprehensive review of the progress of the business. Furthermore, the department has a good relationship with businesses and they will often report issues of concern to the department at an early stage to seek advice and support. In the case of the Department of Tourism and Leisure, it awards grants under the Tourism Development Fund Scheme 2000 as amended by the Tourism Development Fund (Amendment) Scheme 2001. It requires that applications for financial assistance are made in a form provided to the department by the owner of the property or the tenant

with the written consent of the owner. The application must be accompanied by at least three quotations or tenders from approved contractors and, where applicable, approved sub-contractors; copy of the planning and building consents for the project together with three sets of approved plans; detailed specification of the proposed works independent from the quotations; the total cost of the project exceeds £200,000, a bill of quantities; audited accounts of the business concerned for the last three years or the period of trading, whichever is the lesser; also, a detailed business plan for the current year and the next three years, incorporating a cash flow forecast; the sources and application of funding, a marketing plan and inspection fee. Any grant approved under the Tourism and Development Fund Scheme 2000 requires the Attorney-General's Office to be satisfied as regards security.

Where a property is sold, the grant is either repaid or transferred to the new owner if the property is to remain as tourist premises. In the case of a transfer, such application would be treated as a new application and would be required to meet the terms and conditions of the scheme as prescribed.

In terms of monitoring after financial assistance is awarded, Treasury monitors grants paid under past schemes. In such circumstances Treasury obtains an annual list of registered tourism properties and checks this with the previous list to establish those properties no longer trading in tourism business. Treasury then make contact with the relevant parties with a view to seeking repayment of all outstanding sums. In addition, the Department of Tourism and Leisure also checks the weekly planning lists for change of use. Where a tourism property is making such an application, the department checks the position with Treasury to ascertain whether or not there are any outstanding grants secured against the property. If there are, the department will write to the owner seeking clarification of the proposals. It will continue to monitor the position and liaise with Treasury to protect government's interests and take whatever action is needed, depending on the circumstances. In the case of the current scheme, the Department of Tourism and Leisure is responsible for monitoring grants paid out. This monitoring will take the same form as Treasury currently undertakes.

In respect of the Department of Agriculture, Fisheries and Forestry, the department does not provide any grants to encourage the relocation of companies to the Island. Any grants it issues are subject to residential qualifications. However, through its Farm and Agricultural Improvement Scheme it deals with some small companies whose shareholding is restricted to the participating farmers. Broadly speaking, the scheme provides grant assistance for structural improvements and, with respect to the horticultural industry, some ongoing costs relating to packaging and purchase of peat. The scheme is more in the way of a subsidy to maintain and improve the

infrastructure of the Island's farms. The department does require the submission of accounts where applications are made for works exceeding £15,000; also, where the details of the enterprise are unknown to it or where it believes the enterprise is marginal, it will also ask for accounts.

In respect of the second part of the question, the terms and conditions attached to offers of financial assistance made by the DTI include provisions for notification in the event of certain circumstances such as the premises and/or equipment ceasing to be used for the purposes intended in the application or if the equipment is removed from the place of business. In the case of the Department of Tourism and Leisure, if a company were experiencing such serious financial difficulties that the property would require to be sold it is hoped that the value of the sale would cover the charge on the property. It is understood from recent case history that any sums outstanding to Isle of Man Government in respect of tourism grants repaid because of financial difficulties have all been recouped.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary. Is the Chief Minister aware that the police were recently called out to the new film studio because of an altercation over a dishonoured cheque? Has the Chief Minister been advised by the Minister of Trade and Industry if the company building the film studio is insolvent? If he has, when was he told that that was the case?

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

**Mr Corkill:** Mr Speaker, I have not heard any of these allegations or comments before. I am quite happy to follow up on the suggestions that the hon. member has made to see what the issues are. I think it is unfortunate that this negativity is abroad when the film studio was just about to, hopefully, grow into something that the Island can be proud of, but nonetheless the hon. member has made these comments and I will investigate what he has raised with me this morning. The hon. member could have raised it with me, of course, any time if he had so wished.

**The Speaker:** I would remind hon. members that standing order 49.3 requires members and makes it clear that members are personally responsible for statements they make in this House and, if necessary, proof could be required.

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**Government Departments –  
Operational Arms –  
Question by Mr Karran**

Question 9. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

- (1) *Do you accept that the Manx Media Centre is an operational arm of the Department of Trade and Industry; and*
- (2) *what criteria define an organisation as an operational arm of a department?*

**The Speaker:** I call upon the hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

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

**Mr Corkill:** Mr Speaker, the question says: In response to the first part of the hon. member's question, I am informed that the term 'operational arm' was chosen by the Department of Trade and Industry to describe its relationship with the Manx Multi Media Centre in order to highlight the fact that, with effect from 1st April 1999, the centre had become an integral part of that department and that its former status as a joint initiative between the DTI and the Department of Education has ended.

With regard to the second part of the question, I am not aware of any formal criteria set down which define an organisation as an operational arm of a department. As I have already indicated, the centre is, in fact, an integral part of the DTI.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, if the criteria that he has described for the Manx Media Centre would fit the International Business School as well, does the Chief Minister now accept that the International Business School Limited was, at the time of its incorporation at the time of the purchase of the Nunnery estate, a wholly owned operational arm of the Department of Education? Will the Chief Minister now accept, as everybody outside his administration, that government bought the Nunnery estate and used public money to do so and we are paying for it now, with the repayments on the £5.5 million loan, £416 per annum for as long as the loan exists? Would he agree that that is the case at the present time?

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

**Mr Corkill:** The hon. questioner in his next supplementary has stated that I have just described criteria regarding what is an operational arm of government, and I said that there are no such criteria. So I understand the type of parallel that he is trying to draw with this scenario. He obviously believes that the purchase of the government, as we have known historically by debate, was not done the way he would have preferred. There is a difference of philosophy here. The hon. member would wish that everything on this Island was done by government whereas there are lots of people who think differently and believe that the International Business School will have a future independently on its own in the future but may well need government support for some years to come. That is what is being constructed; that is what we are trying to grow on this Island - an institution of education which is high standing throughout the world and which will benefit the Island as a whole, particularly the economy of this Island. The hon. member does not agree with that, and I cannot help that.

**The Speaker:** Hon. member for Douglas North, Mr Henderson.

**Mr Henderson:** Thank you, Mr Speaker. Would the Chief Minister agree with me that in fact what is happening here is that our International Business School is being blighted when in fact we should be strongly supporting this institution at the minute, and that some of our own Manx students are making some very excellent progress through this institution and that we should be supporting this to the best of our abilities to make it even a bigger success than it is at the moment?

**Mr Cannan:** Hear, hear.

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

**Mr Corkill:** I certainly am aware, Mr Speaker, that the previous negative publicity resulted in a loss of students who had intended to enrol at the International Business School, and that was most unfortunate. With all that behind us, I am confident that the IBS can make things work.

With regard to the hon. first questioner, Mr Karran, to say, 'Is this an operational arm of the Department of Education?' (a) there is no criteria to describe what operational arm means and (b) it is not.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister not agree that I do not have problems with the private sector providing facilities, but would he also not agree that the issue is not about the International Business School, the issue is about parliament's transparency and hiding the facts from

this hon. House? That is the reason I have taken so much exception to this and that is the reason why many outside this House have been disappointed with the lack of scrutiny as far as this issue is concerned?

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister to reply.

**Mr Corkill:** If the hon. member thinks that this subject has suffered from a lack of scrutiny then I am rather surprised by that statement. From where I stand, I feel as though it has had tremendous amounts of scrutiny and I know the Department of Education think that the whole thing has been dissected as well. There is transparency in government's finances. I want to make that quite clear. There is an annual budget; the figures are there for all members to see and for the members of the public to see. There is no cover-up as the hon. member in this Court, in this House, continues to bring up week after week, and it is getting tiresome.

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### **Government Departments – Unauthorised Expenditure – Question by Mr Karran**

Question 10. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*Since departments are legally bound to comply with the relevant financial regulations issued by the Treasury, and any expenditure incurred otherwise is contrary to law, would you agree that if a failure to comply is discovered application should be made to the courts for an order to have that expenditure repaid by the person or persons responsible, as opposed to the department or designated body?*

**The Speaker:** I call upon the hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I beg to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, Chief Minister to reply.

**Mr Corkill:** Mr Speaker, financial regulations are issued by the Treasury, which is required by section 3 of the Treasury Act 1985 to supervise and control all matters relating to the financial affairs of the government. These regulations are divided into two parts, being directions and guidelines. Directions are given by the Treasury under section 3, sub-paragraph (i)(f) of the Treasury Act 1985 with which departments are legally bound to comply. Failure to comply would render any expenditure incurred contrary to law. Upon application to the Courts by the external auditor, such expenditure may be ordered by the courts to be repaid

by the person or persons responsible as opposed to the department or designated body. The relevant phrase in this context is: 'upon application to the courts by the external auditor, such expenditure may be ordered by the courts.' This needs to be considered in the context of the powers of the external auditor under the Audit Act 1983.

I need to quote the relevant sections in order to make clear the powers of the external auditor and the rôle of the courts. Section 7 sub-paragraph (i) states: 'Where it appears to an auditor on the audit of any accounts under this Act that any item of account is contrary to law he may apply to the court for a declaration that the item is contrary to law except where it is sanctioned by Tynwald.' Section 7 sub-paragraph (ii) states: 'On an application under subsection (1) the Court may make or refuse to make the declaration asked for and, where the court makes that declaration, then subject to subsection (3) it may also in the first instance order that any person responsible for incurring or authorising any expenditure declared unlawful shall repay it in whole or in part to the body in question and, where two or more persons are found to be responsible, that they shall be jointly and liable to repay it as aforesaid, and, if any such expenditure exceeds £2,000 and the person responsible for incurring or authorising it is a member of a local authority, order him to be disqualified for being a member of a local authority for a specified period and order rectification of the accounts.' Section 7, sub-paragraph (iii), states: 'The court shall not make an order under subsection 2(a) or (b) if the court is satisfied that the person responsible for incurring or authorising any such expenditure acted reasonably and in any other case shall have regard to all the circumstances including that person's means and ability to repay that expenditure or any part of it.'

The introduction to the financial regulations makes it clear that an officer or employee who knows there has been a breach of the directions must report the same to his or her line manager, who must then ensure the same is reported to his or her superior. Appropriate reporting should ensure that the breach is drawn to the attention of a person who can take all necessary and appropriate action. Failure to report a non-compliance with directions may, depending on the circumstances, expose an individual to disciplinary action.

Mr Speaker, I agree that financial regulations must be followed by government departments, statutory boards and other designated bodies and, where necessary, action should be taken within the context of the relevant existing statutory provisions and disciplinary procedures.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, a supplementary. Can the Chief Minister say if there is

anyone, to the best of his knowledge, who has ever been required to repay sums under financial regulations for failure to comply? And is the Chief Minister aware that the Treasury has been criticised in the past by committees for giving its concurrence to projects that were notable in their absence of adequate and credible documentation? Is this still happening, Vainstyr Loayreyder?

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

**Mr Corkill:** Mr Speaker, I have a memo in my hand here which sets out the reasons and process for developing the financial regulations in their current form, and it illustrates that the initial stimulus was the concern raised by the external auditors regarding the actions of the Water Authority and alleged breaches of the then financial regulations. In either late 1994 or early 1995 external auditors reported that the Water Authority had engaged a consultancy without recourse to competitive tendering as required by the financial regulations and implicated the then chairman, Mr Karran. The matter went as far as the Council of Ministers, which is where the process to divide the regulations into two parts, directions and guidelines, started.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, when the Public Accounts Committee delivers damning reports about the aborted bowling alley project, it made specific recommendations that mentioned wide-reaching ramifications for all government departments. Can the Chief Minister say which specific recommendations were implemented as far as that issue is concerned?

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

**Mr Corkill:** I am not so sure I was even a member of the House when the bowling alley scenario was –

**Mr Karran:** You were when the Public Accounts Committee sat on it.

**Mr Corkill:** It is so far back in the mists of time, Mr Speaker, I cannot possibly comment at Question Time with relation to the bowling alley. Can I just say, though, that the financial regulations which the Treasury promote are a key part of the structure of government, and government, the Council of Ministers, insists on them being adhered to, which is why the scenario with the Water Authority was brought to the attention of the Council of Ministers at that time, why there were changes and why the regulations were strengthened, and this was on the recommendation of the external auditors, who have got

a completely independent rôle of anything to do with government.

**The Speaker:** Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Chief Minister inform this hon. House there were great disputes about putting it out to competitive tender and there was at that time a very big inconsistency about who was getting all the work as far as that is concerned? I do hope that he will revisit and come back with the real facts about that. Would the Chief Minister also agree with the *Isle of Man Examiner* when it wrote, 'For a government department to have one financial scandal is unfortunate; for them to have two seems like carelessness, but to have three is totally unforgivable'? Will the Chief Minister confirm that the three financial scandals being described by the *Isle of Man Examiner* were the Bounty, the Jurby Tyres, the Noble's Park bowling alley and it did involve actually the present Minister of Treasury, Vainstyr Loayreyder, and I would be interested to know whether there is a commitment so that we must make sure that we do get financial regulations sorted out.

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

**Mr Corkill:** It would seem, Mr Speaker, that the hon. member not only has people camped out in the companies registry, he has also got people camped out in the newspaper archives. This is so long ago I cannot possibly comment on situations that I had nothing to do with and that are historical. The hon. member is casting aspersions that members of my government do not comply with financial regulations. The only memo I have in front of me is that, because work was not as spread around equally as the hon. member is saying that we should do, there was a situation in the Water Authority where they engaged a consultancy without competitive tendering, without the ability to give everybody an equal chance to get involved in the business of the water infrastructure renewal and that this issue was brought to the Council of Ministers on 25th May 1995. It was agreed then that officers should review the financial regulations to determine how they should refer, because they had obviously failed in the case of the Water Authority – or, when I say 'failed', they had not been adhered to. Can I say, this government insists on people following the financial regulations laid down in the Treasury as required under the Treasury Act 1985.

**The Speaker:** A final supplementary, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, is this just another case that if you are one of the boys, you can be covered up as far as blackening some members of this hon. House that are prepared to ask the pertinent

questions, but of course we are not allowed to ask those sort of questions – ?

**The Speaker:** Hon. member, a question, please.

**Mr Karran:** - if they are a minister.

**The Speaker:** Right, no answer required, then.

**Mr Karran:** Vainstyr Loayreyder, the question is that I think that the hon. minister cannot have an inconsistency about this individual who was threatened with all sorts at that period of time for trying to expose the situation that was happening at that time, and yet it is a different law for this Treasury minister.

**The Speaker:** So what is the question, hon. member?

**Mr Karran:** It is the inconsistency –

**Mr Corkill:** Mr Speaker, I respond to the same law as Mr Karran and I obey it.

**The Speaker:** Right, hon. members, I will determine when members will answer or ask questions. It is not for members to get up together trying to answer and ask at the same time and I do think it would be helpful, no matter what the questioning, if the hon. members asked questions and did not try to make statements.

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### Procedural – Standing Order Suspended

**The Speaker:** Hon. members, that concludes Question Time –

**Mr Cannan:** The suspension of standing orders, Mr Speaker ... that standing orders be suspended to complete the questions on the order paper.

**The Speaker:** Which standing order, hon. member, are we talking about? Standing order 47?

**Mr Cannan:** Standing order 47, sir.

**The Speaker:** Right. The motion then, from the hon. member for Michael, Mr Cannan, is that standing order 47 be suspended.

**Mrs Hannan:** I will second that.

**The Speaker:** Seconded by the hon. member for Peel. Hon. member for Rushen, Mr Rimington.

**Mr Rimington:** I beg to speak against, if I may?

**The Speaker:** Yes, hon. member.

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**Mr Rimington:** I deeply regret that the hon. member for Peel and the hon. member for North Douglas may lose the opportunity to have their legitimate questions answered, but this House is here to conduct legislation and other matters (**A Member:** Hear, hear.) put before the Keys, and if one member chooses to dominate the whole of Question Time for his purposes, without any comment on that as a neutral issue, then that is the unfortunate consequence and members will be able to make their views known to that hon. member in due course.

**The Speaker:** Could I just clarify, before other members speak - and we should try to avoid a debate of some period to determine one way or the other on this issue - that whatever happens, the questions will be answered under our standing orders unless members themselves withdraw questions. Our standing orders make provision for the question to be answered as laid out on the order paper. Hon. member for Rushen, Mrs Crowe.

**Mrs Crowe:** Thank you, Mr Speaker. I wish to dissent too from the continuation of the Question Time. I think, as a mover of Bills in the last administration, it is disheartening when numerous officer hours have been spent bringing forward legislation to this House, which is the House that should be dealing with legislation, and then time and time again the legislation is put back in favour of questions. I know it is difficult for those people whose questions have been missed today and I feel very sorry about that, but I do think it is most important that our legislation is dealt with and dealt with swiftly in the correct place.

**The Speaker:** Hon. members, again I would remind you that under standing order 47 the questions will be answered. Now then, can I put the matter to the House, because we are really going to get into a long debate? The question is straightforward: either you want questions to continue or you do not and, under standing order 198, you require 16 members in favour. Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I see no problems with carrying on with the questions. We can quite easily come back after the Speaker's lunch this afternoon and sit in this House until half five.

**The Speaker:** Hon. members, members have made a decision on that issue and that is a separate issue -

**Mr Cannan:** They have the right to reply, Mr Speaker, sir.

**The Speaker:** When I am speaking, hon. members, please acknowledge that I am speaking. Can I say that members can make a decision. We have

already made a decision about the proceedings for today, therefore the question is straightforward before you. Hon. member for Michael, you can respond now to the matter before us.

**Mr Cannan:** I just want to say to hon. members that here we have a long question paper. All members have the right to put questions down.

**Mr Corkill:** Hear, hear.

**Mr Karran:** That will change.

**Mr Cannan:** And in the past this is not a precedent; time and time again members have suspended standing orders to allow questions to be finished. I think it is only fair, while it may be wrong or not - well, certainly not wrong for one member to dominate Question Time because he has that parliamentary right - it is wrong that other members who wish to ask the questions they have put down for oral answer - if they wanted a written answer they would have done so - will have the right to ask supplementary questions. These are parliamentary privileges which hon. members have, and I noticed that two ministers wanted questioning suspended. Now, that in my view is wrong. The only two persons who wanted questioning to be suspended were ministers. That in parliamentary practice, in my view, is wrong. Ordinary members of the House of Keys have this opportunity, Mr Speaker, to question ministers of the executive, and I believe it is a parliamentary right that they exercise . . . regardless of who it is, regardless of the questions, because it has always in the past been allowed.

**The Speaker:** Hon. members, before I put the vote to you I would like to make it absolutely clear, so there is no misunderstanding, as to where we are at. Every member of this House has the right, under standing orders, to put questions. How many questions are on the order paper is irrelevant, it does not matter, and any question that is put down in compliance with standing orders will appear on the order paper. What restricts whether or not the questions are answered orally on the floor of this House is the standing orders of this House approved by the members of this House. The only people who can suspend those standing orders are the members of this House. It is not a matter of members' rights, they are not in question, and the ministers, whether they are ministers or not, have a right to have a say in this House, as do ordinary members. What matters is whether or not the House itself determines that it wishes Question Time to be extended. I do not want an impression going out that we are endeavouring to restrict members from having questions answered. I would also make it absolutely clear, and it is absolutely clear, that under standing order 47 a question will be answered in one format or another unless the member withdraws that question.

There is no question whatsoever, and as Speaker I would not allow it to happen, of members not having their questions answered. I just want to make that clear.

Now then, hon. members, the matter is in your hands and your hands alone. All those in favour of suspension of standing orders for the Question Time to continue say aye; against, no. The ayes have it.

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

*For: Messrs Cannan, Quine, Rodan, Gill, Houghton, Henderson, Cretney, Duggan, Braidwood, Mrs Cannell, Messrs Downie, Shimmin, Mrs Hannan, Messrs Singer, Karran, Corkill and the Speaker – 17*

*Against: Messrs Anderson, Quayle, Rimington, Mrs Crowe and Mr Earnshaw – 5*

**The Speaker:** Hon. members, the motion carries with 17 votes in favour and 5 votes against.

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### **British Air Traffic Control System – Reduction of Purchase Price – Question by Mrs Hannan**

Question 11. The hon. member for Peel (Mrs Hannan) to ask the Chief Minister:

*In the interests of good government will you make representations to the British Government in support of Tanzania's wish to reduce the cost of the British air traffic control system purchased for £28 million, which has been described by the World Bank as a 'waste of money' and the military technology as 'outdated,' even before it is installed, and report back to this House?*

**The Speaker:** I call on the hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Vainstyr Loayreyder, I beg leave to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, the Chief Minister, to reply.

**Mr Corkill:** Thank you, Mr Speaker. I do not propose to make the representations suggested by the hon. member for Peel.

**The Speaker:** Hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Yes, Vainstyr Loayreyder, could I ask the Chief Minister, then: if the United Kingdom have a responsibility for good government, not necessarily of the Isle of Man, would he not remind

them that their responsibility goes further than just the British Isles and the Isle of Man in particular and that they should be looking after the interests of countries all around the world?

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

**Mr Corkill:** Yes, I take to heart what the hon. member is saying, regarding the responsibility for good government, which is a phrase that we are aware of obviously in this House, but I do think it would be rather ill-advised to go forward on such international issues, particularly without any more information to hand than what we might be able to glean ourselves. To make public statements based on incomplete knowledge of all the facts relating to a particular issue might make the Isle of Man Government look rather foolish in certain corners and that I would seek to avoid, because we do seldom have the full information and that is what is behind the thinking in terms of my not really wanting to propose to make the representations suggested.

**The Speaker:** Hon. member for Peel.

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. Could I ask the Chief Minister, when the Lord Chancellor visits will he make representations to the Lord Chancellor and, in between this time and that time, which is a very short time, about a fortnight, will he investigate the issue that is on the order paper, that the World Bank have described the purchase of a British military air traffic control system, purchased for £28 million from the British Government, as a 'waste of money' and that the military technology is 'outdated,'? Will he not investigate that? With the information that is available today I would have thought that he could, in actual fact, find that out for himself.

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

**Mr Corkill:** Yes, the visit of the Lord Chancellor, which I am looking forward to, gives us an opportunity to raise a number of issues and I am quite happy to mention the hon. member's concerns to him (**Mr Henderson:** Hear, hear.) when he visits the Island in the not-too-distant future.

**The Speaker:** Hon. member for Ramsey, Mr Singer.

**Mr Singer:** Would the Chief Minister not agree with me that, rather than the questioner expecting this government to interfere, it was a responsibility of the Tanzanian Government to make sure that they got value for money?

**A Member:** Hear, hear.

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

**Mr Downie:** Send Mr Karran in there!

**Mr Corkill:** Well, certainly there is that balance, Mr Speaker, of perhaps what would the government of Tanzania think if we made some public . . . Well, putting the shoe on the other foot, if the government of Tanzania made some comment about the government of the Isle of Man I think we would be perhaps somewhat offended, so the reverse sensitivity applies, but I take on board what the hon. member for Ramsey has said, but, in terms of the question the hon. member for Peel has put to us, I am quite happy to raise that with the Lord Chancellor, because it is obviously an issue that concerns her.

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**Tanzania –  
Barclays Bank ‘Soft Loan’ –  
Question by Mrs Hannan**

Question 12. The hon. member for Peel (Mrs Hannan) to ask the Chief Minister:

*Do you stand by your statement made in this House on 30th April 2002, during consideration of Barclays Private Clients International Bill, that Barclays have actually changed in the light of modern-day environmental responsibilities, when Barclays Bank have entered into a ‘soft loan’ with Tanzania to purchase from Britain a military air traffic control system for £28 million, even though the World Bank has described the system as ‘a waste of money’ and ‘outdated technology’ and a civilian air traffic control system could have been provided for a ninth of the price? Will you also enquire of Barclays Bank how Tanzania propose to pay for it?*

**The Speaker:** I call on the hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Vainstyr Loayreyder, I beg leave to ask the question standing in my name.

**The Speaker:** Hon. member for Onchan, Mr Corkill, the Chief Minister, to reply.

**Mr Corkill:** Mr Speaker, I fully accept Barclays assurance that they take their environmental responsibilities seriously. Their policies and practices are reported publicly each year and the current report is available on the Barclays website or is available in hard copy form on request. I understand that in cases such as the export of an air traffic control system to Tanzania any finance provided must comply with both the borrowing limits of the country concerned and the United Kingdom export licensing rules. Barclays tell me that they were guided by the United Kingdom

Government’s decision on this transaction and that the relevant export licence was issued in December of last year. Can I say no part of the Barclays operation in the Isle of Man has been involved in this transaction.

**The Speaker:** Hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Could I ask the Chief Minister if he welcomes the UK wiping out of Tanzania’s debt, and could I also ask the Chief Minister if he will not liaise with Barclays Bank and ask them why they think that this particular ‘soft loan’ is acceptable when the World Bank have described the system as ‘a waste of money’ and ‘outdated technology’ and when a civilian air traffic control system could have been provided for a ninth of the price?

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

**Mr Corkill:** Yes, I am getting rather tongue-tied, Mr Speaker. I am advised by Barclays that the loan is within Tanzania’s borrowing limits and it is then a matter for that country to meet its obligations, and I would not really wish to be patronising, and I do not think the Isle of Man Government should be patronising to suggest that they cannot manage their affairs and need our help in this issue. The other point I would raise with regard to the question is that the purchase of an air traffic control system seems separate from the issue of environmental responsibilities.

**The Speaker:** Hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Would the Chief Minister not agree that any borrowing has to be against a country’s ability to pay and, if the Chief Minister is suggesting that this ‘soft loan’ is part of sustainable development and therefore will not impact on the environment of that country and the degradation of their environment to pay for that loan, will he not again take this up with Barclays Bank and ensure that it is within their environmental responsibilities?

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

**Mr Corkill:** Mr Speaker, I only have anecdotal evidence that this air traffic control system is not value for money, but I would imagine that the United Kingdom, in its decision to grant an export licence, would have regard to the development of the infrastructure of Tanzania, and that is probably a matter for the United Kingdom and Tanzania to resolve between themselves.

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### Procedural

**The Speaker:** Hon. members, question 13. I am advised by the hon. member for Onchan, Mr Karran, that he has agreed to withdraw this question. I have to say that I was only advised this morning that there was nobody from Treasury or the government who was able to respond to this question. I would say to the Chief Minister that I find this an unacceptable practice. When questions are put on the floor by the order paper, I expect, as I am sure the House does, the question to be responded to, and if I had known that there was definitely going to be nobody to respond to this question I would not have granted leave of absence to the minister. I shall be writing to the Chief Minister on this issue because I do expect somebody from government to respond to questions legitimately put on the order paper.

**A Member:** Hear, hear.

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### Cronk ny Mona – Temporary Footpath – Question by Mr Henderson

Question 14. The hon. member for Douglas North (Mr Henderson) to ask the Minister for Transport:

*Will your department consider making a temporary footpath from the junction of Hailwood Avenue and Johnny Watterson's Lane to Cronk ny Mona?*

**The Speaker:** I call on the hon. member for Douglas North, Mr Henderson.

**Mr Henderson:** Thank you, Mr Speaker, I beg leave to ask the question standing in my name.

**The Speaker:** I call on the hon. member for Douglas West, Minister for Transport, Mr Shimmin.

**Mr Shimmin:** Thank you, Mr Speaker. I can report that my department has considered this issue, but unfortunately we do not own sufficient land to construct a temporary footway alongside Watterson Lane between Hailwood Avenue and Campion Way. A new footway is planned as part of the Douglas Outer Link (Stage 3) Road Improvement Scheme, but until that is progressed the safe alternative pedestrian route is available between these two points within the Governor's Hill and Abbeyfields estates, and I have requested that additional signing is erected to assist pedestrians to follow this route through the estates.

**The Speaker:** Hon. member for Douglas North, Mr Henderson.

**Mr Henderson:** Thank you, Mr Speaker. I thank the minister for his positive response to this ongoing situation, but would he be prepared to go back to his officers in the department just to see if there is no way of addressing a temporary situation by whatever means, especially given the large increase of population in the area? At times, to use the internal workings of these large estates is impractical for some residents, and we could do with a more reasonable intermediate solution.

**The Speaker:** Minister to reply.

**Mr Shimmin:** Mr Speaker, having spent some time familiarising myself with the problems in this area, rather than going back to my officers I would welcome the opportunity of the two members for the area to meet with myself and the hon. member for Ayre, Mr Quine, with responsibilities for highways, to explain exactly what the problems for the department are, to discuss it with the local representatives and try and explain the reasons why we find it so difficult to satisfy their requests, sir.

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

**Mr Houghton:** Thank you, Mr Speaker, and I thank the hon. minister for his answer. He has partly answered a question I did intend to ask, which was that if they cannot find enough land for the footpath, how are they going to widen this section of road in order to straighten out the dangerous bends further down the road? But if he is willing with his officers, and Mr Quine also, to attend, we would gratefully accept that opportunity to discuss this matter further, sir.

**The Speaker:** Minister to reply.

**Mr Shimmin:** Yes, Mr Speaker, I think this is a local issue. I think we can explain ourselves more carefully around a table, so I would suggest that is the best way forward, sir.

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### Douglas – Hutchinson Square – Disk Parking Zone – Question by Mr Henderson

Question 15. The hon. member for Douglas North (Mr Henderson) to ask the Minister for Transport:

*(1) Is it still your department's intention to implement a disk parking zone for Hutchinson Square and the other areas of Douglas; and*

*(2) if so, why is it taking so long?*

**The Speaker:** I call on the hon. member for Douglas North, Mr Henderson.

**Mr Henderson:** Thank you, Mr Speaker, I beg leave to ask the question standing in my name.

**The Speaker:** I call on the hon. Minister for Transport.

**Mr Shimmin:** Mr Speaker, the hon. member has previously been advised that a disk parking scheme for the area in Douglas north of Broadway has been prepared. I can confirm that consultation with relevant parties is currently taking place and that, subject to favourable comments being received, it is my department's intention to progress the publication of draft orders under the Road Traffic Regulation Act 1985 later this year. I cannot at this stage commit my department to the implementation of this disk parking scheme until all statutory procedures have been followed. I can advise the hon. member that the Highways and Traffic Division have a considerable programme of traffic management issues both for investigation and implementation, and they have met the commitment given by my predecessor for the preparation of this disk parking scheme.

**The Speaker:** Hon. member for Douglas North, Mr Henderson.

**Mr Henderson:** Thank you, Mr Speaker. I welcome the minister's announcement with regard to the disk parking zone, along with all the residents of Hutchinson Square and surrounding areas of North Douglas (**Mr Houghton:** Hear, hear.) for the implementation of this scheme, but could he confirm for me that we have missed two deadlines for this scheme, and could I just ask him to repeat that he is hopeful that this scheme, as a matter of public record, will be brought in later in the year? Would he accept that the residents of this area are under extreme pressure at the minute and blighted by the fact of the whole area being cluttered up with parking problems?

**Mr Houghton:** Hear, hear.

**The Speaker:** Minister for Transport to reply.

**Mr Shimmin:** Mr Speaker, I am grateful for the opportunity of commenting on the issue of disk parking, which has been a major problem for all of us representing Douglas constituencies. I would point out that I have resisted any temptation to advance those areas in Douglas West, which have been ongoing problems in the same way as this area is for the members for North Douglas and indeed other areas of Douglas suffer the same problem. My department, under the chairmanship of Mr Quine, has been drawing up policies on a range of issues of which disk parking and indeed the problem of parking in Douglas are two

of the major areas. This is coming together and should be with the department within the next month. It is something where I require policies which I can stand up here and defend and it is one where the whole disk parking issue needs to be evaluated to see whether it achieves the purpose for which it began.

I believe that the people that are referred to in this question experience similar problems that many people have currently in other areas and have had in the past. We have to try and deal with the problem. However, I can assure the hon. members for this area that we will meet with them and other members for the area. This is the only one which is currently on the stocks and will not be superseded by any other disk parking intentions. I said in my original question that, subject to favourable comments being received – and I am sure they will – we would hope to progress the publication of draft orders later this year. (**Mr Henderson:** Hear, hear.) My only caveat, Mr Speaker, is that whenever a disk parking scheme comes in, there is always the danger that legitimate parking is lost, and that is the major concern for the consultation at this stage, because areas within the Hutchinson Square area need to be resolved so that we do not lose too much parking.

**The Speaker:** Hon. member for Middle, Mr Quayle.

**Mr Quayle:** Thank you, Mr Speaker. Could I ask the minister if consideration is being given to introducing the park-and-ride scheme that was tried some years ago and without any success, perhaps?

**The Speaker:** It is a little bit outside the question, but if the minister is happy to give a response I will let him do it.

**Mr Shimmin:** In simple terms, Mr Speaker, we are looking at all of these issues. Obviously park and ride, the congestion in Douglas – all of those issues are subject to policy reviews of my department.

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

**Mr Houghton:** Thank you, Mr Speaker. The hon. minister made note of the fact that the issue in Hutchinson Square was the only parking zone, one on the stocks at this point in time. Can he also be reminded there is one other in our constituency also, which is that up by the Isle of Man College, which includes Greenfield Road and Homefield Road, and this was also approved by his department quite some time ago, sir.

**The Speaker:** Minister to reply.

**Mr Shimmin:** I think what I intended, if I did not actually make it clear, is that at the moment the only one which is being actively progressed by my

department prior to the reviews taking place under Mr Quine is this one. I will investigate that further. However, I want to wait for the policy review before advancing any further schemes.

**Mr Houghton:** Thank you.

**The Speaker:** Hon. members, that concludes the questions for oral answer on our order paper.

Item 2 is questions for written answer. There are two questions and they will be circulated in compliance with standing orders.

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### **House of Keys Members – Denial of Access to Information – Question by Mr Karran for Written Answer**

Question 1. The hon. member for Onchan (Mr Karran) to ask the Chief Minister:

*What basis is there in statute or in the Standing Orders of the House of Keys for a member of the House to be denied, as I have been, information from a government department on the pretext of commercial confidentiality, the expenditure of public money being in issue, in relation to the contract for the energy-from waste plant at Braddan between the Department of Local Government and the Environment and United Waste (Isle of Man) Limited?*

#### **Answer**

The decision of the Department of Local Government and the Environment to decline the hon. member's request for a copy of the contract between the Department and United Water (IOM) Limited, has no basis in statute or in the Standing Orders of this House.

I should explain that the decision is based purely on the grounds of contract in that, as part of the agreement with the successful tenderer, the terms of the contract remain confidential for commercial reasons. This is because SITA, which has now absorbed United Waste (IOM) Limited, is bidding for other similar contracts throughout the United Kingdom to build energy-from-waste facilities and the disclosure of information from the contract for the Isle of Man could give commercial advantage to SITA's competitors who are also tendering for other work.

In declining to give the hon. member a personal copy of the contract, the Minister for Local Government and the Environment has indicated to him that if he has any particular concerns about the terms of the contract and wishes to specify what they are, those concerns will be carefully considered, even if this involves seeking further advice from the department's UK solicitors.

### **Mount Murray Development – Removal of Government Files – Question by Mr Cannan for Written Answer**

Question 2. The hon. member for Michael (Mr Cannan) to ask the Minister for Local Government and the Environment:

- (1) *Can you confirm that the files relating to the Mount Murray development were removed without authorisation from the office of the former Director of Planning, Mr B Vannan;*
- (2) *did Mr Vannan report the loss of documents to the Minister of Local Government and the Environment; and*
- (3) *if so, what action was taken by the minister?*

#### **Answer**

In answer to the first part of the hon. member's question, I cannot confirm that files relating to Mount Murray development were removed without authorisation from the office of the former Director of Planning, Mr B Vannan. Until details of comments Mr Vannan was alleged to have made in evidence before the commission of inquiry were broadcast on Manx Radio a little over a week ago, I had no knowledge of the allegation which has been made. However, on hearing the broadcast on the radio, the Chief Executive of the department has immediately written to the commission of inquiry seeking a transcript of the evidence given by Mr Vannan so that the matter can be properly investigated.

Turning to the second part of the hon. member's question, to the best of my knowledge Mr Vannan did not report the loss of documents to the minister of the day though, until the transcript is received and the date upon which this incident is alleged to have occurred can be ascertained, I am not able to expand upon that.

It follows, in answer to the third part of the hon. member's question, that I cannot begin to enquire about what action may or may not have been taken by the minister of the day until further and better particulars of the allegation are received. Forty two box files located in a storage area of the Department of Local Government and the Environment were supplied to the Commission of Inquiry on Thursday 20th June 2002.

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